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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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<S> <C>
MARK ONE ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D)
[X] OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE
FISCAL YEAR ENDED DECEMBER 31, 1999
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934
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COMMISSION FILE NUMBER 1-13831

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

<TABLE>
<S> <C>
DELAWARE 74-2851603
(State or other jurisdiction of incorporation or organization) (IRS Employer identification no.)
</TABLE>

1360 POST OAK BOULEVARD, SUITE 2100
HOUSTON, TEXAS 77056
(Address of principal executive offices, including ZIP Code)

(713) 629-7600
(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

<TABLE>
<S> <C>
TITLE OF EACH CLASS NAME OF EXCHANGE ON WHICH REGISTERED
- --- ---
Common Stock, $.00001 par value New York Stock Exchange
(including rights attached thereto)
</TABLE>

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:

TITLE OF EACH CLASS
None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

As of March 15, 2000, the aggregate market value of the Common Stock of the Registrant held by non-affiliates of the Registrant, based on the last sale price of the Common Stock of the Registrant was approximately $1,380,215,670 (for purposes of calculating this amount, only directors, officers, and beneficial owners of 5% or more of the capital stock of the Registrant have been deemed affiliates).

The number of shares of the Common Stock of the Registrant outstanding as of March 15, 2000 was 35,607,769 (53,411,653, as adjusted for a 3-for-2 stock split declared on March 8, 2000 and payable on April 7, 2000, to stockholders of record on March 27, 2000).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Definitive Proxy Statement for the 2000 Annual Meeting of Stockholders to be held on May 24, 2000, are incorporated by reference into Part III of this Form 10-K.

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QUANTA SERVICES, INC.

ANNUAL REPORT ON FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 1999

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PART I

ITEM 1. BUSINESS

All share amounts and per share amounts in this report have been adjusted to give effect to a 3-for-2 stock split declared by the Board of Directors on March 8, 2000 and payable on April 7, 2000 to stockholders of record as of March 27, 2000.

GENERAL

Quanta is a leading provider of specialized contracting services, offering end-to-end network solutions to the telecommunications, cable television and electric power industries. Our comprehensive services include designing, installing, repairing and maintaining network infrastructure. The Internet and the resulting explosive growth in demand for increased bandwidth, coupled with deregulation, increased outsourcing by our customers and the convergence of the telecommunications, cable television and electric power industries have resulted in significant growth in demand for our services. This growth in demand is evidenced by our strong internal revenue growth. Operating units we owned at December 31, 1999 had aggregate revenues on a combined pro forma basis of $1.15 billion in 1999 compared to $943 million in 1998, representing pro forma internal revenue growth of 21.7%. Our pro forma revenue grew at a compounded annual rate of 24.7% between 1996 and 1999. To leverage the growth in demand for our services, we have made strategic acquisitions to expand our geographic presence, generate operating synergies with existing businesses and develop new capabilities to meet our customers' evolving needs.

We currently have principal offices in 37 states, providing us the presence and capability to quickly, reliably and effectively complete turnkey projects nationwide. We work for many of the leading companies in the industries we serve. Representative customers include:

- AT&T
- Enron
- Time Warner
- Charter Communications
- PG&E
- US West
- Nevada Power

- Williams Communications
- UtiliCorp United
- Century Telephone
- PF.net
- Seren
- Sprint PCS
- Puget Sound Energy

Our reputation for speed, performance, geographic reach and comprehensive service offering has also enabled us to develop profitable strategic alliances with customers such as Enron and UtiliCorp United.

INDUSTRY OVERVIEW

Based on our review of industry sources, we estimate that network infrastructure spending by telecommunications, cable television and electric power providers was more than $45 billion in 1999 and will continue to grow. We believe the following trends are fueling growth in our business:

Increased Demand for Bandwidth. To meet increasing demand for bandwidth required for video, voice and data transmission, existing telecommunications and cable television providers must expand and upgrade their networks. Cable and DSL residential broadband subscriptions are projected to grow at an annual rate of 82% between 1998 and 2003. In addition, many new entrants into the local and long distance telephone, Internet and cable television markets have an immediate need to install and expand their networks to be competitive.

Deregulation. Deregulation of the telecommunications markets has spurred significant additional investment by cable television companies, local exchange carriers and long distance companies as they seek to protect and expand their customer bases. Electric power companies have responded to deregulation of the utility markets by seeking new lines of business and innovative methods to reduce their costs. The movement from a regulated business environment to an environment exposed to market forces has led our customers to

increase outsourcing of non-core activities, particularly network development, and has facilitated the convergence of the telecommunications, cable television, and electric power industries.

Increased Outsourcing. Competitive pressures on telecommunications, cable television and electric power providers caused by deregulation and an increased focus on core competencies have caused an acceleration of outsourcing of network services. For instance, although investor owned utilities have increased the services they provide and the amount of power generated, total employment at these companies has declined dramatically in the last decade. Outsourcing network services reduces costs, provides flexibility in budgets and improves service and performance for our customers.

Industry Convergence. Deregulation and demand for increased bandwidth has encouraged local and long distance telecommunications, cable television and electric power providers to leverage their rights-of-way and existing assets to deliver comprehensive, value-added services to their customer base. For instance, according to the Edison Electric Institute, over half of the investor owned electric utilities have a telecommunications related subsidiary as part of their corporate structure. As business lines between traditional telecommunications, cable television and electric power markets continue to blur, our target customers are increasingly seeking single-source providers who have expertise in fiber optic, coaxial, copper and energized power networks.

Increased Demand for Comprehensive End-to-End Solutions. We believe that telecommunications, cable television and electric power companies will seek service providers who can rapidly and effectively design, install and maintain their networks and continue to meet their needs as they enter new geographic and product markets. The strategic and financial value to these companies of geographically expanded and technologically improved networks has caused them to place a premium on the provision of quick and reliable turnkey network solutions within increasingly challenging scale, time and complexity constraints. Accordingly, they are partnering with fewer proven full-service network providers with broad geographic reach, financial capability and technical expertise.

Increasing Need to Upgrade Electric Power Transmission and Distribution Networks. We believe that the aging of many electric power networks and the increase in competition in the electric power industry will spur increased investment in electric power transmission and distribution networks. As competition gives consumers and businesses more choice as to their provider of electric power, concerns about power quality and reliability will result in increased investment in transmission and distribution infrastructure. Additionally, as deregulation accelerates the selling of electricity across regional networks, capacity and reliability will become even more important.

STRATEGY

The key elements of our growth strategy are:

Focus on Internal Growth and Integration. We believe we can continue our strong internal revenue growth by providing our customers comprehensive end-to-end solutions for their infrastructure needs. Our operating units cooperate in the spreading of best practices and innovative technology, and the sharing of equipment and human resources. Accordingly, each operating unit is well-positioned to deepen its relationship with current customers and develop relationships with new customers. By cross-selling the capabilities of our operating units, we offer our customers cost-effective, turnkey solutions to their network needs.

Expand Portfolio of Services to Meet Customers' Evolving Needs. We offer an expanding portfolio of services that allows us to develop, build and maintain networks on both a regional and a national scale and adapt to our customers' changing and growing needs. We intend to expand our geographic and technological capabilities through both internal development and innovation and through selective acquisitions.

Continue to Expand Operating Efficiencies. In 1999, we experienced increases in our gross profit, operating income and net income margins. We intend to continue to improve our profitability by:

- continuing to focus on growth in our more profitable services;

- combining overlapping operations of certain of the businesses we acquire;

- using our assets more efficiently;

- increasing purchasing power to gain volume discounts in areas such as vehicles and equipment, materials, marketing, bonding, employee benefits and insurance;

- sharing of pricing, bidding, licensing and other business practices among our operating units;

- developing and expanding the use of management information systems to facilitate financial control and asset allocation.

Pursue Selected Acquisitions. We plan to continue to pursue acquisitions of profitable companies with strong management teams and good reputations to broaden our customer base, expand our geographic area and grow our portfolio of services. Disciplined acquisitions allow us to cost-effectively meet our strategic needs. We have successfully integrated 52 acquisitions since our initial public offering in February 1998. We expect that there will continue to be a large number of attractive acquisition candidates due to the highly fragmented nature of the industry, the inability of many companies to expand and modernize due to capital constraints, and the desire of owners for liquidity. We believe that our financial strength and experienced management will be attractive to acquisition candidates.

SERVICES

We design, install and maintain end-to-end networks for the telecommunications, cable television and electric power industries as well as commercial, industrial and governmental entities.

Telecommunications Network Services. We provide a variety of services to the telecommunications industry, which generated 35% of our pro forma combined revenues for the year ended December 31, 1999. Our telecommunications network services include:

- fiber optic, copper and coaxial cable installation and maintenance for video, data and voice transmission;

- designing, building and maintaining DSL networks;

- engineering and erecting cellular, digital, PCS(R), microwave and other wireless communications towers;

- designing and installing switching systems for incumbent local exchange carriers, competitive local exchange carriers, regional Bell operating companies and long distance providers;

- trenching and plowing applications;

- horizontal directional boring;

- rock saw, rock wheel and rock trench capabilities;

- vacuum excavation services;

- splicing and testing of fiber optic and copper networks;

- cable locating.

Cable Television Network Services. We provide a variety of services to the cable television industry, which generated 13% of our pro forma combined revenues for the year ended December 31, 1999. Our cable television network services include:

- fiber optic and coaxial cable installation and maintenance for voice, video and data transmission;

- system design and installation;

- upgrading power and telecommunications infrastructure for cable installations;

- system splicing, balance, testing and sweep certification;

- residential installation and customer connects, both analog and digital, for cable television, telephony and Internet services.

Electric Power Network Services. We provide a variety of services to the electrical power industry, which generated 30% of our pro forma combined revenues for the year ended December 31, 1999. These services include:

- installation, repair and maintenance of electric transmission lines from 69,000 volts to 760,000 volts;

- installation, repair and maintenance of electric power distribution projects;

- designing and constructing substation projects;

- installing fiber optic lines for voice, video and data transmission on existing electric power infrastructure;

- installing and maintaining joint trench natural gas distribution systems;

- trenching and horizontal boring for underground installations;

- cable and fault locating;

- storm damage restoration work.

Ancillary Services. We provide a variety of ancillary services to commercial, industrial and governmental entities, which generated 22% of our pro forma combined revenues for the year ended December 31, 1999. These services include:

- installing intelligent traffic networks such as traffic signals, controllers, connecting signals, variable message signs, closed circuit television and other monitoring devices for governments;

- installing cable and control systems for light rail lines, airports and highways;

- designing, installing, maintaining and repairing electrical components, fiber optic cabling and building control and automation systems;

- installing and maintaining natural gas transmission systems;

- providing specialty rock trenching, directional boring and road milling for industrial and commercial customers.

CUSTOMERS, STRATEGIC ALLIANCES AND PREFERRED PROVIDER RELATIONSHIPS

Our customers include telecommunications, cable television and electric power companies, as well as commercial, industrial and governmental entities. Telecommunications companies, in the aggregate, represent our largest customer base. Our 10 largest customers accounted for 28% of our revenues in 1999. Representative customers include:

- AT&T
- Enron
- Time Warner
- Charter Communications
- PG&E
- US West
- Nevada Power
- Williams Communications
- UtiliCorp United
- Century Telephone
- PF.net

- Seren
- Sprint PCS
- Puget Sound Energy

Management at each of our operating units is responsible for developing and maintaining successful long-term relationships with customers. Our management is incented to cross-sell additional services of other operating units to their customers. In addition, our corporate marketing staff promotes and markets our services for prospective large national accounts and projects that require services from multiple business units,

such as our recently announced contract with PF.net. Many of our customers and prospective customers have qualification procedures for approved bidders or vendors based upon the satisfaction of particular performance and safety standards set by the customer. These customers typically maintain a list of vendors meeting such standards and award contracts for individual jobs only to such vendors. We strive to maintain our status as a preferred or qualified vendor to such customers.

We believe that our strategic relationships with large providers of telecommunications services and electric power providers will provide opportunities for future growth. In September 1999, UtiliCorp invested $186 million in Quanta and agreed to use Quanta as a preferred contractor in outsourced transmission and distribution infrastructure construction and maintenance and natural gas distribution construction and maintenance in all areas serviced by Quanta. In October 1998, in connection with a $49.4 million investment in Quanta, we entered into a strategic alliance agreement with an affiliate of Enron regarding the design, construction and maintenance of electric power transmission and distribution systems and fiber optic communications systems.

We also maintain strategic alliance agreements or preferred provider relationships with several other leading companies competing in the telecommunications and electric power industries. Strategic alliances are typically agreements for periods of approximately two to four years that may include an option to add one to two years at the end of a contract. Many of the strategic alliance agreements we have secured include exclusivity clauses providing that Quanta will be awarded all contracts for a certain type of work or in a certain geographic region. None of these contracts, however, guarantee a specific dollar amount of work to be performed by Quanta. Preferred provider agreements typically indicate the intention to work together. Certain of these agreements provide us with preferential bidding procedures. Certain of our strategic alliances and preferred provider relationships are listed in the following table:

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RELATIONSHIP	START OF RELATIONSHIP
<S>	<C>
UtiliCorp United	1999
Enron	1998
Washington Water & Power (Avista)	1996
Century Telephone	1993
Nevada Power Company	1989
Mid American Energy Corp	1988
Western Resources	1979
Kansas City Power & Light	1978
Intermountain R.E.A.	1953

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ACQUISITIONS

During 1999, we acquired 40 network service or related businesses which when combined with our existing operations resulted in pro forma combined revenues for the year ended December 31, 1999 of $1.15 billion. We acquired these 40 businesses for a combined consideration of $323.6 million in cash and notes and 15.0 million shares of common stock.

We have developed a set of financial, geographic and management criteria designed to assist management in the evaluation of acquisition candidates. These criteria evaluate a variety of factors, including:

- historical and projected financial performance;

- experience and reputation of the candidate's management and operations;

- composition and size of the candidate's customer base;

- whether the geographic location of the candidate will enhance or expand our market area or ability to attract other acquisition candidates;

- whether the acquisition will augment or increase Quanta's market share or services offered or help protect our existing customer base;

- potential synergies gained by combining the acquisition candidate with our existing operations; and

- liabilities, contingent or otherwise, of the candidate.

EMPLOYEES

As of December 31, 1999, Quanta had 1,154 salaried employees, including executive officers, project managers or engineers, job superintendents, staff and clerical personnel and approximately 6,600 hourly employees, the number of which fluctuates depending upon the number and size of the projects undertaken by us at any particular time. We do not anticipate any overall reductions in staff as a result of the consolidation of the businesses we acquire, although there may be some job realignments and new assignments in an effort to eliminate overlapping and redundant positions.

Approximately 33% of our employees at December 31, 1999 were covered by collective bargaining agreements, primarily with the International Brotherhood of Electrical Workers. Under our agreement with our unions, we agree to pay specified wages to our union employees, observe certain workplace rules and make employee benefit payments to multi-employer pension plans and employee benefit trusts rather than administering the funds on behalf of these employees. These collective bargaining agreements have varying terms and expiration dates. The majority of the collective bargaining agreements contain provisions that prohibit work stoppages or strikes, even during specified negotiation periods relating to agreement renewal, and provide for binding arbitration dispute resolution in the event of prolonged disagreement. None of our operating units has experienced any strikes or work stoppages in the past 20 years; however, there can be no assurance that work stoppages or strikes will not occur from time to time.

Each of our operating units provides a variety of health, welfare and benefit plans for their employees who are not covered by collective bargaining agreements. We are currently considering replacing these various employee benefit plans with a single plan covering all of our non-bargaining employees. Effective February 1, 1999, Quanta adopted a 401(k) plan pursuant to which eligible employees who are not provided retirement benefits through a collective bargaining agreement may make contributions through a payroll deduction. Quanta makes matching contributions of 100% of each employee's contribution up to 3% of that employee's salary and 50% of each employee's contribution between 3% and 6% of such employee's salary. Quanta also has an employee stock purchase plan which provides that eligible employees may contribute up to 10% of their cash compensation, up to $25,000 annually, toward the semi-annual purchase of Quanta's common stock at a discounted price. Over 1,100 of our employees participated in the initial offering period for this plan.

Our industry, like many industries, is experiencing a shortage of skilled workers. In response to the shortage, Quanta seeks to take advantage of various IBEW and NECA referral programs and hire graduates of the joint IBEW/NECA apprenticeship program for training qualified electrical workers.

We believe our relationships with our employees and union representatives are good.

TRAINING, QUALITY ASSURANCE AND SAFETY

Performance of Quanta's services requires the use of equipment and exposure to conditions that can be dangerous. Although Quanta is committed to a policy of operating safely and prudently, it has been and will continue to be subject to claims by employees, customers and third parties for property damage and personal injuries resulting from performance of its services. We perform on-site services using employees who have completed our applicable safety and training programs. Quanta's policies require that employees complete the prescribed training and service program of the operating unit for which they work in addition to those required, if applicable, by NECA and the IBEW prior to performing more sophisticated and technical jobs. For example, all journeymen linemen are required by the IBEW and NECA to complete a minimum of 7,000 hours of on-the-job training, approximately 200 hours of classroom education and extensive testing and certification. Each operating unit requires additional training, depending upon the sophistication and technical requirements of each particular job. Quanta intends to establish company-wide training and educational programs, as well as comprehensive safety policies and regulations, by sharing "best practices" throughout our operations.

REGULATION

Our operations are subject to various federal, state and local laws and regulations including:

- licensing requirements applicable to electricians and engineers;

- building and electrical codes;

- permitting and inspection requirements applicable to construction projects;

- regulations relating to worker safety and environmental protection; and

- special bidding and procurement requirements on government projects.

We believe that we have all the licenses required to conduct our operations and that we are in substantial compliance with applicable regulatory requirements. Our failure to comply with applicable regulations could result in substantial fines or revocation of our operating licenses. Many state and local regulations governing electrical construction require permits and licenses to be held by individuals who have passed an examination or met other requirements. Quanta intends to implement a policy to ensure that, where possible, any such permits or licenses that may be material to Quanta's operations are held by at least two of our employees.

COMPETITION

The markets in which we operate are highly competitive, requiring substantial resources and skilled and experienced personnel. Quanta competes with other independent contractors in most of the markets in which we operate, several of which are large domestic companies that have greater financial, technical and marketing resources. In addition, there are relatively few barriers to entry into the industry in which we operate and, as a result, any organization that has adequate financial resources and access to technical expertise may become a competitor. A significant portion of our revenues are currently derived from fixed price agreements, and price is often an important factor in the award of such agreements. Accordingly, we could be underbid by our competitors in an effort by them to procure such business. We believe that as demand for our services increases, customers will increasingly consider other factors in choosing a service provider, including technical expertise and experience, financial and operational resources, nationwide presence, industry reputation and dependability, which should benefit contractors such as us. There can be no assurance, however, that Quanta's competitors will not develop the expertise, experience and resources to provide services that are superior in both price and quality to Quanta's services, or 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, including telecommunication, cable television and electric power companies, that employ personnel who perform some of the same types of services as those provided by us. Although a significant portion of these services is currently outsourced, there can be no assurance that our existing or prospective customers will continue to outsource services in the future.

RISK MANAGEMENT, INSURANCE AND PERFORMANCE BONDS

The primary risks in our operations are bodily injury, property damage and injured workers' compensation. We maintain automobile and general liability insurance for third party bodily injury and property damage and workers' compensation coverage which we consider sufficient to insure against these risks. Certain of these policies maintained by our operating units prior to our acquisition of them were subject to self-insured amounts ranging from $100,000 to $1,000,000. We have consolidated the casualty insurance programs for most of our subsidiaries, which has resulted in savings from the amounts historically paid by the operating units. Our current insurance program has no self-insurance provisions. In the future, however, we may have insurance programs with significant self-insurance obligations. Self-insured claims under previous policies are monitored to ensure that remaining accruals are adequate. Accruals for outstanding claims are estimated based on known facts and our prior experience. Actual experience and claims could differ from our estimates.

Contracts in the telecommunications, cable television and electrical power contracting industry may require performance bonds or other means of financial assurance to secure contractual performance. If we

were unable to obtain surety bonds or letters of credit in sufficient amounts or at acceptable rates, we might be precluded from entering into additional contracts with certain of our customers.

RISK FACTORS

Our business is subject to a variety of risks, including the risks described below. The risks and uncertainties described below are not the only ones facing our company. Additional risks and uncertainties not known to us or that we currently deem immaterial may also impair our business operations. If any of the following risks actually occur, our business, financial condition and results of operations could be materially and adversely affected.

The Industries We Serve Are Subject to Rapid Technological and Structural Changes That Could Reduce the Demand for the Services We Provide. The telecommunications, cable television and electric power industries are undergoing rapid change as a result of technological advances and deregulation that could in certain cases reduce the demand for our services or otherwise adversely affect our business. New or developing technologies could displace the wireline systems used for voice, video and data transmissions, and improvements in existing technology may allow telecommunications and cable television companies to significantly improve their networks without physically upgrading them. In addition, consolidation in the telecommunications, cable television and electric power industries may result in the loss of one or more customers.

We May Be Unsuccessful At Generating Internal Growth. 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 to address their evolving network needs;
- attract new customers;
- increase the number of projects performed for existing customers;
- hire and retain employees;
- 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 At Integrating Companies That We Acquire. We cannot be sure that we can successfully integrate our acquired companies with our other operations without substantial costs, delays or other operational or financial problems. If we do not implement proper overall business controls, our decentralized operating strategy could result in inconsistent operating and financial practices at the companies we acquire, and our overall profitability could be adversely affected. Integrating our acquired companies involves a number of special risks which could materially and adversely affect our business, financial condition and results of operations, including:

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

If one of our acquired companies suffers customer dissatisfaction or performance problems, the reputation of our entire company could be materially and adversely affected.

We May Not Have Access In The Future To Sufficient Funding To Finance Desired Growth. If we cannot secure additional financing from time to time in the future on acceptable terms, we may be unable to support our growth strategy. We cannot readily predict the timing, size and success of our acquisition efforts and therefore the capital we will need for these efforts. Using cash for acquisitions limits our financial flexibility and makes us more likely to seek additional capital through future debt or equity financings. Our existing debt agreements contain significant restrictions on our operational and financial flexibility, including our ability to obtain additional debt, and if we seek more debt we may have to agree to additional covenants that limit our operational and financial flexibility. 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 $350.0 million credit facility contains a requirement to obtain the consent of the lenders for acquisitions exceeding a certain level of cash consideration.

Our Operating Results May Vary Significantly From Quarter-To-Quarter. During the winter months, demand for our services may be lower due to inclement weather. Additionally, our quarterly results may also be materially affected by:

- the timing of acquisitions;
- variations in the margins of projects performed during any particular quarter;
- 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;
- losses experienced in our operations not otherwise covered by insurance;
- 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.

Our Dependence Upon Fixed Price Contracts 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 cause actual revenue and gross profits for a project to differ 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 the estimated contract costs can have a significant impact on our operating results for any fiscal quarter or year.

Many of Our Contracts May Be Canceled On Short Notice and We May Be Unsuccessful In Replacing Our Contracts As They Are Completed or Expire. We could experience a material adverse affect on our revenue, net income and liquidity if any of the following occur:

- our customers cancel a significant number of contracts;
- we fail to win a significant number of our existing contracts upon re-bid; or
- we complete the required work under a significant number of non-recurring projects and cannot replace them with similar projects.

Many of our customers may cancel our contracts with them on short notice, typically 30-90 days, even if we are not in default under the contract. Certain of our customers assign work to us on a project-by-project basis under master service agreements. Under these agreements, our customers often have no obligation to assign work to us. Our operation could be materially and adversely affected if the anticipated volume of work is not assigned to us. Many of our contracts, including our master service contracts, are opened to public bid at the expiration of their terms. We cannot assure you that we will be the successful bidder on our existing contracts that come up for bid.

Our Business Growth Could Outpace the Capability of Our Corporate Management Infrastructure. We cannot be certain that our systems, procedures and controls will be adequate to support our operations as they expand. 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.

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 certain 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 affect our business, financial condition and results of operations. We do not carry key-person life insurance on any of our employees.

Our Business Is Labor Intensive and We May Be Unable To Attract and Retain Qualified Employees. 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. Labor shortages or increased labor costs could have a material adverse affect on our ability to implement our growth strategy and our operations.

Our Unionized Workforce Could Adversely Affect Our Operations and Acquisition Strategy. As of December 31, 1999, approximately 33% 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 selective 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.

Our Industry Is Highly Competitive. Our industry is served by numerous small, owner-operated private companies, a few 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 within our industry. We may also face competition from the in-house service organizations of our existing or prospective customers. Telecommunications, cable television and electric power service providers usually employ personnel who perform some of the same types of services we do. We cannot be certain that our existing or prospective customers will continue to outsource services in the future.

Our Results Of Operations Could Be Adversely Affected as a Result of Goodwill Amortization. When we acquire a business, we record an asset called "goodwill" equal to the excess amount we pay for the business, including liabilities assumed, over the fair value of the tangible assets of the business we acquire. Pursuant to generally accepted accounting principles, we amortize this goodwill over its estimated useful life. We amortize the goodwill we acquire over 40 years following the acquisition, which directly impacts our earnings in those years. Furthermore, we continually evaluate whether events or circumstances have occurred that indicate that the remaining useful life of goodwill may warrant revision or that the remaining balance may not be recoverable. Should we be required to accelerate the amortization of goodwill or write it off completely because of impairments or changes in accepted accounting principles, our results from operations may be materially adversely affected.

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.

Certain Provisions of Our Corporate Governing Documents 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 our stockholders rights plan and Delaware law, could discourage potential acquisition proposals, delay or prevent a change in control of Quanta 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. In addition, on March 8, 2000 we adopted a stockholders rights plan that could cause substantial dilution to a person or group that attempts to acquire us on terms not approved by our board of directors.

ITEM 2. PROPERTIES

FACILITIES

We lease our corporate headquarters in Houston, Texas. As of December 31, 1999 we maintained offices in 37 states. This space is used for offices, equipment yards, warehousing, storage and vehicle shops. We own 12 of the facilities we occupy and lease the rest. We believe that our facilities are sufficient for our current needs.

EQUIPMENT

We operate a fleet of owned and leased trucks and trailers, support vehicles and specialty construction equipment, such as backhoes, excavators, trenchers, generators, boring machines, cranes, wire pullers and tensioners. As of December 31, 1999, the total size of the rolling-stock fleet was approximately 14,000 units. Most of this fleet is serviced by our own mechanics who work at various maintenance sites and facilities. We believe that these vehicles generally are well-maintained and adequate for our present operations. We believe that in the future, we will be able to lease or purchase this equipment at lower prices due to our larger size and the volume of our leasing and purchasing activity.

ITEM 3. LEGAL PROCEEDINGS

We are from time to time a party to litigation or administrative proceedings that arise in the normal course of our business. We do not have pending any litigation that, separately or in the aggregate, would in the opinion of management have a material adverse effect on our results of operations or financial condition.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of the stockholders during the fourth quarter of the year ended December 31, 1999.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

We initially offered our common stock to the public on February 12, 1998, at a price of $6.00 per share. The initial public offering price, recent price and all price data in the following table have been adjusted to give effect to a 3-for-2 stock split payable April 7, 2000. Our common stock is listed on the NYSE under the symbol "PWR". The following table sets forth the high and low sales prices per quarter as reported by the NYSE.

<TABLE>
<CAPTION>

	HIGH	LOW
<S>	<C>	<C>
YEAR ENDED DECEMBER 31, 1998		
1st Quarter (from February 12, 1998)	$11.17	$ 7.33
2nd Quarter	11.83	8.17
3rd Quarter	10.25	8.00
4th Quarter	15.33	7.50
YEAR ENDED DECEMBER 31, 1999		
1st Quarter	19.83	14.42
2nd Quarter	29.59	15.75
3rd Quarter	28.17	13.42
4th Quarter	23.13	15.67
YEAR ENDED DECEMBER 31, 2000		
1st Quarter (through March 15, 2000)	37.92	17.92

</TABLE>

On March 15, 2000, the last sale price for the common stock as reported by the NYSE was $37.71 per share. On March 15, 2000, there were 259 holders of record of common stock, 44 holders of record of Limited Vote Common Stock and one holder of record of Series A preferred stock. There is no established trading market for the Limited Vote Common Stock or Series A preferred stock.

DIVIDENDS AND PENDING EXCHANGE

Our Series A preferred stock accrues a dividend at a rate of 0.5 % per annum on a stated amount per share currently equal to $100.00 per share. Dividends of $260,000 were accrued on the Series A preferred stock during 1999. Dividends on the Series A preferred stock accumulate until paid. In accordance with a contractual commitment contained in the initial UtiliCorp investment agreement, we have recommended that our stockholders approve a proposal at our annual meeting on May 24, 2000 that would allow UtiliCorp to exchange up to 5,283,204 shares of common stock for up to 1,584,961 additional shares of Series A preferred stock, at a rate of 3.333334 shares of common stock for one share of Series A preferred stock. The proposal would also reduce the stated amount per share of Series A preferred stock on which dividends are paid to $53.99 per share. The proposed exchange will not adversely affect our other holders of common stock or Limited Vote Common Stock. The additional shares of Series A preferred stock to be issued to UtiliCorp in the exchange will not give UtiliCorp any greater voting power than it presently has as a holder of the common stock to be exchanged, and will not give UtiliCorp any additional veto power. In addition, the Series A

preferred stock has no liquidation preference, and the certificate of designation will be amended so that the aggregate dividend payable to UtiliCorp on the Series A preferred stock is, as a result of the change in the stated amount per share, unaffected by the proposed exchange.

We currently intend to retain our future earnings, if any, to finance the growth, development and expansion of our business. Accordingly, we do not currently intend to declare or pay any cash dividends on our common stock in the immediate future. The declaration, payment and amount of future cash dividends, if any, will be at the discretion of our board of directors after taking into account various factors. These factors include: our financial condition, results of operations, cash flows from operations, current and anticipated capital requirements and expansion plans, the income tax laws then in effect and the requirements of Delaware law. In addition, the terms of our revolving credit facility, and convertible subordinated notes include restrictions on the payment of cash dividends without the consent of the respective lenders.

RECENT SALES OF UNREGISTERED SECURITIES

In 1999, we completed 40 acquisitions in which some or all of the consideration was unregistered securities of Quanta. The aggregate consideration paid in these transactions was $323.6 million in cash and notes and 15.0 million shares of Quanta common stock. We consider the acquisitions of H. L. Chapman Pipeline Construction, Inc., H. L. Chapman Pipeline Leasing Co., Inc., Austin Trencher, Inc. and Sullivan Welders, Inc. to be one acquisition as these companies were all part of a related business. None of the other acquisitions were affiliated with each other prior to acquisition by Quanta. Additionally, we sold shares of Series A preferred stock in an unregistered transaction in September 1999.

Except for the sale of Series A preferred stock to UtiliCorp on September 21, 1999, all securities listed on the following table were shares of Quanta common stock. Share data in the following table reflects a 3-for-2 stock split declared on March 8, 2000, payable on April 7, 2000, to stockholders of record on March 27, 2000. We relied on Section 4(2) of the Securities Act of 1933 as the basis for exemption from registration. The shares of Series A preferred stock are convertible into 9,300,000 shares of common stock, subject to customary anti-dilution adjustments. For all issuances, the purchasers were "accredited investors" as defined in Rule 501 promulgated pursuant to the Securities Act of 1933. All issuances, other than the issuances to UtiliCorp, were to the owners of businesses acquired in privately negotiated transactions, not pursuant to public solicitation. The issuance of Series A preferred stock and common stock to UtiliCorp was negotiated with UtiliCorp as part of a strategic alliance and not pursuant to a public solicitation.

<TABLE>
<CAPTION>

DATE	NUMBER OF SHARES	PURCHASERS OF QUANTA STOCK	CONSIDERATION RECEIVED FOR QUANTA STOCK
<S>	<C>	<C>	<C>
2/3/99	33,267	Sole owner of Tip Top Arborists, Inc.	Acquisition of Tip Top Arborists, Inc.
2/12/99	649,527	Three owners of R.A. Waffensmith & Co., Inc.	Acquisition of R. A. Waffensmith & Co., Inc.
2/12/99	657,840	Five owners of Dillard Smith Construction Company	Acquisition of Dillard Smith Construction Company
2/12/99	395,497	Five owners of The Ryan Company, Inc.	Acquisition of The Ryan Company, Inc.
2/16/99	1,000,422	Four owners of Northern Line Layers, Inc.	Acquisition of Northern Line Layers, Inc.
3/3/99	170,050	Four owners of Western Directional, Inc.	Acquisition of Western Directional, Inc.
3/9/99	594,060	Seven owners of Valverde	Acquisition of Valverde Communications,

		Communications, Inc. and VCI Telcom, Inc.	Inc. and VCI Telcom, Inc.
3/23/99	252,927	Two owners of P.D.G. Electric Company	Acquisition of P.D.G. Electric Company
4/15/99	646,485	Sole owner of Tom Allen Construction Company	Acquisition of Tom Allen Construction Company
5/12/99	81,058	Two owners of TTM, Inc.	Acquisition of TTM, Inc.

</TABLE>

<TABLE>
<CAPTION>

DATE	NUMBER OF SHARES	PURCHASERS OF QUANTA STOCK	CONSIDERATION RECEIVED FOR QUANTA STOCK
<S>	<C>	<C>	<C>
5/14/99	53,860	One owner of Seaward Corporation	Acquisition of Seaward Corporation
5/14/99	964,554	Three owners H. L. Chapman Pipeline Construction, Inc. and H. L. Chapman Leasing Co., Inc.	Acquisition of H. L. Chapman Pipeline Construction, Inc. and H. L. Chapman Leasing Co., Inc.
5/14/99	29,839	Three owners of Austin Trencher, Inc.	Acquisition of Austin Trencher, Inc.
5/14/99	9,738	Two owners of Sullivan Welders, Inc.	Acquisition of Sullivan Welders, Inc.
5/14/99	348,387	Sole owner of Driftwood Electrical Contractors, Inc. and The 27 Digging Company	Acquisition of Driftwood Electrical Contractors, Inc. and The 27 Digging Company
5/28/99	274,704	Two owners of GEM Engineering Co., Inc.	Acquisition of GEM Engineering Co., Inc.
6/15/99	400,000	Sole owner of W.C. Communications, Inc.	Acquisition of W.C. Communications, Inc.
7/9/99	19,809	Sole owner of Specialty Drilling Technology, Inc.	Acquisition of Specialty Drilling Technology, Inc.
7/15/99	961,230	Two owners of Sky Antenna Systems, Inc. and North Pacific Utility Contractors, Inc.	Acquisition of Sky Antenna Systems, Inc. and North Pacific Utility Contractors, Inc.
7/21/99	26,523	Sole owner of Taylor Built, Inc.	Acquisition of Taylor Built, Inc.
7/22/99	26,649	Sole owner of Allmat, Inc.	Acquisition of Allmat, Inc.
7/23/99	67,102	Sole owner of Utilco, Inc. and Utilco Constructors, Inc.	Acquisition of Utilco, Inc. and Utilco Constructors, Inc.
7/23/99..	30,627	Two Owners of Intermountain Electric, Inc.	Acquisition of Intermountain Electric, Inc.
8/13/99..	3,052,273	Sole owner of Crown Fiber Communications, Inc.	Acquisition of Crown Fiber Communications, Inc.
8/13/99..	288,403	Sole owner of T.H. Cable Construction, Inc.	Acquisition of T.H. Cable Construction, Inc.
8/13/99..	240,336	Sole owner of World CATV Communications, Inc.	Acquisition of World CATV Communications, Inc.
8/26/99..	358,851	Four owners of W.C.E., Inc.	Acquisition of W.C.E., Inc.
8/27/99..	42,489	Sole owner of Computapole, Inc.	Acquisition of Computapole, Inc.
9/15/99..	1,053,658	Sole owner of Haines Construction Company	Acquisition of Haines Construction Company
9/21/99..	1,860,000 Series A Preferred Stock	UtiliCorp United Inc.	$186,000,000
9/22/99..	183,567	Two owners of Ranger Directional, Inc.	Acquisition of Ranger Directional, Inc.
9/22/99..	87,217	Two owners of Hudson & Poncetta, Inc.	Acquisition of Hudson & Poncetta, Inc.
9/22/99..	186,282	Three owners of Renaissance Construction, Inc., Renaissance Construction of Utah, Inc. and Renaissance Construction of Nevada, Inc.	Acquisition of Renaissance Construction, Inc., Renaissance Construction of Utah, Inc. and Renaissance Construction of Nevada, Inc.
10/1/99..	410,881	Eight owners of Trawick Construction Company Inc. and Communication Manpower, Inc.	Acquisition of Trawick Construction Company Inc. and Communication Manpower, Inc.

</TABLE>

<TABLE>
<CAPTION>

DATE	NUMBER OF SHARES	PURCHASERS OF QUANTA STOCK	CONSIDERATION RECEIVED FOR QUANTA STOCK
<S>	<C>	<C>	<C>
10/1/99..	139,437	Sole owner of Conti Communications, Inc.	Acquisition of Conti Communications, Inc.
10/1/99..	271,248	Sole owner of Bonneville Construction Co., Inc.	Acquisition of Bonneville Construction Co., Inc.
10/4/99..	49,911	Sole owner of Thorstad Brothers Tiling, Inc.	Acquisition of Thorstad Brothers Tiling, Inc.

10/6/99..	246,406	Three owners of P.W.I. d/b/a Pac West Construction	Acquisition of Pac West Construction
10/15/99..	207,183	Three owners of NCS Fiber Optic Services, Inc. d/b/a Network Communication Services	Acquisition of Network Communication Services
10/15/99..	82,873	Two owners of DB Utilities, Inc.	Acquisition of DB Utilities, Inc.
10/15/99..	11,049	Twelve owners of Kingston Contracting, Inc.	Acquisition of Kingston Contracting, Inc.
10/15/99..	55,095	Sole Owner of Wade D. Taylor, Inc.	Acquisition of Wade D. Taylor, Inc.
11/30/99..	57,727	UtiliCorp United Inc.	$1,041,591

</TABLE>

ITEM 6. SELECTED FINANCIAL DATA

For financial statement presentation purposes, in connection with the combination of the founding companies concurrent with our initial public offering, PAR Electrical Contractors, Inc. was identified as the "accounting acquiror." Between our initial public offering in February 1998 and December 31, 1999, we acquired 52 specialty contracting businesses. Of these, 50 were accounted for using the purchase method of accounting and two were accounted for using the pooling-of-interests method of accounting. Quanta's consolidated historical financial statements represent the financial position and results of operations of PAR as restated to include the financial position and results of operations of companies acquired in pooling transactions. The remaining businesses we acquired are reflected in the financial statements beginning on their respective dates of acquisition.

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,				
	1995	1996	1997	1998	1999
	(IN THOUSANDS, EXCEPT PER SHARE DATA)				
<S>	<C>	<C>	<C>	<C>	<C>
HISTORICAL STATEMENTS OF OPERATIONS DATA:					
Revenues	$56,482	$78,230	$80,010	$319,259	$925,654
Costs of services (including depreciation)	47,266	62,772	62,599	257,270	711,353
Gross profit	9,216	15,458	17,411	61,989	214,301
Selling, general and administrative expenses	6,787	10,445	12,354	27,160	80,132
Merger related charges	--	--	--	231	6,574(a)
Goodwill amortization	50	55	56	2,513	10,902
Income from operations	2,379	4,958	5,001	32,085	116,693
Other income (expense), net	(785)	(1,127)	(1,421)	(4,214)	(13,755)
Income before income tax provision	1,594	3,831	3,580	27,871	102,938
Provision for income taxes	353	1,389	1,786	11,683	48,999(b)
Net income	1,241	2,442	1,794	16,188	53,939
Dividends on preferred stock	--	--	--	--	260
Net income attributable to common stock	$ 1,241	$ 2,442	$ 1,794	$ 16,188	$ 53,679
Basic earnings per share	$ 0.20	$ 0.39	$ 0.29	$ 0.60	$ 1.14
Diluted earnings per share	$ 0.20	$ 0.39	$ 0.29	$ 0.59	$ 1.00
Diluted earnings per share before merger charges(c)	$ 0.20	$ 0.39	$ 0.29	$ 0.60	$ 1.13

</TABLE>

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Note (a) As a result of the termination in June 1999 of an employee stock ownership plan associated with a company acquired in a pooling transaction, we incurred a non-cash, non-recurring compensation charge of $5.3 million and a non-recurring excise tax charge of $1.1 million. In addition, we incurred $137,000 in merger charges associated with a pooling transaction in the first quarter of 1999.

Note (b) Reflects the non-deductibility of the merger related charges. In addition, for the twelve months ended December 31, 1999, it includes a non-cash, non-recurring deferred tax charge of $677,000 as a result of a change in the tax status of a company acquired in a pooling transaction from an S corporation to a C corporation during the first quarter of 1999.

Note (c) Excludes the effect of all non-recurring, merger related charges. Additionally, for the twelve months ended December 31, 1999, it excludes the non-cash, non-recurring deferred tax charge of $677,000 described in Note (b) above.

<TABLE>
<CAPTION>

	DECEMBER 31,				
	1995	1996	1997	1998	1999
	(UNAUDITED)				
	(IN THOUSANDS)				
<S>	<C>	<C>	<C>	<C>	<C>
BALANCE SHEET DATA:					
Working capital	$ 1,117	$ 2,797	$ 2,381	$ 57,106	$ 164,140
Total assets	26,191	31,607	37,561	339,081	1,159,636
Long-term debt, net of current maturities	4,430	6,665	7,638	60,281	150,308
Convertible subordinated notes	--	--	--	49,350	49,350
Total stockholders' equity	8,982	9,385	11,402	171,503	756,925

</TABLE>

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our Consolidated Financial Statements and related notes thereto included elsewhere in this report. Except for the historical financial information contained herein, the matters discussed in this report may be considered "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such statements include declarations regarding our intent, belief or current expectations, statements regarding the future results of acquired companies, our gross margins and our expectations regarding Year 2000 issues. Any such forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties. Actual results could differ materially from those indicated by such forward-looking statements. Among the important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are those discussed in "Business -- Risk Factors" in this report.

