

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

MARK ONE ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
[X] OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE
FISCAL YEAR ENDED DECEMBER 31, 2000

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

COMMISSION FILE NUMBER 1-13831

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

DELAWARE 74-2851603
(State or other jurisdiction of (IRS Employer identification no.)
incorporation or organization)

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

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

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

<TABLE>
<CAPTION>

TITLE OF EACH CLASS -----	NAME OF EXCHANGE ON WHICH REGISTERED -----
Common Stock, \$.00001 par value (including rights attached thereto)	New York Stock Exchange

</TABLE>

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

TITLE OF EACH CLASS
None

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

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

As of March 15, 2001, the aggregate market value of the Common Stock of the Registrant held by non-affiliates of the Registrant, based on the last sale price of the Common Stock on such date, was approximately \$649.9 million (for purposes of calculating these amounts, only directors, officers and beneficial owners of 5% or more of the outstanding capital stock of the Registrant have been deemed affiliates).

As of March 15, 2001, the number of shares of the Common Stock of the Registrant outstanding was 57,706,042.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Definitive Proxy Statement for the 2001 Annual Meeting of Stockholders to be held on May 24, 2001, are incorporated by reference into Part III of this Form 10-K.

QUANTA SERVICES, INC.

ANNUAL REPORT ON FORM 10-K

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PART I

ITEM 1. BUSINESS

All share amounts and per share amounts in this report have been adjusted to give effect to a 3-for-2 stock split, paid as a stock dividend on April 7, 2000.

GENERAL

Quanta is a leading provider of specialized contracting services, offering end-to-end network solutions to the telecommunications, electric power and cable television industries. Our comprehensive services include designing, installing, repairing and maintaining network infrastructure. The Internet and the resulting explosive growth in demand for increased bandwidth, coupled with deregulation, increased outsourcing by our customers and the convergence of the telecommunications, electric power and cable television industries have resulted in significant growth in demand for our services. This growth in demand is evidenced by our strong internal revenue growth. Operating units we owned at December 31, 2000 had aggregate revenues on a combined pro forma basis of \$2.0 billion in 2000 compared to \$1.5 billion in 1999, representing pro forma internal revenue growth of 33%. To leverage the growth in demand for our services, we have made strategic acquisitions to expand our geographic presence, generate operating synergies with existing businesses and develop new capabilities to meet our customers' evolving needs. Quanta was organized in the state of Delaware in 1997.

We currently have offices in 40 states providing us the presence and capability to quickly, reliably and effectively complete turnkey projects nationwide. We work for many of the leading companies in the industries we serve.

Representative customers include:

- Adelphia Communications
- AOL Time Warner
- AT&T
- Carolina Power & Light
- CenturyTel
- Charter Communications
- Enron
- Entergy
- Georgia Power

- Nevada Power
- Pacific Bell
- Puget Sound Energy
- Qwest
- Sprint PCS
- UtiliCorp United
- Velocita
- Verizon
- Williams Communications

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

INDUSTRY OVERVIEW

Based on our review of industry sources, we estimate that network infrastructure spending by telecommunications, electric power and cable television providers was more than \$45 billion in 2000 and will continue to grow. We believe the following trends are fueling growth in our business:

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

Increasing Need to Upgrade Electric Power Transmission and Distribution Networks. We believe that the aging of many electric power networks and the increase in competition in the electric power industry will continue to spur increased investment in electric power transmission and distribution networks. As competition gives consumers and businesses more choice as to their provider of electric power, we believe that concerns about power quality and reliability will result in increased investment in transmission and distribution

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infrastructure. Additionally, as deregulation accelerates the selling of electricity across regional networks, capacity and reliability will become even more important.

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

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

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

Increased Demand for Bandwidth. To meet the increasing demand for bandwidth required for video, voice and data transmission, existing telecommunications and cable television providers must expand and upgrade their networks. Cable and DSL residential broadband subscriptions are projected to grow at a compound annual growth rate of 63% between 2000 and 2004. In addition, many new entrants into the local and long distance telephone, Internet and cable

television markets have an immediate need to install and expand their networks to be competitive.

STRATEGY

The key elements of our growth strategy are:

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

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

Focus on Expanding Operating Efficiencies. In 2000, we maintained strong gross margins and, excluding merger and special charges, experienced increases in our operating income and net income margins. We intend to:

- continue to focus on growth in our more profitable services;
- combine overlapping operations of certain of the businesses we acquire;
- use our assets more efficiently;
- increase our purchasing power to gain volume discounts in areas such as vehicles and equipment, materials, marketing, bonding, employee benefits and insurance;
- share pricing, bidding, licensing and other business practices among our operating units; and
- develop and expand the use of management information systems to facilitate financial control and asset allocation.

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Pursue Strategic Acquisitions. We plan to continue to pursue acquisitions of profitable companies with strong management teams and good reputations to broaden our customer base, expand our geographic area of operation and grow our portfolio of services. Disciplined acquisitions allow us to cost-effectively meet our strategic needs. Between our initial public offering in February 1998 and December 31, 2000, we successfully integrated 77 acquisitions. We expect that there will continue to be a large number of attractive acquisition candidates due to the highly fragmented nature of the industry, the inability of many companies to expand and modernize due to capital constraints, and the desire of owners of acquisition candidates for liquidity. We believe that our financial strength and experienced management will be attractive to acquisition candidates.

SERVICES

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

Telecommunications Network Services. We provide a variety of end-to-end services to the telecommunications industry, which generated 43% of our pro forma combined revenues for the year ended December 31, 2000. Our telecommunications network services include:

- fiber optic, copper and coaxial cable installation and maintenance for video, data and voice transmission;
- design, construction and maintenance of DSL networks;
- engineering and erection of cellular, digital, PCS(R), microwave and other wireless communications towers;
- design and installation of switching systems for incumbent local exchange carriers, newly competitive local exchange carriers, regional Bell operating companies and long distance providers;
- trenching and plowing applications;
- horizontal directional boring;

- rock saw, rock wheel and rock trench capabilities;
- vacuum excavation services;
- splicing and testing of fiber optic and copper networks; and
- cable locating.

Electric Power Network Services. We provide a variety of end-to-end services to the electric power industry, which generated 29% of our pro forma combined revenues for the year ended December 31, 2000. These services include:

- installation, repair and maintenance of electric transmission lines ranging in capacity from 69,000 volts to 760,000 volts;
- installation, repair and maintenance of electric power distribution networks;
- design and construction of IPP transmission and substation facilities;

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- design and construction of substation projects;
- installation of fiber optic lines for voice, video and data transmission on existing electric power infrastructure;
- installation and maintenance of joint trench natural gas distribution systems;
- trenching and horizontal boring for underground installations;
- cable and fault locating; and
- storm damage restoration work.

Cable Television Network Services. We provide a variety of end-to-end services to the cable television industry, which generated 15% of our pro forma combined revenues for the year ended December 31, 2000. Our cable television network services include:

- fiber optic and coaxial cable installation and maintenance for voice, video and data transmission;
- system design and installation;
- upgrading power and telecommunications infrastructure for cable installations;
- system splicing, balance, testing and sweep certification; and
- residential installation and customer connects, both analog and digital, for cable television, telephone and Internet services.

Ancillary Services. We provide a variety of comprehensive ancillary services to commercial, industrial and governmental entities, which generated 13% of our pro forma combined revenues for the year ended December 31, 2000. These services include:

- installation of intelligent traffic networks such as traffic signals, controllers, connecting signals, variable message signs, closed circuit television and other monitoring devices for governments;
- installation of cable and control systems for light rail lines, airports and highways;
- design, installation, maintenance and repair of electrical components, fiber optic cabling and building control and automation systems;
- provision of specialty rock trenching, directional boring and road milling for industrial and commercial customers;
- installation and maintenance of natural gas transmission and distribution systems; and
- provision of cathodic protection design and installation services.

For additional discussion concerning the revenues derived from these services, see Notes to Consolidated Financial Statements.

CUSTOMERS, STRATEGIC ALLIANCES AND PREFERRED PROVIDER RELATIONSHIPS

Our customers include telecommunications, electric power and cable television companies, as well as commercial, industrial and governmental

entities. Telecommunications companies, in the aggregate, represent our largest customer base. Our 10 largest customers accounted for 28% of our pro forma revenues in 2000.

Management at each of our operating units is responsible for developing and maintaining successful long-term relationships with customers. Our management is incentivized to cross-sell additional services of other operating units to their customers. In addition, our corporate marketing staff promotes and markets our services for prospective large national accounts and projects that require services from multiple business units. Many of our customers and prospective customers have qualification procedures for approved bidders or vendors based upon the satisfaction of particular performance and safety standards set by the customer. These

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customers typically maintain a list of vendors meeting such standards and award contracts for individual jobs only to such vendors. We strive to maintain our status as a preferred or qualified vendor to such customers.

We believe that our strategic relationships with large providers of telecommunications services and electric power providers will offer opportunities for future growth. In September 1999, UtiliCorp invested \$186.0 million in Quanta and agreed to use Quanta as a preferred contractor in outsourced transmission and distribution infrastructure construction and maintenance and natural gas distribution construction and maintenance in all areas serviced by Quanta. In October 1998, in connection with a \$49.4 million investment in Quanta, we entered into a strategic alliance agreement with an affiliate of Enron regarding the design, construction and maintenance of electric power transmission and distribution systems and fiber optic communications systems.

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

<TABLE>
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RELATIONSHIP - -----	START OF RELATIONSHIP WITH OPERATING UNIT -----
<S>	<C>
Everest Connections.....	2000
UtiliCorp.....	1999
Georgia Power Company.....	1999
Enron.....	1998
American Electric Power Communications.....	1998
Avista.....	1996
Entergy.....	1995
Century Telephone.....	1993
Imperial Irrigation District.....	1990
Nevada Power Company.....	1989
MidAmerican Energy Corp.	1988
Western Resources.....	1979
Kansas City Power & Light.....	1978
Intermountain R.E.A.	1953

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ACQUISITIONS

During 2000, we acquired 25 network service or related businesses which, when combined with our existing operations, resulted in pro forma combined revenues for the year ended December 31, 2000 of \$2.0 billion. We acquired these 25 businesses for a combined consideration of \$282.4 million in cash and 4.4 million shares of our common stock.

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

- historical and projected financial performance;
- experience and reputation of the candidate's management and operations;
- composition and size of the candidate's customer base;

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

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- whether the acquisition will augment or increase Quanta's market share or services offered or help protect our existing customer base;
- potential synergies gained by combining the acquisition candidate with our existing operations; and
- liabilities, contingent or otherwise, of the candidate.

EMPLOYEES

As of December 31, 2000, Quanta had 1,684 salaried employees, including executive officers, project managers or engineers, job superintendents, staff and clerical personnel and approximately 11,576 hourly employees, the number of which fluctuates depending upon the number and size of the projects undertaken by us at any particular time. We do not anticipate any overall reductions in staff as a result of the consolidation of the businesses we acquire, although there may be some job realignments and new assignments in an effort to eliminate overlapping and redundant positions.

Approximately 29% of our employees at December 31, 2000, were covered by collective bargaining agreements, primarily with the International Brotherhood of Electrical Workers, or IBEW. Under our agreements with our unions, we agree to pay specified wages to our union employees, observe certain workplace rules and make employee benefit payments to multi-employer pension plans and employee benefit trusts rather than administering the funds on behalf of these employees. These collective bargaining agreements have varying terms and expiration dates. The majority of the collective bargaining agreements contain provisions that prohibit work stoppages or strikes, even during specified negotiation periods relating to agreement renewal, and provide for binding arbitration dispute resolution in the event of prolonged disagreement.

Each of our operating units provides a variety of health, welfare and benefit plans for their employees who are not covered by collective bargaining agreements. Quanta has adopted a 401(k) plan pursuant to which eligible employees who are not provided retirement benefits through a collective bargaining agreement may make contributions through a payroll deduction. Quanta makes matching contributions of 100% of each employee's contribution up to 3% of that employee's salary and 50% of each employee's contribution between 3% and 6% of such employee's salary. Quanta also has an employee stock purchase plan which provides that eligible employees may contribute up to 10% of their cash compensation, up to \$25,000 annually, toward the semi-annual purchase of our common stock at a discounted price. Over 2,200 of our employees participated in the employee stock purchase plan during the year ended December 31, 2000.

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

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

TRAINING, QUALITY ASSURANCE AND SAFETY

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

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educational programs, as well as comprehensive safety policies and regulations, by sharing "best practices" throughout our operations.

REGULATION

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

- licensing requirements applicable to electricians and engineers;
- building and electrical codes;
- permitting and inspection requirements applicable to construction projects;
- regulations relating to worker safety and environmental protection; and
- special bidding and procurement requirements on government projects.

We believe that we have all the licenses required to conduct our operations and that we are in substantial compliance with applicable regulatory requirements. Our failure to comply with applicable regulations could result in substantial fines or revocation of our operating licenses. Many state and local regulations governing electrical construction require permits and licenses to be held by individuals who have passed an examination or met other requirements.

COMPETITION

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

RISK MANAGEMENT, INSURANCE AND PERFORMANCE BONDS

The primary risks in our operations are bodily injury and property damage. As of August 1, 2000, we entered into agreements to insure Quanta 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 Quanta'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.

Contracts in the telecommunications, electric power and cable television industries may require performance bonds or other means of financial assurance to secure contractual performance. If we were unable to obtain surety bonds or letters of credit in sufficient amounts or at acceptable rates, we might be precluded from entering into additional contracts with certain of our customers.

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RISK FACTORS

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

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

cable television industries may result in the loss of one or more customers.

We May Be Unsuccessful at Generating Internal Growth. Our ability to generate internal growth will be affected by, among other factors, our ability to:

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

In addition, our customers may reduce the number or size of projects available to us due to their inability to obtain capital. Many of the factors affecting our ability to generate internal growth may be beyond our control, and we cannot be certain that our strategies will be successful or that we will be able to generate cash flow sufficient to fund our operations and to support internal growth. Our inability to achieve internal growth could materially and adversely affect our business, financial condition and results of operations.

An Economic Downturn May Lead to Less Demand for Our Services. If the general level of economic activity slows, our customers may delay or cancel new projects. A number of other factors, including financing conditions for the industries we serve, could adversely affect our customers and their ability or willingness to fund capital expenditures in the future.

