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

FORM 10-Q

(Mark One)	
[X]	QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
	FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2003
	OR
[ ]	TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
	FOR THE TRANSITION PERIOD FROM TO .

COMMISSION FILE NO. 001-13831

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

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

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

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE:
(713) 629-7600

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

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes [X] No [ ]

115,511,093 shares of Common Stock were outstanding as of November 10, 2003. As of the same date, 1,067,750 shares of Limited Vote Common Stock were outstanding.

QUANTA SERVICES, INC. AND SUBSIDIARIES
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QUANTA SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE INFORMATION)

	DECEMBER 31, 2002	SEPTEMBER 30, 2003 (UNAUDITED)
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 27,901	$ 77,827
Accounts receivable, net of allowances of $37,585 and $29,343, respectively	367,057	388,630
Costs and estimated earnings in excess of billings on uncompleted contracts	54,749	53,460
Inventories	25,646	25,665
Current deferred taxes	28,968	6,779
Prepaid expenses and other current assets	25,176	33,366
Total current assets	529,497	585,727
Property and equipment, net	369,568	346,022
Accounts and notes receivable, net of allowances of $28,389 and $46,320, respectively	50,900	35,689
Other assets, net	19,250	24,428
Goodwill and other intangibles, net	395,597	395,400
Total assets	$1,364,812	$1,387,266
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$ 6,652	$ 5,144
Accounts payable and accrued expenses	189,080	188,772
Billings in excess of costs and estimated earnings on uncompleted contracts	16,409	19,994
Total current liabilities	212,141	213,910
Long-term debt, net of current maturities	213,167	211,535
Convertible subordinated notes	172,500	172,500
Deferred income taxes and other non-current liabilities	82,411	102,517
Total liabilities	680,219	700,462
Commitments and Contingencies		
Redeemable common stock	72,922	--
Stockholders' Equity:		
Preferred Stock, $.00001 par value, 10,000,000 shares authorized:		
Series A Convertible Preferred Stock, 3,199,961 and no shares issued and outstanding, respectively	--	--
Common Stock, $.00001 par value, 300,000,000 shares authorized, 70,632,899 and 116,439,340 shares issued and 69,706,528 and 115,512,969 outstanding, respectively(a)	--	--
Limited Vote Common Stock, $.00001 par value, 3,345,333 shares authorized, 1,083,750 and 1,067,750 shares issued and outstanding, respectively	--	--
Additional paid-in capital	980,303	1,070,446
Deferred compensation	(302)	(8,142)
Retained deficit	(356,605)	(363,775)
Treasury Stock, 926,371 common shares, at cost	(11,725)	(11,725)
Total stockholders' equity	611,671	686,804
Total liabilities and stockholders' equity	$1,364,812	$1,387,266

- ---------------

(a) Shares issued and outstanding as of December 31, 2002 do not include the 24,370,410 shares of Redeemable Common Stock valued at $72.9 million which was reclassified to stockholders' equity on February 20, 2003.

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

QUANTA SERVICES, INC. AND SUBSIDIARIES

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

<Table>
<Caption>

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2002	2003	2002	2003
<S>	<C>	<C>	<C>	<C>
Revenues	$436,215	$436,133	$1,317,957	$1,211,564
Cost of services (including depreciation)	381,947	381,125	1,139,842	1,065,281
Gross profit	54,268	55,008	178,115	146,283
Selling, general and administrative expenses	68,747	38,886	178,956	135,963
Goodwill impairment	--	--	166,580	--
Income (loss) from operations	(14,479)	16,122	(167,421)	10,320
Other Income (Expense):				
Interest expense	(9,807)	(8,080)	(25,696)	(24,182)
Other, net	(1,674)	182	(56)	72
Income (loss) before income tax provision (benefit) and cumulative effect of change in accounting principle	(25,960)	8,224	(193,173)	(13,790)
Provision (benefit) for income taxes	(17,644)	2,825	(17,926)	(4,511)
Income (loss) before cumulative effect of change in accounting principle	(8,316)	5,399	(175,247)	(9,279)
Cumulative effect of change in accounting principle, net of tax	--	--	445,422	--
Net income (loss)	(8,316)	5,399	(620,669)	(9,279)
Dividends (forfeitures) on preferred stock, net	234	--	698	(2,109)
Net income (loss) attributable to common stock	$ (8,550)	$ 5,399	$ (621,367)	$ (7,170)
	(RESTATED -- NOTE 2)		(RESTATED -- NOTE 2)	
Earnings (Loss) Per Share:				
Basic Earnings (Loss) per Share Before Cumulative Effect of Change in Accounting Principle	$ (0.14)	$ 0.05	$ (2.89)	$ (0.06)
Cumulative Effect of Change in Accounting Principle, Net of Tax	--	--	(7.30)	--
Basic Earnings (Loss) per Share	$ (0.14)	$ 0.05	$ (10.19)	$ (0.06)
Diluted Earnings (Loss) per Share Before Cumulative Effect of Change in Accounting Principle	$ (0.14)	$ 0.05	$ (2.89)	$ (0.06)
Cumulative Effect of Change in Accounting Principle, Net of Tax	--	--	(7.30)	--
Diluted Earnings (Loss) per Share	$ (0.14)	$ 0.05	$ (10.19)	$ (0.06)
Shares Used in Computing Earnings (Loss) Per Share:				
Basic	60,808	116,567	60,964	112,484
Diluted	60,808	116,645	60,964	112,484