INTRODUCTION

All share amounts and per share amounts in this discussion have been adjusted to give effect to a 3-for-2 stock split declared by our Board of Directors on March 8, 2000 and payable on April 7, 2000 to stockholders of record as of March 27, 2000.

We derive our revenues from one reportable segment by providing specialized contracting services and offering comprehensive network solutions. Our customers include telecommunications, cable television and electric power companies, as well as commercial, industrial and governmental entities. Including all companies we acquired prior to December 31, 1999, we had pro forma combined revenues for the year ended December 31, 1999 of $1.15 billion, of which 35% was attributable to telecommunications customers, 13% was attributable to cable television operators, 30% was attributable to electric power companies, and 22% was attributable to ancillary services, such as installing intelligent traffic networks, cable and control systems for light rail lines, airports and highways, and providing specialty rock trenching, directional boring and road milling for industrial and commercial customers. We acquired 40 companies in 1999, 32 of which have continued as separate operating and reporting subsidiaries, or "platform" companies, while the remaining eight acquired companies were "tuck-in" acquisitions whose operating and accounting activities were absorbed into other operating subsidiaries.

We enter into contracts principally on the basis of competitive bids, the final terms and prices of which we frequently negotiate with the customer. Although the terms of our contracts vary considerably, most are either a lump sum or unit price basis in which we agree to do the work for a fixed amount for the entire project (lump sum) or for units of work performed (unit price). We also perform services on a cost-plus or time and materials basis. We are generally able to achieve higher margins on lump sum and unit price contracts than on cost-plus contracts as a result of our experience in bidding and performance. Our exposure to loss on fixed price contracts has historically been limited by the high volume and relatively short duration of the fixed price contracts we undertake. However, as we perform larger projects, our reported margins may be significantly affected by actual results on these projects. We complete most installation projects within one year, while we frequently provide maintenance and repair work under open-ended, unit price master service agreements which are renewable annually. We generally

record revenues from lump sum contracts on a percentage-of-completion basis, using the cost-to-cost method based on the percentage of total costs incurred to date in proportion to total estimated costs to complete the contract. We recognize revenue when services are performed except when work is being performed under fixed price or cost-plus-fee contracts. Such contracts generally require that the customer accept completion of progress to date and compensate us for services rendered, measured typically in terms of units installed, hours expended or some other measure of progress. Some of our customers require us to post performance and payment bonds upon execution of the contract, depending upon the nature of the work to be performed. Our fixed price contracts often include payment provisions pursuant to which the customer withholds a 5% to 10% retainage from each progress payment and forwards the retainage to us upon completion and approval of the work.

Costs of services consist primarily of salaries and benefits to employees, depreciation, fuel and other vehicle expenses, equipment rentals, subcontracted services, materials, parts and supplies. Our gross margin, which is gross profit expressed as a percentage of revenues, is typically higher on projects where labor, rather than materials, constitutes a greater portion of the cost of services. We can predict materials costs more accurately than labor costs. Therefore, to compensate for the potential variability of labor costs, we seek to maintain higher margins on labor-intensive projects. Certain of our subsidiaries were previously subject to deductibles ranging from $100,000 to $1,000,000 for workers' compensation insurance and in the future we may have similar large deductibles in our insurance program. Fluctuations in insurance accruals related to these deductibles could have an impact on gross margins in the period in which such adjustments are made. Selling, general and administrative expenses consist primarily of compensation and related benefits to management, administrative salaries and benefits, marketing, office rent and utilities, communications and professional fees.

For those acquisitions we accounted for using the purchase method of accounting through December 31, 1999, we recognized goodwill of $612.6 million which equaled the excess amount we paid for such businesses over the fair value of the tangible and intangible assets of such businesses. In addition, we recorded goodwill of $25.6 million for the issuance of 5,017,999 shares of Limited Vote Common Stock we issued prior to our initial public offering to the initial stockholders and management. We amortize this $638.2 million aggregate goodwill over its estimated useful life of 40 years as a non-cash charge to operating income. We are unable to deduct the majority of amortized goodwill from our income for tax purposes. We expect the pro forma effect of this amortization expense to be approximately $16.0 million per year.

SEASONALITY; FLUCTUATIONS OF QUARTERLY RESULTS

Our results of operations can be subject to seasonal variations. During the winter months, demand for new projects and new maintenance service arrangements may be lower due to reduced construction activity. However, demand for repair and maintenance services attributable to damage caused by inclement weather during the winter months may partially offset the loss of revenues from lower demand for new projects and new maintenance service arrangements. Additionally, our 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 in the U.S. Typically, we experience lower gross and operating margins during the winter months. The timing of acquisitions, variations in the margins of projects performed during any particular quarter, the timing and magnitude of acquisition assimilation costs and regional economic conditions may also materially affect quarterly results. Accordingly, our operating results in any particular quarter may not be indicative of the results that can be expected for any other quarter or for the entire year.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 1999, we had cash and cash equivalents of $10.8 million, working capital of $164.1 million and long-term debt of $199.7 million, net of current maturities. Our long-term debt balance at that date included borrowings of $138.6 million under our credit facility and $49.4 million of convertible subordinated notes and $11.7 million of other debt. In addition, we had $5.5 million of letters of credit outstanding under the credit facility.

During the year ended December 31, 1999, operating activities provided net cash to us of $46.3 million. Acquisitions created the largest changes in our working capital accounts throughout the year and such accounts are not comparable to prior periods. We used net cash in investing activities of $368.3 million, including $308.7 million used for the purchase of businesses, net of cash acquired. Financing activities provided net cash of $329.5 million, resulting primarily from $82.9 million from net borrowings under our credit facility, $101.1 million of net proceeds from a January 1999 public equity offering and $182.1 million of net proceeds from the issuance of the Series A preferred stock, partially offset by $43.3 million in repayments of debt assumed in connection with acquisitions.

In January 1999, we completed a public offering of common stock, which

included the issuance of 6,900,000 shares of common stock (including 900,000 shares pursuant to the underwriters' over-allotment option) at a price of $15.50 per share (before deducting underwriting discounts and commissions). We realized proceeds from this transaction, net of the discounts and commissions and after deducting the expenses of the offering, of approximately $101.1 million. Of this amount, we used $57.8 million to repay outstanding indebtedness under our credit facility and the remainder to acquire additional businesses.

In June 1999, we expanded our bank group from nine to 14 banks and increased our $175.0 million credit facility to $350.0 million. The credit facility is secured by a pledge of all of the capital stock of our operating subsidiaries and the majority of our assets. We use the credit facility to provide funds to be used for working capital, to finance acquisitions and for other general corporate purposes. Amounts borrowed under the credit facility bear interest at a rate equal to either (a) LIBOR plus 1.00 percent to 2.00 percent, as determined by the ratio of our total funded debt to EBITDA (as defined in the credit facility) or (b) the bank's prime rate plus up to 0.25 percent, as determined by the ratio of our total funded debt to EBITDA. We owe commitment fees of 0.25 percent to 0.50 percent (based on total funded debt to EBITDA) on any unused borrowing capacity under the credit facility. Our subsidiaries guarantee repayment of all amounts due under the credit facility, and the credit facility restricts pledges of material assets. We agreed to usual and customary covenants for a credit facility of this nature, including a prohibition on the payment of dividends on common stock, certain financial ratios and indebtedness covenants and a requirement to obtain the consent of the lenders for acquisitions exceeding a certain level of cash consideration.

In September 1999, we issued 1,860,000 shares of Series A preferred stock to UtiliCorp for an initial investment of $186,000,000, before transaction costs. The Series A preferred stock bears a dividend rate of 0.5% per annum and is convertible into common stock at any time at the option of UtiliCorp at $20.00 per share, subject to customary adjustments for certain dilutive events. We used the net proceeds from the investment to reduce outstanding borrowings under our credit facility.

We also entered into a management services agreement with UtiliCorp for advice and services including financing activities; corporate strategic planning; research on the restructuring of the power industries; the development, evaluation and marketing of our products, services and capabilities; identification of and evaluation of potential U.S. acquisition candidates and other merger and acquisition advisory services; and other services that we may reasonably request. In consideration of the advice and services rendered by UtiliCorp, we agreed to pay UtiliCorp, on a quarterly basis in arrears, a fee of $2,325,000. The UtiliCorp management services agreement lasts for six years, but can be extended by mutual agreement of the parties. We have the right to terminate the management services agreement at any time if, in our reasonable judgment, changes in the nature of our relationship with UtiliCorp make effective provision of the services to be provided unlikely.

During 1999, we acquired 40 companies for an aggregate consideration of 15.0 million shares of common stock and $323.6 million in cash and notes. The cash portion of such consideration was provided by borrowings under our credit facility and proceeds from our January 1999 public offering of common stock.

In March 2000, we closed a private placement of senior secured notes with 16 lenders, primarily insurance companies, for $150 million. The senior secured notes have maturities of five, seven or ten years with a weighted average interest rate of 8.52% and, pursuant to an intercreditor agreement, rank pari passu in right of repayment with our credit facility indebtedness. The senior secured notes have financial covenants similar to the credit facility. We used the proceeds from this private placement to reduce outstanding

borrowings under the credit facility. Accordingly, as of March 27, 2000, we had a borrowing availability of $305.4 million under the credit facility.

We anticipate that our cash flow from operations and our credit facility will provide sufficient cash to enable us to meet our working capital needs, debt service requirements and planned capital expenditures for property and equipment for at least the next 12 months. However, if companies we wish to acquire are unwilling to accept our common stock as part of the consideration for the sale of their businesses, we could be required to utilize more cash to complete acquisitions. If sufficient funds were not available from operating cash flow or through borrowings under the credit facility, we may be required to seek additional financing through the public or private sale of equity or debt securities. There can be no assurance that we could secure such financing if and when we need it or on terms we would deem acceptable.

INFLATION

Due to relatively low levels of inflation experienced during the years ended December 31, 1997, 1998 and 1999, inflation did not have a significant effect on our results.

YEAR 2000

The Company did not experience any significant operational difficulties nor are we aware of any of our suppliers, customers or service providers experiencing any significant operational difficulties as a result of Year 2000 issues. We will continue to monitor all critical systems for any incidents of delayed complications or disruptions and problems encountered through third parties with whom we deal so that they may be timely addressed.

RESULTS OF OPERATIONS

For financial statement presentation purposes, in connection with the combination of the founding companies concurrent with our initial public offering, PAR has been identified as the accounting acquiror. As such, our financial statements for periods prior to February 18, 1998 are the financial statements of PAR as restated for the acquisition of the two businesses we acquired in pooling transactions. The operations of the other businesses we acquired have been included from their respective acquisition dates.

The following table sets forth selected statements of operations data and such data as a percentage of revenues for the years indicated:

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,					
	1997		1998		1999	
	(DOLLARS IN THOUSANDS)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues	$80,010	100.0%	$319,259	100.0%	$925,654	100.0%
Cost of services (including depreciation)	62,599	78.2	257,270	80.6	711,353	76.8
Gross profit	17,411	21.8	61,989	19.4	214,301	23.2
Selling, general and administrative expenses	12,354	15.4	27,160	8.5	80,132	8.7
Merger related charges	--	--	231	0.1	6,574	0.7
Goodwill amortization	56	0.1	2,513	0.8	10,902	1.2
Income from operations	5,001	6.3	32,085	10.0	116,693	12.6
Interest expense	(1,290)	(1.6)	(4,855)	(1.5)	(15,184)	(1.6)
Other income (expense), net	(131)	(.2)	641	.2	1,429	.1
Income before income tax provision	3,580	4.5	27,871	8.7	102,938	11.1
Provision for income taxes	1,786	2.3	11,683	3.6	48,999	5.3
Net income	$ 1,794	2.2%	$ 16,188	5.1%	$ 53,939	5.8%

</TABLE>

YEAR ENDED DECEMBER 31, 1999 COMPARED TO THE YEAR ENDED DECEMBER 31, 1998

Revenues. Revenues increased $606.4 million, or 189.9%, to $925.7 million for the year ended December 31, 1999. This increase was primarily attributable to revenues of $403.5 million from platform

companies acquired in 1999 which continued to exist as separate reporting subsidiaries, as well as a full year of contributed revenues in 1999 for those companies acquired in 1998. We are experiencing strong growth in key business areas as a result of greater demand for bandwidth, increased outsourcing, deregulation and industry convergence. Because the businesses we acquired in 1998 and 1999 had aggregate revenues that were much larger than our revenues at the beginning of the 1998 period, we believe that pro forma revenue growth is a more meaningful measure of our business performance. Operating units we owned as of December 31, 1999 experienced aggregate internal revenue growth on a pro forma combined basis of 21.7% in 1999 and at a compound annual rate of 24.7% between 1996 and 1999.

Gross profit. Gross profit increased $152.3 million, or 245.7%, to $214.3 million for the year ended December 31, 1999. Gross margin increased from 19.4% for the year ended December 31, 1998 to 23.2% for the year ended December 31, 1999. This increase in our gross margin resulted from a shift in our revenue mix to higher margin cable television and telecommunications services. We also experienced improved margins in our electric power network services as a result of better asset utilization and more favorable pricing.

Selling, general and administrative expenses. Selling, general and administrative expenses increased $53.0 million, or 195.0%, to $80.1 million for the year ended December 31, 1999. Of this increase, $25.8 million was attributable to the platform companies we acquired in 1999 and $5.4 million was attributable to the implementation in 1999 of a company-wide incentive program

that paid bonuses to management at the operating units that exceeded their performance targets and to corporate management. Selling, general and administrative expenses also included a full year of costs in 1999 associated with those companies acquired in 1998. The remainder of the increase was attributable to tuck-in acquisitions and the continued establishment of infrastructure to facilitate our growth and to integrate our acquired businesses. As a percentage of revenues, selling, general and administrative expenses remained relatively constant.

Merger related charges. Merger related charges for the year ended December 31, 1999 included $5.3 million of non-cash compensation charges related to the allocation of shares of common stock to participants of an ESOP associated with one of the companies acquired in a pooling transaction, and $1.1 million of excise tax charges. We did not recognize significant merger related charges in 1998.

Interest expense. Interest expense increased $10.3 million, or 212.7%, to $15.2 million for the year ended December 31, 1999, due to higher levels of debt resulting from the acquisitions of the companies we purchased in 1999. In addition, we borrowed funds under our credit facility for equipment purchases and other operating activities in connection with the addition of certain of the companies purchased in 1999. The issuance of the 6 7/8% convertible subordinated notes in late 1998 also increased interest expense.

Provision for income taxes. The provision for income taxes was $49.0 million for the year ended December 31, 1999 with an effective tax rate of 47.6% compared to $11.7 million for the year ended December 31, 1998 and an effective tax rate of 41.9%. In 1999, the provision reflects the non-deductibility of the merger related charges and a non-cash non-recurring tax charge of $677,000 as a result of a change in the tax status of a company acquired in a pooling-of-interest transaction from an S corporation to a C corporation.

Net income. Net income increased $37.8 million, or 233%, to $53.9 million for the year ended December 31, 1999 compared to $16.2 million for the year ended December 31, 1998.

YEAR ENDED DECEMBER 31, 1998 COMPARED TO THE YEAR ENDED DECEMBER 31, 1997

Revenues. Revenues increased $239.2 million, or 299.0%, to $319.3 million for the year ended December 31, 1998. This increase in revenues was primarily attributable to revenues from companies we acquired in 1998 of $225.0 million.

Gross profit. Gross profit increased $44.6 million, or 256.0%, to $62.0 million for the year ended December 31, 1998. Gross margin decreased from 21.8% for the year ended December 31, 1997 to 19.4% for the year ended December 31, 1998. This decrease in gross margin was primarily due to a larger amount of high margin storm and emergency work performed by PAR in 1997 compared to 1998, and the acquisition of certain companies which earned lower margins than those experienced in 1997 by PAR and one of the companies acquired in a pooling transaction.

Selling, general and administrative expenses. Selling, general and administrative expenses increased $14.8 million, or 119.8%, to $27.2 million for the year ended December 31, 1998, due to acquisitions we completed in 1998, and the establishment of a corporate office and administrative infrastructure during 1998. As a percentage of revenues, selling, general and administrative expenses decreased due to excess compensation paid to the owners of PAR in 1997 compared to agreed upon salary levels commencing with our initial public offering and due to one of the companies acquired in a pooling transaction having a higher sales commission structure than the other companies.

Interest expense. Interest expense increased $3.6 million, or 276.4%, to $4.9 million for the year ended December 31, 1998 due to higher levels of debt resulting from cash paid and debt assumed in connection with the acquisition of certain of the companies acquired in 1998. In addition, we borrowed funds under our credit facility for equipment purchases and other operating activities in connection with the addition of certain of the companies acquired in 1998. Also, interest expense increased due to the addition of the convertible subordinated notes, partially offset by lower overall effective borrowing rates in 1998 compared to 1997.

Provision for income taxes. The provision for income taxes was $11.7 million for the year ended December 31, 1998 with an effective tax rate of 41.9% compared to $1.8 million for the year ended December 31, 1997 and an effective tax rate of 49.9%. In 1997, the provision does not reflect a tax benefit associated with the operating loss of one of the businesses acquired in a pooling transaction which was converted from an S-corporation to a C-corporation on the acquisition date.

Net income. Net income increased $14.4 million to $16.2 million for the year ended December 31, 1998 compared to $1.8 million for the year ended December 31, 1997.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk primarily related to potential adverse changes in interest rates as discussed below. Management is actively involved in monitoring exposure to market risk and continues to develop and utilize appropriate risk management techniques. We are not exposed to any other significant market risks, including commodity price risk, foreign currency exchange risk or interest rate risks from the use of derivative financial instruments. Management does not use derivative financial instruments for trading or to speculate on changes in interest rates or commodity prices.

Therefore, our exposure to changes in interest rates primarily results from our short-term and long-term debt with both fixed and floating interest rates. Our debt with fixed interest rates primarily consists of our 6 7/8% convertible subordinated notes issued in September 1998. Our debt with variable interest rates is primarily our credit facility. The following table presents principal amounts (stated in thousands) and related average interest rates by year of maturity for our debt obligations and their indicated fair market value at December 31, 1999:

<TABLE>
<CAPTION>

	2000	2001	2002	2003	2004	THEREAFTER	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Liabilities -- Long-Term Debt							
Variable Rate.....	$ --	$ --	$ --	$ --	$138,630	$ --	$138,630
Average Interest Rate.....	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%
Fixed Rate.....	$ --	$ --	$ --	$ --	$ --	$49,350	$ 49,350
Average Interest Rate.....	6.875%	6.875%	6.875%	6.875%	6.875%	6.875%	6.875%

</TABLE>

<TABLE>
<CAPTION>

	FAIR VALUE
<S>	<C>
Liabilities -- Long-Term Debt:	
Variable Rate.....	$138,630
Fixed Rate.....	$ 49,350

</TABLE>

For comparative purposes, the following table presents principal amounts (stated in thousands) and related average interest rates by year of maturity for our 1998 debt obligations and their indicated fair market value at December 31, 1998:

<TABLE>
<CAPTION>

	1999	2000	2001	2002	2003	THEREAFTER	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Liabilities -- Long-Term Debt							
Variable Rate.....	$ --	$ --	$ --	$ --	$56,000	$ --	$56,000
Average Interest Rate.....	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Fixed Rate.....	$ --	$ --	$ --	$ --	$ --	$49,350	$49,350
Average Interest Rate.....	6.875%	6.875%	6.875%	6.875%	6.875%	6.875%	6.875%

</TABLE>

<TABLE>
<CAPTION>

	FAIR VALUE
<S>	<C>
Liabilities -- Long-Term Debt:	
Variable Rate.....	$ 56,000
Fixed Rate.....	$ 49,350

</TABLE>

Subsequent to December 31, 1999, we issued $150 million of senior notes. The senior notes have maturities of five, seven and ten years with a weighted average interest rate of 8.52%. The proceeds were used to pay down our credit facility.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

<TABLE>
<CAPTION>

	PAGE

<S> <C>

</TABLE>

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Quanta Services, Inc.:

We have audited the accompanying consolidated balance sheets of Quanta Services, Inc. (a Delaware corporation) and subsidiaries as of December 31, 1998 and 1999, and the related consolidated statements of operations, cash flows and stockholders' equity for each of the three years in the period ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Quanta Services, Inc. and subsidiaries as of December 31, 1998 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Houston, Texas
February 24, 2000 (except for the matter
discussed in Note 17b., as to which the
date is March 27, 2000)

QUANTA SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE INFORMATION)

<TABLE>
<CAPTION>

	DECEMBER 31,	
	1998	1999
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 3,246	$ 10,775
Accounts receivable, net of allowance of $1,616 and $5,947	76,040	253,881
Costs and estimated earnings in excess of billings on uncompleted contracts	22,620	45,963
Inventories	2,534	8,741
Prepaid expenses and other current assets	4,352	15,703
Total current assets	108,792	335,063
PROPERTY AND EQUIPMENT, net	74,212	191,854
OTHER ASSETS, net	5,190	7,962
GOODWILL, net	150,887	624,757
Total assets	$339,081	$1,159,636
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ 4,357	$ 6,664
</TABLE>

Accounts payable and accrued expenses	40,298	141,025
Billings in excess of costs and estimated earnings on uncompleted contracts	7,031	23,234
Total current liabilities	51,686	170,923
LONG-TERM DEBT, net of current maturities	60,281	150,308
CONVERTIBLE SUBORDINATED NOTES	49,350	49,350
DEFERRED INCOME TAXES AND OTHER NON-CURRENT LIABILITIES	6,261	32,130
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred Stock, $.00001 par value, 10,000,000 shares authorized:		
Series A Convertible Preferred Stock, -- and 1,860,000 shares issued and outstanding	--	--
Common Stock, $.00001 par value, 36,654,667 and 100,000,000 shares authorized, 18,557,949 and, 51,035,283 shares issued and outstanding, respectively	--	--
Limited Vote Common Stock, $.00001 par value, 3,345,333 shares authorized, 3,345,333, and 3,746,020 shares issued and outstanding, respectively	--	--
Unearned ESOP shares	(1,831)	--
Additional paid-in capital	145,194	675,106
Retained earnings	28,140	81,819
Total stockholders' equity	171,503	756,925
Total liabilities and stockholders' equity	$339,081	$1,159,636

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

QUANTA SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE INFORMATION)

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,		
	1997	1998	1999
<S>	<C>	<C>	<C>
REVENUES	$80,010	$319,259	$925,654
COST OF SERVICES (including depreciation)	62,599	257,270	711,353
Gross profit	17,411	61,989	214,301
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	12,354	27,160	80,132
MERGER RELATED CHARGES	--	231	6,574(a)
GOODWILL AMORTIZATION	56	2,513	10,902
Income from operations	5,001	32,085	116,693
OTHER INCOME (EXPENSE):			
Interest expense	(1,290)	(4,855)	(15,184)
Other, net	(131)	641	1,429
INCOME BEFORE INCOME TAX PROVISION	3,580	27,871	102,938
PROVISION FOR INCOME TAXES	1,786	11,683	48,999(b)
NET INCOME	1,794	16,188	53,939
DIVIDENDS ON PREFERRED STOCK	--	--	260
NET INCOME ATTRIBUTABLE TO COMMON STOCK	$ 1,794	$ 16,188	$ 53,679
BASIC EARNINGS PER SHARE(c)	$ 0.29	$ 0.60	$ 1.14
DILUTED EARNINGS PER SHARE(c)	$ 0.29	$ 0.59	$ 1.00
DILUTED EARNINGS PER SHARE BEFORE MERGER CHARGES(c)(d)	$ 0.29	$ 0.60	$ 1.13
SHARES USED IN COMPUTING EARNINGS PER SHARE:			
Basic(c)	6,244	26,785	47,177
Diluted(c)	6,244	28,315	56,146

</TABLE>

- ---------------

Note (a) As a result of the termination in June 1999 of an employee stock ownership plan associated with a company acquired in a pooling transaction the Company incurred a non-cash, non-recurring compensation charge of $5.3 million and a non-recurring excise tax charge of $1.1 million. In addition, the Company incurred $137,000 in merger charges associated with a pooling transaction in the first quarter of 1999.

Note (b) Reflects the non-deductibility of the merger related charges. In addition, for the twelve months ended December 31, 1999, it includes a non-cash, non-recurring deferred tax charge of $677,000 as a result of a change in the tax status from an S corporation to a C corporation of a company acquired in a pooling transaction during the first quarter of 1999.

Note (c) Share and earnings per share data have been restated to give effect to a 3-for-2 stock split as discussed in Note 17 to these consolidated financial statements.

Note (d) Excludes the effect of all non-recurring, merger related charges. Additionally, for the twelve months ended December 31, 1999, it excludes the non-cash, non-recurring deferred tax charge of $677,000 described in Note (b) above.

The accompanying notes are an integral part of these consolidated financial statements.

QUANTA SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,		
	1997	1998	1999
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income attributable to common stock	$ 1,794	$ 16,188	$ 53,679
Adjustments to reconcile net income attributable to common stock to net cash provided by operating activities --			
Depreciation and amortization	3,361	10,666	35,163
Loss (gain) on sale of property and equipment	49	(91)	(252)
Non-cash merger related compensation charge for issuance of common stock to ESOP	254	--	5,319
Deferred income tax provision (benefit)	5	(370)	5,620
Preferred stock dividend	--	--	260
Changes in operating assets and liabilities, net of non-cash transactions --			
(Increase) decrease in --			
Accounts receivable, net	(1,010)	(9,649)	(74,041)
Costs and estimated earnings in excess of billings on uncompleted contracts	(947)	(2,286)	(11,172)
Inventories	(286)	(904)	(1,740)
Prepaid expenses and other current assets	14	(2,784)	(1,959)
Other, net	(56)	(93)	2,446
Increase (decrease) in --			
Accounts payable and accrued expenses	2,621	(4,672)	29,358
Billings in excess of costs and estimated earnings on uncompleted contracts	(478)	2,185	3,645
Net cash provided by operating activities	5,321	8,190	46,326
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of property and equipment	268	1,394	1,533
Additions of property and equipment and other assets	(6,456)	(22,667)	(61,124)
Cash paid for acquisitions, net of cash acquired	--	(89,176)	(308,671)
Proceeds from sale of investments	--	1,342	--
Net cash used in investing activities	(6,188)	(109,107)	(368,262)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net borrowings under bank lines of credit	495	52,522	82,946
Proceeds from other long-term debt	6,867	3,722	4,868
Payments on other long-term debt	(6,487)	(36,111)	(43,317)
Proceeds from Convertible Subordinated Notes	--	49,350	--
Debt issuance costs	--	(3,066)	(1,659)
Redemptions of common stock	(31)	--	--
Issuances of stock, net of offering costs	--	44,914	284,280
Distributions to previous owners of accounting acquiror	--	(8,370)	--
Exercise of stock options	--	713	2,347

Net cash provided by financing activities.....	844	103,674	329,465
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	(23)	2,757	7,529
CASH AND CASH EQUIVALENTS, beginning of year.....	512	489	3,246
CASH AND CASH EQUIVALENTS, end of year.....	$ 489	$ 3,246	$ 10,775
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the year for --			
Interest.....	$ 750	$ 4,690	$ 13,230
Income taxes, net of refunds.....	1,518	10,800	33,644

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

QUANTA SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(IN THOUSANDS, EXCEPT SHARE INFORMATION)

<TABLE>
<CAPTION>

	PREFERRED STOCK		COMMON STOCK		LIMITED VOTE COMMON STOCK		UNEARNED ESOP	ADDITIONAL PAID-IN
	SHARES	AMOUNT	SHARES	AMOUNT	SHARES	AMOUNT	SHARES	CAPITAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 1996.....	--	$ --	4,162,572	$ --	--	$ --	$(2,085)	$ 1,312
Distribution of stock through ESOP.....	--	--	--	--	--	--	254	--
Other.....	--	--	--	--	--	--	--	(31)
Net income.....	--	--	--	--	--	--	--	--
Balance, December 31, 1997.....	--	--	4,162,572	--	--	--	(1,831)	1,281
Issuances of stock.....	--	--	--	--	3,345,333	--	--	--
Stock options exercised.....	--	--	60,000	--	--	--	--	1,125
Initial public offering, net of offering costs.....	--	--	5,750,000	--	--	--	--	44,914
Acquisition of Founding Companies.....	--	--	4,527,000	--	--	--	--	53,890
Acquisition of Purchased Companies.....	--	--	4,058,377	--	--	--	--	43,984
Net income.....	--	--	--	--	--	--	--	--
Balance, December 31, 1998.....	--	--	18,557,949	--	3,345,333	--	(1,831)	145,194
Issuance of Preferred Stock.....	1,860,000	--	--	--	--	--	--	182,119
Sales of common stock under preemptive rights agreement.....	--	--	38,485	--	--	--	--	1,042
Stock options exercised.....	--	--	204,888	--	--	--	--	2,347
Income tax benefit from stock options exercised.....	--	--	--	--	--	--	--	1,446
Conversion of Limited Vote Common Stock to common stock.....	--	--	847,986	--	(847,986)	--	--	--
Termination of ESOP.....	--	--	--	--	--	--	1,831	5,319
Follow-on offering, net of offering costs.....	--	--	4,600,000	--	--	--	--	

101,119								
Acquisition of Purchased Companies	--	--	9,774,214	--	--	--	--	
236,520								
Three-for-two common stock split	--	--	17,011,761	--	1,248,673	--	--	
--								
Net income	--	--	--	--	--	--	--	
--								
	---	---	---	---	---	---	---	
- ---								
Balance, December 31, 1999	1,860,000	$ --	51,035,283	$ --	3,746,020	$ --	$ --	
$675,106								
	=========	========	==========	========	=========	========	=======	
========								

<CAPTION>

	RETAINED EARNINGS	TOTAL EQUITY
<S>	<C>	<C>
Balance, December 31, 1996	$10,158	$ 9,385
Distribution of stock through ESOP	--	254
Other	--	(31)
Net income	1,794	1,794
	-------	--------
Balance, December 31, 1997	11,952	11,402
Issuances of stock	--	--
Stock options exercised	--	1,125
Initial public offering, net of offering costs	--	44,914
Acquisition of Founding Companies	--	53,890
Acquisition of Purchased Companies	--	43,984
Net income	16,188	16,188
	-------	--------
Balance, December 31, 1998	28,140	171,503
Issuance of Preferred Stock	--	182,119
Sales of common stock under preemptive rights agreement	--	1,042
Stock options exercised	--	2,347
Income tax benefit from stock options exercised	--	1,446
Conversion of Limited Vote Common Stock to common stock	--	--
Termination of ESOP	--	7,150
Follow-on offering, net of offering costs	--	101,119
Acquisition of Purchased Companies	--	236,520
Three-for-two common stock split	--	--
Net income	53,679	53,679
	-------	--------
Balance, December 31, 1999	$81,819	$756,925
	=======	========

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

QUANTA SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS AND ORGANIZATION:

Quanta Services, Inc. is a leading provider of specialized contracting services, offering end-to-end network solutions to the telecommunications, cable television and electric power industries.

In February 1998, Quanta completed its initial public offering (the "IPO"), concurrent with which Quanta acquired, in separate transactions, four entities (the "Founding Companies"). Quanta acquired 12 additional businesses in 1998 and 40 additional businesses in 1999. Of these additional acquired businesses, two were accounted for as poolings-of-interests and are referred to herein as the "Pooled Companies." The remaining acquired businesses were accounted for as purchases and are referred to herein as the "Purchased Companies." Quanta intends to continue to acquire through merger or purchase similar companies to

expand its national and regional operations.

The financial statements of Quanta for periods prior to February 18, 1998 (the effective closing date of the acquisitions of the Founding Companies), are the financial statements of PAR Electrical Contractors, Inc. ("PAR" or the "Accounting Acquiror") as restated for the acquisitions of the Pooled Companies. The operations of the other Founding Companies and Quanta, acquired by the Accounting Acquiror, have been included in the Company's historical financial statements beginning February 19, 1998, and the Purchased Companies beginning on their respective dates of acquisition. References herein to the "Company" include Quanta and its subsidiaries.

In the course of its operations, the Company is subject to certain risk factors, including but not limited to: rapid technological and structural changes in our industries, risks related to internal growth and operating strategies, risks related to acquisition financing, significant fluctuations in quarterly results, risks associated with contracts, management of growth, dependence on key personnel, availability of qualified employees, unionized workforce, competition, recoverability of goodwill, potential exposure to environmental liabilities and anti-takeover measures.

All share amounts and per share amounts in these notes to consolidated financial statements have been adjusted to give effect to a 3-for-2 stock split declared by the Board of Directors on March 8, 2000 and payable on April 7, 2000 to stockholders of record as of March 27, 2000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of Consolidation

The consolidated financial statements of the Company, include the accounts of Quanta and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Supplemental Cash Flow Information

The Company had non-cash investing and financing activities related to capital leases of approximately $692,000, $1,218,000 and $170,000 during the years ended December 31, 1997, 1998 and 1999, respectively.

In addition, pursuant to its acquisition program, the Company acquired assets through purchase acquisitions with an estimated fair market value, net of cash acquired, of approximately $116.0 million and liabilities of approximately $71.6 million resulting in the recording of approximately $127.7 million in goodwill in 1998. In 1999, the Company acquired assets through purchase acquisitions with an estimated fair market

value, net of cash acquired, of approximately $236.0 million and liabilities of approximately $160.2 million resulting in the recording of approximately $484.9 million in goodwill.

Accounts Receivable and Provision for Doubtful Accounts

The Company provides an allowance for doubtful accounts when collection is considered doubtful.

Inventories

Inventories consist of parts and supplies held for use in the ordinary course of business and are valued by the Company at the lower of cost or market using the first-in, first-out (FIFO) method.

Property and Equipment

Property and equipment are stated at cost, and depreciation is computed using the straight-line method, net of estimated salvage values, over the estimated useful lives of the assets. Leasehold improvements are capitalized and amortized over the lesser of the life of the lease or the estimated useful life of the asset. Depreciation and amortization expense related to property and equipment was approximately, $3,305,000, $8,153,000 and $24,261,000 for the years ended December 31, 1997, 1998 and 1999, respectively.

Expenditures for repairs and maintenance are charged to expense when incurred. Expenditures for major renewals and betterments, which extend the

useful lives of existing equipment, are capitalized and depreciated. Upon retirement or disposition of property and equipment, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the statements of operations.

Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be realizable. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if an impairment of such asset is necessary. The effect of any impairment would be to expense the difference between the fair value of such asset and its carrying value.

Debt Issue Costs

Debt issue costs related to the Company's credit facility and the Convertible Subordinated Notes are included in other assets and are amortized to interest expense over the scheduled maturity periods of the related debt. As of December 31, 1998 and 1999, accumulated amortization was approximately $178,000 and $857,000, respectively.

Goodwill

Goodwill represents the excess of the aggregate purchase price paid by the Company in the acquisition of businesses accounted for as purchases over the fair market value of the net assets acquired. Goodwill is amortized on a straight-line basis over 40 years. Management continually evaluates whether events or circumstances have occurred that indicate that the remaining estimated useful life of goodwill may warrant revision or that the remaining balance may not be recoverable. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset will be compared to the asset's carrying amount to determine if such an impairment exists.

Revenue Recognition

The Company recognizes revenue when services are performed except when work is being performed under a fixed price or cost-plus-fee contract. Such contracts generally provide that the customer accept completion of progress to date and compensate the Company for services rendered, measured typically in

terms of units installed, hours expended or some other measure of progress. Revenues from fixed price or cost-plus-fee contracts are recognized on the percentage-of-completion method measured by the percentage of costs incurred-to-date to total estimated costs for each contract. Contract costs typically include all direct material, labor and subcontract costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs and depreciation costs. Provisions for the total estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions, estimated profitability and final contract settlements may result in revisions to costs and income and their effects are recognized in the period in which the revisions are determined.

The balances billed but not paid by customers pursuant to retainage provisions in fixed price or cost-plus-fee contacts will be due upon completion of the contracts and acceptance by the customer. Based on the Company's experience with similar contracts in recent years, the retention balance at each balance sheet date will be collected within the subsequent fiscal year. Retainage balances as of December 31, 1998 and 1999 were approximately $11,704,000 and $30,453,000, respectively, and are included in accounts receivable.

The current asset "Cost and estimated earnings in excess of billings on uncompleted contracts" represents revenues recognized in excess of amounts billed. The current liability "Billings in excess of costs and estimated earnings on uncompleted contracts" represents billings in excess of revenues recognized.

Warranty Costs

For certain contracts, the Company warrants labor for new installations and construction and servicing of existing infrastructure. An accrual for warranty costs is recorded based upon the historical level of warranty claims and management's estimate of future costs.

Income Taxes

The Company follows the liability method of accounting for income taxes in accordance with Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes." Under this method, deferred assets and

liabilities are recorded for future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and are measured using the enacted tax rates and laws that will be in effect when the underlying assets or liabilities are recovered or settled.

Certain of the Purchased Companies were S corporations for income tax purposes and, accordingly, any income tax liabilities for the periods prior to the acquisitions are the responsibility of the respective stockholders. In addition, one of the Pooled Companies was an S corporation prior to its merger with Quanta and, therefore, income taxes have not been provided for in the historical financial statements. Effective with the acquisitions, the S corporations converted to C corporations. Accordingly, at the date of acquisition an estimated deferred tax liability has been recorded to provide for the estimated future income tax liability resulting from the difference between the book and tax bases of the net assets of these former S corporations. For purposes of these consolidated financial statements, federal and state income taxes have been provided for the post-acquisition periods.

Collective Bargaining Agreements

Certain of the subsidiaries are party to various collective bargaining agreements with certain of its employees. The agreements require the Company to pay specified wages and provide certain benefits to its union employees. These agreements expire at various times.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the use of estimates and assumptions by management in determining the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Reference is made to the "Revenue Recognition" section of this footnote and Note 13 for discussion of certain estimates reflected in the Company's financial statements.

New Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board (the "FASB") issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". SFAS No. 133 requires a company to recognize all derivative instruments (including certain derivative instruments embedded in other contracts) as assets or liabilities in its balance sheet and measure them at fair value. The statement requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. In June 1999, SFAS No. 137, "Deferral of the Effective Date of FASB Statement No. 133," was issued and defers the adoption date to the beginning of an entity's fiscal year-end beginning after June 15, 2000. Management does not believe that the adoption of this statement will have a material impact on the financial position or results of operations of the Company.

3. PER SHARE INFORMATION:

For financial statement purposes, PAR was identified as the accounting acquiror in the transaction with Quanta and the IPO. As such, the shares of Quanta common stock beneficially owned by the former stockholders of PAR and the shares issued in connection with the acquisition of the Pooled Companies have been used in the calculation of basic and diluted earnings per share of the Company for all periods prior to the IPO.

Earnings per share amounts are based on the weighted average number of shares of common stock and common stock equivalents outstanding during the period. The weighted average number of shares used to compute basic and diluted earnings per share for 1997, 1998 and 1999 is illustrated below (in thousands):

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,		
	1997	1998	1999
<S>	<C>	<C>	<C>
NET INCOME:			
Net income for basic earnings per share -- income attributable to common stockholders	$1,794	$16,188	$53,679
Effect of Convertible Subordinated Notes under the "if converted" method -- interest expense addback, net of taxes	--	506	2,198
Dividends on Preferred Stock	--	--	260

Net income for diluted earnings per share	$1,794	$16,694	$56,137
WEIGHTED AVERAGE SHARES:			
Weighted average shares outstanding for basic earnings per share	6,244	26,785	47,177
Effect of dilutive stock options	--	232	986
Effect of Convertible Subordinated Notes under the "if converted" method -- weighted convertible shares issuable	--	1,298	5,384
Effect of conversion of Preferred Stock into common stock -- weighted convertible shares issuable	--	--	2,599
Weighted average shares outstanding for diluted earnings per share	6,244	28,315	56,146

</TABLE>

4. BUSINESS COMBINATIONS:

Purchases

During 1998 and 1999, in addition to the Founding Companies, the Company completed 50 acquisitions accounted for as purchases. The aggregate consideration paid in these transactions consisted of $408.2 million in cash and notes and 20.7 million shares of common stock. The accompanying balance sheet as of December 31, 1999 includes preliminary allocations of the respective purchase prices and is subject to final adjustment. The following summarized unaudited pro forma financial information adjusts the historical financial information by assuming the acquisition of the Founding Companies, the Purchased Companies, the issuance of the Convertible Subordinated Notes (as defined in Note 7) and the issuance of the Preferred Stock (as defined in Note 9) occurred on January 1, 1998 (dollars in thousands):

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,	
	1998	1999
	(UNAUDITED)	
<S>	<C>	<C>
Revenues	$943,118	$1,148,145
Net income attributable to common stock	$ 55,000	$ 71,997
Basic earnings per share	$ 1.01	$ 1.31
Diluted earnings per share	$ 0.84	$ 1.07
Diluted earnings per share before merger charges	$ 0.84	$ 1.17

</TABLE>

Pro forma adjustments included in the amounts above primarily relate to: (a) contractually agreed reductions in salaries and benefits for former owners, and certain key employees; (b) adjustment to depreciation and amortization expense due to the purchase price allocations; (c) the assumed reductions in interest expense due to unassumed debt and the refinancing of the outstanding indebtedness in conjunction with the acquisition of the Founding Companies and Purchased Companies, offset by an assumed increase in interest expense incurred in connection with financing the acquisitions; (d) the incremental interest expense and amortization of deferred financing costs incurred as a result of the issuance of the Convertible Subordinated Notes, net of the repayment of outstanding indebtedness of the Company; (e) the reduction in interest expense related to the repayment of outstanding indebtedness from proceeds from the sale of Series A Preferred Stock; (f) adjustment to the federal and state income tax provisions based on the combined operations; and (g) the 0.5 percent dividend requirement on the Series A Preferred Stock. Diluted earnings per share before merger charges excludes the effects of all non-recurring merger charges and the non-cash non-recurring deferred tax charge (as discussed in Note 8). The pro forma financial data does not purport to represent what the Company's combined financial position or results of operations would actually have been if such transactions had in fact occurred on January 1, 1998 and are not necessarily representative of the Company's financial position or results of operations for any future period.