We May Be Unsuccessful at Integrating Companies That We Acquire. We cannot be sure that we can successfully integrate our acquired companies with our existing operations without substantial costs, delays or other operational or financial problems. If we do not implement proper overall business controls, our decentralized operating strategy could result in inconsistent operating and financial practices at the companies we acquire, and our overall profitability could be adversely affected. Integrating our acquired companies involves a number of special risks which could materially and adversely affect our business, financial condition and results of operations, including:

- failure of acquired companies to achieve the results we expect;
- diversion of our management's attention from operational matters;
- difficulties integrating the operations and personnel of acquired companies;
- inability to retain key personnel of the acquired companies;
- risks associated with unanticipated events or liabilities;

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- the potential disruption of our business; and
- the difficulty of maintaining uniform standards, controls, procedures and policies.

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

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

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

- the timing and volume of work under new agreements;
- regional or general economic conditions;
- the budgetary spending patterns of customers;
- variations in the margins of projects performed during any particular quarter;
- the termination of existing agreements;
- costs we incur to support growth internally or through acquisitions or otherwise;
- losses experienced in our operations not otherwise covered by insurance;
- a change in the mix of our customers, contracts and business;
- increases in construction and design costs;
- the timing of acquisitions; and
- the timing and magnitude of acquisition assimilation costs.

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

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

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

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

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

Our Business Growth Could Outpace the Capability of Our Corporate Management Infrastructure. We cannot be certain that our systems, procedures and controls will be adequate to support our operations as they expand. Future growth also will impose significant additional responsibilities on members of our senior management, including the need to recruit and integrate new senior level managers and executives. We cannot be certain that we can recruit and retain such additional managers and executives. To the extent that we are unable to manage our growth effectively, or are unable to attract and retain additional qualified management, our financial condition and results of operations could be materially and adversely affected.

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

our employees.

Our Business Is Labor Intensive and We May Be Unable to Attract and Retain Qualified Employees. Our ability to increase our productivity and profitability will be limited by our ability to employ, train and retain skilled personnel necessary to meet our requirements. We, like many of our competitors, are currently experiencing shortages of qualified personnel. We cannot be certain that we will be able to maintain an adequate skilled labor force necessary to operate efficiently and to support our growth strategy or that our labor expenses will not increase as a result of a shortage in the supply of skilled personnel. Labor shortages or increased labor costs could have a material adverse effect on our ability to implement our growth strategy and our operations.

Our Unionized Workforce Could Adversely Affect Our Operations and Acquisition Strategy. As of December 31, 2000, approximately 29% of our employees were covered by collective bargaining agreements. Although the majority of these agreements prohibit strikes and work stoppages, we cannot be certain that strikes or work stoppages will not occur in the future. Strikes or work stoppages would adversely impact our relationship with our customers and could materially and adversely affect our business, financial condition and results of operations. In addition, our selective acquisition strategy could be adversely affected because of our union status for a variety of reasons. For instance, our union agreements may be incompatible with the union agreements of a business we want to acquire and some businesses may not want to become affiliated with a union based company.

Our Industry Is Highly Competitive. Our industry is served by numerous small, owner-operated private companies, a few public companies and several large regional companies. In addition, relatively few barriers prevent entry into our industry. As a result, any organization that has adequate financial resources and access to technical expertise may become one of our competitors. Competition in the industry depends on a number

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of factors, including price. Certain of our competitors may have lower overhead cost structures and may, therefore, be able to provide their services at lower rates than we are able to provide. In addition, some of our competitors are larger and have greater resources than we do. We cannot be certain that our competitors will not develop the expertise, experience and resources to provide services that are superior in both price and quality to our services. Similarly, we cannot be certain that we will be able to maintain or enhance our competitive position within our industry. We may also face competition from the in-house service organizations of our existing or prospective customers. Telecommunications, electric power and cable television service providers usually employ personnel who perform some of the same types of services we do. We cannot be certain that our existing or prospective customers will continue to outsource services in the future.

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

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

Certain Provisions of Our Corporate Governing Documents Could Make an Acquisition of Our Company More Difficult. The following provisions of our certificate of incorporation and bylaws, as currently in effect, as well as our stockholder rights plan and Delaware law, could discourage potential proposals to acquire Quanta, delay or prevent a change in control of Quanta or limit the price that investors may be willing to pay in the future for shares of our common stock:

- our certificate of incorporation permits our board of directors to issue "blank check" preferred stock and to adopt amendments to our bylaws;
- our bylaws contain restrictions regarding the right of stockholders to nominate directors and to submit proposals to be considered at

stockholder meetings;

- our certificate of incorporation and bylaws restrict the right of stockholders to call a special meeting of stockholders and to act by written consent;
- we are subject to provisions of Delaware law which prohibit us from engaging in any of a broad range of business transactions with an "interested stockholder" for a period of three years following the date such stockholder became classified as an interested stockholder; and
- on March 8, 2000, we adopted a stockholder rights plan that could cause substantial dilution to a person or group that attempts to acquire us on terms not approved by our board of directors.

ITEM 2. PROPERTIES

FACILITIES

We lease our corporate headquarters in Houston, Texas. As of December 31, 2000, we maintained offices in 40 states. This space is used for offices, equipment yards, warehousing, storage and vehicle shops. We own 30 of the facilities we occupy and lease the rest. We believe that our facilities are sufficient for our current needs.

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EQUIPMENT

We operate a fleet of owned and leased trucks and trailers, support vehicles and specialty construction equipment, such as backhoes, excavators, trenchers, generators, boring machines, cranes, wire pullers and tensioners. As of December 31, 2000, the total size of the rolling-stock fleet was approximately 17,200 units. Most of this fleet is serviced by our own mechanics who work at various maintenance sites and facilities. We believe that these vehicles generally are well-maintained and adequate for our present operations. We believe that we will be able to continue to lease or purchase this equipment at lower prices due to our larger size and the volume of our leasing and purchasing activity.

ITEM 3. LEGAL PROCEEDINGS

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

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

There were no matters submitted to a vote of the stockholders during the fourth quarter of the year ended December 31, 2000.

PART II

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

We initially offered our common stock to the public on February 12, 1998, at a price of \$6.00 per share. All price data in the following table have been adjusted to give effect to a 3-for-2 stock split, paid as a stock dividend on April 7, 2000. Our common stock is listed on the New York Stock Exchange, or NYSE, under the symbol "PWR." The following table sets forth the high and low sales prices of our common stock per quarter, as reported by the NYSE, for the two most recent fiscal years.

<TABLE>
<CAPTION>

	HIGH	LOW
	-----	-----
<S>	<C>	<C>
YEAR ENDED DECEMBER 31, 1999		
1st Quarter.....	\$19.83	\$14.42
2nd Quarter.....	29.59	15.75
3rd Quarter.....	28.17	13.42
4th Quarter.....	23.13	15.67
YEAR ENDED DECEMBER 31, 2000		
1st Quarter.....	\$43.33	\$18.58
2nd Quarter.....	62.06	35.92
3rd Quarter.....	58.50	28.38
4th Quarter.....	38.13	22.75

</TABLE>

On March 15, 2001, there were 344 holders of record of our common stock, 31 holders of record of our Limited Vote Common Stock and one holder of record of our Series A Convertible Preferred Stock. There is no established trading market

for the Limited Vote Common Stock or Series A Convertible Preferred Stock.

DIVIDENDS AND PREFERRED CONVERSION

Our Series A Convertible Preferred Stock accrues a dividend at a rate of 0.5% per annum on a stated amount per share currently equal to \$53.99 per share. Dividends of \$930,000 were accrued on the Series A Convertible Preferred Stock during 2000. Dividends on the Series A Convertible Preferred Stock accumulate until paid. At our annual meeting on May 24, 2000 our stockholders approved a transaction that allowed UtiliCorp to exchange 7,924,805 shares of common stock for 1,584,961 additional shares of Series A

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Convertible Preferred Stock, at a rate of five shares of common stock for one share of Series A Convertible Preferred Stock. The transaction did not adversely affect our other holders of common stock or Limited Vote Common Stock. The additional shares of Series A Convertible Preferred Stock issued to UtiliCorp in the exchange did not give UtiliCorp any greater voting power than it previously had as a holder of the common stock to be exchanged, and did not give UtiliCorp any additional veto power. In addition, the Series A Convertible Preferred Stock has no liquidation preference, and its certificate of designation was amended so that the aggregate dividend payable to UtiliCorp on the Series A Convertible Preferred Stock was, as a result of the change in the stated amount per share, unaffected by the transaction.

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

RECENT SALES OF UNREGISTERED SECURITIES

Between October 1, 2000 and December 31, 2000, we completed five acquisitions in which some of the consideration was unregistered securities issued by Quanta. The aggregate consideration paid in these transactions was \$61.9 million in cash and 1.1 million shares of our common stock. We consider the acquisitions of (i) Network Electric Company and Network Equipment, L.L.C. and (ii) Parkside Utility Construction Corp., Parkside Site & Utility Company Corporation and Utility Systems, Inc., each to be one acquisition as these companies were each part of related businesses. None of the other acquisitions were affiliated with each other prior to their acquisition by Quanta.

All securities listed on the following table were shares of Quanta common stock. We relied on Section 4(2) of the Securities Act of 1933 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. All issuances were to the owners of businesses acquired in privately negotiated transactions or such owners' assignees, and not pursuant to public solicitation.

<TABLE>			
<CAPTION>			
DATE OF ISSUANCE	NUMBER OF SHARES	RECIPIENTS OF QUANTA STOCK	CONSIDERATION RECEIVED FOR QUANTA STOCK

<C>	<C>	<S>	<C>
10/2/00	98,084	Two owners of Riggin & Diggin Line Construction, Inc.	Acquisition of Riggin & Diggin Line Construction, Inc.
11/15/00	55,694	Two assignees of the owners of JT Communications, Inc.	Acquisition of JT Communications, Inc.
11/22/00	163,376	Two owners of Professional Teleconcepts Group	Acquisition of Professional Teleconcepts Group
12/7/00	341,501	Three owners and two of their assignees of Network Electric Company	Acquisition of Network Electric Company and Network Equipment, L.L.C.
12/15/00	456,078	One owner of Parkside Site & Utility Company Corporation and two owners of Parkside Utility Construction Corp.	Acquisition of Parkside Site & Utility Company Corporation, Parkside Utility Construction Corp. and Utility Systems, Inc.

</TABLE>

ITEM 6. SELECTED FINANCIAL DATA

For financial statement presentation purposes, in connection with the combination of the founding companies concurrent with our initial public offering, PAR Electrical Contractors, Inc. was identified as the "accounting acquiror." Between our initial public offering in February 1998 and December 31, 2000, we acquired 77 specialty contracting businesses. Of these, 75 were accounted for using the purchase method of accounting and two were accounted for using the pooling-of-interests method of accounting. Quanta's consolidated historical financial statements represent the financial position and results of operations of PAR as restated to include the financial position and results of operations of companies acquired in pooling transactions. The remaining businesses we acquired are reflected in the financial statements beginning on their respective dates of acquisition. All per share amounts have been adjusted to give effect to a 3-for-2 stock split, paid as a stock dividend on April 7, 2000.

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,				
	1996	1997	1998	1999	2000
	(IN THOUSANDS, EXCEPT PER SHARE INFORMATION)				
<S>	<C>	<C>	<C>	<C>	<C>
CONSOLIDATED STATEMENTS OF OPERATIONS					
DATA:					
Revenues.....	\$78,230	\$80,010	\$319,259	\$925,654	\$1,793,301
Cost of services (including depreciation).....	62,772	62,599	257,270	711,353	1,379,204
Gross profit.....	15,458	17,411	61,989	214,301	414,097
Selling, general and administrative expenses.....	10,445	12,354	27,160	80,132	143,564
Merger and special charges.....	--	--	231	6,574 (a)	28,566 (a)
Goodwill amortization.....	55	56	2,513	10,902	19,805
Income from operations.....	4,958	5,001	32,085	116,693	222,162
Interest expense.....	(1,116)	(1,290)	(4,855)	(15,184)	(25,708)
Other income (expense), net.....	(11)	(131)	641	1,429	2,597
Income before income tax provision....	3,831	3,580	27,871	102,938	199,051
Provision for income taxes.....	1,389	1,786	11,683	48,999 (b)	93,328 (b)
Net income.....	2,442	1,794	16,188	53,939	105,723
Dividends on preferred stock.....	--	--	--	260	930
Net income attributable to common stock.....	\$ 2,442	\$ 1,794	\$ 16,188	\$ 53,679	\$ 104,793
Basic earnings per share.....	\$ 0.39	\$ 0.29	\$ 0.60	\$ 1.14	\$ 1.78
Diluted earnings per share.....	\$ 0.39	\$ 0.29	\$ 0.59	\$ 1.00	\$ 1.42
Diluted earnings per share before merger and special charges (c).....	\$ 0.39	\$ 0.29	\$ 0.60	\$ 1.13	\$ 1.72

</TABLE>

(a) In December 2000, Quanta agreed to conclude its obligations under its management services agreement with UtiliCorp in exchange for a one-time payment to UtiliCorp of approximately \$28.6 million. The management services agreement required Quanta to make quarterly payments to UtiliCorp of \$2,325,000 through September 30, 2005. In June 1999, as a result of the termination of an Employee Stock Ownership Plan associated with a company acquired in a pooling transaction, Quanta incurred a non-cash, non-recurring compensation charge of \$5.3 million and a non-recurring excise tax charge of \$1.1 million. Quanta also incurred \$137,000 in merger charges associated with a pooling transaction in the first quarter of 1999.

(b) For the year ended December 31, 2000, the provision reflects a portion of the merger and special charges for which no tax benefit has been provided. For the year ended December 31, 1999, it includes a non-cash, non-recurring deferred tax charge of \$677,000 as a result of a change in the tax status of a company acquired in a pooling transaction from an S corporation to a C corporation during the first quarter of 1999.

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

<TABLE>
<CAPTION>

	DECEMBER 31,				
	1996	1997	1998	1999	2000
	(IN THOUSANDS)				
<S>	<C>	<C>	<C>	<C>	<C>
BALANCE SHEET DATA:					
Working capital.....	\$ 2,797	\$ 2,381	\$ 57,106	\$ 164,140	\$ 349,970
Total assets.....	31,607	37,561	339,081	1,159,636	1,874,094
Long-term debt, net of current maturities.....	6,665	7,638	60,281	150,308	318,602
Convertible subordinated notes.....	--	--	49,350	49,350	172,500
Total stockholders' equity.....	9,385	11,402	171,503	756,925	1,068,956

</TABLE>

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

The following discussion should be read in conjunction with Item 6. Selected Financial Data and our Consolidated Financial Statements and related notes thereto included in Item 8. All share amounts and per share amounts in this discussion have been adjusted to give effect to a 3-for-2 stock split, paid as a stock dividend on April 7, 2000.

