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

FORM 10-Q

(MARK ONE)

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2001

OR

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

FOR THE TRANSITION PERIOD FROM TO .

COMMISSION FILE NO. 001-13831

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

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

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

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

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

58,004,594 shares of Common Stock were outstanding as of May 10, 2001. As of the same date, 1,704,016 shares of Limited Vote Common Stock were outstanding.

QUANTA SERVICES, INC. AND SUBSIDIARIES

INDEX

</TABLE>

QUANTA SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE INFORMATION)

<TABLE>
<CAPTION>

<S>	DECEMBER 31, 2000 <C>	MARCH 31, 2001 (UNAUDITED) <C>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents................................	$ 17,306	$ 6,562
Accounts receivable, net of allowance of $15,612 and $18,578..	466,869	465,359
Costs and estimated earnings in excess of billings on uncompleted contracts................................	71,842	78,395
Inventories...	19,874	22,991
Prepaid expenses and other current assets................	26,516	27,476
Total current assets.............................	602,407	600,783
PROPERTY AND EQUIPMENT, net................................	341,029	359,912
OTHER ASSETS, net..	24,627	19,676
GOODWILL, net..	906,031	1,003,548
Total assets.....................................	$1,874,094	$1,983,919
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt.....................	$ 8,772	$ 8,916
Accounts payable and accrued expenses....................	215,684	230,009
Billings in excess of costs and estimated earnings on uncompleted contracts................................	27,981	30,792
Total current liabilities........................	252,437	269,717
LONG-TERM DEBT, net of current maturities..................	318,602	344,307
CONVERTIBLE SUBORDINATED NOTES.............................	172,500	172,500
DEFERRED INCOME TAXES AND OTHER NON-CURRENT LIABILITIES.....	61,599	66,630
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred Stock, $.00001 par value, 10,000,000 shares authorized:		
Series A Convertible Preferred Stock, 3,444,961 shares issued and outstanding................................	--	--
Common Stock, $.00001 par value, 300,000,000 shares authorized, 56,400,546 and 57,895,404 shares issued and outstanding, respectively.............................	--	--
Limited Vote Common Stock, $.00001 par value, 3,345,333 shares authorized, 1,765,912 and 1,704,016 shares issued and outstanding, respectively...................	--	--
Additional paid-in capital...............................	882,344	915,082
Retained earnings..	186,612	215,683
Total stockholders' equity.......................	1,068,956	1,130,765
Total liabilities and stockholders' equity........	$1,874,094	$1,983,919

</TABLE>

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

QUANTA SERVICES, INC. AND SUBSIDIARIES

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

<TABLE>
<CAPTION>

THREE MONTHS ENDED
MARCH 31,

	2000	2001
REVENUES	$333,737	$519,018
COST OF SERVICES (including depreciation)	261,056	410,066
Gross profit	72,681	108,952
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	29,951	42,033
GOODWILL AMORTIZATION	4,216	6,304
Income from operations	38,514	60,615
OTHER INCOME (EXPENSE):		
Interest expense	(4,533)	(9,228)
Other, net	549	22
INCOME BEFORE INCOME TAX PROVISION	34,530	51,409
PROVISION FOR INCOME TAXES	14,986	22,106
NET INCOME	19,544	29,303
DIVIDENDS ON PREFERRED STOCK	232	232
NET INCOME ATTRIBUTABLE TO COMMON STOCK	$ 19,312	$ 29,071
BASIC EARNINGS PER SHARE	$ 0.30	$ 0.38
DILUTED EARNINGS PER SHARE	$ 0.28	$ 0.38
SHARES USED IN COMPUTING EARNINGS PER SHARE:		
Basic	65,354	76,128
Diluted	72,568	80,802

