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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 SEPTEMBER 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)

<TABLE>
<S> <C>

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

</TABLE>

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 [ ]

55,345,273 shares of Common Stock were outstanding as of November 9, 2000. As of the same date, 1,766,964 shares of Limited Vote Common Stock were outstanding.

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QUANTA SERVICES, INC. AND SUBSIDIARIES

INDEX

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QUANTA SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE INFORMATION)

<TABLE>
<CAPTION>

	DECEMBER 31, 1999	SEPTEMBER 30, 2000 (UNAUDITED)
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 10,775	$ 18,295
Accounts receivable, net of allowance of $5,947 and $15,316	253,881	411,958
Costs and estimated earnings in excess of billings on uncompleted contracts	45,963	65,525
Inventories	8,741	15,569
Prepaid expenses and other current assets	15,703	22,759
Total current assets	335,063	534,106
PROPERTY AND EQUIPMENT, net	191,854	317,416
OTHER ASSETS, net	7,962	14,738
GOODWILL, net	624,757	846,230
Total assets	$1,159,636	$1,712,490
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ 6,664	$ 11,395
Accounts payable and accrued expenses	141,025	202,270
Billings in excess of costs and estimated earnings on uncompleted contracts	23,234	28,304
Total current liabilities	170,923	241,969
LONG-TERM DEBT, net of current maturities	150,308	228,632
CONVERTIBLE SUBORDINATED NOTES	49,350	172,500
DEFERRED INCOME TAXES AND OTHER NON-CURRENT LIABILITIES	32,130	45,947
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred Stock, $.00001 par value, 10,000,000 shares authorized: Series A Convertible Preferred Stock, 1,860,000 and 3,444,961 shares issued and outstanding, respectively	--	--
Common Stock, $.00001 par value, 100,000,000 and 300,000,000 shares authorized, respectively, 51,035,283 and 55,229,490 shares issued and outstanding, respectively	--	--
Limited Vote Common Stock, $.00001 par value, 3,345,333 shares authorized, 3,746,020 and 1,768,164 shares issued and outstanding, respectively	--	--
Additional paid-in capital	675,106	850,990
Retained earnings	81,819	172,452
Total stockholders' equity	756,925	1,023,442
Total liabilities and stockholders' equity	$1,159,636	$1,712,490

</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	NINE MONTHS ENDED

	SEPTEMBER 30,		SEPTEMBER 30,	
	1999	2000	1999	2000
<S>	<C>	<C>	<C>	<C>
REVENUES	$271,788	$487,845	$593,388	$1,245,108
COST OF SERVICES (including depreciation)	205,689	368,462	460,809	954,408
Gross profit	66,099	119,383	132,579	290,700
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	23,604	36,040	53,481	99,506
MERGER RELATED CHARGES	--	--	6,574(a)	--
GOODWILL AMORTIZATION	3,186	5,337	6,911	14,164
Income from operations	39,309	78,006	65,613	177,030
OTHER INCOME (EXPENSE):				
Interest expense	(5,129)	(6,928)	(10,790)	(17,871)
Other, net	328	816	1,006	2,203
INCOME BEFORE INCOME TAX PROVISION	34,508	71,894	55,829	161,362
PROVISION FOR INCOME TAXES	15,345	31,202	28,436(b)	70,031
NET INCOME	19,163	40,692	27,393	91,331
DIVIDENDS ON PREFERRED STOCK	25	234	25	698
NET INCOME ATTRIBUTABLE TO COMMON STOCK	$ 19,138	$ 40,458	$ 27,368	$ 90,633
BASIC EARNINGS PER SHARE(c)	$ 0.38	$ 0.64	$ 0.61	$ 1.53
DILUTED EARNINGS PER SHARE(c)	$ 0.34	$ 0.53	$ 0.57	$ 1.23
DILUTED EARNINGS PER SHARE BEFORE MERGER CHARGES(c)(d)	$ 0.34	$ 0.53	$ 0.71	$ 1.23
SHARES USED IN COMPUTING EARNINGS PER SHARE:				
Basic(c)	49,821	63,351	44,655	59,410
Diluted(c)	57,239	78,696	51,402	75,571

</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 nine months ended September 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 nine months ended September 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 SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1999	2000	1999	2000
<S>	<C>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income attributable to common stock	$ 19,138	$ 40,458	$ 27,368	$ 90,633
Adjustments to reconcile net income attributable to				

common stock to net cash provided by operating activities --				
Depreciation and amortization	10,526	14,972	23,290	40,377
Gain on sale of property and equipment	(45)	(249)	(198)	(192)
Non-cash compensation charge for issuance of common stock (ESOP)	--	--	5,319	--
Deferred income tax provision	1,099	3,652	1,313	5,998
Preferred stock dividend	25	234	25	698
Changes in operating assets and liabilities, net of non-cash transactions --				
(Increase)decrease in --				
Accounts receivable, net	(15,129)	(29,173)	(47,222)	(96,164)
Costs and estimated earnings in excess of billings on uncompleted contracts	(9,790)	(10,811)	(21,821)	(11,419)
Inventories	94	(3,436)	(1,672)	(6,680)
Prepaid expenses and other current assets	1,565	(156)	949	37
Increase (decrease) in --				
Accounts payable and accrued expenses	17,534	3,171	43,925	14,735
Billings in excess of costs and estimated earnings on uncompleted contracts	2,366	3,990	332	3,823
Other, net	168	(438)	1,192	(375)
Net cash provided by operating activities	27,551	22,214	32,800	41,471
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale of property and equipment	1,047	301	1,528	1,186
Additions of property and equipment	(24,859)	(21,881)	(49,742)	(65,203)
Cash paid for acquisitions, net of cash acquired	(84,766)	(128,827)	(259,811)	(214,486)
Net proceeds from sale of business	--	--	--	2,410
Net cash used in investing activities	(108,578)	(150,407)	(308,025)	(276,093)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Net borrowings (payments) under bank lines of credit	(83,884)	(85,760)	29,881	(138,946)
Proceeds from other long-term debt	247	232,588	3,608	384,270
Payments on other long-term debt	(10,239)	(5,984)	(33,049)	(23,059)
Debt issuance costs	--	(5,854)	(1,659)	(7,958)
Issuances of stock, net of offering costs	182,179	8,696	283,298	18,069
Exercise of stock options	1,219	429	2,587	9,766
Net cash provided by financing activities	89,522	144,115	284,666	242,142
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,495	15,922	9,441	7,520
CASH AND CASH EQUIVALENTS, beginning of period	4,192	2,373	3,246	10,775
CASH AND CASH EQUIVALENTS, end of period	$ 12,687	$ 18,295	$ 12,687	$ 18,295
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash paid for --				
Interest	$ 6,788	$ 6,207	$ 10,245	$ 13,453
Income taxes	4,805	20,814	15,117	58,069

</TABLE>

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

QUANTA SERVICES, INC. AND SUBSIDIARIES

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 acquired 52 businesses. The Company has acquired 20 additional businesses through September 30, 2000 for an aggregate consideration of 3.3 million shares of common stock and $218.3 million in cash. The Company 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 and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect (i) the reported amounts of assets and liabilities, (ii) the disclosure of contingent assets and liabilities known to exist as of the date the financial statements are published and (iii) the reported amount of net sales and expenses recognized during the periods presented. The Company reviews all significant estimates affecting its consolidated financial statements on a recurring basis and records the effect of any necessary adjustments prior to their publication. Adjustments made with respect to the use of estimates often relate to improved information not previously available. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of financial statements. The accompanying consolidated balance sheets include preliminary allocations of the

respective purchase price paid for the companies acquired during the latest 12 months using the "purchase" method of accounting and, accordingly, are subject to final adjustment.

Self-Insurance

As of August 1, 2000, the Company entered into agreements to insure the Company for workers' compensation, employer's liability, auto liability and general liability, subject to a deductible of $500,000 per accident or occurrence. Losses up to the deductible amounts are accrued based upon the Company's estimates of the ultimate liability for claims incurred and an estimate of claims incurred but not reported. The accruals are based upon known facts and historical trends and management believes such accruals to be adequate.

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 nine months ended September 30, 1999 and 2000 is illustrated below (in thousands):

<TABLE>
<CAPTION>

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1999	2000	1999	2000
<S>	<C>	<C>	<C>	<C>
NET INCOME:				
Net income for basic earnings per share -- income attributable to common stockholders	$19,138	$40,458	$27,368	$90,633
Effect of Convertible Subordinated Notes under the "if converted"				

method -- interest expense addback, net of taxes	554	847	1,662	1,838
Dividends on Preferred Stock	25	234	25	698
Net income for diluted earnings per shares	$19,717	$41,539	$29,055	$93,169
WEIGHTED AVERAGE SHARES:				
Weighted average shares outstanding for basic earnings per share	49,821	63,351	44,655	59,410
Effect of dilutive stock options	1,024	2,529	1,022	2,459
Effect of Convertible Subordinated Notes under the "if converted" method -- weighted convertible shares issuable	5,383	2,482	5,383	4,055
Effect of conversion of Preferred Stock into common stock -- weighted convertible shares issuable	1,011	10,334	342	9,647
Weighted average shares outstanding for diluted earnings per share	57,239	78,696	51,402	75,571

</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 December 1999, the Securities and Exchange Commission staff issued Staff Accounting Bulletin No. 101 (SAB 101). The staff has deferred the implementation date of SAB 101 until no later than the fourth quarter of fiscal years beginning after December 15, 1999. SAB 101 reflects the basic principles of revenue recognition in existing U.S. generally accepted accounting principles. SAB 101 does not supersede any existing authoritative literature. Management has reviewed the staff's views presented in SAB 101 and does not believe the adoption of SAB 101 will have a material impact on the financial position or results of operations of the Company.

SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended, is required to be adopted for fiscal years beginning after June 15, 2000. Management has reviewed the provisions of the statement and 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 7.69% at September 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 September 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 September 30, 2000, there were no amounts borrowed under the credit facility, and the Company had $6.3 million of letters of credit outstanding, resulting in a borrowing availability of $343.7 million under the credit facility.

Senior Secured Notes

In March 2000, the Company closed a senior secured notes private placement primarily with insurance companies for $150.0 million. In September 2000, the Company issued $60.0 million of additional notes for an aggregate total of $210.0 million. The senior secured notes have maturities ranging from five to ten years with a weighted average interest rate of 8.41% 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 the private placements were used to reduce outstanding borrowings under the 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 the Company's 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.

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 $186.0 million, before transaction costs. In September 2000, UtiliCorp converted 7,924,805 shares of common stock into an additional 1,584,961 shares of Series A Convertible Preferred Stock at a rate of one share of Series A Convertible Preferred Stock for five shares of common stock. 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 $53.99 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 17,224,805 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 had 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 nine months ended September 30, 2000, UtiliCorp purchased 519,182 shares of common stock pursuant to these rights. In October 2000, UtiliCorp's right to purchase additional securities from the Company to maintain a percentage ownership of the Company represented by the Series A Convertible Preferred Stock terminated.

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. Certain reclassifications have been made to the prior period in order to conform to the current period.

<TABLE>
<CAPTION>

	NINE MONTHS ENDED SEPTEMBER 30,	
	1999	2000
	(IN THOUSANDS)	
<S>	<C>	<C>
Telecommunications	$221,288	$ 525,536
Cable television	44,041	204,994
Electric power	211,464	349,260
Ancillary	116,595	165,318
	$593,388	$1,245,108

</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 in September 1999. 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 September 30, 2000, payments owed to UtiliCorp under this arrangement were approximately $9.6 million.

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 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 SEPTEMBER 30,				NINE MONTHS ENDED SEPTEMBER 30,			
	1999		2000		1999		2000	
	(DOLLARS IN THOUSANDS)							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues	$271,788	100.0%	$487,845	100.0%	$593,388	100.0%	$1,245,108	100.0%
Cost of services (including depreciation)	205,689	75.7	368,462	75.5	460,809	77.7	954,408	76.7
Gross profit	66,099	24.3	119,383	24.5	132,579	22.3	290,700	23.3
Selling, general and administrative expenses	23,604	8.7	36,040	7.4	53,481	9.0	99,506	8.0
Merger related charges	--	--	--	--	6,574	1.1	--	--
Goodwill amortization	3,186	1.1	5,337	1.1	6,911	1.1	14,164	1.1
Income from operations	39,309	14.5	78,006	16.0	65,613	11.1	177,030	14.2
Interest expense	(5,129)	(1.9)	(6,928)	(1.4)	(10,790)	(1.8)	(17,871)	(1.4)
Other income, net	328	0.1	816	0.1	1,006	0.1	2,203	0.1

Income before income tax provision	34,508	12.7	71,894	14.7	55,829	9.4	161,362	12.9
Provision for income taxes	15,345	5.6	31,202	6.4	28,436	4.8	70,031	5.6
Net income	$ 19,163	7.1%	$ 40,692	8.3%	$ 27,393	4.6%	$ 91,331	7.3%

</TABLE>

Consolidated Results for the Three and Nine Months Ended September 30, 1999, Compared to the Three and Nine Months Ended September 30, 2000.

Revenues. Revenues increased $216.1 million and $651.7 million, or 79.5% and 109.8% to $487.8 million and $1.2 billion for the three and nine months ended September 30, 2000. This increase was primarily attributable to revenues of $92.1 million and $151.1 million for the three and nine months ended September 30, 2000 from platform companies acquired subsequent to September 30, 1999 which continued to exist as separate reporting subsidiaries, as well as a full period of contributed revenues for the nine months ended September 30, 2000 for those companies acquired through September 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 $53.3 million and $158.1 million, or 80.6% and 119.3%, to $119.4 million and $290.7 million for the three and nine months ended September 30, 2000. As a percentage of revenues, gross margin increased from 24.3% for the three months ended September 30, 1999 to 24.5% for the three months ended September 30, 2000. Gross margin increased from 22.3% for the nine months ended September 30, 1999 to 23.3% for the nine months ended September 30, 2000. This increase in our gross margin for the nine months ended September 30, 2000 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 $12.4 million and $46.0 million, or 52.7% and 86.1%, to $36.0 million and $99.5 million for the three and nine months ended September 30, 2000. Of this increase, $6.5 million and $11.3 million for the three and nine months ended September 30, 2000, respectively, was attributable to the platform companies we acquired subsequent to September 30, 1999. Selling, general and administrative expenses also included a full period of costs in 2000 associated with those companies acquired during the first nine months of 1999. 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 decreased due to better absorption of the fixed component of overhead costs by the higher level of revenues.

Interest expense. Interest expense increased $1.8 million and $7.1 million, or 35.1% and 65.6%, to $6.9 million and $17.9 million for the three and nine months ended September 30, 2000 due to higher levels of debt resulting from the acquisitions of the companies we purchased subsequent to September 30, 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 subsequent to September 30, 1999 and to support higher levels of revenue. These increases were partially offset by lower interest rates on the convertible subordinated notes issued in July 2000 than those converted in June 2000.

Provision for income taxes. The provision for income taxes was $70.0 million for the nine months ended September 30, 2000 with an effective tax rate of 43.4% compared to $28.4 million for the nine months ended September 30, 1999 and an effective tax rate of 50.9%. 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 $21.5 million and $63.9 million, or 112.3% and 233.4%, to $40.7 million and $91.3 million for the three and nine months ended September 30, 2000 compared to $19.2 million and $27.4 million for the three and nine months ended September 30, 1999.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2000, we had cash and cash equivalents of $18.3 million, working capital of $292.1 million and long-term debt of $228.6 million, net of current maturities, with no amounts borrowed under the credit facility. We had $6.3 million of letters of credit outstanding under the credit facility. In addition, we had $172.5 million of Convertible Subordinated Notes.

During the nine months ended September 30, 2000, operating activities provided net cash flow of $41.5 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 $276.1 million, including $214.5 million used for the purchase of businesses, net of cash acquired. Financing activities provided a net cash flow of $242.1 million, resulting primarily from $210.0 million from the private placement of senior secured notes and the issuance of $172.5 million of Convertible Subordinated Notes, partially offset by $138.9 million in repayments of our 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 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 November 9, 2000 we had no outstanding borrowings under the credit facility and $17.0 million of letters of credit outstanding, resulting in a borrowing availability of $333.0 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 $186.0 million, 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 in September 1999 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 primarily with insurance companies for $150.0 million. In September 2000, the Company issued $60.0 million of additional notes for an aggregate total of $210.0 million. The senior secured notes have maturities ranging from five to ten years with a weighted average interest rate of 8.41% 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.

On July 19, 2000, we 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. We used the net proceeds from the offering to repay outstanding indebtedness under the credit facility. The convertible subordinated notes bear interest at 4.0% and are convertible into shares of 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. We have the option to redeem the notes beginning July 3, 2003.

Between January 1, 2000 and September 30, 2000, we acquired 20 companies for an aggregate consideration of 3.3 million shares of common stock and $218.3 million in cash. The cash portion of such consideration was provided by borrowings under our senior notes credit facility. The timing, size or success of any acquisition effort and the associated potential capital commitments cannot be predicted.

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 $150 million principal amount of 4% Convertible Subordinated Notes due 2007 in an underwritten public offering. 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.

On September 11, 2000, the Company sold $60 million principal of senior secured notes with maturities of five to ten years and a weighted average interest rate of 8.13%. The senior secured notes require semi-annual interest payments beginning March 1, 2001, until the notes are due. The senior secured notes are pari passu to the Company's revolving credit facility and other senior secured notes. The Company relied on Section 4(2) of the Securities Act of 1933, as amended, as the basis for exemption from registration as all the purchasers were "accredited investors" as defined in Rule 501 promulgated pursuant to the Securities Act of 1933, as amended.

Between July 1, 2000, and September 30, 2000, the Company completed four acquisitions in which some or all of the consideration was unregistered securities of the Company. The aggregate consideration paid in these transactions was $64.4 million in cash and 715,707 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.