INTRODUCTION

We derive our revenues from one reportable segment by providing specialized contracting services and offering comprehensive network solutions. Our customers include telecommunications, electric power and cable television companies, as well as commercial, industrial and governmental entities. Including all companies we acquired prior to December 31, 2000, we had pro forma combined revenues for the year ended December 31, 2000 of \$2.0 billion, of which 43% was attributable to telecommunications customers, 29% was attributable to electric power companies, 15% was attributable to cable television operators and 13% was attributable to ancillary services, such as installing intelligent traffic networks, cable and control systems for light rail lines, airports and highways, and providing specialty rock trenching, directional boring and road milling for industrial and commercial customers. We acquired 25 companies in 2000, 13 of which have continued as separate operating and reporting subsidiaries, or "platform" companies, while the remaining 12 acquired companies were "tuck-in" acquisitions whose operating and accounting activities were absorbed into other operating subsidiaries.

We enter into contracts principally on the basis of competitive bids, the final terms and prices of which we frequently negotiate with the customer. Although the terms of our contracts vary considerably, most are made on either a fixed price or unit price basis in which we agree to do the work for a fixed amount for the entire project (fixed price) 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 fixed price 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 recognize revenue when services are performed except when work is being performed under fixed price contracts. We typically record revenues from fixed price contracts on a percentage-of-completion basis, using the cost-to-cost method based on the percentage of total costs incurred to date in proportion to total estimated costs to complete the contract. 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 remits the retainage to us upon completion and approval of the work.

Cost of services consists primarily of salaries, wages and benefits to employees, depreciation, fuel and other vehicle expenses, equipment rentals, subcontracted services, insurance, facilities expenses, materials and parts and supplies. Our gross margin, which is gross profit expressed as a percentage of revenues, is typically

higher on projects where labor, rather than materials, constitutes a greater portion of the cost of services. We can predict materials costs more accurately

than labor costs. Therefore, to compensate for the potential variability of labor costs, we seek to maintain higher margins on labor-intensive projects. Certain of our subsidiaries were previously subject to deductibles ranging from \$100,000 to \$1,000,000 for workers' compensation insurance and, 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.

Through December 31, 2000, we have recognized goodwill of \$939.2 million, which primarily equals the excess amount we have paid for businesses over the fair value of the tangible and intangible assets of such businesses acquired using the purchase method of accounting. We amortize this goodwill over its estimated useful life of 40 years as a non-cash charge to operating income. We are unable to deduct the majority of amortized goodwill from our income for tax purposes.

SEASONALITY; FLUCTUATIONS OF QUARTERLY RESULTS

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

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2000, we had cash and cash equivalents of \$17.3 million, working capital of \$350.0 million and long-term debt of \$491.1 million, net of current maturities. Our long-term debt balance at that date included borrowings of \$92.9 million under our credit facility, \$210.0 million of senior secured notes, \$172.5 million of convertible subordinated notes and \$15.7 million of other debt. In addition, we had \$14.8 million of letters of credit outstanding under the credit facility.

During the year ended December 31, 2000, operating activities provided net cash to us of \$45.4 million, net of a non-recurring special charge of \$28.6 million. Acquisitions created significant changes in our working capital accounts throughout the year and such accounts are not comparable to prior periods. We used net cash in investing activities of \$362.0 million, including \$273.8 million used for the purchase of businesses, net of cash acquired. Financing activities provided net cash of \$323.1 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 \$46.1 million in net repayments under our credit facility and \$35.9 million in repayments of other long-term debt.

We currently have a \$350.0 million credit facility with 14 participating 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 pay commitment fees of 0.25% to 0.50% (based on the ratio of our 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 March 29, 2001, we had a borrowing availability of \$188.8 million under the credit facility. The weighted-average borrowing rate on the credit facility for the year ended December 31, 2000 was 7.72%.

In March 2000, we closed a private placement of \$150.0 million principal

amount of senior secured notes primarily with insurance companies. In September 2000, we issued an additional \$60.0 million principal amount of senior secured notes. The resulting \$210.0 million of 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 equally in right of repayment with indebtedness under our credit facility. The senior secured notes have financial covenants similar to those under the credit facility. We used the proceeds from this private placement to reduce our outstanding borrowings under the credit facility.

In April 2000, UtiliCorp purchased the \$49.4 million of 6 7/8% convertible subordinated notes from Enron Capital and an affiliate. UtiliCorp converted these notes into approximately 5.4 million shares of Quanta's common stock on June 13, 2000.

On July 19, 2000, we issued \$150.0 million principal amount of convertible subordinated notes and, on August 7, 2000, we issued an additional \$22.5 million principal amount of convertible subordinated notes due to 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% per year and are convertible into shares of our common stock at a price of \$54.53 per share, subject to adjustment as a result of certain events. The convertible subordinated notes require semi-annual interest payments beginning December 31, 2000 until the notes mature on July 1, 2007. We have the option to redeem some or all of the convertible subordinated notes beginning July 3, 2003 at specified redemption prices, together with accrued and unpaid interest. If a "fundamental change" occurs, as described in the indenture under which we issued the convertible subordinated notes, holders of the convertible subordinated notes may require us to purchase all or part of their notes at a purchase price equal to 100% of the principal amount, plus accrued and unpaid interest.

We 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 electric power industry; 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. The management services agreement required Quanta to make quarterly payments to UtiliCorp of \$2,325,000 through September 30, 2005. In December 2000, we agreed to conclude our obligations under the management services agreement with UtiliCorp in exchange for a one-time payment to UtiliCorp of approximately \$28.6 million.

During 2000, we acquired 25 companies for an aggregate consideration of 4.4 million shares of common stock and \$282.4 million in cash. The cash portion of such consideration was provided by proceeds from the sale of senior secured notes and borrowings under the credit facility.

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

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INFLATION

Due to relatively low levels of inflation experienced during the years ended December 31, 1998, 1999 and 2000, inflation did not have a significant effect on our results.

RESULTS OF OPERATIONS

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

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

<TABLE>

<CAPTION>

	YEAR ENDED DECEMBER 31,					
	1998		1999		2000	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues.....	\$319,259	100.0%	\$925,654	100.0%	\$1,793,301	100.0%
Cost of services (including depreciation).....	257,270	80.6	711,353	76.8	1,379,204	76.9%
Gross profit.....	61,989	19.4	214,301	23.2	414,097	23.1
Selling, general and administrative expenses....	27,160	8.5	80,132	8.7	143,564	8.0
Merger and special charges...	231	0.1	6,574	0.7	28,566	1.6
Goodwill amortization.....	2,513	0.8	10,902	1.2	19,805	1.1
Income from operations.....	32,085	10.0	116,693	12.6	222,162	12.4
Interest expense.....	(4,855)	(1.5)	(15,184)	(1.6)	(25,708)	(1.4)
Other income (expense), net.....	641	0.2	1,429	0.1	2,597	0.1
Income before income tax provision.....	27,871	8.7	102,938	11.1	199,051	11.1
Provision for income taxes...	11,683	3.6	48,999	5.3	93,328	5.2
Net income.....	\$ 16,188	5.1%	\$ 53,939	5.8%	\$ 105,723	5.9%

</TABLE>

YEAR ENDED DECEMBER 31, 2000 COMPARED TO THE YEAR ENDED DECEMBER 31, 1999

Revenues. Revenues increased \$867.6 million, or 93.7%, to \$1.8 billion for the year ended December 31, 2000. This increase was attributable to strong growth in key business areas as a result of greater demand for bandwidth, increased outsourcing, deregulation and industry convergence, a full year of contributed revenues in 2000 for those companies acquired in 1999, revenues of \$226.5 million from platform companies acquired in 2000 which continued to exist as separate reporting subsidiaries, as well as contributed revenues from tuck-in acquisitions whose operations were absorbed into other operating subsidiaries. Because the businesses we acquired in 1999 and 2000 had aggregate revenues larger than our revenues at the beginning of the 1999 period, we believe that pro forma revenue growth is a more meaningful measure of our business performance. Operating units we owned as of December 31, 2000 experienced aggregate internal revenue growth on a pro forma combined basis of 33.1% in 2000.

Gross profit. Gross profit increased \$199.8 million, or 93.2%, to \$414.1 million for the year ended December 31, 2000. Gross margin decreased slightly from 23.2% for the year ended December 31, 1999 to 23.1% for the year ended December 31, 2000. This decrease in gross margin resulted from lower margins on work performed for gas transmission and inside electrical customers.

Selling, general and administrative expenses. Selling, general and administrative expenses increased \$63.4 million, or 79.2%, to \$143.6 million for the year ended December 31, 2000. This increase was attributable to a full year of costs in 2000 associated with companies acquired in 1999, \$15.3 million of

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additional selling, general and administrative expenses attributable to the platform companies we acquired in 2000 and the continued establishment of infrastructure to facilitate our growth and integrate our acquired businesses. As a percentage of revenues, selling, general and administrative expenses decreased due to better absorption associated with a higher level of revenues.

Merger and special charges. Merger and special charges increased \$22.0 million, or 334.5%, to \$28.6 million for the year ended December 31, 2000. In December 2000, we agreed to conclude our obligations under the management services agreement with UtiliCorp in exchange for a one-time payment to UtiliCorp of approximately \$28.6 million. Merger and special charges for the year ended December 31, 1999 included \$5.3 million of non-cash compensation charges, which were related to the allocation of shares of common stock to participants in an employee stock ownership plan associated with one of the companies we acquired in a pooling transaction, and \$1.1 million of related excise tax charges.

Interest expense. Interest expense increased \$10.5 million, or 69.3%, to \$25.7 million for the year ended December 31, 2000, due to higher levels of debt resulting from the acquisitions of the companies we purchased in 2000. We also borrowed funds under our credit facility for equipment purchases and other operating activities to support higher levels of revenue. In addition, interest expense increased due to higher interest rates under our credit facility during 2000 and from our issuance of the senior secured notes in March 2000. These increases were partially offset by lower interest rates on the convertible subordinated notes issued in July 2000.

Provision for income taxes. The provision for income taxes was \$93.3 million for the year ended December 31, 2000, with an effective tax rate of 46.9% compared to \$49.0 million for the year ended December 31, 1999 and an effective tax rate of 47.6%. In 2000, the provision reflected a portion of the merger and special charges for which no tax benefit had been provided. In 1999, the provision reflected the non-deductibility of the merger and special 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 \$51.8 million, or 96.0%, to \$105.7 million for the year ended December 31, 2000, compared to \$53.9 million for the year ended December 31, 1999.

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

Revenues. Revenues increased \$606.4 million, or 189.9%, to \$925.7 million for the year ended December 31, 1999. This increase was primarily attributable to revenues of \$403.5 million from platform companies acquired in 1999 which continued to exist as separate reporting subsidiaries, as well as a full year of contributed revenues in 1999 for those companies acquired in 1998. We experienced strong growth in key business areas as a result of greater demand for bandwidth, increased outsourcing, deregulation and industry convergence. Because the businesses we acquired in 1998 and 1999 had aggregate revenues that were much larger than our revenues at the beginning of the 1998 period, we believe that pro forma revenue growth is a more meaningful measure of our business performance. Operating units we owned as of December 31, 1999 experienced aggregate internal revenue growth on a pro forma combined basis of 21.7% in 1999.

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

Selling, general and administrative expenses. Selling, general and administrative expenses increased \$53.0 million, or 195.0%, to \$80.1 million for the year ended December 31, 1999. Of this increase, \$25.8 million was attributable to the platform companies we acquired in 1999 and \$5.4 million was attributable to the implementation in 1999 of a company-wide incentive program that paid bonuses to management at the operating units that exceeded their performance targets and to corporate management. Selling, general and administrative expenses also included a full year of costs in 1999 associated with those

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companies acquired in 1998. The remainder of the increase was attributable to tuck-in acquisitions and the continued establishment of infrastructure to facilitate our growth and to integrate our acquired businesses. As a percentage of revenues, selling, general and administrative expenses remained relatively constant.

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

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

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

Net income. Net income increased \$37.8 million, or 233.2%, to \$53.9 million for the year ended December 31, 1999 compared to \$16.2 million for the year ended December 31, 1998.

NEW ACCOUNTING PRONOUNCEMENTS.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS No. 133). This standard requires entities to recognize all derivative instruments (including certain derivative instruments embedded in other contracts) as assets or liabilities in its balance sheet and measure them at fair value. The statement requires that changes in the derivatives' fair value be recognized currently in earnings unless specific hedge accounting criteria are met. SFAS No. 133, as amended, is effective for Quanta beginning January 1, 2001. We adopted these standards effective January 1, 2001 and there was no financial statement impact as we were not a party to any derivative instruments at that date.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 (SAB No. 101), "Revenue Recognition in Financial Statements," to provide guidance on the recognition, presentation and disclosure of revenue in financial statements, as amended, with an effective date for Quanta of January 1, 2000. The adoption of SAB No. 101 did not have a material impact on the financial position or results of operations of Quanta as we recognize revenue from construction contracts in accordance with the American Institute of Certified Public Accountants Statement of Position 81-1, "Accounting for Performance of Construction-Type and Certain Production-Type Contracts".

FORWARD LOOKING STATEMENTS

Except for the historical financial information contained in this report, statements made or incorporated by reference in this report may be considered "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include, without limitation, declarations regarding our intent, belief or current expectations, statements regarding the future results of acquired companies and our gross margins and any other statement that may project, indicate or imply future results, performance or achievements. Such statements may contain the words "expect," "intend," "plan," "anticipate," "estimate," "believe," "will be," "will continue," "will likely result" and similar expressions. Statements in this report that contain forward-looking

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statements include, but are not limited to, discussions regarding future market conditions and the effect of such conditions on our future results of operations (see "Business -- Industry Overview," "-- Strategy" and "-- Customers, Strategic Alliances and Preferred Provider Relationships") and future uses of and requirements for financial resources including, but not limited to, expenditures related to future acquisitions (see "-- Liquidity and Capital Resources"). Any such forward-looking statements are not guarantees of future performance and are subject to a variety of risks and uncertainties. Such risks and uncertainties include, among others, general economic and business conditions, the pace and nature of technological change, our ability to integrate companies we acquire, our ability to generate internal growth, competition, regulatory initiatives and compliance with governmental regulations, customer preferences and various other matters, many of which are beyond our control. The risks included here are not exhaustive. Actual results could differ materially from those indicated by such forward-looking statements. Among the important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are those discussed in "Business -- Risk Factors" in this report. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any forward-looking statement is based.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

The sensitivity analyses below, which hypothetically illustrates our potential market risk exposure, estimates the effects of hypothetical sudden and sustained changes in the applicable market conditions on 2000 earnings. The sensitivity analyses presented do not consider any additional actions we may take to mitigate our exposure to such changes. The hypothetical changes and assumptions may be different from what actually occurs in the future.