</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)

	THREE MONTHS ENDED SEPTEMBER 30, 2002	THREE MONTHS ENDED SEPTEMBER 30, 2003	NINE MONTHS ENDED SEPTEMBER 30, 2002	NINE MONTHS ENDED SEPTEMBER 30, 2003
Cash Flows from Operating Activities:				
Net income (loss) attributable to common stock	$ (8,550)	$ 5,399	$(621,367)	$ (7,170)
Adjustments to reconcile net income (loss) attributable to common stock to net cash provided by (used in) operating activities --				
Cumulative effect of change in accounting principle, net of tax	--	--	445,422	--
Goodwill impairment	--	--	166,580	--
Depreciation and amortization	15,276	14,920	45,293	45,128
Loss on sale of property and equipment	527	307	1,223	1,001
Provision for doubtful accounts	24,642	504	30,209	19,761
Deferred income tax provision (benefit)	6,761	3,558	(11,509)	35,862
Amortization of deferred compensation	62	839	187	1,923
Preferred stock dividends, net of forfeitures	234	--	698	(2,109)
Changes in operating assets and liabilities, net of non-cash transactions --				
(Increase) decrease in --				
Accounts receivable	(2,316)	(37,113)	29,116	(27,993)
Costs and estimated earnings in excess of billings on uncompleted contracts	(2,183)	2,032	(11,692)	1,289
Inventories	3,949	1,173	(2,125)	(19)
Prepaid expenses and other current assets	2,663	(3,582)	2,873	(3,597)
Increase (decrease) in --				
Accounts payable and accrued expenses	(30,956)	10,462	(781)	6,188
Billings in excess of costs and estimated earnings on uncompleted contracts	(4,246)	4,699	(14,819)	3,585
Other, net	3,334	389	2,711	2,900
Net cash provided by operating activities	9,197	3,587	62,019	76,749
Cash Flows from Investing Activities:				
Proceeds from sale of property and equipment	1,325	1,009	3,054	1,913
Additions of property and equipment	(6,433)	(11,459)	(39,804)	(23,936)
Cash paid for acquisitions, net of cash acquired	--	--	(8,000)	--
Cash restricted for self-insurance programs	--	(1,248)	--	(8,448)
Notes receivable	(46)	--	(17,252)	--
Net cash used in investing activities	(5,154)	(11,698)	(62,002)	(30,471)
Cash Flows from Financing Activities:				
Net borrowings under the credit facility	7,920	--	21,590	--
Proceeds from other long-term debt	633	353	2,449	2,491
Payments on other long-term debt	(2,412)	(1,882)	(8,511)	(5,631)
Debt issuance and amendment costs	(2,700)	(315)	(2,700)	(315)
Issuances of stock, net of offering costs	3,222	1,667	6,872	7,103
Stock repurchases	77	--	(11,725)	--
Exercise of stock options	5	--	1,086	--
Net cash provided by (used in) financing activities	6,745	(177)	9,061	3,648
Net increase (decrease) in cash and cash equivalents	10,788	(8,288)	9,078	49,926
Cash and cash equivalents, beginning of period	4,577	86,115	6,287	27,901
Cash and cash equivalents, end of period	$ 15,365	$ 77,827	$ 15,365	$ 77,827
Supplemental Disclosure of Cash Flow Information				
Cash paid for --				
Interest	$ 11,676	$ 9,093	$ 23,183	$ 20,042
Income taxes, net of refunds	787	(1,144)	6,282	(39,566)

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. (Quanta) is a leading provider of specialized contracting services, offering end-to-end network solutions to the electric power, gas, telecommunications and cable television industries. Quanta's comprehensive services include designing, installing, repairing and maintaining network infrastructure. The consolidated financial statements of Quanta include the accounts of Quanta and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

In the course of its operations, Quanta is subject to certain risk factors, including but not limited to risks related to: economic downturn, access to capital, compliance with lenders' financial covenants, the financial condition of Quanta's customers, the collectibility of receivables, significant fluctuations in quarterly results, contract terms, recoverability of goodwill, rapid technological and structural changes in the industries Quanta serves, competition, internal growth and operating strategies, management of growth, acquisition integration and financing, unionized workforce, dependence on key personnel, availability of qualified employees, potential exposure to environmental liabilities and anti-takeover measures.

Interim Condensed Consolidated Financial Information

These unaudited condensed consolidated financial statements have been prepared pursuant to the rules of the Securities and Exchange Commission (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. Quanta 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 Quanta have historically been subject to significant seasonal fluctuations.