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DATE	NUMBER OF SHARES	PURCHASERS	CONSIDERATION
<S>	<C>	<C>	<C>

07/01/00	21,297	7 owners of Tjader & Highstrom, Inc.	Acquisition of Tjader & Highstrom, Inc.
08/01/00	50,245	2 owners of Logical Link, Inc.	Acquisition of Logical Link, Inc.
08/14/00	124,013	UtiliCorp United Inc.	$6,004,173.56
08/23/00	21,943	1 owner of Pinnacle Construction, Inc.	Acquisition of Pinnacle Construction, Inc.
08/29/00	622,222	3 owners of Mears Group, Inc.	Acquisition of Mears Group, Inc.

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

The Company held a special meeting of stockholders in Houston, Texas on September 15, 2000. At the special meeting the stockholders approved the proposal to increase the number of authorized shares of common stock from 100,000,000 shares to 300,000,000 shares. The stockholders approved the proposal with a vote of (i) 57,320,887 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 holders of all issued and outstanding shares of Series A Preferred Stock, common stock and Limited Vote Common Stock, voting together, (ii) 47,898,462 votes of the common stock, voting as a separate class, representing a majority of the

aggregate votes entitled to be cast by holders of all issued and outstanding shares of 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 Series A Preferred Stock. Holders of 3,549,412 shares of common stock voted against this proposal and holders of 271,717 shares of common stock abstained on this proposal. Holders of 365,091 shares of Limited Vote Common Stock voted against this proposal.

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

(a) Exhibits:

EXHIBIT NUMBER	DESCRIPTION
3.2	-- Amended and Restated Bylaws
10.2	-- Amended and Restated 1997 Stock Option Plan
27.1	-- Financial data schedule

(b) Reports on Form 8-K.

On July 12, 2000, the Company filed a current report on Form 8-K regarding certain acquisitions by the Company.

On July 26, 2000, the Company filed a current report on Form 8-K regarding the issuance of 4% Convertible Subordinated Notes.

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: November 14, 2000

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
3.2	-- Amended and Restated Bylaws

	10.2	-- Amended and Restated 1997 Stock Option Plan
	27.1	-- Financial data schedule

</TABLE>

EXHIBIT 3.2

AMENDED AND RESTATED BYLAWS

OF

QUANTA SERVICES, INC.

AUGUST 23, 2000

TABLE OF CONTENTS

<TABLE>
<CAPTION>
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<C>

</TABLE>

<TABLE>
<CAPTION>

</TABLE>

AMENDED AND RESTATED BYLAWS

OF

QUANTA SERVICES, INC.

ARTICLE I

OFFICES

SECTION 1.1 REGISTERED OFFICE. The registered office and registered agent of Quanta Services, Inc. (the "Corporation") required to be maintained in the State of Delaware by the General Corporation Law of the State of Delaware (the "DGCL"), will be as from time to time set forth in the Corporation's Certificate of Incorporation (as may be amended from time to time) or in any certificate filed with the Secretary of State of the State of Delaware, and the appropriate county Recorder or Recorders, as the case may be, to amend such information.

SECTION 1.2 OTHER OFFICES. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

STOCKHOLDERS

SECTION 2.1 PLACE OF MEETINGS. All meetings of the stockholders for the election of Directors will be held at such place, within or without the State of Delaware, or, if so determined by the Board in its sole discretion, at no place (but rather by means of remote communication), as may be fixed from time to time by the Board of Directors. Meetings of stockholders for any other purpose may be held at such time and place, within or without the State of Delaware or, if so determined by the Board in its sole discretion, at no place (but rather by means of remote communication), as may be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

SECTION 2.2 ANNUAL MEETING. An annual meeting of the stockholders will be held at such time as may be determined by the Board of Directors, at which meeting the stockholders will elect a Board of Directors, and transact such other business as may properly be brought before the meeting pursuant to these Bylaws.

SECTION 2.3 LIST OF STOCKHOLDERS. At least ten days before each meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order, with the address of and the number of voting shares registered in the name of each, will be prepared by the officer or agent having charge of the stock transfer books. Such list will be open to the examination of any stockholder, for any purpose germane to the meeting, as required by applicable law. If the meeting is to be held at a place, such list will be produced and kept open at the time and

place of the meeting during the whole time thereof, and will be subject to the inspection of any stockholder who may be present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

SECTION 2.4 SPECIAL MEETINGS. Special meetings of the stockholders of the Corporation may be called only by the Chairman of the Board of Directors and shall be called within ten (10) days after receipt of the written request of the Board of Directors, pursuant to a resolution approved by a majority of the whole Board of Directors. Business transacted at all special meetings will be confined to the purpose stated in the notice of the meeting. The Board of Directors or, in the absence of action by the Board of Directors, the Chairman of the Board shall have the sole power to determine the date, time and place for any special meeting of stockholders. Following such determination, it shall be the duty of the Secretary to cause notice to be given to the stockholders entitled to vote at such meeting, that a meeting will be held at the place, time and date and in accordance with the record date determined by the Board of Directors or the Chairman of the Board. Except to the extent specified in the Certificate of Incorporation or the resolutions of the Board of Directors creating any class or series of preferred stock of the Corporation, stockholders of the Corporation may not call a special meeting.

SECTION 2.5 NOTICE. Notice stating the place, if any, day, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting and hour of any meeting of the stockholders and, in case of a special meeting, the purpose or purposes for which the meeting is called, will be delivered not less than ten nor more than sixty days before the date of the meeting, in accordance with applicable law, by or at the direction of the Chairman of the Board, the Chief Executive Officer, the Secretary, or the officer or person calling the meeting, to each stockholder of record entitled to vote at the meeting. If mailed, such notice will be deemed to be delivered when deposited in the United States mail, addressed to the stockholder at his address as it appears on the stock transfer books of the Corporation, with the postage thereon prepaid.

SECTION 2.6 QUORUM OF STOCKHOLDERS. Except as otherwise provided by any statute, the Certificate of Incorporation or these Bylaws, the holders of a majority of all outstanding shares of stock entitled to vote at any meeting of stockholders, present in person or represented by proxy, shall constitute a quorum for the transaction of any business at such meeting. Shares of its own stock belonging to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the Corporation or any subsidiary of the Corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity. The chair of the meeting shall have the power and duty to determine whether a quorum is present at any stockholder meeting.

SECTION 2.7 CONDUCT OF MEETINGS. Meetings of stockholders shall be presided over by the Chairman or by another chair designated by the Board. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be determined by the chair of the meeting and announced at the meeting. The Board may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board, the chair of any meeting of stockholders shall have the exclusive right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chair, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the chair of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the chair of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board or the chair of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

SECTION 2.8 ADJOURNMENT OF MEETING. Any meeting of stockholders, annual or special, may be adjourned solely by the chair of the meeting from time to time to reconvene at the same or some other time, date and place. The stockholders present at a meeting shall not have authority to adjourn the meeting. Notice need not be given of any such adjourned meeting if the time, date and place, if any, thereof and the means of remote communications, if any, by which the stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. If the time, date and place of the adjourned meeting are not announced at the meeting at which the adjournment is taken, if the adjournment is for more than 30 days or if after the adjournment a new record date is fixed for the adjourned meeting, then the Secretary shall give notice of the adjourned meeting as provided in Section 2.5, not less than ten (10) days prior to the date of the adjourned meeting.

SECTION 2.9 VOTING. When a quorum is present at any meeting of the Corporation's stockholders, the vote of the holders of a majority of the shares entitled to vote on, and voted for or against any matter will decide any questions brought before such meeting, unless the question is one upon which, by express provision of law, the Certificate of Incorporation, or these Bylaws, the rules or regulations of any stock exchange applicable to the Corporation or pursuant to any regulation applicable to the Corporation or its securities, a different vote is required, in which case such express provision will govern and control the decision of such question. The stockholders present in person or by proxy at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

SECTION 2.10 METHOD OF VOTING. Each outstanding share of the Corporation's capital stock, regardless of class, will be entitled to one vote on each matter submitted to a vote at a meeting of

stockholders, except to the extent that the voting rights of the shares of any class or classes are limited or denied by the Certificate of Incorporation, as amended from time to time. At any meeting of the stockholders, every stockholder having the right to vote will be entitled to vote in person or by proxy. Each proxy will be revocable unless expressly provided therein to be irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the Corporation generally. Voting at meetings of stockholders need not be by written ballot.

SECTION 2.11 RECORD DATE. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action other than stockholder action by written consent, the Board of Directors may fix a record date, which record date shall

not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date: (i) in the case of determination of stockholders entitled to vote at any meeting of stockholders or adjournment thereof, shall, unless otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting, and (ii) in the case of any other lawful action other than stockholder action by written consent, shall not be more than sixty days prior to such other action. If no record date is fixed by the Board of Directors: (i) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and (ii) the record date for determining stockholders for any other purpose (other than stockholder action by written consent) shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

SECTION 2.12 NOTICE OF STOCKHOLDER BUSINESS AND NOMINATIONS.

(a) Annual Meetings of Stockholders.

