UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(MARK ONE)

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2000

OR

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

FOR THE TRANSITION PERIOD FROM TO .

COMMISSION FILE NO. 001-13831

QUANTA SERVICES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	74-2851603
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1360 POST OAK BLVD.
SUITE 2100
HOUSTON, TEXAS 77056
(Address of principal executive offices)

Registrant's Telephone Number, Including Area Code: (713) 629-7600

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 [ ]

62,413,782 shares of Common Stock were outstanding as of August 10, 2000. As of the same date, 1,851,952 shares of Limited Vote Common Stock were outstanding.

QUANTA SERVICES, INC. AND SUBSIDIARIES

INDEX

QUANTA SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE INFORMATION)

<TABLE>
<CAPTION>

<S>	DECEMBER 31, 1999 <C>	JUNE 30, 2000 (UNAUDITED) <C>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 10,775	$ 2,373
Accounts receivable, net of allowance of $5,947 and $10,650	253,881	348,798
Costs and estimated earnings in excess of billings on uncompleted contracts	45,963	52,018
Inventories	8,741	11,560
Prepaid expenses and other current assets	15,703	17,416
Total current assets	335,063	432,165
PROPERTY AND EQUIPMENT, net	191,854	252,595
OTHER ASSETS, net	7,962	8,298
GOODWILL, net	624,757	742,799
Total assets	$1,159,636	$1,435,857
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ 6,664	$ 9,010
Accounts payable and accrued expenses	141,025	170,344
Billings in excess of costs and estimated earnings on uncompleted contracts	23,234	24,309
Total current liabilities	170,923	203,663
LONG-TERM DEBT, net of current maturities	150,308	251,701
CONVERTIBLE SUBORDINATED NOTES	49,350	--
DEFERRED INCOME TAXES AND OTHER NON-CURRENT LIABILITIES	32,130	32,812
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred Stock, $.00001 par value, 10,000,000 shares authorized: Series A Convertible Preferred Stock, 1,860,000 shares issued and outstanding	--	--
Common Stock, $.00001 par value, 100,000,000 shares authorized, 51,035,283 and 61,938,234 shares issued and outstanding, respectively	--	--
Limited Vote Common Stock, $.00001 par value, 3,345,333 shares authorized, 3,746,020 and 1,871,110 shares issued and outstanding, respectively	--	--
Additional paid-in capital	675,106	815,687
Retained earnings	81,819	131,994
Total stockholders' equity	756,925	947,681
Total liabilities and stockholders' equity	$1,159,636	$1,435,857

</TABLE>

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

QUANTA SERVICES, INC. AND SUBSIDIARIES

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

<TABLE>
<CAPTION>

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1999	2000	1999	2000
<S>	<C>	<C>	<C>	<C>
REVENUES	$193,821	$423,526	$321,600	$757,263

COST OF SERVICES (including depreciation)	150,249	324,890	255,120	585,946
Gross profit	43,572	98,636	66,480	171,317
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	17,895	33,515	29,877	63,466
MERGER RELATED CHARGES	6,437(a)	--	6,574(a)	--
GOODWILL AMORTIZATION	2,227	4,611	3,725	8,827
Income from operations	17,013	60,510	26,304	99,024
OTHER INCOME (EXPENSE):				
Interest expense	(3,437)	(6,410)	(5,661)	(10,943)
Other, net	358	838	678	1,387
INCOME BEFORE INCOME TAX PROVISION	13,934	54,938	21,321	89,468
PROVISION FOR INCOME TAXES	9,127(b)	23,843	13,091(b)	38,829
NET INCOME	4,807	31,095	8,230	50,639
DIVIDENDS ON PREFERRED STOCK	--	232	--	464
NET INCOME ATTRIBUTABLE TO COMMON STOCK	$ 4,807	$ 30,863	$ 8,230	$ 50,175
BASIC EARNINGS PER SHARE(c)	$ 0.11	$ 0.52	$ 0.20	$ 0.87
DILUTED EARNINGS PER SHARE(c)	$ 0.10	$ 0.42	$ 0.19	$ 0.70
DILUTED EARNINGS PER SHARE BEFORE MERGER CHARGES(c)(d)	$ 0.23	$ 0.42	$ 0.34	$ 0.70
SHARES USED IN COMPUTING EARNINGS PER SHARE:				
Basic(c)	45,112	58,860	42,030	57,410
Diluted(c)	51,711	75,496	48,435	73,985

</TABLE>

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(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.