It is suggested that these unaudited condensed consolidated financial statements be read in conjunction with the audited consolidated financial statements and notes thereto of Quanta Services, Inc. and subsidiaries included in Quanta's Annual Report on Form 10-K, which was filed with the SEC on March 31, 2003, as amended by Amendment No. 1 thereto on Form 10-K/A, which was filed with the SEC on October 2, 2003.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the use of estimates and assumptions by management in determining the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities known to exist as of the date the financial statements are published and the reported amount of revenues and expenses recognized during the periods presented. Quanta 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. Judgments and estimates are based on Quanta's beliefs and assumptions derived from information available at the time such judgments and estimates are made. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of financial statements. Estimates are primarily used in Quanta's assessment of the allowance for doubtful accounts, valuation of inventory, fair value assumption in analyzing goodwill and long-lived asset impairments, self-insured claims liabilities, revenue recognition under percentage-of-completion accounting and income taxes.

Current and Non-Current Accounts and Notes Receivable and Provision for Doubtful Accounts

Quanta provides an allowance for doubtful accounts when collection of an account or note receivable is considered doubtful. Inherent in the assessment of the allowance for doubtful accounts are certain judgments and estimates including, among others, our customer's access to capital, the customer's willingness or ability to pay, general economic conditions and the ongoing relationship with the customer. Under certain circumstances, such as foreclosures or negotiated settlements, Quanta may take title to the underlying assets in lieu of cash in settlement of receivables. As of September 30, 2003, Quanta has provided allowances for doubtful accounts of approximately $75.7 million. Certain of Quanta's customers, several of them large public telecommunications carriers, have filed for bankruptcy or have been experiencing financial difficulties. Also, a number of Quanta's utility customers are experiencing financial difficulties in the current business climate. Should additional customers file for bankruptcy or continue to experience difficulties, or should anticipated recoveries relating to receivables in existing

bankruptcies or other workout situations fail to materialize, Quanta could experience reduced cash flows and losses in excess of current allowances provided. In addition, material changes in our customers' revenues or cash flows could affect our ability to collect amounts due from them.

In June 2002, a large Quanta customer, Adelphia Communications Corporation (Adelphia), filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code, as amended. Quanta has filed liens on various properties to secure substantially all of its pre-petition receivables. The carrying value is based upon Quanta's understanding of the current status of the Adelphia bankruptcy proceeding and a number of assumptions, including assumptions about the validity, priority and enforceability of our security interests. Quanta currently believes it will collect a substantial majority of the balances owed. Should any of the factors underlying Quanta's estimate change, the amount of Quanta's allowance could change significantly. Quanta is uncertain as to whether such receivables will be collected within one year and therefore has included this amount in non-current assets as Accounts and Notes Receivable. Also included in non-current Accounts and Notes Receivable are amounts due from another customer relating to the construction of independent power plants. Quanta has agreed to long-term payment terms for this customer. The notes receivable are partially secured and bear interest at 9.5% per year. Quanta has provided allowances for these notes receivable due to a substantial deterioration in the estimated future cash flows of the plants, resulting in a carrying value equal to the estimated value of the collateral securing these notes. As of September 30, 2003, the total long-term balances due from both of these customers was $81.2 million, net of an allowance for doubtful accounts of $46.3 million.

Concentration of Credit Risk

Quanta grants credit, generally without collateral, to its customers, which include electric power and gas companies, telecommunications and cable television system operators, governmental entities, general contractors, builders and owners and managers of commercial and industrial properties located primarily in the United States. Consequently, Quanta is subject to potential credit risk related to changes in business and economic factors throughout the United States. However, Quanta typically has certain lien rights on the services provided.

Stock-Based Compensation

Quanta accounts for its stock-based compensation under Accounting Principles Board Opinion No. 25 (APB Opinion No. 25), "Accounting for Stock Issued to Employees." Under this accounting method, no compensation expense is recognized in the consolidated statements of operations if no intrinsic value of the option exists at the date of grant. In October 1995, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation." SFAS No. 123 encourages companies to account for stock-based compensation awards based on the fair

value of the awards at the date they are granted. The resulting compensation cost would be shown as an expense in the consolidated statements of operations. Companies can choose not to apply the new accounting method and continue to apply current accounting requirements; however, disclosure is required as to what net income and earnings per share would have been had SFAS No. 123 been followed. In addition, Quanta has an Employee Stock Purchase Plan (ESPP). SFAS No. 123 requires the inclusion of stock issued pursuant to an ESPP in the as adjusted disclosure.

Had compensation costs for the 2001 Stock Incentive Plan and the ESPP been determined consistent with SFAS No. 123, Quanta's net income attributable to common stock and earnings per share would have been reduced to the following as adjusted amounts (in thousands, except per share information):

<Table>
<Caption>

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2002	2003	2002	2003
<S>	<C>	<C>	<C>	<C>
Net income (loss) attributable to common stock				
As Reported..............................	$ (8,550)	$5,399	$(621,367)	$ (7,170)
As Adjusted -- Basic.....................	$(14,088)	$4,897	$(637,849)	$(12,705)
As Adjusted -- Diluted...................	$(14,088)	$4,897	$(637,849)	$(12,705)
Earnings (loss) per share				
As Reported -- Basic.....................	$ (0.14)	$ 0.05	$ (10.19)	$ (0.06)

As Adjusted -- Basic	$ (0.23)	$ 0.04	$ (10.46)	$ (0.11)
As Reported -- Diluted	$ (0.14)	$ 0.05	$ (10.19)	$ (0.06)
As Adjusted -- Diluted	$ (0.23)	$ 0.04	$ (10.46)	$ (0.11)

</Table>

See Note 7 for additional discussion of the restricted stock issued under Quanta's 2001 Stock Incentive Plan and the effects thereof.