Interest Rates. As of December 31, 2000, we had no derivative financial instruments to manage interest rate risk. As such, we are exposed to earnings and fair value risk due to changes in interest rates with respect to our long-term obligations. As of December 31, 2000, approximately 18.6% of our

long-term obligations were floating rate obligations. As of December 31, 2000, the fair value of our variable rate debt of \$92.9 million approximated book value, and the fair value of our fixed-rate debt of \$407.0 million was approximately \$418.0 million based upon discounted future cash flows using incremental borrowing rates and current market prices. The detrimental effect on our pretax earnings of a hypothetical 50 basis point increase in both variable and fixed interest rates would be approximately \$0.3 million and \$2.2 million, respectively.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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Quanta Services, Inc. and Subsidiaries	
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Consolidated Statements of Operations.....	25
Consolidated Statements of Cash Flows.....	26
Consolidated Statements of Stockholders' Equity.....	27
Notes to Consolidated Financial Statements.....	28

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Quanta Services, Inc.:

We have audited the accompanying consolidated balance sheets of Quanta Services, Inc. (a Delaware corporation) and subsidiaries as of December 31, 1999 and 2000, and the related consolidated statements of operations, cash flows and stockholders' equity for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Quanta Services, Inc. and subsidiaries as of December 31, 1999 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Houston, Texas
February 22, 2001

QUANTA SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE INFORMATION)

<TABLE>
<CAPTION>

	DECEMBER 31,	
	-----	-----
	1999	2000
	-----	-----
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents.....	\$ 10,775	\$ 17,306
Accounts receivable, net of allowance of \$5,947 and \$15,612.....	253,881	466,869

Costs and estimated earnings in excess of billings on uncompleted contracts.....	45,963	71,842
Inventories.....	8,741	19,874
Prepaid expenses and other current assets.....	15,703	26,516
	-----	-----
Total current assets.....	335,063	602,407
PROPERTY AND EQUIPMENT, net.....	191,854	341,029
OTHER ASSETS, net.....	7,962	24,627
GOODWILL, net.....	624,757	906,031
	-----	-----
Total assets.....	\$1,159,636	\$1,874,094
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Current maturities of long-term debt.....	\$ 6,664	\$ 8,772
Accounts payable and accrued expenses.....	141,025	215,684
Billings in excess of costs and estimated earnings on uncompleted contracts.....	23,234	27,981
	-----	-----

Total current liabilities.....	170,923	252,437
--------------------------------	---------	---------

LONG-TERM DEBT, net of current maturities.....	150,308	318,602
--	---------	---------

CONVERTIBLE SUBORDINATED NOTES.....	49,350	172,500
-------------------------------------	--------	---------

DEFERRED INCOME TAXES AND OTHER NON-CURRENT LIABILITIES.....	32,130	61,599
--	--------	--------

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 shares and 300,000,000 shares authorized, respectively, 51,035,283 and 56,400,546 shares issued and outstanding, respectively.....	--	--
---	----	----

Limited Vote Common Stock, \$.00001 par value, 3,345,333 shares authorized, 3,746,020 and 1,765,912 shares issued and outstanding, respectively.....	--	--
--	----	----

Additional paid-in capital.....	675,106	882,344
---------------------------------	---------	---------

Retained earnings.....	81,819	186,612
	-----	-----

Total stockholders' equity.....	756,925	1,068,956
	-----	-----

Total liabilities and stockholders' equity.....	\$1,159,636	\$1,874,094
	=====	=====

</TABLE>

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

QUANTA SERVICES, INC. AND SUBSIDIARIES

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

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,		
	1998	1999	2000
	-----	-----	-----
<S>	<C>	<C>	<C>
REVENUES.....	\$319,259	\$925,654	\$1,793,301
COST OF SERVICES (including depreciation).....	257,270	711,353	1,379,204
	-----	-----	-----
Gross profit.....	61,989	214,301	414,097
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES.....	27,160	80,132	143,564
MERGER AND SPECIAL CHARGES.....	231	6,574 (a)	28,566 (a)
GOODWILL AMORTIZATION.....	2,513	10,902	19,805
	-----	-----	-----
Income from operations.....	32,085	116,693	222,162
OTHER INCOME (EXPENSE):			
Interest expense.....	(4,855)	(15,184)	(25,708)
Other, net.....	641	1,429	2,597
	-----	-----	-----
INCOME BEFORE INCOME TAX PROVISION.....	27,871	102,938	199,051
PROVISION FOR INCOME TAXES.....	11,683	48,999 (b)	93,328 (b)
	-----	-----	-----
NET INCOME.....	16,188	53,939	105,723
DIVIDENDS ON PREFERRED STOCK.....	--	260	930
	-----	-----	-----
NET INCOME ATTRIBUTABLE TO COMMON STOCK.....	\$ 16,188	\$ 53,679	\$ 104,793

BASIC EARNINGS PER SHARE(c).....	\$ 0.60	\$ 1.14	\$ 1.78
DILUTED EARNINGS PER SHARE(c).....	\$ 0.59	\$ 1.00	\$ 1.42
DILUTED EARNINGS PER SHARE BEFORE MERGER AND SPECIAL CHARGES (c) (d).....	\$ 0.60	\$ 1.13	\$ 1.72
SHARES USED IN COMPUTING EARNINGS PER SHARE:			
Basic(c).....	26,785	47,177	58,900
Diluted(c).....	28,315	56,146	76,583

</TABLE>

Note (a) In December 2000, the Company agreed to conclude its obligations under its management services agreement with UtiliCorp United Inc. (UtiliCorp) in exchange for a one-time payment to UtiliCorp of approximately \$28.6 million. The management services agreement required the Company to make quarterly payments to UtiliCorp of \$2,325,000 through September 30, 2005. In June 1999, as a result of the termination 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. The Company also incurred \$137,000 in merger charges associated with a pooling transaction in the first quarter of 1999.

Note (b) For the year ended December 31, 2000, the provision reflects a portion of the merger and special charges for which no tax benefit has been provided. For the year ended December 31, 1999, it includes a non-cash, non-recurring deferred tax charge of \$677,000 as a result of a change in the tax status from an S corporation to a C corporation of a company acquired in a pooling transaction during the first quarter of 1999.

Note (c) Share and earnings per share information have been adjusted to give effect to a 3-for-2 stock split, paid as a stock dividend on April 7, 2000.

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

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

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QUANTA SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,		
	1998	1999	2000
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income attributable to common stock.....	\$ 16,188	\$ 53,679	\$ 104,793
Adjustments to reconcile net income attributable to common stock to net cash provided by operating activities --			
Depreciation and amortization.....	10,666	35,163	57,294
Gain on sale of property and equipment.....	(91)	(252)	(107)
Non-cash merger related compensation charge for issuance of common stock to ESOP.....	--	5,319	--
Deferred income tax provision (benefit).....	(370)	5,620	13,344
Preferred stock dividend.....	--	260	930
Changes in operating assets and liabilities, net of non-cash transactions --			
(Increase) decrease in --			
Accounts receivable, net.....	(9,649)	(74,041)	(128,638)
Costs and estimated earnings in excess of billings on uncompleted contracts.....	(2,286)	(11,172)	(9,878)
Inventories.....	(904)	(1,740)	(6,275)
Prepaid expenses and other current assets.....	(2,784)	(1,959)	2,297
Increase (decrease) in --			
Accounts payable and accrued expenses.....	(4,672)	29,358	20,802
Billings in excess of costs and estimated earnings on uncompleted contracts.....	2,185	3,645	(8,373)

preemptive rights agreement.....	--	--	38,485	--	--	--	--	--
1,042	--	--		--	--	--	--	--
Stock options exercised....	--	--	204,888	--	--	--	--	--
2,347	--	--		--	--	--	--	--
Income tax benefit from stock options exercised...	--	--	--	--	--	--	--	--
1,446	--	--		--	--	--	--	--
Conversion of Limited Vote Common Stock to common stock.....	--	--	847,986	--	(847,986)	--	--	-
-	--	--		--	--	--	--	-
Termination of ESOP.....	--	--	--	--	--	--	1,831	--
5,319	--	--		--	--	--		--
Follow-on offering, net of offering costs.....	--	--	4,600,000	--	--	--	--	--
101,119	--	--		--	--	--	--	--
Acquisition of Purchased Companies.....	--	--	9,774,214	--	--	--	--	--
236,520	--	--		--	--	--	--	--
Three-for-two common stock split.....	--	--	17,011,761	--	1,248,673	--	--	-
-	--	--		--	--	--	--	-
Net income attributable to common stock.....	--	--	--	--	--	--	--	--
-- 53,679	--	--		--	--	--	--	--
-----	-----	-----	-----	-----	-----	-----	-----	-----
Balance, December 31, 1999....	1,860,000	--	51,035,283	--	3,746,020	--	--	--
675,106 81,819								
Conversion of common stock to Series A Convertible Preferred Stock.....	1,584,961	--	(7,924,805)	--	--	--	--	-
-	--	--		--	--	--	--	-
Conversion of 6 7/8% convertible subordinated notes to common stock....	--	--	5,383,636	--	--	--	--	--
47,653	--	--		--	--	--	--	--
Sales of common stock under preemptive rights agreement.....	--	--	519,182	--	--	--	--	--
14,528	--	--		--	--	--	--	--
Issuances of stock under Employee Stock Purchase Program.....	--	--	222,364	--	--	--	--	--
3,544	--	--		--	--	--	--	--
Stock options exercised....	--	--	804,484	--	--	--	--	--
10,456	--	--		--	--	--	--	--
Income tax benefit from stock options exercised...	--	--	--	--	--	--	--	--
8,460	--	--		--	--	--	--	--
Conversion of Limited Vote Common Stock to common stock.....	--	--	1,980,108	--	(1,980,108)	--	--	-
-	--	--		--	--	--	--	-
Acquisition of Purchased Companies.....	--	--	4,380,294	--	--	--	--	--
122,597	--	--		--	--	--	--	--
Net income attributable to common stock.....	--	--	--	--	--	--	--	--
-- 104,793	--	--		--	--	--	--	--
-----	-----	-----	-----	-----	-----	-----	-----	-----
Balance, December 31, 2000....	3,444,961	\$--	56,400,546	\$--	1,765,912	\$--	\$ --	\$882,344
\$186,612								
=====	=====	=====	=====	=====	=====	=====	=====	=====

<CAPTION>

	TOTAL STOCKHOLDERS' EQUITY
<S>	<C>
Balance, December 31, 1997....	\$ 11,402
Issuances of stock.....	--
Stock options exercised....	1,125
Initial public offering, net of offering costs.....	44,914
Acquisition of Founding Companies.....	53,890
Acquisition of Purchased Companies.....	43,984
Net income.....	16,188

Balance, December 31, 1998....	171,503
Issuance of Series A Convertible Preferred Stock.....	182,119
Sales of common stock under preemptive rights agreement.....	1,042
Stock options exercised....	2,347
Income tax benefit from stock options exercised...	1,446
Conversion of Limited Vote Common Stock to common stock.....	--
Termination of ESOP.....	7,150
Follow-on offering, net of offering costs.....	101,119
Acquisition of Purchased Companies.....	236,520
Three-for-two common stock split.....	--
Net income attributable to common stock.....	53,679
Balance, December 31, 1999....	756,925
Conversion of common stock to Series A Convertible Preferred Stock.....	--
Conversion of 6 7/8% convertible subordinated notes to common stock....	47,653
Sales of common stock under preemptive rights agreement.....	14,528
Issuances of stock under Employee Stock Purchase Program.....	3,544
Stock options exercised....	10,456
Income tax benefit from stock options exercised...	8,460
Conversion of Limited Vote Common Stock to common stock.....	--
Acquisition of Purchased Companies.....	122,597
Net income attributable to common stock.....	104,793
Balance, December 31, 2000....	\$1,068,956

</TABLE>

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

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QUANTA SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS AND ORGANIZATION:

Quanta Services, Inc. is a leading provider of specialized contracting services, offering end-to-end network solutions to the telecommunications, electric power and cable television industries. Our comprehensive services include designing, installing, repairing and maintaining network infrastructure. Reference herein to the "Company" includes Quanta and its subsidiaries.

Since its inception and through 2000, Quanta has acquired 77 businesses. Of these businesses acquired, two were accounted for as poolings-of-interests and are referred to herein as the "Pooled Companies." The remaining acquired businesses were accounted for as purchases and are referred to herein as the "Purchased Companies" and have been included in the Company's historical financial statements beginning on their respective dates of acquisition. 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 consolidated financial statements have been adjusted to give effect to a 3-for-2 stock split, paid as a stock dividend on April 7, 2000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of Consolidation

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

Cash and Cash Equivalents

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

Supplemental Cash Flow Information

The Company had non-cash investing and financing activities related to capital leases of approximately \$1,218,000, \$170,000 and \$0 during the years ended December 31, 1998, 1999 and 2000, respectively.

The Company also had non-cash investing and financing activities of approximately \$1,697,000 during the year ended December 31, 2000 related to the conversion of the convertible subordinated notes that were issued to Enron Capital & Trade Resources Corp., a subsidiary of Enron Corp., and an affiliate in October 1998. In April 2000, UtiliCorp United, Inc. (UtiliCorp) purchased the convertible subordinated notes from Enron Capital & Trade Resources Corp. and an affiliate. UtiliCorp converted the convertible subordinated notes into approximately 5.4 million shares of the Company's common stock on June 13, 2000.