</TABLE>

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

QUANTA SERVICES, INC. AND SUBSIDIARIES

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

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,	
	2000	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income attributable to common stock	$ 19,312	$ 29,071
Adjustments to reconcile net income attributable to common stock to net cash provided by operating activities --		
Depreciation and amortization	12,407	18,662
Loss (gain) on sale of property and equipment	(219)	100
Deferred income tax provision	173	900
Preferred stock dividend	232	232
Changes in operating assets and liabilities, net of non-cash transactions --		
(Increase) decrease in --		
Accounts receivable, net	(26,227)	6,457
Costs and estimated earnings in excess of billings on uncompleted contracts	(5,486)	(6,411)
Inventories	(1,721)	(1,642)
Prepaid expenses and other current assets	(677)	2,614
Increase (decrease) in --		
Accounts payable and accrued expenses	5,516	8,138
Billings in excess of costs and estimated earnings on uncompleted contracts	(2,221)	2,719
Other, net	--	(226)
Net cash provided by operating activities	1,089	60,614
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property and equipment	526	1,084
Additions of property and equipment	(21,942)	(28,602)
Cash paid for acquisitions, net of cash acquired	(38,975)	(76,870)
Notes receivable	--	2,658
Net proceeds from sale of business	2,410	--

Net cash used in investing activities	(57,981)	(101,730)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings (payments) under bank lines of credit	(103,324)	29,290
Proceeds from other long-term debt	150,142	1,469
Payments on other long-term debt	(4,653)	(5,339)
Debt issuance costs	(2,104)	--
Issuances of stock, net of offering costs	4,233	4,098
Exercise of stock options	4,033	854
Net cash provided by financing activities	48,327	30,372
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,565)	(10,744)
CASH AND CASH EQUIVALENTS, beginning of period	10,775	17,306
CASH AND CASH EQUIVALENTS, end of period	$ 2,210	$ 6,562
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for --		
Interest	$ 3,983	$ 14,485
Income taxes	10,852	514

</TABLE>

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

QUANTA SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BUSINESS AND ORGANIZATION:

Quanta Services, Inc. is a leading provider of specialized contracting services, offering end-to-end network solutions to the telecommunications, 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. The consolidated financial statements of the Company include the accounts of Quanta and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Since its inception and through 2000, Quanta acquired 77 businesses. The Company has acquired four additional businesses through March 31, 2001 for an aggregate consideration of approximately 1.0 million shares of common stock and $72.9 million in cash. The Company intends to continue to acquire, through merger or purchase, similar companies to expand its national and regional operations.

In the course of its operations, the Company is subject to certain risk factors, including but not limited to: rapid technological and structural changes in the industries the Company serves, risks related to internal growth and operating strategies, risks associated with an economic downturn, the collectibility of receivables, 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.

The board of directors of the Company has authorized a Stock Repurchase Plan under which up to $75 million of the Company's common stock may be repurchased. Under the Stock Repurchase Plan, the Company may conduct purchases through open market transactions in accordance with applicable securities laws. The Company has not repurchased any shares of common stock under the Stock Repurchase Plan. The amount of shares purchased and the timing of any purchases will be based on a number of factors, including the number of shares needed for replenishment of employee benefit plans, the market price of the stock, market conditions and as the Company's management deems appropriate. As a result of these factors, the actual number of shares to be repurchased cannot be determined at this time.

Interim Condensed Consolidated Financial Information

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

It is suggested that these condensed consolidated financial statements be read in conjunction with the audited financial statements and notes thereto of Quanta Services, Inc. and subsidiaries included in the Company's Annual Report on Form 10-K, which was filed with the SEC on April 2, 2001.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect (i) the reported amounts

of assets and liabilities, (ii) the disclosure of contingent assets and liabilities known to exist as of the date the financial statements are published and (iii) the reported amount of net revenues and expenses recognized during the periods presented. The Company reviews all significant estimates affecting its consolidated financial statements on a recurring basis and records the effect of any necessary adjustments prior to their publication. Adjustments made with respect to the use of estimates often relate to improved information not previously available. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of financial statements. The accompanying consolidated balance sheets include preliminary allocations of the respective purchase price paid for the companies acquired during the latest 12 months using the "purchase" method of accounting and, accordingly, are subject to final adjustment.