(1) Annual Meetings of Stockholders. (1) Nominations of persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders only (a) pursuant to the Corporation's notice of meeting (or any supplement thereto), (b) by or at the direction of the Board of Directors or (c) by any stockholder of the Corporation who was a stockholder of record of the Corporation at the time the notice provided for in this Section 2.12 is delivered to the Secretary of the Corporation, who is entitled to vote

at the meeting and who complies with the notice procedures set forth in this Section 2.12.

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of paragraph (A)(1) of this Section 2.12, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and any such proposed business other than the nominations of persons for election to the Board of Directors must constitute a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the ninetieth day nor earlier than the close of business on the one hundred twentieth day prior to the first anniversary of the preceding year's annual meeting (provided, however, that in the event that the date of the annual meeting is more than thirty days before or more than seventy days after such anniversary date, notice by the stockholder must be so delivered not earlier than the close of business on the one hundred twentieth day prior to such annual meeting and not later than the close of business on the later of the ninetieth day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made by the Corporation). In no event shall the public announcement of an adjournment or postponement of an annual meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth: (a) as to each person whom the stockholder proposes to nominate for election as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Rule 14a-11 thereunder (and such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the Bylaws of the Corporation, the language of the proposed amendment), the reasons for conducting such business at the

meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (c) as to the stockholder giving the notice and the beneficial owner,

if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, (ii) the class and number of shares of capital stock of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner, (iii) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination, and (iv) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends (a) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal or elect the nominee and/or (b) otherwise to solicit proxies from stockholders in support of such proposal or nomination. The foregoing notice requirements shall be deemed satisfied by a stockholder if the stockholder has notified the Corporation of his or her intention to present a proposal at an annual meeting in compliance with Rule 14a-8 (or any successor thereof) promulgated under the Exchange Act and such stockholder's proposal has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting. The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation.

(3) Notwithstanding anything in the second sentence of paragraph (A)(2) of this Section 2.12 to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation at an annual meeting is increased and there is no public announcement by the Corporation naming the nominees for the additional directorships at least one hundred days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 2.12 shall also be considered timely, but only with respect to nominees for the additional directorships, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth day following the day on which such public announcement is first made by the Corporation.

(b) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders

at which directors are to be elected pursuant to the Corporation's notice of meeting (1) by or at the direction of the Board of Directors or (2) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time the notice provided for in this Section 2.12 is delivered to the Secretary of the Corporation, who is entitled to vote at the meeting and upon such election and who complies with the notice procedures set forth in this Section 2.12. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder entitled to vote in such election of directors may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by paragraph (A)(2) of this Section 2.12 shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the one hundred twentieth day prior to such special meeting and not later than the close of business on the later of the ninetieth day prior to such special meeting or the tenth day

following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(c) General.

(1) Only such persons who are nominated in accordance with the procedures set forth in this Section 2.12 shall be eligible to be elected at an annual or special meeting of stockholders of the Corporation to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 2.12. Except as otherwise provided by law, the chairman of the meeting shall have the power and duty (a) to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 2.12 (including whether the stockholder or beneficial owner, if any, on whose behalf the nomination or proposal is made solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies in support of such stockholder's nominee or proposal in compliance with such stockholder's representation as required by clause (A)(2)(c)(iv) of this Section 2.12) and (b) if any proposed nomination or business was not made or proposed in compliance with this Section 2.12, to declare that such nomination shall be disregarded or that such proposed business shall not be transacted. Notwithstanding the foregoing

provisions of this Section 2.12, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation.

(2) For purposes of this Section 2.12, "public announcement" shall include disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this Section 2.12, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 2.12. Nothing in this Section 2.12 shall be deemed to affect any rights (a) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (b) of the holders of any series of Preferred Stock to elect directors pursuant to any applicable provisions of the Restated Certificate of Incorporation.

SECTION 2.13 INSPECTORS OF ELECTION. Before any meeting of stockholders, the Board of Directors may, and if required by law shall, appoint one or more persons to act as inspectors of election as such meeting or any adjournment thereof. If any person appointed as inspector fails to appear or fails or refuses to act, the chairman of the meeting may, and if required by law or requested by any stockholder entitled to vote or his proxy shall, appoint a substitute inspector. If no inspectors are appointed by the Board of Directors, the chairman of the meeting may, and if required by law or requested by any stockholder entitled to vote or his proxy shall, appoint one or more inspectors at the meeting. Notwithstanding the foregoing, inspectors shall be appointed consistent with Section 231 of the DGCL. Inspectors may include individuals who serve the Corporation in other capacities (including as officers, employees, agents or representatives); PROVIDED, HOWEVER, that no Director or candidate for the office of Director shall act as an inspector. Inspectors need not be stockholders. The inspectors shall (i) determine the number of shares of capital stock of the Corporation outstanding and the voting power of each, the number of shares represented at the meeting, and the validity and effect of proxies and (ii) receive votes or ballots, hear and determine all challenges and questions

arising in connection with the right to vote, count and tabulate all votes and ballots, determine the results and do such acts as are proper to conduct the election or vote with fairness to all stockholders. On request of the chairman of the meeting, the inspectors shall make a report in writing of any challenge, request or matter determined by them and shall execute a

certificate of any fact found by them. The inspectors shall have such other duties as may be prescribed by Section 231 of the DGCL.

SECTION 2.14 POSTPONEMENT AND CANCELLATION OF MEETING. Any previously scheduled annual or special meeting of the stockholders may be postponed, and any previously scheduled annual or special meeting of the stockholders called by the Board may be canceled, by resolution of the Board upon public notice given prior to the time previously scheduled for such meeting of stockholders.

ARTICLE III

BOARD OF DIRECTORS

SECTION 3.1 MANAGEMENT. The business and affairs of the Corporation will be managed by or under the direction of its Board of Directors who may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law, by the Certificate of Incorporation or by these Bylaws directed or required to be exercised or done by the stockholders.

SECTION 3.2 QUALIFICATION; ELECTION; TERM. None of the Directors need be a stockholder of the Corporation or a resident of the State of Delaware. Directors shall be elected at the annual meeting of the stockholders and each director shall be elected to serve until his successor shall be elected and shall qualify. Directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy and entitled to vote on the election of Directors at any annual or special meeting of stockholders.

SECTION 3.3 NUMBER. The number of Directors of the Corporation will be at least one and not more than nineteen; provided that, effective upon consummation of the Corporation's initial public offering of Common Stock, so long as any shares of Limited Vote Common Stock (as such term is defined in the Certificate of Incorporation) are outstanding, the number of Directors shall not be less than five. The number of Directors authorized will be fixed as the Board of Directors may from time to time designate.

SECTION 3.4 REMOVAL. Any Director may be removed, only for cause, at any special meeting of stockholders by the affirmative vote of the holders of a majority in number of all outstanding voting stock entitled to vote; provided that notice of the intention to act upon such matter has been given in the notice calling such meeting.

SECTION 3.5 VACANCIES. Newly created directorships resulting from any increase in the authorized number of Directors and any vacancies occurring in the Board of Directors caused by death, resignation, retirement, disqualification or removal from office of any Directors or otherwise, may be filled by the vote of a majority of the Directors then in office, though less than a quorum, or a successor or successors may be chosen at a special meeting of the stockholders called for that purpose, and each successor Director so chosen will hold office until whichever of the following occurs first: his successor is elected and qualified, his resignation, his removal from office by the stockholders or his death.

SECTION 3.6 PLACE OF MEETINGS. Meetings of the Board of Directors, regular or special, may be held at such place within or without the State of Delaware as may be fixed from time to time by the Board of Directors.

SECTION 3.7 ANNUAL MEETING. The annual meeting of each newly elected Board may be held at a time convenient to the Board. The annual meeting may be held immediately following the annual meeting of stockholders, and if so held, no notice of such meeting shall be necessary to the newly elected directors in order to constitute the meeting legally, provided a quorum shall be present.

SECTION 3.8 REGULAR MEETINGS. Regular meetings of the Board of Directors may be held without notice at such time and place as is from time to time determined by resolution of the Board of Directors.

SECTION 3.9 SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the Chairman of the Board, or the Chief Executive Officer or by any two members of the Board of Directors. Notice of a special

meeting of the Board of Directors shall be delivered to each member of the Board by the person or persons calling the meeting, at least twenty-four hours before the special meeting. The purpose or purposes of any special meeting will be specified in the notice relating thereto.

SECTION 3.10 QUORUM. At all meetings of the Board of Directors the presence of a majority of the number of Directors fixed by these Bylaws will be necessary and sufficient to constitute a quorum for the transaction of business, and the affirmative vote of at least a majority of the Directors present at any meeting at which there is a quorum will be the act of the Board of Directors, except as may be otherwise specifically provided by law, the Certificate of Incorporation or these Bylaws. If a quorum is not present at any meeting of the Board of Directors, the Directors present thereat may adjourn the meeting from time to time without notice other than announcement at the meeting, until a quorum is present.

SECTION 3.11 COMMITTEES. The Board of Directors may designate committees, each committee to consist of one or more Directors of the Corporation. Any such committee, to the extent permitted by law and to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation. Such committee or committees will have such name or names as may be designated by the Board and will keep regular minutes of their proceedings and report the same to the Board of Directors when required. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member.