In addition, pursuant to its acquisition program, the Company acquired assets through purchase acquisitions with an estimated fair value, net of cash acquired, of approximately \$116.0 million and liabilities of approximately \$71.6 million resulting in the recording of approximately \$127.7 million in goodwill in 1998. The Company acquired assets through purchase acquisitions with an estimated fair value, net of cash acquired, of approximately \$236.0 million and liabilities of approximately \$160.2 million resulting in the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

recording of approximately \$484.9 million in goodwill in 1999. The Company acquired assets through purchase acquisitions with an estimated fair value, net of cash acquired, of approximately \$215.8 million and liabilities of approximately \$119.5 million resulting in the recording of approximately \$301.0 million in goodwill in 2000.

Accounts Receivable and Provision for Doubtful Accounts

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

Concentration of Credit Risk

The Company grants credit, generally without collateral, to its customers, which include telecommunications and cable television system operators, electric power companies, governmental entities, general contractors, builders and owners and managers of commercial and industrial properties located primarily in the United States. Consequently, the Company is subject to potential credit risk related to changes in business and economic factors throughout the United States. However, the Company generally is entitled to payment for work performed and has certain lien rights on that work and concentrations of credit risk are limited due to the diversity of the Company's customer base. Further, management believes that its contract acceptance, billing and collection policies are adequate to minimize the potential credit risk. No customer accounted for more than 10% of revenues during the years ended December 31, 1998, 1999 or 2000.

Inventories

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

Property and Equipment

Property and equipment are stated at cost, and depreciation is computed using the straight-line method, net of estimated salvage values, over the estimated useful lives of the assets. Leasehold improvements are capitalized and amortized over the lesser of the life of the lease or the estimated useful life

of the asset. Depreciation and amortization expense related to property and equipment was approximately \$8,153,000, \$24,261,000 and \$37,489,000 for the years ended December 31, 1998, 1999 and 2000, respectively.

Expenditures for repairs and maintenance are charged to expense when incurred. Expenditures for major renewals and betterments, which extend the useful lives of existing equipment, are capitalized and depreciated. Upon retirement or disposition of property and equipment, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the statements of operations.

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

Debt Issuance Costs

Debt issuance costs related to the Company's credit facility, the convertible subordinated notes and the senior secured notes are included in other assets and are amortized to interest expense over the scheduled maturity periods of the related debt. As of December 31, 1999 and 2000, accumulated amortization was approximately \$857,000 and \$2,397,000, respectively.

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QUANTA SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Goodwill

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

Revenue Recognition

The Company recognizes revenue when services are performed except when work is being performed under a fixed price contract. Revenues from fixed price contracts are recognized on the percentage-of-completion method measured by the percentage of costs incurred-to-date to total estimated costs for each contract. Such contracts generally provide that the customer accept completion of progress to date and compensate the Company for services rendered, measured typically in terms of units installed, hours expended or some other measure of progress. Contract costs typically include all direct material, labor and subcontract costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs and depreciation costs. Provisions for the total estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions, estimated profitability and final contract settlements may result in revisions to costs and income and their effects are recognized in the period in which the revisions are determined.

The balances billed but not paid by customers pursuant to retainage provisions in certain contracts will be due upon completion of the contracts and acceptance by the customer. Based on the Company's experience with similar contracts in recent years, the retention balance at each balance sheet date will be collected within the subsequent fiscal year. Retainage balances as of December 31, 1999 and 2000 were approximately \$30,453,000 and \$50,742,000, respectively, and are included in accounts receivable.

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

Warranty Costs

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

Income Taxes

The Company follows the liability method of accounting for income taxes in

accordance with Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes." Under this method, deferred assets and liabilities are recorded for future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and are measured using the enacted tax rates and laws that will be in effect when the underlying assets or liabilities are recovered or settled.

Certain of the Purchased Companies were S corporations for income tax purposes and, accordingly, any income tax liabilities for the periods prior to the acquisitions are the responsibility of the respective stockholders. In addition, one of the Pooled Companies was an S corporation prior to its merger with the Company and, therefore, income taxes have not been provided for in the historical financial statements. Effective with the acquisitions, the S corporations converted to C corporations. Accordingly, at the date of

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QUANTA SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

acquisition an estimated deferred tax liability has been recorded to provide for the estimated future income tax liability resulting from the difference between the book and tax bases of the net assets of these former S corporations. For purposes of these consolidated financial statements, federal and state income taxes have been provided for the post-acquisition periods.

Collective Bargaining Agreements

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

Use of Estimates

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

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, accounts receivable, accounts payable, the credit facility, the convertible subordinated notes and notes payable to various financial institutions approximate fair value. The fair value of the senior secured notes is estimated based on interest rates for the same or similar debt offered to the Company having the same or similar remaining maturities and collateral requirements. At December 31, 2000, the fair value of the Company's senior secured notes of \$210.0 million was approximately \$221.0 million.

New Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This standard requires entities to recognize all derivative instruments (including certain derivative instruments embedded in other contracts) as assets or liabilities in its balance sheet and measure them at fair value. The statement requires that changes in the derivatives' fair value be recognized currently in earnings unless specific hedge accounting criteria are met. SFAS No. 133, as amended, is effective for the Company beginning January 1, 2001. The Company adopted these standards effective January 1, 2001 and there was no financial statement impact as the Company was not a party to any derivative instruments at that date.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 (SAB No. 101), "Revenue Recognition in Financial Statements," to provide guidance on the recognition, presentation and disclosure of revenue in financial statements, as amended, with an effective date for the Company of January 1, 2000. The adoption of SAB No. 101 did not have a material impact on the financial position or results of operations of the Company as we recognize revenue from construction contracts in accordance with the American Institute of Certified Public Accountants Statement of Position 81-1, "Accounting for Performance of Construction-Type and Certain Production-Type Contracts."

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QUANTA SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

3. EARNINGS 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 1998, 1999 and 2000 is illustrated below (in thousands):

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,		
	1998	1999	2000
<S>	<C>	<C>	<C>
NET INCOME:			
Net income for basic earnings per share -- income attributable to common stockholders.....	\$16,188	\$53,679	\$104,793
Effect of convertible subordinated notes under the "if converted" method -- interest expense addback, net of taxes.....	506	2,198	3,003
Dividends on Preferred Stock.....	--	260	930
Net income for diluted earnings per share.....	\$16,694	\$56,137	\$108,726
WEIGHTED AVERAGE SHARES:			
Weighted average shares outstanding for basic earnings per share.....	26,785	47,177	58,900
Effect of dilutive stock options.....	232	986	2,300
Effect of convertible subordinated notes under the "if converted" method -- weighted convertible shares issuable.....	1,298	5,384	3,831
Effect of conversion of Preferred Stock into common stock -- weighted convertible shares issuable.....	--	2,599	11,552
Weighted average shares outstanding for diluted earnings per share.....	28,315	56,146	76,583

</TABLE>

For the years ended December 31, 1998, 1999 and 2000, stock options of 0.2 million, 0.9 million and 0.3 million, respectively, were excluded from the computation of diluted earnings per share because the options' exercise prices were greater than the average market price of the Company's common stock.

4. BUSINESS COMBINATIONS:

Purchases

During 1999 and 2000, the Company completed 64 acquisitions accounted for as purchases. The aggregate consideration paid in these transactions consisted of \$611.2 million in cash and 19.1 million shares of common stock. The accompanying balance sheet as of December 31, 2000 includes preliminary allocations of the respective purchase prices and is subject to final adjustment. The following summarized unaudited pro forma financial information adjusts the historical financial information by assuming the acquisition of the Purchased Companies occurred on January 1, 1999 (in thousands, except per share information):

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,	
	1999	2000
<S>	<C>	<C>
(UNAUDITED)		
Revenues.....	\$1,531,068	\$2,037,817
Net income attributable to common stock.....	\$ 91,755	\$ 116,777
Basic earnings per share.....	\$ 1.67	\$ 2.07
Diluted earnings per share.....	\$ 1.28	\$ 1.55
Diluted earnings per share before merger and special charges.....	\$ 1.37	\$ 1.84

</TABLE>

Pro forma adjustments included in the amounts above primarily relate to: (a) contractually agreed reductions in salaries and benefits for former owners, and certain key employees; (b) adjustments to depreciation and amortization expense due to the purchase price allocations; (c) the assumed reductions in interest expense due to unassumed debt and the refinancing of the outstanding indebtedness in conjunction with the acquisition of the Purchased Companies, offset by an assumed increase in interest expense incurred in connection with

financing the acquisitions; and (d) the adjustment to the federal and state income tax provisions based on the combined operations. Diluted earnings per share before merger and special charges excludes the effect of all non-recurring merger and special charges and the non-cash non-recurring deferred tax charge. The pro forma financial data does not purport to represent what the Company's combined financial position or results of operations would actually have been if such transactions had in fact occurred on January 1, 1999 and are not necessarily representative of the Company's financial position or results of operations for any future period.

Poolings

During the second quarter of 1998, the Company completed the acquisition of all the common stock of NorAm Telecommunications, Inc. (NorAm), in a business combination accounted for as a pooling-of-interests transaction. NorAm, headquartered in Oregon, provides outside and inside network and technical support for the telecommunications industry. The Company issued 1,427,917 shares of common stock in exchange for all the common stock of NorAm. As reported in the Company's Annual Report on Form 10-K for the year ended December 31, 1998, the financial statements of the Company have been previously restated to reflect the impact of the NorAm pooling.

In the first quarter of 1999, the Company completed the acquisition of all the common stock of Fiber Technology, Inc. (Fiber Tech) in a business combination accounted for as a pooling-of-interests transaction. Fiber Tech, headquartered in Houston, Texas, provides specialty contracting services to the cable television and telecommunications industries. The Company issued 315,940 shares of common stock in exchange for all the common stock of Fiber Tech. The effect of this transaction was to increase the previously reported revenues for the year ended 1998 by \$10.1 million, net income by \$1.0 million, basic earnings per share by \$0.03 and diluted earnings per share by \$0.03.

There were no transactions between the Company and the Pooled Companies during the periods prior to the business combination.

5. PROPERTY AND EQUIPMENT:

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

<TABLE>
<CAPTION>

	ESTIMATED USEFUL LIVES IN YEARS	DECEMBER 31,	
		1999	2000
<S>	<C>	<C>	<C>
Land.....	--	\$ 2,218	\$ 2,906
Buildings and leasehold improvements.....	5-30	6,093	8,835
Operating equipment and vehicles.....	5-25	222,543	398,248
Office equipment, furniture and fixtures.....	3-7	7,260	12,818
		-----	-----
		238,114	422,807
Less -- Accumulated depreciation and amortization.....		(46,260)	(81,778)
		-----	-----
Property and equipment, net.....		\$191,854	\$341,029
		=====	=====

</TABLE>

33 QUANTA SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

6. DETAIL OF CERTAIN BALANCE SHEET ACCOUNTS:

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

<TABLE>
<CAPTION>

	DECEMBER 31,	
	1999	2000
<S>	<C>	<C>
Balance at beginning of year.....	\$1,616	\$ 5,947
Beginning balance of Purchased Companies.....	2,824	5,019
Charged to expense.....	1,749	7,179
Deductions for uncollectible receivables written off, net of recoveries.....	(242)	(2,533)
	-----	-----
Balance at end of year.....	\$5,947	\$15,612
	=====	=====

</TABLE>

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

<TABLE>
<CAPTION>

	DECEMBER 31,	
	1999	2000
<S>	<C>	<C>
Accounts payable, trade.....	\$ 72,187	\$106,327
Accrued compensation and other related expenses.....	27,370	42,584
Federal and state taxes payable.....	16,465	--
Other accrued expenses.....	25,003	66,773
	-----	-----
	\$141,025	\$215,684
	=====	=====

</TABLE>

Contracts in progress are as follows (in thousands):

<TABLE>
<CAPTION>

	DECEMBER 31,	
	1999	2000
<S>	<C>	<C>
Costs incurred on contracts in progress.....	\$ 492,150	\$ 875,873
Estimated earnings, net of estimated losses.....	120,969	207,685
	-----	-----
Less -- Billings to date.....	613,119	1,083,558
	(590,390)	(1,039,697)
	-----	-----
	\$ 22,729	\$ 43,861
	=====	=====
Costs and estimated earnings in excess of billings on uncompleted contracts.....	\$ 45,963	\$ 71,842
Less -- Billings in excess of costs and estimated earnings on uncompleted contracts.....	(23,234)	(27,981)
	-----	-----
	\$ 22,729	\$ 43,861
	=====	=====

</TABLE>

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QUANTA SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

7. LONG-TERM OBLIGATIONS:

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

<TABLE>
<CAPTION>

	DECEMBER 31,	
	1999	2000
<S>	<C>	<C>
Credit facility.....	\$138,630	\$ 92,880
Senior secured notes.....	--	210,000
Convertible subordinated notes.....	49,350	172,500
Notes payable to various financial institutions, interest ranging from 0.9% to 16.72%, secured by certain equipment, receivables and other assets.....	14,461	22,123
Capital lease obligations.....	3,881	2,371
	-----	-----
Less -- Current maturities.....	206,322	499,874
	(6,664)	(8,772)
	-----	-----
Total long-term debt obligations.....	\$199,658	\$491,102
	=====	=====

</TABLE>

Credit Facility

The Company currently has a \$350.0 million credit facility with 14 participating 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 6.64% at December 31, 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 December 31, 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 ratios and indebtedness covenants and the consent of the lenders for acquisitions exceeding a certain level of cash consideration. As of December 31, 2000, \$92.9 million was borrowed under the credit facility, and the Company had \$14.8 million of letters of credit outstanding, resulting in a borrowing availability of \$242.3 million under the credit facility. The weighted-average borrowing rate on the credit facility for the year ended December 31, 2000 was 7.72%.

Senior Secured Notes

In March 2000, the Company closed a private placement of \$150.0 million principal amount of senior secured notes primarily with insurance companies. In September 2000, the Company issued an additional \$60.0 million principal amount of senior secured notes. The resulting \$210.0 million of 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 equally in right of repayment with indebtedness under the Company's credit facility. The senior secured notes have financial covenants similar to the credit facility. Proceeds from the private placement were used to reduce outstanding borrowings under the credit facility.

Convertible Subordinated Notes

In October 1998, the Company entered into a strategic investment agreement with Enron Capital & Trade Resources Corp. (Enron Capital), a subsidiary of Enron Corp., pursuant to which Enron Capital and an affiliate made an investment of \$49.4 million in the Company. The investment was in the form of convertible

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

subordinated notes bearing interest at 6 7/8%. In April 2000, UtiliCorp purchased the convertible subordinated notes from Enron Capital and an affiliate. UtiliCorp converted these notes into approximately 5.4 million shares of the Company's common stock on June 13, 2000.