Self-Insurance

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

2. PER SHARE INFORMATION:

Earnings per share amounts are based on the weighted average number of shares of common stock and common stock equivalents outstanding during the period. The weighted average number of shares used to compute basic and diluted earnings per share for the three months ended March 31, 2000 and 2001 is illustrated below (in thousands):

<TABLE>
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	THREE MONTHS ENDED MARCH 31, 2000	THREE MONTHS ENDED MARCH 31, 2001
NET INCOME:		
Net income attributable to common stock	$19,312	$29,071
Dividends on Preferred Stock	232	232
Net income for basic earnings per share	19,544	29,303
Effect of convertible subordinated notes under the "if converted" method -- interest expense addback, net of taxes	548	1,180
Net income for diluted earnings per share	$20,092	$30,483
WEIGHTED AVERAGE SHARES:		
Weighted average shares outstanding for basic earnings per share, including convertible Preferred Stock	65,354	76,128
Effect of dilutive stock options	1,830	1,511
Effect of convertible subordinated notes under the "if converted" method -- weighted convertible shares issuable	5,384	3,163
Weighted average shares outstanding for diluted earnings per share	72,568	80,802

</TABLE>

Pursuant to EITF Topic D-95, "Effect of Participating Convertible Securities on the Computation of Basic Earnings Per Share," the impact of Series A Convertible Preferred Stock has been included in the computation of basic earnings per share and prior period amounts have been restated accordingly. For the three months ended March 31, 2000, there were no stock options excluded from the computation of diluted earnings per share and for the three months ended March 31, 2001, stock options of 1.1 million 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.

3. INCOME TAXES:

Certain of the businesses the Company has acquired were S corporations for income tax purposes and, accordingly, any income tax liabilities for the periods prior to the acquisitions are the responsibility of the respective stockholders. Effective with the acquisitions, the S corporations converted to C corporations. Accordingly, an estimated deferred tax liability has been recorded to provide for the estimated future income tax liability as a result of the difference between the book and tax bases of the net assets of these former S corporations. For purposes of these consolidated financial statements, federal and state income taxes have been provided for the post-acquisition periods.

4. DEBT:

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 5.13% at March 31, 2001) 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 8.0% at March 31, 2001) 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 March 31, 2001, $122.2 million was borrowed under the credit facility, and the Company had $26.1 million of letters of credit outstanding, resulting in a borrowing availability of $201.7 million under the credit facility.

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 this private placement were used to reduce outstanding borrowings under the credit facility.

Convertible Subordinated Notes

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.

5. 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 non-assessable shares of common stock. The conversion price currently is $20.00, yielding 17,224,805 shares of common stock upon conversion of all outstanding shares of Series A Convertible Preferred Stock. The conversion price may be adjusted under certain circumstances. Also in certain circumstances, UtiliCorp had the right to purchase additional securities from the Company to maintain the percentage ownership of the Company represented by the Series A Convertible Preferred Stock. 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.

6. 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 Company subsidiaries and discrete financial information is not provided to management at the service level. The following table presents information regarding revenues derived from the industries noted above. Certain reclassifications have been made to the prior period in order to conform to the current period.

	THREE MONTHS ENDED MARCH 31, 2000	THREE MONTHS ENDED MARCH 31, 2001
	(IN THOUSANDS)	
Telecommunications network services	$141,838	$185,289
Cable television network services	55,400	73,182
Electric power network services	90,109	188,404
Ancillary services	46,390	72,143
	$333,737	$519,018

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

7. RELATED PARTY TRANSACTIONS:

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

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 the Company's 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.

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

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

INTRODUCTION

The following discussion should be read in conjunction with the Condensed Consolidated Financial Statements and related notes thereto included elsewhere in this Quarterly Report on Form 10-Q. Except for the historical financial information contained herein, the matters discussed in this Quarterly Report on Form 10-Q may be considered "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such statements include declarations regarding our intent, belief or current expectations, statements regarding the future results of acquired companies and our gross margins. Any such forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties. Actual results could differ materially from those indicated by such forward-looking statements. Among the important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are the risk factors identified in our Annual Report on Form 10-K, which was filed with the SEC on April 2, 2001, which is available at the SEC's Web site at www.sec.gov.

We derive our revenues from one reportable segment by providing specialized contracting services and offering comprehensive network solutions. Our customers include telecommunications, electric power and cable television companies, as well as commercial, industrial and governmental entities.