Poolings

During the second quarter of 1998, Quanta completed the acquisition of all the common stock of NorAm Telecommunications, Inc. ("NorAm"), in a business combination accounted for as a "pooling-of-interests" transaction in accordance with the requirements of the Accounting Principles Board (APB) No. 16. NorAm, headquartered in Oregon, provides outside and inside network and technical

support for the telecommunications industry. Quanta issued 1,427,917 shares of common stock in exchange for all the common stock of NorAm.

In the first quarter of 1999, Quanta completed the acquisition of all the common stock of Fiber Technology, Inc. ("Fiber Tech") in a business combination accounted for as a "pooling-of-interests" transaction. Fiber Tech, headquartered in Houston, Texas, provides specialty contracting services to the cable

television and telecommunications industries. Quanta issued 315,940 shares of common stock in exchange for all the common stock of Fiber Tech.

There were no transactions between Quanta and the Pooled Companies during the periods prior to the business combination. As reported in the Company's Annual Report on Form 10-K for the year ended December 31, 1998 the financial statements of the Company have been previously restated to reflect the impact of the NorAm pooling.

The following table summarizes the audited restated revenues, net income and per share data of the Company after giving effect to the Fiber Tech pooling transaction (in thousands, except per share data).

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,			
	1997		1998	
	REVENUES	NET INCOME	REVENUES	NET INCOME
<S>	<C>	<C>	<C>	<C>
Revenues and net income -- As previously reported in 1998 Form 10-K	$76,204	$2,527	$309,209	$15,175
Fiber Tech	3,806	(733)	10,050	1,013
As restated	$80,010	$1,794	$319,259	$16,188
Basic earnings per share -- As previously reported in 1998 Form 10-K		$ 0.43		$ 0.57
Fiber Tech		(0.14)		0.03
As restated		$ 0.29		$ 0.60
Diluted earnings per share -- As previously reported in 1998 Form 10-K		$ 0.43		$ 0.56
Fiber Tech		(0.14)		0.03
As restated		$ 0.29		$ 0.59

</TABLE>

5. PROPERTY AND EQUIPMENT:

Property and equipment consists of the following (in thousands):

<TABLE>
<CAPTION>

	ESTIMATED USEFUL LIVES IN YEARS	DECEMBER 31, 1998	DECEMBER 31, 1999
<S>	<C>	<C>	<C>
Land	--	$ 1,947	2,218
Buildings and leasehold improvements	5-31	4,232	6,093
Operating equipment and vehicles	5-25	90,831	222,543
Office equipment, furniture and fixtures	3-7	2,845	7,260
		99,855	238,114
Less -- Accumulated depreciation and amortization		(25,643)	(46,260)
Property and equipment, net		$ 74,212	$191,854

</TABLE>

6. DETAIL OF CERTAIN BALANCE SHEET ACCOUNTS:

Activity in the Company's allowance for doubtful accounts consists of the following (in thousands):

<TABLE>
<CAPTION>

	DECEMBER 31,	
	1998	1999
<S>	<C>	<C>
Balance at beginning of period	$ 400	$1,616
Beginning balance of Purchased Companies	984	2,824
Charged to expense	292	1,749
Deductions for uncollectible receivables written off and recoveries	(60)	(242)
Balance at end of period	$1,616	$5,947

</TABLE>

Accounts payable and accrued expenses consist of the following (in thousands):

<TABLE>
<CAPTION>

	DECEMBER 31,	
	1998	1999
<S>	<C>	<C>
Accounts payable, trade	$18,805	$ 72,187
Accrued compensation and other related expenses	9,209	27,370
Federal and state taxes payable	4,074	16,465
Other accrued expenses	8,210	25,003
	$40,298	$141,025

</TABLE>

Contracts in progress are as follows (in thousands):

<TABLE>
<CAPTION>

	DECEMBER 31,	
	1998	1999
<S>	<C>	<C>
Costs incurred on contracts in progress	$ 231,526	$492,150
Estimated earnings, net of estimated losses	44,405	120,969
	275,931	613,119
Less -- Billings to date	(260,342)	(590,390)
	$ 15,589	$ 22,729
Costs and estimated earnings in excess of billings on uncompleted contracts	$ 22,620	$ 45,963
Less -- Billings in excess of costs and estimated earnings on uncompleted contracts	(7,031)	(23,234)
	$ 15,589	$ 22,729

</TABLE>

7. DEBT:

The Company's long-term debt obligations consisted of the following (in thousands):

<TABLE>
<CAPTION>

	DECEMBER 31,	
	1998	1999

<S>	<C>	<C>
Credit Facility	$56,000	$138,630
Notes payable to various financial institutions, interest ranging from 0.9% to 16.72%, secured by certain equipment, receivables and other assets	2,819	13,513
Notes payable to certain previous owners of the Purchased Companies bearing interest at 7.0% due 2001	2,145	948
Capital lease obligations	3,674	3,881
	64,638	156,972
Less -- Current maturities	(4,357)	(6,664)
Total long-term debt	$60,281	$150,308

</TABLE>

Credit Facility

In June 1999, the Company expanded its bank group from nine to 14 banks and increased its $175.0 million Credit Facility to $350.0 million. The Credit Facility is secured by a pledge of all of the capital stock of the Company's subsidiaries and the majority of the Company's assets and is to provide funds to be used for working capital, to finance acquisitions and for other general corporate purposes. Amounts borrowed under the Credit Facility bear interest at a rate equal to either (a) the London Interbank Offered Rate (the 30 day LIBOR rate was 6.49 percent at December 31, 1999) plus 1.00 percent to 2.00 percent, as determined by the ratio of the Company's total funded debt to EBITDA (as defined in the Credit Facility) or (b) the bank's prime rate (which was 8.5 percent at December 31, 1999) plus up to 0.25 percent, as determined by the ratio of the Company's total funded debt to EBITDA. Commitment fees of 0.25 percent to 0.50 percent (based on certain financial ratios) are due on any unused borrowing capacity under the Credit Facility. The Credit Facility matures June 14, 2004. The Company's subsidiaries guarantee the repayment of all amounts due under the facility and the facility restricts pledges on all material assets. The Credit Facility contains usual and customary covenants for a credit facility of this nature including the prohibition of the payment of dividends on common stock, certain financial ratio covenants and the consent of the lenders for acquisitions exceeding a certain level of cash consideration. As of December 31, 1999, $138.6 million was borrowed under the Credit Facility, and the Company had $5.5 million of letters of credit outstanding, resulting in a borrowing availability of $205.9 million under the Credit Facility.

The maturities of long-term debt (excluding capital leases) as of December 31, 1999, are as follows (in thousands):

<TABLE>

<S>	<C>
Year Ending December 31 --	
2000	$ 4,534
2001	4,078
2002	3,080
2003	1,241
2004	138,781
Thereafter	1,377
	$153,091

</TABLE>

The Company leases certain buildings and equipment under non-cancelable lease agreements. The following schedule shows the future minimum lease payments under these leases as of December 31, 1999 (in thousands):

<TABLE>
<CAPTION>

	CAPITAL LEASES	OPERATING LEASES
<S>	<C>	<C>
Year Ending December 31 --		
2000	$ 2,266	$ 9,569
2001	1,097	7,459
2002	565	5,254
2003	166	3,175
2004	--	1,955
Thereafter	--	2,526
Total minimum lease payments	4,094	$29,938

Less -- Amounts representing interest	(213)
Present value of minimum lease payments	3,881
Less -- Current portion	(2,130)
Long-term obligation	$ 1,751

</TABLE>

Rent expense related to operating leases was approximately $519,000, $1,816,000 and $11,706,000 for the years ended December 31, 1997, 1998 and 1999, respectively. Assets under capital leases are included as part of property and equipment.

Certain of the Company's subsidiaries have entered into related party lease arrangements for operational facilities. These lease agreements generally have a term of 5 years. There were no such related-party lease payments during the year ended December 31, 1997. Related party lease expense for the years ended December 31, 1998 and 1999 was approximately $315,000 and $1,215,000. Future commitments with respect to these leases are included above.

Strategic Investment

In October 1998, the Company entered into a strategic investment agreement with Enron Capital & Trade Resources Corp. ("Enron Capital"), a subsidiary of Enron Corp., pursuant to which Enron Capital and an affiliate made an investment of $49.4 million in Quanta. The investment is in the form of Convertible Subordinated Notes bearing interest at 6 7/8 percent and is convertible into 5,383,636 shares of Quanta common stock at a price of $9.17 per share. Additionally, Quanta and Enron Capital entered into a strategic alliance under which Enron Capital and Quanta will exchange information regarding the design, construction and maintenance of electric power transmission and distribution systems and fiber optic communications systems. The Convertible Subordinated Notes require quarterly interest payments and equal semi-annual principal payments beginning in 2006 until the notes are paid in full in 2010. The Company has the option to redeem the notes at a premium beginning in 2002.

8. INCOME TAXES:

The components of the provision for income taxes are as follows (in thousands):

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,		
	1997	1998	1999
<S>	<C>	<C>	<C>
Federal --			
Current	$1,475	$10,214	$36,044
Deferred	10	(262)	5,071
State --			
Current	306	1,839	7,335
Deferred	(5)	(108)	549
	$1,786	$11,683	$48,999

</TABLE>

Actual income tax provision differs from the income tax provision computed by applying the U.S. federal statutory corporate rate to the income before provision for income taxes as follows (in thousands):

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,		
	1997	1998	1999
<S>	<C>	<C>	<C>
Provision at the statutory rate	$1,504	$ 9,400	$36,028
Increase resulting from --			
State income tax, net of federal benefit	187	1,125	5,124
Goodwill	--	899	3,381
Nondeductible expenses	95	259	3,789
Deferred tax charge -- pooling	--	--	677

	$1,786	$11,683	$48,999

</TABLE>

Deferred income tax provisions result from temporary differences in the recognition of income and expenses for financial reporting purposes and for tax purposes. The tax effects of these temporary differences, representing deferred tax assets and liabilities, result principally from the following (in thousands):

<TABLE>
<CAPTION>

	DECEMBER 31,	
	1998	1999
<S>	<C>	<C>
Deferred income tax liabilities --		
Property and equipment	$(5,461)	$(28,945)
Book/tax accounting method difference	(684)	(1,818)
Other	(132)	(348)
Total deferred income tax liabilities	(6,277)	(31,111)
Deferred income tax assets --		
Allowance for doubtful accounts and other reserves	1,222	4,105
Other accruals not currently deductible	1,317	6,748
Inventory	176	279
Goodwill	47	--
Total deferred income tax assets	2,762	11,132
Total net deferred income tax liabilities	$(3,515)	$(19,979)

</TABLE>

The net deferred tax assets and liabilities are comprised of the following (in thousands):

<TABLE>
<CAPTION>

	DECEMBER 31,	
	1998	1999
<S>	<C>	<C>
Deferred tax assets --		
Current	$ 2,714	$ 11,132
Long-term	48	--
Total	2,762	11,132
Deferred tax liabilities --		
Current	(816)	(2,166)
Long-term	(5,461)	(28,945)
Total	(6,277)	(31,111)
Net deferred income tax liabilities	$(3,515)	$(19,979)

</TABLE>

Net current deferred tax assets are included in prepaid expenses and other current assets.

In the first quarter of 1999, a non-cash, non-recurring tax charge of $677,000 was recorded as a result of a change in the tax status from an S corporation to a C corporation of a company acquired in a pooling-of-interests transaction.

9. STOCKHOLDERS' EQUITY:

Series A Convertible Preferred Stock

In September 1999, the Company entered into a securities purchase agreement with UtiliCorp United Inc. ("UtiliCorp") pursuant to which the Company issued 1,860,000 shares of Series A Convertible Preferred Stock (the "Series A Preferred Stock"), $.00001 par value per share, for an initial investment of $186,000,000, before transaction costs. The holders of the Series A Preferred

Stock are entitled to receive dividends in cash at a rate of 0.5% per annum on an amount equal to $100.00 per share, plus all unpaid dividends accrued. In addition to the preferred dividend, the holders are entitled to participate in any cash or non-cash dividends or distributions declared and paid on the shares of common stock, as if each share of Series A Preferred Stock had been converted into common stock at the applicable conversion price immediately prior to the record date for payment of such dividends or distributions. However, holders of Series A Preferred Stock will not participate in non-cash dividends or distributions if such dividends or distributions cause an adjustment in the price at which Series A Preferred Stock converts into common stock. At any time after the sixth anniversary of the issuance of the Series A Preferred Stock, if the closing price per share of the Company's common stock is greater than $20.00, then the Company may terminate the preferred dividend. At any time after the sixth anniversary of the issuance of the Series A Preferred Stock, if the closing price per share of the Company's common stock is equal to or less than $20.00, then the preferred dividend may, at the option of UtiliCorp, be adjusted to the then "market coupon rate", which shall equal the Company's after-tax cost of obtaining financing, excluding common stock, to replace UtiliCorp's investment in the Company.

UtiliCorp is entitled to that number of votes equal to the number of shares of common stock into which the outstanding shares of Series A Preferred Stock are then convertible. Subject to certain limitations, UtiliCorp will be entitled to elect two of the total number of directors of the Company. All or any portion of the outstanding shares of Series A Preferred Stock may, at the option of UtiliCorp, be converted at any time into fully paid and nonassessable shares of common stock. The conversion price shall initially be $20.00, yielding 9,300,000 shares of common stock upon conversion of all outstanding shares of Series A Preferred Stock. The conversion price may be adjusted under certain circumstances. Also in certain circumstances, UtiliCorp has the right to purchase additional securities from the Company to maintain the percentage

ownership of the Company represented by the Series A Preferred Stock. In 1999, UtiliCorp purchased 57,727 shares of common stock pursuant to these rights.

Limited Vote Common Stock

The shares of Limited Vote Common Stock have rights similar to shares of common stock, except that such shares are entitled to elect one member of the board of directors and are entitled to one-tenth of one vote for each share held on all other matters. Each share of Limited Vote Common Stock will convert into common stock upon disposition by the holder of such shares in accordance with the transfer restrictions applicable to such shares. In 1999, 1,271,979 shares of Limited Vote Common Stock were converted to common stock.

Stock Options

In December 1997, the board of directors adopted, and the stockholders of the Company approved, the 1997 Stock Option Plan. The purpose of the 1997 Stock Option Plan is to provide directors, key employees, officers and certain advisors with additional incentives by increasing their proprietary interest in the Company. The aggregate amount of common stock of the Company with respect to which options may be granted may not exceed 15% of the outstanding shares of common stock.

The 1997 Stock Option Plan provides for the grant of incentive stock options ("ISOs") as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the "Code") and nonqualified stock options (collectively, the "Awards"). The amount of ISOs that may be granted under the 1997 Stock Option Plan is limited to 3,571,275 shares. The 1997 Stock Option Plan is administered by the Compensation Committee of the board of directors. The Compensation Committee has, subject to the terms of the 1997 Stock Option Plan, the sole authority to grant Awards under the 1997 Stock Option Plan, to construe and interpret the 1997 Stock Option Plan and to make all other determinations and take any and all actions necessary or advisable for the administration of the 1997 Stock Option Plan.

All of the Company's employees (including officers), non-employee directors, and certain consultants and advisors are eligible to receive Awards under the 1997 Stock Option Plan, but only employees of the Company are eligible to receive ISOs. Options will be exercisable during the period specified in each option agreement and will generally become exercisable in installments pursuant to a vesting schedule designated by the Compensation Committee. In the discretion of the Compensation Committee, option agreements may provide that options will become immediately exercisable in the event of a "change in control" (as defined in the 1997 Stock Option Plan) of the Company. No ISO will remain exercisable later than ten years after the date of grant (or five years in the case of ISOs granted to employees owning more than 10% of the voting capital stock).

The 1997 Stock Option Plan also provides for automatic option grants to directors who are not otherwise employed by the Company or its subsidiaries. Upon commencement of service, a non-employee director will receive a non-qualified option to purchase 15,000 shares of common stock, and each continuing or re-elected non-employee director annually will receive an option to purchase 7,500 shares of common stock. Options granted to non-employee directors are fully exercisable following the expiration of six months from the date of grant.

The exercise price for ISOs granted under the 1997 Stock Option Plan may be no less than the fair market value of a share of the common stock on the date of grant (or 110% in the case of ISOs granted to employees owning more than 10% of the voting capital stock).

The following table summarizes activity under the 1997 Stock Option Plan for the years ended December 31, 1998 and 1999 (shares in thousands):

<TABLE>
<CAPTION>

	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE FAIR VALUE
<S>	<C>	<C>	<C>
Outstanding at December 31, 1997	--	--	
Granted	2,519	$ 8.02	$ 3.48
Exercised	(90)	7.92	
Forfeited and canceled	(63)	8.56	
Outstanding at December 31, 1998	2,366	8.07	
Granted	4,500	23.90	$10.95
Exercised	(307)	8.41	
Forfeited and canceled	(113)	14.09	
Outstanding at December 31, 1999	6,446	15.66	
Options exercisable at --			
December 31, 1998	60		
December 31, 1999	335		

</TABLE>

The following table summarizes information for outstanding options at December 31, 1999 (shares in thousands):

<TABLE>
<CAPTION>

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICES	NUMBER OF OPTIONS OUTSTANDING	WEIGHTED AVERAGE CONTRACTUAL LIFE IN YEARS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
<S>	<C>	<C>	<C>	<C>	<C>
$6.00-$8.83	1,259	8.33	$ 6.93	121	$ 6.47
$9.25-$11.13	697	8.50	9.97	184	9.97
$14.00-$20.71	3,291	9.39	17.62	--	--
$21.04-$26.58	1,199	9.46	22.78	30	21.08
$6.00-$26.58	6,446	9.10	15.66	335	9.70

</TABLE>

The Company accounts for its stock-based compensation under APB No. 25 "Accounting for Stock Issued to Employees." Under this accounting method, no compensation expense is recognized in the consolidated statements of operations if no intrinsic value of the option exists at the date of grant. In October 1995, the FASB issued SFAS No. 123, "Accounting for Stock Based Compensation." SFAS No. 123 encourages companies to account for stock based compensation awards based on the fair value of the awards at the date they are granted. The resulting compensation cost would be shown as an expense in the consolidated statements of operations. Companies can choose not to apply the new accounting method and continue to apply current accounting requirements; however, disclosure is required as to what net income and earnings per share would have been had the new accounting method been followed. Had compensation costs for this plan been determined consistent with SFAS No. 123, the Company's net income attributable to

common stock and earnings per share would have been reduced to the following as adjusted amounts (in thousands, except per share data):

<TABLE>
<CAPTION>

		1998	1999
<S>	<C>	<C>	<C>
Net income attributable to common stock.....	As reported	$16,188	$53,679
	As Adjusted - Basic	$15,298	$48,359
	As Adjusted - Diluted	$15,804	$50,817
Earnings per share.....	As Reported - Basic	$ 0.60	$ 1.14
	As Adjusted - Basic	$ 0.57	$ 1.03
	As Reported - Diluted	$ 0.59	$ 1.00
	As Adjusted - Diluted	$ 0.56	$ 0.91

</TABLE>

The effects of applying SFAS No. 123 in the as adjusted disclosure may not be indicative of future amounts as additional awards in future years are anticipated. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions for 1998 and 1999, respectively: (i) risk-free interest rates ranging from 4.17% to 5.80% and 4.30% to 6.82%, (ii) expected life of 6 years, (iii) average volatility of 24.85% and 54.0%, and (iv) dividend yield of 0%.

Public Offerings

In February 1998, Quanta completed its IPO, which involved the issuance of 7.5 million shares of its common stock at a price of $6.00 per share, resulting in net proceeds to the Company of $38.6 million after deducting underwriting discounts and commissions and expenses related to the IPO. In March 1998, the Company sold 1.1 million shares of common stock resulting in net proceeds of $6.3 million pursuant to an over-allotment granted to the underwriters. On January 27, 1999, Quanta completed a follow-on public offering, which involved the issuance of 6.9 million shares of its common stock at a price of $15.50 per share, resulting in net proceeds to Quanta of $101.1 million after deducting underwriting discounts and commissions and expenses related to the offering.

Employee Stock Ownership Plan

The Company issued shares of common stock to an Employee Stock Ownership Plan (the "ESOP") in connection with the acquisition of one of the Pooled Companies. The ESOP was terminated on July 31, 1998. In June 1999, after the receipt of a favorable determination letter from the Internal Revenue Service, a portion of the unallocated shares of the Company's common stock held by the ESOP were sold to repay debt owed by the ESOP to the Company and the remaining portion of the unallocated shares were distributed to the plan participants. The cost of the unallocated ESOP shares was reflected as a reduction in the Company's stockholders' equity. As a result of the above, the Company incurred an excise tax of approximately $1.1 million equal to 10 percent of the value of the Company's common stock distributed to the plan participants. In addition, the Company eliminated the remaining balance reflected as Unearned ESOP Shares on the Company's balance sheet and recognized a non-cash, non-recurring compensation charge of approximately $5.3 million equal to the value of the unallocated shares held by the ESOP.

Employee Stock Purchase Plan

An Employee Stock Purchase Plan was adopted by the board of directors of the Company and was approved by the stockholders of the Company in May 1999. The purpose of the Plan is to provide an incentive for employees of the Company and any Participating Company (as defined in the Plan) to acquire or increase a proprietary interest in the Company through the purchase of shares of the Company's common stock. At the date hereof, all of the existing subsidiaries of the Company have been designated as Participating Companies. The Plan is intended to qualify as an "Employee Stock Purchase Plan" under Section 423 of the Internal Revenue Code of 1986, as amended (the "Code"). The provisions of the Plan are construed in a manner consistent with the requirements of that section of the Code. The Plan is administered by a committee appointed from time to time by the board of directors. The Plan is not subject to any of the provisions of the Employee Retirement Income Security Act of 1974, as amended. As of December 31, 1999, there were no shares purchased under the Plan as no

offering period had ended at that time. In January, 2000 the Company issued a total of 35,783 shares pursuant to the Plan.

Common Stock Shares Authorized

Effective May 1999, the Company amended its Amended and Restated Certificate of Incorporation to increase the number of authorized shares of common stock to 100.0 million shares.

10. RELATED PARTY TRANSACTIONS:

As previously discussed, Enron Capital and Utilicorp have made investments in Quanta. Quanta has had transactions in the normal course of business with various other subsidiaries of Enron Corp. and UtiliCorp. Subsequent to the investment by Enron Capital, revenues from Enron in 1998 and 1999, were $2.8 million and $40.1 million and balances due Quanta at year-end were $2.1 million and $20.3 million, respectively. Subsequent to the investment by Utilicorp, revenues from UtiliCorp were $7.4 million and balances due Quanta at December 31, 1999 were $1.3 million.

The Company also entered into a management services agreement (the "Management Services Agreement") with UtiliCorp. Under the Management Services Agreement, to the extent mutually agreed upon by the parties, UtiliCorp will provide advice and services including financing activities; corporate strategic planning; research on the restructuring of the utility industries; the development, evaluation and marketing of the Company's products, services and capabilities; identification of and evaluation of potential acquisition candidates and other merger and acquisition advisory services; and other services that the board of directors may reasonably request. In consideration of the advice and services rendered by UtiliCorp, the Company will pay UtiliCorp on a quarterly basis in arrears a fee of $2,325,000. The Management Services Agreement has a term of six years. The Company has the right to terminate the Management Services Agreement at any time if, in the reasonable judgment of the board of directors, changes in the nature of the relationship between the Company and UtiliCorp make effective provision of the services to be provided unlikely. Payments owed to UtiliCorp under this arrangement were approximately $2.6 million.

Management believes transactions with these related parties were under terms no less favorable to the Company than those arranged with other parties.

11. EMPLOYEE BENEFIT PLAN:

In connection with its collective bargaining agreements with various unions, the Company participates with other companies in the unions' multi-employer pension plans. These plans cover all of the Company's employees who are members of such unions. The Employee Retirement Income Security Act of 1974, as amended by the Multi-Employer Pension Plan Amendments Act of 1980, imposes certain liabilities upon employers who are contributors to a multi-employer plan in the event of the employer's withdrawal from, or

upon termination of such plan. The Company has no plans to withdraw from these plans. The plans do not maintain information on net assets and actuarial present value of the plans' unfunded vested benefits allocable to the Company, and amounts, if any, for which the Company may be contingently liable is not ascertainable at this time.

401(k) Plan

Effective February 1, 1999, Quanta adopted a 401(k) plan pursuant to which employees who are not provided retirement benefits through a collective bargaining agreement may make contributions through a payroll deduction. Quanta will make a matching contribution of 100% of each employee's contribution up to 3% of that employee's salary and 50% of each employee's contribution between 3% and 6% of such employee's salary. Prior to joining Quanta's 401(k) plan, certain subsidiaries of the Company provided various defined contribution plans to their employees. Contributions to all non-union defined contribution plans by the Company were approximately $217,000, $1,434,000 and $5,044,000 for the years ended December 31, 1997, 1998 and 1999, respectively.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS:

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, a credit facility, accounts payable, notes payable and debt. The Company believes that the carrying value of these instruments on the accompanying balance sheets approximates their fair value.

13. COMMITMENTS AND CONTINGENCIES:

Litigation

Certain subsidiaries of the Company are involved in disputes or legal actions arising in the ordinary course of business. Management does not believe the outcome of such legal actions will have a material adverse effect on the Company's financial position or results of operations.

Insurance

The Company carries a broad range of insurance coverage, including business auto liability, business property liability, workers' compensation, general liability and an umbrella policy. Effective January 1, 1996, the Company began self-insuring for certain workers' compensation risks up to $1,000,000 per occurrence. In October 1997, the Company reduced the deductible to $500,000 per occurrence. In addition, certain of the Purchased Companies were self-insured prior to acquisition. In August 1998, the Company consolidated the casualty insurance program for all subsidiaries of Quanta and continues to consolidate most acquired companies to this plan at the date of acquisition. This program has no self-insurance provisions. Self-insured claims under previous policies are monitored to ensure that such remaining accruals are adequate. The Company has accrued for the estimated probable claims costs in satisfying the deductible provisions of the previous insurance policies for claims occurring through December 31, 1999. The accruals are based on known facts and historical trends and management believes such accruals to be adequate.

Performance Bonds

In certain circumstances, the Company is required to provide performance bonds in connection with its contract commitments.

14. QUARTERLY FINANCIAL DATA (UNAUDITED):

The table below sets forth the unaudited consolidated operating results by quarter for the years ended December 31, 1998 and 1999. All quarters presented have been restated for the operations of the Pooled Companies and the effect of the 3-for-2 stock split discussed in Note 17 (in thousands, except per share data).

<TABLE>
<CAPTION>

	FOR THE THREE MONTHS ENDED,			
	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31
<S>	<C>	<C>	<C>	<C>
1998:				
Revenues	$ 32,230	$ 65,045	$103,737	$118,247
Gross profit	5,234	12,796	20,814	23,145
Net income	817	3,139	6,360	5,872
Basic earnings per share	$ 0.05	$ 0.11	$ 0.21	$ 0.18
Diluted earnings per share	$ 0.05	$ 0.11	$ 0.21	$ 0.17
Diluted earnings per share before merger charges	$ 0.05	$ 0.12	$ 0.21	$ 0.17
1999:				
Revenues	$127,779	$193,821	$271,788	$332,266
Gross profit	22,908	43,572	66,099	81,722
Net income attributable to common stock	3,423	4,807	19,138	26,311
Basic earnings per share	$ 0.09	$ 0.11	$ 0.38	$ 0.48
Diluted earnings per share	$ 0.09	$ 0.10	$ 0.34	$ 0.39
Diluted earnings per share before merger charges	$ 0.11	$ 0.23	$ 0.34	$ 0.39

</TABLE>

The sum of the individual quarterly earnings per share amounts may not agree with year-to-date earnings per share as each period's computation is based on the weighted average number of shares outstanding during the period.

15. RISK CONCENTRATION:

The Company grants credit, generally without collateral, to its customers, which include telecommunications and cable television system operators, electric power companies, governmental entities, general contractors, builders and owners and managers of commercial and industrial properties located primarily in the United States. Consequently, the Company is subject to potential credit risk related to changes in business and economic factors throughout the United States. However, the Company generally is entitled to payment for work performed and has certain lien rights in that work and concentrations of credit risk are limited due to the diversity of the Company's customer base. Further, management believes that its contract acceptance, billing and collection policies are

adequate to minimize the potential credit risk.

16. SEGMENT INFORMATION:

The Company operates in one reportable segment as a specialty contractor. The Company provides comprehensive network solutions to the telecommunications, cable and electric power industries, including designing, installing, repairing and maintaining network infrastructure. Each of these services is provided by various of the Company's subsidiaries and discrete financial information is not provided to management at the service level. The following table presents information regarding revenues derived from the services noted above.

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,		
	1997	1998	1999
	(IN THOUSANDS)		
<S>	<C>	<C>	<C>
Telecommunications network services	$26,531	$100,184	$318,461
Cable television network services	3,806	10,050	91,391
Electric power network services	48,149	159,243	316,794
Ancillary services	1,524	49,782	199,008
	$80,010	$319,259	$925,654

</TABLE>

The Company does not have significant operations or long-lived assets in countries outside of the United States.

17. SUBSEQUENT EVENTS

a. Purchases Subsequent to December 31, 1999

Subsequent to December 31, 1999 and through February 24, 2000, Quanta completed three acquisitions accounted for as purchases. The aggregate consideration paid in these transactions consisted of $30.6 million in cash and 1,356,474 shares of common stock. The cash portion of such consideration was provided by borrowings under the Company's Credit Facility.

b. Stock Split

On March 8, 2000 the board of directors of the Company approved a 3-for-2 stock split of the Company's outstanding common stock in the form of a stock dividend. Par value of the common stock will remain $.00001 per share. Holders of the Company's common stock of record at the close of business on March 27, 2000 will receive one additional share of common stock for every two shares of common stock owned. Fractional shares resulting from the stock split will be paid in cash in lieu of shares. The stock dividend will be paid on April 7, 2000. The effect of the stock split has been recognized retroactively in the stockholders' equity account on the balance sheet as of December 31, 1999, and in all share and per share data in the accompanying consolidated financial statements and notes thereto.

18. SUBSEQUENT EVENTS TO AUDITORS' REPORT DATE (UNAUDITED):

a. Purchases Subsequent to Auditors' Report

Subsequent to February 24, 2000 and through March 15, 2000, Quanta completed two acquisitions accounted for as purchases. The aggregate consideration paid in these transactions consisted of $8.7 million in cash and 247,501 shares of common stock. The cash portion of such consideration was provided by borrowings under the Company's Credit Facility.

b. Shareholder Rights Plan

On March 8, 2000 the board of directors of the Company adopted a Shareholder Rights Plan. Under the plan, a dividend of one Preferred Stock Right was declared on each outstanding share of the Company's common stock and Series A Preferred Stock (on an as converted basis) for holders of record as of the close of business on March 27, 2000. The Preferred Stock Purchase Rights will

also attach to all common stock and Series A Preferred Stock issued after March 27, 2000. No separate certificates evidencing the Rights will be issued unless and until they become exercisable. Each Right has an initial exercise price of $153.33. The Rights will be exercisable if a person or group (other than UtiliCorp United Inc.) becomes the beneficial owner of, or tenders for, 15 percent or more of the Company's common shares. The Rights also will be exercisable if UtiliCorp, together with any affiliates or associates, becomes the beneficial owner of, or tenders for, more than 49.9 percent of the Company's common shares, or if there is a change of control of UtiliCorp. In the event that the Rights become exercisable, each Right will entitle its holder to purchase, at the Right's exercise price, a number of common shares having a market value at that time of twice the Right's exercise price. Rights held by the triggering person will become void and will not be exercisable to purchase shares at the reduced purchase price. The Rights will expire in ten years.

c. Issuance of Senior Secured Notes

In March 2000, the Company closed a Senior Notes private placement with 16 lenders, primarily insurance companies, for $150 million. The Senior Notes have maturities of five, seven or ten years with a weighted average interest rate of 8.52% and rank pari passu in right of repayment to Quanta's Credit Facility. The Senior Notes have financial covenants similar to the Credit Facility. Proceeds from this private placement were used to reduce outstanding borrowings under the Credit Facility.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information concerning the Company's directors and officers required by Item 10 is incorporated by reference to the information set forth in Quanta's Definitive Proxy Statement for the 2000 Annual Meeting of Stockholders.

ITEM 11. EXECUTIVE COMPENSATION

The information concerning the Company's directors and officers required by Item 11 is incorporated by reference to the information set forth in Quanta's Definitive Proxy Statement for the 2000 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information concerning the Company's directors and officers required by Item 12 is incorporated by reference to the information set forth in Quanta's Definitive Proxy Statement for the 2000 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS

The information concerning the Company's directors and officers required by Item 13 is incorporated by reference to the information set forth in Quanta's Definitive Proxy Statement for the 2000 Annual Meeting of Stockholders.

PART IV

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

The information concerning the Company's directors and officers required by Item 14 is incorporated by reference to the information set forth in Quanta's Definitive Proxy Statement for the 1999 Annual Meeting of Stockholders.

(a) The following financial statements, schedules and exhibits are filed as part of this Report:

(1) Financial Statements. Reference is made to the Financial Statements commencing on page 24 of this Report.

(2) All schedules are omitted because they are not applicable or the required information is shown in the financial statements or the notes to the financial statements.

(3) Exhibits

<TABLE>
<CAPTION>
EXHIBIT NO.	DESCRIPTION
<C> <S>

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 IncorporationX
3.4	-- Certificate of Designation for the Series A Preferred Stock+++
3.5	-- Certificate of Designation for the Series B Preferred Stock
3.6	-- Certificate of Correction to Certificate of Designation for the Series A Preferred Stock
4.1	-- Form of Common Stock Certificate*
10.1	-- Form of Employment Agreement*
10.2	-- 1997 Stock Option Plan*
10.3	-- Third Amended and Restated Secured Credit Agreement dated as of June 14, 1999 among Quanta Services, Inc. as Borrower and Nationsbank, N.A. d/b/a Bank of America, N.A., as Administrative Agent, and the other financial institutions parties thereto, as LendersX
10.4	-- 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**
10.5	-- Registration Rights Agreement dated as of September 29, 1998 by and among Quanta Services, Inc., JEDI and Enron Capital**
10.6	-- Form of Convertible Promissory Note issued to Enron Capital and JEDI**
10.7	-- Securities Purchase Agreement between Quanta Services, Inc. and UtiliCorp United Inc. dated as of September 21, 1999+++
10.8	-- Investor's Rights Agreement by and between Quanta Services, Inc. and UtiliCorp United Inc. dated September 21, 1999+++
10.9	-- Management Services Agreement by and between Quanta Services, Inc. and UtiliCorp United Inc.+++
10.10	-- Letter Agreement by and between Quanta Services, Inc. and UtiliCorp United Inc. dated September 21, 1999+++

EXHIBIT NO.	DESCRIPTION
10.11	-- Strategic Alliance Agreement by and between Quanta Services, Inc. and UtiliCorp United Inc. dated as of September 21, 1999+++
10.12	-- Form of Stockholders Voting Agreement+++
10.13	-- First Amendment to Third Amended and Restated Secured Credit Agreement+++
10.14	-- Letter Agreement by and among ECT Merchant Investments Corp., Joint Energy Development Investments II Limited Partnership, Quanta Services, Inc. and UtiliCorp United Inc. dated September 21, 1999+++
10.15	-- First Amendment to Securities Purchase Agreement and Registration Rights Agreement+++
10.16	-- Note Purchase Agreement dated as of March 1, 2000 between Quanta Services, Inc. and the Purchasers named therein
10.17	-- Intercreditor Agreement dated March 23, 2000 related to the March 1, 2000 Note Purchase Agreement
10.18	-- Rights Agreement dated March 8, 2000 between Quanta Services, Inc. and American Stock Transfer & Trust Company, as Rights AgentXX
10.19	-- Form of Lockup Agreement
10.20	-- Second Amendment to Third Amended and Restated Credit Agreement
21.1	-- Subsidiaries
23.1	-- Consent of Arthur Andersen LLP
27.1	-- Financial Data Schedule

- ---------------

* 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.

+++ Previously filed as an exhibit to the Company's Registration Statement on Form S-3 (No. 333-90961) and incorporated herein by reference.

X Previously filed as an exhibit to the Company's Registration Statement on Form S-3 (No. 333-81419).

XX Previously filed as an exhibit to the Company's Registration Statement on Form 8-A filed March 21,2000.

(b) Reports on Form 8-K:

(1) Quanta filed a Form 8-K on November 15, 1999 in which it reported certain audited financial statements of businesses acquired and the pro forma financial statements of Quanta Services, Inc. and subsidiaries.

(2) Quanta filed a Form 8-K on December 20, 1999 setting forth additional details about its sales of unregistered securities during the period from January 1, 1999 until September 30, 1999.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Quanta Services, Inc. has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, State of Texas, on March 30, 2000.

QUANTA SERVICES, INC.

By /s/ JOHN R. COLSON
John R. Colson
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed by the following persons in the capacities indicated and on March 30, 2000.

<TABLE>
<CAPTION>

SIGNATURE	TITLE
<C>	<S>
/s/ JOHN R. COLSON John R. Colson	Chief Executive Officer, Director (Principal Executive Officer)
/s/ JAMES H. HADDOX James H. Haddox	Chief Financial Officer (Principal Financial Officer)
/s/ DERRICK A. JENSEN Derrick A. Jensen	Vice President, Controller and Chief Accounting Officer
/s/ VINCENT D. FOSTER Vincent D. Foster	Director
/s/ JOHN R. WILSON John R. Wilson	Director
/s/ JOHN A. MARTELL John A. Martell	Director
Robert K. Green	Director
/s/ JAMES G. MILLER James G. Miller	Director
/s/ GARY A. TUCCI Gary A. Tucci	Director
James R. Ball	Director
	Director

</TABLE>

EXHIBIT 3.5

CERTIFICATE OF DESIGNATION

of

SERIES B JUNIOR PARTICIPATING PREFERRED STOCK

of

QUANTA SERVICES, INC.

PURSUANT TO SECTION 151 OF THE GENERAL CORPORATION LAW
OF THE STATE OF DELAWARE

QUANTA SERVICES, INC., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), in accordance with the provisions of Section 103 thereof, DOES HEREBY CERTIFY:

That pursuant to the authority vested in the Board of Directors in accordance with the provisions of the Restated Certificate of Incorporation of the said Corporation, the said Board of Directors adopted the following resolution creating a series of 700,000 shares of Preferred Stock designated as "Series B Junior Participating Preferred Stock":

RESOLVED, that pursuant to the authority vested in the Board of Directors of this Corporation in accordance with the provisions of the Restated Certificate of Incorporation, a series of Preferred Stock, par value $0.00001 per share, of the Corporation be and hereby is created, and that the designation and number of shares thereof and the voting and other powers, preferences and relative, participating, optional or other rights of the shares of such series and the qualifications, limitations and restrictions thereof are as follows:

SERIES B JUNIOR PARTICIPATING PREFERRED STOCK

1. Designation and Amount. There shall be a series of Preferred Stock that shall be designated as "Series B Junior Participating Preferred Stock," and the number of shares constituting such series shall be 700,000. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, however, that no decrease shall reduce the number of shares of Series B Junior Participating Preferred Stock to less than the number of shares then issued and outstanding plus the number of shares issuable upon exercise of outstanding rights, options or warrants or upon conversion of outstanding securities issued by the Corporation.

2. Dividends and Distribution.

(A) Subject to the prior and superior rights of the holders of any shares of any class or series of stock of the Corporation ranking prior and superior to the shares of Series B Junior Participating Preferred Stock (including, without limitation, the Series A Convertible Preferred Stock) with respect to dividends, the holders of shares of Series B Junior Participating Preferred Stock, in preference to the holders of shares of any class or series of stock of the Corporation ranking junior to the Series B Junior Participating Preferred Stock in respect thereof, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of January, April, July and October, in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series B Junior Participating Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) $1.00, or (b) the Adjustment Number (as defined below) times the aggregate per share amount of all cash dividends, and the Adjustment Number times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock, par value $0.00001 per share, of the Corporation (the "Common Stock") since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series B Junior Participating Preferred Stock. The "Adjustment Number" shall initially be 1,000. In the event the Corporation shall at any time after March 8, 2000 (i) declare and pay any dividend on Common Stock payable in shares of Common Stock (other than the 3 for 2 stock dividend payable on April 7, 2000), (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment Number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is

the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series B Junior Participating Preferred Stock as provided in paragraph (A) above immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock).

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series B Junior Participating Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series B Junior Participating Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date

after the record date for the determination of holders of shares of Series B Junior Participating Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series B Junior Participating Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series B Junior Participating Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 60 days prior to the date fixed for the payment thereof.

