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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 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)

<Table>
<S> <C>

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

</Table>

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

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

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

58,698,244 shares of Common Stock were outstanding as of August 10, 2001. As of the same date, 1,627,498 shares of Limited Vote Common Stock were outstanding.

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QUANTA SERVICES, INC. AND SUBSIDIARIES

INDEX

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QUANTA SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE INFORMATION)

	DECEMBER 31, 2000	JUNE 30, 2001 (UNAUDITED)
	ASSETS	
CURRENT ASSETS:		
Cash and cash equivalents	$ 17,306	$ 2,772
Accounts receivable, net of allowance of $15,612 and $33,536	466,869	485,913
Costs and estimated earnings in excess of billings on uncompleted contracts	71,842	77,437
Inventories	19,874	25,361
Prepaid expenses and other current assets	26,516	36,077
Total current assets	602,407	627,560
PROPERTY AND EQUIPMENT, net	341,029	375,081
OTHER ASSETS, net	24,627	20,917
GOODWILL, net	906,031	1,002,024
Total assets	$1,874,094	$2,025,582
	LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ 8,772	$ 7,825
Accounts payable and accrued expenses	215,684	243,935
Billings in excess of costs and estimated earnings on uncompleted contracts	27,981	34,131
Total current liabilities	252,437	285,891
LONG-TERM DEBT, net of current maturities	318,602	340,788
CONVERTIBLE SUBORDINATED NOTES	172,500	172,500
DEFERRED INCOME TAXES AND OTHER NON-CURRENT LIABILITIES	61,599	71,859
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 58,423,226 shares issued and outstanding, respectively	--	--
Limited Vote Common Stock, $.00001 par value, 3,345,333 shares authorized, 1,765,912 and 1,640,137 shares issued and outstanding, respectively	--	--
Additional paid-in capital	882,344	922,410
Retained earnings	186,612	232,134
Total stockholders' equity	1,068,956	1,154,544
Total liabilities and stockholders' equity	$1,874,094	$2,025,582

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>
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	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2000	2001	2000	2001
<S>	<C>	<C>	<C>	<C>
REVENUES	$423,526	$503,342	$757,263	$1,022,360
COST OF SERVICES (including depreciation)	324,890	392,588	585,946	802,654
Gross profit	98,636	110,754	171,317	219,706
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	33,515	60,495	63,466	102,528
GOODWILL AMORTIZATION	4,611	6,553	8,827	12,857
Income from operations	60,510	43,706	99,024	104,321
OTHER INCOME (EXPENSE):				
Interest expense	(6,410)	(9,138)	(10,943)	(18,366)
Other, net	838	(581)	1,387	(559)
INCOME BEFORE INCOME TAX PROVISION	54,938	33,987	89,468	85,396
PROVISION FOR INCOME TAXES	23,843	17,304	38,829	39,410
NET INCOME	31,095	16,683	50,639	45,986
DIVIDENDS ON PREFERRED STOCK	232	232	464	464
NET INCOME ATTRIBUTABLE TO COMMON STOCK	$ 30,863	$ 16,451	$ 50,175	$ 45,522
BASIC EARNINGS PER SHARE	$ 0.45	$ 0.21	$ 0.75	$ 0.59
DILUTED EARNINGS PER SHARE	$ 0.42	$ 0.21	$ 0.70	$ 0.59
SHARES USED IN COMPUTING EARNINGS PER SHARE:				
Basic	68,160	77,073	66,710	76,643
Diluted	75,496	78,649	73,985	78,182

</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>
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	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2000	2001	2000	2001
<S>	<C>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income attributable to common stock	$30,863	$16,451	$ 50,175	$ 45,522
Adjustments to reconcile net income attributable to common stock to net cash provided by operating activities --				
Depreciation and amortization	12,998	19,496	25,405	38,158
Loss on sale of property and equipment	276	655	57	755
Deferred income tax provision (benefit)	2,173	(4,801)	2,346	(3,901)
Preferred stock dividend	232	232	464	464
Changes in operating assets and liabilities, net of non-cash transactions --				
(Increase) decrease in --				
Accounts receivable, net	(40,764)	(19,544)	(66,991)	(13,087)
Costs and estimated earnings in excess of billings on uncompleted contracts	4,878	1,011	(608)	(5,400)
Inventories	(1,523)	(2,370)	(3,244)	(4,012)
Prepaid expenses and other current assets	870	999	193	3,613
Increase (decrease) in --				
Accounts payable and accrued expenses	6,048	16,525	11,564	24,663
Billings in excess of costs and estimated earnings on uncompleted contracts	2,054	3,339	(167)	6,058
Other, net	63	(1,236)	63	(1,462)
Net cash provided by operating activities	18,168	30,757	19,257	91,371
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale of property and equipment	359	827	885	1,911

Additions of property and equipment	(21,380)	(25,755)	(43,322)	(54,357)
Cash paid for acquisitions, net of cash acquired	(46,684)	(5,582)	(85,659)	(82,452)
Notes receivable	--	--	--	2,658
Net proceeds from sale of business	--	--	2,410	--
Net cash used in investing activities	(67,705)	(30,510)	(125,686)	(132,240)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Net borrowings (payments) under bank lines of credit	50,138	(2,170)	(53,186)	27,120
Proceeds from other long-term debt	1,540	101	151,682	1,570
Payments on other long-term debt	(12,422)	(6,566)	(17,075)	(11,905)
Debt issuance costs	--	--	(2,104)	--
Issuances of stock, net of offering costs	5,140	--	9,373	4,098
Exercise of stock options	5,304	4,598	9,337	5,452
Net cash provided by (used in) financing activities	49,700	(4,037)	98,027	26,335
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	163	(3,790)	(8,402)	(14,534)
CASH AND CASH EQUIVALENTS, beginning of period	2,210	6,562	10,775	17,306
CASH AND CASH EQUIVALENTS, end of period	$ 2,373	$ 2,772	$ 2,373	$ 2,772
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash paid for --				
Interest	$ 3,263	$ 2,889	$ 7,246	$ 17,374
Income taxes	26,403	5,661	37,255	6,175

</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 six additional businesses through June 30, 2001 for an aggregate consideration of approximately 1.0 million shares of common stock and $78.1 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. Through August 10, 2001, the Company has repurchased 35,200 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

The Company is insured 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 and six months ended June 30, 2000 and 2001 is illustrated below (in thousands):

<Table>
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	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2000	2001	2000	2001
<S>	<C>	<C>	<C>	<C>
NET INCOME:				
Net income attributable to common stock.....	$30,863	$16,451	$50,175	$45,522
Dividends on Preferred Stock.....	232	232	464	464
Net income for basic earnings per share.....	31,095	16,683	50,639	45,986
Effect of convertible subordinated notes under the "if converted" method --interest expense addback, net of taxes.....	445	--	991	--
Net income for diluted earnings per share....	$31,540	$16,683	$51,630	$45,986
WEIGHTED AVERAGE SHARES:				
Weighted average shares outstanding for basic earnings per share, including convertible Preferred Stock.....	68,160	77,073	66,710	76,643
Effect of dilutive stock options.....	3,017	1,576	2,424	1,539
Effect of convertible subordinated notes				

under the "if converted" method -- weighted convertible shares issuable	4,319	--	4,851	--
Weighted average shares outstanding for diluted earnings per share	75,496	78,649	73,985	78,182

</Table>

Pursuant to EITF Topic D-95, "Effect of Participating Convertible Securities on the Computation of Basic Earnings Per Share," the impact of the 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 June 30, 2000, there were no stock options excluded from the computation of diluted earnings per share and for the six months ended June 30, 2000, there were approximately 0.1 million stock options excluded from the computation because the options' exercise prices were greater than the average market price of the Company's common stock. For the three and six months ended June 30, 2001, stock options of approximately 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. For the three and six months ended June 30, 2001 the effect of assuming conversion of the convertible subordinated notes would be antidilutive and they were therefore excluded from the calculation of diluted earnings per share.

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. NEW ACCOUNTING PRONOUNCEMENTS:

In July 2001, the Financial Accounting Standards Board (the FASB) issued SFAS No. 141, "Business Combinations." SFAS No. 141 requires that all business combinations initiated after June 30, 2001, be accounted for using the purchase method. The FASB also issued SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 requires that goodwill be assessed at least annually for impairment by applying a fair-value based test. Goodwill will no longer be subject to amortization over its estimated useful life. In addition, acquired intangible assets are required to be recognized and amortized over their useful lives if the benefit of the asset is based on contractual or legal rights. While most provisions of SFAS No. 142 are effective for the Company beginning January 1, 2002, goodwill and intangible assets acquired after June 30, 2001, will be subject immediately to the non-amortization and amortization provisions of the statement, respectively. The Company is currently analyzing the provisions of SFAS No. 142 and has not yet made a determination of the impact the adoption will have on the consolidated financial statements.

5. 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 4.81% at June 30, 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 6.75% at June 30, 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 June 30, 2001, $120.0 million was borrowed under the credit facility, and the Company had $31.5 million of letters of credit outstanding, resulting in a borrowing availability of $198.5 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.

6. SERIES A CONVERTIBLE PREFERRED STOCK:

In September 1999, the Company entered into a securities purchase agreement with UtiliCorp pursuant to which the Company issued 1,860,000 shares of Series A Convertible Preferred Stock, $.00001 par value per share, for an initial investment of $186.0 million, before transaction costs. In September 2000, UtiliCorp converted 7,924,805 shares of common stock into an additional 1,584,961 shares of Series A Convertible Preferred Stock at a rate of one share of Series A Convertible Preferred Stock for five shares of common stock. The holders of the Series A Convertible Preferred Stock are entitled to receive dividends in cash at a rate of 0.5% per annum on an amount equal to $53.99 per share, plus all unpaid dividends accrued. In addition to the preferred dividend, the holders are entitled to participate in any cash or non-cash dividends or distributions declared and paid on the shares of common stock, as if each share of Series A Convertible Preferred Stock had been converted into common stock at the applicable conversion price immediately prior to the record date for payment of such dividends or distributions. However, holders of Series A Convertible Preferred Stock will not participate in non-cash dividends or distributions if such dividends or distributions cause an adjustment in the price at which Series A Convertible Preferred Stock converts into common stock. At any time after the sixth anniversary of the original 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 original 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.

7. 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.

<Table>
<Caption>

	SIX MONTHS ENDED JUNE 30,	
	2000	2001
	(IN THOUSANDS)	
<S>	<C>	<C>
Telecommunications network services	$326,495	$ 343,513
Cable television network services	124,011	133,929
Electric power network services	208,273	379,296
Ancillary services	98,484	165,622
	$757,263	$1,022,360

</Table>

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

8. RELATED PARTY TRANSACTIONS:

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

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. Currently, we have a deductible of $500,000 per occurrence related to workers' compensation, automobile and general liability claims. Fluctuations in insurance accruals related to these deductibles could have an impact on gross margins in the period in which such adjustments are made. Selling, general and administrative expenses consist primarily of compensation and related benefits to management, administrative salaries and benefits, marketing, office rent and utilities, communications and professional fees.

RESULTS OF OPERATIONS

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

<Table>
<Caption>

	THREE MONTHS ENDED JUNE 30,				SIX MONTHS ENDED JUNE 30,			
	2000		2001		2000		2001	
	(DOLLARS IN THOUSANDS)							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues	$423,526	100.0%	$503,342	100.0%	$757,263	100.0%	$1,022,360	100.0%
Cost of services (including depreciation)	324,890	76.7	392,588	78.0	585,946	77.4	802,654	78.5
Gross profit	98,636	23.3	110,754	22.0	171,317	22.6	219,706	21.5
Selling, general and administrative expenses	33,515	7.9	60,495	12.0	63,466	8.4	102,528	10.0
Goodwill amortization	4,611	1.1	6,553	1.3	8,827	1.2	12,857	1.3
Income from operations	60,510	14.3	43,706	8.7	99,024	13.0	104,321	10.2
Interest expense	(6,410)	(1.5)	(9,138)	(1.8)	(10,943)	(1.4)	(18,366)	(1.8)
Other income, net	838	0.2	(581)	(0.1)	1,387	0.2	(559)	--

Income before income tax provision.....	54,938	13.0	33,987	6.8	89,468	11.8	85,396	8.4
Provision for income taxes.....	23,843	5.7	17,304	3.5	38,829	5.1	39,410	3.9
Net income.....	$ 31,095	7.3%	$ 16,683	3.3%	$ 50,639	6.7%	$ 45,986	4.5%

</Table>

THREE AND SIX MONTHS ENDED JUNE 30, 2001, COMPARED TO THE THREE AND SIX MONTHS ENDED JUNE 30, 2000.

Revenues. Revenues increased $79.8 million and $265.1 million, or 18.8% and 35.0%, to $503.3 million and $1.02 billion for the three and six months ended June 30, 2001. This increase was primarily attributable to revenues of $100.4 million and $208.5 million for the three and six months ended June 30, 2001, from platform companies acquired subsequent to June 30, 2000, which continued to exist as separate reporting subsidiaries, as well as a full period of contributed revenues for the three and six months ended June 30, 2001, for those companies acquired through June 30, 2000. In addition, we have experienced strong growth in utility and gas revenues as a result of increased outsourcing and deregulation, partially offset by decreased revenues from telecommunications and cable television customers.