We enter into contracts principally on the basis of competitive bids, the final terms and prices of which we frequently negotiate with the customer. Although the terms of our contracts vary considerably, most are 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 material costs more accurately than labor costs. Therefore, to compensate for the potential variability of labor costs, we seek to maintain higher margins on our labor-intensive projects. Certain of our subsidiaries were previously subject to deductibles ranging from $100,000 to $1,000,000 for workers' compensation insurance and, as of August 1, 2000, we have a deductible of $500,000 per occurrence related to workers' compensation, automobile and general liability claims. Fluctuations in insurance accruals related to these deductibles could have an impact on gross margins in the period in which such adjustments are made. Selling, general and administrative expenses consist primarily of compensation and related benefits to management, administrative salaries and benefits, marketing, office rent and utilities, communications and professional fees.

RESULTS OF OPERATIONS

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

<TABLE>
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	THREE MONTHS ENDED MARCH 31,			
	2000		2001	
	(DOLLARS IN THOUSANDS)			
<S>	<C>	<C>	<C>	<C>
Revenues	$333,737	100.0%	$519,018	100.0%
Cost of services (including depreciation)	261,056	78.2	410,066	79.0
Gross profit	72,681	21.8	108,952	21.0
Selling, general and administrative expenses	29,951	9.0	42,033	8.1
Goodwill amortization	4,216	1.3	6,304	1.2
Income from operations	38,514	11.5	60,615	11.7
Interest expense	(4,533)	(1.4)	(9,228)	(1.8)
Other income, net	549	0.2	22	0.0
Income before income tax provision	34,530	10.3	51,409	9.9
Provision for income taxes	14,986	4.4	22,106	4.3
Net income	$ 19,544	5.9%	$ 29,303	5.6%

</TABLE>

THREE MONTHS ENDED MARCH 31, 2001 COMPARED TO THE THREE MONTHS ENDED MARCH 31, 2000.

Revenues. Revenues increased $185.3 million, or 55.5%, to $519.0 million for the three months ended March 31, 2001. This increase was primarily attributable to revenues of $118.0 million from platform companies acquired subsequent to March 31, 2000 which continued to exist as separate reporting subsidiaries, as well as a full period of contributed revenues for the three months ended March 31, 2001 for those companies acquired in the first quarter of 2000. In addition, we have experienced strong growth in key business areas as a result of greater demand for bandwidth, increased outsourcing, deregulation and industry convergence.

Gross profit. Gross profit increased $36.3 million, or 49.9%, to $109.0 million for the three months ended March 31, 2001. Gross margin decreased from 21.8% for the three months ended March 31, 2000 to 21.0% for the three months ended March 31, 2001. This decrease in gross margin resulted from unfavorable weather conditions experienced during the first quarter of 2001 and lower margins on work performed for gas transmission customers partially offset by higher margins received on work performed for utility customers.

Selling, general and administrative expenses. Selling, general and administrative expenses increased $12.1 million, or 40.3%, to $42.0 million for the three months ended March 31, 2001. Of this increase, $6.9 million was attributable to the platform companies we acquired subsequent to March 31, 2000. Selling, general and administrative expenses also included a full three months of costs in 2001 associated with those companies acquired during the first three months of 2000. The remainder of the increase was attributable to tuck-in acquisitions and the continued establishment of infrastructure to facilitate our growth and to integrate our acquired businesses. As a percentage of revenues, selling, general and administrative expenses decreased due to better absorption of the fixed component of overhead costs by the higher level of revenues.

Interest expense. Interest expense increased $4.7 million, or 103.6%, to $9.2 million for the three months ended March 31, 2001 due to higher levels of debt resulting from the acquisitions of the companies we purchased subsequent to March 31, 2000.

Provision for income taxes. The provision for income taxes was $22.1 million for the three months ended March 31, 2001 with an effective tax rate of 43.0% compared to $15.0 million for the three months ended March 31, 2000 and an effective tax rate of 43.4%. The decrease in the effective rate is primarily due to better absorption of the non-deductible portion of goodwill amortization.