3. Voting Rights. The holders of shares of Series B Junior Participating Preferred Stock shall have the following voting rights:

(A) Each share of Series B Junior Participating Preferred Stock shall entitle the holder thereof to a number of votes equal to the Adjustment Number on all matters submitted to a vote of the stockholders of the Corporation.

(B) Except as required by law, by Section 3(C) and by Section 10 hereof, holders of Series B Junior Participating Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

(C) If, at the time of any annual meeting of stockholders for the election of directors, the equivalent of six quarterly dividends (whether or not consecutive) payable on any share or shares of Series B Junior Participating Preferred Stock are in default, the Corporation shall take all steps which are necessary, including the calling of a special meeting of stockholders, to cause the number of directors constituting the Board of Directors of the Corporation to be increased by two as contemplated by the following sentence. In addition to voting together with the holders of Common Stock for the election of other directors of the Corporation, the holders of record of the Series B Junior Participating Preferred Stock, voting separately as a class to the exclusion of the holders of Common Stock, shall be entitled at said meeting of stockholders (and at each subsequent annual meeting of stockholders), unless all dividends in arrears on the Series B Junior Participating Preferred Stock have been paid or declared and set apart for payment prior thereto, to vote for the election of two directors of the Corporation, the holders of any Series B Junior Participating Preferred Stock being entitled to cast a number of votes per share of Series B Junior Participating Preferred Stock as is specified in paragraph (A) of this Section 3. Until the default in payments of all dividends which permitted the election of said directors shall cease to exist, any director who shall have been so elected pursuant to the provisions of this Section 3(C) may be removed at any time without cause only by the affirmative vote of the holders of the shares of Series B Junior Participating Preferred Stock at the time entitled to cast a majority of the votes entitled to be cast for the election of any such

director at a special meeting of such holders called for that purpose, and any vacancy thereby created may be filled by the vote of such holders. If and when such default shall cease to exist, the holders of the Series B Junior Participating Preferred Stock shall be divested of the foregoing special voting rights, subject to revesting in the event of each and every subsequent like default in payments of dividends. Upon the termination of the foregoing special voting rights, the terms of office of all persons who may have been elected directors pursuant to said special voting rights shall forthwith terminate, and the number of directors constituting the Board of Directors shall be reduced by

two. The voting rights granted by this Section 3(C) shall be in addition to any other voting rights granted to the holders of the Series B Junior Participating Preferred Stock in this Section 3.

4. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series B Junior Participating Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series B Junior Participating Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series B Junior Participating Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series B Junior Participating Preferred Stock, except dividends paid ratably on the Series B Junior Participating Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled; or

(iii) purchase or otherwise acquire for consideration any shares of Series B Junior Participating Preferred Stock, or any shares of stock ranking on a parity with the Series B Junior Participating Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of Series B Junior Participating Preferred Stock, or to such holders and holders of any such shares ranking on a parity therewith, upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to

purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

5. Reacquired Shares. Any shares of Series B Junior Participating Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired promptly after the acquisition thereof. All such shares shall upon their retirement become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to any conditions and restrictions on issuance set forth herein.

6. Liquidation, Dissolution or Winding Up.

(A) Upon any liquidation, dissolution or winding up of the Corporation, voluntary or otherwise, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series B Junior Participating Preferred Stock unless, prior thereto, the holders of shares of Series B Junior Participating Preferred Stock shall have received an amount per share (the "Series B Liquidation Preference") equal to the greater of (i) $10.00, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, or (ii) the Adjustment Number times the per share amount of all cash and other property to be distributed in respect of the Common Stock upon such liquidation, dissolution or winding up of the Corporation.

(B) In the event, however, that there are not sufficient assets available to permit payment in full of the Series B Liquidation Preference and the liquidation preferences of all other classes and series of stock of the Corporation, if any, that rank on a parity with the Series B Junior Participating Preferred Stock in respect thereof, then the assets available for such distribution shall be distributed ratably to the holders of the Series B Junior Participating Preferred

Stock and the holders of such parity shares in proportion to their respective liquidation preferences.

(C) Neither the merger or consolidation of the Corporation into or with another corporation nor the merger or consolidation of any other corporation into or with the Corporation shall be deemed to be a liquidation, dissolution or winding up of the Corporation within the meaning of this Section 6.

7. Consolidation, Merger, Etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the outstanding shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series B Junior Participating Preferred Stock shall at the same time be similarly exchanged or changed in an amount per share equal to the Adjustment Number times the aggregate amount of stock, securities, cash and/or any other

property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged.

8. No Redemption. Shares of Series B Junior Participating Preferred Stock shall not be subject to redemption by the Corporation.

9. Ranking. The Series B Junior Participating Preferred Stock shall rank junior to all other series of the Preferred Stock as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up, unless the terms of any such series shall provide otherwise, and shall rank senior to the Common Stock as to such matters.

10. Amendment. At any time that any shares of Series B Junior Participating Preferred Stock are outstanding, the Restated Certificate of Incorporation of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series B Junior Participating Preferred Stock so as to affect them adversely without the affirmative vote of the holders of two-thirds of the outstanding shares of Series B Junior Participating Preferred Stock, voting separately as a class.

11. Fractional Shares. Series B Junior Participating Preferred Stock may be issued in fractions of a share that shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series B Junior Participating Preferred Stock.

IN WITNESS WHEREOF, the undersigned has executed this Certificate this 21st day of March, 2000.

QUANTA SERVICES, INC.

By:

Brad Eastman, Vice President

EXHIBIT 3.6

CERTIFICATE OF CORRECTION
TO THE
CERTIFICATE OF DESIGNATION
OF
SERIES A CONVERTIBLE PREFERRED STOCK
OF
QUANTA SERVICES, INC.

QUANTA SERVICES, INC. (the "Corporation"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

1. The name of the Corporation is Quanta Services, Inc.

2. A Certificate of Designation of Series A Convertible Preferred Stock of the Corporation was filed with the Secretary of State of Delaware on September 21, 1999 and said Certificate requires correction as permitted by subsection (f) of Section 103 of the General Corporation Law of the State of Delaware.

3. The inaccuracy or defect of said Certificate of Designation to be corrected is that certain language was inadvertently omitted from Section 2(b) on page 2 of the copy of the Certificate of Designation which was filed with the Secretary of State.

4. Section 2(b) of the Certificate of Designation is hereby corrected to read as follows:

> "(b) Participating. In addition to the Preferred Dividend payable on the Series A Preferred Stock, the shares of Series A Preferred Stock shall be entitled to receive, out of any funds legally available therefor, the amount of any cash or non-cash dividends or distributions declared and paid on the shares of Common Stock, as if the shares of Series A Preferred Stock had been converted immediately prior to the record date for payment of such dividends or distributions; provided, however, the shares of Series A Preferred Stock shall not be entitled to receive any non-cash dividend or distribution if the number or kind of securities issuable upon conversion of the Series A Preferred Stock is adjusted under Section 5 hereof in connection therewith."

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be executed by its duly authorized officer this _____ day of _____, 2000.

QUANTA SERVICES, INC.

By:

Name:
Title:

EXHIBIT 10.16

==========

QUANTA SERVICES, INC.

$73,000,000 8.46% Series 2000-A Senior Secured Notes, Tranche 1,
due March 1, 2005

and

$41,500,000 8.55% Series 2000-A Senior Secured Notes, Tranche 2,
due March 1, 2007

and

$35,500,000 8.61% Series 2000-A Senior Secured Notes, Tranche 3,
due March 1, 2010

NOTE PURCHASE AGREEMENT

DATED AS OF MARCH 1, 2000

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QUANTA SERVICES, INC.
1360 POST OAK BOULEVARD, SUITE 2100
HOUSTON, TEXAS 77056-3023

8.46% SERIES 2000-A SENIOR SECURED NOTES, TRANCHE 1, DUE MARCH 1, 2005
AND
8.55% SERIES 2000-A SENIOR SECURED NOTES, TRANCHE 2, DUE MARCH 1, 2007
AND
8.61% SERIES 2000-A SENIOR SECURED NOTES, TRANCHE 3, DUE MARCH 1, 2010

Dated as of
March 1, 2000

TO THE PURCHASERS LISTED IN
THE ATTACHED SCHEDULE A:

Ladies and Gentlemen:

QUANTA SERVICES, INC., a Delaware corporation (the "Company"), agrees with the Purchasers listed in the attached Schedule A (the "Purchasers") to this Note Purchase Agreement (this "Agreement") as follows:

SECTION 1. AUTHORIZATION OF NOTES.

The Company will authorize the issue and sale of (i) $73,000,000 aggregate principal amount of its 8.46% Series 2000-A Senior Secured Notes, Tranche 1, due March 1, 2005 (the "Tranche 1 Notes"), (ii) $41,500,000 aggregate principal amount of its 8.55% Series 2000-A Senior Secured Notes, Tranche 2, due March 1, 2007 (the "Tranche 2 Notes"), and (iii) $35,500,000 aggregate principal amount of its 8.61% Series 2000-A Senior Secured Notes, Tranche 3, due March 1, 2010 (the "Tranche 3 Notes"; the Tranche 1 Notes, the Tranche 2 Notes and the Tranche 3 Notes are collectively referred to herein as the "Series 2000-A Notes"). The Series 2000-A Notes together with each Series of Additional Notes which may from time to time be issued pursuant to the provisions of Section 2.4 are collectively referred to as the "Notes" (such term shall also include any such notes issued in substitution therefor pursuant to Section 13 of this Agreement). The Series 2000-A Notes shall be substantially in the forms set out in Exhibit 1(a), Exhibit 1(b) and Exhibit 1(c), respectively, with such changes therefrom, if any, as may be approved by the Purchasers and the Company. Certain capitalized terms used in this Agreement are defined in Schedule B; references to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement.

SECTION 2. SALE AND PURCHASE OF NOTES.

Section 2.1. Series 2000-A Notes. Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the Closing provided for in Section 3, Series 2000-A Notes in the principal amount specified opposite such Purchaser's name in Schedule A at the purchase price of 100% of the principal amount thereof. The obligations of each Purchaser hereunder are several and not joint obligations and each Purchaser shall have no obligation and no liability to any Person for the performance or nonperformance by any other Purchaser hereunder.

Section 2.2. Guaranty Agreement. The payment by the Company of all amounts due with respect to the Notes and the performance by the Company of its obligations under this Agreement will be unconditionally guaranteed by all Domestic Subsidiaries of the Company (the "Guarantors") under the Guaranty Agreement dated as of March 1, 2000 (the "Guaranty Agreement") which shall be in substantially the form attached hereto as Exhibit 2.

If at any time one or more Subsidiaries which has guaranteed the Notes and the Debt outstanding under the Bank Credit Agreement shall have been released from its obligations under the Guaranty relating to the Bank Credit Agreement, then upon delivery to the holders of the Notes of evidence of such release (which evidence shall be reasonably satisfactory to the Required Holders) and provided that no Default or Event of Default shall exist, the Required Holders shall execute and deliver a release of such Subsidiary from its

obligations under the Guaranty Agreement (referred to as a "Guaranty Release Event").

Section 2.3. Security for the Notes. The Notes will be secured by certain property of the Company and the Guarantors pursuant to the Security Documents heretofore entered into by the Company and the Guarantors with Bank of America, N.A. as collateral agent (together with any successor collateral agent, the "Collateral Agent") for the benefit of the holders of Notes and the Bank Lenders.

The Lien and security interest granted by the Company and the Guarantors pursuant to the Security Documents shall rank pari passu with other existing Liens that secure the outstanding Debt of the Company and the Guarantors under the Bank Credit Agreement without preference, priority or distinction by virtue of the time of filing any financing statement or registration or the difference in time of incurrence of such Debt, and the enforcement of the rights and benefits in respect of such Security Documents will be subject to an Intercreditor Agreement dated as of March 1, 2000 (the "Intercreditor Agreement") among the Collateral Agent, for itself and as agent on behalf of all Bank Lenders, the Purchasers and the Additional Purchasers.

If at any time the Collateral Agent shall have received the written direction from the requisite percentage of Bank Lenders to release the Liens of the Security Documents which secure the Debt outstanding under the Bank Credit Agreement, then upon delivery to the holders of the Notes of evidence of such direction (which evidence shall be reasonably satisfactory to the Required Holders) and provided that no Default or Event of Default shall exist, the Collateral Agent shall release the Liens created by the Security Documents (herein referred to as a "Collateral Release Event"). If requested by the Collateral Agent and so long as no Default or

Event of Default shall exist, each Purchaser, each Additional Purchaser and each holder by its acceptance of a Note agrees that it shall concur in the Collateral Release Event.

Section 2.4. Additional Series of Notes. The Company may, from time to time, in its sole discretion but subject to the terms hereof, issue and sell one or more additional Series of its secured promissory notes under the provisions of this Agreement pursuant to a supplement (a "Supplement") substantially in the form of Exhibit S. Each additional Series of Notes (the "Additional Notes") issued pursuant to a Supplement shall be subject to the following terms and conditions:

(i) each Series of Additional Notes, when so issued, shall be differentiated from all previous Series by sequential alphabetical designation inscribed thereon;

(ii) Additional Notes of the same Series may consist of more than one different and separate tranches and may differ with respect to outstanding principal amounts, maturity dates, interest rates and premiums, if any, and price and terms of redemption or payment prior to maturity, but all such different and separate tranches of the same Series shall vote as a single class and constitute one Series;

(iii) each Series of Additional Notes shall be dated the date of issue, bear interest at such rate or rates, mature on such date or dates, be subject to such mandatory and optional prepayment on the dates and at the premiums, if any, have such additional or different conditions precedent to closing, such representations and warranties and such additional covenants as shall be specified in the Supplement under which such Additional Notes are issued and upon execution of any such Supplement, this Agreement shall be amended (a) to reflect such additional covenants without further action on the part of the holders of the Notes outstanding under this Agreement, provided, that any such additional covenants shall inure to the benefit of all holders of Notes so long as any Additional Notes issued pursuant to such Supplement remain outstanding, and (b) to reflect such representations and warranties as are contained in such Supplement for the benefit of the holders of such Additional Notes in accordance with the provisions of Section 16;

(iv) each Series of Additional Notes issued under this Agreement shall be in substantially the form of Exhibit 1 to Exhibit S hereto with such variations, omissions and insertions as are necessary or permitted hereunder;

(v) the minimum principal amount of any Note issued under a Supplement shall be $100,000, except as may be necessary to evidence the outstanding amount of any Note originally issued in a denomination of $100,000 or more;

(vi) all Additional Notes shall constitute Senior Debt of the

Company and shall rank pari passu with all other outstanding Notes, provided that if the Security Documents and the Intercreditor Agreement are in full force and effect, the Company shall have obtained the written consent of the necessary parties to the Intercreditor Agreement as provided for therein; and

(vii) no Additional Notes shall be issued hereunder if at the time of issuance thereof and after giving effect to the application of the proceeds thereof, any Default or Event of Default shall have occurred and be continuing.

SECTION 3. CLOSING.

The sale and purchase of the Series 2000-A Notes to be purchased by each Purchaser shall occur at the offices of Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603 at 10:00 a.m. Chicago time, at a closing (the "Closing") on March 22, 2000 or on such other Business Day thereafter on or prior to March 24, 2000 as may be agreed upon by the Company and the Purchasers. At the Closing the Company will deliver to each Purchaser the Series 2000-A Notes to be purchased by such Purchaser in the form of a single Series 2000-A Note (or such greater number of Series 2000-A Notes in denominations of at least $100,000 as such Purchaser may request) dated the date of the Closing and registered in such Purchaser's name (or in the name of such Purchaser's nominee), against delivery by such Purchaser to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds for the account of the Company to account number 001390029677, account name Quanta Services, Inc., at Bank of America, Dallas, Texas, ABA Number 111000025. If at the Closing the Company shall fail to tender such Notes to any Purchaser as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to any Purchaser's satisfaction, such Purchaser shall, at such Purchaser's election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of such failure or such nonfulfillment.

SECTION 4. CONDITIONS TO CLOSING.

The obligation of each Purchaser to purchase and pay for the Series 2000-A Notes to be sold to such Purchaser at the Closing is subject to the fulfillment to such Purchaser's satisfaction, prior to or at the Closing, of the following conditions:

Section 4.1. Representations and Warranties of the Company. The representations and warranties of the Company in this Agreement shall be correct when made and at the time of Closing.

Section 4.2. Representations and Warranties of the Guarantors. The representations and warranties of the Guarantors in the Guaranty Agreement shall be correct when made and at the time of the Closing.

Section 4.3. Performance; No Default. The Company and the Guarantors shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by the Company and the Guarantors prior to or at the Closing, and after giving effect to the issue and sale of the Series 2000-A Notes (and the application of the proceeds thereof as contemplated by Section 5.14), no Default or Event of Default shall have occurred and be continuing. Neither the Company nor any Subsidiary shall

have entered into any transaction since the date of the Memorandum that would have been prohibited by Section 10 hereof had such Sections applied since such date.

Section 4.4. Compliance Certificates.

(a) Officer's Certificate of the Company. The Company shall have delivered to such Purchaser an Officer's Certificate, dated the date of the Closing, certifying that the conditions specified in Sections 4.1, 4.3 and 4.16 have been fulfilled.

(b) Secretary's Certificate of the Company. The Company shall have delivered to such Purchaser a certificate certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Series 2000-A Notes and this Agreement.

(c) Officer's Certificate of the Guarantors. Each Guarantor shall have delivered to such Purchaser an Officer's Certificate, dated

the date of the Closing, certifying that the conditions specified in Sections 4.2 and 4.3 have been fulfilled.

(d) Secretary's Certificate of the Guarantors. Each Guarantor shall have delivered to such Purchaser a certificate certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Guaranty Agreement.

Section 4.5. Guaranty Agreement. The Guaranty Agreement shall have been duly authorized, executed and delivered by the Guarantors, shall constitute the legal, valid and binding contract and agreement enforceable against the respective Guarantors in accordance with its terms and such Purchaser shall have received a true, correct and complete copy thereof.

Section 4.6. Security Documents, Etc. The Security Documents shall have been duly authorized, executed and delivered by the respective parties thereto, shall constitute legal, valid and binding contracts and agreements enforceable against the respective parties in accordance with their terms and such Purchaser shall have received true, correct and complete copies of each thereof.

Section 4.7. Filing. The Security Documents (together with any financing statements) shall have been duly filed in such public offices as may be deemed necessary or appropriate by such Purchaser or such Purchaser's special counsel in order to perfect the Liens granted or conveyed thereby.

Section 4.8. Intercreditor Agreement. The Intercreditor Agreement substantially in the form of Exhibit 3 attached hereto shall have been executed and delivered by the respective parties thereto and shall be in full force and effect and such Purchaser shall have received a true, correct and complete copy thereof.

Section 4.9. Insurance. Certificates of insurance evidencing the insurance policies required to be delivered pursuant to the Security Documents shall be satisfactory in scope and form to such Purchaser and shall have been delivered to the Collateral Agent and such Purchaser.

Section 4.10. Pledged Stock. The certificates representing the Pledged Stock (together with duly executed undated stock powers endorsed in blank) shall have been delivered to the Collateral Agent.

Section 4.11. Opinions of Counsel. Such Purchaser shall have received opinions in form and substance satisfactory to such Purchaser, dated the date of the Closing (a) from Brad Eastman, Esq., General Counsel of the Company, covering the matters set forth in Exhibit 4.11(a) and covering such other matters incident to the transactions contemplated hereby as such Purchaser or such Purchaser's counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to such Purchaser), (b) from Akin, Gump, Strauss, Hauer & Feld, L.L.P., Special Counsel of the Company, covering the matters set forth in Exhibit 4.11(b) and covering such other matters incident to the transactions contemplated hereby as such Purchaser or such Purchaser's counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to such Purchaser), and (c) from Chapman and Cutler, the Purchasers' special counsel in connection with such transactions, substantially in the form set forth in Exhibit 4.11(c) and covering such other matters incident to such transactions as such Purchaser may reasonably request.

Section 4.12. Purchase Permitted by Applicable Law, Etc. On the date of Closing each purchase of Series 2000-A Notes shall (a) be permitted by the laws and regulations of each jurisdiction to which each Purchaser is subject, without recourse to provisions (such as Section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (b) not violate any applicable law or regulation (including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject any Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date hereof. If requested by any Purchaser, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

Section 4.13. Related Transactions. The Company shall have consummated the sale of the entire principal amount of the Series 2000-A Notes scheduled to be sold on the date of Closing pursuant to this Agreement.

Section 4.14. Payment of Special Counsel Fees. Without limiting the provisions of Section 15.1, the Company shall have paid on or before the Closing, the reasonable fees, reasonable charges and reasonable disbursements of the Purchasers' special counsel referred to in Section 4.11 to the extent

reflected in a statement of such counsel rendered to the Company at least one Business Day prior to the Closing.

Section 4.15. Private Placement Number. A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the Securities Valuation Office of

the National Association of Insurance Commissioners) shall have been obtained for each tranche of the Series 2000 Notes.

Section 4.16. Changes in Corporate Structure. The Company shall not have changed its jurisdiction of incorporation or, except as reflected in Schedule 4.16, been a party to any merger or consolidation and shall not have succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Schedule 5.5.

Section 4.17. Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to such Purchaser and such Purchaser's special counsel, and such Purchaser and such Purchaser's special counsel shall have received all such counterpart originals or certified or other copies of such documents as such Purchaser or such Purchaser's special counsel may reasonably request.

Section 4.18. Conditions to Issuance of Additional Notes. The obligations of the Additional Purchasers to purchase any Additional Notes shall be subject to the following conditions precedent, in addition to the conditions specified in the Supplement pursuant to which such Additional Notes may be issued:

(a) Compliance Certificate. A duly authorized Senior Financial Officer shall execute and deliver to each Additional Purchaser and each holder of Notes an Officer's Certificate dated the date of issue of such Series of Additional Notes stating that such officer has reviewed the provisions of this Agreement (including any Supplements hereto) and setting forth the information and computations (in sufficient detail) required in order to establish whether the Company is in compliance with the requirements of Section 10.2 on such date (based upon the financial statements for the most recent fiscal quarter ended prior to the date of such certificate).

(b) Execution and Delivery of Supplement. The Company and each such Additional Purchaser shall execute and deliver a Supplement substantially in the form of Exhibit S hereto.

(c) Representations of Additional Purchasers. Each Additional Purchaser shall have confirmed in the Supplement that the representations set forth in Section 6 are true with respect to such Additional Purchaser on and as of the date of issue of the Additional Notes.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to each Purchaser that:

Section 5.1. Organization; Power and Authority. The Company is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and is duly qualified as a foreign corporation and is in good standing in each

jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement, the Security Documents and the Notes and to perform the provisions hereof and thereof.

Section 5.2. Authorization, Etc. This Agreement, the Security Documents and the Notes have been duly authorized by all necessary corporate action on the part of the Company, and this Agreement and the Security Documents constitute, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws affecting the enforcement of creditors' rights

generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.3. Disclosure. The Company, through its agents, Banc of America Securities LLC and Morgan Stanley Dean Witter, has delivered to each Purchaser a copy of a Private Placement Memorandum, dated January, 2000 (the "Memorandum"), relating to the transactions contemplated hereby. The Memorandum fairly describes, in all material respects, the general nature of the business and principal properties of the Company and its Subsidiaries. Except for any research reports (if any) prepared by Banc of America Securities LLC and Morgan Stanley Dean Witter which may have been provided separately from the Memorandum for which no representation or warranty is being made by the Company, this Agreement, the Security Documents, the Memorandum, the documents, certificates or other writings delivered to the Purchasers by or on behalf of the Company in connection with the transactions contemplated hereby and the financial statements listed in Schedule 5.5, taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Since September 30, 1999, there has been no change in the financial condition, operations, business or properties of the Company or any of its Subsidiaries except changes that individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect. There is no fact known to the Company that could reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the Memorandum or in the other documents, certificates and other writings delivered to each Purchaser by or on behalf of the Company specifically for use in connection with the transactions contemplated hereby.

Section 5.4. Organization and Ownership of Shares of Subsidiaries; Affiliates. (a) Schedule 5.4 contains (except as noted therein) complete and correct lists of (i) the Company's Subsidiaries, showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its organization, and the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Company and each other Subsidiary, and all other Investments of the Company and its Subsidiaries, and (ii) the Company's directors and senior officers.

(b) All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in Schedule 5.4 as being owned by the Company and its Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by the Company or another Subsidiary free and clear of any Lien, except for the Liens created by the Security Documents and as otherwise disclosed in Schedule 5.4.

(c) Each Subsidiary identified in Schedule 5.4 is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact.

(d) No Subsidiary is a party to, or otherwise subject to, any legal restriction or any agreement (other than this Agreement, the agreements listed on Schedule 5.4 and customary limitations imposed by corporate law statutes) restricting the ability of such Subsidiary to pay dividends out of profits or make any other similar distributions of profits to the Company or any of its Subsidiaries that owns outstanding shares of capital stock or similar equity interests of such Subsidiary.

Section 5.5. Financial Statements. The Company has delivered to each Purchaser copies of the financial statements of the Company and its Subsidiaries listed on Schedule 5.5. All of said financial statements (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the respective dates specified in such financial statements and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments).

Section 5.6. Compliance with Laws, Other Instruments, Etc. The execution, delivery and performance by the Company of this Agreement, the Security Documents and the Notes will not (a) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien not permitted by Section 10.5 in respect of any property of the Company or any Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or

credit agreement, lease, corporate charter or by-laws, or any other agreement or instrument to which the Company or any Subsidiary is bound or by which the Company or any Subsidiary or any of their respective properties may be bound or affected, (b) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Company or any Subsidiary, or (c) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company or any Subsidiary, except for any such default, breach, contravention or violation which could not reasonably be expected to have a Material Adverse Effect.

Section 5.7. Governmental Authorizations, Etc. No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by the Company of this Agreement, the Security Documents or the Notes, except for such filings as may be necessary to perfect or maintain the perfection of the Liens created by the Security Documents, certain other customary filing related to future performance and routine governmental filings made in compliance with any applicable securities laws.

Section 5.8. Litigation; Observance of Statutes and Orders. (a) There are no actions, suits or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any Subsidiary or any property of the Company or any Subsidiary in any court or before any arbitrator or before or by any Governmental Authority that in any such case, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary is in default under any term of any agreement or instrument to which it is a party or by which it is bound, or any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or is in violation of any applicable law, ordinance, rule or regulation (including without limitation Environmental Laws) of any Governmental Authority, which default or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

Section 5.9. Taxes. The Company and its Subsidiaries have filed all Material tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments levied upon them or their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (a) the amount of which is not individually or in the aggregate Material or (b) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or a Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP. The Company knows of no basis for any other tax or assessment that could reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Company and its Subsidiaries in respect of federal, state or other taxes for all fiscal periods are adequate, as calculated in accordance with GAAP.

Section 5.10. Title to Property Leases. The Company and its Subsidiaries have good and sufficient title to their respective properties which the Company and its Subsidiaries own or purport to own, including all such properties reflected in the most recent audited balance sheet referred to in Section 5.5 or purported to have been acquired by the Company or any Subsidiary after said date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this Agreement. All leases that individually or in the aggregate are Material are valid and subsisting and are in full force and effect in all material respects.

Section 5.11. Licenses, Permits, Etc. Except as disclosed in Schedule 5.11,

(a) the Company and its Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are Material, without known conflict with the rights of others except for those conflicts, that, individually or in the aggregate, would not have a Material Adverse Effect;

(b) to the best knowledge of the Company, no product of the Company or any of its Subsidiaries infringes in any material respect any license, permit, franchise, authorization, patent, copyright, service mark, trademark, trade name or other right owned by any other Person; and

(c) to the best knowledge of the Company, there is no Material violation by any Person of any right of the Company or any of its Subsidiaries with respect to any patent, copyright, service mark, trademark, trade name or other right owned or used by the Company or any of its Subsidiaries.

Section 5.12. Compliance with ERISA. (a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in Section 3 of ERISA), and no event, transaction or condition has occurred or exists that could reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to such penalty or excise tax provisions or to Section 401(a)(29) or 412 of the Code, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) The present value of the aggregate benefit liabilities under each of the Plans (other than Multiemployer Plans), determined as of the end of such Plan's most recently ended plan year on the basis of the actuarial assumptions specified for funding purposes in such Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities. The term "benefit liabilities" has the meaning specified in Section 4001 of ERISA and the terms "current value" and "present value" have the meanings specified in Section 3 of ERISA.

(c) The Company and its ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under Section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) The expected post-retirement benefit obligation (determined as of the last day of the Company's most recently ended fiscal year in accordance with Financial Accounting Standards Board Statement No. 106, without regard to liabilities attributable to continuation coverage

mandated by Section 4980B of the Code), if any, of the Company and its Subsidiaries under any employee welfare benefit plan (as defined in Section 3 of ERISA), is not Material or has otherwise been disclosed in the most recent audited consolidated financial statements of the Company and its Subsidiaries.

(e) The execution and delivery of this Agreement and the Security Documents and the issuance and sale of the Notes hereunder will not involve any transaction that is subject to the prohibitions of Section 406 of ERISA or in connection with which a tax could be imposed pursuant to Section 4975(c)(1)(A)-(D) of the Code which in either event, could reasonably be expected to result in a Material Adverse Effect. The representation by the Company in the first sentence of this Section 5.12(e) is made in reliance upon and subject to the accuracy of each Purchaser's representation in Section 6.2 as to the sources of the funds to be used to pay the purchase price of the Notes to be purchased by such Purchaser.

Section 5.13. Private Offering by the Company. Neither the Company nor anyone acting on its behalf has offered the Series 2000-A Notes or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any Person other than the Purchasers and not more than 65 other Institutional Investors, each of which has been offered the Series 2000-A Notes in connection with a private placement for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Series 2000-A Notes to the registration requirements of Section 5 of the Securities Act.

Section 5.14. Use of Proceeds; Margin Regulations. The Company will apply the proceeds of the sale of the Series 2000-A Notes for general corporate purposes of the Company and its Subsidiaries (including the repayment of Debt of the Company and its Subsidiaries and for acquisitions). No part of the proceeds from the sale of the Series 2000-A Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than 2% of the value of the consolidated assets of the Company and its Subsidiaries and the Company does not have any present intention that

margin stock will constitute more than 2% of the value of such assets. As used in this Section, the terms "margin stock" and "purpose of buying or carrying" shall have the meanings assigned to them in said Regulation U.

Section 5.15. Existing Debt; Future Liens. (a) Except as described therein, Schedule 5.15 sets forth a complete and correct list of all outstanding Debt of the Company and its Subsidiaries as of December 31, 1999, since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Debt of the Company or its Subsidiaries. Neither the Company nor any Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Debt of the Company or such Subsidiary in an unpaid amount of $1,000,000 or more and no event or condition exists with respect to any Debt of the Company or any Subsidiary in an unpaid amount of $1,000,000 or

more that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Debt to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) Except as disclosed in Schedule 5.15, neither the Company nor any Subsidiary has agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien not permitted by Section 10.5.

Section 5.16. Foreign Assets Control Regulations, Etc. Neither the sale of the Notes by the Company hereunder nor its use of the proceeds thereof will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto.

Section 5.17. Status under Certain Statutes. Neither the Company nor any Subsidiary is an "investment company" registered or required to be registered under the Investment Company Act of 1940, as amended, or is subject to regulation under the Public Utility Holding Company Act of 1935, as amended, the ICC Termination Act of 1995, as amended, or the Federal Power Act, as amended.

Section 5.18. Environmental Matters. Neither the Company nor any Subsidiary has knowledge of any liability or has received any notice of any liability, and no proceeding has been instituted against the Company or any of its Subsidiaries or any of their respective real properties now or formerly owned, leased or operated by any of them, alleging any violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect. Except as otherwise disclosed to each Purchaser in writing:

(a) neither the Company nor any Subsidiary has knowledge of any facts which would give rise to any liability, public or private, for violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real properties or to other assets now or formerly owned, leased or operated by any of them or their use, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect;

(b) neither the Company nor any of its Subsidiaries has stored any Hazardous Materials on real properties now or formerly owned, leased or operated by any of them or has disposed of any Hazardous Materials in each case in a manner contrary to any Environmental Laws and in any manner that could reasonably be expected to result in a Material Adverse Effect; and

(c) to the knowledge of the Company and its Subsidiaries, all buildings on all real properties now owned, leased or operated by the Company or any of its Subsidiaries are in compliance with applicable Environmental Laws, except where failure to comply could not reasonably be expected to result in a Material Adverse Effect.

Section 5.19. Filing and Recordation. On the date of Closing, all UCC financing statements and all Security Documents have been duly filed in all public offices wherein such filings were made to perfect the Lien of the security agreement securing the Debt outstanding under the Bank Credit Agreement. The Security Documents create a valid Lien in the collateral described therein.

Section 5.20. Other Representations and Warranties. The representations and warranties of the Company set forth in the Security Documents are true and correct as of the date of Closing and are incorporated herein by reference with the same force and effect as though set forth herein in full.

SECTION 6. REPRESENTATIONS OF THE PURCHASER.

Section 6.1. Purchase for Investment. Each Purchaser represents that it is purchasing the Series 2000-A Notes for its own account or for one or more separate accounts maintained by it or for the account of one or more pension or trust funds and not with a view to the distribution thereof, provided that the disposition of such Purchaser's or such pension or trust funds' property shall at all times be within such Purchaser's or such pension or trust funds' control. Each Purchaser understands that the Series 2000-A Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Series 2000-A Notes.

Section 6.2. Source of Funds. Each Purchaser represents that at least one of the following statements is an accurate representation as to each source of funds (a "Source") to be used by it to pay the purchase price of the Series 2000-A Notes to be purchased by it hereunder:

(a) the Source is an "insurance company general account" within the meaning of Department of Labor Prohibited Transaction Exemption ("PTE") 95-60 (issued July 12, 1995) and there is no employee benefit plan, treating as a single plan all plans maintained by the same employer or employee organization, with respect to which the amount of the general account reserves and liabilities for all contracts held by or on behalf of such plan, exceeds ten percent (10%) of the total reserves and liabilities of such general account (exclusive of separate account liabilities) plus surplus, as set forth in the NAIC Annual Statement for such Purchaser most recently filed with such Purchaser's state of domicile; or

(b) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1 (issued January 29, 1990), or (ii) a bank collective investment fund, within the meaning of the PTE 91-38 (issued July 12, 1991) and, except as such Purchaser prior to the execution and delivery of this Agreement has disclosed to the Company in writing pursuant to this paragraph (b), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(c) the Source constitutes assets of an "investment fund" (within the meaning of Part V of the QPAM Exemption) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part V of the QPAM Exemption), no employee benefit plan's assets that are included in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Section V(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, exceed 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM (applying the definition of "control" in Section V(e) of the QPAM Exemption) owns a 5% or more interest in the Company and (i) the identity of such QPAM and (ii) the names of all employee benefit plans whose assets are included in such investment fund have been disclosed to the Company in writing pursuant to this paragraph (c) prior to the execution and delivery of this Agreement; or

(d) the Source is a governmental plan; or

(e) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which prior to the execution and delivery of this Agreement has been identified to the Company in writing pursuant to this paragraph (e); or

(f) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA; or

(g) the Source is an insurance company separate account maintained solely in connection with the fixed contractual obligations of the insurance company under which the amounts payable, or credited, to any employee benefit plan (or its related trust) and to any participant or beneficiary of such plan (including any annuitant) are not affected in any manner by the investment performance of the separate account.

If any Purchaser or any Additional Purchaser or any subsequent transferee of the Notes indicates that such Purchaser or any Additional Purchaser or such transferee is relying on any representation contained in paragraph (b), (c) or (e) above, the Company shall deliver on the date of issuance of such Notes and on the date of any applicable transfer a certificate, which shall either state that (i) it is neither a party in interest nor a "disqualified person" (as defined in Section 4975(e)(2) of the Code), with respect to any plan identified pursuant to paragraphs (b) or (e) above, or (ii) with respect to any plan, identified pursuant to paragraph (c) above, neither it nor any "affiliate" (as defined in Section V(c) of the QPAM Exemption) has at such time, and during the immediately preceding one year, exercised the authority to appoint or terminate said QPAM as manager of any plan identified in writing pursuant to paragraph (c) above or to negotiate the terms of said QPAM's management agreement on behalf of any such identified plan. As used in this Section 6.2, the terms "employee benefit plan", "governmental plan", "party in interest" and "separate account" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

Section 6.3. Disclosure of Information. Each Purchaser has received all the information it considers necessary or appropriate for deciding whether to purchase the Series 2000-A Notes. Each Purchaser further represents that it has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Series 2000-A Notes and the business, properties, prospects and financial condition of the Company. The foregoing, however, does not limit or modify the representations and warranties of the Company in Section 5 of this Agreement or the rights of the Purchasers to rely thereon.

Section 6.4. Investment Experience. Each Purchaser acknowledges that it is able to fend for itself, can bear the risk of its investment, and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Series 2000-A Notes.

Section 6.5. Accredited Investor. Each Purchaser represents that it is an "accredited investor" within the meaning of the Securities and Exchange Commission Rule 501 of Regulation D, as presently in effect.

SECTION 7. INFORMATION AS TO COMPANY.

Section 7.1. Financial and Business Information. The Company shall deliver to each holder of Notes that is an Institutional Investor (other than a Competitor of the Company or any Subsidiary so long as no Event of Default shall have occurred and be continuing):

(a) Quarterly Statements -- within 60 days after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of,

(i) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarter, and

(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Company and its Subsidiaries, for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from normal, recurring year-end adjustments, provided that delivery within the time period specified above of copies of the Company's Quarterly Report on Form 10-Q prepared in compliance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this Section 7.1(a);

(b) Annual Statements -- within 120 days after the end of each fiscal year of the Company, duplicate copies of,

(i) a consolidated balance sheet of the Company and its Subsidiaries, as at the end of such year, and

(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Company and its

Subsidiaries, for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by an opinion thereon of independent certified public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances, provided that the delivery within the time period specified above of the Company's Annual Report on Form 10-K for such fiscal year (together with the Company's annual report to shareholders, if any, prepared pursuant to Rule 14a-3 under the Exchange Act) prepared in accordance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this Section 7.1(b);

(c) SEC and Other Reports -- promptly upon their becoming available, one copy of (i) each financial statement, report, notice or proxy statement sent by the Company or any Subsidiary to public securities holders generally, and (ii) each regular or periodic report, each registration statement (without exhibits except as expressly requested by such holder), and each prospectus and all amendments thereto filed by the Company or any Subsidiary with the Securities and Exchange Commission containing information of a financial nature and of all press releases and other statements made available generally by the Company or any Subsidiary to the public concerning developments that are Material;

(d) Notice of Default or Event of Default -- promptly, and in any event within ten Business Days after a Responsible Officer becomes aware of the existence of any Default or Event of Default or that any Person has given any notice or taken any action with respect to a claimed default hereunder or that any Person has given any notice or taken any action with respect to a claimed default of the type referred to in Section 11(h), a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) ERISA Matters -- promptly, and in any event within ten Business Days after a Responsible Officer becomes aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(i) with respect to any Plan, any reportable event, as defined in Section 4043(b) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date thereof; or

(ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan; or

(iii) the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the imposition of a penalty or excise tax under the provisions of the Code relating to employee benefit plans, or the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, could reasonably be expected to have a Material Adverse Effect;

(f) Notices from Governmental Authority -- promptly, and in any event within 30 days of receipt thereof, copies of any notice to the Company or any Subsidiary from any federal or state Governmental Authority relating to any order, ruling, statute or other law or regulation that could reasonably be expected to have a Material Adverse Effect;

(g) Supplements -- promptly and in any event within 10 Business Days after the execution and delivery of any Supplement, a copy thereof;

(h) Bank Credit Agreement --- so long as any Event of Default shall exist under the Bank Credit Agreement, the Company shall furnish copies of any written notices or certificates furnished by the Company or any Subsidiary to the Bank Lenders not more than 5 Business Days following delivery to the Bank Lenders; and

(i) Requested Information -- with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries or relating to the ability of the Company to perform its obligations hereunder and under the Notes as from time to time may be reasonably requested by any such holder of Notes.

Section 7.2. Officer's Certificate. Each set of financial statements delivered to a holder of Notes pursuant to Section 7.1(a) or Section 7.1(b) hereof shall be accompanied by a certificate of a Senior Financial Officer setting forth:

(a) Covenant Compliance -- the information (including detailed calculations) required in order to establish whether the Company was in compliance with the requirements of Section 10.1 through Section 10.4, Section 10.5(l) and Section 10.7 hereof, inclusive, during the quarterly or annual period covered by the statements then being furnished (including with respect to each such Section, where applicable, the calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Sections, and the calculation of the amount, ratio or percentage then in existence, including, without limitation, a reasonably detailed calculation of Consolidated Proforma Operating Cash Flow for such period); and

(b) Event of Default -- a statement that such officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists (including, without limitation, any such event or condition resulting from the failure of the Company or any Subsidiary to comply with any Environmental Law), specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

Section 7.3. Inspection. The Company shall permit the representatives of each holder of Notes that is an Institutional Investor (other than a Competitor of the Company or any Subsidiary so long as no Event of Default shall have occurred and be continuing):

(a) No Default -- if no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's officers, and (with the consent of the Company, which consent will not be unreasonably withheld) its independent public accountants, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Subsidiary, all at such reasonable times during business hours and as often as may be reasonably requested in writing; and

(b) Default -- if a Default or Event of Default then exists, at the expense of the Company and upon reasonable prior notice, to visit and inspect any of the offices or properties of the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, 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 Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such reasonable times during business hours and as often as may be reasonably requested.