Gross profit. Gross profit increased $12.1 million and $48.4 million, or 12.3% and 28.2%, to $110.8 million and $219.7 million for the three and six months ended June 30, 2001. As a percentage of revenues, gross margin decreased from 23.3% for the three months ended June 30, 2000, to 22.0% for the three months ended June 30, 2001. The decrease in gross margins resulted from lower margins on work performed for telecommunications customers, partially offset by higher margins received on work performed for utility customers. Gross margin decreased from 22.6% for the six months ended June 30, 2000, to 21.5% for the six months ended June 30, 2001. The decrease in gross margins resulted from lower margins due to poor weather conditions experienced during the first quarter of 2001 and the factors noted above for the three months ended June 30, 2001.

Selling, general and administrative expenses. Selling, general and administrative expenses increased $27.0 million and $39.1 million, or 80.5% and 61.5%, to $60.5 million and $102.5 million for the three and six months ended June 30, 2001. For the three months ended June 30, 2001, the Company recorded $19.4 million in charges including: a charge of $16.2 million to provide allowances for accounts receivable risk associated with the continued decline in the financial strength of certain customers in the telecommunications industry; and $3.2 million in charges associated with the realignment of field personnel and discontinuance of negotiations regarding the acquisition of certain telecommunications contractors. In addition, $5.6 million and $11.3 million of this increase for the three and six months ended June 30, 2000, respectively, was attributable to the platform companies we acquired subsequent to June 30, 2000. Selling, general and administrative expenses also included a full period of costs in 2001 associated with those companies acquired during the first six 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 increased primarily due to the charges noted above.

Interest expense. Interest expense increased $2.7 million and $7.4 million, or 42.6% and 67.8%, to $9.1 million and $18.4 million for the three and six months ended June 30, 2001, primarily due to higher levels of debt resulting from the acquisitions of the companies we purchased subsequent to June 30, 2000.

Provision for income taxes. The provision for income taxes was $17.3 million and $39.4 million for the three and six months ended, June 30, 2001, with effective tax rates of 50.9% and 46.1%, respectively, compared to $23.8 million and $38.8 million for the three and six months ended June 30, 2000, and an effective tax rate of 43.4%. The increase in the effective rate is primarily due to less absorption of the non-deductible portion of goodwill amortization.

Net Income. Net income decreased $14.4 million and $4.7 million, or 46.3% and 9.2%, to $16.7 million and $46.0 million for the three and six months ended June 30, 2001, compared to $31.1 million and $50.6 million for the three and six months ended June 30, 2000.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2001, we had cash and cash equivalents of $2.8 million, working capital of $341.7 million and long-term debt of $513.3 million, net of current maturities. Our long-term debt balance at that date included borrowings

of $120.0 million under our credit facility, $210.0 million of senior secured notes, $172.5 million of convertible subordinated notes and $10.8 million of other debt. In addition, we had $31.5 million of letters of credit outstanding under the credit facility.

During the six months ended June 30, 2001, operating activities provided net cash flow of $91.4 million. Changes in working capital accounts are affected by the acquisitions throughout the period and as such are not comparable to prior periods. We used net cash in investing activities of $132.2 million, including $82.5 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 $26.3 million, resulting primarily from $27.1 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 August 10, 2001, we had approximately $112.0 million in outstanding borrowings under the credit facility and $31.5 million of letters of credit outstanding, resulting in a borrowing availability of $206.5 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. Through August 10, 2001, we have repurchased 35,200 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 June 30, 2001, we acquired six companies for an aggregate consideration of 1.0 million shares of common stock and $78.1 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.

NEW ACCOUNTING PRONOUNCEMENTS

In July 2001, the Financial Accounting Standards Board (the FASB) issued SFAS No. 141, "Business Combinations." SFAS No. 141 requires that all business combinations initiated after June 30, 2001, be accounted for using the purchase method. The FASB also issued SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 requires that goodwill be assessed at least annually for impairment by applying a fair-value based test. Goodwill will no longer be subject to amortization over its estimated useful life. In addition, acquired intangible assets are required to be recognized and amortized over their useful lives if the benefit of the asset is based on contractual or legal rights. While most provisions of SFAS No. 142 are effective for the Company beginning January 1, 2002, goodwill and intangible assets acquired after June 30, 2001, will be subject immediately to the non-amortization and amortization provisions of the statement, respectively. The Company is currently analyzing the provisions of SFAS No. 142 and has not yet made a determination of the impact the adoption will have on the consolidated financial statements.

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 March 31, 2001, and June 30, 2001, the Company completed one acquisition in which some of the consideration was unregistered securities of the Company. The aggregate consideration paid in this transaction was $2.1 million in cash and 27,636 million shares of common stock. This acquisition was not affiliated with any other acquisition prior to such transaction.

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>
6/15/01.....	27,636	Two owners of PowerLink Corporation	Acquisition of PowerLink Corporation

</Table>

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

The Company held its annual meeting of stockholders in Houston, Texas on May 24, 2001. The following sets forth matters submitted to a vote of stockholders at the annual meeting:

(a) Ten members were elected to the Board of Directors, each to serve until the next annual meeting of the Company and until their respective successors have been elected and qualified. The following six individuals were elected to the Board of Directors by the holders of the common stock and the Series A Convertible Preferred Stock of the Company, voting together:

<Table>
<Caption>

NOMINEE	FOR	WITHHELD
<S>	<C>	<C>
James R. Ball.....	62,091,987	238,289
John R. Colson.....	62,003,628	326,648
Louis C. Golm.....	62,085,632	244,644
Jerry J. Langdon.....	62,078,307	251,969
Gary A. Tucci.....	61,921,621	408,655
John R. Wilson.....	61,897,308	432,968

</Table>

The following three individuals were elected to the Board of Directors

by the holders of the Series A Convertible Preferred Stock of the Company: Terrence P. Dunn, Robert K. Green and James G. Miller. Each of these individuals were elected by a vote of 3,444,961 shares of the Series A Convertible Preferred Stock, being more than a plurality of the outstanding shares of Series A Convertible Preferred Stock cast for or against, with no shares voted against or abstaining.

The holders of Limited Vote Common Stock of the Company elected Vincent D. Foster to the Board of Directors. Mr. Foster was elected by a vote of 937,759 shares of the Limited Vote Common Stock, being more than a plurality of the outstanding shares of Limited Vote Common Stock cast for or against, with 10,499 shares voted against or abstaining.

(b) The stockholders ratified the appointment of Arthur Andersen LLP to audit the financial statements of the Company and its subsidiaries for the year ending December 31, 2001 by a vote of 62,176,189 shares of common stock, Series A Convertible Preferred Stock and Limited Vote Common Stock, voting together, being more than a majority of the outstanding shares of common stock, Series A Convertible Preferred Stock and Limited Vote Common Stock, voting together, with 225,486 shares of common stock voting against and 23,424 shares of common stock abstaining.

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

(a) Exhibits.

<Table>
<Caption>

EXHIBIT NUMBER	DESCRIPTION
<C>	<S>
10.22	-- 2001 Stock Incentive Plan (amending and restating the 1997 Stock Option Plan)
10.23	-- Employment Agreement of Peter T. Dameris

</Table>

(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: August 14, 2001

QUANTA SERVICES, INC.
2001 STOCK INCENTIVE PLAN

1. AMENDMENT AND RESTATEMENT. The Quanta Services, Inc. Amended and Restated 1997 Stock Option Plan is amended and restated as set forth herein as the "Quanta Services, Inc. 2001 Stock Incentive Plan", effective as of May 23, 2001 (the "Effective Date"). Options granted under the Plan prior to the Effective Date shall be subject to the terms and conditions of the Plan in effect with respect to such Options prior to the Effective Date and Options granted after the Effective Date shall be subject to the terms and conditions of the Plan as set forth herein, as it may be amended from time to time.

2. PURPOSE. The purposes of the Plan are to attract and retain for the Company and its Affiliates the best available personnel, to provide additional incentive to Employees, Directors and Consultants and to increase their interest in the Company's welfare, and to promote the success of the business of the Company and its Affiliates.

3. DEFINITIONS. As used herein, unless the context requires otherwise, the following terms shall have the meanings indicated below:

(a) "Affiliate" means (i) any corporation, partnership or other entity which owns, directly or indirectly, a majority of the voting equity securities of the Company, (ii) any corporation, partnership or other entity of which a majority of the voting equity securities or equity interest is owned, directly or indirectly, by the Company, and (iii) with respect to an Option that is intended to be an Incentive Stock Option, (A) any "parent corporation" of the Company, as defined in Section 424(e) of the Code or (B) any "subsidiary corporation" of the Company as defined in Section 424(f) of the Code, any other entity that is taxed as a corporation under Section 7701(a)(3) of the Code and is a member of the "affiliated group" as defined in Section 1504(a) of the Code of which the Company is the common parent, and any other entity as may be permitted from time to time by the Code or by the Internal Revenue Service to be an employer of Employees to whom Incentive Stock Options may be granted; provided, however, that in each case the Affiliate must be consolidated in the Company's financial statements.

(b) "Award" means any right granted under the Plan, including an Option and a Restricted Stock Award, whether granted singly or in combination, to a Grantor pursuant to the terms, conditions and limitations that the Committee may establish in order to fulfill the objectives of the Plan.

(c) "Board" means the Board of Directors of the Company.

(d) "Change in Control" has the meaning set forth in Section 11(c).

(e) "Chief Executive Officer" means the individual serving at any relevant time as the chief executive officer of the Company.

(f) "Code" means the Internal Revenue Code of 1986, as amended, and any successor statute. Reference in the Plan to any section of the Code shall be deemed to include any amendments or successor provisions to such section and any Treasury regulations promulgated under such section.

(g) "Committee" means the committee, as constituted from time to time, of the Board that is appointed by the Board to administer the Plan; provided, however, that while the Common Stock is publicly traded, the Committee shall be a committee of the Board consisting solely of two or more Outside Directors, in accordance with Section 162(m) of the Code, and/or solely of two or more Non-Employee Directors, in accordance with Rule 16b-3, as necessary in each case to satisfy such requirements with respect to Awards granted under the Plan. Within the scope of such authority, the Committee may (i) delegate to a committee of one or more members of the Board who are not Outside Directors the authority to grant Options to eligible persons who are either (A) not then Covered Employees and are not expected to be Covered Employees at the time of recognition of income resulting from such Options or (B) not persons with respect to whom the Company wishes to comply with Section 162(m) of the Code and/or (ii) delegate to a committee of one or more members of the Board who are not Non-Employee Directors the authority to grant Options to eligible persons who are not then subject to Section 16 of the Exchange Act. Notwithstanding the foregoing provisions, the Chief Executive Officer has the authority to grant Non-Qualified Stock Options to certain Employees, as described in Section 6 of this Plan.

(h) "Common Stock" means the Common Stock, $0.0001 par value per share, of the Company or the common stock that the Company may in the future be authorized to issue (as long as the common stock varies from that currently authorized, if at all, only in amount of par value).

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

(j) "Consultant" means any person (other than an Employee or a Director, solely with respect to rendering services in such person's capacity as a Director) who is engaged by the Company or any Affiliate to render consulting or advisory services to the Company or such Affiliate and who is a "consultant or advisor" within the meaning of Rule 701 promulgated under the Securities Act or Form S-8 promulgated under the Securities Act.

(k) "Continuous Service" means that the provision of services to the Company or an Affiliate in any capacity of Employee, Director or Consultant is not interrupted or terminated. Except as otherwise provided in the Option Agreement, service shall not be considered interrupted or terminated for this purpose in the case of (i) any approved leave of absence, (ii) transfers among the Company, any Affiliate, or any successor, in any capacity of Employee, Director or Consultant, or (iii) any change in status as long as the individual remains in the service of the Company or an Affiliate in any capacity of Employee, Director or Consultant. An approved leave of absence shall include sick leave, military leave, or any other authorized personal leave. For purposes of each Incentive Stock Option, if such leave exceeds ninety (90) days, and re-employment upon expiration of such leave is not guaranteed by statute or contract,

then the Incentive Stock Option shall be treated as a Non-Qualified Stock Option on the day that is three (3) months and one (1) day following the expiration of such ninety (90)-day period.

(l) "Covered Employee" means the Chief Executive Officer and the four other most highly compensated officers of the Company for whom total compensation is required to be reported to shareholders under Regulation S-K, as determined for purposes of Section 162(m) of the Code.

(m) "Director" means a member of the Board or the board of directors of an Affiliate.

(n) "Disability" means the "disability" of a person as defined in a then effective long-term disability plan maintained by the Company that covers such person, or if such a plan does not exist at any relevant time, "Disability" means the permanent and total disability of a person within the meaning of Section 22(e)(3) of the Code. For purposes of determining the time during which an Incentive Stock Option may be exercised under the terms of an Option Agreement, "Disability" means the permanent and total disability of a person within the meaning of Section 22(e)(3) of the Code. Section 22(e)(3) of the Code provides that an individual is totally and permanently disabled if he is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months.

(o) "Employee" means any person, including an Officer or Director, who is employed, within the meaning of Section 3401 of the Code, by the Company or an Affiliate. The provision of compensation by the Company or an Affiliate to a Director solely with respect to such individual rendering services in the capacity of a Director, however, shall not be sufficient to constitute "employment" by the Company or that Affiliate.