On July 19, 2000, the Company issued \$150.0 million principal amount of convertible subordinated notes and, on August 7, 2000, the Company issued an additional \$22.5 million principal amount of convertible subordinated notes due to 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% per year 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 mature on July 1, 2007. The Company has the option to redeem the notes beginning July 3, 2003.

The maturities of long-term debt obligations (excluding capital leases) as of December 31, 2000, are as follows (in thousands):

<TABLE>	
<S>	<C>
Year Ending December 31 --	
2001.....	\$ 7,487
2002.....	6,062
2003.....	3,695
2004.....	94,855
2005.....	103,910
Thereafter.....	281,494

	\$497,503
	=====

</TABLE>

The Company leases certain buildings and equipment under non-cancelable lease agreements. The following schedule shows the future minimum lease payments under these leases as of December 31, 2000 (in thousands):

<TABLE>
<CAPTION>

CAPITAL	OPERATING
LEASES	LEASES

<S>	<C>	<C>
Year Ending December 31 --		
2001.....	\$ 1,386	\$23,470
2002.....	818	14,070
2003.....	291	6,838
2004.....	21	4,293
2005.....	--	2,762
Thereafter.....	--	1,104
	-----	-----
Total minimum lease payments.....	2,516	\$52,537
		=====
Less -- Amounts representing interest.....	(145)	

Present value of minimum lease payments.....	2,371	
Less -- Current portion.....	(1,285)	

Total long-term obligations.....	\$ 1,086	
	=====	

</TABLE>

Rent expense related to operating leases was approximately \$1,816,000, \$11,706,000 and \$16,156,000 for the years ended December 31, 1998, 1999 and 2000, respectively. Assets under capital leases are included as part of property and equipment.

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QUANTA SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Certain of the Company's subsidiaries have entered into related party lease arrangements for operational facilities. These lease agreements generally have a term of 5 years. Related party lease expense for the years ended December 31, 1998, 1999 and 2000, respectively, was approximately \$315,000, \$1,215,000 and \$2,056,000. Future commitments with respect to these leases are included above.

8. INCOME TAXES:

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

<TABLE>	YEAR ENDED DECEMBER 31,		
<CAPTION>	1998	1999	2000
	-----	-----	-----
<S>	<C>	<C>	<C>
Federal --			
Current.....	\$10,214	\$36,044	\$66,558
Deferred.....	(262)	5,071	10,350
State --			
Current.....	1,839	7,335	13,426
Deferred.....	(108)	549	2,994
	-----	-----	-----
	\$11,683	\$48,999	\$93,328
	=====	=====	=====

</TABLE>

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

<TABLE>	YEAR ENDED DECEMBER 31,		
<CAPTION>	1998	1999	2000
	-----	-----	-----
<S>	<C>	<C>	<C>
Provision at the statutory rate.....	\$ 9,400	\$36,028	\$69,668
Increases resulting from --			
State income taxes, net of federal benefit.....	1,125	5,124	10,453
Non-deductible goodwill.....	899	3,381	5,472
Nondeductible expenses.....	259	1,488	2,022
Compensation, excise tax and deferred tax charges related to poolings.....	--	2,978	--
Expenses with no tax benefit related to merger and special charges.....	--	--	5,713
	-----	-----	-----
	\$11,683	\$48,999	\$93,328
	=====	=====	=====

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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

<TABLE>
 <CAPTION>

	DECEMBER 31,	
	1999	2000
<S>	<C>	<C>
Deferred income tax liabilities --		
Property and equipment.....	\$ (28,945)	\$ (50,808)
Book/tax accounting method difference.....	(1,818)	(1,974)
Goodwill and other.....	(348)	(4,150)
Total deferred income tax liabilities.....	(31,111)	(56,932)
Deferred income tax assets --		
Allowance for doubtful accounts and other reserves.....	4,105	5,860
Other accruals not currently deductible.....	6,748	10,166
Inventory.....	279	225
Total deferred income tax assets.....	11,132	16,251
Total net deferred income tax liabilities.....	\$ (19,979)	\$ (40,681)

</TABLE>

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

9. STOCKHOLDERS' EQUITY:

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 is 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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 years ended December 31, 1999 and 2000, UtiliCorp purchased 57,727 and 519,182 shares of common stock, respectively, 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.

Convertible Subordinated Notes

In April 2000, UtiliCorp purchased the \$49.4 million of 6 7/8% convertible subordinated notes from Enron Capital and an affiliate. UtiliCorp converted these notes into approximately 5.4 million shares of the Company's common stock on June 13, 2000.

Public Offerings

In 1998, Quanta completed its IPO, which involved the issuance of 8.6 million shares of its common stock, resulting in net proceeds to the Company of \$44.9 million.

On January 27, 1999, Quanta completed a follow-on public offering, which involved the issuance of 6.9 million shares of its common stock at a price of \$15.50 per share, resulting in net proceeds to the Company of \$101.1 million after deducting underwriting discounts and commissions and expenses related to the offering.

Stockholder Rights Plan

On March 8, 2000, the board of directors of the Company adopted a Stockholder Rights Plan. Under the plan, a dividend of one Preferred Stock Purchase Right (the Rights) was declared on each outstanding share of the Company's common stock and Series A Convertible Preferred Stock (on a converted basis) for holders of record as of the close of business on March 27, 2000. The Rights will also attach to all common stock and Series A Convertible Preferred Stock issued after March 27, 2000. No separate certificates evidencing the Rights will be issued unless and until they become exercisable. Each Right has an initial exercise price of \$153.33. The Rights will be exercisable if a person or group (other than UtiliCorp) becomes the beneficial owner of, or tenders for, 15% or more of the Company's common shares. The Rights also will be exercisable if UtiliCorp, together with any affiliates or associates, becomes the beneficial owner of, or tenders for more than 49.9% of the Company's common shares, or if there is a change of control of UtiliCorp. In the event that the Rights become exercisable, each Right will entitle its holder to purchase, at the Right's exercise price, a number of common shares having a market value at that time of twice the Right's exercise price. Rights held by the triggering person will become void and will not be exercisable to purchase shares at the reduced purchase price. The Rights will expire in ten years.

Limited Vote Common Stock

The shares of Limited Vote Common Stock have rights similar to shares of common stock, except that such shares are entitled to elect one member of the board of directors and are entitled to one-tenth of one vote for each share held on all other matters. Each share of Limited Vote Common Stock will convert into common stock upon disposition by the holder of such shares in accordance with the transfer restrictions applicable to such shares. In 1999 and 2000, respectively, 1,271,979 and 1,980,108 shares of Limited Vote Common Stock were converted to common stock.

10. LONG-TERM INCENTIVE PLANS:

Stock Option Plan

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

The 1997 Stock Option Plan provides for the grant of incentive stock options (ISOs) as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the Code) and nonqualified stock options (collectively, the Awards). The amount of ISOs that may be granted under the 1997 Stock Option Plan is limited to 3,571,275 shares. The 1997 Stock Option Plan is administered by the

Compensation Committee of the board of directors. The Compensation Committee has, subject to the terms of the 1997 Stock Option Plan, the sole authority to grant Awards under the 1997 Stock Option Plan, to construe and interpret the 1997 Stock Option Plan and to make all other determinations and take any and all actions necessary or advisable for the administration of the 1997 Stock Option Plan.

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

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

The exercise price for ISOs granted under the 1997 Stock Option Plan may be no less than the fair market value of a share of the common stock on the date of grant (or 110% in the case of ISOs granted to employees owning more than 10% of the voting capital stock). No ISOs have been granted as of December 31, 2000.

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QUANTA SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions for 1999 and 2000, respectively: (i) risk-free interest rates ranging from 4.30% to 6.82% and 5.18% to 6.62%, (ii) expected life of 6 years, (iii) average volatility of 54.0% and 57.7%, and (iv) dividend yield of 0%. The following table summarizes activity under the 1997 Stock Option Plan for the years ended December 31, 1999 and 2000 (shares in thousands):

<TABLE>
<CAPTION>

	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE FAIR VALUE
<S>	<C>	<C>	<C>
Outstanding at December 31, 1998.....	2,366	\$ 8.07	
Granted.....	4,500	23.90	\$10.95
Exercised.....	(307)	8.41	
Forfeited and canceled.....	(113)	14.09	

Outstanding at December 31, 1999.....	6,446	15.66	
Granted.....	2,574	30.70	\$18.57
Exercised.....	(804)	13.00	
Forfeited and canceled.....	(367)	18.19	

Outstanding at December 31, 2000.....	7,849	20.97	
	=====		
Options exercisable at --			
December 31, 1999.....	335		
December 31, 2000.....	1,297		

</TABLE>

The following table summarizes information for outstanding options at December 31, 2000 (shares in thousands):

<TABLE>
<CAPTION>

RANGE OF EXERCISE PRICES	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
	NUMBER OF OPTIONS OUTSTANDING	WEIGHTED AVERAGE CONTRACTUAL LIFE IN YEARS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>

\$6.00-\$8.88	964	7.35	\$ 6.99	293	\$ 7.07
\$9.25-\$11.13	467	7.51	9.96	124	9.91
\$14.00-\$20.88	2,597	8.37	17.74	452	17.61
\$21.04-\$31.33	2,937	8.85	23.36	390	22.92
\$31.81-\$47.69	742	9.57	40.97	38	43.94
\$49.31-\$61.50	142	9.47	55.86	--	--
	-----			-----	
\$6.00-\$61.50	7,849			1,297	
	=====			=====	

</TABLE>

Employee Stock Purchase Plan

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

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QUANTA SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

shares purchased under the Plan. During 2000 the Company issued a total of 222,364 shares pursuant to the Plan. Compensation cost is computed for the fair value of the employees' purchase rights, which was estimated using the Black-Scholes model with the following assumptions for 2000: dividend yield of 0%; an expected life of 0.5 year; expected volatility of 69.4% and risk-free interest rate of 6.2%. The weighted-average fair value of those purchase rights granted in 2000 was \$25.40.

The Company accounts for its stock-based compensation under APB No. 25 "Accounting for Stock Issued to Employees." Under this accounting method, no compensation expense is recognized in the consolidated statements of operations if no intrinsic value of the option exists at the date of grant. In October 1995, the FASB issued SFAS No. 123, "Accounting for Stock Based Compensation." SFAS No. 123 encourages companies to account for stock based compensation awards based on the fair value of the awards at the date they are granted. The resulting compensation cost would be shown as an expense in the consolidated statements of operations. Companies can choose not to apply the new accounting method and continue to apply current accounting requirements; however, disclosure is required as to what net income and earnings per share would have been had the new accounting method been followed. Had compensation costs for the 1997 Stock Option Plan and the Employee Stock Purchase Plan been determined consistent with SFAS No. 123, the Company's net income attributable to common stock and earnings per share would have been reduced to the following as adjusted amounts (in thousands, except per share information):

<TABLE>

<CAPTION>

		1998	1999	2000
		-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Net income attributable to common stock.....	As reported	\$16,188	\$53,679	\$104,793
	As Adjusted - Basic	\$15,298	\$48,359	\$ 89,413
	As Adjusted - Diluted	\$15,804	\$50,817	\$ 93,346
Earnings per share.....	As Reported - Basic	\$ 0.60	\$ 1.14	\$ 1.78
	As Adjusted - Basic	\$ 0.57	\$ 1.03	\$ 1.52
	As Reported - Diluted	\$ 0.59	\$ 1.00	\$ 1.42
	As Adjusted - Diluted	\$ 0.56	\$ 0.91	\$ 1.22

</TABLE>

The effects of applying SFAS No. 123 in the as adjusted disclosure may not be indicative of future amounts as additional awards in future years are anticipated.

Employee Stock Ownership Plan

The Company issued shares of common stock to an Employee Stock Ownership Plan (the ESOP) in connection with the acquisition of one of the Pooled Companies. The ESOP was terminated on July 31, 1998. In June 1999, after the receipt of a favorable determination letter from the Internal Revenue Service, a portion of the unallocated shares of the Company's common stock held by the ESOP were sold to repay debt owed by the ESOP to the Company and the remaining

portion of the unallocated shares were distributed to the plan participants. The cost of the unallocated ESOP shares was reflected as a reduction in the Company's stockholders' equity. As a result of the above, the Company incurred an excise tax of approximately \$1.1 million equal to 10% of the value of the Company's common stock distributed to the plan participants. In addition, the Company eliminated the remaining balance reflected as Unearned ESOP Shares on the Company's balance sheet and recognized a non-cash, non-recurring compensation charge of approximately \$5.3 million equal to the value of the unallocated shares held by the ESOP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

11. EMPLOYEE BENEFIT PLANS:

In connection with its collective bargaining agreements with various unions, the Company participates with other companies in the unions' multi-employer pension plans. These plans cover all of the Company's employees who are members of such unions. The Employee Retirement Income Security Act of 1974, as amended by the Multi-Employer Pension Plan Amendments Act of 1980, imposes certain liabilities upon employers who are contributors to a multi-employer plan in the event of the employer's withdrawal from, or upon termination of such plan. The Company has no plans to withdraw from these plans. The plans do not maintain information on net assets and actuarial present value of the plans' unfunded vested benefits allocable to the Company, and amounts, if any, for which the Company may be contingently liable is not ascertainable at this time.

401(k) Plan

Effective February 1, 1999, the Company adopted a 401(k) plan pursuant to which employees who are not provided retirement benefits through a collective bargaining agreement may make contributions through a payroll deduction. The Company will make a matching contribution of 100% of each employee's contribution up to 3% of that employee's salary and 50% of each employee's contribution between 3% and 6% of such employee's salary. Prior to joining the Company's 401(k) plan, certain subsidiaries of the Company provided various defined contribution plans to their employees. Contributions to all non-union defined contribution plans by the Company were approximately \$1,434,000, \$5,044,000 and \$5,949,000 for the years ended December 31, 1998, 1999 and 2000, respectively.

12. RELATED PARTY TRANSACTIONS:

As previously discussed, Enron Capital and Utilicorp have made investments in the Company. The Company has had transactions in the normal course of business with subsidiaries of Enron and UtiliCorp. In addition, 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. Subsequent to the investment by Enron Capital, revenues from Enron in 1999 and 2000, were approximately \$40.1 million and \$20.3 million, respectively, and balances due the Company at year-end were approximately \$20.3 million and \$2.0 million, respectively. Subsequent to the investment by Utilicorp, revenues from UtiliCorp in 1999 and 2000 were approximately \$7.4 million and \$14.4 million, respectively, and balances due the Company at year-end were approximately \$1.3 million and \$1.8 million, respectively.