SECTION 8. PREPAYMENT OF THE NOTES.

Section 8.1. Required Prepayments. (a) The entire principal amount of the Tranche 1 Notes shall become due and payable on March 1, 2005.

(b) The entire principal amount of the Tranche 2 Notes shall become due and payable on March 1, 2007.

(c) The entire principal amount of the Tranche 3 Notes shall become due and payable on March 1, 2010.

Section 8.2. Optional Prepayments with Make-Whole Amount. The Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Notes of any Series, in an amount not less than 10% of the aggregate principal amount of the Notes of such Series then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, together with interest accrued thereon to the date of such prepayment, plus the Make-Whole Amount determined for the prepayment date with respect to such principal amount of each Note of the applicable Series then outstanding. The Company will give each holder of Notes of the Series to be prepaid written notice of each optional prepayment under this Section 8.2 not less than 30 days and not more than 60 days prior to the date fixed for such prepayment. Each such notice shall specify such date, the aggregate principal amount of the Notes and each Series of Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with Section 8.3), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Notes of the Series to be prepaid a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

Section 8.3. Allocation of Partial Prepayments. In the case of each partial prepayment of the Notes pursuant to the provisions of Section 8.2, the principal amount of the Notes of the Series to be prepaid shall be allocated among all of the Notes of such Series at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof. All regularly scheduled partial prepayments made with respect to any Additional Series of Notes pursuant to any Supplement shall be allocated as provided therein.

Section 8.4. Maturity; Surrender, Etc. In the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment, together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to

the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

Section 8.5. Purchase of Notes. The Company will not and will use reasonable commercial efforts to not permit any Affiliate to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except upon the payment or prepayment of the Notes in accordance with the terms of this Agreement (including any Supplement hereto) and the Notes. The Company will promptly cancel all Notes acquired by it or any Subsidiary pursuant to any payment, prepayment or purchase of Notes pursuant to any provision of this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

Section 8.6. Make-Whole Amount for Series 2000-A Notes. The term "Make-Whole Amount" means, with respect to a Series 2000-A Note of any Tranche, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of the Series 2000-A Note of such Tranche over the amount of such Called Principal, provided that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

"Called Principal" means, with respect to a Series 2000-A Note of any Tranche, the principal of the Series 2000-A Note of such Tranche that is to be prepaid pursuant to Section 8.2 or has become or is

declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

"Discounted Value" means, with respect to the Called Principal of a Series 2000-A Note of any Tranche, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Series 2000-A Note of such Tranche is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"Reinvestment Yield" means, with respect to the Called Principal of a Series 2000-A Note of any Tranche, 0.50% plus the yield to maturity implied by (i) the yields reported, as of 10:00 A.M. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "PX-1" on the Bloomberg Financial Market Screen (or such other display as may replace "PX-1" on the Bloomberg Financial Market Screen) for actively traded U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (ii) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable, the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of

such Settlement Date. Such implied yield will be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly on a straight line basis between (1) the actively traded U.S. Treasury security with the maturity closest to and greater than the Remaining Average Life and (2) the actively traded U.S. Treasury security with the maturity closest to and less than the Remaining Average Life.

"Remaining Average Life" means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"Remaining Scheduled Payments" means, with respect to the Called Principal of a Series 2000-A Note of any Tranche, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Series 2000-A Note of such Tranche, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2 or 12.1.

"Settlement Date" means, with respect to the Called Principal of a Series 2000-A Note of any Tranche, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

Section 8.7. Change in Control.

(a) Notice of Change in Control or Control Event. The Company will, within fifteen Business Days after any Responsible Officer has knowledge of the occurrence of any Change in Control or Control Event (subject in the case of any Control Event to contractual limitations on disclosure and disclosure limitations imposed by applicable securities laws), give written notice of such Change in Control or Control Event to each holder of Notes unless notice in respect of such Change in Control (or the Change in Control contemplated by such Control Event) shall have been given pursuant to subparagraph (b) of this Section 8.7. If a Change in Control has occurred, such notice shall contain and constitute an offer to prepay Notes as described in subparagraph (c) of this Section 8.7 and shall be accompanied by the certificate described in

subparagraph (g) of this Section 8.7.

(b) Condition to Company Action. The Company will not take any action that consummates or finalizes a Change in Control unless (i) to the extent the giving of such advance notice is reasonably within its control, at least 30 days prior to such action it shall have given to

each holder of Notes written notice containing and constituting an offer to prepay Notes as described in subparagraph (c) of this Section 8.7, accompanied by the certificate described in subparagraph (g) of this Section 8.7, and (ii) contemporaneously with such action, it prepays all Notes required to be prepaid in accordance with this Section 8.7.

(c) Offer to Prepay Notes. The offer to prepay Notes contemplated by subparagraphs (a) and (b) of this Section 8.7 shall be an offer to prepay, in accordance with and subject to this Section 8.7, all, but not less than all, the Notes held by each holder (in this case only, "holder" in respect of any Note registered in the name of a nominee for a disclosed beneficial owner shall mean such beneficial owner) on a date specified in such offer (the "Proposed Prepayment Date"). If such Proposed Prepayment Date is in connection with an offer contemplated by subparagraph (a) of this Section 8.7, such date shall be not less than 30 days and not more than 60 days after the date of such offer (if the Proposed Prepayment Date shall not be specified in such offer, the Proposed Prepayment Date shall be the 30th day after the date of such offer).

(d) Acceptance. A holder of Notes may accept the offer to prepay made pursuant to this Section 8.7 by causing a notice of such acceptance to be delivered to the Company at least 15 days prior to the Proposed Prepayment Date. A failure by a holder of Notes to respond to an offer to prepay made pursuant to this Section 8.7 shall be deemed to constitute a rejection of such offer by such holder.

(e) Prepayment. Prepayment of the Notes to be prepaid pursuant to this Section 8.7 shall be at 100% of the principal amount of such Notes together with interest on such Notes accrued to the date of prepayment. The prepayment shall be made on the Proposed Prepayment Date except as provided in subparagraph (f) of this Section 8.7.

(f) Deferral Pending Change in Control. The obligation of the Company to prepay Notes pursuant to the offers required by subparagraph (b) and accepted in accordance with subparagraph (d) of this Section 8.7 is subject to the occurrence of the Change in Control in respect of which such offers and acceptances shall have been made. In the event that such Change in Control does not occur on the Proposed Prepayment Date in respect thereof, the prepayment shall be deferred until, and shall be made on the date on which, such Change in Control occurs. The Company shall keep each holder of Notes reasonably and timely informed of (i) any such deferral of the date of prepayment, (ii) the date on which such Change in Control and the prepayment are expected to occur, and (iii) any determination by the Company that efforts to effect such Change in Control have ceased or been abandoned (in which case the offers and acceptances made pursuant to this Section 8.7 in respect of such Change in Control shall be deemed rescinded).

(g) Officer's Certificate. Each offer to prepay the Notes pursuant to this Section 8.7 shall be accompanied by a certificate, executed by a Senior Financial Officer of the Company and dated the date of such offer, specifying: (i) the Proposed Prepayment Date; (ii) that such offer is made pursuant to this Section 8.7; (iii) the principal amount of each Note offered to be prepaid; (iv) the interest that would be due on each Note offered to be prepaid, accrued to the Proposed

Prepayment Date; (v) that the conditions of this Section 8.7 have been fulfilled; and (vi) in reasonable detail, the nature and date or proposed date of the Change in Control.

(h) "Change in Control" Defined. "Change in Control" means each and every issue, sale or other disposition of shares of stock of the Company which results in any person (as such term is used in Section 13(d) and Section 14(d)(2) of the Exchange Act) or related persons constituting a group (as such term is used in Rule 13d-5 under the Exchange Act) (herein, an "Acquiring Person") becoming the "beneficial owners" (as such term is used in Rule 13d-3 under the Exchange Act as in effect on the date of the Closing), directly or indirectly, of more than 50% (by total voting power) of the issued and outstanding capital stock of the Company which is entitled to vote in the election of the members of the Company's board of directors.

(i) "Control Event" Defined. "Control Event" means:

(i) the execution by the Company or any of its Subsidiaries or Affiliates of any agreement or letter of intent with respect to any proposed transaction or event or series of transactions or events which, individually or in the aggregate, may reasonably be expected to result in a Change in Control,

(ii) the execution of any written agreement which, when fully performed by the parties thereto, would result in a Change in Control, or

(iii) at any time after a public offering of equity securities of the Company, the making of any written offer by any Acquiring Person to the holders of the common stock of the Company, which offer, if accepted by the requisite number of holders, would result in a Change in Control.

SECTION 9. AFFIRMATIVE COVENANTS.

The Company covenants that so long as any of the Notes are outstanding:

Section 9.1. Compliance with Law. The Company will, and will cause each of its Subsidiaries to, comply with all laws, ordinances or governmental rules or regulations to which each of them is subject, including, without limitation, Environmental Laws, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.2. Insurance. The Company will, and will cause each of its Subsidiaries to, maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves

are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated.

Section 9.3. Maintenance of Properties. The Company will, and will cause each of its Subsidiaries to, maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, provided that this Section shall not prevent the Company or any Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Company has concluded that such discontinuance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.4. Payment of Taxes and Claims. The Company will, and will cause each of its Subsidiaries to, file all tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on them or any of their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or assets of the Company or any Subsidiary not permitted by Section 10.4, provided that neither the Company nor any Subsidiary need pay any such tax or assessment or claims if (i) the amount, applicability or validity thereof is contested by the Company or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Company or a Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of the Company or such Subsidiary or (ii) the non-filing or nonpayment, as the case may be, of all such taxes and assessments in the aggregate could not reasonably be expected to have a Material Adverse Effect.

Section 9.5. Corporate Existence, Etc. Subject to Sections 10.5 and 10.6, the Company will at all times preserve and keep in full force and effect its corporate existence, and will at all times preserve and keep in full force and effect the corporate existence of each of its Subsidiaries (unless merged into the Company or a Wholly-Owned Subsidiary) and all rights and franchises of the Company and its Subsidiaries unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and

effect such corporate existence, right or franchise could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.6. Guaranty by Subsidiaries. So long as the Guaranty Agreement shall remain in effect, the Company will cause any Person which becomes a Domestic Subsidiary after the Closing to enter into the Guaranty Agreement, together with any security agreement necessary to cause the Guaranty Agreement to rank pari passu with the Debt owing to the Bank Lenders, and to deliver within five Business Days thereafter to each of the holders of the Notes, a joinder agreement in respect of the Guaranty Agreement and any security agreement similar to any that have been executed and delivered in favor of the Bank Lenders.

SECTION 10. NEGATIVE COVENANTS.

The Company covenants that so long as any of the Notes are outstanding:

Section 10.1. Consolidated Net Worth. The Company will not, at any time, permit Consolidated Net Worth to be less than the sum of (a) $600,000,000, plus (b) an aggregate amount equal to 50% of its Consolidated Net Income (but, in each case, only if a positive number) for each completed fiscal quarter beginning with the fiscal quarter ended March 31, 2000.

Section 10.2. Limitation on Consolidated Debt. The Company will not, at any time, permit the Consolidated Debt Ratio to be greater than 3.50 to 1.00.

Section 10.3. Limitation on Priority Debt. The Company will not, at any time, permit Priority Debt to exceed 20% of Consolidated Net Worth (determined as of the then most recently ended fiscal quarter of the Company).

Section 10.4. Interest Charges Coverage Ratio. The Company will not, at any time, permit the Interest Charges Coverage Ratio to be less than 2.00 to 1.00.

Section 10.5. Limitation on Liens. The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly create, incur, assume or permit to exist (upon the happening of a contingency or otherwise), any Lien on or with respect to any property or asset (including, without limitation, any document or instrument in respect of goods or accounts receivable) of the Company or any such Subsidiary, whether now owned or held or hereafter acquired, or any income or profits therefrom, or assign or otherwise convey any right to receive income or profits, provided that this Section 10.5 shall not limit the Company's ability to pay dividends on its capital stock if and when declared by the board of directors of the Company (unless it makes, or causes to be made, effective provision whereby the Notes will be equally and ratably secured with any and all other obligations thereby secured, such security to be pursuant to a written agreement satisfactory to the Required Holders and, in any such case, the Notes shall have the benefit, to the fullest extent that, and with such priority as, the holders of the Notes may be entitled under applicable law, of an equitable Lien on such property) except:

(a) Liens for taxes, assessments or other governmental charges which are not yet due and payable or the payment of which is not at the time required by Section 9.4;

(b) any attachment or judgment Lien, unless the judgment it secures shall not, within 60 days after the entry thereof, have been discharged or execution thereof stayed pending appeal, or shall not have been discharged within 60 days after the expiration of any such stay;

(c) Liens incidental to the conduct of business or the ownership of properties and assets (including landlords', carriers', warehousemen's, mechanics', materialmen's and other similar Liens) and Liens to secure the performance of bids, tenders, leases, or trade contracts, or to secure statutory obligations (including obligations under workers

compensation, unemployment insurance and other social security legislation), surety or appeal bonds or other Liens incurred in the ordinary course of business and not in connection with the borrowing of money;

(d) leases or subleases entered into by the Company or its Subsidiaries as either lessors or sublessors, easements, rights-of-way, restrictions and other similar charges or encumbrances (including zoning restrictions), in each case incidental to the ownership of property or assets or the ordinary conduct of the business of the

Company or any of its Subsidiaries, provided that such Liens do not, in the aggregate, detract from the value of such property in any material way;

(e) Liens incidental to minor survey exceptions and similar Liens, provided that such Liens do not, in the aggregate, materially detract from the value of such property;

(f) Liens on property or assets of Subsidiaries securing Debt owing to the Company or to another Subsidiary;

(g) Liens existing on the date of Closing described in Schedule 10.5 which secure outstanding Debt of the Company and its Subsidiaries referred to in Schedule 5.15 hereto;

(h) any Lien existing on property of a Person immediately prior to its being consolidated with or merged into the Company or a Subsidiary or its becoming a Subsidiary, or any Lien existing on any property acquired by the Company or any Subsidiary at the time such property is so acquired (whether or not the Debt secured thereby shall have been assumed), provided that (i) no such Lien shall have been created or assumed in contemplation of such consolidation or merger or such Person's becoming a Subsidiary or such acquisition of property, (ii) each such Lien shall extend solely to the item or items of property so acquired, and (iii) the aggregate principal amount of all Debt secured by any such Lien shall be permitted by the limitations set forth in Section 10.2;

(i) Liens given to secure the payment of the purchase price incurred in connection with the acquisition, lease (including any Capital Lease) or construction of property (other than accounts receivable or inventory) useful and intended to be used in carrying on the business of the Company or a Subsidiary, including Liens existing on such property at the time of acquisition, lease or construction thereof or improvements thereon, or Liens incurred within 180 days of such acquisition or the completion of such construction, provided that (i) the Lien shall attach solely to the property acquired, purchased, leased, constructed or improved, (ii) at the time of acquisition or construction of such property, the aggregate amount remaining unpaid on all Debt secured by Liens on such property, whether or not assumed by the Company or a Subsidiary, shall not exceed an amount equal to the lesser of the total purchase price or Fair Market Value at the time of acquisition or construction of such property (as determined in good faith by one or more officers of the Company or such Subsidiary, as the case may be, to whom authority to enter into the transaction has been delegated by the board of directors of the Company

or such Subsidiary, as the case may be), and (iii) the aggregate principal amount of all Debt secured by such Liens shall be permitted by the limitations set forth in Section 10.2;

(j) Liens created by the Security Documents and similar security documents securing Debt outstanding under this Agreement, the Guaranty Agreement and the Bank Credit Agreement and any related Guaranty of the Bank Credit Agreement provided that in the case of any successor Bank Credit Agreement, the Bank Lenders and the holders of the Notes shall continue to be parties to the Intercreditor Agreement;

(k) any extensions, renewals or replacements of any Lien permitted by the preceding subparagraphs of this Section 10.5, provided that (i) no additional property shall be encumbered by such Liens, (ii) the unpaid principal amount of the Debt secured thereby shall not be increased prior to or on or after the date of any extension, renewal or replacement, (iii) the weighted average life to maturity of the Debt secured by such Liens shall not be reduced, and (iv) at such time and immediately after giving effect thereto, no Default or Event of Default would exist; and

(l) in addition to the Liens permitted by the preceding subparagraphs (a) through (k), inclusive, of this Section 10.5, Liens securing Debt of the Company, provided that the aggregate principal amount of such Debt shall not at any time exceed 10% of Consolidated Net Worth (determined as of the then most recently ended fiscal quarter of the Company).

Section 10.6. Merger, Consolidation. The Company will not, and will not permit any Subsidiary to, consolidate with or be a party to a merger with any other Person; provided, however, that:

(1) any Subsidiary may merge or consolidate with or into the Company, so long as in any merger or consolidation involving the

Company, the Company shall be the surviving entity;

(2) any Subsidiary may merge or consolidate with or into any other Person if either (x) the Subsidiary shall be the surviving entity, or (y) if the Subsidiary is not the surviving entity, such transaction is permitted by Section 10.7; and

(3) the Company may consolidate or merge with any other Person if (i) either (x) the Company shall be the surviving entity, or (y) if the surviving entity is other than the Company, (A) such entity is organized under the laws of the United States or any jurisdiction thereof, (B) such entity expressly assumes, by written agreement satisfactory in scope and form to the Required Holders, all obligations of the Company under the Notes, this Agreement and each Security Document to which the Company is a party, (C) such entity shall cause to be delivered to each holder of Notes an opinion of independent counsel to the effect that all agreements or instruments effecting such assumption are enforceable in accordance with their terms and comply with the provisions of this Section 10.6 and otherwise satisfactory in scope and form to the Required Holders, and

(ii) at the time of such consolidation or merger and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing.

Section 10.7. Sales of Assets. (a) The Company will not, and will not permit any Subsidiary to, sell, lease or otherwise dispose of any substantial part (as defined below) of the assets of the Company and its Subsidiaries; provided, however, that the Company or any Subsidiary may sell lease or otherwise dispose of assets constituting a substantial part of the assets of the Company and its Subsidiaries if such assets are sold for Fair Market Value and, at such time and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing, and an amount equal to the proceeds received from such sale, lease or other disposition during such fiscal year which shall be in excess of 10% of the book value of Consolidated Total Assets, determined as of the end of the fiscal year immediately preceding such sale, lease or other disposition, shall be used within 180 days of such disposition:

(1) to acquire property, plant and equipment or any business entity (including the capital stock thereof) used or useful in carrying on the business of the Company and its Subsidiaries and having a Fair Market Value at least equal to the Fair Market Value of such assets sold, leased or otherwise disposed of; or

(2) to prepay or retire Senior Debt of the Company and/or its Subsidiaries, provided that if any Notes are prepaid pursuant to the terms of this Section 10.7, such Notes shall also be prepaid in accordance with the terms of Section 8.2 of this Agreement.

As used in this Section 10.7, a sale, lease or other disposition of assets shall be deemed to be a "substantial part" of the assets of the Company and its Subsidiaries if the book value of such assets, when added to the book value of all other assets sold, leased or otherwise disposed of by the Company and its Subsidiaries (other than in transactions (i) in the ordinary course of business, (ii) in which the purchaser is the Company or a Subsidiary, or (iii) which are Excluded Sale and Leaseback Transactions) during such fiscal year, exceeds 10% of the book value of Consolidated Total Assets, determined as of the end of the fiscal quarter immediately preceding such sale, lease or other disposition.

Section 10.8. Nature of Business. Neither the Company nor any Subsidiary will engage in any business if, as a result, the general nature of the business, taken on a consolidated basis, which would then be engaged in by the Company and its Subsidiaries would be substantially changed from the general nature of the business engaged in by the Company and its Subsidiaries on the date of this Agreement.

Section 10.9. Transactions with Affiliates. The Company will not and will not permit any Subsidiary to enter into directly or indirectly any Material transaction or Material group of related transactions (including without limitation the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Company or another Subsidiary), except upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate.

Section 10.10. Further Assurances. So long as any Security Document and

the Guaranty Agreement shall remain in effect, if the Collateral Agent shall resign or be removed or the Intercreditor Agreement shall no longer be in full force and effect, the Company will, and will cause each Guarantor to, execute and deliver to each holder of a Note such additional documents (including amendments to the Security Documents) as the holders of the Notes shall reasonably request so that there shall continue to be a Collateral Agent under the Security Documents and to insure that the Lien of the Security Documents shall continue to be in full force and effect.

So long as any Security Document shall remain in effect, the Company also agrees at its own expense to cause or use its reasonable commercial efforts to cause the Security Documents and all supplements and amendments thereto and all financing and continuation statements and similar notices required by applicable law at all times to be kept, recorded and filed in such manner and in such places to maintain the effectiveness of any original or supplemental filings under the Uniform Commercial Code or comparable law in any relevant jurisdiction to maintain, in full force and effect, the Lien and security interest granted by the Company and the Guarantors to the holders of the Notes or the Collateral Agent for the benefit of the holders of the Notes pursuant to the Security Documents.

SECTION 11. EVENTS OF DEFAULT.

An "Event of Default" shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Company defaults in the payment of any principal or Make-Whole Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Company defaults in the payment of any interest on any Note for more than five Business Days after the same becomes due and payable; or

(c) the Company defaults in the performance of or compliance with any term contained in Section 10.4, Section 10.6 or Section 10.7 and such default is not remedied within five (5) Business Days of the occurrence thereof; or

(d) the Company defaults in the performance of or compliance with any term contained herein or in any Supplement (other than those referred to in paragraphs (a), (b) and (c) of this Section 11) and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this paragraph (d) of Section 11); or

(e) prior to the release of any Guarantor from the Guaranty Agreement upon the occurrence of a Guaranty Release Event, a default shall occur in the observance or performance of any covenant or agreement contained in the Guaranty Agreement by such Guarantor and such default shall continue beyond the period of grace, if any, allowed

with respect thereto or the Guaranty Agreement shall cease to be in full force and effect for any reason whatsoever, including, without limitation, a determination by any governmental body or court that such agreement is invalid, void or unenforceable against such Guarantor or such Guarantor shall contest or deny in writing the validity or enforceability of any of its obligations under the Guaranty Agreement; or

(f) prior to the release of any Security Document upon the occurrence of a Collateral Release Event, a default shall occur in the observance or performance of any covenant or agreement contained in such Security Document and such default shall continue beyond the period of grace, if any, allowed with respect thereto or such Security Document creating or granting a Lien on any Collateral shall cease to be in full force and effect or the Company or any Guarantor shall deny or disaffirm the validity of any such Lien;

(g) any representation or warranty made in writing by or on behalf of the Company or any Guarantor or by any officer of the Company or any Guarantor in this Agreement, any Security Document or the Guaranty Agreement or in any writing furnished in connection with the transactions contemplated hereby or thereby proves to have been false or incorrect in any material respect on the date as of which made; or

(h) (i) the Company or any Significant Subsidiary is in

default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on Debt other than the Notes (individually or in the aggregate) that is outstanding in an aggregate principal amount of 5% or more of Consolidated Net Worth beyond any period of grace provided with respect thereto, or (ii) the Company or any Significant Subsidiary is in default in the performance of or compliance with any term of any instrument, mortgage, indenture or other agreement relating to any Debt other than the Notes (individually or in the aggregate) in an aggregate principal amount of 5% or more of Consolidated Net Worth or any other condition exists, and as a consequence of such default or condition such Debt has become, or has been declared, due and payable before its stated maturity or before its regularly scheduled dates of payment, or (iii) as a consequence of the occurrence or continuation of any event or condition (other than the passage of time or the right of the holder of Debt to convert such Debt into equity interests), the Company or any Significant Subsidiary has become obligated to purchase or repay Debt other than the Notes before its regular maturity or before its regularly scheduled dates of payment in an aggregate outstanding principal amount of 5% or more of Consolidated Net Worth; or

(i) the Company or any Significant Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as

insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or

(j) a court or governmental authority of competent jurisdiction enters an order appointing, without consent by the Company or any of its Significant Subsidiaries, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Company or any of its Significant Subsidiaries, or any such petition shall be filed against the Company or any of its Significant Subsidiaries and such petition shall not be dismissed within 60 days; or

(k) a final judgment or judgments at any one time outstanding for the payment of money aggregating an amount equal to 5% or more of Consolidated Net Worth are rendered against one or more of the Company and its Significant Subsidiaries and which judgments are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay; or

(l) If (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under Section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under Section 4042 of ERISA to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) the aggregate "amount of unfunded benefit liabilities" (within the meaning of Section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, shall exceed an amount equal to 5% or more of Consolidated Net Worth, (iv) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (v) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, or (vi) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder; and any such event or events described in clauses (i) through (vi) above, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect.

As used in Section 11(l), the terms "employee benefit plan" and "employee welfare benefit plan" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

SECTION 12. REMEDIES ON DEFAULT, ETC.

Section 12.1. Acceleration. (a) If an Event of Default with respect to the Company described in paragraph (i) or (j) of Section 11 (other than an Event of Default described in clause

(i) of paragraph (i) or described in clause (vi) of paragraph (i) by virtue of the fact that such clause encompasses clause (i) of paragraph (i)) has occurred, all the Notes of every Series then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, any holder or holders of more than 50% in aggregate principal amount of each Series of the Notes at the time outstanding may at any time at its or their option, by notice or notices to the Company, declare all the Notes of such Series then outstanding to be immediately due and payable.

(c) If any Event of Default described in paragraph (a) or (b) of Section 11 has occurred and is continuing with respect to any Series of Notes, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by such holder or holders to be immediately due and payable.

Upon any Note's becoming due and payable under this Section 12.1, whether automatically or by declaration, such Note will forthwith mature and the entire unpaid principal amount of such Note, plus (i) all accrued and unpaid interest thereon and (ii) the Make-Whole Amount determined in respect of such principal amount (to the full extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of a Make-Whole Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

Section 12.2. Other Remedies. If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, the Required Holders at the time outstanding may proceed to protect and enforce the rights of the holders by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

Section 12.3. Rescission. At any time after any Notes of any Series have been declared due and payable pursuant to clause (b) or (c) of Section 12.1, the holders of not less than 50% in principal amount of the Notes of such Series, taken individually, then outstanding, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes of such Series, all principal of and Make-Whole Amount, if any, on any Notes of such Series that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Notes of such Series, at the Default Rate, (b) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (c) no judgment or

decree has been entered for the payment of any monies due pursuant hereto or to any Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

Section 12.4. No Waivers or Election of Remedies, Expenses, Etc. No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or

remedy conferred by this Agreement or by any Note upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under Section 15, the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including, without limitation, the reasonable attorneys' fees, expenses and disbursements for the holders as set forth in Section 15.

SECTION 13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.

Section 13.1. Registration of Notes. The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

Section 13.2. Transfer and Exchange of Notes. Upon surrender of any Note at the principal executive office of the Company for registration of transfer or exchange (and in the case of a surrender for registration of transfer, duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of such Note or its attorney duly authorized in writing and accompanied by the address for notices of each transferee of such Note or part thereof), the Company shall execute and deliver not more than 5 Business Days following surrender of such Note, at the Company's expense (except as provided below), one or more new Notes (as requested by the holder thereof) of the same Series (and of the same tranche if such Series has separate tranches) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of the Note of such Series originally issued hereunder or pursuant to any Supplement. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than $100,000, provided that if necessary to enable the registration of transfer by a holder of its entire holding of Notes, one Note may be in a denomination of less than $100,000. Any transferee, by its acceptance of a Note registered in its name (or the name of

its nominee), shall be deemed to have made the representation set forth in Section 6.2, provided that such holder may (in reliance upon information provided by the Company, which shall not be unreasonably withheld) make a representation to the effect that the purchase by such holder of any Note will not constitute a non-exempt prohibited transaction under Section 406(a) of ERISA.

The Notes have not been registered under the Securities Act or under the securities laws of any state and may not be transferred or resold unless registered under the Securities Act and all applicable state securities laws or unless an exemption from the requirement for such registration is available.

Section 13.3. Replacement of Notes. Upon receipt by the Company of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of such Note is, or is a nominee for, an original Purchaser or another holder of a Note with a minimum net worth of at least $50,000,000, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

the Company at its own expense shall execute and deliver not more than five Business Days following satisfaction of such conditions, in lieu thereof, a new Note of the same Series (and of the same tranche if such Series has separate tranches), dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of

such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

SECTION 14. PAYMENTS ON NOTES.

Section 14.1. Place of Payment. Subject to Section 14.2, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be made in New York, New York at the principal office of Bank of America, N.A. in such jurisdiction. The Company may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

Section 14.2. Home Office Payment. So long as any Purchaser or such Purchaser's nominee shall be the holder of any Note, and notwithstanding anything contained in Section 14.1 or in such Note to the contrary, the Company will pay all sums becoming due on such Note for principal, Make-Whole Amount, if any, and interest by the method and at the address specified for such purpose for such Purchaser on Schedule A hereto or, in the case of any Additional Purchaser, Schedule A attached to any Supplement pursuant to which such Additional Purchaser is a party, or by such other method or at such other address as such Purchaser or Additional Purchaser shall have from time to time specified to the Company in writing for such purpose,

without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, such Purchaser or Additional Purchaser shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 14.1. Prior to any sale or other disposition of any Note held by any Purchaser or Additional Purchaser or such Person's nominee, such Person will, at its election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes pursuant to Section 13.2. The Company will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Note.

SECTION 15. EXPENSES, ETC.

Section 15.1. Transaction Expenses. Whether or not the transactions contemplated hereby are consummated, the Company will pay all reasonable costs and expenses (including reasonable attorneys' fees of one special counsel and, if reasonably required, local or other counsel) incurred by the Purchasers and the holders of Notes in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement (including any Supplement), the Security Documents, the Guaranty Agreement, the Intercreditor Agreement or the Notes (whether or not such amendment, waiver or consent becomes effective), including, without limitation: (a) the reasonable costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement (including any Supplement), the Security Documents, the Guaranty Agreement, the Intercreditor Agreement or the Notes or in responding to any subpoena or other legal process or informal investigative demand by any Governmental Authority issued in connection with this Agreement (including any Supplement), the Security Documents, the Guaranty Agreement, the Intercreditor Agreement or the Notes, or by reason of being a holder of any Note, and (b) the reasonable costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes. The Company will pay, and will save each Purchaser and each other holder of a Note harmless from, all claims in respect of any reasonable fees, costs or expenses if any, of brokers and finders (other than those retained by the Purchasers).

Section 15.2. Survival. The obligations of the Company under this Section 15 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement, any Supplement or the Notes, and the termination of this Agreement or any Supplement.

SECTION 16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein or in any Supplement shall survive the execution and delivery of this Agreement or such Supplement and the related Notes, the purchase or transfer by any Purchaser or any Additional Purchaser of any such Note or portion

thereof or interest therein and may be relied upon by any subsequent holder of any such Note, regardless of any investigation made at any time by or on behalf of any Purchaser or any Additional Purchaser or any other holder of any such Note. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement or any Supplement shall be deemed representations and warranties of the Company under this Agreement; provided, that the representations and warranties contained in any Supplement shall only be made for the benefit of the Additional Purchasers which are party to such Supplement and the holders, including subsequent holders of any Note issued pursuant to such Supplement, and shall not require the consent of the holders of existing Notes. Subject to the preceding sentence, this Agreement (including every Supplement), the Security Documents, the Intercreditor Agreement, the Guaranty Agreement and the Notes embody the entire agreement and understanding between the Purchasers and the Additional Purchasers and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

SECTION 17. AMENDMENT AND WAIVER.

Section 17.1. Requirements. (a) This Agreement (including any Supplement) and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), with (and only with) the written consent of the Company and the holders of Notes holding more than 50% in aggregate principal amount of the Notes of each Series at the time outstanding, except that (a) no amendment or waiver of any of the provisions of Section 1, 2, 3, 4, 5, 6 or 21 hereof or the corresponding provision of any Supplement, or any defined term (as it is used in any such Section or such corresponding provision of any Supplement), will be effective as to any holder of Notes unless consented to by such holder of Notes in writing, and (b) no such amendment or waiver may, without the written consent of all of the holders of Notes at the time outstanding affected thereby, (i) subject to the provisions of Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest or of the Make-Whole Amount on, the Notes, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any such amendment or waiver, or (iii) amend any of Sections 8, 11(a), 11(b), 12, 17 or 20.

(b) Supplements. Notwithstanding anything to the contrary contained herein, the Company may enter into any Supplement providing for the issuance of one or more Series of Additional Notes consistent with Sections 2.4 and 4.18 hereof without obtaining the consent of any holder of any other Series of Notes.

Section 17.2. Solicitation of Holders of Notes.

(a) Solicitation. The Company will provide each holder of the Notes (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof, any Supplement or of the Notes. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of

this Section 17 to each holder of outstanding Notes promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) Payment. The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security, to any holder of Notes as consideration for or as an inducement to the entering into by any holder of Notes of any waiver or amendment of any of the terms and provisions hereof or any Supplement unless such remuneration is concurrently paid, or security is concurrently granted, on the same terms, ratably to each holder of Notes then outstanding even if such holder did not consent to such waiver or amendment.

Section 17.3. Binding Effect, Etc. Any amendment or waiver consented to as provided in this Section 17 applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein, the term "this Agreement" and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

Section 17.4. Notes Held by Company, Etc. Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement or the Notes, or have directed the taking of any action provided herein or in the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company or any of its Affiliates shall be deemed not to be outstanding.

SECTION 18. NOTICES.

All notices and communications provided for hereunder shall be in writing and sent (a) by telefacsimile if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(i) if to a Purchaser or such Purchaser's nominee, to such Purchaser or such Purchaser's nominee at the address specified for such communications in Schedule A to this Agreement, or at such other address as such Purchaser or such Purchaser's nominee shall have specified to the Company in writing pursuant to this Section 18,

(ii) if to an Additional Purchaser or such Additional Purchaser's nominee, to such Additional Purchaser or such Additional Purchaser's nominee at the address specified for such communications in Schedule A to any Supplement, or at such other

address as such Additional Purchaser or such Additional Purchaser's nominee shall have specified to the Company in writing,

(iii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing pursuant to this Section 18, or

(iv) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of Chief Financial Officer, with a copy to the General Counsel, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this Section 18 will be deemed given only when actually received.

SECTION 19. REPRODUCTION OF DOCUMENTS.

This Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by each Purchaser at the Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to each Purchaser, may be reproduced by such Purchaser by any photographic, photostatic, microfilm, microcard, miniature photographic or other similar process and such Purchaser may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such Purchaser in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit the Company or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

SECTION 20. CONFIDENTIAL INFORMATION.

For the purposes of this Section 20, "Confidential Information" means information delivered to any Purchaser by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by such Purchaser as being confidential information of the Company or such Subsidiary, provided that such term does not include information that (a) was publicly known or otherwise known to such Purchaser prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by such Purchaser or any Person acting on such Purchaser's behalf, (c) otherwise becomes known to such Purchaser other than through disclosure by the Company or any Subsidiary or (d) constitutes financial statements delivered to such Purchaser under Section 7.1 that are otherwise publicly available. Each Purchaser will maintain the

confidentiality of such Confidential Information in accordance with procedures adopted by such Purchaser in good faith to protect confidential information of third parties delivered to such

Purchaser, provided that such Purchaser may deliver or disclose Confidential Information to (i) such Purchaser's directors, trustees, officers, employees, agents, attorneys and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by such Purchaser's Notes), (ii) such Purchaser's financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 20, (iii) any other holder of any Note, (iv) any Institutional Investor to which such Purchaser sells or offers to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (v) any Person from which such Purchaser offers to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (vi) any federal or state regulatory authority having jurisdiction over such Purchaser, (vii) the National Association of Insurance Commissioners or any similar organization, or any nationally recognized rating agency that requires access to information about such Purchaser's investment portfolio, or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, Rule, regulation or order applicable to such Purchaser, (x) in response to any subpoena or other legal process, provided that, to the extent permitted by law, each holder will use reasonable efforts to notify the Company of any request to disclose Confidential Information requested pursuant to any subpoena or other legal process, provided further that the failure to notify the Company of any such request shall not result in any liability to such holder, (y) in connection with any litigation to which such Purchaser is a party or (z) if an Event of Default has occurred and is continuing, to the extent such Purchaser may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under such Purchaser's Notes and this Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying the provisions of this Section 20.

SECTION 21. SUBSTITUTION OF PURCHASER.

Each Purchaser shall have the right to substitute any one of such Purchaser's Affiliates as the purchaser of the Notes that such Purchaser has agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both such Purchaser and such Purchaser's Affiliate, shall contain such Affiliate's agreement to be bound by this Agreement and shall contain a confirmation by such Affiliate of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, wherever the word "Purchaser" is used in this Agreement (other than in this Section 21), such word shall be deemed to refer to such Affiliate in lieu of such Purchaser. In the event that such Affiliate is so substituted as a purchaser hereunder and such Affiliate thereafter transfers to such Purchaser all of the Notes then held by such Affiliate, upon receipt by the Company of notice of such transfer, wherever the word "Purchaser" is used in this Agreement (other than in this Section 21), such

word shall no longer be deemed to refer to such Affiliate, but shall refer to such Purchaser, and such Purchaser shall have all the rights of an original holder of the Notes under this Agreement.

SECTION 22. MISCELLANEOUS.

Section 22.1. Successors and Assigns. All covenants and other agreements contained in this Agreement (including all covenants and other agreements contained in any Supplement) by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

Section 22.2. Payments Due on Non-Business Days. Anything in this Agreement or the Notes to the contrary notwithstanding, any payment of principal of or Make-Whole Amount or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable

on such next succeeding Business Day.

Section 22.3. 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 (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

Section 22.4. Construction. Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

Section 22.5. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

Section 22.6. Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

Section 22.7. Legal Rate of Interest. Regardless of any provision contained in this Agreement or in any Guaranty Agreement or the Security Documents, the rate of interest borne by the Notes shall not exceed the maximum amount of nonusurious interest that may be contracted for, taken, reserved, charged or received under any applicable law; any interest in excess of that maximum amount shall be credited on the principal of the Notes of the applicable Series or, if that has been paid, refunded. On any acceleration or required or permitted

prepayment, any such excess shall be canceled automatically as of the acceleration or prepayment or, if already paid, credited on the principal of the Notes of the applicable Series or, if the principal of the Notes of such Series has been paid, refunded. In determining whether or not the interest paid or payable, under any specific contingency, exceeds the maximum amount of nonusurious interest, the Company and holders of the Notes shall, to the maximum extent permitted under applicable law, (a) characterize any nonprincipal payment as an expense, fee or premium rather than as interest, (b) exclude voluntary prepayments and the effects thereof, and (c) spread the total amount of interest throughout the entire contemplated term of the Notes of the applicable Series.

Section 22.8. Submission to Process. THE COMPANY HEREBY AGREES THAT ANY LEGAL ACTION OR PROCEEDING AGAINST THE COMPANY WITH RESPECT TO THIS AGREEMENT, ANY SECURITY DOCUMENT OR THE NOTES MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR (TO THE EXTENT THEY HAVE SUBJECT MATTER JURISDICTION) OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK AS THE HOLDERS OF 51% IN PRINCIPAL AMOUNT OF THE NOTES MAY ELECT, AND, BY EXECUTION AND DELIVERY HEREOF, THE COMPANY ACCEPTS AND CONSENTS, FOR ITSELF AND IN RESPECT TO ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, TO THE JURISDICTION OF THE AFORESAID COURTS AND AGREES THAT SUCH JURISDICTION SHALL BE EXCLUSIVE, UNLESS WAIVED BY THE HOLDERS OF 51% IN PRINCIPAL AMOUNT OF THE NOTES IN WRITING, WITH RESPECT TO ANY ACTION OR PROCEEDING BROUGHT BY THE COMPANY AGAINST THE HOLDERS AND ANY QUESTIONS RELATING TO USURY. THE COMPANY WAIVES (TO THE EXTENT PERMITTED BY APPLICABLE LAW) ANY RIGHT TO STAY OR TO DISMISS ANY ACTION OR PROCEEDING BROUGHT BEFORE SAID COURTS ON THE BASIS OF FORUM NON CONVENIENS. IN FURTHERANCE OF THE FOREGOING, THE COMPANY HEREBY IRREVOCABLY DESIGNATES AND APPOINTS CAPITOL SERVICES INC., AS AGENT OF THE COMPANY TO RECEIVE SERVICE OF ALL PROCESS BROUGHT AGAINST THE COMPANY EACH WITH RESPECT TO ANY SUCH PROCEEDING IN ANY SUCH COURT IN NEW YORK, SUCH SERVICE BEING HEREBY ACKNOWLEDGED BY THE COMPANY TO BE EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT. COPIES OF ANY SUCH PROCESS SO SERVED SHALL ALSO, IF PERMITTED BY LAW, BE SENT BY REGISTERED MAIL TO THE COMPANY IN ACCORDANCE WITH SECTION 18 BUT THE FAILURE OF THE COMPANY TO RECEIVE SUCH COPIES SHALL NOT AFFECT IN ANY WAY THE SERVICE OF SUCH PROCESS AS AFORESAID. THE COMPANY SHALL FURNISH TO THE HOLDERS A CONSENT OF CAPITOL SERVICES INC. AGREEING TO ACT HEREUNDER PRIOR TO THE DATE OF CLOSING. NOTHING HEREIN SHALL AFFECT THE RIGHT OF THE HOLDERS TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT OF THE HOLDERS TO BRING PROCEEDINGS AGAINST THE COMPANY IN THE COURTS OF ANY OTHER JURISDICTION. IF FOR ANY REASON CAPITOL SERVICES INC. SHALL RESIGN OR OTHERWISE CEASE TO ACT AS AGENT, THE COMPANY HEREBY IRREVOCABLY AGREES TO (A) IMMEDIATELY DESIGNATE AND APPOINT A NEW AGENT ACCEPTABLE TO THE HOLDERS OF 51% IN PRINCIPAL AMOUNT OF THE NOTES TO SERVE IN SUCH CAPACITY AND, IN SUCH EVENT, SUCH NEW AGENT SHALL BE

DEEMED TO BE SUBSTITUTED FOR CAPITOL SERVICES INC. FOR ALL PURPOSES HEREOF AND (B) PROMPTLY DELIVER TO THE HOLDERS THE WRITTEN CONSENT (IN FORM AND SUBSTANCE SATISFACTORY TO THE HOLDERS OF 51% IN PRINCIPAL AMOUNT OF THE NOTES) OF SUCH NEW AGENT AGREEING TO SERVE IN SUCH CAPACITY.