(p) "Exchange Act" means the Securities Exchange Act of 1934, as amended, and any successor statute. Reference in the Plan to any section of the Exchange Act shall be deemed to include any amendments or successor provisions to such section and any rules and regulations relating to such section.

(q) "Fair Market Value" means, as of any date, the value of the Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or traded on the Nasdaq National Market or the Nasdaq SmallCap Market, the Fair Market Value of a share of Common Stock shall be the closing sales price for such a share of Common Stock (or the closing bid, if no sales were reported) as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) on the day of determination (or if no such price or bid is reported on that day, on last market trading day prior to the day of determination), as reported in The Wall Street Journal or such other source as the Committee deems reliable.

(ii) In the absence of any such established markets for the Common Stock, the Fair Market Value shall be determined in good faith by the Committee.

(r) "Grantee" means an Employee, Director or Consultant to whom an Award has been granted under the Plan, including an Option.

(s) "Incentive Stock Option" means an Option granted to an Employee under the Plan that meets the requirements of Section 422 of the Code.

(t) "Non-Employee Director" means a Director of the Company who either (i) is not an Employee or Officer, does not receive compensation (directly or indirectly) from the Company or an Affiliate in any capacity other than as a Director (except for an amount as to which disclosure would not be required under Item 404(a) of Regulation S-K), does not possess an interest in any other transaction as to which disclosure would be required under Item 404(a) of Regulation S-K and is not engaged in a business relationship as to which disclosure would be required under Item 404(b) of Regulation S-K or (ii) is otherwise considered a "non-employee director" for purposes of Rule 16b-3.

(u) "Non-Qualified Stock Option" means an Option granted under the Plan that is not intended to be an Incentive Stock Option.

(v) "Officer" means a person who is an "officer" of the Company or any Affiliate within the meaning of Section 16 of the Exchange Act (whether or not the Company is subject to the requirements of the Exchange Act).

(w) "Option" means a stock option granted pursuant to the Plan to purchase a specified number of shares of Common Stock, whether granted as an Incentive Stock Option or as a Non-Qualified Stock Option.

(x) "Option Agreement" means the written agreement evidencing the grant of an Option executed by the Company and the Optionee, including any amendments thereto.

(y) "Optionee" means an individual to whom an Option has been granted under the Plan.

(z) "Outside Director" means a Director of the Company who either (i) is not a current employee of the Company or an "affiliated corporation" (within the meaning of the Treasury regulations promulgated under Section 162(m) of the Code), is not a former employee of the Company or an "affiliated corporation" receiving compensation for prior services (other than benefits under a tax qualified pension plan), has not been an officer of the Company or an "affiliated corporation" at any time and is not currently receiving (within the meaning of the Treasury regulations promulgated under Section 162(m) of the Code) direct or indirect remuneration from the Company or an "affiliated corporation" for services in any capacity other than as a Director, or (ii) is otherwise considered an "outside director" for purposes of Section 162(m) of the Code.

(aa) "Plan" means this Quanta Services, Inc. 2001 Stock Incentive Plan, as set forth herein and as it may be amended from time to time. Immediately prior to the Effective Date of this amendment and restatement, the Plan was known as the "Quanta Services, Inc. Amended and Restated 1997 Stock Option Plan".

(bb) "Qualifying Shares" means shares of Common Stock which either (i) have been owned by the Grantee for more than six (6) months and have been "paid for" within the meaning of Rule 144 promulgated under the Securities Act, or (ii) were obtained by the Grantee in the public market.

(cc) "Regulation S-K" means Regulation S-K promulgated under the Securities Act, as it may be amended from time to time, and successor to Regulation S-K. Reference in the Plan to any item of Regulation S-K shall be deemed to include any amendments or successor provisions to such item.

(dd) "Restriction Period" means the period during which the Common Stock under a Restricted Stock Award is nontransferable and subject to "Forfeiture Restrictions" as defined in Section 11(a) of this Plan and set forth in the related Restricted Stock Agreement.

(ee) "Restricted Stock Agreement" means the written agreement evidencing the grant of a Restricted Stock Award executed by the Company and the Grantee, including any amendments thereto. Each Restricted Stock Agreement shall be subject to the terms and conditions of the Plan.

(ff) "Restricted Stock Award" means an Award granted under Section 11 of this Plan of shares of Common Stock issued to the Grantee for such consideration, if any, and subject to such restrictions on transfer, rights of first refusal, repurchase provisions, forfeiture provisions and other terms and

conditions as are established by the Committee.

(gg) "Rule 16b-3" means Rule 16b-3 promulgated under the Exchange Act, as it may be amended from time to time, and any successor to Rule 16b-3.

(hh) "Section" means a section of the Plan unless otherwise stated or the context otherwise requires.

(ii) "Securities Act" means the Securities Act of 1933, as amended, and any successor statute. Reference in the Plan to any section of the Securities Act shall be deemed to include any amendments or successor provisions to such section and any rules and regulations relating to such section.

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

(kk) "Ten Percent Shareholder" means a person who owns (or is deemed to own pursuant to Section 424(d) of the Code) at the time an Option is granted stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any of its Affiliates.

4. INCENTIVE AWARDS AVAILABLE UNDER THE PLAN. Awards granted under this Plan may be (a) Incentive Stock Options, (b) Non-Qualified Stock Options, and (c) Restricted Stock Awards.

5. SHARES SUBJECT TO PLAN. Subject to adjustment pursuant to Section 11(a) hereof, the total amount of Common Stock with respect to which Awards may be granted under the Plan shall not exceed the greater of (i) 3,571,275 shares and (ii) 15 percent of the total number of shares of Stock, determined at the time of a particular Award, outstanding or reserved for issuance upon the conversion of the Company's Series A Preferred Stock, par value $.00001 per share from time to time. Notwithstanding the foregoing, the total amount of Common Stock with respect to which Incentive Stock Options may be granted under the Plan shall not exceed 3,571,275 shares (subject to adjustment pursuant to Section 11(a) hereof. Any shares of Common Stock covered by an Award (or a portion of an Award) that is forfeited or canceled, or that expires shall be deemed not to have been issued for purposes of determining the maximum aggregate number of shares of Common Stock which may be issued under the Plan and shall again be available for Awards under the Plan. At all times during the term of the Plan, the Company shall reserve and keep available such number of shares of Common Stock as will be required to satisfy the requirements of outstanding Awards under the Plan. Nothing in this Section 5 shall impair the right of the Company to reduce the number of outstanding shares of Common Stock pursuant to repurchases, redemptions, or otherwise; provided, however, that no reduction in the number of outstanding shares of Common Stock shall (a) impair the validity of any outstanding Award, whether or not that Award is fully exercisable or fully vested, or (b) impair the status of any shares of Common Stock previously issued pursuant to an Award as duly authorized, validly issued, fully paid, and nonassessable. The shares to be delivered under the Plan shall be made available from (a) authorized but unissued shares of Common Stock, (b) Common Stock held in the treasury of the Company, or (c) previously issued shares of Common Stock reacquired by the Company, including shares purchased on the open market, in each situation as the Committee may determine from time to time in its sole discretion.

6. ELIGIBILITY. Awards other than Incentive Stock Options may be granted to Employees, Officers, Directors, and Consultants. Incentive Stock Options may be granted only to Employees (including Officers and Directors who are also Employees), as limited by clause (iii) of Section 3(a). The Committee in its sole discretion shall select the recipients of Awards; provided, however, that the Chief Executive Officer in his sole discretion may select the recipients of Non-Qualified Stock Options if (i) such recipients are not Officers, (ii) the aggregate number of shares of Common Stock subject to such Options does not exceed 100,000 shares in any one calendar quarter, and (iii) no individual may be granted an Option in any one calendar quarter to purchase more than 20,000 shares of Common Stock. A Grantee may be granted more than one Award under the Plan, and Awards may be granted at any time or times during the term of the Plan. The grant of an Award to an Employee, Officer, Director or Consultant shall not be deemed either to entitle that individual to, or to disqualify that individual from, participation in any other grant of Awards under the Plan.

7. LIMITATION ON INDIVIDUAL AWARDS. Subject to the provisions of Section 11(a), the maximum number of shares of Common Stock that may be subject to Awards granted to any one person under the Plan shall not exceed 1,500,000 shares of Common Stock. The limitation set forth in the preceding sentence shall be applied in a manner which will permit compensation generated under the Plan to constitute "performance-based" compensation for purposes of Section 162(m) of

the Code, including counting against such maximum number of shares, to the extent required under Section 162(m) of the Code and applicable interpretive

authority thereunder, any shares of Common Stock subject to Options that are canceled or repriced.

8. TERMS AND CONDITIONS OF OPTIONS. The Committee, and if applicable pursuant to Section 6, the Chief Executive Officer, shall determine (a) whether each Option shall be granted as an Incentive Stock Option or a Non-Qualified Stock Option and (b) the provisions, terms and conditions of each Option including, but not limited to, the vesting schedule, the number of shares of Common Stock subject to the Option, the exercise price of the Option, the period during which the Option may be exercised, repurchase provisions, forfeiture provisions, methods of payment, and all other terms and conditions of the Option, subject to the following:

(a) Form of Option Grant. Each Option granted under the Plan shall be evidenced by a written Option Agreement in such form (which need not be the same for each Optionee) as the Committee, or if applicable the Chief Executive Officer, from time to time approves, but which is not inconsistent with the Plan, including any provisions that may be necessary to assure that any Option that is intended to be an Incentive Stock Option will comply with Section 422 of the Code.

(b) Date of Grant. The date of grant of an Option will be the date on which the Committee, or if applicable the Chief Executive Officer, makes the determination to grant such Option unless otherwise specified by the Committee. The Option Agreement evidencing the Option will be delivered to the Optionee with a copy of the Plan and other relevant Option documents, within a reasonable time after the date of grant.

(c) Exercise Price. The exercise price of a Non-Qualified Stock Option shall be not less than 85% of the Fair Market Value of the shares of Common Stock on the date of grant of the Option. The exercise price of any Incentive Stock Option shall be not less than 100% of the Fair Market Value of the shares of Common Stock on the date of grant of the Option. The exercise price of any Incentive Stock Option granted to a Ten Percent Shareholder shall not be less than 110% of the Fair Market Value of the shares of Common Stock on the date of grant of the Option.

(d) Exercise Period. Options shall be exercisable within the time or times or upon the event or events determined by the Committee and set forth in the Option Agreement; provided, however, that no Option shall be exercisable after the expiration of ten (10) years from the date of grant of the Option, and provided further, that no Incentive Stock Option granted to a Ten Percent Shareholder shall be exercisable after the expiration of five (5) years from the date of grant of the Option.

(e) Limitations on Incentive Stock Options. The aggregate Fair Market Value (determined as of the date of grant of an Option) of Common Stock which any Employee is first eligible to purchase during any calendar year by exercise of Incentive Stock Options granted under the Plan and by exercise of incentive stock options (within the meaning of Section 422 of the Code) granted under any other incentive stock option plan of the Company or an Affiliate shall not exceed $100,000. If the Fair Market Value of stock with respect to which all incentive

stock options described in the preceding sentence held by any one Optionee are exercisable for the first time by such Optionee during any calendar year exceeds $100,000, the Options (that are intended to be Incentive Stock Options on the date of grant thereof) for the first $100,000 worth of shares of Common Stock to become exercisable in such year shall be deemed to constitute incentive stock options within the meaning of Section 422 of the Code and the Options (that are intended to be Incentive Stock Options on the date of grant thereof) for the shares of Common Stock in the amount in excess of $100,000 that become exercisable in that calendar year shall be treated as Non-Qualified Stock Options. If the Code or the Treasury regulations promulgated thereunder are amended after the effective date of the Plan to provide for a different limit than the one described in this Section 8(e), such different limit shall be incorporated herein and shall apply to any Options granted after the effective date of such amendment.

(f) Transferability of Options. Options granted under the Plan, and any interest therein, shall not be transferable or assignable by the Optionee, and may not be made subject to execution, attachment or similar process, otherwise

than by will or by the laws of descent and distribution, and shall be exercisable during the lifetime of the Optionee only by the Optionee; provided, that the Optionee may, however, designate persons who or which may exercise his Options following his death. Notwithstanding the preceding sentence, Non-Qualified Stock Options may be transferred to such family members, family member trusts and charitable institutions as the Committee, in its sole discretion, may provide for at the date of the grant of such Option in the Optionee's Option Agreement.

(g) Acquisitions and Other Transactions. The Committee may, from time to time, assume outstanding options granted by another entity, whether in connection with an acquisition of such other entity or otherwise, by either (i) granting an Option under the Plan in replacement of or in substitution for the option assumed by the Company, or (ii) treating the assumed option as if it had been granted under the Plan if the terms of such assumed option could be applied to an Option granted under the Plan. Such assumption shall be permissible if the holder of the assumed option would have been eligible to be granted an Option hereunder if the other entity had applied the rules of this Plan to such grant. The Committee also may grant Options under the Plan in settlement of or substitution for, outstanding options or obligations to grant future options in connection with the Company or an Affiliate acquiring another entity, an interest in another entity or an additional interest in an Affiliate whether by merger, stock purchase, asset purchase or other form of transaction. Notwithstanding the foregoing provisions of this Section 8, in the case of an Option issued or assumed pursuant to this Section 8(g), the exercise price for the Option shall be determined in accordance with the principles of Section 424(a) of the Code and the Treasury regulations promulgated thereunder.