Net Income. Net income increased $9.8 million, or 49.9%, to $29.3 million for the three months ended March 31, 2001 compared to $19.5 million for the three months ended March 31, 2000.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2001, we had cash and cash equivalents of $6.6 million, working capital of $331.1 million and long-term debt of $516.8 million, net of current maturities. Our long-term debt balance at that date included borrowings of $122.2 million under our credit facility, $210.0 million of senior secured notes, $172.5 million of convertible subordinated notes and $12.1 million of other debt. In addition, we had $26.1 million of letters of credit outstanding under the credit facility.

During the three months ended March 31, 2001, operating activities provided net cash flow of $60.6 million. Changes in working capital accounts are affected by the acquisitions throughout the quarter and as such are not comparable to prior periods. We used net cash in investing activities of $101.7 million, including $76.9 million used for the purchase of businesses and contingent consideration issued for an acquisition closed prior to December 31, 2000, net of cash acquired. Financing activities provided a net cash flow of $30.4 million, resulting primarily from $29.3 million of borrowings from our credit facility.

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 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 May 10, 2001 we had approximately $149.2 million in outstanding borrowings under the credit facility and $32.3 million of letters of credit outstanding, resulting in a borrowing availability of $168.5 million under the credit facility.

Our board of directors has authorized a Stock Repurchase Plan under which up to $75 million of our common stock may be repurchased. Under the Stock Repurchase Plan, we may conduct purchases through open market transactions in accordance with applicable securities laws. We have not repurchased any shares of common stock under the Stock Repurchase Plan. The amount of shares purchased and the timing of any purchases will be based on a number of factors, including the number of shares needed for replenishment of employee benefit plans, the market price of the stock, market conditions and as our management deems appropriate. As a result of these factors, the actual number of shares to be repurchased cannot be determined at this time.

Between January 1, 2001 and March 31, 2001, we acquired four companies for an aggregate consideration of 1.0 million shares of common stock and $72.9 million in cash. The cash portion of such consideration was provided by borrowings under our credit facility. The timing, size or success of any acquisition effort and the associated potential capital commitments cannot be predicted.

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

SEASONALITY; FLUCTUATIONS OF QUARTERLY RESULTS

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

No material changes have occurred to the information previously provided in our Annual Report on Form 10-K for the fiscal year ended December 31, 2000.

PART II -- OTHER INFORMATION

QUANTA SERVICES, INC. AND SUBSIDIARIES

ITEM 2. CHANGES IN SECURITIES.

(c) Unregistered Sales of Securities.

Between January 1, 2001, and March 31, 2001, the Company completed four acquisitions in which some or all of the consideration was unregistered securities of the Company. The aggregate consideration paid in these transactions was $72.9 million in cash and 1.0 million shares of common stock. The Company considers the acquisitions of Airlan Telecom Services, L.P. and Mejia Personnel Services, Inc. to be one acquisition as these companies were all part of a related business. None of the other acquisitions were affiliated with each other prior to acquisition by the Company.

All securities listed on the following table were shares of common stock. The Company relied on Section 4(2) of the Securities Act of 1933, as amended, as the basis for exemption from registration. For all issuances, the purchasers were "accredited investors" as defined in Rule 501 promulgated pursuant to the Securities Act of 1933, as amended. All issuances were to the owners of businesses acquired in privately negotiated transactions, not pursuant to public solicitation.

<TABLE>
<CAPTION>

DATE	NUMBER OF SHARES	PURCHASERS	CONSIDERATION
<S>	<C>	<C>	<C>
1/15/01	56,193	Two owners of Maddux Underground Construction, Inc.	Acquisition of Maddux Underground Construction, Inc.
1/15/01	138,838	Two owners of Myers Cable, Inc.	Acquisition of Myers Cable, Inc.
2/14/01	366,904	Four owners of Airlan Telecom Services, L.P.	Acquisition of Airlan Telecom Services, L.P.
2/14/01	26,207	One owner of Mejia Personnel Services, Inc.	Acquisition of Mejia Personnel Services, Inc.
2/15/01	413,831	Two owners of Advanced Technologies and Installation Corporation	Acquisition of Advanced Technologies and Installation Corporation

</TABLE>

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

(a) Exhibits.

None.

(b) Reports on Form 8-K.

None.

SIGNATURE

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

QUANTA SERVICES, INC.

By: /s/ DERRICK A. JENSEN

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

Dated: May 15, 2001