(b) Reflects the non-deductibility of the merger related charges. In addition, for the six months ended June 30, 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.

(c) Share and earnings per share data have been restated to give effect to a 3-for-2 stock split as discussed in Note 1 to these condensed consolidated financial statements.

(d) Excludes the effect of all non-recurring merger related charges. Additionally, for the six months ended June 30, 1999, it excludes the non-cash, non-recurring deferred tax charge of $677,000 described in (b) above.

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

QUANTA SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

<TABLE>
<CAPTION>

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1999	2000	1999	2000
<S>	<C>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income attributable to common stock	$ 4,807	$ 30,863	$ 8,230	$ 50,175
Adjustments to reconcile net income attributable to common stock to net cash provided by operating activities --				
Depreciation and amortization	7,414	12,998	12,764	25,405
(Gain) loss on sale of property and equipment	(119)	276	(153)	57

Non-cash compensation charge for issuance of Common Stock (ESOP)	5,319	--	5,319	--
Deferred income tax provision	(476)	2,173	214	2,346
Preferred stock dividend	--	232	--	464
Changes in operating assets and liabilities, net of non-cash transactions --				
(Increase) decrease in --				
Accounts receivable, net	(20,095)	(40,764)	(32,093)	(66,991)
Costs and estimated earnings in excess of billings on uncompleted contracts	(1,156)	4,878	(12,031)	(608)
Inventories	(944)	(1,523)	(1,766)	(3,244)
Prepaid expenses and other current assets	60	870	(616)	193
Other, net	870	63	1,024	63
Increase (decrease) in --				
Accounts payable and accrued expenses	18,486	6,048	26,391	11,564
Billings in excess of costs and estimated earnings on uncompleted contracts	(4,510)	2,054	(2,034)	(167)
Net cash provided by operating activities	9,656	18,168	5,249	19,257
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale of property and equipment	194	359	481	885
Additions of property and equipment	(16,303)	(21,380)	(24,883)	(43,322)
Cash paid for acquisitions, net of cash acquired	(77,461)	(46,684)	(175,045)	(85,659)
Net proceeds from sale of business	--	--	--	2,410
Net cash used in investing activities	(93,570)	(67,705)	(199,447)	(125,686)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Net borrowings (payments) under bank lines of credit	89,360	50,138	113,765	(53,186)
Proceeds from other long-term debt	933	1,540	3,361	151,682
Payments on other long-term debt	(7,153)	(12,422)	(22,810)	(17,075)
Debt issuance costs	(1,659)	--	(1,659)	(2,104)
Issuances of stock, net of offering costs	--	5,140	101,119	9,373
Exercise of stock options	1,368	5,304	1,368	9,337
Net cash provided by financing activities	82,849	49,700	195,144	98,027
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,065)	163	946	(8,402)
CASH AND CASH EQUIVALENTS, beginning of period	5,257	2,210	3,246	10,775
CASH AND CASH EQUIVALENTS, end of period	$ 4,192	$ 2,373	$ 4,192	$ 2,373
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash paid for --				
Interest	$ 1,517	$ 3,263	$ 3,457	$ 7,246
Income taxes	4,874	26,403	10,312	37,255

</TABLE>

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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. References herein to the "Company" include Quanta and its subsidiaries. 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.

Since its inception and through 1999, Quanta has acquired 52 businesses. The Company has acquired 15 additional businesses through June 30, 2000 and intends to continue to acquire, through merger or purchase, similar companies to expand its national and regional operations.

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 the Company's industries, risks related to internal growth and operating strategies, risks related to acquisition financing and integration, 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 condensed 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 paid on April 7, 2000 to stockholders of record as of March 27, 2000.

Interim Condensed Consolidated Financial Information

These unaudited condensed consolidated financial statements have been prepared pursuant to the rules of the SEC. Certain information and footnote disclosures, normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States, have been condensed or omitted pursuant to those rules and regulations. The Company believes that the disclosures made are adequate to make the information presented not misleading. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary to fairly present the financial position, results of operations and cash flows with respect to the interim consolidated financial statements, have been included. The results of operations for the interim periods are not necessarily indicative of the results for the entire fiscal year. The results of the Company have historically been subject to significant seasonal fluctuations.