(h) Grants of Options to Non-Employee Directors. In addition to any other Non-Qualified Stock Options that the Committee may in its discretion grant to Non-Employee Directors, each individual who is elected or appointed to become a new, first-time Non-Employee Director during the term of the Plan and agrees to become a Non-Employee Director as a result of such election or appointment shall receive, without the exercise of the discretion of any person, a Non-Qualified Stock Option to purchase 15,000 shares of Common Stock on the effective date of such election or appointment (subject to adjustment pursuant to Section 11(a) hereof). In addition, on the day after each annual meeting of the Company's stockholders, each

person who is a continuing Non-Employee Director on any such date and who has been a Non-Employee Director for at least six months as of such date shall receive, without the exercise of the discretion of any person, a Non-Qualified Stock Option to purchase of 7,500 shares of Common Stock (subject to adjustment pursuant to Section 11(a) hereof). In the event that there are not sufficient shares available under the Plan to allow for the grant to each Non-Employee Director of a Non-Qualified Stock Option for the number of shares provided for in this Section 8(h), each Non-Employee Director shall receive a Non-Qualified Stock Option for his pro rata share of the total number of shares of Common Stock available under the Plan. The exercise price of each share of Common Stock subject to an Option granted to a Non-Employee Director shall equal the Fair Market Value of a share of Common Stock on the date such Option is granted. Each Option granted to a Non-Employee Director shall become exercisable six months from, the date the Grantee becomes a Non-Employee Director and shall have a term of ten (10) years from the date the Option is granted. Notwithstanding the exercise period of any Option granted to a Non-Employee Director, all such Options shall immediately become exercisable upon (i) the death of a Non-Employee Director while serving as such or (ii) a Change in Control.

9. EXERCISE OF OPTIONS.

(a) Notice. Options may be exercised only by delivery to the Company of a written exercise agreement approved by the Committee (which need not be the same for each Optionee), stating the number of shares of Common Stock being purchased, the restrictions imposed on the shares of Common Stock, if any, and such representations and agreements regarding the Optionee's investment intent and access to information and other matters, if any, as may be required by the Company to comply with applicable securities laws, or as may be deemed appropriate by the Company in connection with the issuance of shares of Common Stock upon exercise of the Option, together with payment in full of the exercise price for the number of shares of Common Stock being purchased. Such exercise agreement may be part of an Optionee's Option Agreement.

(b) Early Exercise. An Option Agreement may, but need not, include a provision that permits the Optionee to elect at any time while an Employee, Director or Consultant, to exercise any part or all of the Option prior to full vesting of the Option. Any unvested shares of Common Stock received pursuant to such exercise may be subject to a repurchase right in favor of the Company or an Affiliate or to any other restriction the Committee, or if applicable the Chief Executive Officer, determines to be appropriate

(c) Payment. Payment for the shares of Common Stock to be purchased upon exercise of an Option may be made in cash (by check) or, where approved by the Committee in its sole discretion at the date of grant and stated in the Option Agreement and where permitted by law: (i) if a public market for the Common Stock exists, through a "same day sale" commitment from the Optionee and a broker-dealer that is a member of the National Association of Securities Dealers, Inc. (an "NASD Dealer") whereby the Optionee irrevocably elects to exercise the Option and to sell a portion of the shares of Common Stock so purchased to pay for the exercise price and whereby the NASD Dealer irrevocably commits upon receipt of such shares of Common Stock to forward the exercise price directly to the Company; (ii) if a public market for the Common Stock exists, through a "margin" commitment from the Optionee and an NASD

Dealer whereby the Optionee irrevocably elects to exercise the Option and to pledge the shares of Common Stock so purchase to the NASD Dealer in a margin account as security for a loan from the NASD Dealer in the amount of the exercise price, and whereby the NASD Dealer irrevocably commits upon receipt of such shares of Common Stock to forward the exercise price directly to the Company; (iii) by surrender for cancellation of Qualifying Shares at the Fair Market Value per share at the time of exercise (provided that such surrender does not result in an accounting charge for the Company); (iv) by delivery of the Optionee's promissory note with such recourse, interest, security, redemption and other provisions as the Committee may require; or (v) by any combination of the foregoing. No shares of Common Stock may be issued until full payment of the purchase price therefor has been made.

(d) Withholding Taxes. The Committee may establish such rules and procedures as it considers desirable in order to satisfy any obligation of the Company to withhold the statutory prescribed minimum amount of federal or state income taxes or other taxes with respect to the exercise of any Option granted under the Plan. Prior to issuance of the shares of Common Stock upon exercise of an Option, the Optionee shall pay or make adequate provision acceptable to the Committee for the satisfaction of the statutory minimum prescribed amount of any federal or state income or other tax withholding obligations of the Company, if applicable. Upon exercise of an Option, the Company shall withhold or collect from the Optionee an amount sufficient to satisfy such tax withholding obligations.

(e) Exercise of Option Following Termination of Continuous Service.

(i) An Option may not be exercised after the expiration date of such Option set forth in the Option Agreement and may be exercised following the termination of an Optionee's Continuous Service only to the extent provided in the Option Agreement.

(ii) Where the Option Agreement permits an Optionee to exercise an Option following the termination of the Optionee's Continuous Service for a specified period, the Option shall terminate to the extent not exercised on the last day of the specified period or the last day of the original term of the Option, whichever occurs first.

(iii) Any Option designated as an Incentive Stock Option, to the extent not exercised within the time permitted by law for the exercise of Incentive Stock Options following the termination of an Optionee's Continuous Service, shall convert automatically to a Non-Qualified Stock Option and thereafter shall be exercisable as such to the extent exercisable by its terms for the period specified in the Option Agreement.

(iv) The Committee shall have discretion to determine whether the Continuous Service of an Optionee has terminated and the effective date on which such Continuous Service terminates and whether the Optionee's Continuous Service terminated as a result of the Disability of the Optionee.

(f) Limitations on Exercise.

(i) The Committee, or if applicable the Chief Executive Officer, may specify a reasonable minimum number of shares of Common Stock or a percentage of the shares subject to an Option that may be purchased on any exercise of an Option; provided, that such minimum number will not prevent Optionee from exercising the full number of shares of Common Stock as to which the Option is then exercisable.

(ii) The obligation of the Company to issue any shares of Common Stock pursuant to the exercise of any Option shall be subject to the condition that such exercise and the issuance and delivery of such shares pursuant thereto comply with the Securities Act, all applicable state securities laws and the requirements of any stock exchange or national market system upon which the shares of Common Stock may then be listed or quoted, as in effect on the date of exercise. The Company shall be under no obligation to register the shares of Common Stock with the Securities and Exchange Commission or to effect compliance with the registration, qualification or listing requirements of any state securities laws or stock exchange or national market system, and the Company shall have no liability for any inability or failure to do so.

(iii) As a condition to the exercise of an Option, the Company may require the person exercising such Option to represent and warrant at the time of any such exercise that the shares of Common Stock are being purchased only for investment and without any present intention to sell or distribute such shares of Common Stock if, in the opinion of counsel for the Company, such a representation is required by any securities or other applicable laws.

(g) Modification, Extension And Renewal of Options . The Committee shall have the power to modify, extend or renew outstanding Options and to authorize the grant of new Options in substitution therefor, provided that (except as permitted by Section 11 of this Plan) any such action may not, without the written consent of any Optionee, impair any rights under any Option previously granted to such Optionee. Any outstanding Incentive Stock Option that is modified, extended, renewed or otherwise altered will be treated in accordance with Section 424(h) of the Code.

(h) Privileges of Stock Ownership. No Optionee will have any of the rights of a shareholder with respect to any shares of Common Stock subject to an Option until such Option is properly exercised and the purchased shares are issued and delivered to the Optionee, as evidenced by an appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company. No adjustment shall be made for dividends or distributions or other rights for which the record date is prior to such date of issuance and delivery, except as provided in the Plan.

10. TERMS AND CONDITIONS OF RESTRICTED STOCK AWARDS. Each Restricted Stock Agreement shall be in such form and shall contain such terms and conditions as the Committee shall deem appropriate. The terms and conditions of such Restricted Stock Agreements may change from time to time, and the terms and conditions of separate Restricted

Stock Agreements need not be identical, but each such Restricted Stock Agreement shall be subject to the terms and conditions of this Section 10.

(a) Forfeiture Restrictions. Shares of Common Stock that are the subject of a Restricted Stock Award shall be subject to restrictions on disposition by the Grantee and to an obligation of the Grantee to forfeit and surrender the shares to the Company under certain circumstances (the "Forfeiture Restrictions"). The Forfeiture Restrictions shall be determined by the Committee in its sole discretion, and the Committee may provide that the Forfeiture Restrictions shall lapse on the passage of time, the attainment of one or more performance targets established by the Committee, or the occurrence of such other event or events determined to be appropriate by the Committee. The Forfeiture Restrictions applicable to a particular Restricted Stock Award (which may differ from any other such Restricted Stock Award) shall be stated in the Restricted Stock Agreement.

(b) Restricted Stock Awards. At the time any Restricted Stock Award is granted under the Plan, the Company and the Grantee shall enter into a Restricted Stock Agreement setting forth each of the matters addressed in this Section 10 and such other matters as the Committee may determine to be appropriate. Shares of Common Stock awarded pursuant to a Restricted Stock Award shall be represented by a stock certificate registered in the name of the Grantee of such Restricted Stock Award. The Grantee shall have the right to receive dividends with respect to the shares of Common Stock subject to a Restricted Stock Award, to vote the shares of Common Stock subject thereto and to enjoy all other stockholder rights with respect to the shares of Common Stock subject thereto, except that, unless provided otherwise in the Restricted Stock Agreement, (i) the Grantee shall not be entitled to delivery of the shares of Common Stock certificate until the Forfeiture Restrictions have expired, (ii) the Company or an escrow agent shall retain custody of the shares of Common Stock until the Forfeiture Restrictions have expired, (iii) the Grantee may not sell, transfer, pledge, exchange, hypothecate or otherwise dispose of the shares of Common Stock until the Forfeiture Restrictions have expired, and (iv) a

breach of the terms and conditions established by the Committee pursuant to the Restricted Stock Agreement shall cause a forfeiture of the Restricted Stock Award. At the time of such Award, the Committee may, in its sole discretion, prescribe additional terms, conditions or restrictions relating to Restricted Stock Award, including rules pertaining to the termination of the Grantee's Continuous Service (by retirement, Disability, death or otherwise) prior to expiration of the Forfeiture Restrictions. Such additional terms, conditions or restrictions shall also be set forth in a Restricted Stock Agreement made in connection with the Restricted Stock Award.

(c) Rights and Obligations of Grantee. One or more stock certificates representing shares of Common Stock, free of Forfeiture Restrictions, shall be delivered to the Grantee promptly after, and only after, the Forfeiture Restrictions have expired. Each Restricted Stock Agreement shall require that (i) the Grantee, by his or her acceptance of the Restricted Stock Award, shall irrevocably grant to the Company a power of attorney to transfer any shares so forfeited to the Company and agrees to execute any documents requested by the Company in connection with such forfeiture and transfer, and (ii) such provisions regarding transfers of forfeited shares of Common Stock shall be specifically performable by the Company in a court of equity or law.

(d) Restriction Period. The Restriction Period for a Restricted Stock Award shall commence on the date of grant of the Restricted Stock Award and, unless otherwise established by the Committee and stated in the Restricted Stock Award Agreement, shall expire upon satisfaction of the conditions set forth in the Restricted Stock Agreement pursuant to which the Forfeiture Restrictions will lapse.

(e) Securities Restrictions. The Committee may impose other conditions on any shares of Common Stock subject to a Restricted Stock Award as it may deem advisable, including (i) restrictions under applicable state or federal securities laws, and (ii) the requirements of any stock exchange or national market system upon which shares of Common Stock are then listed or quoted.

(f) Payment for Restricted Stock. The Committee shall determine the amount and form of any payment for shares of Common Stock received pursuant to a Restricted Stock Award; provided, that in the absence of such a determination, the Grantee shall not be required to make any payment for shares of Common Stock received pursuant to a Restricted Stock Award, except to the extent otherwise required by law.

(g) Forfeiture of Restricted Stock. Subject to the provisions of the particular Restricted Stock Agreement, on termination of the Grantee's Continuous Service during the Restriction Period, the shares of Common Stock subject to the Restricted Stock Award shall be forfeited by the Grantee. Upon any forfeiture, all rights of the Grantee with respect to the forfeited shares of the Common Stock subject to the Restricted Stock Award shall cease and terminate, without any further obligation on the part of the Company, except that if so provided in the Restricted Stock Agreement applicable to the Restricted Stock Award, the Company shall repurchase each of the shares of Common Stock forfeited for the purchase price per share paid by the Grantee. The Committee will have discretion to determine whether the Continuous Service of a Grantee has terminated and the date on which such Continuous Service terminates and whether the Grantee's Continuous Service terminated as a result of the Disability of the Grantee.