2. PER SHARE INFORMATION

Earnings (loss) 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 (loss) per share for the three and nine months ended September 30, 2002 and 2003 is illustrated below (in thousands):

<Table>
<Caption>

	THREE MONTHS ENDED SEPTEMBER 30,			NINE MONTHS ENDED SEPTEMBER 30,		
	2002 (AS REPORTED)	2002 (RESTATED)	2003	2002 (AS REPORTED)	2002 (RESTATED)	2003
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net Income (Loss):						
Net income (loss) attributable to common stock	$(8,550)	$(8,550)	$ 5,399	$(621,367)	$(621,367)	$(7,170)
Dividends on Series A Convertible Preferred Stock, net of forfeitures, if assumed conversion is dilutive	234	--	--	698	--	--
Net income (loss) for basic earnings (loss) per share	(8,316)	(8,550)	5,399	(620,669)	(621,367)	(7,170)
Effect of convertible subordinated notes under the "if converted" method -- interest expense addback, net of taxes	--	--	--	--	--	--
Net income (loss) for diluted earnings (loss) per share	$(8,316)	$(8,550)	$ 5,399	$(620,669)	$(621,367)	$(7,170)
Weighted Average Shares:						
Weighted average shares outstanding for basic earnings (loss) per share, including Series A Convertible Preferred Stock, if dilutive	77,552	60,808	116,567	76,941	60,964	112,484
Effect of dilutive stock options	654	--	78	1,243	--	--
Effect of convertible subordinated notes under the "if converted" method -- weighted convertible shares	--	--	--	--	--	--
Weighted average shares outstanding for diluted earnings (loss) per share	78,206	60,808	116,645	78,184	60,964	112,484

</Table>

For the three and nine months ended September 30, 2002, approximately 9.3 million and 8.3 million stock options were excluded from the computation of diluted earnings (loss) per share because the options' exercise prices were greater than the average market price of Quanta's common stock. For the three and nine months ended September 30, 2003, approximately 1.0 million and 1.4 million stock options were excluded from the computation of diluted earnings (loss) per share because the options' exercise prices were greater than the average market price of Quanta's common stock. For the three and nine months ended September 30, 2002, Quanta excluded 72,762 and 270,020 stock options, with

exercise prices lower than the average

market price of Quanta's Common Stock, from the computation of diluted earnings (loss) per share because the effect of including them would be antidilutive. For the nine months ended September 30, 2003, Quanta excluded 9,237 stock options, with exercise prices lower than the average market price of Quanta's Common Stock, from the computation of diluted earnings (loss) per share because the effect of including them would be antidilutive. For the three and nine months ended September 30, 2002 and 2003, the effect of assuming conversion of the convertible subordinated notes would be antidilutive and they were therefore excluded from the calculation of diluted earnings (loss) per share.

Restatement -- The weighted average number of basic and dilutive shares and the computation of basic and diluted earnings (loss) per share for the three and nine months ended September 30, 2002, have been restated to conform to Quanta's Amendment No. 1 on Form 10-K/A filed with the SEC on October 2, 2003. The weighted average number of shares for the three and nine months ended September 30, 2002 were restated to exclude the shares issuable upon conversion of the Series A Convertible Preferred Stock from the computation of basic and diluted earnings (loss) per share, as the effect of including those shares was antidilutive. The restatement of the weighted average number of shares results in the restatement of basic and diluted earnings (loss) per share for the three and nine months ended September 30, 2002 to $(0.14) and $(10.19) compared to the originally reported earnings (loss) per share of $(0.11) and $(7.94). For the nine months ended September 30, 2002, the restated basic and diluted earnings (loss) per share before cumulative effect of change in accounting principle is $(2.89) per share, compared to the originally reported amount of $(2.24) per share and the restated basic and diluted earnings (loss) per share of the cumulative effect of change in accounting principle is $(7.30) per share compared to $(5.70) per share as originally reported.

3. INCOME TAXES

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

4. NEW ACCOUNTING PRONOUNCEMENTS

In May 2003, the FASB issued SFAS No. 149 "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under SFAS No. 133. This statement is effective for contracts entered into or modified after June 30, 2003 (with certain exceptions) and for hedging relationships entered into after June 30, 2003. We do not have any financial instruments that fall under the scope of this statement and do not believe that the adoption of SFAS No. 149 will have a material effect on either our financial position, results of operations or cash flows.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." SFAS No. 150 establishes standards for classifying and measuring certain financial instruments with characteristics of both liabilities and equity. Financial instruments that fall within the scope of SFAS No. 150 will be classified as liabilities (or assets in some circumstances). This statement is effective at the beginning of the first interim period beginning after June 15, 2003. The adoption of SFAS No. 150 did not have a material impact on our results of operations or financial position.