SECTION 3.12 ACTION BY CONSENT. Any action required or permitted to be taken at any meeting of the Board of Directors or any committee of the Board of Directors may be taken without such a meeting if all the members of the Board of Directors or such committee consent thereto in writing or by electronic transmission, as the case may be.

SECTION 3.13 COMPENSATION OF DIRECTORS. Directors will receive such compensation for their services and reimbursement for their expenses as the Board of Directors, by resolution, may establish; provided that nothing herein contained will be construed to preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor.

SECTION 3.14 CONDUCT OF MEETINGS. At each meeting of the Board, the Chairman, or in the absence of the Chairman the Vice Chairman, or in the absence of the Vice Chairman a chairman chosen by a majority of the Directors present, shall preside.

ARTICLE IV

NOTICE

SECTION 4.1 FORM OF NOTICE. Whenever by law, the Certificate of Incorporation or these Bylaws, notice is to be given to any Director or stockholder, and no provision is made as to how such notice will be given, such notice may be given in writing, by mail, postage prepaid, addressed to such Director or stockholder at such address as appears on the books of the Corporation. Any notice required or permitted to be given by mail will be deemed to be given at the time the same is deposited in the United States mails. Notice to stockholders may be given by a form of electronic transmission if consented to by the stockholders to whom the notice is given. Notice to directors may be given by telegram, telecopier, telephone or other means of electronic transmission.

SECTION 4.2 WAIVER. Whenever any notice is required to be given to any stockholder or Director of the Corporation as required by law, the Certificate of Incorporation or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice or a waiver of notice by electronic transmission, whether before or after the time stated in such notice, will be equivalent to the giving of such notice. Attendance of a stockholder or Director at a meeting will constitute a waiver of notice of such meeting, except where such a stockholder or Director attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

ARTICLE V

OFFICERS AND AGENTS

SECTION 5.1 IN GENERAL. The officers of the Corporation will consist of a Chief Executive Officer, Chief Financial Officer and Secretary and such other officers as shall be elected by the Board of Directors or appointed by the Chief Executive Officer (except the Board of Directors alone shall have authority to elect a Chief Executive Officer or President). Any two or more offices may be held by the same person.

SECTION 5.2 ELECTION. The Board of Directors, at its first meeting after each annual meeting of stockholders, will elect the officers, none of whom need be a member of the Board of Directors.

SECTION 5.3 OTHER OFFICERS AND AGENTS. Except as set forth in Section 5.1 hereof, the Board of Directors and Chief Executive Officer may also elect and appoint such other officers and agents as it or he deems necessary, who will be elected and appointed for such terms and will exercise such powers and perform such duties as may be determined from time to time by the Board or the Chief Executive Officer.

SECTION 5.4 COMPENSATION. The compensation of all officers and agents of the Corporation will be fixed by the Board of Directors or any committee of the Board, if so authorized by the Board.

SECTION 5.5 TERM OF OFFICE AND REMOVAL. Each officer of the Corporation will hold office until his death, his resignation or removal from office, or the election and qualification of his successor, whichever occurs first. Any officer or agent elected or appointed by the Board of Directors or the Chief Executive Officer may be removed at any time, for or without cause, by the affirmative vote of a majority of the entire Board of Directors or at the discretion of the Chief Executive Officer (without regard to how the agent or officer was elected), but such removal will not prejudice the contract rights, if any, of the person so removed. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors or, in the case of a vacancy in the office of officer other than Chief Executive Officer and Chief Operating Officer, such vacancy may be filled by the Chief Executive Officer.

SECTION 5.6 EMPLOYMENT AND OTHER CONTRACTS. The Board of Directors may authorize any officer or officers or agent or agents to enter into any contract or execute and deliver any instrument in the name or on behalf of the Corporation, and such authority may be general or confined to

specific instances. The Board of Directors may, when it believes the interest of the Corporation will best be served thereby, authorize executive employment contracts that will have terms no longer than ten years and contain such other terms and conditions as the Board of Directors deems appropriate. Nothing herein will limit the authority of the Board of Directors to authorize employment contracts for shorter terms.

SECTION 5.7 CHAIRMAN OF THE BOARD OF DIRECTORS. If the Board of Directors has elected a Chairman of the Board, he will preside at all meetings of the stockholders and the Board of Directors. In addition, the Chairman of the Board shall perform whatever duties and shall exercise all powers that are given to him by the Board of Directors.

SECTION 5.8 CHIEF EXECUTIVE OFFICER. The Chief Executive Officer will be the chief executive officer of the Corporation and, subject to the control of the Board of Directors, will supervise and control all of the business and affairs of the Corporation. The Chief Executive Officer shall have the authority to elect any officer of the Corporation other than the Chief Executive Officer or President. He will, in the absence of the Chairman of the Board, preside at all meetings of the stockholders and the Board of Directors. The Chief Executive Officer will have all powers and perform all duties incident to the office of Chief Executive Officer and will have such other powers and perform such other duties as the Board of Directors may from time to time prescribe. During the absence or disability of the President, or if no President shall be elected, the Chief Executive Officer will exercise the powers and perform the duties of President, including, without limitation, execution of certificates representing shares of stock of the Corporation.

SECTION 5.9 CHIEF OPERATING OFFICER. The Chief Operating Officer, if one shall be elected, will have responsibility for oversight of the Corporation's operating and development activities. In the absence or disability of the Chief Executive Officer and the Chairman of the Board, the Chief Operating Officer will exercise the powers and perform the duties of the Chief Executive Officer. The Chief Operating Officer will render to the Directors whenever they may require it an account of the operating and development

activities of the Corporation and will have such other powers and perform such other duties as the Board of Directors may from time to time prescribe or as the Chief Executive Officer may from time to time delegate to him.

SECTION 5.10 CHIEF FINANCIAL OFFICER. The Chief Financial Officer will have principal responsibility for the financial operations of the Corporation. The Chief Financial Officer will render to the Directors whenever they may require it an account of the operating results and financial condition of the Corporation and will have such other powers and perform such other duties as the Board of Directors may from time to time prescribe or as the Chief Executive Officer may from time to time delegate to him.

SECTION 5.11 SECRETARY. The Secretary will attend all meetings of the stockholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose. The Secretary will perform like duties for the Board of Directors and committees thereof when required. The Secretary will give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors. The Secretary will keep in safe custody the seal of the

Corporation. The Secretary will be under the supervision of the Chief Executive Officer. The Secretary will have such other powers and perform such other duties as the Board of Directors may from time to time prescribe or as the Chief Executive Officer may from time to time delegate to him.

SECTION 5.12 BONDING. The Corporation may secure a bond to protect the Corporation from loss in the event of defalcation by any of the officers, which bond may be in such form and amount and with such surety as the Board of Directors may deem appropriate.

ARTICLE VI

CERTIFICATES REPRESENTING SHARES

SECTION 6.1 FORM OF CERTIFICATES. Certificates, in such form as may be determined by the Board of Directors, representing shares to which stockholders are entitled will be delivered to each stockholder. Such certificates will be consecutively numbered and will be entered in the stock book of the Corporation as they are issued. Each certificate will state on the face thereof the holder's name, the number, class of shares, and the par value of such shares or a statement that such shares are without par value. They will be signed by the Chief Executive Officer, acting in his capacity as President of the Company, or by the President, if one shall be elected, or any Vice President and the Secretary or an Assistant Secretary, and may be sealed with the seal of the Corporation or a facsimile thereof. If any certificate is countersigned by a transfer agent, or an assistant transfer agent or registered by a registrar, either of which is other than the Corporation or an employee of the Corporation, the signatures of the Corporation's officers may be facsimiles. In case any officer or officers who have signed, or whose facsimile signature or signatures have been used on such certificate or certificates, ceases to be such officer or officers of the Corporation, whether because of death, resignation or otherwise, before such certificate or certificates have been delivered by the Corporation or its agents, such certificate or certificates may nevertheless be adopted by the Corporation and be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures have been used thereon had not ceased to be such officer or officers of the Corporation.

SECTION 6.2 LOST CERTIFICATES. The Board of Directors may direct that a new certificate be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate to be lost or destroyed. When authorizing such issue of a new certificate, the Board of Directors, in its discretion and as a condition precedent to the issuance thereof, may require the owner of such lost or destroyed certificate, or his legal representative, to advertise the same in such manner as it may require and/or to give the Corporation a bond, in such form, in such sum, and with such surety or sureties as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost or destroyed. When a certificate has been lost, apparently destroyed or wrongfully taken, and the holder of record fails to notify the Corporation within a reasonable time after such holder has notice of it, and the Corporation registers a transfer of the shares represented by the certificate before receiving such notification, the holder of record is precluded from making any claim against the Corporation for the transfer of a new certificate.

SECTION 6.3 TRANSFER OF SHARES. Shares of stock will be transferable only on the books of the Corporation by the holder thereof in person or by such holder's duly authorized attorney. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it will be the duty of the Corporation or the transfer agent of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

SECTION 6.4 REGISTERED STOCKHOLDERS. The Corporation will be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and, accordingly, will not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it has express or other notice thereof, except as otherwise provided by law.