(h) Lapse of Forfeiture Restrictions in Certain Events; Committee's Discretion. Notwithstanding the provisions of Section 10(g) or any other provision in the Plan to the contrary, the Committee may, in its discretion and as of a date determined by the Committee, fully vest any or all Common Stock awarded to the Grantee pursuant to a Restricted Stock Award, and upon such vesting, all Forfeiture Restrictions applicable to such Restricted Stock Award shall lapse or terminate. Any action by the Committee pursuant to this Section 10(h) may vary among individual Grantees and may vary among the Restricted Stock Awards held by any individual Grantee. Notwithstanding the preceding provisions of this Section 10(h), the Committee may not take any action described in this Section 10(h) with respect to a Restricted Stock Award that has been granted to a Covered Employee if such Award has been designed to meet the exception for performance-based compensation under Section 162(m) of the Code.

11. ADJUSTMENT UPON CHANGES IN CAPITALIZATION AND CORPORATE EVENTS.

(a) Capital Adjustments. The number of shares of Common Stock (i) covered by each outstanding Award granted under the Plan, the exercise or purchase price of such outstanding Award, and any other terms of the Award that

the Committee determines requires adjustment and (ii) available for issuance under Sections 5, 7 and 8(h) shall be adjusted to reflect, as deemed appropriate by the Committee, any increase or decrease in the number of shares of Common Stock resulting from a stock dividend, stock split, reverse stock split, combination, reclassification or similar change in the capital structure of the Company without receipt of consideration, subject to any required action by the Board or the shareholders of the Company and compliance with applicable securities laws; provided, however, that a fractional share will not be issued upon exercise of any Award, and either (i) any fraction of a share of Common Stock that would have resulted will be cashed out at Fair Market Value or (ii) the number of shares of Common Stock issuable under the Award will be rounded up to the nearest whole number, as determined by the Committee. Except as the Committee determines, no issuance by the Company of shares of capital stock of any class, or securities convertible into shares of capital stock of any class, shall affect, and no adjustment by reason hereof shall be made with respect to, the number or price of shares of Common Stock subject to an Award.

(b) Dissolution or Liquidation. The Committee shall notify the Grantee at least twenty (20) days prior to any proposed dissolution or liquidation of the Company. Unless provided otherwise in an individual Option Agreement or Restricted Stock Agreement or in a then-effective written employment agreement between the Grantee and the Company or an Affiliate, to the extent that an Award has not been previously exercised, the Company's repurchase rights relating to an Award have not expired or the Forfeiture Restrictions have not lapsed, any such Award that is an Option shall expire and any such Award that is a Restricted Stock Award shall be forfeited and the shares of Common Stock subject to such Award shall be returned to the Company, in each case, immediately prior to consummation of such dissolution or liquidation, such Award shall terminate immediately prior to consummation of such dissolution or liquidation.

(c) Change in Control. If, during the effectiveness of the Plan (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50 percent or more of the combined voting power of the Company's then outstanding securities; (ii) as a result of, or in connection with, any tender offer or exchange offer, merger, or other business combination (a "Transaction"), the persons who were directors of the Company immediately before the Transaction shall cease to constitute a majority of the Board of Directors of the Company or any successor to the Company; (iii) the Company is merged or consolidated with another corporation and as a result of the merger or consolidation less than 75 percent of the outstanding voting securities of the surviving or resulting corporation shall then be owned in the aggregate by the former stockholders of the Company; (iv) a tender offer or exchange offer is made and consummated for the ownership of securities of the Company representing 50 percent or more of the combined voting power of the Company's then outstanding voting securities; or (v) the Company transfers substantially all of its assets to another corporation which is not controlled by the Company (any such event described in this Section 11(c), a "Change in Control"), (A) each Option which is at the time outstanding under the Plan shall (1) except as provided otherwise in an individual Option Agreement, automatically

become, subject to all other terms of the Option Agreement, fully vested and exercisable and be released from any repurchase or forfeiture rights, immediately prior to the specified effective date of such Change in Control, for all of the shares of Common Stock at the time represented by such Option, and (2) notwithstanding any contrary terms in the Option Agreement (other than terms providing for a specific exercise period following a Change in Control), expire twenty (20) days after the Committee gives written notice to Optionees specifying the terms and conditions of the acceleration of the Options, except as provided otherwise in a then-effective written employment agreement between the Grantee and the Company or an Affiliate or as provided otherwise specifically with respect to a Change in Control in an individual Option Agreement and (B) the Forfeiture Restrictions applicable to all outstanding Restricted Stock Awards shall lapse and shares of Common Stock subject to such Restricted Stock Awards shall be released from escrow, if applicable, and delivered to the Grantees of the Awards free of any Forfeiture Restriction.

To the extent that an Optionee exercises his Option before or on the effective date of the Change in Control, the Company shall issue all Common Stock purchased by exercise of that Option, and those shares of Common Stock shall be treated as issued and outstanding for purposes of the Change in Control.

12. STOCKHOLDER APPROVAL. The Company shall obtain the approval of the Plan by the Company's stockholders to the extent required to satisfy Section 162(m) of the Code or to satisfy or comply with any applicable laws or the rules of any stock exchange or national market system on which the Common Stock may be listed or quoted. No Award that is issued as a result of any increase in the number of shares of Common Stock authorized to be issued under the Plan may be

exercised or forfeiture restrictions lapse prior to the time such increase has been approved by the stockholders of the Company, and all such Awards granted pursuant to such increase will similarly terminate if such shareholder approval is not obtained.

13. ADMINISTRATION. This Plan shall be administered by the Committee. The Committee shall interpret the Plan and any Awards granted pursuant to the Plan and shall prescribe such rules and regulations in connection with the operation of the Plan as it determines to be advisable for the administration of the Plan. The Committee may rescind and amend its rules and regulations from time to time. The interpretation by the Committee of any of the provisions of this Plan or any Award granted under this Plan shall be final and binding upon the Company and all persons having an interest in any Option or any shares of Common Stock acquired pursuant to an Award.

14. EFFECT OF PLAN. Neither the adoption of the Plan nor any action of the Board or the Committee shall be deemed to give any Employee, Director or Consultant any right to be granted an Award or any other rights except as may be evidenced by the Option Agreement or Restricted Stock Agreement, or any amendment thereto, duly authorized by the Committee, or if applicable the Chief Executive Officer, and executed on behalf of the Company, and then only to the extent and on the terms and conditions expressly set forth therein. The existence of the Plan and the Awards granted hereunder shall not affect in any way the right of the Board, the Committee or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its

business, any merger or consolidation or other transaction involving the Company, any issue of bonds, debentures, or shares of preferred stock ahead of or affecting the Common Stock or the rights thereof, the dissolution or liquidation of the Company or any sale or transfer of all or any part of the Company's assets or business, or any other corporate act or proceeding by or for the Company. Nothing contained in the Plan or in any Option Agreement, Restricted Stock Agreement, or in other related documents shall confer upon any Employee, Director or Consultant any right with respect to such person's Continuous Service or interfere or affect in any way with the right of the Company or an Affiliate to terminate such person's Continuous Service at any time, with or without cause.

15. NO EFFECT ON RETIREMENT AND OTHER BENEFIT PLANS. Except as specifically provided in a retirement or other benefit plan of the Company or an Affiliate, Awards shall not be deemed compensation for purposes of computing benefits or contributions under any retirement plan of the Company or an Affiliate, and shall not affect any benefits under any other benefit plan of any kind or any benefit plan subsequently instituted under which the availability or amount of benefits is related to level of compensation. The Plan is not a "Retirement Plan" or "Welfare Plan" under the Employee Retirement Income Security Act of 1974, as amended.

16. AMENDMENT OR TERMINATION OF PLAN. The Board in its discretion may, at any time or from time to time after the date of adoption of the Plan, terminate or amend the Plan in any respect, including amendment of any form of Option Agreement, Restricted Stock Agreement, exercise agreement or instrument to be executed pursuant to the Plan; provided, however, to the extent necessary to comply with the Code, including Sections 162(m) and 422 of the Code, other applicable laws, or the applicable requirements of any stock exchange or national market system, the Company shall obtain stockholder approval of any Plan amendment in such manner and to such a degree as required. No Award may be granted after termination of the Plan. Any amendment or termination of the Plan shall not affect Awards previously granted, and such Awards shall remain in full force and effect as if the Plan had not been amended or terminated, unless mutually agreed otherwise in a writing (including an Option Agreement or Restricted Stock Agreement) signed by the Grantee and the Company.

17. EFFECTIVE DATE AND TERM OF PLAN. The amendment and restatement of Plan as set forth herein shall become effective upon its adoption by the Board. It shall continue in effect for a term of ten (10) years from December 22, 1997, the original effective date of the Plan, unless sooner terminated by action of the Board. Subject to the terms and conditions of the Plan, as amended and restated herein, and applicable laws, Awards may be granted under the Plan upon its adoption.

18. SEVERABILITY AND REFORMATION. The Company intends all provisions of the Plan to be enforced to the fullest extent permitted by law. Accordingly, should a court of competent jurisdiction determine that the scope of any provision of the Plan is too broad to be enforced as written, the court should reform the provision to such narrower scope as it determines to be enforceable. If, however, any provision of the Plan is held to be wholly illegal, invalid, or unenforceable under present or future law, such provision shall be fully severable and severed, and the Plan shall be construed and enforced as if such

illegal, invalid, or

unenforceable provision were never a part hereof, and the remaining provisions of the Plan shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance.

19. GOVERNING LAW. The Plan shall be construed and interpreted in accordance with the laws of the State of Texas.

20. INTERPRETIVE MATTERS. Whenever required by the context, pronouns and any variation thereof shall be deemed to refer to the masculine, feminine, or neuter, and the singular shall include the plural, and visa versa. The term "include" or "including" does not denote or imply any limitation. The captions and headings used in the Plan are inserted for convenience and shall not be deemed a part of the Plan for construction or interpretation.

EXHIBIT 10.23

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement"), by and among Quanta Services, Inc., a Delaware corporation ("Employer"), and Peter T. Dameris ("Employee"), is hereby entered into this April 1, 2001 (the "Execution Date").

RECITALS

A. As of the Execution Date, Employer is engaged primarily in the business of specialized construction contracting and/or maintenance services to: electric utilities; telecommunication, cable television and natural gas operators; governmental entities; the transportation industry; and commercial and industrial customers.

B. Employee is employed hereunder by Employer in a confidential relationship wherein Employee, in the course of Employee's employment with Employer, has and will continue to become familiar with and aware of Confidential Information (as defined in Section 9), all of which has been and will be established and maintained at great expense to Employer and all or part of which constitutes "trade secrets" of Employer and the valuable goodwill of Employer.

AGREEMENTS

In consideration of the mutual promises, terms, covenants and conditions set forth herein and the performance of each, the parties hereto hereby agree as follows:

1. Employment and Duties.

(a) Employer hereby employs Employee as Executive Vice President and Chief Operating Officer of Employer effective as of February 5, 2001 (the "Effective Date"). As such, Employee shall have responsibilities, duties and authority reasonably accorded to and expected of an Executive Vice President and Chief Operating Officer of Employer and will report directly to the Chief Executive Officer of Employer (the "CEO"). Employee hereby accepts this employment upon the terms and conditions herein contained and, subject to Section 1(c), agrees to devote Employee's work time, attention and efforts to promote and further the business of Employer.

(b) Employee shall faithfully adhere to, execute and fulfill all policies established by the Board of Directors of Employer (the "Board") and the CEO.

(c) Employee shall not, during the Term (as defined in Section 5) of this Agreement, be engaged in any other business activity pursued for gain, profit or other pecuniary advantage if such activity substantially interferes with Employee's duties and responsibilities hereunder. The foregoing limitations shall not be construed as prohibiting Employee from making personal investments in such form or manner as will neither require Employee's services in the operation or affairs of the companies or enterprises in which such investments are made nor violate the terms of Section 3.

2. Compensation. For all services rendered by Employee, Employer shall compensate Employee as follows:

(a) Base Salary. The base salary payable to Employee beginning as of the Effective Date shall be $300,000 per year, payable on a regular basis in accordance with Employer's standard payroll procedures but not less than monthly. On at least an annual basis, the Board will review Employee's performance and may make increases to such base salary if, in its discretion, any such increase is warranted. Such recommended increase would, in all likelihood, require approval by the Board or a duly constituted committee thereof.

(b) Bonus.

(i) Employee will participate in the Management Incentive Bonus Plan developed by Employer for the fiscal year ending December 31, 2001. The maximum bonus for which Employee will be eligible pursuant to such plan will be 100% of his base salary; provided, however, in no event will Employee's bonus for the fiscal year ending December 31, 2001 be less than $200,000.

(ii) Employee will participate in the Management Incentive Bonus Plan developed by Employer for the fiscal year ending December 31, 2002. The maximum bonus for which Employee

will be eligible pursuant to such plan will be 100% of Employee's base salary. Employee will participate in future incentive bonus plans made available by Employer during the Term of this Agreement, provided that the maximum bonus for which Employee will be eligible pursuant to any such plan will be 100% of his base salary at the time the bonus is given.

(c) Executive Perquisites, Benefits, and Other Compensation. Employee shall be entitled to receive, beginning as of the Effective Date, additional benefits and compensation from Employer in such form and to such extent as specified below:

(i) Payment of all premiums for coverage for Employee and Employee's dependent family members under health, hospitalization, disability, dental, life and other insurance plans that Employer will have in effect.