5. GOODWILL AND OTHER INTANGIBLES

Effective January 1, 2002, Quanta adopted SFAS No. 142, "Goodwill and Other Intangible Assets," which establishes new accounting and reporting requirements for goodwill and other intangible assets. Under SFAS No. 142, all goodwill amortization ceased effective January 1, 2002. Material amounts of recorded goodwill attributable to each of Quanta's reporting units were tested for impairment by comparing the fair value of each reporting unit with its carrying value. Fair value was determined using a combination of the discounted cash flow, market multiple and market capitalization valuation approaches. These impairment tests are required to be performed at adoption of SFAS No. 142 and at least annually thereafter or more frequently if events or changes in

circumstances indicate that the asset might be impaired. Significant estimates used in the methodologies include estimates of future cash flows, future short-term and long-term growth rates, weighted average cost of capital and estimates of market multiples for each of the reportable units. On an ongoing basis (absent any impairment indicators), Quanta performs impairment tests annually during the fourth quarter.

Based on Quanta's transitional impairment test performed upon adoption of SFAS No. 142 during the nine months ended September 30, 2002, Quanta recognized a $488.5 million non-cash charge, ($445.4 million, net of tax) to reduce the carrying value of goodwill to the implied fair value of Quanta's reporting units. Under SFAS No. 142, the impairment adjustment recognized upon adoption of the new rules was reflected as a cumulative effect of change in accounting principle, net of tax.

Quanta further recognized an interim non-cash goodwill impairment charge of approximately $166.6 million during the nine months ended September 30, 2002. Impairment adjustments recognized after adoption are required to be recognized as operating expenses. The primary factor contributing to the interim impairment charge was the overall deterioration of the business climate during 2002 in the markets Quanta serves as evidenced by an increased number of bankruptcies in the telecommunications industry, continued devaluation of several of Quanta's customers' debt and equity securities and pricing pressures resulting from challenges faced by major industry participants. Fair value was determined using a combination of the discounted cash flow, market multiple and market capitalization valuation approaches. Interim goodwill impairment assessments are required whenever events or changes occur during the year that indicate that the goodwill may not be recoverable.

Late in the second quarter of 2003, a dispute developed between one of Quanta's subsidiaries and its primary customer, leading to a suspension of work for that customer. It is unclear whether the dispute will be resolved favorably or whether work for this customer will resume. If the dispute settles unfavorably for the subsidiary or the subsidiary is unable to replace this work with comparable cash flows, Quanta may record a non-cash goodwill impairment charge of up to $6.5 million.

6. DEBT

Credit Facility

As of September 30, 2003, Quanta had a $225.0 million credit facility with 14 participating banks, which would have matured on June 14, 2004. The credit facility was secured by a pledge of substantially all of the capital stock of Quanta's subsidiaries and the majority of Quanta's assets and was to provide funds to be used for working capital and for other general corporate purposes. Quanta's subsidiaries guaranteed the repayment of all amounts due under the facility and the facility restricted pledges on all material assets. Amounts borrowed under the credit facility bore interest at a rate equal to either (a) the London Interbank Offered Rate (the 30 day LIBOR rate was 1.12% at September 30, 2003) plus 1.50% to 3.50%, as determined by the ratio of Quanta's total funded debt to EBITDA (as defined in the credit facility) or (b) the bank's prime rate (which was 4.0% at September 30, 2003) plus up to 2.00%, as determined by the ratio of Quanta's total funded debt to EBITDA. Commitment fees of 0.375% to 0.50%, based on Quanta's total funded debt to

EBITDA, were due on any unused borrowing capacity under the credit facility. The credit facility contained certain financial ratio and indebtedness covenants, including a maximum funded debt to EBITDA ratio, a minimum interest coverage ratio and a maximum senior debt to EBITDA ratio. The credit facility also prohibited the payment of dividends and stock repurchase programs and limited capital expenditures and asset sales. Additionally the credit facility required a mandatory reduction in the banks' commitment by a portion of the proceeds from asset sales in excess of $5.0 million annually or upon the issuance of additional debt in excess of $15.0 million. As of September 30, 2003, Quanta had $90.7 million of letters of credit outstanding under the credit facility, primarily to secure Quanta's potential obligations under its casualty insurance programs.