It is suggested that these condensed consolidated financial statements be read in conjunction with the audited financial statements and notes thereto of Quanta Services, Inc. and subsidiaries included in the Company's Annual Report on Form 10-K, which was filed with the SEC on March 30, 2000.

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.

2. PER SHARE INFORMATION:

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 the three and six months ended June 30, 1999 and 2000 is illustrated below (in thousands):

<TABLE>
<CAPTION>

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1999	2000	1999	2000
<S>	<C>	<C>	<C>	<C>
NET INCOME:				
Net income for basic earnings per share -- income attributable to common stockholders...............	$ 4,807	$30,863	$ 8,230	$50,175
Effect of Convertible Subordinated Notes under the "if converted" method -- interest expense addback, net of taxes.....................................	542	445	1,085	991
Dividends on Preferred Stock.........................	--	232	--	464
Net income for diluted earnings per shares...........	$ 5,349	$31,540	$ 9,315	$51,630
WEIGHTED AVERAGE SHARES:				
Weighted average shares outstanding for basic earnings per share...............................	45,112	58,860	42,030	57,410
Effect of dilutive stock options.....................	1,216	3,017	1,022	2,424
Effect of Convertible Subordinated Notes under the "if converted" method -- weighted convertible shares issuable...	5,383	4,319	5,383	4,851
Effect of conversion of Preferred Stock into common stock -- weighted convertible shares issuable.....	--	9,300	--	9,300
Weighted average shares outstanding for diluted earnings per share...............................	51,711	75,496	48,435	73,985

</TABLE>

3. INCOME TAXES:

Certain of the businesses the Company has acquired 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. Effective with the acquisitions, the S corporations converted to C corporations. Accordingly, an estimated deferred tax liability has been recorded to provide for the estimated future income tax liability as a result of 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. In addition, during 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 transaction.

4. 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.

5. DEBT:

Credit Facility

We currently have a $350 million credit facility with 14 banks. 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 7.75% at June 30, 2000) plus 1.00% to 2.00%, 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 9.5% at June 30, 2000) plus up to 0.25%, as determined by the ratio of the Company's total funded debt to EBITDA. Commitment fees of 0.25% to 0.50% (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 June 30, 2000, $85.8 million was borrowed under the credit facility, and the Company had $5.2 million of letters of credit outstanding, resulting in a borrowing availability of $259.0 million under the credit facility.

Senior Secured Notes

In March 2000, the Company closed a senior secured notes private placement 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 rank pari passu in right of repayment to Quanta's credit facility. The senior secured notes have financial covenants similar to the credit facility. Proceeds from this private placement were used to reduce outstanding borrowings under the credit facility.

Convertible Subordinated Notes

In October 1998, the Company entered into a strategic investment agreement with Enron Capital & Trade Resources Corp., a subsidiary of Enron Corp., pursuant to which Enron Capital & Trade Resources Corp. and an affiliate made an investment of $49.4 million in Quanta. The investment was in the form of Convertible Subordinated Notes bearing interest at 6 7/8% 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 & Trade Resources Corp. entered into a strategic alliance under which Enron Capital & Trade Resources Corp. 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 required quarterly interest payments and equal semi-annual principal payments beginning in 2006 until the notes are paid in full. The Company had the option to redeem the notes at a premium beginning in 2002.

In April 2000, UtiliCorp United Inc. ("UtiliCorp") purchased the $49.4

million Convertible Subordinated Notes from Enron Capital & Trade Resources Corp. and an affiliate. UtiliCorp converted the Convertible Subordinated Notes into approximately 5.4 million shares of Quanta's common stock on June 13, 2000.