(ii) Reimbursement for all business travel and other out-of-pocket expenses reasonably incurred by Employee in the performance of Employee's services pursuant to this Agreement. All reimbursable expenses shall be appropriately documented in reasonable detail by Employee upon submission of any request for reimbursement, and in a format and manner consistent with Employer's expense reporting policy.

(iii) Employer shall provide Employee with other executive perquisites that are available to other executives generally and participation in all other benefits and compensation plans or programs as available to other executives from time to time.

(iv) Four weeks paid vacation per year.

(v) Payment of attorney's fees, up to a maximum of $6,000, incurred by Employee for his review and negotiation of this Agreement.

(d) Restricted Stock. Subject to the provisions of Section 20, on or before the first to occur of (i) the adoption by Employer of an employee benefit plan providing for the issuance of restricted stock grants, (ii) a vesting event under clause (G) of Section 20(a)(xiii) or (iii) June 1, 2001, Employer agrees that it shall issue to Employee 72,701 shares of Common Stock, $.00001 par value per share (the "Common Stock"), of Employer.

(e) Stock Options. On or before the Execution Date, Employer shall grant Employee nonqualified options to purchase 175,000 shares of Common Stock under Employer's 1997 Stock Option Plan. Except for extraordinary circumstances, on each successive anniversary of the Effective Date during the Term of this Agreement, Employer shall grant Employee nonqualified options to purchase 50,000 shares of Common Stock under Employer's 1997 Stock Option Plan, as it may be amended from time to time, or under, and subject to, the provisions of any similar plan providing for the grant of nonqualified stock options that may be adopted by Employer after the Execution Date. Options granted pursuant to this subsection shall be granted at an exercise price per share equal to the closing price of the Common Stock on the date of such grant and shall be substantially in the form of the grant agreement attached hereto as Exhibit A (the "Stock Option Agreement").

3. Non-Competition.

(a) Employee hereby agrees that Employee will not, during the Term (as defined in Section 5) of this Agreement, and for a period of one (1) year following the end of the Term, for any reason whatsoever, directly or indirectly, for himself or on behalf of or in conjunction with any other person, persons, company, partnership, corporation or business of whatever nature:

(i) engage, as an officer, director, shareholder, owner, partner, joint venturer or in a managerial capacity, whether as an employee, independent contractor, consultant or advisor or as a sales representative, in any Competitive Business (as defined in Section 3(c)) or within 100 miles of any other geographic area in which Employer or any of Employer's direct or indirect subsidiaries conducts business, including any territory serviced by Employer or any of its subsidiaries (the "Territory");

(ii) call upon any person who is, at that time, within the Territory, an employee of Employer (including the

subsidiaries thereof) for the purpose or with the intent of enticing such employee away from or out of the employ of Employer (including the direct or indirect subsidiaries thereof);

(iii) call upon any person or entity which is, at that time, or which has been, within one (1) year prior to that time, a customer of Employer (including the direct or indirect subsidiaries thereof) within the Territory for the purpose of

soliciting or selling products or services in a Competitive Business within the Territory; or

(iv) call upon any prospective acquisition candidate, on Employee's own behalf or on behalf of any competitor, which candidate was, to Employee's actual knowledge after due inquiry, either called upon by Employer including the direct or indirect subsidiaries thereof) or for which Employer made an acquisition analysis, for the purpose of acquiring such entity.

Notwithstanding the above, the foregoing covenant shall not be deemed to prohibit Employee from acquiring as an investment not more than two percent (2%)of the capital stock of a competing business, whose stock is traded on a national securities exchange or over-the-counter.

(b) Because of the difficulty of measuring economic losses to Employer as a result of a breach of the foregoing covenant, and because of the immediate and irreparable damage that could be caused to Employer for which it would have no other adequate remedy, Employee agrees that the foregoing covenant may be enforced by Employer in the event of breach by him, by injunctions and restraining orders.

(c) It is agreed by the parties that the foregoing covenants in this Section 3 impose a reasonable restraint on Employee in light of the activities and business of Employer (including Employer's direct and indirect subsidiaries) on the date of the execution of this Agreement and the current plans of Employer (including Employer's direct and indirect subsidiaries). "Competitive Business" means any business that provides specialized construction contracting and/or maintenance services to: electric utilities; telecommunication, cable television or natural gas pipeline operators; governmental entities; the transportation industry; or commercial and/or industrial customers.

It is further agreed by the parties hereto that, in the event that Employee shall cease to be employed hereunder, and shall enter into a business or pursue other activities the operation of which does not violate clause (a)(i) of this Section 3, and such new business or activities are not in violation of this Section 3 or of employee's obligations under this Section 3, Employee shall not be chargeable with a violation of this Section 3 if Employer (including Employer's direct and indirect subsidiaries) shall thereafter enter the same, similar or a competitive (i) business, (ii) course of activities or (iii) location, as applicable.

(d) The covenants in this Section 3 are severable and separate, and the unenforceability of any specific covenant shall not affect the provisions of any other covenant. Moreover, in the event any court of competent jurisdiction shall determine that the scope, time or territorial restrictions set forth are unreasonable, then it is the intention of the parties that such restrictions be enforced to the fullest extent which the court deems reasonable, and the Agreement shall be reformed in accordance therewith.

(e) All of the covenants in this Section 3 shall be construed as an agreement independent of any other provision in this Agreement, and the existence of any claim or

cause of action of Employee against Employer, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by Employer of such covenants.

(f) Notwithstanding any other provision of this Agreement, if Employee's employment is terminated by Employer for other than good cause, then no non-competition provision shall be enforceable for any period of time during which or for which the Employee is not receiving or has not received severance compensation.

4. Place of Performance. Nothing contained herein shall be deemed to

require Employee to relocate from Employee's current residence to geographic location other than the Houston, Texas metropolitan area to carry out Employee's duties and responsibilities under this Agreement. In the event (i) Employer requires Employee to relocate or (ii) Employer relocates its principal executive office outside a 75-mile radius of the City of Houston, Texas without Employee's written consent and as a result of such relocation Employee is the only executive officer of Employer still based in Texas, Employee may immediately terminate this Agreement, in which case (a) Employee shall receive from Employer, in a lump-sum payment due on the effective date of termination of this Agreement pursuant to the provisions of this Section 4, an amount equal to two times Employee's base salary at the rate then in effect, (b) all options to purchase Common Stock granted to Employee shall immediately vest and, for the sole purpose of being eligible to exercise such options, Employee's employment shall be deemed to continue for whatever time period is remaining under the Initial Term or the then current Renewal Term of this Agreement, disregarding the earlier termination of Employee's employment under this Section 4 and (c) the Issued Shares (as defined in Section 20) shall vest in accordance with clause (G) of the Vesting Schedule (as defined in Section 20(a)).

5. Term; Termination; Rights on Termination. The term of this Agreement shall begin on the Effective Date and continue for three (3) years (the "Initial Term"), and, unless terminated sooner as herein provided, shall continue thereafter on a year-to-year basis (each a "Renewal Term" and together with the Initial Term, the "Term") on the same terms and conditions contained herein in effect as of the time of renewal. This Agreement and Employee's employment may be terminated in any one of the followings ways:

(a) Death. The death of Employee shall immediately terminate this Agreement with no severance compensation due to Employee's estate, other than any payments provided for under any employee benefit plan or program.

(b) Disability. If, as a result of incapacity due to physical or mental illness or injury, Employee shall have been absent from Employee's full-time duties hereunder for four (4) consecutive months, then thirty (30) days after receiving written notice (which notice may occur before or after the end of such four (4) month period, but which shall not be effective earlier than the last day of such four (4) month period), Employer may terminate Employee's employment hereunder provided Employee is unable to resume Employee's full-time duties at the conclusion of such notice period. Also, Employee may terminate Employee's employment hereunder if his health should become impaired to an extent that makes the continued performance of Employee's duties hereunder hazardous to Employee's physical or mental health or life, provided that Employee shall have

furnished Employer with a written statement from a qualified doctor to such effect and provided, further, that, at Employer's request made within thirty (30) days of the date of such written statement, Employee shall submit to an examination by a doctor selected by Employer who is reasonably acceptable to Employee or Employee's doctor and such doctor shall have concurred in the conclusion of Employee's doctor. In the event this Agreement is terminated as a result of Employee's disability, Employee shall receive from Employer, in a lump-sum payment due within ten (10) days of the effective date of termination, Employee's base salary at the rate then in effect for whatever time period is remaining under the Initial Term or the then current Renewal Term of this Agreement, as applicable, or for one (1) year, whichever amount is greater and any other required payments provided under any welfare or benefit plan or program in which Employee is a participant.

(c) Good Cause Termination By Employer. Employer may terminate the Agreement thirty (30) days after delivery of written notice to Employee for good cause, which shall be: (1) Employee's willful, material and irreparable breach of this Agreement; (2) Employee's gross negligence in the performance or intentional nonperformance or inattention continuing for thirty (30) days after receipt of written notice of need to cure of any of Employee's material duties and responsibilities hereunder; (3) Employee's willful dishonesty, fraud or material misconduct with respect to the business or affairs of Employer; (4) Employee's conviction of a felony crime; or (5) chronic alcohol abuse or illegal drug abuse by Employee. In the event of a termination for good cause, as enumerated above, Employee shall have no right to any severance compensation.

(d) Without Good Cause. At any time after the commencement of employment, either Employee or Employer may, without good cause, terminate this Agreement and Employee's employment, effective thirty (30) days after written notice is provided to the other party. Should Employee be terminated by Employer without good cause during the Term, (i) Employee shall receive from Employer, in a lump-sum payment due on the effective date of termination, an amount equal to two times

Employee's base salary at the rate then in effect, (ii) any options to purchase Common Stock granted to Employee that would have vested on the next succeeding anniversary of the grant date following such termination shall vest pro rata from the first day following the anniversary of the grant date of such options immediately preceding such termination, up to and including the effective date of termination computed based on a 365-day year (or, if such termination occurs within the first year, the number of days that have elapsed subsequent to the Effective Date), and, for the sole purpose of being eligible to exercise all of his vested options, Employee's employment shall be deemed to continue for whatever time period is remaining under the Initial Term or the then current Renewal Term of this Agreement, disregarding its earlier termination on Employee's termination of employment under this Section 5(d) and (iii) the Issued Shares shall vest in accordance with clause (G) of the Vesting Schedule. If Employee resigns or otherwise terminates Employee's employment without cause pursuant to this Section 5(d), Employee shall receive no severance compensation.

(e) Change in Control of Employer. In the event of a Change in Control (as defined in Section 13) of Employer during the Term of this Agreement, refer to Section 13.

(f) Non-Renewal. In the event that Employer chooses not to renew this Agreement upon the expiration of the Initial Term or the then current Renewal Term of this Agreement, it shall give Employee written notice of this intent ninety (90) days before the expiration of such Initial Term or Renewal Term. In case of such non-renewal, Employee shall receive from Employer, in a lump-sum payment due on the date of expiration of such Initial Term or Renewal Term, an amount equal to Employee's base salary then in effect. If Employee resigns or otherwise terminates Employee's employment without cause pursuant to this Section 5(f), Employee shall receive no severance compensation.

(g) Change in Place of Performance. If there is a change in Employee's place of performance as set forth in Section 4, then Employee may terminate this Agreement pursuant to the terms of Section 4.

(h) Other Effects of Termination Under Section 5(a)-(g). Upon termination of this Agreement for any reason provided above, Employee shall be entitled to receive all compensation earned and all benefits and reimbursements due through the effective date of termination. Additional compensation subsequent to termination, if any, will be due and payable to Employee only to the extent and in the manner expressly provided in this Section 5 or in Sections 4, 13 or 20(a)(xiii)(G). All other rights and obligations of Employer and Employee under this Agreement shall cease as of the effective date of termination, except that Employer's obligations under Section 10 hereof and any other statutorily required obligations and Employee's obligations under Sections 3, 7, 8, 9, 11 and 17 hereof shall survive such termination in accordance with their terms.

6. Good Cause Termination By Employee. If termination of Employee's employment arises out of Employer's failure to pay Employee on a timely basis the amounts to which he is entitled under this Agreement or as a result of any other breach of this Agreement by Employer, Employer shall pay all amounts and damages to which Employee may be entitled as a result of such breach, including interest thereon at the maximum non-usurious rate and all reasonable legal fees and expenses and other costs incurred by Employee to enforce Employee's rights hereunder. A termination under this Section 6 will relieve Employee of all obligations under Section 3.

7. Return of Company Property. All records, designs, patents, business plans, financial statements, manuals, memoranda, lists and other property delivered to or compiled by Employee by or on behalf of Employer, or its representatives, vendors or customers which pertain to the business of Employer shall be and remain the property of Employer, and be subject at all times to its discretion and control. Likewise, all correspondence, reports, records, charts, advertising materials, and other similar data pertaining to the business, activities or future plans of Employer which is collected by Employee shall be delivered promptly to Employer without request by it upon termination of Employee's employment. Because of the difficulty of measuring economic losses to Employer as a result of a breach of this Section 7, and because of

the immediate and irreparable damage that could be caused to Employer for which it would have no other remedy, Employee agrees that this Section 7 may be enforced by Employer in the event of breach by him, by injunctions and

restraining orders.