ARTICLE VII

INDEMNIFICATION

SECTION 7.1 INDEMNIFICATION OF DIRECTORS AND OFFICERS.

(a) The Corporation (i) shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that such person is or was, at any time prior to or during which this Article VII is in effect, a director of or officer of the Corporation, or, while a director or officer of the Corporation, is or was, at any time prior to or during which this Article VII is in effect, serving at the request of the Corporation as a director, or officer, employee or agent of another corporation, partnership, joint venture, trust, other enterprises or employee benefit plan and (ii) upon a determination by the Board of Directors that indemnification is appropriate, the Corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that such person is or was, at any time prior to or during which this Article VII is in effect, an employee or agent of the Corporation or, while an employee or agent of the Corporation, at the request of the Corporation was serving as an a director, officer, employee or agent of any other corporation, partnership, joint venture, trust, other enterprise or employee benefit plan, in the case of (i) and (ii) against reasonable expenses (including attorneys' fees), judgments, fines, penalties, amounts paid in settlement and other liabilities actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his conduct was unlawful. The termination of any

action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that such person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(b) The Corporation (i) shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was, at any time prior to or during which this Article VII is in effect, a director or officer of the Corporation, or while a director or officer of the Corporation, is or was, at any time prior to or during which this Article VII is in effect, serving at the request of the Corporation as a director, or officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise and (ii) upon a determination by the Board of Directors that indemnification is appropriate, the Corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was, at any time prior to or during which this Article VII is in effect, an employee or agent of

the Corporation or while an employee or agent of the Corporation at the request of the Corporation was serving as an a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, in the case of (i) and (ii) against expenses (including attorneys' fees), actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation; provided, that no indemnification shall be made under this subsection (b) in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Delaware Court of Chancery, or other court of appropriate jurisdiction, shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity of such expenses which the Delaware Court of Chancery, or other court of appropriate jurisdiction, shall deem proper.

(c) Any indemnification under subsections (a) and (b) (unless ordered by the Delaware Court of Chancery or other court of appropriate jurisdiction) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of such person is proper in the circumstances because he has met the applicable standard of conduct set forth in subsections (a) and (b). Such determination shall be made (1) by a majority vote of directors who are not parties to such action, suit or proceeding, even though less than a quorum; or (2) by a

committee of such directors designated by majority vote of such directors, even though less than a quorum; or (3) if there are no such directors, or if such directors so direct, by independent legal counsel, in written opinion; or (4) by the stockholders. In the event a determination is made under this subsection (c) that the director, officer, employee or agent has met the applicable standard of conduct as to some matters but not as to others, amounts to be indemnified may be reasonably prorated.

(d) Expenses incurred by a person who is or was a director or officer of the Corporation in appearing at, participating in or defending any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, shall be paid by the Corporation at reasonable intervals in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized by this Article VII. In addition, the Corporation shall pay or reimburse expenses incurred by any person who is or was a director or officer of the Corporation in connection with such person's appearance as a witness or other participant in a proceeding in which such person or the Corporation is not a named party to such proceeding, provided that such appearance or participation is on behalf of the Corporation or by reason of his capacity as a director or officer, or former director or officer of the Corporation.

(e) If in a suit or proceeding for indemnification required under this Article VII of a director or officer, or former director or officer, of the Corporation of any of its affiliates, a court of competent jurisdiction determines that such person is entitled to indemnification under this Article VII, the court shall award, and the Corporation shall pay, to such person the expenses incurred in securing such judicial determination.

(f) It is the intention of the Corporation to indemnify the persons referred to in this Article VII to the fullest extent permitted by law and with respect to any action, suit or proceeding arising from events which occur at any time prior to or during which this Article VII is in effect. The indemnification and advancement of expenses provided by this Article VII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be or become entitled under any law, the Certificate of Incorporation, these Bylaws, agreement, the vote of stockholders or disinterested directors or otherwise, or under any policy or policies of insurance purchased and maintained by the Corporation on behalf of any such person, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

(g) Notwithstanding the foregoing, but subject to the immediately succeeding sentence, the Corporation shall be required to indemnify a person in connection with an action, suit or proceeding (or part thereof) commenced by such person only if the commencement of such action, suit or proceeding (or part thereof) by the person was authorized by the Board. If a claim for indemnification or advancement of expenses under this Article VII is not paid in full within thirty (30) days after a written claim therefor by the person seeking indemnification or reimbursement or advancement of expenses has been received by the Corporation, the person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the person seeking indemnification or reimbursement or advancement of expenses is not entitled to the requested indemnification, reimbursement or advancement of expenses under applicable law.

(h) The Corporation's obligation, if any, to indemnify or to advance expenses to any person who was serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or nonprofit entity shall be reduced by any amount such person may collect as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, enterprise or non-profit enterprise.

(i) The indemnification provided by this Article VII shall be subject to all valid and applicable laws, and, in the event this Article VII or any other provisions hereof or the indemnification contemplated hereby are found to be inconsistent with or contrary to any such valid laws, the latter shall be deemed to control and this Article VII shall be regarded as modified accordingly, and, as so modified, to continue in full force and effect.

ARTICLE VIII

GENERAL PROVISIONS

SECTION 8.1 DIVIDENDS. Dividends upon the outstanding shares of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting. Dividends may be declared and paid in cash, in property, or in shares of the Corporation, subject to the provisions of the General Corporation Law of the State of Delaware and the Certificate of Incorporation. The Board of Directors may fix in advance a record date for the purpose of determining stockholders entitled to receive payment of any dividend, such record date will not precede the date upon which the resolution fixing the record date is adopted, and such record date will not be more than sixty days prior to the payment date of such dividend. In the absence of any action by the Board of Directors, the close of business on the date upon which the Board of Directors adopts the resolution declaring such dividend will be the record date.

SECTION 8.2 RESERVES. There may be created by resolution of the Board of Directors out of the surplus of the Corporation such reserve or reserves as the Directors from time to time, in their discretion, deem proper to provide for contingencies, or to equalize dividends, or to repair or maintain any property of the Corporation, or for such other purpose as the Directors may deem beneficial to the Corporation, and the Directors may modify or abolish any such reserve in the manner in which it was created. Surplus of the Corporation to the extent so reserved will not be available for the payment of dividends or other distributions by the Corporation.

SECTION 8.3 TELEPHONE AND SIMILAR MEETINGS. Directors and committee members may participate in and hold meetings by means of conference telephone or other communications equipment by which all persons participating in the meeting can hear each other. Participation in such a meeting will constitute presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

SECTION 8.4 BOOKS AND RECORDS. The Corporation will keep correct and complete books and records of account and minutes of the proceedings of its stockholders and Board of Directors, and will keep at its registered office or principal place of business, or at the office of its transfer agent or

registrar, a record of its stockholders, giving the names and addresses of all stockholders and the number and class of the shares held by each.

SECTION 8.5 FISCAL YEAR. The fiscal year of the Corporation will be fixed by resolution of the Board of Directors.

SECTION 8.6 SEAL. The Corporation may have a seal, and the seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise. Any officer of the Corporation will have authority to affix the seal to any document requiring it.

SECTION 8.7 INSURANCE. The Corporation may at the discretion of the Board of Directors purchase and maintain insurance on behalf of the Corporation and any person whom it has the power to indemnify pursuant to law, the Certificate of Incorporation, these Bylaws or otherwise.

SECTION 8.8 RESIGNATION. Any director, officer or agent may resign by giving written notice to the President or the Secretary. Such resignation will take effect at the time specified therein or immediately if no time is specified therein. Unless otherwise specified therein, the acceptance of such resignation will not be necessary to make it effective.

SECTION 8.9 AMENDMENT OF BYLAWS. These Bylaws may be altered, amended, or repealed at any meeting of the Board of Directors at which a quorum is present, by the affirmative vote of a majority of the Directors present at such meeting.

SECTION 8.10 INVALID PROVISIONS. If any part of these Bylaws is held invalid or inoperative for any reason, the remaining parts, so far as possible and reasonable, will be valid and operative.

SECTION 8.11 RELATION TO THE CERTIFICATE OF INCORPORATION. These Bylaws are subject to, and governed by, the Certificate of Incorporation of the Corporation as amended from time to time.

EXHIBIT 10.2

QUANTA SERVICES, INC.

AMENDED AND RESTATED
1997 STOCK OPTION PLAN

SECTION 1. PURPOSE OF PLAN. The purpose of the Quanta Services, Inc. 1997 Stock Option Plan (the "Plan") shall be to provide for the grant to employees, officers, directors, and consultants of the Company options to acquire Common Stock of the Company.

SECTION 2. DEFINITIONS. Unless the context clearly indicates otherwise, the following terms, when used in the Plan, shall have the meanings set forth in this Section 2.

(a) "Board" shall mean the Board of Directors of the Company.