6. SERIES A CONVERTIBLE PREFERRED STOCK:

In September 1999, the Company entered into a securities purchase agreement with UtiliCorp pursuant to which the Company issued 1,860,000 shares of Series A Convertible Preferred Stock, $.00001 par value per share, for an initial investment of $186,000,000, before transaction costs. The holders of the Series A Convertible 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 Convertible 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 Convertible 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 Convertible Preferred Stock converts into common stock. At any time after the sixth anniversary of the issuance of the Series A Convertible 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 Convertible 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 Convertible Preferred Stock are then convertible. Subject to certain limitations, UtiliCorp will be entitled to elect three of the total number of directors of the Company. All or any portion of the outstanding shares of Series A Convertible 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 currently is $20.00, yielding 9,300,000 shares of common stock upon conversion of all outstanding shares of Series A Convertible 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 Convertible Preferred Stock. During the six months ended June 30, 2000, UtiliCorp purchased 395,169 shares of common stock pursuant to these rights.

7. 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 several 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>

	SIX MONTHS ENDED JUNE 30,	
	1999	2000
	(IN THOUSANDS)	
<S>	<C>	<C>
Telecommunications network services	$106,743	$326,380
Cable television network services	8,879	98,444
Electric power network services	164,438	202,947
Ancillary services	41,540	129,492
	$321,600	$757,263

</TABLE>

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

8. RELATED PARTY TRANSACTIONS:

In September 1999, the Company entered into a strategic alliance agreement with UtiliCorp. Under the terms of the strategic alliance agreement, UtiliCorp will use the Company, subject to the Company's ability to perform the required services, as a preferred contractor in outsourced transmission and distribution infrastructure installation and maintenance and natural gas distribution installation and maintenance in all areas serviced by UtiliCorp, provided that the Company provides such services at a competitive cost. The strategic alliance agreement has a term of six years.

In addition to the strategic alliance agreement, the Company entered into a 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. As of June 30, 2000, payments owed to UtiliCorp under this arrangement were approximately $7.2 million.

9. SUBSEQUENT EVENTS:

Business Combinations

Subsequent to June 30, 2000 and through August 10, 2000, the Company has acquired three additional companies for an aggregate consideration of $80.9 million in cash and 71,542 shares of common stock. The cash portion of such consideration was provided by borrowings under the Company's credit facility.

Convertible Subordinated Notes

On July 19, 2000, the Company issued $150.0 million of convertible subordinated notes, plus an additional $22.5 million on August 7, 2000 which represents the exercise of the underwriters' over-allotment option. Net proceeds from the offering were used to repay outstanding indebtedness under the credit facility. The convertible subordinated notes bear interest at 4.0% and are convertible into shares of Quanta common stock at a price of $54.53 per share. The convertible subordinated notes require semi-annual interest payments beginning December 31, 2000, until the notes are due on July 1, 2007. The Company has the option to redeem the notes beginning July 3, 2003.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

The following discussion should be read in conjunction with the Condensed Consolidated Financial Statements and related notes thereto included elsewhere in this Quarterly Report on Form 10-Q. Except for the historical financial information contained herein, the matters discussed in this Quarterly Report on Form 10-Q 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 and our gross margins. 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 the risk factors identified in our Annual Report on Form 10-K, which was filed with the SEC on March 30, 2000, which is available at the SEC's Web site at www.sec.gov.

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.

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 cost 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 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 material costs more accurately than labor costs. Therefore, to compensate for the potential variability of labor costs, we seek to maintain higher margins on our 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, as of August 1, 2000, we will have a deductible of $500,000 per occurrence related to workers' compensation, automobile and general liability claims. 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.

RESULTS OF OPERATIONS

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

<TABLE>
<CAPTION>

	THREE MONTHS ENDED JUNE 30,				SIX MONTHS ENDED JUNE 30,			
	1999		2000		1999		2000	
	(DOLLARS IN THOUSANDS)							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues	$193,821	100.0%	$423,526	100.0%	$321,600	100.0%	$757,263	100.0%
Cost of services (including depreciation)	150,249	77.5	324,890	76.7	255,120	79.3	585,946	77.4
Gross profit	43,572	22.5	98,636	23.3	66,480	20.7	171,317	22.6
Selling, general and administrative expenses	17,895	9.2	33,515	7.9	29,877	9.3	63,466	8.4
Merger related charges	6,437	3.3	--	--	6,574	2.0	--	--
Goodwill amortization	2,227	1.2	4,611	1.1	3,725	1.2	8,827	1.2
Income from operations	17,013	8.8	60,510	14.3	26,304	8.2	99,024	13.0
Interest expense	(3,437)	(1.8)	(6,410)	(1.5)	(5,661)	(1.8)	(10,943)	(1.4)
Other income, net	358	0.2	838	0.2	678	0.2	1,387	0.2
Income before income tax provision	13,934	7.2	54,938	13.0	21,321	6.6	89,468	11.8
Provision for income taxes	9,127	4.7	23,843	5.7	13,091	4.1	38,829	5.1
Net income	$ 4,807	2.5%	$ 31,095	7.3%	$ 8,230	2.5%	$ 50,639	6.7%

</TABLE>

Consolidated Results for the Three and Six Months Ended June 30, 1999, Compared to the Three and Six Months Ended June 30, 2000.