8. Inventions. Employee shall disclose promptly to Employer any and all significant conceptions and ideas for inventions, improvements and valuable discoveries, whether patentable or not, which are conceived or made by Employee, solely or jointly with another, during the Term of this Agreement or within one (1) year hereafter, and which are directly related to the business or activities of Employer and which Employee conceives as a result of Employee's employment by Employer. Employee hereby assigns and agrees to assign all of Employee's interests therein to Employer or its nominee. Whenever requested to do so by Employer, Employee shall execute any and all applications, assignments or other instruments that Employer shall deem necessary to apply for and obtain Letters Patent of the United States or any foreign country or to otherwise protect Employer's interest therein.

9. Confidentiality. Employee acknowledges and agrees that all Confidential Information (as defined below) is confidential and a valuable, special and unique asset of Employer that gives Employer an advantage over its actual and potential, current and future competitors. Employee further acknowledges and agrees that Employee owes Employer a fiduciary duty to preserve and protect all Confidential Information from unauthorized disclosure or unauthorized use; certain Confidential Information constitutes "trade secrets" under the laws of the State of Texas; and unauthorized disclosure or unauthorized use of the Confidential Information would irreparably injure Employer.

(a) Both during the term of Employee's employment and after the termination of Employee's employment for any reason (including wrongful termination), Employee shall hold all Confidential Information in strict confidence, and shall not use any Confidential Information except for the benefit of Employer, in accordance with the duties assigned to Employee by Employer. Employee shall not, at any time (either during or after the term of Employee's employment), disclose any Confidential Information to any person or entity (except other employees of Employer who have a need to know the information in connection with the performance of their employment duties), or copy, reproduce, modify, decompile or reverse engineer any Confidential Information, or remove any Confidential Information from Employer's premises, without the prior written consent of Employer, or permit any other person to do so. Employee shall take reasonable precautions to protect the physical security of all documents and other material containing Confidential Information (regardless of the medium on which the Confidential Information is stored). This Agreement applies to all Confidential Information, whether now known or later to become known to Employee. It shall not be a violation of this Section 9(a) for Employee to disclose Confidential Information to the extent he is required to do so by law or order of any court; provided, however, that Employer shall be given notice of any such required disclosure.

(b) Upon the termination of Employee's employment with Employer for any reason (including wrongful termination), and upon request of Employer at any other time, Employee shall promptly surrender and deliver to Employer all documents and other written material of any nature containing or pertaining to any Confidential Information

and shall not retain any such document or other material. Within five days of any such request, Employee shall certify to Employer in writing that all such materials have been returned.

(c) As used in this Agreement, the term "Confidential Information" shall mean any information or material known to or used by or for Employer or any entity controlled by or under common control with Employer (each, an "Affiliate") (whether or not owned or developed by Employer or such Affiliate and whether or not developed by Employee) that (i) is not generally known to the public and (ii) was not disclosed to Employee by a third party having a legal right to disclose such information. Confidential Information includes, but is not limited to, the following: (A) all trade secrets of Employer and its Affiliates; (B) all information that Employer or any Affiliate has marked as confidential or has otherwise described to Employee (either in writing or orally) as confidential; (C) all nonpublic information concerning Employer's and its Affiliates' products, services, prospective products or services, research, product designs, prices, discounts, costs, marketing plans, marketing techniques, market studies, competition, test data, customers, customer lists and records, suppliers or contracts; (D) all business records and plans of Employer and its Affiliates; (E) all personnel files of Employer and its Affiliates; (F) all financial information of or concerning Employer and its Affiliates; (G) all information relating to operating system software, application software, software and system methodology, hardware platforms, technical information, inventions, computer

programs and listings, source codes, object codes, copyrights, or other intellectual property; (H) all technical specifications; (I) any proprietary information belonging to Employer or any Affiliate; and (J) all of Employer's or any Affiliate's computer hardware or software, training or instruction manuals and data and computer system passwords and user codes.

Because of the difficulty of measuring economic losses to Employer as a result of a breach of this Section 9, and because of the immediate and irreparable damage that could be caused to Employer for which it would have no other adequate remedy, Employee agrees that this Section 9 may be enforced by Employer in the event of a breach by Employee by injunctions and restraining orders.

10. Indemnification. In the event Employee is made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by Employer against Employee), by reason of the fact that Employee is or was performing services under this Agreement, then Employer shall indemnify Employee against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement, as actually and reasonably incurred by Employee in connection therewith. In the event that both Employee and Employer are made a party to the same third-party action, complaint, suit or proceeding, Employer agrees to engage competent legal representation, and Employee agrees to use the same representation, provided that if counsel selected by Employer shall have a conflict of interest that prevents such counsel from representing Employee, Employee may engage separate counsel and Employer shall pay all attorneys' fees of such separate counsel. Further, while Employee is expected at all times to use Employee's best efforts to faithfully discharge his duties under this Agreement, Employee cannot be held liable to Employer for errors or omissions made in good faith where Employee has not exhibited gross,

willful or wanton negligence or misconduct or performed criminal and fraudulent acts which materially damage the business of Employer.

11. No Prior Agreements. Employee hereby represents and warrants to Employer that the execution of this Agreement by Employee and his employment by Employer and the performance of Employee's duties hereunder will not violate or be a breach of any agreement with a former employer, client or any other person or entity. Further, Employee agrees to indemnify Employer for any claim, including but not limited to attorneys' fees and expenses of investigation, by any such third party that such third party may now have or may hereafter come to have against Employer based upon or arising out of any noncompetition agreement, invention or secrecy agreement between Employee and such third party which was in existence as of the Effective Date.

12. Assignment; Binding Effect. Employee understands that he has been selected for employment by Employer on the basis of Employee's personal qualifications, experience and skills. Employee, therefore, shall not assign all or any portion of Employee's performance under this Agreement. Subject to the preceding two (2) sentences and the express provisions of Section 13, this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective heirs, legal representatives, successors and assigns.

13. Change in Control.

(a) Employee understands and acknowledges that Employer may be merged or consolidated with or into another entity and that such entity shall automatically succeed to the rights and obligations of Employer hereunder or that Employer may undergo another type of Change in Control. In the event such a merger or consolidation or other Change in Control is initiated prior to the end of the Term, then in no event shall the Term of this Agreement expire prior to the first anniversary of such Change in Control and the provisions of this Section 13 shall be applicable during such period.

(b) In any Change in Control situation, Employee may, at his sole discretion, elect to terminate this Agreement by providing written notice to Employer at least five (5) business days prior to the anticipated closing of the transaction giving rise to the Change in Control. In such case, the applicable provisions of Section 5(d) will apply as though Employer had terminated this Agreement without cause; provided, however, under such circumstances (i) the amount of the lump-sum severance payment due to the Employee shall be equal to one and one-half times the amount calculated under the terms of Section 5(d)(i), (ii) all options to purchase Common Stock granted to Employee shall immediately vest (to the extent not already fully vested under the terms of the Stock Option Agreement) and, for the sole purpose of being eligible to exercise such options, Employee's employment shall be deemed to continue for whatever time period is remaining under the

Initial Term or the then current Renewal Term of this Agreement, disregarding the earlier termination of Employee's employment under this Section 13, (iii) the Issued Shares shall vest in accordance with clause (G) of the Vesting Schedule as applicable to a Change in Control and (iv) the noncompetition provisions of Section 3 shall not apply.

(c) For purposes of applying Section 5 under the circumstances described in subsection (b) above, the effective date of termination will be the closing date of the transaction giving rise to the Change in Control and all compensation, reimbursements and lump-sum payments due Employee must be paid in full by Employer at or prior to such closing. Further, Employee will be given sufficient time and opportunity to elect whether to exercise all or any of Employee's vested options to purchase Employer Common Stock, including any options with accelerated vesting under the provisions of Employer's 1997 Stock Option Plan, any subsequent plan and/or the Stock Option Agreement, such that Employee may convert the options to shares of Common Stock at or prior to the closing of the transaction giving rise to the Change in Control, if Employee so desires.

(d) In the event that a successor in a pending Change in Control gives notice that it will assume Employer's obligations under this Agreement and Employee chooses not to terminate this Agreement pursuant to the provisions of subsection (b) above, and at the time of or within twelve (12) months following such Change in Control either (i) Employee incurs a change that constitutes a Lesser Position (as defined in Section 13(f)) or (ii) Employee is terminated other than pursuant to Section 5(c), then effective as of the date Employee is caused to be in a Lesser Position or the effective date of such termination, whichever is applicable, such event shall be deemed to be a termination of this Agreement by Employer without good cause during the Term and the applicable portions of Section 5(d) will apply; provided, however, under such circumstances, (A) the amount of the lump-sum severance payment due to the Employee shall be equal to one and one-half times the amount calculated under the terms of Section 5(d)(i), (B) all options to purchase Common Stock granted to Employee shall immediately vest (to the extent not already fully vested under the terms of the Stock Option Agreement) and, for the sole purpose of being eligible to exercise such options, Employee's employment shall be deemed to continue for whatever time period is remaining under the Initial Term or the then current Renewal Term of this Agreement, disregarding the earlier termination of Employee's employment under this Section 13, (C) the Issued Shares shall vest in accordance with clause (G) of the Vesting Schedule as applicable to a Change in Control and (D) the noncompetition provisions of Section 3 shall not apply.

(e) A "Change in Control" shall be deemed to have occurred if:

(i) any person or entity, other than Employer or an employee benefit plan of Employer, acquires directly or indirectly the Beneficial Ownership (as defined in Section 13(d) of the Securities Exchange Act of 1934, as amended) of any voting security of Employer and immediately after such acquisition such person or entity is, directly or indirectly, the Beneficial Owner of voting securities representing 50% or more of the total voting power of all of the then-outstanding voting securities of Employer;

(ii) John R. Colson is not the Chief Executive Officer of Employer, unless Employee has immediately succeeded John R. Colson as Chief Executive Officer;

(iii) the stockholders of Employer shall approve a merger, consolidation, recapitalization or reorganization of Employer, a reverse stock split of outstanding voting securities or consummation of any such transaction if stockholder approval is not obtained, other than any such transaction which would result in at least 75% of the total voting power represented by the voting securities of the surviving entity outstanding immediately after such transaction being Beneficially Owned by at least 75% of the holders of outstanding voting securities of Employer immediately prior to the transaction, with the voting power of each such continuing holder relative to other such continuing holders not substantially altered in the transaction; or

(iv) the stockholders of Employer shall approve a plan of complete liquidation of Employer or an agreement for

the sale or disposition by Employer of all or a substantial portion of Employer's assets (i.e., 50% or more of the total assets of Employer).

(f) "Lesser Position" shall mean a new position or a change in Employee's position, which, compared with Employee's position immediately prior to the Change in Control, (i) reduces Employee's compensation (including base salary, fringe benefits or incentive compensation opportunities (as determined in good faith by Employee) under any corporate-performance based bonus and incentive programs), or (ii) materially reduces Employee's duties, status, reporting requirements or level of responsibility, or (iii) requires Employee to change his place of performance as provided in Section 4.

(g) Employee shall be reimbursed by Employer or its successor for all excise taxes that Employee incurs under Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), as a result of any "change in control," within the meaning of Section 280G of the Code without regard as to whether such "parachute payment" is made pursuant to this Agreement. In addition, Employee shall be reimbursed by Employer or its successor for all taxes (including any penalties and interest) and additional excise taxes attributable to the payment pursuant to the preceding sentence and the payment pursuant to this sentence. Such amount will be due and payable by Employer or its successor on the date Employer is required to withhold such excise tax, and in no event not later than within ten (10) days after Employee delivers a written request for reimbursement accompanied by a copy of Employee's tax return(s) showing the excise tax actually incurred by Employee. Such amount shall not be subject to offset or reduction for any amount owed or claimed to be owed to Employer or its successor by Employee. If not paid by Employer when due, the amount due under this subsection shall bear interest at the maximum non-usurious rate allowed by law from the due date to the date of payment.

14. Complete Agreement. This Agreement supersedes any other agreements or understandings, written or oral, between Employer and Employee, and Employee has no oral representations, understandings or agreements with Employer or any of its officers, directors or representatives covering the same subject matter as this Agreement. This written Agreement is the final, complete and exclusive statement and expression of the agreement between Employer and Employee and of all the terms of this Agreement, and it cannot be varied, contradicted or

supplemented by evidence of any prior or contemporaneous oral or written agreements. This written Agreement may not be later modified except by a written instrument signed by a duly authorized officer of Employer and Employee, and no term of this Agreement may be waived except by a written instrument signed by the party waiving the benefit of such term

15. Notice. Whenever any notice is required hereunder, it shall be given in writing addressed as follows:

To Employer: Quanta Services, Inc.
1360 Post Oak Boulevard, Suite 2100
Houston, Texas 77056
Attention: General Counsel

To Employee: Peter T. Dameris
2323 Seyborn
Houston, Texas 77027

Notice shall be deemed given and effective three (3) days after the deposit in the U.S. mail of a writing addressed as above and sent first class mail, certified, return receipt requested, or when actually received. Either party may change the address for notice by notifying the other party of such change in accordance with this Section

16. Severability, Headings. If any portion of this Agreement is held invalid or inoperative, the other portions of this Agreement shall be deemed valid and operative and, so far as is reasonable and possible, effect shall be given to the intent manifested by the portion held invalid or inoperative. The section headings herein are for reference purposes only and are not intended in any way to describe, interpret, define or limit the extent or intent of the Agreement or of any part hereof.