Section 22.9. Waivers by the Company. THE COMPANY WAIVES (A) THE RIGHT TO TRIAL BY JURY (WHICH EACH HOLDER OF NOTES HEREBY ALSO WAIVES) IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM OF ANY KIND ARISING OUT OF OR RELATED TO THIS AGREEMENT, ANY SECURITY DOCUMENT OR THE NOTES; (B) PRESENTMENT, DEMAND AND PROTEST AND NOTICE OF PRESENTMENT, PROTEST, DEFAULT, NON-PAYMENT, INTENT TO ACCELERATE, ACCELERATION, MATURITY, RELEASE, COMPROMISE, SETTLEMENT, EXTENSION OR RENEWAL OF ANY OR ALL DOCUMENTS, INSTRUMENTS, AND GUARANTIES AT ANY TIME HELD BY THE HOLDERS OF NOTES (OR ANY AGENT THEREFOR) ON WHICH THE COMPANY MAY IN ANY WAY BE LIABLE AND HEREBY RATIFIES AND CONFIRMS WHATEVER THE HOLDERS OF NOTES MAY DO IN THIS REGARD; AND (C) NOTICE OF ACCEPTANCE HEREOF. THE COMPANY ACKNOWLEDGES THAT THE FOREGOING WAIVERS ARE A MATERIAL INDUCEMENT TO THE HOLDERS' ENTERING INTO THIS AGREEMENT AND THAT THE HOLDERS ARE RELYING UPON THE FOREGOING WAIVERS IN THEIR FUTURE DEALINGS WITH THE COMPANY. THE COMPANY WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THE FOREGOING WAIVERS WITH ITS LEGAL COUNSEL AND HAS KNOWINGLY AND VOLUNTARILY WAIVED ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

* * * * *

The execution hereof by the Purchasers shall constitute a contract among the Company and the Purchasers for the uses and purposes hereinabove set forth. This Agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one agreement.

Very truly yours,

QUANTA SERVICES, INC.

By

Name: _____

Title: _____

Accepted as of the first date written above.

[VARIATION]

By

Name: _____

Title: _____

DEFINED TERMS

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

"Additional Notes" is defined in Section 2.4.

"Additional Purchasers" means purchasers of Additional Notes.

"Affiliate" means, at any time, and with respect to any Person, (a) any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person, and (b) any Person beneficially owning or holding, directly

or indirectly, 10% or more of any class of equity interests of the Company or any Subsidiary or any corporation of which the Company and its Subsidiaries beneficially own or hold, in the aggregate, directly or indirectly, 10% or more of any class of equity interests. As used in this definition, "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. Unless the context otherwise clearly requires, any reference to an "Affiliate" is a reference to an Affiliate of the Company, provided, however, that Enron Capital & Trade Resources Corp., Joint Energy Development Investment II Limited Partnership and Utilicorp United, Inc. and their respective Affiliates shall not be deemed to be Affiliates of the Company. The ownership of Designated Subordinated Debt shall not be considered for purposes of determining whether any Person is an Affiliate for purposes of this Agreement.

"Bank Credit Agreement" means the Third Amended and Restated Secured Credit Agreement between the Company and its Bank Lenders, dated as of June 14, 1999, as amended, restated, refinanced, replaced, increased or reduced from time to time, and any successor bank credit agreement.

"Bank Lenders" means the banks or other lenders which are from time to time party to the Bank Credit Agreement.

"Business Day" means (a) for the purposes of Section 8.6 only, any day other than a Saturday, a Sunday or a day on which commercial banks in New York City are required or authorized to be closed, and (b) for the purposes of any other provision of this Agreement, any day other than a Saturday, a Sunday or a day on which commercial banks in Houston, Texas or New York, New York are required or authorized to be closed.

"Capital Lease" means, at any time, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

"Capital Lease Obligation" means, with respect to any Person and a Capital Lease, the amount of the obligation of such Person as the lessee under such Capital Lease which would, in accordance with GAAP, appear as a liability on a balance sheet of such Person.

SCHEDULE B
(to Note Purchase Agreement)

"Change in Control" has the meaning set forth in Section 8.7.

"Closing" is defined in Section 3.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

"Collateral" means the personal property of the Company and the Guarantors described in the Security Documents.

"Collateral Agent" means NationsBank, N.A. d/b/a Bank of America, N.A., and any successor collateral agent appointed in accordance with the terms of the Security Documents.

"Collateral Release Event" shall have the meaning assigned thereto in Section 2.3.

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

"Competitor" means any Person (including any subsidiary or affiliate thereof) primarily engaged in contracting and maintenance services relating to electric, utility, telecommunications or cable television infrastructure in North America provided, however, that the term "Competitor" shall exclude any Person which is an Institutional Investor and which, but for this provision would fall within the definition of "Competitor" solely through holding passive investments in a Competitor.

"Confidential Information" is defined in Section 20.

"Consolidated Debt" means, as of any date of determination, the total of all Debt of the Company and its Subsidiaries outstanding on such date, after eliminating all offsetting debits and credits between the Company and its Subsidiaries and all other items required to be eliminated in the course of the preparation of consolidated financial statements of the Company and its Subsidiaries in accordance with GAAP.

"Consolidated Debt Ratio" means, as of any date of determination, the ratio of (a) Consolidated Debt as of such date of determination to (b) Consolidated Proforma Operating Cash Flow for the period of four consecutive fiscal quarters ending immediately preceding such date of determination. For purposes of determining the Consolidated Debt Ratio, Consolidated Proforma

Operating Cash Flow shall include the historical financial results of any "business", as defined in Regulation S-X (17 CFR 210), acquired during such period of four consecutive fiscal quarters, calculated as if such business entity had been acquired on the first day of such four quarter fiscal period (to the extent such results are not already reflected in the consolidated financial results of the Company and its Subsidiaries), and shall also give effect, on a pro forma basis, to the incurrence of Debt in connection with the acquisition of a business and the application of the proceeds thereof, including retirement of any Debt of such business.

"Consolidated Income Available for Interest Charges" means, with respect to any period, Consolidated Net Income for such period plus all amounts deducted in the computation thereof

on account of (a) all Interest Charges during such period, (b) all taxes imposed on or measured by income or excess profits during such period, and (c) the total amount of Management Fees expensed during such period.

"Consolidated Net Income" means, with reference to any period, the net income (or loss) of the Company and its Subsidiaries for such period (taken as a cumulative whole), as determined in accordance with GAAP, after eliminating all offsetting debits and credits between the Company and its Subsidiaries and all other items required to be eliminated in the course of the preparation of consolidated financial statements of the Company and its Subsidiaries in accordance with GAAP.

"Consolidated Net Worth" means the consolidated stockholders' equity of the Company and its Subsidiaries, as determined in accordance with GAAP, less the sum of (i) to the extent included in consolidated stockholders' equity, all amounts properly attributable to minority interests, if any, and (ii) the aggregate amount of all Restricted Investments in excess of 10% of such consolidated stockholders' equity.

"Consolidated Proforma Operating Cash Flow" means, in respect of any period, the sum of (a) Consolidated Net Income for such period, plus (b) to the extent deducted in the determination of Consolidated Net Income for such period, (x) all Interest Charges during such period, (y) the total amount of expenses for depreciation, amortization, income taxes, deferred items and other non-cash expenses of the Company and its Subsidiaries during such period, and (z) the total amount of Management Fees expensed during such period.

"Consolidated Total Assets" means, as of any date of determination, the total amount of all assets of the Company and its Subsidiaries, determined on a consolidated basis in accordance with GAAP.

"Debt" means, with respect to any Person, without duplication,

(a) its liabilities for borrowed money and its redemption obligations in respect of mandatorily redeemable Preferred Stock which is redeemable prior to the maturity of any Note;

(b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable and other accrued liabilities arising in the ordinary course of business but including, without limitation, all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property);

(c) its Capital Lease Obligations;

(d) all liabilities for borrowed money secured by any Lien with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities); and

(e) Guarantees of such Person with respect to liabilities of a type described in any of clauses (a) through (d) hereof.

Debt of any Person shall include all obligations of such Person of the character described in clauses (a) through (e) to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is deemed to be extinguished under GAAP.

"Default" means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

"Default Rate" means for any Note that rate of interest that is the

greater of (i) 2% per annum above the rate of interest stated in clause (a) of the first paragraph of such Note or (ii) 2% over the rate of interest publicly announced by Bank of America, N.A. in New York, New York as its "base" or "prime" rate.

"Designated Subordinated Debt" shall mean the Enron Subordinated Debt and any other Subordinated Debt of the Company or any Subsidiary which has been designated as "Designated Subordinated Debt" in writing by at least 51% of the outstanding Notes of each Series (voting as separate classes).

"Domestic Subsidiary" means any Subsidiary organized under the laws of the United States or any jurisdiction thereof.

"Enron Subordinated Debt" shall mean the Convertible Subordinated Notes issued by the Company pursuant to the Securities Purchase Agreement dated as of September 29, 1998, among the Company, Enron Capital & Trade Resources Corp. and Joint Energy Development Investments II Limited Partnership, as amended from time to time.

"Environmental Laws" means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under Section 414 of the Code.

"Event of Default" is defined in Section 11.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Excluded Sale and Leaseback Transaction" shall mean any sale or transfer of property acquired by the Company or any Subsidiary after the date of this Agreement to any Person within 180 days following the acquisition or construction of such property by the Company or any Subsidiary if the Company or a Subsidiary shall concurrently with such sale or transfer, lease such property, as lessee.

"Excluded Subsidiary Obligations" means (a) the Guaranty Agreement and any other Guaranty of Debt of the Company by a Guarantor which shall be a party to the Guaranty Agreement and (b) obligations of Guarantors as co-obligors with, or guarantors of, the Company on Debt; provided that each creditor which is a beneficiary of an Excluded Subsidiary Obligation shall have become a party to either (i) the Intercreditor Agreement or (ii) an intercreditor agreement between such beneficiary and the holders of Notes pursuant to which the parties have agreed to be treated on a pari passu basis with respect to any recovery on such obligation.

"Fair Market Value" means, at any time and with respect to any property, the sale value of such property that would be realized in an arm's-length sale at such time between an informed and willing buyer and an informed and willing seller (neither being under a compulsion to buy or sell), as reasonably determined in the good faith opinion of the Company's board of directors.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States of America.

"Governmental Authority" means

(a) the government of

(i) the United States of America or any state or other political subdivision thereof, or

(ii) any jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which has jurisdiction over any properties of the Company or any Subsidiary, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

"Guarantor" shall mean those certain Subsidiaries of the Company which shall be a party to a Guaranty Agreement.

"Guaranty" means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any Debt, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including (without limitation) obligations incurred through an agreement, contingent or otherwise, by such Person:

(a) to purchase such Debt or obligation or any property constituting security therefor primarily for the purpose of assuring the owner of such Debt or obligation of the ability of any other Person to make payment of the Debt or obligation;

(b) to advance or supply funds (i) for the purchase or payment of such Debt or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such Debt or obligation;

(c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such Debt or obligation of the ability of any other Person to make payment of the Debt or obligation; or

(d) otherwise to assure the owner of such Debt or obligation against loss in respect thereof.

In any computation of the Debt or other liabilities of the obligor under any Guaranty, the Debt or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor, provided that the amount of such Debt outstanding for purposes of this Agreement shall not be exceed the maximum amount of Debt that is the subject of such Guaranty.

"Guaranty Agreement" is defined in Section 2.2.

"Guaranty Release Event" shall have the meaning assigned thereto in Section 2.2.

"Hazardous Material" means any and all pollutants, toxic or hazardous wastes or any other substances that might pose a hazard to health or safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage, or filtration of which is or shall be restricted, prohibited or penalized by any applicable law (including, without limitation, asbestos, urea formaldehyde foam insulation and polychlorinated biphenyls).

"holder" means, with respect to any Note, the Person in whose name such Note is registered in the register maintained by the Company pursuant to Section 13.1.

"Institutional Investor" means (a) any original purchaser of a Note, (b) any holder of more than $2,000,000 of the aggregate principal amount of the Notes then outstanding, and (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form.

"Intercreditor Agreement" is defined in Section 2.3.

"Interest Charges" means, with respect to any period, the sum (without duplication) of the following (in each case, eliminating all offsetting debits and credits between the Company

and its Subsidiaries and all other items required to be eliminated in the course of the preparation of consolidated financial statements of the Company and its Subsidiaries in accordance with GAAP): (a) all interest in respect of Debt of the Company and its Subsidiaries (including imputed interest on Capital Lease Obligations) deducted in determining Consolidated Net Income for such period, and (b) all debt discount and expense amortized or required to be amortized in the determination of Consolidated Net Income for such period.

"Interest Charges Coverage Ratio" means, at any time, the ratio of (a) Consolidated Income Available for Interest Charges for the period of four

consecutive fiscal quarters ending on, or most recently ended prior to, such time to (b) the sum of (i) all Interest Charges during such period, (ii) the total amount of the Management Fees paid during such period, and (iii) the total amount of any dividends or distributions paid or scheduled to be paid in respect of the Utilicorp Preferred Stock during such period.

"Investments" shall mean all investments, in cash or by delivery of property made, directly or indirectly in any Person, whether by acquisition of shares of capital stock, indebtedness or other obligations or securities or by loan, advance, capital contribution or otherwise.

"Lien" means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or Capital Lease, upon or with respect to any property or asset of such Person.

"Make-Whole Amount" shall have the meaning (i) set forth in Section 8.6 with respect to any Series 2000-A Note and (ii) set forth in the applicable Supplement with respect to any other Series of Notes.

"Management Fee" means the management fee due from the Company to Utilicorp under the terms of the management services agreement between the Company and Utilicorp under which Utilicorp will provide to the Company advice regarding (a) corporate and strategic planning, (b) development, evaluation and marketing of the Company's products and services, (c) potential acquisition candidates and business opportunities and (d) other similar and related services.

"Material" means material in relation to the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole.

"Material Adverse Effect" means a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Company and its Subsidiaries taken as a whole, or (b) the ability of the Company to perform its obligations under this Agreement (including any Supplement) and the Notes, or (c) the validity or enforceability of this Agreement (including any Supplement) or the Notes.

"Memorandum" is defined in Section 5.3.

"Multiemployer Plan" means any Plan that is a "multiemployer plan" (as such term is defined in Section 4001(a)(3) of ERISA).

"Notes" is defined in Section 1.

"Officer's Certificate" means a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

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

"Plan" means an "employee benefit plan" (as defined in Section 3(3) of ERISA) that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

"Pledged Stock" means the capital stock of the Subsidiaries of the Company pledged pursuant to the Security Documents.

"Preferred Stock" means any class of capital stock of a corporation that is preferred over any other class of capital stock of such corporation as to the payment of dividends or the payment of any amount upon liquidation or dissolution of such corporation.

"Priority Debt" means, without duplication, the sum of (a) all Debt of the Company or its Subsidiaries secured by a Lien other than Liens permitted by paragraphs (a) through (k) of Section 10.5 and (b) all unsecured Debt of Subsidiaries other than (i) Debt owed to the Company or any other Subsidiary and (ii) unsecured Debt of a Subsidiary existing on the date hereof and listed on Schedule 5.15 and (iii) Excluded Subsidiary Obligations.

"property" or "properties" means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate

or inchoate.

"Purchasers" means the purchasers of the Series 2000-A Notes named in Schedule A hereto.

"QPAM Exemption" means Prohibited Transaction Class Exemption 84-14 issued by the United States Department of Labor.

"Required Holders" means, at any time, the holders of at least 51% in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by the Company or any of its Affiliates).

"Responsible Officer" means any Senior Financial Officer and any other officer of the Company with responsibility for the administration of the relevant portion of this Agreement.

"Restricted Investments" shall mean all Investments except any of the following: (i) property to be used in the ordinary course of business; (ii) assets arising from the sale of goods and services in the ordinary course of business; (iii) Investments in one or more Subsidiaries or any Person that becomes a Subsidiary; (iv) Investments existing at the date of Closing and reflected in Schedule 5.4; (v) Investments in obligations, maturing within one year, issued by or guaranteed by the United Sates of America, or an agency thereof, or Canada, or any province thereof; (vi) Investments in tax-exempt obligations, maturing within one year, which are rated in one of the top two rating classifications by at least one national rating agency; (vii) Investments in bank deposits, certificates of deposit or banker's acceptances maturing within one year issued by a commercial bank which is rated in one of the top two rating classifications by at least one national rating agency; (viii) Investments in commercial paper, maturing within 270 days, rated in one of the top two rating classifications by at least one national rating agency; (ix) Investments in repurchase agreements; (x) treasury stock; (xi) Investments in money market instrument programs which are classified as current assets in accordance with GAAP; (xii) Investments constituting loans and advances to employees in the ordinary course of business not exceeding $5,000,000 in the aggregate; (xiii) Investments received in settlement of litigation or bankruptcy; (xiv) swap agreements, cap agreements, collar agreements, forward contracts, options and other similar hedging agreements and arrangements designed to protect against fluctuations in interest rate and currency exchange rates which are entered into by the Company and its Subsidiaries in the ordinary course of business and not as a speculative investment; (xv) prepaid expenses in the ordinary course of business; and (xvi) deposits for leases, utility services and workers compensation and similar deposits made in the ordinary course of business.

"Securities Act" means the Securities Act of 1933, as amended from time to time.

"Security Documents" means (i) the separate security agreements among the Collateral Agent and the Company and the Guarantors, (ii) the separate pledge agreements among the Collateral Agent and the Company and certain Guarantors, and (iii) the patent collateral assignment between the Collateral Agent and a Guarantor, whether in existence on the date hereof or hereafter entered into, in each case as supplemented, amended, modified, renewed and replaced.

"Senior Financial Officer" means the chief financial officer, principal accounting officer, treasurer or comptroller of the Company.

"Senior Debt" means, as of the date of any determination thereof, all Consolidated Debt, other than Subordinated Debt.

"Series" means any series of Notes issued pursuant to this Agreement or any Supplement hereto.

"Significant Subsidiary" means, at any time, any Subsidiary that accounts for more than (i) 5% of the consolidated assets of the Company and its Subsidiaries or (ii) 5% of consolidated revenue of the Company and its Subsidiaries.

"Significant Subsidiary" shall also mean any two or more Subsidiaries which in the aggregate account for more than (i) 5% of the consolidated assets of the Company and its Subsidiaries or (ii) 5% of consolidated revenue of the Company and its Subsidiaries.

"Subordinated Debt" means, as of the date of any determination thereof, the Enron Subordinated Debt and all other unsecured Debt of the Company which

shall contain or have applicable thereto subordination provisions providing for the subordination thereof to other Debt of the Company (including, without limitation, the Notes).

"Subsidiary" means, as to any Person, any corporation, association or other business entity in which such Person or one or more of its Subsidiaries or such Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such entity, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such Person or one or more of its Subsidiaries or such Person and one or more of its Subsidiaries (unless such partnership can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

"Supplement" shall have the meaning assigned thereto in Section 2.4.

"Utilicorp" means Utilicorp United, Inc., a Delaware corporation.

"Utilicorp Preferred Stock" means the perpetual preferred stock issued by the Company to Utilicorp which (a) has a dividend at a 0.5% annual coupon rate payable for six (6) years after the date of issuance, (b) is convertible into common stock of the Company at the option of Utilicorp at a conversion price which is fixed (or the method of its determination is fixed) on the date issued, (c) is not subject to voluntary redemption by the Company or mandatory redemption by the Company at the request of Utilicorp, (d) participates with the Company's common stock in permitted distributions, (e) has voting rights equal to the number of shares into which it could be converted as of the applicable record date, (f) has preemptive rights to maintain its proportionate equity ownership in the Company, and (g) gives the Company the option to pay, defer, or pay in kind any scheduled dividend.

"Wholly-Owned Subsidiary" means, at any time, any Subsidiary one hundred percent (100%) of all of the equity interests (except directors' qualifying shares) and voting interests of which are owned by any one or more of the Company and the Company's other Wholly-Owned Subsidiaries at such time.

[FORM OF TRANCHE 1 NOTE]

QUANTA SERVICES, INC.

8.46% SERIES 2000-A SENIOR SECURED NOTE, TRANCHE 1, DUE MARCH 1, 2005

No. [_____] [Date]
$[_____] PPN [_____]

FOR VALUE RECEIVED, the undersigned, QUANTA SERVICES, INC. (herein called the "Company"), a corporation organized and existing under the laws of the State of Delaware, hereby promises to pay to [_____] or registered assigns, the principal sum of [_____] DOLLARS on March 1, 2005 with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the rate of 8.46% per annum from the date hereof, payable semi-annually, on the fifteenth day of January and July in each year and at maturity, commencing with the January or July next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreement referred to below), payable semi-annually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the greater of (i) 10.46% or (ii) 2% over the rate of interest publicly announced by Bank of America, N.A. from time to time in New York, New York as its "base" or "prime" rate.

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at the principal office of Bank of America, N.A. in New York, New York or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Secured Notes (herein called the "Notes") issued pursuant to the Note Purchase Agreement, dated as of March 1, 2000 (as from time to time amended, supplemented or modified, the "Note Purchase Agreement"), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement and (ii) to have made the representation set forth in Section 6.2 of the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

EXHIBIT 1(a)

(to Note Purchase Agreement)

The Company will make required prepayments of principal on the dates and in the amounts specified in the Note Purchase Agreement. This Note is also subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default, as defined in the Note Purchase Agreement, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

Pursuant to the Guaranty Agreement dated as of March 1, 2000, certain subsidiaries of the Company have absolutely and unconditionally guaranteed payment in full of the principal of, Make-Whole Amount if any, and interest on this Note and the performance by the Company of all of its obligations contained in the Note Purchase Agreement all as more fully set forth in said Guaranty Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the issuer and holder hereof shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

QUANTA SERVICES, INC.

By
Name:

Title:

[FORM OF TRANCHE 2 NOTE]

QUANTA SERVICES, INC.

8.55% SERIES 2000-A SENIOR SECURED NOTE, TRANCHE 2, DUE MARCH 1, 2007

No. [_____] [Date]
$[_____] PPN [_____]

FOR VALUE RECEIVED, the undersigned, QUANTA SERVICES, INC. (herein called the "Company"), a corporation organized and existing under the laws of the State of Delaware, hereby promises to pay to [_____] or registered assigns, the principal sum of [_____] DOLLARS on March 1, 2007 with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the rate of 8.55% per annum from the date hereof, payable semi-annually, on the fifteenth day of January and July in each year and at maturity, commencing with the January or July next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreement referred to below), payable semi-annually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the greater of (i) 10.55% or (ii) 2% over the rate of interest publicly announced by Bank of America, N.A. from time to time in New York, New York as its "base" or "prime" rate.

Payments of principal of, interest on and any Make-Whole Amount with

respect to this Note are to be made in lawful money of the United States of America at the principal office of Bank of America, N.A. in New York, New York or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Secured Notes (herein called the "Notes") issued pursuant to the Note Purchase Agreement, dated as of March 1, 2000 (as from time to time amended, supplemented or modified, the "Note Purchase Agreement"), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement and (ii) to have made the representation set forth in Section 6.2 of the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

EXHIBIT 1(b)
(to Note Purchase Agreement)

The Company will make required prepayments of principal on the dates and in the amounts specified in the Note Purchase Agreement. This Note is also subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default, as defined in the Note Purchase Agreement, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

Pursuant to the Guaranty Agreement dated as of March 1, 2000, certain subsidiaries of the Company have absolutely and unconditionally guaranteed payment in full of the principal of, Make-Whole Amount if any, and interest on this Note and the performance by the Company of all of its obligations contained in the Note Purchase Agreement all as more fully set forth in said Guaranty Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the issuer and holder hereof shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

QUANTA SERVICES, INC.

By
Name:

Title:

[FORM OF TRANCHE 3 NOTE]

QUANTA SERVICES, INC.

8.61% SERIES 2000-A SENIOR SECURED NOTE, TRANCHE 3, DUE MARCH 1, 2010

No. [_____] [Date]
$[_____] PPN [_____]

FOR VALUE RECEIVED, the undersigned, QUANTA SERVICES, INC. (herein called the "Company"), a corporation organized and existing under the laws of the State of Delaware, hereby promises to pay to [_____] or registered assigns, the principal sum of [_____] DOLLARS on March 1, 2010 with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the rate of 8.61% per annum from the date hereof, payable semi-annually, on the fifteenth day of January and July

in each year and at maturity, commencing with the January or July next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreement referred to below), payable semi-annually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the greater of (i) 10.61% or (ii) 2% over the rate of interest publicly announced by Bank of America, N.A. from time to time in New York, New York as its "base" or "prime" rate.

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at the principal office of Bank of America, N.A. in New York, New York or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Secured Notes (herein called the "Notes") issued pursuant to the Note Purchase Agreement, dated as of March 1, 2000 (as from time to time amended, supplemented or modified, the "Note Purchase Agreement"), between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement and (ii) to have made the representation set forth in Section 6.2 of the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

EXHIBIT 1(c)
(to Note Purchase Agreement)

The Company will make required prepayments of principal on the dates and in the amounts specified in the Note Purchase Agreement. This Note is also subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default, as defined in the Note Purchase Agreement, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

Pursuant to the Guaranty Agreement dated as of March 1, 2000, certain subsidiaries of the Company have absolutely and unconditionally guaranteed payment in full of the principal of, Make-Whole Amount if any, and interest on this Note and the performance by the Company of all of its obligations contained in the Note Purchase Agreement all as more fully set forth in said Guaranty Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the issuer and holder hereof shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

QUANTA SERVICES, INC.

By
Name:

Title:

FORM OF OPINION OF GENERAL COUNSEL

TO THE COMPANY

The closing opinion of Brad Eastman, General Counsel to the Company, which is called for by Section 4.11 of the Note Purchase Agreement, shall be dated the date of Closing and addressed to the Purchasers, shall be satisfactory in scope and form to each Purchaser and shall be to the effect that:

1. The Company is a corporation, duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation, has the corporate power and the corporate authority to execute and perform the Note Purchase Agreement and the Security Documents to which the Company is a party and to issue the Notes and has the full corporate power and the corporate authority to conduct the activities in which it is now engaged and is duly licensed or qualified and is in good standing as a foreign corporation in each jurisdiction in which the character of the properties owned or leased by it or the nature of the business transacted by it makes such licensing or qualification necessary except in jurisdictions where the failure to be so qualified or licensed would not have a material adverse effect on the business of the Company.

2. Each Subsidiary is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, has the corporate power and the corporate authority to execute and perform the Guaranty Agreement and the Security Documents to which such Subsidiary is a party and is duly licensed or qualified and is in good standing in each jurisdiction in which the character of the properties owned or leased by it or the nature of the business transacted by it makes such licensing or qualification necessary except in jurisdictions where the failure to be so qualified or licensed would not have a material adverse effect on the business of such Subsidiary. All of the issued and outstanding shares of capital stock of each such Subsidiary have been duly issued, are fully paid and non-assessable and are owned by the Company, by one or more Subsidiaries, or by the Company and one or more Subsidiaries. All such outstanding shares have been duly pledged to the Collateral Agent as security for the Notes under the Pledge Agreements.

3. The Note Purchase Agreement has been duly authorized by all necessary corporate action on the part of the Company, has been duly executed and delivered by the Company and constitutes the legal, valid and binding contract of the Company enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance and similar laws affecting creditors' rights generally, and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law).

4. The Series 2000-A Notes have been duly authorized by all necessary corporate action on the part of the Company, have been duly executed and delivered by the Company and constitute the legal, valid and binding obligations of the Company enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent conveyance and similar laws affecting creditors' rights generally, and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law).

5. The Guaranty Agreement has been duly authorized by all necessary corporate action on the part of the Guarantors, has been duly executed and delivered by the Guarantors and constitutes the legal, valid and binding contract of the Guarantors enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance and similar laws affecting creditors' rights generally, and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law).

6. Each of the Security Documents has been duly authorized by all necessary corporate action on the part of the respective obligor thereunder, has been duly executed and delivered by the respective obligor thereunder and constitutes the legal, valid and binding contract of the respective obligor thereunder enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance and similar laws affecting creditors' rights generally, and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law).

7. The issuance and sale of the Series 2000-A Notes and the execution, delivery and performance by the Company of the Note Purchase Agreement and the Security Documents to which it is a party do not violate any provision of any law or other rule or regulation of any Governmental Authority applicable to the Company or conflict with or result in any breach of any of the provisions of or constitute a default under or result in the creation or imposition of any Lien upon any of the property of the Company pursuant to the provisions of the Articles of Incorporation or By-laws of the Company or any agreement or other

instrument known to such counsel to which the Company is a party or by which the Company may be bound.

8. The execution, delivery and performance by each of the Guarantors of the Guaranty Agreement and the Security Documents to which such Guarantor is a party do not violate any provision of any law or other rule or regulation of any Governmental Authority applicable to the Company or conflict with or result in any breach of any of the provisions of or constitute a default under or result in the creation or imposition of any Lien upon any of the property of such Guarantor pursuant to the provisions of the Articles of Incorporation or By-laws of such Guarantor or any agreement or other instrument known to such counsel to which such Guarantor is a party or by which such Guarantor may be bound.

9. There are no actions, suits or proceedings pending or, to the knowledge of such counsel after due inquiry, threatened against or affecting the Company or any Subsidiary in any court or before any governmental authority or arbitration board or tribunal which, if adversely determined, would have a materially adverse effect on the properties, business, prospects, profits or condition, (financial or otherwise) of the Company and its Subsidiaries or the ability of the Company to perform its obligations under the Note Purchase Agreement, the Series 2000-A Notes and the Security Documents or on the legality, validity or enforceability of the Company's obligations under the Note Purchase Agreement, the Series 2000-A Notes, or the Security Documents. To the knowledge of such counsel, neither the Company nor any Subsidiary is in default with respect to any court or governmental authority, or arbitration board or tribunal. The opinion of Brad Eastman, Esq., shall cover such other matters relating to the sale of the Series 2000-A Notes as each Purchaser may reasonably request. With respect to matters of fact on which such opinion is based, such counsel shall be entitled to rely on appropriate certificates of public officials and other officers of the Company.

EXHIBIT 4.11(a)-2

FORM OF OPINION OF SPECIAL COUNSEL

TO THE COMPANY

The closing opinion of Akin, Gump, Strauss, Hauer & Feld, L.L.P., Special Counsel to the Company, which is called for by Section 4.11 of the Note Purchase Agreement, shall be dated the date of Closing and addressed to the Purchasers, shall be satisfactory in scope and form to each Purchaser and shall be to the effect that:

1. The Company is a corporation, duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation, has the corporate power and the corporate authority to execute and perform the Note Purchase Agreement and to issue the Notes and has the full corporate power and the corporate authority to conduct the activities in which it is now engaged.

2. The Note Purchase Agreement constitutes the legal, valid and binding contract of the Company enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance and similar laws affecting creditors' rights generally, and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law).

3. The Series 2000-A Notes constitute the legal, valid and binding obligations of the Company enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent conveyance and similar laws affecting creditors' rights generally, and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law).

4. The Guaranty Agreement constitutes the legal, valid and binding contract of the Guarantors enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance and similar laws affecting creditors' rights generally, and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law).

5. Each of the Security Documents constitutes the legal, valid and binding contract of the respective obligor thereunder enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance and similar laws affecting creditors' rights generally, and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law).

6. Other than financing statements which have been filed, no approval, consent or withholding of objection on the part of, or filing, registration or qualification with, any governmental body, Federal or state, is necessary in connection with the execution and delivery of the Note Purchase Agreement, the Series 2000-A Notes, the Security Documents or the Guaranty Agreement.

7. The issuance, sale and delivery of the Series 2000-A Notes and the execution and delivery of the Security Documents and the Guaranty Agreement under the circumstances contemplated by the Note Purchase Agreement do not, under existing law, require the registration of the Series 2000-A Notes, the Security Documents or the Guaranty Agreement under the Securities Act of 1933, as amended, or the qualification of an indenture under the Trust Indenture Act of 1939, as amended.

8. Neither the issuance of the Series 2000-A Notes nor the application of the proceeds of the sale of the Notes will violate or result in a violation of Section 7 of the Securities Exchange Act of 1934, as amended, or any regulation issued pursuant thereto, including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System.

9. The Company is not an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

The opinion of Akin, Gump, Strauss, Hauer & Feld, L.L.P., shall cover such other matters relating to the sale of the Series 2000-A Notes as each Purchaser may reasonably request. With respect to matters of fact on which such opinion is based, such counsel shall be entitled to rely on appropriate certificates of public officials and other officers of the Company.

EXHIBIT 4.11(b)-2

FORM OF OPINION OF SPECIAL COUNSEL

TO THE PURCHASERS

The closing opinion of Chapman and Cutler, special counsel to the Purchasers, called for by Section 4.11 of the Note Purchase Agreement, shall be dated the date of Closing and addressed to each Purchaser, shall be satisfactory in form and substance to each Purchaser and shall be to the effect that:

1. The Company is a corporation, validly existing and in good standing under the laws of its jurisdiction of incorporation and has the corporate power and the corporate authority to execute and deliver the Note Purchase Agreement and to issue the Series 2000-A Notes.

2. The Note Purchase Agreement has been duly authorized by all necessary corporate action on the part of the Company, has been duly executed and delivered by the Company and constitutes the legal, valid and binding contract of the Company enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance and similar laws affecting creditors' rights generally, and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law).

3. The Series 2000-A Notes have been duly authorized by all necessary corporate action on the part of the Company, and the Notes being delivered on the date hereof have been duly executed and delivered by the Company and constitute the legal, valid and binding obligations of the Company enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent conveyance and similar laws affecting creditors' rights generally, and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law).

4. The issuance, sale and delivery of the Series 2000-A Notes under the circumstances contemplated by the Note Purchase Agreement do not, under existing law, require the registration of the Series 2000-A Notes under the Securities Act of 1933, as amended, or the qualification of an indenture under the Trust Indenture Act of 1939, as amended.

The opinion of Chapman and Cutler shall also state that the opinions of Brad Eastman, Esq., general counsel to the Company, and Akin, Gump, Strauss, Hauer & Field, LLP, special Counsel to the Company, are satisfactory in scope and form to Chapman and Cutler and that, in their opinion, the Purchasers are justified in relying thereon. With respect to matters of fact upon which such opinion is based, Chapman and Cutler may rely on appropriate certificates of public officials and officers of the Company and upon representations of the Company and the Purchasers delivered in connection with the issuance and sale of the Series 2000-A Notes.

In rendering the opinion set forth in paragraph 1 above, Chapman and Cutler may rely, as to matters referred to in paragraph 1, solely upon an examination of the Articles of Incorporation certified by, and a certificate of good standing of the Company from, the Secretary of State of the State of Delaware, the Bylaws of the Company and the general business corporation law of the State of Delaware. The opinion of Chapman and Cutler is limited to the laws of the State of New York, the general business corporation law of the State of Delaware and the Federal laws of the United States.

EXHIBIT 4.11(c)-2

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QUANTA SERVICES, INC.

[NUMBER] SUPPLEMENT TO NOTE PURCHASE AGREEMENT

Dated as of _____

Re: $_____ _____% Series _____ Senior Secured Notes
DUE _____

==========

EXHIBIT S
(to Note Purchase Agreement)

QUANTA SERVICES, INC.
1360 Post Oak Boulevard, Suite 2100
Houston, Texas 77056-3023

Dated as of _____, 20__

To the Purchaser(s) named in
Schedule A hereto

Ladies and Gentlemen:

This [Number] Supplement to Note Purchase Agreement (the "Supplement") is between QUANTA SERVICES, INC., a Delaware (the "Company"), and the institutional investors named on Schedule A attached hereto (the "Purchasers").

Reference is hereby made to that certain Note Purchase Agreement dated as of March 1, 2000 (the "Note Purchase Agreement") between the Company and the purchasers listed on Schedule A thereto. All capitalized terms not otherwise defined herein shall have the same meaning as specified in the Note Purchase Agreement. Reference is further made to Section 4.18 of the Note Purchase Agreement which requires that, prior to the delivery of any Additional Notes, the Company and each Additional Purchaser shall execute and deliver a Supplement.

The Company hereby agrees with the Purchaser(s) as follows:

1. The Company has authorized the issue and sale of $_____ aggregate principal amount of its _____% Series _____ Senior Secured Notes due _____, ____ (the "Series _____ Notes"). The Series ____ Notes, together with the Series 2000-A Notes [and the Series ____ Notes] initially issued pursuant to the Note Purchase Agreement and each series of Additional Notes which may from time to time hereafter be issued pursuant to the provisions of Section 2.4 of the Note Purchase Agreement, are collectively referred to as the "Notes" (such term shall also include any such notes issued in substitution therefor pursuant to Section 13 of the Note Purchase Agreement). The Series _____ Notes shall be substantially in the form set out in Exhibit 1 hereto with such changes therefrom, if any, as may be approved by the Purchaser(s) and the Company.

2. Subject to the terms and conditions hereof and as set forth in the Note Purchase Agreement and on the basis of the representations and warranties hereinafter set forth, the Company agrees to issue and sell to each Purchaser, and each Purchaser agrees to purchase from the Company, Series _____ Notes in the principal amount set forth opposite such Purchaser's name on Schedule A hereto at a price of 100% of the principal amount thereof on the closing date hereafter mentioned.

3. The sale and purchase of the Series _____ Notes to be purchased by each Purchaser shall occur at the offices of [Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603,] at 10:00 A.M. Chicago time, at a closing (the "Closing") on _____, ____ or on such other Business Day thereafter on or prior to _____, ____ as may be agreed upon by the Company and the Purchasers. At the Closing, the Company will deliver to each Purchaser the Series _____ Notes to be purchased by such Purchaser in the form of a single Series _____ Note (or such greater number of Series _____ Notes in denominations of at least $100,000 as such Purchaser may request) dated the date of the Closing and registered in such Purchaser's name (or in the name of such Purchaser's nominee), against delivery by such Purchaser to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds for the account of the Company to account number [_____] at _____ Bank, [Insert Bank address, ABA number for wire transfers, and any other relevant wire transfer information]. If, at the Closing, the Company shall fail to tender such Series _____ Notes to any Purchaser as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to any Purchaser's satisfaction, such Purchaser shall, at such Purchaser's election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of such failure or such nonfulfillment.

4. The obligation of each Purchaser to purchase and pay for the Series _____ Notes to be sold to such Purchaser at the Closing is subject to the fulfillment to such Purchaser's satisfaction, prior to the Closing, of the conditions set forth in Section 4 of the Note Purchase Agreement with respect to the Series _____ Notes to be purchased at the Closing, and to the following additional conditions:

(a) Except as supplemented, amended or superceded by the representations and warranties set forth in Exhibit A hereto, each of the representations and warranties of the Company set forth in Section 5 of the Note Purchase Agreement shall be correct as of the date of Closing and the Company shall have delivered to each Purchaser an Officer's Certificate, dated the date of the Closing certifying that such condition has been fulfilled.

(b) Contemporaneously with the Closing, the Company shall sell to each Purchaser, and each Purchaser shall purchase, the Series _____ Notes to be purchased by such Purchaser at the Closing as specified in Schedule A.

5. [Here insert special provisions for Series 2000-A Notes including prepayment provisions applicable to Series _____ Notes (including Make-Whole Amount) and closing conditions applicable to Series _____ Notes].

6. Each Purchaser represents and warrants that the representations and warranties set forth in Section 6 of the Note Purchase Agreement are true and correct on the date hereof with respect to the purchase of the Series _____ Notes by such Purchaser.

7. The Company and each Purchaser agree to be bound by and comply with the terms and provisions of the Note Purchase Agreement as fully and completely as if such Purchaser were an original signatory to the Note Purchase Agreement.

The execution hereof shall constitute a contract between the Company and the Purchaser(s) for the uses and purposes hereinabove set forth, and this agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one agreement.

QUANTA SERVICES, INC.