Revenues. Revenues increased $229.7 million and $435.7 million, or 118.5% and 135.5% to $423.5 million and $757.3 million for the three and six months ended June 30, 2000. This increase was primarily attributable to revenues of $113.9 million and $191.6 million for the three and six months ended June 30, 2000 from platform companies acquired subsequent to June 30, 1999 which continued to exist as separate reporting subsidiaries, as well as a full period of contributed revenues for the six months ended June 30, 2000 for those companies acquired through June 30, 1999. In addition, we have experienced strong growth in key business areas as a result of greater demand for bandwidth, increased outsourcing, deregulation and industry convergence.

Gross profit. Gross profit increased $55.1 million and $104.8 million, or 126.4% and 157.7%, to $98.6 million and $171.3 million for the three and six months ended June 30, 2000. As a percentage of revenues, gross margin increased from 22.5% for the three months ended June 30, 1999 to 23.3% for the three months ended June 30, 2000. Gross margin increased from 20.7% for the six months ended June 30, 1999 to 22.6% for the six months ended June 30, 2000. 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 $15.6 million and $33.6 million, or 87.3% and 112.4%, to $33.5 million and $63.5 million for the three and six months ended June 30, 2000. Of this increase, $6.2 million and $11.0 million for the three and six months ended June 30, 2000, respectively, was attributable to the platform companies we acquired subsequent to June 30, 1999. Selling, general and administrative expenses also included a full period of costs in 2000 associated with those companies acquired during the first six months of 1999. The remainder of the increase was attributable to tuck-in acquisitions, the continued establishment of infrastructure to facilitate our growth and to integrate our acquired businesses and an increase in accruals associated with a company-wide incentive program that pays bonuses to management at the operating units and to corporate management for exceeding

their performance targets. As a percentage of revenues, selling, general and administrative expenses decreased due to better absorption of the fixed component of overhead costs by the higher level of revenues.

Interest expense. Interest expense increased $3.0 million and $5.3 million, or 86.5% and 93.3%, to $6.4 million and $10.9 million for the three and six months ended June 30, 2000 due to higher levels of debt resulting from the acquisitions of the companies we purchased subsequent to June 30, 1999. Funds were also borrowed under our credit facility for equipment purchases and other operating activities to support higher levels of revenue. In addition, interest expense increased due to higher interest rates on our credit facility and from the issuance of the senior secured notes.

Provision for income taxes. The provision for income taxes was $38.8 million for the six months ended June 30, 2000 with an effective tax rate of 43.4% compared to $13.1 million for the six months ended June 30, 1999 and an effective tax rate of 61.4%. 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 $26.3 million and $42.4 million, or 546.9% and 515.3%, to $31.1 million and $50.6 for the three and six months ended June 30, 2000 compared to $4.8 million and $8.2 million for the three and six months ended June 30, 1999.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2000, we had cash and cash equivalents of $2.4 million, working capital of $228.5 million and long-term debt of $251.7 million, net of current maturities, including borrowings of $150.0 million of senior secured notes and $85.8 million under the credit facility. We also had $5.2 million of letters of credit outstanding under the credit facility.

During the six months ended June 30, 2000, operating activities provided net cash flow of $19.3 million. Changes in working capital accounts are affected by the acquisitions throughout the year and as such are not comparable to prior periods. We used net cash in investing activities of $125.7 million, including $85.7 million used for the purchase of businesses, net of cash acquired and $43.3 million of additions to property. Financing activities provided a net cash flow of $98.0 million, resulting primarily from $150.0 million from the private placement of senior secured notes, partially offset by $70.3 million in repayments on our credit facility and on other long-term debt.