In November 2003, Quanta amended its credit facility to convert it into a fully funded term loan of $60.0 million and a letter of credit facility of up to $120.0 million with one bank, maturing on January 1, 2005. The term loan was used to repay a portion of the senior secured notes, discussed below. Amounts borrowed under the term loan bear interest at a rate equal to LIBOR plus 3.25%. The credit facility as amended is secured by a pledge of substantially all of the capital stock of Quanta's subsidiaries and the majority of Quanta's assets. Quanta's U.S. subsidiaries guarantee the repayment of all amounts due under the facility and the facility restricts pledges on all material assets. The facility contains certain financial ratio and indebtedness covenants, including a maximum funded debt to EBITDA ratio, a minimum interest coverage ratio and a maximum

senior debt to EBITDA ratio, that are generally less restrictive than those in existence prior to amendment. The facility also prohibits the payment of dividends and stock repurchase programs and limits capital expenditures and asset sales. The facility requires cash collateralization of all letters of credit, and Quanta has collateralized the $90.7 million in letters of credit that were outstanding as of September 30, 2003. As a result of the amendment, $1.1 million in unamortized deferred financing costs will be expensed during the fourth quarter of 2003.

Quanta currently has a commitment from a lender for a new $200.0 million credit facility, subject to certain conditions precedent. Quanta anticipates closing the new credit facility in the fourth quarter of 2003 and plans to pay off the above discussed term loan and letter of credit facility with the proceeds of the new facility.

4.0% Convertible Subordinated Notes

During the third quarter of 2000, Quanta issued $172.5 million principal amount of convertible subordinated notes. These convertible subordinated notes bear interest at 4.0% per year and are convertible into shares of Quanta's common stock at a price of $54.53 per share, subject to adjustment as a result of certain events. The convertible subordinated notes require semi-annual interest payments beginning December 31, 2000, until the notes mature on July 1, 2007. Quanta has the option to redeem the notes beginning July 3, 2003 at specified redemption prices, together with accrued and unpaid interest; however redemption is prohibited by Quanta's credit facility as amended. If certain fundamental changes occur, as described in the indenture under which Quanta issued the notes, holders of the convertible subordinated notes may require Quanta to purchase all or part of the notes at a purchase price equal to 100% of the principal amount, plus accrued and unpaid interest. In the event of such circumstance, consent to repurchase the convertible subordinated notes would be required under Quanta's credit facility as amended.

4.5% Convertible Subordinated Notes

In October 2003, Quanta issued $270.0 million principal amount of convertible subordinated notes. Quanta used the net proceeds to repay a portion of the senior secured notes, discussed below, and to cash collateralize the letters of credit under the credit facility as amended. These convertible subordinated notes bear interest at 4.5% per year and are convertible into shares of Quanta's common stock at a price of

$11.14 per share, subject to adjustment as a result of certain events. The convertible subordinated notes require semi-annual interest payments beginning April 1, 2004, until the notes mature on October 1, 2023.

The convertible subordinated notes are convertible by the holder if (i) during any fiscal quarter commencing after December 31, 2003 the last reported sale price of Quanta's common stock is greater than or equal to 120% of the conversion price for at least 20 trading days in the period of 30 consecutive trading days ending on the first trading day of such fiscal quarter, (ii) during the five business day period after any five consecutive trading day period in which the trading price per note for each day of that period was less than 98% of the product of the last reported sale price of Quanta's common stock and the conversion rate, (iii) upon Quanta calling the notes for redemption or (iv) upon the occurrence of specified corporate transactions. If the notes become convertible under one of these circumstances, Quanta has the option to deliver cash, shares of Quanta's common stock or a combination thereof, with a value equal to the par value of the notes divided by the conversion price multiplied by the average trading price of Quanta's common stock. The maximum number of shares of common stock that could be issued under these circumstances is equal to the par value of the notes divided by the conversion price.

Beginning October 8, 2008, Quanta may redeem for cash some or all of the notes at par value plus accrued and unpaid interest. The holders of the notes may require Quanta to repurchase all or some of the notes at par value plus accrued and unpaid interest on October 1, 2008, 2013 or 2018, or upon the occurrence of a fundamental change, as defined by the indenture under which Quanta issued the notes. Any repurchases on October 1, 2008 must be paid in cash, and for all other repurchases, Quanta has the option of settling with cash, shares of Quanta's common stock or a combination thereof. If Quanta elects to settle with shares of common stock, the number of shares delivered will equal the dollar amount to be paid in common stock divided by 98.5% of the market price of Quanta's common stock, as defined by the indenture. The number of shares to be issued under this circumstance is not limited. The right to settle for shares of common stock can be surrendered by Quanta.

Senior Secured Notes

As of September 30, 2003, Quanta had $210.0 million principal amount of

senior secured notes outstanding, primarily with insurance companies, with maturities currently ranging from March 2005 to September 2010. The senior secured notes bore interest at a weighted average interest rate between 8.41% and 9.91% as determined by the ratio of Quanta's total funded debt to EBITDA. The weighted average interest rate as of September 30, 2003 was 9.91%. In addition, the senior secured notes carried a make-whole provision customary for this type of debt instrument on prepayment of principal, including any mandatory prepayments. The senior secured notes carried cross-default provisions and ranked equally in right of repayment with indebtedness under Quanta's then existing credit facility.

In the fourth quarter of 2003, Quanta retired the $210.0 million of senior secured notes and paid associated make-whole prepayment premiums in the amount of $31.3 million. The make-whole prepayment premiums, along with the related unamortized deferred financing costs in the amount of approximately $2.6 million, will be expensed in the fourth quarter of 2003.