By

Name:

Title:

Accepted as of _____, _____

[VARIATION]

By

Name:

Title:

INFORMATION RELATING TO PURCHASERS

<TABLE>
<CAPTION>

NAME AND ADDRESS OF PURCHASER	PRINCIPAL AMOUNT OF SERIES _____ NOTES TO BE PURCHASED $
[NAME OF PURCHASER]	
<S>	<C>
(1) All payments by wire transfer of immediately available funds to:	
with sufficient information to identify the source and application of such funds.	
(2) All notices of payments and written confirmations of such wire transfers:	
(3) All other communications:	

</TABLE>

SCHEDULE A
(to Supplement)

SUPPLEMENTAL REPRESENTATIONS

The Company represents and warrants to each Purchaser that except as hereinafter set forth in this Exhibit A, each of the representations and warranties set forth in Section 5 of the Note Purchase Agreement is true and correct as of the date hereof with respect to the Series _____ Notes with the same force and effect as if each reference to "Series 2000-A Notes" set forth therein was modified to refer the "Series _____ Notes" and each reference to "this Agreement" therein was modified to refer to the Note Purchase Agreement as supplemented by the _____ Supplement. The Section references hereinafter set forth correspond to the similar sections of the Note Purchase Agreement which are supplemented hereby:

Section 5.3. Disclosure. The Company, through its agent, Banc of America Securities LLC, has delivered to each Purchaser a copy of a Private Placement Memorandum, dated _____ (the "Memorandum"), relating to the transactions contemplated by the _____ Supplement. The Note Purchase Agreement, the Memorandum, the documents, certificates or other writings delivered to each Purchaser by or on behalf of the Company in connection with the transactions contemplated by the Note Purchase Agreement and the _____ Supplement and the financial statements listed in Schedule 5.5 to the _____ Supplement, taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Since _____, there has been no change in the financial condition, operations, business, properties or prospects of the Company or any Subsidiary except changes that individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect.

Section 5.4. Organization and Ownership of Shares of Subsidiaries. (a) Schedule 5.4 to the _____ Supplement contains (except as noted therein) complete and correct lists of the Company's Subsidiaries, and showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its organization, and the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Company and each other Subsidiary.

Section 5.13. Private Offering by the Company. Neither the Company nor anyone acting on its behalf has offered the Series A Notes or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any Person other than the Purchasers and not more than [_] other Institutional Investors, each of which has been offered the Series _____ Notes at a private sale for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of Section 5 of the Securities Act.

Section 5.14. Use of Proceeds; Margin Regulations. The Company will apply the proceeds of the sale of the Series _____ Notes to _____ and for general corporate purposes. No part of the proceeds from the sale of the Series _____ Notes pursuant to the _____ Supplement will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of

the Federal Reserve System (12 CFR 222), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). As used in this Section, the terms "margin stock" and "purpose of buying or carrying" shall have the meanings assigned to them in said Regulation U.

Section 5.15. Existing Debt; Future Liens. (a) Schedule 5.15 to the _____ Supplement sets forth a complete and correct list of all outstanding Debt of the Company and its Subsidiaries as of _____, since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Debt of the Company or its Subsidiaries. Neither the Company nor any Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Debt of the Company or such Subsidiary and no event or condition exists with respect to any Debt of the Company or any Subsidiary that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Debt to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

[Add any additional Sections as appropriate at the time the Series _____ Notes are issued]

[FORM OF SERIES _____ NOTE]

QUANTA SERVICES, INC.

___% SERIES _____ SENIOR NOTE DUE _____

No. [_____] [Date]
$[_____] PPN [_____]

FOR VALUE RECEIVED, the undersigned, QUANTA SERVICES, INC. (herein called the "Company"), a corporation organized and existing under the laws of the State of _____, hereby promises to pay to [_____], or registered assigns, the principal sum of [_____] DOLLARS on _____, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the rate of ____% per annum from the date hereof, payable semiannually, on the _____ day of _____ and _____ in each year, commencing on the first of such dates after the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Make-Whole Amount (as defined in the Note Purchase Agreement referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the greater of (i) [coupon + 2%]% or (ii) 2% over the rate of interest publicly announced by _____ from time to time in _____ as its "base" or "prime" rate.

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at _____, in _____, or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Notes (the "Notes") issued pursuant to a Supplement to the Note Purchase Agreement dated as of March 1, 2000 (as from time to time amended, supplemented or modified, the "Note Purchase Agreement"), between the Company, the Purchasers named therein and Additional Purchasers of Notes from time to time issued pursuant to any Supplement to the Note Purchase Agreement. This Note and the holder hereof are entitled equally and ratably with the holders of all other Notes of all series from time to time outstanding under the Note Purchase Agreement to all the benefits provided for thereby or referred to therein. Each holder of this Note will be deemed, by its acceptance hereof, to have made the representation set forth in Section 6.2 of the Note Purchase Agreement, provided that such holder may (in reliance upon

information provided by the Company, which shall not be unreasonably withheld) make a representation to the effect that the purchase by such holder of any Note will not constitute a non-exempt prohibited transaction under Section 406(a) of ERISA.

This Note is registered with the Company and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note of the same series for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

[The Company will make required prepayments of principal on the dates and in the amounts specified in the Note Purchase Agreement.] [This Note is not subject to regularly scheduled prepayments of principal.] This Note is [also] subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default, as defined in the Note Purchase Agreement, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of _____ excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

QUANTA SERVICES, INC.

By
Name:

Title:

EXHIBIT 10.17

==========

INTERCREDITOR AGREEMENT

AMONG

BANK OF AMERICA, N.A.,
as Collateral Agent

AND

BANK OF AMERICA, N.A.,
individually, and as Administrative Agent for the other Lenders

AND

THE NOTEHOLDERS WHICH ARE PARTIES HERETO

RE: QUANTA SERVICES, INC.

Dated as of March 23, 2000

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This INTERCREDITOR AGREEMENT (as amended, restated or otherwise modified from time to time in accordance with the terms hereof, this "Agreement") is dated as of March 23, 2000 and entered into among the Noteholders (as hereinafter defined), and Bank of America, N.A., as the Collateral Agent (as hereinafter defined) individually, and as Agent (as hereinafter defined). This Agreement is consented to, as evidenced by their execution of the acknowledgment hereto, by Quanta Services, Inc., a Delaware corporation (the "Issuer"), and by the subsidiaries of the Issuer (each a "Subsidiary Guarantor") which have executed Guaranties (as hereinafter defined). The Issuer and each Subsidiary Guarantor are individually referred to as an "Obligor" and collectively as the "Obligors."

RECITALS

WHEREAS, the Issuer has entered into that certain Third Amended and Restated Secured Credit Agreement dated as of June 14, 1999 (said agreement, as amended prior hereto and as it may hereafter be amended, restated, refinanced, or otherwise modified (including any increase in or reduction in the principal amount thereof) from time to time the "Existing Credit Agreement" and together with any Successor Credit Agreement, as hereinafter defined, the "Credit Agreement") among the Issuer and the Lenders from time to time parties thereto (each a "Lender" and collectively the "Lenders"), and Bank of America, N.A. as administrative agent for the Lenders.

WHEREAS, the Subsidiary Guarantors have or will guaranty the obligations of the Issuer under the Credit Agreement pursuant to one or more Subsidiary Guaranties (the "Bank Guaranties").

WHEREAS, the obligations of the Issuer under the Credit Agreement and in respect of certain Hedging Transactions (as defined below) and the obligations of the Subsidiary Guarantors under the Bank Guaranties are secured pursuant to certain Bank Security Documents (as hereinafter defined), among the Obligors and the Collateral Agent, pursuant to which the Obligors have granted a security interest to the Collateral Agent (on behalf of the Lenders) in substantially all of their personal property to secure the Credit Obligations.

WHEREAS, the Issuer has entered into a Note Purchase Agreement dated as of March 1, 2000 (said agreement as amended, restated, supplemented or otherwise modified from time to time, the "Note Agreement"), between the Issuer and the Purchasers named therein (the "Existing Noteholders") pursuant to which the Existing Noteholders purchased or will purchase the Issuer's (i) $73,000,000 8.46% Series 2000-A Senior Secured Notes, Tranche 1 due March 1 2005, (ii) $41,500,000 8.55% Series 2000-A Senior Secured Notes, Tranche 2, due March 1, 2007 and (iii) $35,500,000 8.61% Senior Secured Notes, Tranche 3, due March 1, 2010 (collectively, the "Existing Senior Notes").

WHEREAS, it is contemplated that additional series of senior notes may be issued from time to time pursuant to one or more supplements to the Note Agreement to institutional investors (which may include the Existing Noteholders) such additional senior notes together

with the Existing Senior Notes being hereinafter referred to collectively as the "Senior Notes"). The purchasers of such additional Senior Notes which become Parties hereto being hereinafter together with the Existing Noteholders collectively referred to as the "Noteholders".

WHEREAS, the Parties desire that the Proceeds from the commencement of Enforcement (as hereinafter defined) proceedings with respect to the collateral under the Security Documents shall be shared equally and ratably among the Benefited Parties (as hereinafter defined) in accordance with the terms of this Agreement.

WHEREAS, the Subsidiary Guarantors have or will guaranty the obligations of the Issuer under the Note Agreement and the Senior Notes pursuant to one or more Subsidiary Guaranties (the "Noteholder Guaranties").

WHEREAS, the obligations of the Issuer under the Note Agreement and the Senior Notes and the obligations of the Subsidiary Guarantors under the Noteholder Guaranties are secured pursuant to certain Noteholder Security Documents (as hereinafter defined), among the Obligors and the Collateral Agent, as collateral agent for the Noteholders, pursuant to which the Obligors have granted a security interest to the Collateral Agent (on behalf of the Noteholders) in substantially all of their personal property to secure the Senior Note Obligations.

WHEREAS, the Noteholders, the Lenders and the Collateral Agent (individually a "Party" and collectively the "Parties") desire to enter into this Intercreditor Agreement and further desire that Bank of America, N.A. act as the collateral agent on behalf of all Parties regarding the Collateral, all as more fully provided herein; and the Parties have entered into this Agreement to, among other things, further define the rights, duties, authority and responsibilities of the Collateral Agent and the relationship between the

Parties regarding their pari passu interests in the Collateral.

WHEREAS, it is contemplated that the Lenders or other financial institutions (the "Successor Lenders") may enter into one or more agreements with the Obligors either extending the maturity of or refinancing all or any portion of the Credit Obligations (as hereinafter defined) (including an increase or decrease in the principal amount thereof).

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the Parties hereto hereby agree as follows:

SECTION 1. DEFINED TERMS.

As used in this Agreement the following terms have the following meanings:

"Acceleration Premium Obligations" means all obligations of the Issuer to pay a "Make Whole Amount" (as defined in the Note Agreement) to the Noteholders as a result of the acceleration of their respective Senior Note Obligations payable under the Note Agreement.

"Affiliate," as applied to any Person, means any other Person directly or indirectly controlling, controlled by, or under common control with, that Person. For the purposes of this definition, "control" (including with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities or by contract or otherwise.

"Agent" means Bank of America, N.A. in its capacity as Administrative Agent under the Credit Agreement and any successor Administrative Agent under the Credit Agreement.

"Agreement" has the meaning ascribed to that term in the introductory paragraph hereto.

"Bank Documents" means the Credit Agreement, the Bank Guaranties, the Bank Security Documents, and any other document or instrument whether now existing or hereafter given to the Collateral Agent or any Lender in respect of the Credit Obligations.

"Bank Guaranties" has the meaning ascribed to that term in the recitals hereto.

"Bank Security Documents" means any security agreement, hypothec, mortgage, deed of trust, pledge agreement or other agreement or instrument pursuant to which any Obligor grants a Lien to secure the Credit Obligations whether now existing or hereafter incurred.

"Bankruptcy Proceeding" means, with respect to any Person, a general assignment by such Person for the benefit of its creditors, or the institution by or against such Person of any proceeding seeking relief as debtor, or seeking to adjudicate such Person as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment or composition of such Person or its debts, under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or other similar official for such Person or for any substantial part of its property.

"Benefited Obligations" means (a) all Credit Obligations, (b) all Senior Note Obligations, (c) all Hedging Exposure and other obligations of the Issuer under or arising in connection with any Interest Rate Protection Agreement, and (d) all other amounts payable by any Obligor under this Agreement, any Guaranty and the Security Documents (including, without limitation, the reasonable fees and expenses of the Collateral Agent).

"Benefited Parties" means the holders, from time to time, of the Benefited Obligations.

"Code" means the Uniform Commercial Code as the same may from time to time be in effect in the appropriate jurisdiction.

"Collateral" means all property and interests in property of any Obligor in which a Lien has been created under the Security Documents.

"Collateral Agent" means Bank of America, N.A., in its capacity as collateral agent hereunder and any successor collateral agent appointed pursuant to Section 8 hereof.

"Credit Agreement" has the meaning ascribed to that term in the recitals hereto.

"Credit Obligations" means all outstanding and unpaid obligations of every nature of the Obligors (including L/C Obligations) from time to time to the Lenders or any of them under the Credit Agreement and any other Bank Documents.

"Directing Party" means, with respect to any particular instruction given to the Collateral Agent, each Party (and each Benefited Party represented by such Party) that has given such instruction to the Collateral Agent.

"Enforcement" means the commencement of enforcement, collection (including judicial or non-judicial foreclosure) or similar proceedings with respect to the Collateral.

"Event of Default" means an "Event of Default" or "Default" as defined in any Financing Agreement.

"Existing Credit Agreement" has the meaning ascribed to that term in the recitals hereto.

"Existing Noteholders" has the meaning ascribed to that term in the recitals hereto.

"Existing Senior Notes" has the meaning ascribed to that term in the recitals hereto.

"Financing Agreements" means the Bank Documents, the Noteholder Documents, any Interest Rate Protection Agreement, this Agreement, the Security Documents, and any other instruments, documents or agreements entered into in connection with any Benefited Obligation or Financing Agreement.

"Guaranty" means any Bank Guaranty or any Noteholder Guaranty and "Guaranties" means the Bank Guaranties and the Noteholder Guaranties.

"Hedging Exposure" means, on any date of determination for any Hedging Transaction, the amount, as calculated in good faith and in a commercially reasonable manner by the Lender that is the Issuer's counterpart for such Hedging Transaction, which such Lender would pay to a third party (such amount being expressed as a negative number) or receive from a third party (such amount being expressed as a positive number) in an arm's-length transaction as consideration for the third party's entering into a new transaction with such Lender in which: (a) such Lender holds the same position in the Hedging Transaction as it currently holds; (b) the third party holds the same position as the Issuer currently holds; and (c) the new transaction has economic and other terms and conditions identical in all respects to such Hedging Transaction except that (i) the date of calculation shall be deemed to be the date of commencement of the new transaction and (ii) all period end dates shall correspond to all period end dates, if any, for such Hedging Transaction.

"Hedging Transaction" means each interest rate swap transaction, basis swap transaction, forward rate transaction, commodity swap transaction, equity index transaction, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap

transaction or any other similar transaction (including any option with respect to any of these transactions and any combination of any of the foregoing) entered into by the Issuer from time to time pursuant to an Interest Rate Protection Agreement; provided that such transaction is entered into for risk management purposes and not for speculative purposes.

"Interest Rate Protection Agreement" means any interest rate swap, cap, floor, collar, forward rate agreement, or other rate protection transaction, or any combination of such transactions or agreements or any option with respect to any such transactions or agreements now existing or hereafter entered into between the Issuer and any Lender or Successor Lender.

"Issuer" has the meaning ascribed to that term in the introductory paragraph hereto.

"L/C Obligations" has the meaning set forth in the Credit Agreement.

"Lenders" has the meaning ascribed to that term in the recitals hereto.

"Letter of Credit" has the meaning set forth in the Credit Agreement.

"Lien" means any lien, mortgage, pledge, security interest, charge or

encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof, and any agreement to give any security interest).

"Majority Benefited Parties" means (a) the Required Lenders under the Credit Agreement, and (b) Noteholders holding (or representing) at least 51% of the outstanding principal amount of the Senior Notes, each voting as a separate class, provided that if at any time the amount of the Credit Obligations or the aggregate outstanding principal amount of the Senior Notes represents less than 5% of the sum of the aggregate outstanding principal amount of the indebtedness evidenced by the Senior Notes and the amount of the Credit Obligations, then "Majority Benefited Parties" shall mean Benefited Parties, considered as a single class, holding more than 50% of the sum of (i) the outstanding principal amount of the Senior Notes, plus (ii) the outstanding amount of the Credit Obligations. Determination of the "amount of the Credit Obligations" shall be based on the commitments of the Lenders; provided that if an Event of Default shall exist such determination shall be based on the amount of the outstanding Credit Obligations.

"Non-Directing Party" means, with respect to any particular instruction given to the Collateral Agent, each Party (and each Benefited Party represented by such Party) that has not given or agreed with such instruction given to the Collateral Agent.

"Note Agreement" has the meaning ascribed to that term in the recitals hereto.

"Noteholder Documents" means (i) the Note Agreement; (ii) the Senior Notes; (iii) the Noteholder Guaranties; and (iv) the Noteholder Security Documents.

"Noteholder Guaranties" has the meaning ascribed to that term in the recitals hereto.

"Noteholder Security Documents" means any security agreement, hypothec, mortgage, deed of trust, pledge agreement or other agreement or instrument pursuant to which any Obligor grants a Lien to secure the Senior Note Obligations.

"Noteholders" has the meaning ascribed to that term in the recitals hereto.

"Obligors" has the meaning ascribed to that term in the recitals hereto.

"Opinion of Counsel" means a written opinion of an attorney or firm of attorneys which is not an employee of the Person requesting such opinion or any affiliate of such Person but which may be outside counsel engaged or retained by such Person, a copy of which opinion is furnished to each Benefited Party.

"Party" has the meaning ascribed to that term in the recitals hereto.

"Person" means any individual, corporation, partnership, limited liability company, trust or other entity.

"Preferential Payment" means any payments (including payments from any Subsidiary Guarantor) or Proceeds from any Obligor or any other source with respect to the Benefited Obligations (including from the exercise of any set-off) which are:

(i) received by a Benefited Party within 90 days prior to the commencement of a Bankruptcy Proceeding with respect to any Obligor, or the acceleration of any Senior Notes or the Credit Obligations, and which payment reduces the amount of the Benefited Obligations owed to such Benefited Party as of the date of commencement of such Bankruptcy Proceedings or the date of such acceleration below the amount owed to such Benefited Party as of the 90th day prior to such occurrence, or

(ii) received by a Benefited Party (A) within 90 days prior to the occurrence of any other Event of Default which has not been waived or cured within 45 days after the occurrence thereof and which payment reduces the amount of the Benefited Obligations owed to such Benefited Party as of the date of occurrence of such Event of Default below the amount owed to such Benefited Party as of the 90th day prior to the occurrence of such Event of Default or (B) within 45 days after the occurrence of such Event of Default, or

(iii) received by a Benefited Party after the occurrence of a Special Event of Default (except as provided in Section 5(b)) and such payment reduces the amount of the Benefited Obligations owed to such

Party as of the date of the occurrence of such Special Event of Default.

"Proceeds" has the meaning assigned to it under the Code and, in any event, includes, but is not limited to, (a) any and all proceeds of any collection, sale or other disposition of the Collateral, (b) any and all amounts from time to time paid or payable under or in connection with

any of the Collateral and (c) amounts collected by the Collateral Agent or any Lender by way of off-set, deduction or counterclaim.

"Required Lenders" means those Lenders having aggregate percentages of the revolving loan commitments under the Credit Agreement entitled to direct the Agent to act or refrain from acting in its capacity as agent under the Credit Agreement.

"Required Noteholders" means, with respect to any particular Event of Default which shall at the time exist under any Note Agreement, the percentage of Noteholders required to waive such Event of Default under the provisions of such Note Agreement or, if the Senior Notes under the applicable Note Agreement shall have been accelerated, the percentage of Noteholders required to rescind such acceleration under the provisions of such Note Agreement.

"Security Documents" means the Bank Security Documents and the Noteholder Security Documents.

"Senior Debt" means debt for borrowed money, including Senior Notes issued after the date of this Agreement but excluding debt outstanding under the Credit Agreement, which is not subordinated in right of payment to any other obligation of the Issuer.

"Senior Note Obligations" means all outstanding and unpaid obligations of every nature of the Obligors from time to time to the Noteholders under the Noteholder Documents, including, without limitation, the Acceleration Premium Obligations and all fees, collection costs and other expenses otherwise accruing under the Noteholder Documents.

"Senior Notes" means all senior notes issued pursuant to the Note Agreement.

"Special Event of Default" shall mean (i) the commencement of a Bankruptcy Proceeding with respect to any Obligor, (ii) any other Event of Default which has not been waived or cured within 45 days after the occurrence thereof, or (iii) the acceleration of any Senior Notes or the Credit Obligations.

"Special Trust Account" shall mean that certain interest bearing trust account maintained by the Collateral Agent for the purpose of receiving and holding Preferential Payments.

"Subsidiary Guarantor" has the meaning ascribed to that term in the recitals hereto.

"Successor Credit Agreement" shall mean any replacement, refinancing or restructuring of the Existing Credit Agreement; provided that each Successor Lender thereunder or an agent acting on behalf of all such Successor Lenders has executed an acknowledgment to this Agreement in the form attached hereto as Exhibit A.

"Successor Lenders" has the meaning ascribed to that term in the recitals hereto.

SECTION 2. APPOINTMENT OF COLLATERAL AGENT.

Agent and each Noteholder hereby acknowledges that it has appointed Bank of America, N.A. to serve as the Collateral Agent and authorized the Collateral Agent to act as agent for the Benefited Parties for the purposes of executing and delivering on behalf of the Benefited Parties the Security Documents and, subject to the provisions of this Agreement, enforcing the Benefited Parties' rights in respect of the Collateral and the obligations of the Obligors under the Security Documents.

SECTION 3. DECISIONS RELATING TO ADMINISTRATION AND EXERCISE OF REMEDIES VESTED IN THE MAJORITY BENEFITED PARTIES.

(a) The Collateral Agent agrees that it will not commence Enforcement without the written approval of the Majority Benefited Parties. The Collateral

Agent agrees to administer the Security Documents and the Collateral and to make such demands and give such notices under the Security Documents as the Majority Benefited Parties may request in writing, and to take such action to enforce the Security Documents and to realize upon, collect and dispose of the Collateral or any portion thereof as may be directed in writing by the Majority Benefited Parties; provided that the Collateral Agent shall not be required to take any action (i) that is in the Opinion of Counsel contrary to law or to the terms of this Agreement or the Security Documents, or that would in the Opinion of Counsel subject the Collateral Agent or any of its officers, employees, agents or directors to liability, and (ii) until the Collateral Agent shall be indemnified to its reasonable satisfaction by one or more of the Benefited Parties against any and all loss, cost, expense or liability in connection therewith.

(b) Each Party agrees that the Collateral Agent shall act as the Majority Benefited Parties may request (regardless of whether any individual Party or Benefited Party agrees, disagrees or abstains with respect to such request), that the Collateral Agent shall have no liability for acting in accordance with such request (provided such action does not conflict with the express terms of this Agreement) and that no Directing Party or Non-Directing Party shall have any liability to any Non-Directing Party or Directing Party, respectively, for any such request. The Collateral Agent shall give prompt notice to the Non-Directing Parties of action taken pursuant to the instructions of the Majority Benefited Parties to enforce any Security Document; provided, however, that the failure to give any such notice shall not impair the right of the Collateral Agent to take any such action or the validity or enforceability under this Agreement of the action so taken. Notwithstanding anything herein to the contrary, the Majority Benefited Parties shall agree to release the Collateral from the security interests granted for the benefit of any Non-Directing Party only if the Collateral Agent is concurrently releasing the security interest granted with respect to such Collateral for all Benefited Parties having a security interest in such Collateral.

(c) Each Party agrees that the only right of a Non-Directing Party under the Security Documents is for Benefited Obligations held by such Non-Directing Party to be secured by the Collateral for the period and to the extent provided in the Security Documents and in this Agreement and to receive their pro rata share of the Proceeds of the Collateral, if any, to the extent and at the time provided in the respective Security Documents and in this Agreement.

(d) The Collateral Agent may at any time request approval from the Majority Benefited Parties as to any course of action or other matter relating hereto or any Security Document. Except as otherwise provided in this Agreement or the Security Documents, directions given by the Majority Benefited Parties to the Collateral Agent hereunder shall be in writing and binding on all Benefited Parties, including all Non-Directing Parties, for all purposes.

(e) Nothing contained in this Agreement shall affect the rights of any Party to give the Issuer or any other Obligor notice of any default, accelerate or make demand for payment of their respective Benefited Obligations under the Financing Agreements. If the Majority Benefited Parties instruct the Collateral Agent to take any action, commence any proceedings or otherwise proceed against the Collateral or enforce any Security Documents, and such action or proceedings are or may be defective without the joinder of all Parties, then all Parties shall join in such actions or proceedings. Each Party agrees not to take any action to enforce any term or provision of the Security Documents (other than the Guaranties) or to enforce any of its rights in respect of the Collateral except through the Collateral Agent in accordance with this Agreement.

(f) If the Collateral Agent has been notified in writing that an Event of Default has occurred, the Collateral Agent shall notify the Benefited Parties and may notify the Issuer of such determination. Any Benefited Party which has actual knowledge of an Event of Default, or facts which indicate that an Event of Default has occurred, shall deliver to the Collateral Agent a written statement describing such Event of Default or facts. Failure to do so, however, does not constitute a waiver of such Event of Default by the Benefited Parties. Upon receipt of a notice from a Benefited Party of the occurrence of an Event of Default, the Collateral Agent shall promptly (and in any event no later than three business days after receipt of such notice in the manner provided in Section 10(a) hereof) give notice of such Event of Default to all Benefited Parties.

(g) Unless an Event of Default has occurred and is continuing, the Collateral Agent may, without the approval of the Benefited Parties as required herein, release any Collateral under the Security Documents which is permitted to be sold or disposed of by any Obligor pursuant to the Credit Agreement and the Note Agreement and execute and deliver such releases as may be necessary to terminate of record the Benefited Parties' security interest in such Collateral. So long as no Event of Default shall have occurred and shall be continuing, the Collateral Agent shall release the Collateral upon the written direction of the Required Lenders. The Collateral Agent shall not be required to obtain the

approval of the Required Noteholders in connection with the release of the Collateral unless an Event of Default shall have occurred and shall be continuing.

(h) The Noteholders shall have the right, without the consent of the Lenders to amend, supplement, restate or replace (including an increase or decrease in the principal amount thereof) or waive the terms of the existing Note Agreement and the Senior Notes without in any way affecting the rights of the Senior Noteholders under this Agreement. The Lenders shall have the right, without the consent of the Senior Noteholders to amend, supplement, restate or replace or waive the terms of the existing Credit Agreement and the Credit Obligations without in any way affecting the rights of the Lenders under this Agreement. The Noteholders will furnish a copy of any amendment to the Noteholder Documents to the Agent promptly after the execution and

delivery thereof. The Agent will furnish a copy of any amendment to the Bank Documents to the Noteholders promptly after the execution and delivery thereof.

(i) Neither the Lenders nor the Noteholders shall directly or indirectly take any action, consent to the taking of any action, or cause or assist any Person to take any action, to challenge the validity, legality, perfection, priority or enforcement of the Security Documents or the Liens of the Security Documents on the Collateral. Subject to the terms and conditions of this Agreement, neither the Lenders nor the Noteholders shall directly or indirectly take any action, consent to the taking of any action, or cause or assist any Person to take any action, to challenge, object to, compete with or impede in any matter any act taken or proceeding commenced by another Party in connection with the Enforcement of the Credit Obligations or the Senior Note Obligations, as the case may be.

SECTION 4. APPLICATION OF MONIES AND PROCEEDS.

(a) Any and all monies and Proceeds received by the Collateral Agent or a Benefited Party in connection with a demand for payment or an Enforcement and any Preferential Payments required to be paid to all Benefited Parties in accordance with the provisions of Section 5, shall be delivered to the Collateral Agent and applied promptly by the Collateral Agent as follows:

FIRST: To the payment of the reasonable costs and expenses of such sale, collection or other realization, including reasonable fees and expenses of counsel, and all reasonable expenses, liabilities and advances made or incurred by the Collateral Agent in connection therewith;

SECOND: To the ratable payment of the Benefited Obligations then due and owing by such Obligor; provided that with respect to Benefited Obligations consisting of the undrawn amounts of outstanding Letters of Credit, payment shall be made to the Collateral Agent, to be retained as Collateral, for the ratable portion of the Benefited Obligations consisting of such undrawn amounts of outstanding Letters of Credit (provided that (i) if any such Letter of Credit is drawn upon, the Collateral Agent shall pay to the Benefited Party that issued such Letter of Credit the ratable portion of the amount of cash held as Collateral therefor pursuant to this clause which is allocable to the amount drawn upon such Letter of Credit; and (ii) if and to the extent that any such Letter of Credit shall expire or terminate, the amount of cash held as Collateral therefor pursuant to this clause shall be applied in accordance with this subsection 4(a)), calculated in accordance with the provisions of subsection 4(b); and

THIRD: After payment in full of all Benefited Obligations, to the payment to or upon the order of Obligors, or to whomsoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct, of any surplus then remaining from such Proceeds.

Until such monies or Proceeds are so applied, the Collateral Agent shall hold such monies or Proceeds in its custody in accordance with its regular procedures for handling deposited funds.

(b) Any monies received by the Collateral Agent from any Obligor under the Financing Agreements in connection with a demand for payment or an Enforcement (including, without limitation, any Proceeds received by the Collateral Agent in respect of the Collateral) and any Preferential Payments (net of any amounts applied in accordance with Section 4(a) FIRST) shall be

applied in accordance with the priority set forth in Section 4(a) SECOND so that each Benefited Party shall receive payment of its proportionate amount of all such Proceeds. Payment shall be based upon the proportion which the amount of such Benefited Obligations of such Benefited Party bears to the total amount of all Benefited Obligations of all such Benefited Parties, including, without limitation, Hedging Exposure to any Lender. For purposes of determining the proportionate amounts of all Benefited Obligations sharing in any such distribution, (i) the amount of the outstanding Credit Obligations shall be deemed to be the principal amount of the Credit Obligations then outstanding and all accrued interest and fees with respect thereto, and (ii) the amount of the outstanding Senior Note Obligations shall be deemed to be the principal amount of the Senior Notes then outstanding plus all accrued interest and fees with respect thereto including, without limitation, the Acceleration Premium Obligations, and (iii) the amount of the outstanding Hedging Exposure shall be deemed to be the amount of Obligor's obligations then due and payable (exclusive of expenses or similar liabilities, but including early termination payments then due) in connection with any Hedging Transaction and all accrued interest and fees with respect thereto.

(c) Payments by the Collateral Agent in respect of (i) the Credit Obligations shall be made to the Agent for distribution to the Lenders in accordance with the Credit Agreement; (ii) the Senior Note Obligations shall be made as directed in writing by the Noteholder to whom such Senior Note Obligations are owed; and (iii) Hedging Exposure shall be made as directed by the Lender to which such is owed.

(d) Such monies or Proceeds received by each Benefited Party under this Section shall be applied on the Benefited Obligations, first to accrued interest on such Benefited Obligations, second to the Acceleration Premium Obligations and fees then due and owing, and third to the unpaid principal amount of the Benefited Obligations and Hedging Exposure held by such Benefited Party.

SECTION 5. PREFERENTIAL PAYMENTS AND SPECIAL TRUST ACCOUNT.

(a) The Collateral Agent shall give each Benefited Party a written notice (a "Notice of Special Default") promptly, but no later than, three business days after being notified in writing by a Benefited Party that a Special Event of Default has occurred. After the receipt of such Notice of Special Default, all Preferential Payments other than those payments received pursuant to Section 5(b) shall be deposited into the Special Trust Account. Each Benefited Party agrees that no Event of Default shall occur as a result of payments so made on a timely basis to the Collateral Agent.

(b) If (i) such Special Event of Default is waived by the Required Lenders or the Required Noteholders, or both, as the case may be, and if no other Event of Default has occurred and is continuing, (ii) such Special Event of Default is cured by the Obligors or by any waiver, or amendment of the Credit Agreement or the Note Agreement, as the case may be, and if no other

Event of Default has occurred and is continuing or (iii) the Benefited Obligations have not been accelerated and the Majority Benefited Parties have not instructed the Collateral Agent to seek the appointment of a receiver, commence litigation against any Obligor, liquidate the Collateral, commence a Bankruptcy Proceeding against any Obligor, seize Collateral, or exercise other remedies of similar character prior to the 90th day following such Special Event of Default, the Collateral Agent thereupon shall return all amounts, together with their pro rata share of interest earned thereon, held in the Special Trust Account representing payment of any Benefited Obligations to the Benefited Party initially entitled thereto, and no payments thereafter received by a Benefited Party shall constitute a Preferential Payment by reason of such cured or waived Special Event of Default. No payment returned to a Benefited Party for which such Benefited Party has been obligated to make a deposit into the Special Trust Account shall thereafter ever be characterized as a Preferential Payment. If the Special Event of Default is an Event of Default under the terms of the Credit Agreement and the Note Agreement, the Collateral Agent shall not return any payments to the Benefited Parties pursuant to (i) above unless the Required Lenders and the Required Noteholders have each waived such Special Event of Default.

(c) Each Benefited Party agrees that upon the occurrence of a Special Event of Default it shall (i) promptly notify the Collateral Agent of the receipt of any Preferential Payments, (ii) hold such amounts in trust for the Benefited Parties and act as agent of the Benefited Parties during the time any such amounts are held by it, and (iii) deliver to the Collateral Agent such amounts for deposit into the Special Trust Account.

(d) If the Benefited Obligations have been accelerated or the Majority Benefited Parties have instructed the Collateral Agent to commence Enforcement or commence a Bankruptcy Proceeding against any Obligor, then all funds, together with interest earned thereon, held in the Special Trust Account and all subsequent Preferential Payments shall be applied in accordance with the provisions of Section 4(a) above.

SECTION 6. INFORMATION.

If, in accordance with the terms of this Agreement, the Collateral Agent proceeds to enforce any Security Document or to collect, sell, otherwise dispose of or take any other action with respect to any of such agreements or the Collateral or any portion thereof or proposes to take any other action pursuant to or contemplated by this Agreement, the Parties hereto agree as follows:

(a) Each Lender shall (i) promptly from time to time, upon the written request of the Collateral Agent, notify the Collateral Agent of the outstanding Credit Obligations as at such date as the Collateral Agent may specify; and (ii) promptly from time to time thereafter notify the Collateral Agent of any payment received by such Lender to be applied to satisfy Credit Obligations. Each Lender shall certify as to such amounts and the Collateral Agent shall be entitled to rely conclusively upon such certification.

(b) Each Noteholder shall (i) promptly from time to time, upon the written request of the Collateral Agent, notify the Collateral Agent of the outstanding Senior Note Obligations owed to such Noteholder as at such date as the Collateral Agent may

specify; (ii) promptly from time to time, upon the written request of the Collateral Agent, notify the Collateral Agent of the amount that would be payable as a "Make Whole Amount" under the Note Agreement upon acceleration of such Noteholder's Senior Notes or any successor provision thereto if such "Make Whole Amount" were payable as of such date as the Collateral Agent may specify and (iii) promptly from time to time thereafter, notify the Collateral Agent of any payment received thereafter by such Noteholder to be applied to the principal of or interest or "Make Whole Amount" on the Senior Note Obligations owing to such Noteholder. Each Noteholder shall certify as to such amounts and the Collateral Agent shall be entitled to rely conclusively upon such certification.

(c) Each Lender party to a Hedging Transaction shall (i) promptly from time to time, upon the written request of the Collateral Agent, notify the Collateral Agent of the notional amount under such Hedging Transaction and the amount payable by any Obligor upon early termination of such Hedging Transaction at the date of termination as fixed by such Interest Rate Protection Agreement and (ii) promptly from time to time thereafter notify the Collateral Agent of any payment received by such Lender to be applied to amounts due upon early termination of such Hedging Transaction. Such Lender shall certify as to such amounts and the Collateral Agent shall be entitled to rely conclusively upon such certification.

SECTION 7. ADDITIONAL PARTIES.

(a) The Issuer may enter into one or more Successor Credit Agreements and such Successor Credit Agreement shall be secured by the Collateral as provided herein and in the Security Documents; provided that each Successor Lender party to such Successor Credit Agreement, or the agent on behalf of all such Successor Lenders to such Successor Credit Agreement, shall sign an acknowledgment in the form of Exhibit A attached to this Agreement, by which each such Successor Lender agrees to be bound by the terms of this Agreement, and by delivering a signed acknowledgment thereof executed by the Obligors to the Collateral Agent; and provided further that on the date of execution and delivery of such Successor Credit Agreement, and after giving effect to the indebtedness outstanding thereunder and the application of the proceeds therefrom, such indebtedness would be permitted by the Note Agreement.

(b) The Issuer may enter into one or more supplements to the Note Agreement and the Senior Notes issued pursuant thereto shall be secured by the Collateral as provided herein and in the Security Documents; provided that each Noteholder party to such Supplement, shall sign an acknowledgment in the form of Exhibit B attached to this Agreement, by which each such Noteholder agrees to be bound by the terms of this Agreement, and by delivering a signed acknowledgment thereof executed by the Obligors to the Collateral Agent; and provided further that on the date of issuance of such additional Senior Notes, the incurrence by the Issuer of such indebtedness would not constitute an Event of Default under the Credit Agreement.

(c) In the case of any Successor Credit Agreement, the Collateral Agent shall not be required to release any Collateral to any successor Collateral Agent unless the Credit Obligations

in respect of the outstanding Credit Agreement shall have been paid in full or provision for such payment shall have been made which is satisfactory to the Required Lenders and the Required Noteholders.

SECTION 8. DISCLAIMERS, INDEMNITY, ETC.

(a) The Collateral Agent shall have no duties or responsibilities as a trustee except those expressly set forth in this Agreement and the Security Documents. The Collateral Agent shall not be responsible to any Benefited Party for any recitals, statements, representations or warranties contained in any Financing Agreement or in any certificate or other document referred to or provided for in, or received by any of them under, any Financing Agreement, or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of any Financing Agreement or any other document referred to or provided for therein or any Lien under any of the Security Documents or the perfection or priority of any such Lien or for any failure by any Obligor, any Benefited Party or any other Person to perform any of its respective obligations under any Financing Agreement. Without limiting the foregoing, the Collateral Agent shall not be required to take any action under any Security Document, including, without limitation, any action to perfect any security interests granted in the Collateral pursuant to the Security Documents or to administer any Collateral unless instructed to do so by the Majority Benefited Parties. Neither the Collateral Agent nor any of its directors, officers, employees or agents shall be liable or responsible for any action taken or omitted to be taken by it or them hereunder or in connection herewith, except for the gross negligence or willful misconduct of any such Person.

(b) The Collateral Agent shall be entitled to rely upon any certification, notice or other communication (including any thereof by telephone or telecopy) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person or Persons, and upon advice and statements of independent legal counsel, independent accountants and other experts selected by the Collateral Agent. As to any matters not expressly provided for by this Agreement, the Collateral Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder in accordance with instructions signed by the Majority Benefited Parties, and such instructions of the Majority Benefited Parties, and any action taken or failure to act pursuant thereto, shall be binding on all Parties, Directing Parties and Non-Directing Parties.

(c) The Benefited Parties agree that they will indemnify the Collateral Agent in its capacity as the Collateral Agent, ratably in accordance with the amount of the Benefited Obligations held by such Benefited Parties to the extent neither reimbursed by Obligors under the Security Documents nor reimbursed out of any Proceeds pursuant to clause FIRST of Section 4(a) hereof, for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by or asserted against the Collateral Agent in any way relating to or arising out of this Agreement or any of the Security Documents or the enforcement of any of the terms of any thereof, including fees and expenses of counsel (including the allocated cost of internal counsel); provided, however, that no such Benefited Party shall be liable for any such payment to the extent the obligation to make such payment is found in a final judgment by a court of competent jurisdiction to have arisen solely from the Collateral Agent's gross negligence or willful misconduct.

(d) Except for action expressly required of the Collateral Agent hereunder, the Collateral Agent shall, notwithstanding anything to the contrary in Section 8(c) hereof, in all cases be fully justified in failing or refusing to act hereunder unless it shall be further indemnified to its reasonable satisfaction by the Parties against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action.

(e) The Collateral Agent may deem and treat the payee of any promissory note or other evidence of indebtedness or obligations relating to any Benefited Obligation as the owner thereof for all purposes hereof unless and until a written notice of the assignment or transfer thereof, signed by such payee and in form reasonably satisfactory to the Collateral Agent, shall have been delivered to the Collateral Agent. Any request, authority or consent of any Person who at the time of making such request or giving such authority or consent is the holder of any such note or other evidence of indebtedness or obligations shall be conclusive and binding on any subsequent holder, transferee or assignee of such note or other evidence of indebtedness or obligations and of any note or notes or other evidences of indebtedness or obligations issued in exchange therefor.

(f) Except as expressly provided herein and in the Security Documents, the Collateral Agent shall have no duty to take any affirmative steps with respect to the administration or collection of amounts payable in respect of the

Security Documents or the Collateral. The Collateral Agent shall incur no liability (except to the extent the actions or omissions of the Collateral Agent in connection therewith constitute gross negligence or willful misconduct) as a result of any sale of any Collateral, whether at any public or private sale.

(g) The Collateral Agent may resign at any time by giving at least 30 days' notice thereof to the Parties (such resignation to take effect upon the acceptance by a successor Collateral Agent of any appointment as the Collateral Agent hereunder) and the Collateral Agent may be removed as the Collateral Agent at any time by the Majority Benefited Parties; provided that if an Event of Default shall exist such removal may be effected by either (1) the Required Lenders or (2) the Required Noteholders. In the event of any such resignation or removal of the Collateral Agent, the Majority Benefited Parties shall thereupon have the right to appoint a successor Collateral Agent which is not a Benefited Party. If no successor Collateral Agent shall have been so appointed by the Majority Benefited Parties and shall have accepted such appointment within 30 days after the notice of the intent of the Collateral Agent to resign or the removal of the Collateral Agent, then the retiring Collateral Agent may, on behalf of the other Parties, appoint a successor Collateral Agent. Any successor Collateral Agent appointed pursuant to this clause shall be a commercial bank or other financial institution organized under the laws of the United States of America or any state thereof having (1) a combined capital and surplus of at least $250,000,000 and (2) a rating upon its long-term senior unsecured indebtedness of "A-2" or better by Moody's Investors Service, Inc. or "A" or better by Standard & Poor's Corporation.