We currently have a $350 million credit facility with 14 banks. 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% to 2.00%, 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%, as determined by the ratio of our total funded debt to EBITDA. We owe commitment fees of 0.25% to 0.50% (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. As of August 10, 2000 we had no outstanding borrowings under the credit facility and $4.3 million of letters of credit outstanding, resulting in a borrowing availability of $345.7 million under the revolving credit facility.

In September 1999, we issued 1,860,000 shares of Series A Convertible Preferred Stock to UtiliCorp for an initial investment of $186,000,000, before transaction costs. The Series A Convertible 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.

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.

In April 2000, Utilicorp purchased $49.4 million principal amount of our Convertible Subordinated Notes from Enron Capital & Trade Resources Corp. and an affiliate. Utilicorp converted these notes into approximately 5.4 million shares of Quanta's common stock on June 13, 2000.

Between January 1, 2000 and June 30, 2000, we acquired 15 companies for an aggregate consideration of 2.6 million shares of common stock and $86.5 million in cash. The cash portion of such consideration was provided by borrowings under our credit facility. The timing, size or success of any acquisition effort and the associated potential capital commitments cannot be predicted.

On July 19, 2000, the Company issued $150.0 million of convertible subordinated notes, plus an additional $22.5 million on August 7, 2000 which represents the exercise of the underwriters' over-allotment option. Net proceeds from the offering were used to repay outstanding indebtedness under the credit facility. The convertible subordinated notes bear interest at 4.0% and are convertible into shares of Quanta common stock at a price of $54.53 per share. The convertible subordinated notes require semi-annual interest payments beginning December 31, 2000, until the notes are due on July 1, 2007. The Company has the option to redeem the notes beginning July 3, 2003.

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.

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 United States. 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.

PART II -- OTHER INFORMATION

QUANTA SERVICES, INC. AND SUBSIDIARIES

ITEM 2. CHANGES IN SECURITIES.

(b) Registered Sales of Securities.

On July 19, 2000, the Company sold, in an underwritten public offering, $150 million principal amount of 4% convertible subordinated notes due 2007. The convertible subordinated notes are convertible into shares of the Company's common stock at a price of $54.53 per share and require semi-annual interest payments beginning December 31, 2000, until the notes are due on July 1, 2007. The Company has the option to redeem the notes beginning July 3, 2003. The notes are subordinated to the Company's senior secured debt including the Company's revolving credit facility and senior secured notes. On August 7, 2000, the underwriters fully exercised their over-allotment option resulting in the Company issuing an additional $22.5 million principal amount of convertible subordinated notes.

(c) Unregistered Sales of Securities.

Between March 31, 2000, and June 30, 2000, the Company completed nine acquisitions in which some or all of the consideration was unregistered securities of the Company. The aggregate consideration paid in these transactions was $46.5 million in cash and 981,903 shares of common stock. None of these acquisitions were affiliated with each other prior to acquisition by the Company.

All securities listed on the following table were shares of common stock. The Company relied on Section 4(2) of the Securities Act of 1933, as amended, as the basis for exemption from registration. For all issuances, the purchasers were "accredited investors" as defined in Rule 501 promulgated pursuant to the Securities Act of 1933, as amended. All issuances were to the owners of businesses acquired in privately negotiated transactions or to UtiliCorp, not pursuant to public solicitation. The issuance to UtiliCorp was made pursuant to certain preemptive rights negotiated with UtiliCorp at the time of its initial investment in Series A Convertible Preferred Stock of the Company.

DATE	NUMBER OF SHARES	PURCHASERS	CONSIDERATION
4/10/00	133,934	One owner of Croce Electric Company, Inc.	Acquisition of Croce Electric Company, Inc.
4/16/00	209,546	Thirteen owners of Utilities Construction Co., Inc.	Acquisition of Utilities Construction Co.
4/20/00	208,995	UtiliCorp United Inc.	$5,139,619.88
4/28/00	220,697	Five owners of Eastern Communications Corp.	Acquisition of Eastern Communications Corp.
5/5/00	142,507	One owner of Southeast Pipeline Construction, Inc. and Southeast Pipeline Management Corporation	Acquisition of Southeast Pipeline Construction, Inc. and Southeast Pipeline Management Corporation
6/1/00	68,849	Two owners of Kuenzi Construction, Inc.	Acquisition of Kuenzi Construction, Inc.
6/8/00	121,878	Two owners of dot 05 Optical Communications, Inc.	Acquisition of dot 05 Optical Communications, Inc.