17. Arbitration. Except with respect to injunctive relief as provided in Sections 3(b), 7 and 9 (which relief may be sought from any court or administrative agency with jurisdiction with respect thereto), any unresolved dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration, conducted before a panel of three (3) arbitrators in Houston, Texas, in accordance with the National Rules of the American Arbitration Association for the Resolution of Employment Disputes in

effect on the date of the event giving rise to the claim or the controversy. The arbitrators shall not have the authority to add to, detract from or modify any provision hereof nor to award punitive damages to any injured party. The arbitrators shall have the authority to order back-pay, severance compensation, vesting of options (or cash compensation in lieu of vesting of options), reimbursement of costs and attorneys fees, including those incurred to enforce this Agreement, and interest thereon in the event the arbitrators determine that Employee was terminated without disability or good cause, as defined in Sections 5(b) and 5(c), respectively, or that Employer has otherwise materially breached this Agreement. A decision by a majority of the arbitration panel shall be final and binding. Judgment may be entered on the arbitrators' award in any court having jurisdiction. The direct expense of any arbitration proceeding shall be borne by Employer.

18. Governing Law. This Agreement shall in all respects be construed according to the laws of the State of Texas.

19. Counterparts. This Agreement may be executed simultaneously in two (2) or more counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same instrument.

20. Provision Relating to Restricted Stock. All shares of Common Stock issued pursuant to Section 2(d) shall be issued subject to the provisions of this Section 20.

(a) Definitions. For purposes of this Section 20, the following terms shall have the following meanings:

(i) "1933 Act" shall mean the Securities Act of 1933, as amended.

(ii) "Cancellation Right" shall mean the right granted to Employer in accordance with Section 20(f)(i).

(iii) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(iv) "Corporate Transaction" shall mean either of the following stockholder approved transactions:

(A) a merger or consolidation in which securities possessing more than fifty percent (50%) of the total combined voting power of Employer's outstanding capital stock are transferred to a person or persons different from the persons holding those securities immediately prior to such transaction, or

(B) the sale, transfer or other disposition of all or substantially all of Employer's assets in complete liquidation or dissolution of Employer.

(v) "Issued Shares" shall mean all shares of Common Stock issued pursuant to Section 2(d) of this Agreement.

(vi) "Permitted Transfer" shall mean (A) a gratuitous transfer of the Issued Shares, provided and only if Employee obtains Employer's prior written consent to such transfer, or (B) a transfer of title to the Issued Shares effected pursuant to Employee's will or the laws of intestate succession following Employee's death.

(vii) "Purchase Price" shall mean the par value per share of the Common Stock multiplied by the number of Issued Shares.

(viii) "Recapitalization" shall mean any stock split, stock dividend, recapitalization, combination of shares, exchange of shares or other change

affecting Employer's outstanding Common Stock as a class without Employer's receipt of consideration.

(ix) "Rule 144" shall mean Rule 144 promulgated by the SEC pursuant to the 1933 Act.

(x) "SEC" shall mean the Securities and Exchange Commission.

(xi) "Service" shall mean Employee's provision of

services to Employer or any Affiliate (including any successor thereto).

(xii) "Unvested Shares" shall have the meaning assigned to such term in Section 20(f)(i).

(xiii) "Vesting Schedule" shall mean, subject to clause (G) below, the following:

(A) Upon the first anniversary of the Effective Date, Employee shall acquire a vested interest in, and the Cancellation Right shall lapse with respect to, twelve and one-half percent (12.5%) of such Issued Shares.

(B) Upon the second anniversary of the Effective Date, Employee shall acquire a vested interest in, and the Cancellation Right shall lapse with respect to, an additional twelve and one-half percent (12.5%) of such Issued Shares.

(C) Upon the third anniversary of the Effective Date, Employee shall acquire a vested interest in, and the Cancellation Right shall lapse with respect to, an additional twenty-five percent (25%) of such Issued Shares.

(D) Upon the fourth anniversary of the Effective Date, Employee shall acquire a vested interest in, and the Cancellation Right shall lapse with respect to, an additional twenty-five percent (25%) of such Issued Shares.

(E) Upon the fifth anniversary of the Effective Date, Employee shall acquire a vested interest in, and the Cancellation Right shall lapse with respect to, an additional twelve and one-half percent (12.5%) of such Issued Shares.

(F) Upon the sixth anniversary of the Effective Date, Employee shall acquire a vested interest in, and the Cancellation Right shall lapse with respect to, the final twelve and one-half percent (12.5%) of such Issued Shares.

(G) Notwithstanding anything to the contrary in clauses (A)-(F) above, Employee shall immediately acquire a vested interest in, and the Cancellation Right shall lapse with respect to, (1) all of the Issued Shares upon a Change in Control as defined in Section 13 or if Employee's employment is terminated pursuant to Section 4, and (2) if Employee's employment is terminated by Employer pursuant to Section 5(d), a pro rata number of the Issued Shares that would have vested on the next succeeding anniversary of the Effective Date following such termination shall vest on such termination date based on the number of days that have lapsed since the anniversary of the Effective Date immediately preceding such termination (or, if such termination occurs within the first year, the number of days that have lapsed subsequent to the Effective Date) up to and including the date of such termination over 365.

(b) Purchase Price. Employer shall issue the Issued Shares, subject to the terms and conditions set forth in this Section 20, upon payment by Employee to Employer in cash of the Purchase Price.

(c) Stockholder Rights. Until such time as Employer exercises the Cancellation Right, Employee shall have all the rights of a stockholder (including voting, dividend and liquidation rights) with respect to the Issued Shares, subject, however, to the restrictions contained in this Section 20.

(d) Securities Law Compliance.

(i) Restricted Securities. If the Issued Shares have not been registered under the 1933 Act and are being issued to Employee in reliance upon the exemption for such registration provided by Section 4(2) of the 1933 Act, Employee hereby confirms that Employee has been informed that the Issued Shares will be restricted securities under the 1933 Act and

may not be resold or transferred unless the Issued Shares are first registered under the federal securities laws or unless an exemption from such registration is available. Accordingly, subject to the further provisions of this Section 20, Employee hereby acknowledges that Employee is prepared to hold the Issued Shares for an indefinite period and that Employee is aware of the requirements of Rule 144 and other exemptions from the registration requirements of the 1933 Act.

(ii) Restrictions on Disposition of Issued Shares. Subject to the further provisions of this Section 20, if the Issued Shares have not been registered under the 1933 Act, the Employee shall make no disposition of the Issued Shares (other than a Permitted Transfer) unless and until there is compliance with all of the following requirements:

(A) Employee shall have furnished Employer with a written summary of the terms and conditions of the proposed disposition.

(B) Employee shall have complied with all requirements of this Agreement applicable to the disposition of the Issued Shares.

(C) Employee shall have provided Employer with written assurances, in form and substance satisfactory to Employer, that (1) the proposed disposition does not require registration of the Issued Shares under the 1933 Act or (2) all appropriate action necessary for compliance with the registration requirements of the 1933 Act or any exemption from registration available under the 1933 Act (including Rule 144) has been taken.

(iii) Restrictive Legends.

(A) If the Issued Shares have not been registered under the 1933 Act, the stock certificates (and separate certificates may be issued for each regularly scheduled vesting tranche) for all of the Issued Shares shall be endorsed with the following restrictive legend:

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THE SHARES MAY NOT BE SOLD OR OFFERED FOR SALE IN THE ABSENCE OF (a) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SHARES UNDER SUCH ACT, (b) A `NO ACTION' LETTER OF THE SECURITIES AND EXCHANGE COMMISSION WITH RESPECT TO SUCH SALE OR OFFER OR (c) SATISFACTORY ASSURANCES TO THE ISSUER THAT REGISTRATION UNDER SUCH ACT IS NOT REQUIRED WITH RESPECT TO SUCH SALE OR OFFER."

(B) In addition to any restrictive legend required pursuant to clause (A) above, stock certificates (and separate certificates may be issued for each regularly scheduled vesting tranche) representing Unvested Shares (as defined below) shall be endorsed with the following restrictive legend:

"THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN CANCELLATION RIGHTS GRANTED TO THE ISSUER AND ACCORDINGLY MAY NOT BE SOLD, ASSIGNED, TRANSFERRED, ENCUMBERED, OR IN ANY MANNER DISPOSED OF EXCEPT IN CONFORMITY WITH THE TERMS OF A WRITTEN AGREEMENT DATED AS OF MARCH 12, 2001 BETWEEN THE ISSUER AND THE REGISTERED HOLDER OF THE SHARES FOR THE PREDECESSOR IN INTEREST TO THE SHARES. A COPY OF SUCH AGREEMENT IS MAINTAINED AT THE ISSUER'S PRINCIPAL CORPORATE OFFICES.

(e) Transfer Restrictions.

(i) Restrictions on transfer. Except for a Permitted Transfer, Employee shall not transfer, assign, encumber or otherwise dispose of any of the Issued Shares that are subject to the Cancellation Right.

(ii) Transferee Obligations. Each person to whom the Issued Shares are transferred by means of a Permitted Transfer must, as a condition precedent to the validity of such transfer, acknowledge in writing to Employer that such person is bound by the provisions of this Agreement and that the transferred shares are subject to the Cancellation Right, to the same extent such shares would be so subject if retained by Employee.

(iii) Employer Obligations. Employer shall not be required (A) to transfer on its books any Issued Shares that have been sold or transferred in violation of the provisions of this Agreement or (B) to treat as the owner of the Issued Shares, or otherwise to accord voting, dividend or liquidation rights to, any transferee to whom the Issued Shares have been transferred in contravention of this Agreement.

(f) Cancellation Right.

(i) Grant. Employer is hereby granted the right (the "Cancellation Right"), exercisable at any time during the ninety (90) day period following the date Employee ceases for any reason to remain in Service to cancel, without any additional consideration, all or any portion of the Issued Shares in which Employee is not, at the time of his cessation of Service, vested in accordance with the Vesting Schedule, including clause (G) thereof, (such shares to be hereinafter referred to as the "Unvested Shares").

(ii) Exercise of the Cancellation Right. The Cancellation Right shall be exercisable by written notice delivered to Employee and any recipient of a Permitted Transfer of Unvested Shares prior to the expiration of the ninety (90) day exercise period. The notice shall indicate the number of Unvested Shares to be cancelled. The cancellation shall be effective immediately after giving of notice in accordance with the terms of this Agreement and with no further action on the part of the holder of Unvested Shares. The certificates representing the shares so cancelled shall be promptly delivered to Employer, but failure to deliver such certificates shall not affect the effectiveness of such cancellation.

(iii) Termination of the Cancellation Right. The Cancellation Right shall terminate with respect to any Unvested Shares for which it is not timely exercised under Section 20(f)(ii). In addition, the Cancellation Right shall terminate and cease to be exercisable with respect to any and all Issued Shares in which Employee vests in accordance with the Vesting Schedule, including clause (G) thereof.

(iv) Recapitalization. Any new substituted or additional securities or other property (including cash paid other than as a regular cash dividend) which is by reason of any Recapitalization distributed with respect to the Issued Shares shall be immediately subject to the Cancellation Right, but only to the extent the related Issued Shares are at the time covered by such right, and such Cancellation Right shall lapse as to such other securities or property at the same time as it

lapses or would lapse) with respect to the related Issued Shares. Appropriate adjustments to reflect such distribution shall be made to the number and/or class of Issued Shares subject to this Agreement to reflect the effect of any such Recapitalization upon Employer's capital structure.

(v) Corporate Transaction.

(A) The Cancellation Right shall be assignable to the successor entity in any Corporate Transaction. However, to the extent the successor entity does not accept such assignment, the Cancellation Right shall lapse immediately prior to the consummation of the Corporate Transaction.

(B) To the extent the Cancellation Right remains in effect following a Corporate Transaction, such right shall apply to the new capital stock or other property (including any cash payments) received in exchange for the Issued Shares in consummation of the Corporate Transaction, but only to the

extent the Issued Shares are at the time covered by such right.

(g) Withholding of Taxes. At the time and to the extent vested Issued Shares become compensation income to Employee for federal or state income tax purposes, Employee either shall deliver to Employer such amount of money as required to meet Employer's minimum obligation under applicable tax laws or regulations, or, in lieu of cash, Employee, in his sole discretion, may elect to surrender, or direct Employer to withhold from the Issued Shares, shares of Common Stock (valued at their fair market value on the date of surrender or withholding of such shares) in such number as necessary to satisfy either (i) Employer's minimum tax withholding obligations or (ii) Employee's tax obligation as anticipated by Employee, by reason of such compensation income, whichever Employee elects.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Execution Date to be effective for all purposes as of the Effective Date.

QUANTA SERVICES, INC.

By: /s/ JOHN R. COLSON

Name: John R. Colson
Title: Chief Executive Officer

/s/ PETER T. DAMERIS

Peter T. Dameris

EXHIBIT A

FORM OF STOCK OPTION AGREEMENT