The Company 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 electric power industry; 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 the Company may reasonably request. The management services agreement required the Company to make quarterly payments to UtiliCorp of \$2,325,000 through September 30, 2005. In December 2000, the Company agreed to conclude its obligations under the management services agreement with UtiliCorp in exchange for a one-time payment to UtiliCorp of approximately \$28.6 million, which has been reflected as a special charge during the year ended December 31, 2000.

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

13. COMMITMENTS AND CONTINGENCIES:

Litigation

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

Insurance

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.

Performance Bonds

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

14. QUARTERLY FINANCIAL DATA (UNAUDITED):

The table below sets forth the unaudited consolidated operating results by quarter for the years ended December 31, 1999 and 2000. All quarters presented have been restated for the effect of the 3-for-2 stock split discussed in Note 1 (in thousands, except per share information).

<TABLE>
<CAPTION>

	FOR THE THREE MONTHS ENDED,			
	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31
<S>	<C>	<C>	<C>	<C>
1999:				
Revenues.....	\$127,779	\$193,821	\$271,788	\$332,266
Gross profit.....	22,908	43,572	66,099	81,722
Net income attributable to common stock.....	3,423	4,807	19,138	26,311
Basic earnings per share.....	\$ 0.09	\$ 0.11	\$ 0.38	\$ 0.48
Diluted earnings per share.....	\$ 0.09	\$ 0.10	\$ 0.34	\$ 0.39
Diluted earnings per share before merger and special charges.....	\$ 0.11	\$ 0.23	\$ 0.34	\$ 0.39
2000:				
Revenues.....	\$333,737	\$423,526	\$487,845	\$548,193
Gross profit.....	72,681	98,636	119,383	123,397
Net income attributable to common stock.....	19,312	30,863	40,458	14,160
Basic earnings per share.....	\$ 0.34	\$ 0.52	\$ 0.64	\$ 0.25
Diluted earnings per share.....	\$ 0.28	\$ 0.42	\$ 0.53	\$ 0.20
Diluted earnings per share before merger and special charges.....	\$ 0.28	\$ 0.42	\$ 0.53	\$ 0.49

</TABLE>

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

15. SEGMENT INFORMATION:

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

<TABLE>
<CAPTION>

YEARS ENDED DECEMBER 31,		
1998	1999	2000

	(IN THOUSANDS)		
<S>	<C>	<C>	<C>
Telecommunications network services.....	\$100,184	\$318,461	\$ 796,586
Cable television network services.....	10,050	91,391	219,514
Electric power network services.....	159,243	316,794	483,432
Ancillary services.....	49,782	199,008	293,769
	-----	-----	-----
	\$319,259	\$925,654	\$1,793,301
	=====	=====	=====

</TABLE>

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

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by Item 10. is incorporated by reference to the information set forth in Quanta's Definitive Proxy Statement for the 2001 Annual Meeting of Stockholders.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11. is incorporated by reference to the information set forth in Quanta's Definitive Proxy Statement for the 2001 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by Item 12. is incorporated by reference to the information set forth in Quanta's Definitive Proxy Statement for the 2001 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by Item 13. is incorporated by reference to the information set forth in Quanta's Definitive Proxy Statement for the 2001 Annual Meeting of Stockholders.

PART IV

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

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

(1) Financial Statements. Reference is made to the Index to Consolidated Financial Statements on page 22 of this Report.

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

(3) Exhibits

<TABLE>
<CAPTION>

EXHIBIT NO. -----	DESCRIPTION -----
<C>	<S>
1.1	-- Underwriting Agreement dated July 19, 2000 by and among Morgan Stanley & Co. Incorporated, Banc of America Securities LLC, Bear Stearns & Co. Inc., Raymond James & Associates, Inc. SunTrust Equitable Securities Corporation, Wachovia Securities, Inc. and Quanta Services, Inc. (previously filed as Exhibit 1.1 to the Company's Form 8-K (No. 0001-13831) filed July 26, 2000 and incorporated herein by reference)
3.1	-- Amended and Restated Certificate of Incorporation (previously filed as Exhibit 3.1 to the Company's Registration Statement on Form S-1 (No. 333-42957) and incorporated herein by reference)
3.2	-- Amended and Restated Bylaws (filed herewith)
3.3	-- Certificate of Amendment to the Amended and Restated Certificate of Incorporation (previously filed as Exhibit 3.3 to the Company's Registration Statement on Form S-3 (No. 333-81419) and incorporated herein by reference)

</TABLE>

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<TABLE>

<CAPTION>

EXHIBIT NO. -----	DESCRIPTION -----
<C>	<S>
3.4	-- Certificate of Designation for the Series A Preferred Stock (previously filed as Exhibit 3.4 to the Company's Registration Statement on Form S-3 (No. 333-90961) and incorporated herein by reference)
3.5	-- Certificate of Designation for the Series B Preferred Stock (Previously filed as Exhibit 3.5 to the Company's 1999 Form 10-K (No. 001-13831) filed March 30, 2000 and incorporated herein by reference.)
3.6	-- Certificate of Correction to Certificate of Designation for the Series A Preferred Stock (previously filed as Exhibit 3.6 to the Company's 1999 Form 10-K (No. 001-13831) filed March 30, 2000 and incorporated herein by reference)
4.1	-- Form of Common Stock Certificate (previously filed as Exhibit 4.1 to the Company's Registration Statement on Form S-1 (No. 333-42957) and incorporated herein by reference)
4.2	-- Rights Agreement dated as of March 8, 2000 between Quanta Services, Inc. and American Stock Transfer & Trust Company, as Rights Agent, which includes as Exhibit B thereto the Form of Right Certificate (previously filed as Exhibit 4.1 to the Company's Form 8-K (No. 001-13831) filed March 20, 2000 and incorporated herein by reference)
4.3	-- Subordinated Indenture dated July 25, 2000 by and between Quanta Services, Inc. and Chase Bank of Texas, National Association, as Trustee (previously filed as Exhibit 4.1 to the Company's Form 8-K (No. 001-13831) filed July 26, 2000 and incorporated herein by reference)
4.4	-- First Supplemental Indenture dated July 25, 2000 by and between Quanta Services, Inc. and Chase Bank of Texas, National Association, as Trustee (previously filed as Exhibit 4.2 to the Company's Form 8-K (No. 0001-13831) filed July 26, 2000 and incorporated herein by reference)
4.5	-- Third Amendment and Consent to Third Amended and Restated Secured Credit Agreement dated June 15, 2000 by and among Quanta Services, Inc., the Lenders (as defined therein) party thereto and Bank of America, N.A. f/k/a Nationsbank, N.A., as administrative agent for the Lenders (previously filed as Exhibit 4.3 to the Company's Form 8-K (No. 0001-13831) filed July 26, 2000 and incorporated herein by reference)
10.1*	-- Form of Employment Agreement (previously filed as Exhibit 10.1 to the Company's Registration Statement on Form S-1 (No. 333-42957) and incorporated herein by reference)
10.2*	-- Amended and Restated 1997 Stock Option Plan (previously filed as Exhibit 10.2 to the Company's Form 10-Q (No. 001-13831) filed November 14, 2000 and incorporated herein by reference)
10.3	-- Third Amended and Restated Secured Credit Agreement dated as of June 14, 1999 among Quanta Services, Inc. as Borrower and NationsBank, N.A. d/b/a Bank of America, N.A., as Administrative Agent, and the other financial institutions party thereto, as Lenders (previously filed as Exhibit 10.5 to the Company's Registration Statement on Form S-3 (No. 333-81419) and incorporated herein by reference)
10.4	-- Securities Purchase Agreement among Quanta Services, Inc. and Enron Capital & Trade Resources Corp. ("Enron Capital") and Joint Energy Development Investments II Limited Partnership ("JEDI") dated as of September 29, 1998 (previously filed as Exhibit 10.7 to the Company's Registration Statement on Form S-4 (No. 333-47083) and incorporated herein by reference)

</TABLE>

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<TABLE>

<CAPTION>

EXHIBIT NO. -----	DESCRIPTION -----
<C>	<S>
10.5	-- Registration Rights Agreement dated as of September 29, 1998 by and among Quanta Services, Inc., JEDI and Enron Capital (previously filed as Exhibit 10.8 to the

- Company's Registration Statement on Form S-4 (No. 333-47083) and incorporated herein by reference)
- 10.6 -- Form of Convertible Promissory Note issued to Enron Capital and JEDI (previously filed as Exhibit 10.9 to the Company's Registration Statement on Form S-4 (No. 333-47083) and incorporated herein by reference)
 - 10.7 -- Securities Purchase Agreement between Quanta Services, Inc. and UtiliCorp United Inc. dated as of September 21, 1999 (previously filed as Exhibit 10.12 to the Company's Registration Statement on Form S-3 (No. 333-90961) and incorporated herein by reference)
 - 10.8 -- Investor's Rights Agreement by and between Quanta Services, Inc. and UtiliCorp United Inc. dated September 21, 1999 (previously filed as Exhibit 10.13 to the Company's Registration Statement on Form S-3 (No. 333-90961) and incorporated herein by reference)
 - 10.9 -- Management Services Agreement by and between Quanta Services, Inc. and UtiliCorp United Inc. (previously filed as Exhibit 10.14 to the Company's Registration Statement on Form S-3 (No. 333-90961) and incorporated herein by reference)
 - 10.10 -- Letter Agreement by and between Quanta Services, Inc. and UtiliCorp United Inc. dated September 21, 1999 (previously filed as Exhibit 10.15 to the Company's Registration Statement on Form S-3 (No. 333-90961) and incorporated herein by reference)
 - 10.11 -- Strategic Alliance Agreement by and between Quanta Services, Inc. and UtiliCorp United Inc. dated as of September 21, 1999 (previously filed as Exhibit 10.16 to the Company's Registration Statement on Form S-3 (No. 333-90961) and incorporated herein by reference)
 - 10.12 -- Form of Stockholders Voting Agreement (previously filed as Exhibit 10.17 to the Company's Registration Statement on Form S-3 (No. 333-90961) and incorporated herein by reference)
 - 10.13 -- First Amendment to Third Amended and Restated Secured Credit Agreement (previously filed as Exhibit 10.18 to the Company's Registration Statement on Form S-3 (No. 333-90961) and incorporated herein by reference)
 - 10.14 -- Letter Agreement by and among ECT Merchant Investments Corp., Joint Energy Development Investments II Limited Partnership, Quanta Services, Inc. and UtiliCorp United Inc. dated September 21, 1999 (previously filed as Exhibit 10.19 to the Company's Registration Statement on Form S-3 (No. 333-90961) and incorporated herein by reference)
 - 10.15 -- First Amendment to Securities Purchase Agreement and Registration Rights Agreement (previously filed as Exhibit 10.20 to the Company's Registration Statement on Form S-3 (No. 333-90961) and incorporated herein by reference)
 - 10.16 -- Note Purchase Agreement dated as of March 1, 2000 between Quanta Services, Inc. and the Purchasers named therein (previously filed as Exhibit 10.16 to the Company's 1999 Form 10-K (No. 001-13831) filed March 30, 2000 and incorporated herein by reference)

</TABLE>

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<TABLE>

<CAPTION>

EXHIBIT NO.

DESCRIPTION

<C>

<S>

- 10.17 -- Intercreditor Agreement dated March 23, 2000 related to the March 1, 2000 Note Purchase Agreement (previously filed as Exhibit 10.17 to the Company's 1999 Form 10-K (No. 001-13831) filed March 30, 2000 and incorporated herein by reference)
- 10.18 -- Rights Agreement dated March 8, 2000 between Quanta Services, Inc. and American Stock Transfer & Trust Company, as Rights Agent (previously filed as Exhibit 4.1 to the Company's Registration Statement on Form 8-A (No. 001-13831) filed March 21, 2000 and incorporated herein by reference)
- 10.19 -- Form of Lockup Agreement (previously filed as Exhibit 10.19 to the Company's 1999 Form 10-K (No. 001-13831) filed March 30, 2000 and incorporated herein by reference)
- 10.20 -- Second Amendment to Third Amended and Restated Credit Agreement (previously filed as Exhibit 10.20 to the Company's 1999 Form 10-K (No. 001-13831) filed March 30, 2000 and incorporated herein by reference)
- 10.21 -- Letter Agreement dated December 28, 2000 between Quanta

21.1 Services, Inc. and UtiliCorp United Inc. (filed herewith)
 -- Subsidiaries (filed herewith)
 23.1 -- Consent of Arthur Andersen LLP (filed herewith)

</TABLE>

- -----

* Management contracts or compensatory plans or arrangements

(b) Reports on Form 8-K:

None.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Quanta Services, Inc. has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, State of Texas, on March 30, 2001.

QUANTA SERVICES, INC.

By /s/ JOHN R. COLSON

 John R. Colson
 Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed by the following persons in the capacities indicated on March 30, 2001.