7. STOCKHOLDERS' EQUITY

Series A Convertible Preferred Stock

In September 1999, Quanta issued shares of Series A Convertible Preferred Stock, $.00001 par value per share. All outstanding shares of Series A Convertible Preferred Stock remaining were converted into common stock during the first quarter of 2003 and the series was eliminated during the second quarter of 2003.

First Reserve Investment

During the fourth quarter of 2002, First Reserve Fund IX, L.P. (First Reserve) purchased from Quanta approximately 2.4 million shares of newly issued Series E Preferred Stock at $30.00 per share. The Series E Preferred Stock was converted into 24.3 million shares of common stock on December 31, 2002 and the series was eliminated during the second quarter of 2003.

Through February 20, 2003, First Reserve had the right to require Quanta to repurchase for cash the shares of common stock issued as a result of the conversion of the shares of Series E Preferred Stock if Quanta had a change in control. As such, the $72.9 million investment was reflected in the consolidated balance sheet as Redeemable Common Stock at December 31, 2002. On February 20, 2003, at the expiration of this right, the Redeemable Common Stock was reclassified to stockholders' equity.

In connection with their investment, First Reserve is entitled to a pre-emptive right to purchase shares of common stock upon Quanta's issuance of shares to third parties. During the first nine months of 2003, First Reserve acquired 1,201,128 shares pursuant to such right.

Restricted Stock

Pursuant to the 2001 Stock Incentive Plan, Quanta issues restricted common stock at the fair market value of the common stock as of the date of issuance. The shares of restricted common stock issued pursuant to the 2001 Stock Incentive Plan are subject to restrictions on transfer and certain other conditions. During the restriction period, the plan participants are entitled to vote and receive dividends on such shares. Upon issuance of the common stock, an unamortized compensation expense equivalent to the market value of the shares on the date of grant is charged to stockholders' equity and is amortized over the restriction period, typically three years.

On January 21, 2003, Quanta offered eligible employees and consultants the opportunity to exchange certain outstanding stock options, with an exercise price of $10.00 or more, for restricted shares of Quanta's common stock at an exchange ratio of one share of restricted stock for every 2.24 option shares tendered. As restricted stock, the shares are subject to forfeiture and other restrictions until they vest. Regardless of the vesting schedule of the eligible options offered for exchange, the restricted stock granted in the offer vests over three years in equal annual installments on February 28 of each year, beginning February 28, 2004, assuming the employee or consultant continues to meet the requirements for vesting. On March 10, 2003, Quanta accepted for exchange and canceled eligible options to purchase an aggregate of 6,769,483 shares of its common stock, representing approximately 93% of the 7,289,750 options that were eligible to be tendered in the offer as of the expiration date. Pursuant to the terms of the offer, Quanta granted restricted stock representing an aggregate of 3,022,112 shares of its common stock, or approximately $9.0 million in value, in exchange for the tendered eligible options. This restricted stock issuance will require Quanta to recognize a non-cash compensation charge of approximately $3.0 million per year over the three-year vesting period of the restricted stock. The remaining eligible options that were not exchanged will be required to be accounted for under

variable plan accounting under APB Opinion No. 25. In the future, to the extent that Quanta's stock price exceeds the exercise price of an eligible option that was not exchanged, the difference will be recorded as a non-cash compensation charge with an offset to additional paid-in capital. No charges have been recorded with respect to these options under variable plan accounting through September 30, 2003.

As of September 30, 2002 and 2003, 63,614 and 3,229,262 shares of restricted stock were outstanding. The compensation expense recognized with respect to all restricted stock during the three and nine months ended September 30, 2002 was approximately $62,000 and $187,500, and for the three and nine months ended September 30, 2003 was approximately $839,000 and $1,923,000.

8. SEGMENT INFORMATION

Quanta has aggregated each of its individual operating units into one reportable segment as a specialty contractor. Quanta provides comprehensive network solutions to the electric power, gas, telecommunications and cable television industries, including designing, installing, repairing and maintaining network infrastructure. In addition, Quanta provides ancillary services such as inside electrical wiring, intelligent traffic networks, cable and control systems for light rail lines, airports and highways, and specialty rock trenching, directional boring and road milling for industrial and commercial customers. 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 presentation.

	NINE MONTHS ENDED SEPTEMBER 30,	
	2002	2003
	(IN THOUSANDS)	
Electric power and gas network services	$ 714,333	$ 736,631
Telecommunications network services	224,053	180,523
Cable television network services	160,791	84,809
Ancillary services	218,780	209,601
	$1,317,957	$1,211,564

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

9. COMMITMENTS AND CONTINGENCIES

Litigation

Quanta is from time to time party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of business. These actions typically seek, among other things, compensation for alleged personal injury, breach of contract, property damage, punitive damages, civil penalties or other losses, or injunctive or declaratory relief. With respect to such lawsuits, claims and proceedings, Quanta establishes reserves when it is probable a liability has been incurred and the amount of loss can be reasonably estimated. Quanta does not believe that any of these proceedings, separately or in the aggregate, would be expected to have a material adverse effect on Quanta's results of operations or financial position.