(b) "Cause" shall mean (i) Grantee's willful, material and irreparable breach of any agreement that governs the terms and conditions of his or her employment; (ii) Grantee's gross negligence or gross incompetence in the performance or intentional nonperformance (continuing for ten days after receipt of written notice of such negligence) of any of Grantee's material duties and responsibilities; (iii) Grantee's dishonesty, fraud or misconduct with respect to the business or affairs of the Company or any Subsidiary; (iv) Grantee's conviction of a felony crime; or (v) chronic alcohol abuse or illegal drug abuse by Grantee.

(c) A "Change in Control" of the Company shall occur when: (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50 percent or more of the combined voting power of the Company's then outstanding securities; (ii) as a result of, or in connection with, any tender offer or exchange offer, merger, or other business combination (a "Transaction"), the persons who were directors of the Company immediately before the Transaction shall cease to constitute a majority of the Board of Directors of the Company or any successor to the Company; (iii) the Company is merged or consolidated with another corporation and as a result of the merger or consolidation less than 75 percent of the outstanding voting securities of the surviving or resulting corporation shall then be owned in the aggregate by the former stockholders of the Company; (iv) a tender offer or exchange offer is made and consummated for the ownership of securities of the Company representing 50 percent or more of the combined voting power of the Company's then outstanding voting securities; or (v) the Company transfers substantially all of its assets to another corporation which is not controlled by the Company

(d) "Code" shall mean the Internal Revenue Code of 1986 as it may be amended from time to time.

(e) "Committee" shall mean any Committee of two or more Directors that may be designated by the Board to administer the Plan, all of which Committee's members shall be Nonemployee Directors. Additionally, if any Options are intended

to qualify as performance-based compensation under Section 162(m)(4)(C) of the Code, all members of the Committee granting such Options shall be "outside directors" within the meaning of that Code section.

(f) "Common Stock" shall mean the common stock, par value $.00001 per share, of the Company.

(g) "Consultant" shall mean any person who is engaged to perform services for the Company or its Subsidiaries, other than as an Employee or Director.

(h) "Control Person" shall mean any person who, as of the date of the grant of an Option, owns (within the meaning of Section 422 (b)(6) of the Code) stock possessing more than ten percent of the total combined voting power or value of all classes of all stock of the Company or of any parent or Subsidiary.

(i) "Company" shall mean Quanta Services, Inc., a Delaware corporation.

(j) "Director" shall mean any member of the Board.

(k) "Employee" shall mean any full-time employee of the Company or any Subsidiary (including Directors who are otherwise employed on a full-time basis by the Company or any Subsidiary).

(l) "Exchange Act" shall mean the securities Exchange Act of 1934 as it may be amended from time to time.

(m) "Fair Market Value" of the Common Stock on a given date shall be based upon: (i) if the Common Stock is listed on a national securities exchange or quoted in an interdealer quotation system, the last sales price or , if such price is unavailable, the average of the closing bid and asked prices per share of the Common Stock on such date (or, if there was no trading or quotation in the Common Stock on such date, on the next preceding date on which there was trading or quotation) as provided by one of such organizations; or (ii) if the Common Stock is not listed on a national securities exchange or quoted in an interdealer quotation system, the value as determined by the Board in good faith in its sole discretion; provided, however, that the "Fair Market Value" of Common Stock on the date on which shares of Common Stock are first issued and sold pursuant to a registration statement filed with and declared effective by the SEC (the "Registration Statement") shall be the Initial Public Offering price of the shares so issued and sold, as set forth in the first final prospectus used in such offering.

(n) "Grantee" shall mean a person granted an Option under the Plan.

(o) "Initial Public Offering" shall mean the initial public offering of shares of Common Stock in a firm commitment underwriting registered with the SEC in compliance with the provision of the 1933 Act.

(p) "ISO" shall mean an Option granted pursuant to the Plan to purchase shares of Common Stock and intended to qualify as an incentive stock option under Section 422 of the Code, as now or hereafter constituted.

(q) "1933 Act" shall mean the Securities Act of 1933, as it may be amended from time to time.

(r) "Nonemployee Director" shall mean a director who is not currently an officer (as defined in Rule 16a-1(f) under the Exchange Act) of the Company or a Subsidiary, or otherwise currently employed by the Company or a Subsidiary.

(s) "NQSO" shall mean an Option granted pursuant to the Plan to purchase shares of the Common Stock that is not an ISO.

(t) "Option" or "Options" shall refer to one or more NQSOs and ISOs issued under and subject to the Plan.

(u) "Parent" shall mean any parent corporation as defined in Section 424 of the Code.

(v) "SEC" means the United States Securities and Exchange Commission.

(w) "Plan" shall mean the Quanta Services, Inc. Amended and Restated 1997 Stock Option Plan as set forth herein and as amended from time to time.

(x) "Stock" shall mean (i) Common Stock; (ii) limited vote common stock, par value $.00001 per share, of the Company; and (iii) Common Stock into which the outstanding shares of the Company's Series A Preferred Stock, par value $.00001 per share, are convertible.

(y) "Subsidiary" shall mean any corporation with respect to which the company owns, directly or indirectly, 50 percent or more of the total combined voting power of all classes of stock of such corporation.

SECTION 3. SHARES OF COMMON STOCK SUBJECT TO THE PLAN. Subject to the provisions of Section 10 hereof, the total amount of Common Stock with respect to which Options may be granted under the Plan shall not exceed the greater of (i) 2,380,850 shares (subject to adjustment pursuant to Section 10 hereof)and (ii) 15 percent of the total number of shares of Stock, as determined at the time of a particular grant, outstanding or reserved for issuance upon conversion

of the Company's Series A Preferred Stock from time to time. Notwithstanding the foregoing, the total amount of Common Stock with respect to which ISOs may be granted under the Plan shall not exceed

2,380,850 shares. Moreover, the total amount of Common Stock with respect to which Options may be granted under the Plan to any Grantee during the term of the Plan shall not exceed 1,000,000 shares. Common Stock issuable under the Plan may be authorized but unissued shares or reacquired shares of Common Stock. If, prior to exercise, any Options are forfeited, lapse, or terminate for any reason, the Common Stock covered thereby shall again be available for Option grants under the Plan.

SECTION 4. ADMINISTRATION OF THE PLAN. The Plan shall be administered by the Committee, provided that the Board, the Acquisition Committee of the Board or the Small Acquisition Committee of the Board may make grants of Options pursuant to the Plan in connection with the acquisition of businesses by the Company. Subject to the express provisions of the Plan , the Committee shall have the authority to interpret the Plan, to prescribe, amend, and rescind rules and regulations relating to the Plan, to determine the terms and provisions of stock option agreements thereunder, and to make all other determinations necessary or advisable for the administration of the Plan. Any controversy or claim arising out of or related to the Plan or the Options granted thereunder shall be determined unilaterally by, and at the sole discretion of, the Committee. To the extent necessary to comply with Rule 16b-3 under the Exchange Act, determinations concerning Options granted to any person who is a Director or officer or otherwise subject to Section 16 of the Exchange Act shall be made by the Committee.

SECTION 5. TYPES OF OPTIONS. Options granted under the Plan may be of two types: ISOs or NQSOs. The Committee shall have the authority and discretion to grant to an eligible Employee either ISOs, NQSOs, or both but shall clearly designate the nature of each Option at the time of grant. Grantees who are not Employees of the Company or a Subsidiary on the date an Option is granted shall receive only NQSOs.

SECTION 6. GRANT OF OPTIONS TO EMPLOYEES AND CONSULTANTS.

(a) Employees and Consultants of the Company and its Subsidiaries shall be eligible to receive Options under the Plan.

(b) The exercise price per share of Common Stock subject to an Option granted to an Employee or Consultant shall be determined by the Committee; provided, however, that the exercise price of each share subject to an Option shall be not less than 100 percent of the Fair Market Value of a share of the Common Stock on the date such Option is granted, or, in the case of an ISO granted to a Control Person, not less than 110 percent of such Fair Market Value.

(c) The term of each Option granted to an Employee or Consultant shall be determined by the Committee, provided that no ISO shall be exercisable more than ten years from the date of grant of the Option and further provided that no ISO granted to a Control Person shall be exercisable more than five years from the date of grant of the Option.

(d) The committee shall determine and designate from time to time Employees or Consultants who are to be granted Options, the nature of each Option granted and the number of shares of Common Stock subject to each such Option.

(e) Notwithstanding any other provisions hereof, the aggregate Fair Market Value (determined at the time the ISO is granted) of the Common Stock with respect to which ISOs are exercisable for the first time by any Employee during any calendar year under all plans of the Company and any Parent or Subsidiary corporation shall not exceed $100,000. To the extent the limitation set forth in the preceding sentence is exceeded, the Options with respect to such excess shall be treated as NQSOs.

(f) The Committee, in its sole discretion, shall determine whether any Option granted to an Employee or Consultant shall become exercisable in one or more installments and shall specify the installment dates. The Committee may also make such other provisions, not inconsistent with the terms of this Plan, as it may deem desirable, including such provisions as it may deem necessary to qualify any ISO

under the provisions of Section 422 of the Code. Without limitation of the foregoing, the Committee may, in its discretion, provide that Options shall immediately become exercisable upon (i) the death of an Employee or Consultant while in the employ of the Company or any Subsidiary or (ii) a Change in Control.