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DATE	NUMBER OF SHARES	PURCHASERS	CONSIDERATION
6/12/00	6,766	Two owners of Marlboro Cablevision Constructors, Inc.	Acquisition of Marlboro Cablevision Constructors, Inc.
6/14/00	55,108	Four owners of NetCom Management Group, Inc.	Acquisition of NetCom Management Group, Inc.
6/15/00	22,618	Two owners of Great Western Enterprises, Inc.	Acquisition of Great Western Enterprises, Inc.

</TABLE>

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

The Company held its annual meeting of stockholders in Houston, Texas on May 24, 2000. The following sets forth matters submitted to a vote of stockholders at the annual meeting:

(a) Nine members were elected to the Board of Directors, each to serve until the next annual meeting of the Company and until their respective successors have been elected and qualified. The following six individuals were elected to the Board of Directors by the holders of the common stock of the Company: James R. Ball, John R. Colson, John A. Martell, Gary A. Tucci, Michael T. Willis and John R. Wilson. The following two individuals were elected to the Board of Directors by the holders of the Series A Preferred Stock of the Company: Robert K. Green and James G. Miller. The holders of Limited Vote Common Stock of the Company elected Vincent D. Foster to the Board of Directors.

Every director elected by the holders of common stock was elected by a vote of at least 51,132,219 shares, being more than a plurality of the outstanding shares cast for or against, with a maximum of 585,214 shares voting against and no broker non-votes. Messrs. Green and Miller were each elected by a vote of 1,860,000 shares of the Series A Preferred Stock, being more than a plurality of the outstanding shares of Series A Preferred Stock cast for or against, with no shares voted against or abstaining. Mr. Foster was elected by a vote of 1,684,047 shares of the Limited Vote Common Stock, being more than a plurality of the outstanding shares of Limited Vote Common Stock cast for or against, with no shares voted against or abstaining.

(b) The stockholders approved the proposal to exchange shares of the Company's common stock held by UtiliCorp for shares of the Company's Series A Preferred Stock, and to amend the Certificate of Designation of the Company's Series A Preferred Stock so as to have sufficient shares of Series A Preferred Stock to effect the exchange and to decrease the amount per share on which dividends are calculated for the Series A Preferred Stock. The stockholders approved the proposal with a vote of (i) 47,573,845 votes of the Series A Preferred Stock, common stock, and Limited Vote Common Stock voting together, representing a majority of the aggregate votes entitled to be cast by the holders of all issued and outstanding shares of Series A Preferred Stock, common stock and Limited Vote Common Stock, (ii) 38,273,845 votes of the common stock and Limited Vote Common Stock voting together, representing a majority of the aggregate votes entitled to be cast by the holders of all issued and outstanding shares of common stock and Limited Vote Common Stock, and (iii) 9,300,000 votes of the Series A Preferred Stock, voting as a separate class, representing a majority of the aggregate votes entitled to be cast by the holder of all issued and outstanding shares of Limited Vote Common Stock. Holders of 926,542 shares of common stock voted against this proposal and holders of 85,718 shares of common stock abstained on this proposal.

(c) The stockholders approved the proposal to amend the Company's 1997 Stock Option Plan to include the Company's Limited Vote Common Stock and Series A Preferred Stock in the definition of "stock" with holders of shares representing 43,393,797 votes voting for the proposal, representing a majority of all votes cast for or against the proposal, with holders of 3,708,923 shares of common stock voting against the proposal and holders of 90,036 shares of common stock abstaining on the proposal.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits:

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EXHIBIT NUMBER	DESCRIPTION

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27.1	-- Financial data schedule

(b) Reports on Form 8-K.

On March 20, 2000, the Company filed a current report on Form 8-K regarding adoption of the Company's Shareholder Rights Plan.

SIGNATURE

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

QUANTA SERVICES, INC.

By: /s/ DERRICK A. JENSEN

Derrick A. Jensen
Vice President, Controller and
Chief Accounting Officer

Dated: August 14, 2000

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
27.1	-- Financial data schedule

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