Upon the acceptance by a successor Collateral Agent of any appointment as the Collateral Agent hereunder, such successor Collateral Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring or removed Collateral Agent, and the retiring or removed Collateral Agent shall thereupon be discharged

from its duties and obligations hereunder. After any retiring or removed Collateral Agent's resignation or removal hereunder as the Collateral Agent, the provisions of this Section 8 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Collateral Agent.

(h) In no event shall the Collateral Agent or any Party be liable or responsible for any funds or investments of funds held by the Obligors or any of their Affiliates.

(i) With respect to its pro rata share of the Benefited Obligations, Bank of America, N.A. (or its successor as the Collateral Agent), in its capacity as Lender shall have and may exercise the same rights and powers hereunder and is subject to the same obligations and liabilities as and to the extent set forth herein for any other Benefited Party, all as if Bank of America, N.A. were not appointed as the Collateral Agent pursuant hereto. The terms "Benefited Parties," "Lenders" or "Required Lenders" or any similar terms shall, unless the context clearly otherwise indicates, include the Collateral Agent or any Affiliate (or its successor as the Collateral Agent) in its capacity as Lender and in its individual capacity as a Benefited Party, Lender or one of the Required Lenders. Bank of America, N.A. and its Affiliates may lend money to, and generally engage in any kind of business with, any Obligor as if Bank of America, N.A. were not acting as the Collateral Agent pursuant hereto and without any duty to account therefor to the Benefited Parties. Without limiting the foregoing, each Benefited Party acknowledges that (i) Bank of America, N.A. is both a Lender and an agent under the Credit Agreement and a collateral agent under the Bank Security Documents, (ii) Bank of America, N.A. may continue to engage in any credit decisions with respect to the Credit Agreement and any Hedging Transaction under which it is a Lender without any duty to account therefor to the Benefited Parties by reason of its appointment as the Collateral Agent and (iii) Bank of America, N.A. is acting as a collateral agent under the Noteholders' Security Documents.

(j) Each Party acknowledges that it has, independently and without reliance upon the Collateral Agent or any other Party and based upon such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Financing Agreements to which it is a party. Each Party also acknowledges that it will, independently and without reliance upon the Collateral Agent or any other Party and based upon such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Financing Agreements to which it is a party.

SECTION 9. INVALIDATED PAYMENTS.

If any amount distributed by the Collateral Agent to a Benefited Party in accordance with the provisions of this Agreement is subsequently required to be returned or repaid by the Collateral Agent or such Benefited Party to the Obligors or any Affiliate thereof or their respective representatives or

successors in interest, whether by court order, settlement or otherwise (a "Repayment Event"), the Collateral Agent shall thereafter apply monies (including, without limitation, Proceeds) received in a manner consistent with the terms of this Agreement such that all Benefited Parties receive such portion of the payments as would have been received had the original payment which gave rise to such Repayment Event not occurred. If a

Repayment Event occurs which results in the Collateral Agent being required to return or repay any amount distributed by it under this Agreement, the Benefited Party to which such amount was distributed shall, promptly upon its receipt of a notice thereof from the Collateral Agent, pay the Collateral Agent such amount; provided, that if any Benefited Party shall fail to promptly pay such amount to the Collateral Agent, the Collateral Agent may deduct such amount from any amounts payable thereafter to such Benefited Party under this Agreement.

SECTION 10. MISCELLANEOUS.

(a) The Obligors acknowledge that they have actual notice of the terms of this Agreement, consent hereto, agree to be bound by the terms hereof and covenant with each of the Parties that they will at all times during the continuance hereof comply and act in accordance with the terms and provisions of this Agreement, and cause each of the other Obligors to do so. The Obligors also acknowledge that the terms of this Agreement are for the sole benefit of the Lenders and Noteholders, and that nothing in this Agreement shall be construed as conferring any rights upon the Obligors or any third party.

(b) All notices and other communications provided for herein shall be in writing and may be sent by overnight air courier, facsimile communication or United States mail and shall be deemed to have been given when delivered by overnight air courier, upon receipt of facsimile communication if concurrently with transmission of such facsimile, a copy thereof shall be sent by overnight courier to the address specified for such notice or communication, or five business days after deposit in the United States mail, registered or certified, with postage prepaid and properly addressed. For the purposes hereof, the addresses of the Parties hereto (until notice of a change thereof is delivered as provided in this Section 10(b)) shall (i) in the case of the Collateral Agent and the Agent, be as set forth under each such Party's name on the signature pages (including acknowledgments) hereof and (ii) in the case of the Noteholders, be as set forth in Schedule A to the Note Agreement or any supplement thereto.

(c) This Agreement may be amended, modified or waived only by an instrument or instruments in writing signed by the Required Noteholders, Agent and the Collateral Agent; provided, however, that Section 7 of this Agreement may not be amended or modified without the written consent of the Issuer.

(d) This Agreement shall be binding upon and inure to the benefit of the Collateral Agent, each Party and their respective successors and assigns. In the event that the holder of any Credit Obligation or Senior Note shall transfer such Credit Obligation or Senior Note, it shall promptly so advise the Collateral Agent and the Issuer. Each transferee of any Credit Obligation or Senior Note shall take such Credit Obligation or Senior Note subject to the provisions of this Agreement and to any request made, waiver or consent given or other action taken or authorized hereunder, by each previous holder of such Credit Obligation or Senior Note, prior to the receipt by the Collateral Agent of written notice of such transfer; and, except as expressly otherwise provided in such notice, the Collateral Agent and the Issuer shall be entitled to assume conclusively that the transferee named in such notice shall thereafter be vested with all rights and powers as a Party under this Agreement. Upon the written request of any Party, the Collateral

Agent will provide any Party with copies of any written notices of transfer received pursuant hereto.

(e) This Agreement shall continue to be effective among the Parties even though a case or proceeding under any bankruptcy or insolvency law or any proceeding in the nature of a receivership, whether or not under any insolvency law, shall be instituted with respect to the Issuer or any other Obligor, or any portion of the property or assets of the Issuer or any other Obligor, and all actions taken by the Parties with regard to such proceeding shall be by the Majority Benefited Parties; provided, however, that nothing herein shall be interpreted to preclude any Party from filing a proof of claim with respect to its Benefited Obligations or from casting its vote, or abstaining from voting, for or against confirmation of a plan of reorganization in a case of bankruptcy, insolvency or similar law in its sole discretion; provided further that in the event any Party fails to file a proof of claim, the Collateral Agent may file a proof of claim on behalf of such party in respect of a Benefited Obligation.

(f) Each Party hereto agrees to do such further acts and things and to execute and deliver such additional agreements, powers and instruments as any other Party hereto may reasonably request to carry into effect the terms, provisions and purposes of this Agreement or to better assure and confirm unto such other Party hereto its respective rights, powers and remedies hereunder.

(g) This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Agreement by signing any such counterpart. A telecopy of the signature of any party on any counterpart shall be effective as the signature of the party executing such counterpart for purposes of effectiveness of this Agreement.

(h) This Agreement shall become effective immediately upon execution by the Parties and shall continue in full force and effect among the Parties until one year following the date upon which all Benefited Obligations are irrevocably paid in full and all commitments under the Credit Agreement have been terminated.

(i) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF TEXAS.

(j) Headings of sections of this Agreement have been included herein for convenience only and should not be considered in interpreting this Agreement.

(k) Nothing in this Agreement or the Security Documents, expressed or implied, is intended or shall be construed to confer upon or give to any Person other than the Benefited Parties, any right, remedy or claim under or by reason of any such agreement or any covenant, condition or stipulation herein or therein contained.

(l) In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed as of the date and year first written above.

BANK OF AMERICA, N.A., as Collateral Agent

By

Name: Craig S. Wall
Title: Senior Vice President

Notice Address:

Bank of America, N.A.
Attn: Craig S. Wall
Telecopier No.: (713) 247-7748

BANK OF AMERICA, N.A., individually and as Administrative Agent for the Lenders

By

Name: Craig S. Wall
Title: Senior Vice President

Notice Address:

Bank of America, N.A.
Attn: Craig S. Wall
Telecopier No.: (713) 247-7748

---,

as a Noteholder

By

Name:
Title:

By

Name:
Title:

---,
as a Noteholder

By

Name:
Title:

The undersigned (the "Obligors") hereby acknowledge and agree to the foregoing terms and provisions contained in this Intercreditor Agreement. By executing this Intercreditor Agreement, the Obligors agree to be bound by the provisions thereof as they relate to the relative rights of the Benefited Parties as among such Benefited Parties; provided, however, that nothing in this Intercreditor Agreement shall amend, modify, change or supersede the respective terms of the Financing Agreements as between the Benefited Parties or any of them and the Obligors. In the event of any conflict or inconsistency between the terms of this Intercreditor Agreement and the Financing Agreements, the Financing Agreements shall govern as between the Benefited Parties thereto and the Obligors further agree that the terms of this Intercreditor Agreement shall not give the Obligors any substantive rights vis a vis any Benefited Party or the Collateral Agent and that it shall not use the violation of this Intercreditor Agreement by any of the Parties hereto as a defense to the enforcement by any Benefited Party under any Financing Agreement, nor assert such violation as a counterclaim or basis for set-off or recoupment against any of them. The Obligors further acknowledge and agree that the scope of the agency granted by this Intercreditor Agreement to the Collateral Agent hereunder is strictly limited by this Intercreditor Agreement and is a separate and distinct grant from the grants of agency contained in the Credit Agreement and the Noteholders' Security Agreement. By its execution hereof, the Obligors hereby represent to each of the Benefited Parties and the Collateral Agent that the execution, delivery and performance by the Obligors of the Note Agreement and the other Noteholder Documents does not constitute a violation of any of the provisions of the Credit Agreement or other Bank Documents.

[SUBSIDIARY GUARANTORS]

By

Title

QUANTA SERVICES, INC.

By

Title

FORM OF ACKNOWLEDGMENT TO

INTERCREDITOR AGREEMENT FOR SUCCESSOR LENDERS

Reference is hereby made to the Intercreditor Agreement dated as of March 23, 2000 (the "Agreement"), among Bank of America, N.A., as Agent for the Lenders party to the Credit Agreement and Bank of America, N.A., as the Collateral Agent, and the Noteholders party thereto and certain other Parties, if any, thereto. The undersigned Successor Lender or its agent has entered into a Credit Agreement dated as of _____ with Quanta Services, Inc. and desires the Credit Obligations with respect thereto to be secured by the Security Documents and constitute Benefited Obligations under the Agreement. The undersigned has obtained the consent of the Collateral Agent under the Agreement and acknowledges the terms of the Agreement and agrees to be bound thereby.

---,
as a Successor Lender

By

Title

Date

Notice Address:

Acknowledged and Agreed:

BANK OF AMERICA, N.A., as Collateral Agent

By

Title

Date

QUANTA SERVICES, INC.

By

Title

Date

(Other Obligors)

By

Title

Date

EXHIBIT A
(to Intercreditor Agreement)

FORM OF ACKNOWLEDGMENT TO

INTERCREDITOR AGREEMENT FOR ADDITIONAL NOTEHOLDERS

Reference is hereby made to the Intercreditor Agreement dated as of March 23, 2000 (the "Agreement"), among Bank of America, N.A., as Agent for the Lenders party to the Credit Agreement referenced therein and Bank of America, N.A., as the Collateral Agent, and the Noteholders party thereto and certain other Parties, if any, thereto. The undersigned has entered into a supplement to the Note Agreement with Quanta Services, Inc. and desires the issued thereunder to be secured by the Security Documents and constitute Benefited Obligations under the Agreement. The undersigned has obtained the consent of the Collateral Agent under the Agreement and acknowledges the terms of the Agreement and agrees to be bound thereby.

---,
as a Successor Lender

By

Title

Date

Notice Address:

Acknowledged and Agreed:

BANK OF AMERICA, N.A., as Collateral Agent

By

Title

Date

QUANTA SERVICES, INC.

By

Title

Date

(Other Obligors)

By

Title

Date

EXHIBIT B
(to Intercreditor Agreement)

EXHIBIT 10.19

LOCKUP AGREEMENT

THIS LOCKUP AGREEMENT (the "AGREEMENT") is entered into as of this __ day of January, by and among _____ (the "SHAREHOLDER") and Quanta Services, Inc., a Delaware corporation (the "COMPANY").

WHEREAS, the Shareholder holds common stock of the Company or securities convertible into or exercisable for common stock of the Company (collectively, "SECURITIES");

WHEREAS, the Company believes it is in the best interests of its stockholders to establish an orderly trading market for shares of the Company's common stock;

WHEREAS, the Company desires the Shareholder to refrain selling Securities held by the Shareholder to encourage orderly trading in shares of the Company's common stock;

NOW, THEREFORE, in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. LOCKUP OF SECURITIES. The Shareholder agrees, that without the prior written consent of the Company, that, until the earlier of the first anniversary of the date of this Agreement or a Change in Control (as defined in the Company's 1997 Stock Option Plan), the Shareholder will not make or cause any sale of any Securities listed on Exhibit I hereto which, as of the date of this Agreement, the Shareholder owns either of record or beneficially, and which the Shareholder has the power to control the disposition; provided, however, that the Shareholder may, without the Company's prior written consent, (i) sell or otherwise transfer Securities to UtiliCorp United Inc. or any of its wholly-owned subsidiaries, or (ii) make a gift of Securities without consideration to an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or (iii) transfer shares to an exchange fund if such transfer does not require the Shareholder to file a Form 144 pursuant to the rules of the Securities and Exchange Commission.

2. CONSIDERATION FOR LOCKUP. In consideration for the Shareholder agreeing to be bound by the terms of this Agreement, the Company will issue the Shareholder a non-qualified option to purchase shares of the Company's common stock under the Company's 1997 Stock Option Plan for one percent (1%) of that number of shares of common stock equal to the total number of shares of common stock subject to the terms of this Agreement (or deemed subject to this Agreement upon conversion or exercise of Securities held by the Shareholder). The option granted pursuant to this Section 2 shall be exercisable for ten (10) years from the date of grant, shall have an exercise price equal to the closing price for the Company's common stock on the date prior to the date of grant, shall be immediately vested and shall not be cancelable if the

Shareholder ceases to be employed or otherwise provide services to the Company. The date of grant shall be the date this grant is ratified by a committee of the Company's board of directors consisting solely of directors who are not employees of the Company and who will not be offered an agreement substantially similar to this Agreement contemporaneously with the date of this Agreement.

3. FAILURE TO ISSUE OPTION. Should the option required by Section 2 of this Agreement not be issued within 90 days of this Agreement, then this Agreement shall be null and void and of no further force and effect.

4. TRANSFER; SUCCESSOR AND ASSIGNS. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

5. GOVERNING LAW. This Agreement shall be governed by and construed under the laws of the State of Texas applicable to contracts entered into and fully to be performed in the State of Texas by residents of the State of Texas.

6. COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

7. TITLES AND SUBTITLES. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

8. NOTICES.

(a) All notices, requests, demands and other communications under this Agreement or in connection herewith shall be given or made upon (i) the Shareholder at such Shareholder's address set forth on the signature page hereto; and (ii) the Company at Quanta Services, Inc., 1360 Post Oak Boulevard, Suite 2100, Houston, Texas 77056, attention President and General Counsel.

(b) All notices, requests, demands and other communications given or made in accordance with the provisions of this Agreement shall be in writing, and shall be sent by overnight courier, or by facsimile with confirmation of receipt, and shall be deemed to be given or made when receipt is so confirmed.

(c) Any party may, by written notice to the other, alter its address or respondent, and such notice shall be given in accordance with the terms of this Section 8.

9. ATTORNEYS' FEES. If any action at law or in equity (including arbitration) is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled as determined by such court, equity or arbitration proceeding.

10. AMENDMENTS AND WAIVERS. Any term of this Agreement may be amended with the written consent of the Company and the Shareholder.

11. SEVERABILITY. If one or more provisions of this Agreement are held to be unenforceable under applicable law, portions of such provisions, or such provisions in their entirety, to the extent necessary, shall be severed from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

12. DELAYS OR OMISSIONS. No delay or omission to exercise any right, power or remedy accruing to any party to this Agreement, upon any breach or default of the other party to this Agreement shall impair any such right, power or remedy of such holder nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party to this Agreement of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any holder shall be cumulative and not alternative.

13. ENTIRE AGREEMENT. This Agreement and the documents referred to herein constitute the entire agreement between the parties hereto pertaining to the subject matter hereof, and any and all other written or oral agreements existing between the parties hereto are expressly canceled.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

QUANTA SERVICES, INC.

By: _____
Name:
Title:

_____
Shareholder

Address: _____

_____

EXHIBIT I

SECURITIES SUBJECT TO LOCKUP AGREEMENT

SECOND AMENDMENT AND CONSENT TO
THIRD AMENDED AND RESTATED SECURED CREDIT AGREEMENT

THIS SECOND AMENDMENT AND CONSENT TO THIRD AMENDED AND RESTATED SECURED CREDIT AGREEMENT (this "AMENDMENT") is entered into as of March 21, 2000, among QUANTA SERVICES, INC., a Delaware corporation ("BORROWER"), the Lenders, as defined below, and BANK OF AMERICA, N.A., f/k/a NationsBank, N.A., as administrative agent for the Lenders (in such capacity, the "AGENT"). Capitalized terms used but not defined in this Amendment have the meaning given such terms in the Credit Agreement (defined below).

RECITALS

A. The Borrower is party to that certain Third Amended and Restated Secured Credit Agreement dated as of June 14, 1999 (as amended by the First Amendment dated as of September 21, 1999, and as may be amended, restated or supplemented from time to time, the "CREDIT AGREEMENT"), among the Borrower, Agent, and the lenders from time to time parties thereto (each a "LENDER" collectively, "LENDERS").

B. The Borrower proposes to engage in a private offering of senior debt securities pursuant to the Note Purchase Agreement (defined below).

C. The Borrower and the Lenders have agreed to amend the Credit Agreement, to accommodate the issuance of such senior debt securities, subject to the terms and conditions set out in this Amendment.

D. The Borrower has requested certain other modifications to the Credit Agreement and the Lenders are willing to make such modifications, subject to the terms and conditions set out in this Amendment.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the undersigned agree as follows:

1. New Definitions. SECTION 1.1 of the Credit Agreement shall be amended to add the following new definitions:

> "NOTE PURCHASE AGREEMENT" means that certain Note Purchase Agreement dated as of March 1, 2000, among the Borrower, as issuer, and the purchasers listed on "Schedule A" attached thereto, as lenders, as may be amended, restated or supplemented from time to time.
>
> "SENIOR NOTES" means the notes, guarantees, and all other obligations now or hereafter arising under or pursuant to the Note Purchase Agreement."

2. Dividends and Negative Pledges. SECTION 6.10(A) of the Credit Agreement shall be deleted and replaced in its entirety as follows:

"(a) The Borrower shall not pay any dividends or other distributions on its capital stock other than those made wholly in the form of additional shares of the Borrower's capital stock, provided that, in respect of any stock split, the Borrower may make cash distributions in lieu of issuing fractional shares of capital stock which would otherwise result from such stock split."

3. Liens. SECTION 6.13 of the Credit Agreement shall be amended to delete the "and" at the end of clause (k); to delete the period at the end of clause (l); to add a semicolon and add "and" at the end of clause (l); and to add a clause (m) so that clauses (k), (l), and (m) read as follows:

> "(k) Liens created by the Credit Documents;
>
> (l) 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; and
>
> (m) Liens created in connection with the Senior Notes and the Note Purchase Agreement."

4. Indebtedness. SECTION 6.14 of the Credit Agreement shall be amended to delete the "and" at the end of clause (e); to delete the period at the end of clause (f); to add a semicolon and "and" at the end of clause (f); and add a clause (g) so that clauses (e), (f) and (g) read as follows:

> "(e) Indebtedness incurred in connection with Subordinated Debt Investments;

(f) 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; and

(g) Indebtedness not to exceed $400,000,000 at any time under the Senior Notes and the Note Purchase Agreement."

5. Loans, Advances and Investments. SECTION 6.15 of the Credit Agreement shall be amended to replace $1,000,000 with $2,500,000 in clause (g); to delete the "and" at the end of clause (h); to delete the period at the end of clause (i); to add a semicolon and "and" at the end of clause (i); and add a clause (j) so that clauses (g), (h), (i) and (j) read as follows:

"(g) Investments in Persons other than Borrower or its Subsidiaries, provided that all such Investments shall not exceed $2,500,000 at any one time;

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

(i) as permitted by SECTION 6.11; and

(j) Investments in Lightwave L.L.C., an Alabama limited liability company (or any of its successors or assigns), provided that all Investments (whether by cash or contribution of assets, but excluding the reinvestment of its retained earnings) after December 31, 1999 may not in the aggregate exceed $5,000,000."

6. Subordinated Debt Investment. SECTION 6.24 of the Credit Agreement shall be amended to delete each reference to the term "Change of Control" and in each case replace it with the defined term "Change in Control" so that such section shall read in its entirety as follows:

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 in Control within two (2) Business Days following any such Change in Control, 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 in 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.

7. Events of Default. SECTION 7.1 of the Credit Agreement shall be deleted and replaced in its entirety as follows (with the underlined portions showing new or revised language):

"Section 7.1 Events of Default. Any one or more of the following shall constitute an Event of Default:

(a) default by the Borrower in the payment of the principal amount of any Loan or any Reimbursement Obligation when it becomes due and payable under this Agreement, or in the payment of any interest thereon or any fees payable hereunder within five (5) days following the date when due;

(b) 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;

(c) 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;

(d) 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;

(e) 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;

(f) 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);

(g) 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) 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;

(h) 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;

(i) 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;

(j) 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;

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

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

(m) an Event of Default shall occur and be continuing under the Note Purchase Agreement, the Senior Notes, or any other document evidencing Indebtedness under the Senior Notes or the Note Purchase Agreement."

8. Schedules. SCHEDULE 5.20 to the Credit Agreement is deleted and is replaced by the SCHEDULE 5.20 attached to this Amendment.

9. Consent. Each Lender which signs this Amendment consents to the Agent entering into the following agreements on its behalf: (a) an intercreditor agreement with the purchasers of the Senior Notes, substantially in the form of EXHIBIT A attached hereto; (b) an omnibus first amendment to the Pledge Agreements, substantially in the form of EXHIBIT B; (c) an omnibus first amendment to the Security Agreements, substantially in the form of EXHIBIT C; (d) a first amendment to the Patent Collateral Assignment with Quanta Services of Canada Ltd., substantially in the form of EXHIBIT D; and (e) such other documents contemplated by the documents listed in clauses (a) through (d) above as the Agent or its counsel deems reasonable and necessary.

10. Exhibits. EXHIBIT 4.1B (Form of Pledge Agreement), EXHIBIT 4.1C (Form of Security Agreement) and EXHIBIT 4.1D (Form of Patent Collateral Assignment) of the Credit Agreement are hereby amended to reflect the changes set out in EXHIBIT B, EXHIBIT C, and EXHIBIT D, respectively, as attached to this Amendment.

11. Conditions. This Amendment shall not be effective until each of the following have been delivered to the Agent:

(a) this Amendment signed by the Borrower, Guarantors, and Majority Lenders;

(b) an intercreditor agreement substantially in the form of EXHIBIT A attached hereto signed by the Agent on behalf of the Lenders and the purchasers under the Note Purchase Agreement;

(c) a copy of the Note Purchase Agreement duly executed and delivered;

(d) such other documents as the Agent may reasonably request.

12. Fees and Expenses. The Borrower agrees to pay the reasonable fees and expenses of counsel to Agent for services rendered in connection with the preparation, negotiation and execution of this Amendment.

13. Representations and Warranties. The Borrower and Guarantors represent and warrant to the Lenders that they possess all requisite power and authority to execute, deliver and comply with the terms of this Amendment, which has been duly authorized and approved by all requisite corporate action on the part of the Borrower and Guarantors, for which no consent of any Person is required, and which will not violate their respective organizational documents, and agree to furnish the Lenders with evidence of such authorization and approval upon request. The Borrower and Guarantors further represent and warrant to the Lenders that (a) the representations and warranties in each Credit Document to which they are a party are true and correct in all material respects on and as of the date of this Amendment as though made on the date of this Amendment (except to the extent that (i) such representations and warranties speak to a specific date or (ii) the facts on which such representations and warranties are based have been changed by transactions contemplated by the Credit Agreement), (b) it is in full compliance with all covenants and agreements contained in each Credit Document to which it is a party, and (c) no Default or Event of Default has occurred and is continuing.

14. Scope of Amendment; Reaffirmation; Release. Except as affected by this Amendment, the Credit Documents are unchanged and continue in full force

and effect. However, in the event of any inconsistency between the terms of the Credit Agreement as hereby amended and any other Credit Document, the terms of the Credit Agreement shall control and such other document shall be deemed to be amended

hereby to conform to the terms of the Credit Agreement. All references to the Credit Agreement shall refer to the Credit Agreement as amended by this Amendment. The Borrower and Guarantors hereby reaffirm their respective obligations under, and agree that, all Credit Documents to which they are a party remain in full force and effect and continue to evidence their respective legal, valid and binding obligations enforceable in accordance with their terms (as the same are affected by this Amendment). The Borrower and Guarantors hereby release the Lenders from any liability for actions or failures to act in connection with the Credit Documents prior to the date hereof. This Amendment shall be binding upon and inure to the benefit of each of the undersigned and their respective successors and permitted assigns.

15. Miscellaneous.

(a) No Waiver of Defaults. This Amendment does not constitute a waiver of, or a consent to, any present or future violation of or default under, any provision of the Credit Documents, or a waiver of the Lenders' right to insist upon future compliance with each term, covenant, condition and provision of the Credit Documents, and the Credit Documents shall continue to be binding upon, and inure to the benefit of, the Borrower, Guarantors, and the Lenders and their respective successors and assigns.

(b) Form. Each agreement, document, instrument or other writing to be furnished Agent under any provision of this instrument must be in form and substance satisfactory to Agent and its counsel.

(c) Multiple Counterparts. This Amendment may be executed in any number of counterparts with the same effect as if all signatories have signed the same document. All counterparts must be construed together to constitute one and the same instrument.

(d) Governing Law. This Amendment and the other Credit Documents must be construed-and their performance enforced-under Texas law.

16. Entirety. THE CREDIT DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE BORROWER, GUARANTORS AND THE LENDERS AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS BY THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

The Amendment is executed as of the date set out in the preamble to this Amendment.

QUANTA SERVICES, INC.

By:

James H. Haddox
Chief Financial Officer

BANK OF AMERICA, N.A., as Administrative Agent
and as a Lender

By:

Craig S. Wall
Senior Vice President

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

By:

Name:
Title:

BANKBOSTON, N.A., as a Documentation Agent
and as Lender

By:

Name:
Title:

CREDIT LYONNAIS NEW YORK BRANCH, as a
Managing Agent and as a Lender

By:

Name:
Title:

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

By:

Name:
Title:

NATIONAL CITY BANK, as a Lender

By:

Michael J. Durbin
Vice President

LASALLE BANK NATIONAL ASSOCIATION, as a
Lender

By:

Richard J. Kress
Vice President

FIRST UNION NATIONAL BANK, as a Lender

By:

Name:
Title:

COMERICA BANK, as a Lender

By:

Mark B. Grover
Vice President

THE BANK OF TOKYO-MITSUBISHI, LTD., as a
Lender

By:

Name:
Title:

CHASE BANK OF TEXAS, N.A., as a Lender

By:

Name:

Title:

GUARANTY FEDERAL BANK, F.S.B., as a Lender

By: _____
Kevin J. Hanigan
Senior Vice President

SUNTRUST BANK, ATLANTA, as a Lender

By: _____
David Edge
Vice President

By: _____
Name:
Title:

BANKERS TRUST COMPANY, as a Lender

By: _____
Name:
Title:

Exhibit A - Form of Intercreditor Agreement
Exhibit B - Form of Omnibus Amendment
Exhibit C - Form of Omnibus Amendment
Exhibit D - Form of First Amendment

GUARANTORS' CONSENT AND AGREEMENT

As an inducement to the Lenders to execute, and in consideration of the Lenders' execution of this Amendment, each of the undersigned hereby consents to this Amendment and agrees that the same shall in no way release, diminish, impair, reduce or otherwise adversely affect the obligations and liabilities of the undersigned under their respective Guaranties described in the Credit Agreement executed by the undersigned, or any agreements, documents or instruments executed by any of the undersigned, all of which obligations and liabilities are, and shall continue to be, in full force and effect. This consent and agreement shall be binding upon the undersigned, and their respective successors and assigns, and shall inure to the benefit of the Lenders, and their respective successors and assigns.

Advanced Communication Technologies, Inc.
Arby Construction, Inc.
Austin Trencher, Inc.
CCLC, Inc.
Computapole, Inc.
Conti Communications, Inc.
Crown Fiber Communications, Inc.
Dillard Smith Construction Company
Driftwood Electrical Contractors, Inc.
Edwards Pipeline Company, Inc.
Environmental Professional Associates, Limited
Fiber Technology, Inc.
Five Points Construction Company
GEM Engineering Co., Inc.
Golden State Utility Co.
Grand Electric Company
H.L. Chapman Pipeline Construction, Inc.
Haines Construction Company
Harker & Harker, Inc.
Intermountain Electric, Inc.
Manuel Bros., Inc.
Network Communications Services, Inc.

NorAm Telecommunications, Inc.
North Pacific Construction Company
North Sky Communications
Northern Line Layers, Inc.
Pac West Construction, Inc.
PAR Electrical Contractors, Inc.
PDG Electric Company
Potelco, Inc.
QSI, Inc.
Quanta Acquisition XLV, Inc.
Quanta Delaware, Inc.
Quanta L Acquisition, Inc.
Quanta LI Acquisition, Inc.
Quanta LII Acquisition, Inc.
Quanta LIII Acquisition, Inc.
Quanta Services Management Partnership, L.P.
Quanta Utility Installation Co., Inc.
Quanta XLI Acquisition, Inc.
Quanta XLII Acquisition, Inc.
Quanta XLIII Acquisition, Inc.

Quanta XLIV Acquisition, Inc.
Quanta XLIX Acquisition, Inc.
Quanta XLVI Acquisition, Inc.
Quanta XLVII Acquisition, Inc.
Quanta XLVIII Acquisition, Inc.
Quanta XVII Acquisition, Inc.
Quanta XXXIX Acquisition, Inc.
R. A. Waffensmith & Co., Inc.
Ranger Directional, Inc.
S.K.S. Pipeliners, Inc.
Seaward Corporation
Spalj Construction Company
Specialty Drilling, Inc.
Sullivan Welding, Inc.
Sumter Builders, Inc.
Telecom Network Specialists, Inc.
The Ryan Company, Inc.
Tom Allen Construction Company
TRANS TECH Electric, Inc.
Trawick Construction Co.
TTM, Inc.
TVS Systems, Inc.
Underground Construction Co., Inc.
Utilco, Inc.
VCI Telecom, Inc.
W.H.O.M. Corporation
Wade D. Taylor, Inc.
West Coast Communications, Inc.
World Fiber, Inc.

By:

Brad Eastman, President or Vice President of each Guarantor

Coast To Coast, LLC

By: Environmental Professional Associates, Limited, Its Member

By:

Brad Eastman, Vice President

By: Quanta Services, Inc., Its Member

By:

Brad Eastman, Vice President

Quanta Services Management Partnership, L.P.

By: QSI, Inc., Its General Partner

By:

SCHEDULE 5.20

LIST OF EXISTING LIENS AND INDEBTEDNESS
(REVISED MARCH 21, 2000)

1. Liens listed on SCHEDULE 6.13.

2. Liens listed on Annex 1 to this SCHEDULE 5.20 which are to be released by no later than April 30, 2000.

3. The following Indebtedness:

Company	Amount	Creditor
PAR Electrical Contractors	286,729	Caterpillar
Potelco	367,556	First National Auto Leasing
Trans Tech	270,247	Norwest Equipment Financing
	79,405	National City Leasing
Union Power	183,155	Ford Motor Credit
Golden State Utility	172,673	Safeco Credit
	45,971	GMAC
	13,426	Case Credit
	32,808	Ford Motor Credit
NorAm Telecommunications	138,069	GMAC
	121,750	Case Credit
Environmental Professional Associates	88,203	Ford Motor Credit
Underground Construction	130,553	Caterpillar
	795,758	GE Capital
Sumter Builders	494,727	USL Fleet Services
Manuel Brothers	49,024	Al Manuel
	142,248	KDC Financial
Dillard Smith Construction	32,457	US Bancorp
	378,364	William Dillard Smith
	316,332	Caterpillar
PDG	136,933	CIT Group
Tom Allen Construction	678,076	Bank One Leasing
Chapman	18,625	Ford Motor Credit
	463,822	KDC Financial
	4,387,386	Safeco
	3,782,266	Financial Federal Credit
Total Indebtedness	13,606,563	

ANNEX 1 TO SCHEDULE 5.20

DEBTOR NAME/ADDRESS	Secured Party	Jurisdiction	Filing Number	Filing Date	Collateral
Advanced Communication Technologies, Inc.	AT&T Commercial Finance Corp.	Oregon	42602 UCC-1	10/11/96	blanket
	assigned to Finova Capital Corporation		42597 assignment		
Advanced Communication Technologies, Inc.	Finova Capital Corporation	Oregon	51646 UCC-1	7/17/98	blanket

Manuel Bros., Inc. 10/19/94 equipment	US Bancorp Leasing & Financial	California	431361025 UCC-1 9162C0360 cont 6/7/99 817560341 UCC-1 6/22/98	
Noram Telecommunications, Inc. 8/20/96 equipment	Case Credit Corporation	Oregon	35434 UCC-1 43809 UCC-1 10/22/96 78296 UCC-1 6/19/97 39481 UCC-1 9/19/96	
Noram Telecommunications, Inc. 6/9/97 equipment	Western Power & Equipment	Oregon	78296	
Noram Telecommunications, Inc. 10/11/96 blanket 15701 S.E. 135th Avenue 4/8/98 Clackamas, OR 97105	AT&T Commercial Finance Corporation assigned to Finova Capital Corporation 1060 First Avenue King of Prussia, PA 19406	Oregon	42597 UCC-1 42597 assignment	
Northern Line Layers 4/4/95 equipment	Modern Machinery	Montana	55798	
Northern Line Layers 4/6/99 equipment	Roland Machinery Company	Montana	59087	
TTM, Inc. f/k/a 6/1/92 blanket C&P Enterprises of Charlotte, Inc. d/b/a The Telephone Man 3/9/98 1000 Atando Ave Charlotte, NC 28206	Branch Banking and Trust Co. f/k/a Southern National Bank of N.C.	North Carolina	000894522 UCC-1 001447392 cont 4/7/97 01549196 amend	
Union Power Construction Company equipment 12/19/97 3/4/99	Associates Leasing, Inc.	Colorado	9982061271 9/28/98 9972118402 9992012289	
Union Power Construction Company 12/12/95 equipment	U.S. Bancorp Leasing and Financial	Colorado	52058020	
Valverde Communications, Inc. blanket	Sanwa Bank California	California	706460970 UCC-1 2/27/97	

</TABLE>

EXHIBIT 21.1

ORGANIZATION AND OWNERSHIP OF SHARES OF SUBSIDIARIES; AFFILIATES

<TABLE>
<CAPTION>

SUBSIDIARY	STATE OF INCORPORATION	STOCKHOLDER
<S>	<C>	<C>
Advanced Communication Technologies, Inc.	Oregon	NorAm Telecommunications, Inc.
Arby Construction, Inc.	Delaware	Quanta Services, Inc.
Austin Trencher, Inc.	Delaware	Quanta Services, Inc.
CCLC, Inc.	Delaware	Conti Communications, Inc.
Coast to Coast, L.L.C.	California	Environmental Professional Associates, Limited
Computapole, Inc.	Delaware	Quanta Services, Inc.
Conti Communications, Inc.	Delaware	Quanta Services, Inc.
Crown Fiber Communications, Inc.	Virginia	Quanta Services, Inc.
Dillard Smith Construction Company	Delaware	Quanta Services, Inc.
Driftwood Electrical Contractors, Inc.	Delaware	Quanta Services, Inc.
Edwards Pipeline Company, Inc.	Delaware	Quanta Services, Inc.
Environmental Professional Associates, Limited	California	Quanta Services, Inc.
Fiber Technology, Inc.	Texas	Quanta Services, Inc.
Five Points Construction Company	Delaware	Underground Construction Co., Inc.
GEM Engineering Co., Inc.	Delaware	Quanta Services, Inc.
Golden State Utility Co.	Delaware	Quanta Services, Inc.
Grand Electric Company	Delaware	Quanta Services, Inc.
H.L. Chapman Pipeline Construction, Inc.	Delaware	Quanta Services, Inc.
Haines Construction Company	Delaware	Quanta Services, Inc.
Harker & Harker, Inc.	Nevada	Quanta Services, Inc.
Intermountain Electric, Inc.	Colorado	Quanta Services, Inc.
Lake Norman Pipeline, LLC	North Carolina	Edwards Pipeline Company, Inc.

Manuel Bros., Inc.	Delaware	Quanta Services, Inc.
Network Communications Services, Inc.	Delaware	Quanta Services, Inc.
NorAm Telecommunications, Inc.	Oregon	Quanta Services, Inc.
North Pacific Construction Company	Delaware	Quanta Services, Inc.
North Sky Communications	Delaware	Quanta Services, Inc.
Northern Line Layers, Inc.	Delaware	Quanta Services, Inc.

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SUBSIDIARY	STATE OF INCORPORATION	STOCKHOLDER
<S>	<C>	<C>
Pac West Construction, Inc.	Delaware	Quanta Services, Inc.
PAR Electrical Contractors, Inc.	Missouri	Quanta Services, Inc.
PDG Electric Company	Florida	Quanta Services, Inc.
Potelco, Inc.	Washington	Quanta Services, Inc.
QSI, Inc.	Delaware	Quanta Services, Inc.
Quanta Acquisition XLV, Inc.	Delaware	Quanta Services, Inc.
Quanta Delaware, Inc.	Delaware	Quanta Services, Inc.
Quanta L Acquisition, Inc.	Delaware	Quanta Services, Inc.
Quanta LI Acquisition, Inc.	Delaware	Quanta Services, Inc.
Quanta LII Acquisition, Inc.	Delaware	Quanta Services, Inc.
Quanta LIII Acquisition, Inc.	Delaware	Quanta Services, Inc.
Quanta Services Management Partnership, L.P.	Texas	
Quanta Utility Installation Co., Inc.	Delaware	Quanta Services, Inc.
Quanta XLI Acquisition, Inc.	Delaware	Quanta Services, Inc.
Quanta XLII Acquisition, Inc.	Delaware	Quanta Services, Inc.
Quanta XLIII Acquisition, Inc.	Delaware	Quanta Services, Inc.
Quanta XLIV Acquisition, Inc.	Delaware	Quanta Services, Inc.
Quanta XLIX Acquisition, Inc.	Delaware	Quanta Services, Inc.

Quanta XLVI Acquisition, Inc.	Delaware	Quanta Services, Inc.
Quanta XLVII Acquisition, Inc.	Delaware	Quanta Services, Inc.
Quanta XLVIII Acquisition, Inc.	Delaware	Quanta Services, Inc.
Quanta XVII Acquisition, Inc.	Delaware	Quanta Services, Inc.
Quanta XXXIX Acquisition, Inc.	Delaware	Quanta Services, Inc.
R. A. Waffensmith & Co., Inc.	Delaware	Quanta Services, Inc.
Ranger Directional, Inc.	Delaware	Quanta Services, Inc.
S.K.S. Pipeliners, Inc.	Delaware	Quanta Services, Inc.
Seaward Corporation	Maine	Quanta Services, Inc.
Spalj Construction Company	Delaware	Quanta Services, Inc.
Specialty Drillling, Inc.	Delaware	Quanta Services, Inc.
Sullivan Welding, Inc.	Delaware	Quanta Services, Inc.
Sumter Builders, Inc.	Delaware	Quanta Services, Inc.
Telecom Network Specialists, Inc.	Delaware	Quanta Services, Inc.
The Ryan Company, Inc.	Massachusetts	Quanta Services, Inc.
Tom Allen Construction Company	Delaware	Quanta Services, Inc.
TRANS TECH Electric, Inc.	Indiana	Quanta Services, Inc.
Trawick Construction Co.	Florida	Quanta Services, Inc.
TTM, Inc.	North Carolina	Quanta Services, Inc.

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SUBSIDIARY	STATE OF INCORPORATION	STOCKHOLDER
<S>	<C>	<C>
TVS Systems, Inc.	Delaware	Quanta Services, Inc.
Underground Construction Co., Inc.	Delaware	Quanta Services, Inc.
Utilco, Inc.	Georgia	Quanta Services, Inc.
VCI Telecom, Inc.	Delaware	Quanta Services, Inc.
W.H.O.M. Corporation	California	Quanta Services, Inc.

Wade D. Taylor, Inc.	Delaware	Quanta Services, Inc.
West Coast Communications, Inc.	Delaware	Quanta Services, Inc.
World Fiber, Inc.	Delaware	Quanta Services, Inc.

</TABLE>

EXHIBIT 23.1
CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of our report included in this Form 10-K, into Quanta Services, Inc.'s previously filed Registration Statements on Form S-8 (File Nos. 333-47069, 333-56849 and 333-86375) and Form S-3 (File Nos. 333-81419 and 333-90961).

ARTHUR ANDERSEN LLP

Houston, Texas
March 29, 2000

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