(g) The Committee may, at any time, grant new or additional options to any eligible Employee or Consultant who has previously received Options under the Plan or options under other plans, whether such prior Options or other options are still outstanding, have been exercised previously in whole or in part, or have been canceled. The exercise price of such new or additional Options may be established by the Committee, subject to Section 6(b) hereof without regard to such previously granted Options or other options.

SECTION 7. GRANTS OF OPTIONS TO NONEMPLOYEE DIRECTORS.

(a) Nonemployee Directors of the Company shall be eligible to receive Options under the Plan only pursuant to the provisions of this Section 7. Each individual who agrees to become a Nonemployee Director prior to the filing of the Registration Statement covering the Initial Public Offering shall receive, without the exercise of the discretion of any person, an NQSO under the Plan relating to the purchase of 10,000 shares of Common Stock. Each individual who agrees to become a Nonemployee Director between the filing and effective date of the Registration Statement covering the Initial Public Offering shall receive, without the exercise of the discretion of any person, an NQSO under the Plan relating to the purchase of 10,000 shares of Stock at an exercise price equal to the Initial Public Offering price per share. Thereafter, each individual who agrees to become a Nonemployee Director within six months following (i) the effective date of the Registration Statement covering the Initial Public Offering or (ii) an annual meeting of the Company's Stockholders shall receive, without the exercise of the discretion of any

person, an NQSO under the Plan relating to the purchase of 10,000 shares of Common Stock. In addition, on the day after the first annual meeting of stockholders next following the date of the Initial Public Offering, and the date after each subsequent annual meeting, each person who is a continuing Nonemployee Director on any such date shall receive, without the exercise of the discretion of any person, an NQSO under the Plan relating to the purchase of 5,000 shares of Common Stock, and each person who is a new, first-time Nonemployee Director on any such date and who became a Nonemployee Director more than six months following (i) the effective date of the Registration Statement covering the Initial Public Offering or (ii) the immediately preceding annual meeting of the Company's stockholders shall receive, without the exercise of the discretion of any person, an NQSO under the Plan relating to the purchase of 10,000 shares of Common Stock. In the event that there are not sufficient shares available under the Plan to allow for the grant to each Nonemployee Director of an NQSO for the number of shares provided herein, each Nonemployee Director shall receive an NQSO for his pro rata share of the total number of shares of Common Stock available under the Plan.

(b) The exercise price of each share of Common Stock subject to an Option granted to a Nonemployee Director shall equal the Fair Market Value of a share of Common Stock on the date such Option is granted. Payment of the exercise price for the shares being purchased shall be made in cash.

(c) Each Option granted to a Nonemployee Director shall become exercisable six months from, and shall have a term of ten (10) years from, the date of Option grant, or, if later, the date the Grantee becomes a Nonemployee Director. Notwithstanding the exercise period of any Option granted to a Nonemployee Director, all such Options shall immediately become exercisable upon (i) the death of a Nonemployee Director while serving as such or (ii) a Change in Control.

SECTION 8. EXERCISE OF OPTIONS.

(a) A Grantee shall exercise an Option by delivery of written notice to the Company setting forth the number of shares with respect to which the Option is to be exercised, together with cash, certified check, bank draft, or postal or express money order payable to the order of the Company for an amount equal to the Option price of such shares and any income tax required to be withheld. The Committee may, in its sole discretion, permit a Grantee to pay all or a portion of the exercise price by a simultaneous sale of the shares of Common Stock to be issued pursuant to such exercise pursuant to a brokerage or similar

arrangement.

(b) Except as provided pursuant to Section 9(a) hereof, no Option granted to an Employee or Consultant shall be exercised unless at the time of such exercise the Grantee is then an Employee or Consultant of the Company or a Subsidiary.

(c) Except as provided in Section 9(a) hereof, no Option granted to a Nonemployee Director shall be exercised unless at the time of such exercise the Grantee is then a Nonemployee Director.

(d) Before the Company issues Common Stock to a Grantee pursuant to the exercise of an NQSO, the Company shall have the right to require that the Grantee make such provision, or furnish the Company such authorization, necessary or desirable so that the Company may satisfy its obligation under applicable income tax laws to withhold income or other taxes due upon or incident to such exercise.

SECTION 9. EXERCISE OF OPTIONS UPON TERMINATION.

(a) Subject to Section 9 (c) hereof, upon the termination of a Grantee's relationship with the Company and its Subsidiaries, the period during which such Grantee may exercise any outstanding and then exercisable installments of his Options shall not exceed (i) if such termination is due to death or permanent and total disability (within the meaning of Section 22(e)(3) of the Code), one year from the date of such termination, and (ii) in all other cases, three months (six months for Nonemployee Directors) from the date of such termination, provided, however, that in no event shall the period extend beyond the expiration of the Option term. Notwithstanding the foregoing, all Options shall immediately terminate upon a termination of a Grantee's employment if the Committee determines, in its sole discretion, that such termination is for Cause.

(b) In no event shall any Option be exercisable for more than the maximum number of shares that the Grantee was entitled to purchase at the date of termination of the relationship with the Company and its Subsidiaries; provided, however, that in the case of Options granted prior to the Initial Public Offering to a Grantee who at no time prior to the date of termination of his relationship with the Company and its Subsidiaries was subject to the provisions of Section 16(b) of the Exchange Act, any member of the Board who had been the Grantee's immediate or ultimate supervisor prior to the Initial Public Offering may, in the sole discretion of such Board member, accelerate the exercisability of all or a portion of such Options which are not then otherwise exercisable if (i) such Grantee is terminated by the Company or a Subsidiary without Cause or (ii) the Subsidiary employing such Grantee is sold.

(c) The Committee may, in its discretion, extend the period of exercisability set forth in clauses (i) and (ii) in paragraph (a) above; provided, however, that such period may not be extended for Options granted to Nonemployee Directors.

(d) Subject to Section 9(b) hereof, the sale of any Subsidiary shall be treated as a termination of employment with respect to any Grantee employed by such Subsidiary.

(e) Subject to the foregoing, in the event of a Grantee's death, Options may be exercised by the Grantee's legal representative.

SECTION 10. ADJUSTMENT UPON CHANGES IN CAPITALIZATION. If the Company shall effect a subdivision or consolidation of shares or other increase or reduction of shares of Common Stock outstanding without receiving compensation therefor in money, services or property, or any other change in corporate capital structure shall occur, then (a) the number of shares subject to outstanding Options shall be proportionately adjusted (without a change in the total price applicable to any such Option, but with a corresponding adjustment in the price per share), and (b) the number of shares available for issuance under Sections 3 and 7(a) shall be proportionately adjusted.

SECTION 11. RESTRICTIONS ON ISSUING SHARES. No Common Stock shall be issued or transferred under the Plan unless and until all applicable legal requirements have been compiled with to the satisfaction of the Committee. The Committee shall have the right to condition any Option on the Grantee's

undertaking in writing to comply with such restrictions on any subsequent disposition of the shares of Common Stock issued or transferred thereunder as the Committee shall deem necessary or advisable as a result of any applicable law, regulation, official interpretation thereof, or underwriting agreement, and certificates representing such shares may be legended to reflect any such restrictions.

SECTION 12. OPTION AGREEMENTS; MISCELLANEOUS TERMS.

(a) Each Option shall be evidenced by a written agreement containing such terms and conditions, not inconsistent with the Plan, as the Committee shall approve. The terms and provisions of such agreements may vary among Grantees and among different Options granted to the same Grantee.

(b) The grant of an Option in any year shall not give the Grantee any right to similar grants in future years, any right to continue such Grantee's employment relationship with the Company or its Subsidiaries, or, until such Option is exercised and share certificates are issued, any rights as a Stockholder of the Company. All Grantees shall remain subject to discharge to the same extent as if the Plan were not in effect.

(c) No Grantee, and no beneficiary or other persons claiming under or through the Grantee, shall have any right, title, or interest by reason of any Option to any particular assets of the Company or its Subsidiaries or any shares of Common Stock allocated or reserved for the purposes of the Plan or subject to any Option except as set forth herein. The Company shall not be required to establish any fund or make any other segregation of assets to assure the payment of any Option.

(d) No Option shall be subject to anticipation, sale, assignment, pledge, encumbrance, or charge except by will or the laws of descent and distribution, and an Option shall be exercisable during the Grantee's lifetime only by the Grantee.

(e) The issuance of shares of Common Stock to Grantees or to their legal representatives shall be subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

SECTION 13. AMENDMENT AND TERMINATION. The Board may, at any time, alter, amend, suspend, discontinue, or terminate the Plan; provided, however, that no such action shall adversely affect the rights of Grantees to Options previously granted hereunder and provided further that any stockholder approval necessary or desirable in order to comply with Rule 16b-3 under the Exchange Act or with Section 422 of the Code (or other applicable law or regulation) shall be obtained in the manner required therein.

SECTION 14. EFFECTIVE DATE OF PLAN. The Plan shall be effective upon its adoption by the Board and it approval by the Company's stockholders. No ISO may be granted more than ten years after such effective date.

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