<TABLE>
 <CAPTION>

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

</TABLE>

INDEX TO EXHIBITS

<TABLE>
<CAPTION>

EXHIBIT NO. -----	DESCRIPTION -----
<C>	<S>
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3.1	-- Amended and Restated Certificate of Incorporation (previously filed as Exhibit 3.1 to the Company's Registration Statement on Form S-1 (No. 333-42957) and incorporated herein by reference)
3.2	-- Amended and Restated Bylaws (filed herewith)
3.3	-- Certificate of Amendment to the Amended and Restated Certificate of Incorporation (previously filed as Exhibit 3.3 to the Company's Registration Statement on Form S-3 (No. 333-81419) and incorporated herein by reference)
3.4	-- Certificate of Designation for the Series A Preferred Stock (previously filed as Exhibit 3.4 to the Company's Registration Statement on Form S-3 (No. 333-90961) and incorporated herein by reference)
3.5	-- Certificate of Designation for the Series B Preferred Stock (Previously filed as Exhibit 3.5 to the Company's 1999 Form 10-K (No. 001-13831) filed March 30, 2000 and incorporated herein by reference.)
3.6	-- Certificate of Correction to Certificate of Designation for the Series A Preferred Stock (previously filed as Exhibit 3.6 to the Company's 1999 Form 10-K (No. 001-13831) filed March 30, 2000 and incorporated herein by reference)
4.1	-- Form of Common Stock Certificate (previously filed as Exhibit 4.1 to the Company's Registration Statement on Form S-1 (No. 333-42957) and incorporated herein by reference)
4.2	-- Rights Agreement dated as of March 8, 2000 between Quanta Services, Inc. and American Stock Transfer & Trust Company, as Rights Agent, which includes as Exhibit B thereto the Form of Right Certificate (previously filed as Exhibit 4.1 to the Company's Form 8-K (No. 001-13831) filed March 20, 2000 and incorporated herein by reference)
4.3	-- Subordinated Indenture dated July 25, 2000 by and between Quanta Services, Inc. and Chase Bank of Texas, National Association, as Trustee (previously filed as Exhibit 4.1 to the Company's Form 8-K (No. 001-13831) filed July 26, 2000 and incorporated herein by reference)
4.4	-- First Supplemental Indenture dated July 25, 2000 by and between Quanta Services, Inc. and Chase Bank of Texas, National Association, as Trustee (previously filed as Exhibit 4.2 to the Company's Form 8-K (No. 0001-13831) filed July 26, 2000 and incorporated herein by reference)
4.5	-- Third Amendment and Consent to Third Amended and Restated Secured Credit Agreement dated June 15, 2000 by and among Quanta Services, Inc., the Lenders (as defined therein) party thereto and Bank of America, N.A. f/k/a Nationsbank, N.A., as administrative agent for the Lenders (previously filed as Exhibit 4.3 to the Company's Form 8-K (No. 0001-13831) filed July 26, 2000 and incorporated herein by reference)

</TABLE>

<TABLE>
<CAPTION>

EXHIBIT NO. -----	DESCRIPTION -----
<C>	<S>
10.1*	-- Form of Employment Agreement (previously filed as Exhibit 10.1 to the Company's Registration Statement on Form S-1 (No. 333-42957) and incorporated herein by reference)
10.2*	-- Amended and Restated 1997 Stock Option Plan (previously filed as Exhibit 10.2 to the Company's Form 10-Q (No. 001-13831) filed November 14, 2000 and incorporated herein by reference)
10.3	-- Third Amended and Restated Secured Credit Agreement dated as of June 14, 1999 among Quanta Services, Inc. as Borrower and NationsBank, N.A. d/b/a Bank of America, N.A., as Administrative Agent, and the other financial

- institutions party thereto, as Lenders (previously filed as Exhibit 10.5 to the Company's Registration Statement on Form S-3 (No. 333-81419) and incorporated herein by reference)
- 10.4 -- Securities Purchase Agreement among Quanta Services, Inc. and Enron Capital & Trade Resources Corp. ("Enron Capital") and Joint Energy Development Investments II Limited Partnership ("JEDI") dated as of September 29, 1998 (previously filed as Exhibit 10.7 to the Company's Registration Statement on Form S-4 (No. 333-47083) and incorporated herein by reference)
 - 10.5 -- Registration Rights Agreement dated as of September 29, 1998 by and among Quanta Services, Inc., JEDI and Enron Capital (previously filed as Exhibit 10.8 to the Company's Registration Statement on Form S-4 (No. 333-47083) and incorporated herein by reference)
 - 10.6 -- Form of Convertible Promissory Note issued to Enron Capital and JEDI (previously filed as Exhibit 10.9 to the Company's Registration Statement on Form S-4 (No. 333-47083) and incorporated herein by reference)
 - 10.7 -- Securities Purchase Agreement between Quanta Services, Inc. and UtiliCorp United Inc. dated as of September 21, 1999 (previously filed as Exhibit 10.12 to the Company's Registration Statement on Form S-3 (No. 333-90961) and incorporated herein by reference)
 - 10.8 -- Investor's Rights Agreement by and between Quanta Services, Inc. and UtiliCorp United Inc. dated September 21, 1999 (previously filed as Exhibit 10.13 to the Company's Registration Statement on Form S-3 (No. 333-90961) and incorporated herein by reference)
 - 10.9 -- Management Services Agreement by and between Quanta Services, Inc. and UtiliCorp United Inc. (previously filed as Exhibit 10.14 to the Company's Registration Statement on Form S-3 (No. 333-90961) and incorporated herein by reference)
 - 10.10 -- Letter Agreement by and between Quanta Services, Inc. and UtiliCorp United Inc. dated September 21, 1999 (previously filed as Exhibit 10.15 to the Company's Registration Statement on Form S-3 (No. 333-90961) and incorporated herein by reference)
 - 10.11 -- Strategic Alliance Agreement by and between Quanta Services, Inc. and UtiliCorp United Inc. dated as of September 21, 1999 (previously filed as Exhibit 10.16 to the Company's Registration Statement on Form S-3 (No. 333-90961) and incorporated herein by reference)
 - 10.12 -- Form of Stockholders Voting Agreement (previously filed as Exhibit 10.17 to the Company's Registration Statement on Form S-3 (No. 333-90961) and incorporated herein by reference)

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EXHIBIT NO. -----	DESCRIPTION -----
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10.13	-- First Amendment to Third Amended and Restated Secured Credit Agreement (previously filed as Exhibit 10.18 to the Company's Registration Statement on Form S-3 (No. 333-90961) and incorporated herein by reference)
10.14	-- Letter Agreement by and among ECT Merchant Investments Corp., Joint Energy Development Investments II Limited Partnership, Quanta Services, Inc. and UtiliCorp United Inc. dated September 21, 1999 (previously filed as Exhibit 10.19 to the Company's Registration Statement on Form S-3 (No. 333-90961) and incorporated herein by reference)
10.15	-- First Amendment to Securities Purchase Agreement and Registration Rights Agreement (previously filed as Exhibit 10.20 to the Company's Registration Statement on Form S-3 (No. 333-90961) and incorporated herein by reference)
10.16	-- Note Purchase Agreement dated as of March 1, 2000 between Quanta Services, Inc. and the Purchasers named therein (previously filed as Exhibit 10.16 to the Company's 1999 Form 10-K (No. 001-13831) filed March 30, 2000 and incorporated herein by reference)
10.17	-- Intercreditor Agreement dated March 23, 2000 related to the March 1, 2000 Note Purchase Agreement (previously filed as Exhibit 10.17 to the Company's 1999 Form 10-K (No. 001-13831) filed March 30, 2000 and incorporated herein by reference)
10.18	-- Rights Agreement dated March 8, 2000 between Quanta Services, Inc. and American Stock Transfer & Trust Company, as Rights Agent (previously filed as Exhibit 4.1

to the Company's Registration Statement on Form 8-A (No. 001-13831) filed March 21, 2000 and incorporated herein by reference)

- 10.19 -- Form of Lockup Agreement (previously filed as Exhibit 10.19 to the Company's 1999 Form 10-K (No. 001-13831) filed March 30, 2000 and incorporated herein by reference)
- 10.20 -- Second Amendment to Third Amended and Restated Credit Agreement (previously filed as Exhibit 10.20 to the Company's 1999 Form 10-K (No. 001-13831) filed March 30, 2000 and incorporated herein by reference)
- 10.21 -- Letter Agreement dated December 28, 2000 between Quanta Services, Inc. and UtiliCorp United Inc. (filed herewith)
- 21.1 -- Subsidiaries (filed herewith)
- 23.1 -- Consent of Arthur Andersen LLP (filed herewith)

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* Management contracts or compensatory plans or arrangements

AMENDED AND RESTATED BYLAWS
 OF
 QUANTA SERVICES, INC.

MARCH 14, 2001

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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

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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

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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 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

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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

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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

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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.

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(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.

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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

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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

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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

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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.

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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

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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

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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

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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 or 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.

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(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.

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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.

December 28, 2000

UtiliCorp United Inc.
20 West Ninth Street
Kansas City, Missouri 64105
Attn: Robert K. Green, President

Dear Mr. Green:

As you know, Quanta Services Management, L.P. (the "Company") and UtiliCorp United Inc. ("UtiliCorp") are parties to that certain Management Services Agreement, dated as of September 21, 1999 (the "Management Services Agreement"), whereby UtiliCorp has agreed to provide certain management advice and services to the Company. In consideration for the advice and services rendered by UtiliCorp to the Company pursuant to the Management Services Agreement, the Company has agreed to pay UtiliCorp a quarterly fee of \$2,325,000.

The Company desires to terminate the Management Services Agreement thereby eliminating all future quarterly payments to UtiliCorp. The Company hereby offers to UtiliCorp a one-time payment of \$28,550,000 as consideration for UtiliCorp's agreement to terminate the Management Services Agreement. In addition, by accepting this offer, UtiliCorp agrees to treat the one-time payment as ordinary income for both financial reporting and tax purposes.

Upon (i) your execution of this letter on behalf of UtiliCorp and (ii) the Company's payment of \$28,550,000 in immediately available funds to UtiliCorp, which payment shall be delivered to UtiliCorp via wire transfer no later than December 29, 2000, the Management Services Agreement will be terminated and of no further force and effect, except for those liabilities accruing prior to the date of such termination and the confidentiality obligations contained in Section 7 of the Management Services Agreement.

Quanta Services, Inc. hereby irrevocably and unconditionally guarantees the due and punctual performance, observance and discharge of each term, provision, duty, covenant and agreement of the Company contained in, and the due and punctual payment when due of each amount that the Company is or may be obligated to pay under, the Management Services Agreement (collectively, the "Guaranteed Obligations"). The Guaranteed Obligations are a guarantee of payment, not of collection.

This agreement shall be governed by and construed in accordance with the laws of the State of Missouri.

SIGNATURE PAGE FOLLOWS

Very truly yours,

QUANTA SERVICES MANAGEMENT, L.P.
BY ITS GENERAL PARTNER

QSI, INC.

By: /s/ James H. Haddox

Name: James H. Haddox

Title: Chief Financial Officer

QUANTA SERVICES, INC.

By: /s/ James H. Haddox

Name: James H. Haddox

Title: Chief Financial Officer

ACCEPTED AND AGREED TO AS OF
THE DATE FIRST ABOVE WRITTEN:

UTILICORP UNITED INC.

By: /s/ Robert K. Green

Name: Robert K. Green
Title: President

[Signature Page to the Letter Agreement to Terminate
the Management Services Agreement]

<TABLE>
<CAPTION>

ENTITY -----	STATE OF INCORPORATION -----	DBA ---
<S>	<C>	<C>
Advanced Technologies and Installation Corporation	Washington	
Airlan Telecom Services, L.P.	Texas	
Arby Construction Company, Inc.	Delaware	
Austin Trencher, Inc.	Delaware	
Computapole, Inc.	Delaware	
Conti Communications, Inc.	Delaware	
Croce Electric Company, Inc.	Delaware	
Crown Fiber Communications, Inc.	Virginia	
Dillard Smith Construction Company	Delaware	
Driftwood Electrical Contractors, Inc.	Delaware	Maddux Communications
Edwards Pipeline Company, Inc.	Delaware	
Environmental Professional Associates, Limited	California	PROVCO
Fiber Technology, Inc.	Texas	
GEM Engineering Co., Inc.	Delaware	
Golden State Utility Co.	Delaware	
H. L. Chapman Pipeline Construction, Inc.	Delaware	DB Utilities
Haines Construction Company	Delaware	Brown Engineering &
Testing		
Harker & Harker, Inc.	Nevada	
Intermountain Electric, Inc.	Colorado	Grand Electric
Irby Construction Company	Mississippi	
Logical Link, Inc.	Delaware	
Manuel Bros., Inc.	Delaware	Renaissance
Construction		
		Western Directional
Mears Group, Inc.	Delaware	
Mejia Personnel Services, Inc.	Texas	
Metro Underground Services, Inc.	Illinois	
NetCom Management Group, Inc.	Delaware	
Network Communications Services, Inc.	Delaware	
Network Electric Company	Delaware	
North Pacific Construction Co., Inc.	Delaware	
North Sky Communications, Inc.	Delaware	
Northern Line Layers, Inc.	Delaware	
P.D.G. Electric Co.	Florida	
Pac West Construction, Inc.	Delaware	
PAR Electrical Contractors, Inc.	Missouri	Union Power
Construction Company		
Parkside Site & Utility Company Corporation	Delaware	
Parkside Utility Construction Company	Delaware	
Potelco, Inc.	Washington	Kingston Constructors Kuenzi Construction NorAm
Telecommunications		
Professional Teleconcepts, Inc.	Illinois	
Professional Teleconcepts, Inc.	New York	
QSI, Inc.	Delaware	
Quanta Delaware, Inc.	Delaware	
Quanta Utility Installation Co., Inc.	Delaware	
R. A. Waffensmith & Co., Inc.	Delaware	
Ranger Directional, Inc.	Delaware	
Riggin & Diggin Line Construction, Inc.	Delaware	
Seaward Corporation	Maine	Interstate Equipment
Corporation		
		Dot 05 Optical
Communications		

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<TABLE>
<CAPTION>

ENTITY -----	STATE OF INCORPORATION -----	DBA ---
<S>	<C>	<C>

Southeast Pipeline Construction, Inc.
Spalj Construction Company

Delaware
Delaware

Span-Con of Deerwood
Tjader & Highstrom
Wilson Roadbores

Specialty Drilling Technology, Inc.
Sullivan Welding, Inc.
Sumter Utilities, Inc.
Telecom Network Specialists, Inc.
The Ryan Company, Inc.
Tom Allen Construction Company
Trans Tech Electric, L.P.
Trawick Construction Co.
TTGP, Inc.
TTLP, Inc.
TTM, Inc.
TVS Systems, Inc.
TXLP, Inc.
Underground Construction Co., Inc.
Utilco, Inc.
VCI Telcom, Inc.
W. C. Communications, Inc.
W.H.O.M. Corporation
World Fiber, Inc.

Delaware
Delaware
Delaware
Delaware
Massachusetts
Delaware
Texas
Florida
Delaware
Delaware
North Carolina
Delaware
Delaware
Delaware
Georgia
Delaware
Delaware
California
Delaware

JT Communications

Hudson & Poncetta

Choice Optics
Sycamore Shoals
DeltaComm
Marlboro Cablevision

Constructors
</TABLE>

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of our report included in this Form 10-K, into Quanta Services, Inc.'s previously filed Registration Statements on Form S-8 (File Nos. 333-47069, 333-56849 and 333-86375) and Form S-3 (File Nos. 333-81419, 333-90961 and 333-39744).

ARTHUR ANDERSEN LLP

Houston, Texas
March 28, 2001