Self-Insurance

As of September 30, 2003, Quanta was insured for employer's liability and general liability claims, subject to a deductible of $1,000,000 per occurrence and for auto liability and workers' compensation, subject to a deductible of $2,000,000 per occurrence. Quanta's consolidated non-union employee related health care benefits plan is subject to a deductible of $250,000 per claimant per year. Losses up to the deductible amounts under all plans are accrued based upon Quanta's estimates of the ultimate liability for claims incurred and an estimate of claims incurred but not reported. The accruals are based upon known facts and historical trends and management believes such accruals to be adequate. At December 31, 2002 and September 30, 2003, the amounts accrued for self-insured claims were $45.0 million and $60.4 million, with $27.4 million and $34.4 million considered to be long-term and included in Other Non-Current Liabilities.

Quanta is contractually obligated to fund its casualty self-insurance obligations applicable to the policy period from March 1, 2003 to February 29, 2004 with a combination of a cash trust account of $14.4 million and letters of credit totaling $24.4 million. Through September 30, 2003, Quanta had funded the cash trust account with $10.8 million and issued $18.6 million in letters of credit pursuant to the policy period from

March 1, 2003 to February 29, 2004. As of September 30, 2003, the remaining restricted cash balance totaled $8.4 million, with $4.6 million classified as current and included in Prepaid Expenses and Other Current Assets and $3.8 million classified as non-current and included in Other Assets, Net.

Performance Bonds

In certain circumstances, Quanta is required to provide performance bonds in connection with its contractual commitments. Quanta has indemnified the surety for any expenses paid out under these performance bonds. As of September 30, 2003, the total amount of outstanding performance bonds was approximately $515.6 million.

Leases

Quanta leases certain buildings and equipment under non-cancelable lease agreements including related party leases. The following schedule shows the future minimum lease payments under these leases as of September 30, 2003 (in thousands):

	CAPITAL LEASES	OPERATING LEASES
Year Ending December 31 --		
2003	$ 45	$ 4,880
2004	103	14,734
2005	4	10,421
2006	--	5,304
2007	--	2,309
Thereafter	--	4,483
Total minimum lease payments	$152	$42,131
Less -- Amounts representing interest	2	
Present value of minimum lease payments	150	
Less -- Current portion	45	
Total long-term obligations	$105	

Quanta has guaranteed a residual value on certain equipment operating leases. Quanta guarantees the difference between this residual value and the fair market value of the underlying asset at the date of termination of the leases. At September 30, 2003, the maximum guaranteed residual value would have been approximately $121.8 million. Quanta believes that no significant payments will be made as a result of the difference between the fair market value of the leased equipment and the guaranteed residual value. However, there can be no assurance that future significant payments will not be required.

Contingent Payments

Quanta is subject to an agreement with the former owners of an operating unit that was acquired in 2000. Under the terms of this agreement and depending upon the ultimate profitability or losses on certain projects, the collection of the underlying receivables and the result of pending litigation. Quanta may be required to make additional payments to such former owners with a combination of common stock and cash. At September 30, 2003, the amount of additional payments could equal up to $15.5 million, depending on the contingencies outlined above. This amount may be adjusted significantly higher or lower over the term of the agreement.

Employment Agreements

Quanta has entered into various employment agreements with certain executives which provide for compensation and certain other benefits and for severance payments under certain circumstances. In addition, certain employment agreements contain clauses which become effective upon a change of control of Quanta. Upon any of the defined events in the various employment agreements, Quanta will pay certain amounts to the employee, which vary with the level of the employee's responsibility.

Collective Bargaining Agreements

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

Other

Quanta is subject to audit by tax authorities for varying periods in various federal, state and local foreign tax jurisdictions. Disputes arise during the course of such audits as to facts and matters of law.

Quanta has indemnified various parties against specified liabilities that those parties might incur in the future in connection with companies previously acquired or disposed of by Quanta. These indemnities usually are contingent upon the other party incurring liabilities that reach specified thresholds. As of September 30, 2003, Quanta is not aware of circumstances that would lead to future indemnity claims against it for material amounts in connection with these transactions.

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 and in our Annual Report on Form 10-K, which was filed with the SEC on March 31, 2003, as amended by Amendment No. 1 thereto on Form 10-K/A which was filed on October 2, 2003 and 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 electric power, gas, telecommunications and cable television companies, as well as commercial, industrial and governmental entities.

We enter into contracts principally on the basis of competitive unit price or fixed price 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 unit price or fixed price basis in which we agree to do the work for a price per unit of work performed (unit price) or for a fixed amount for the entire project (fixed price). We also perform services on a cost-plus or time and materials basis. We complete most installation projects within one year, while we frequently provide maintenance and repair work under open-ended, unit price or cost-plus master service agreements which are renewable annually. We generally recognize revenue when services are performed except when work is being performed under fixed price contracts. We typically record revenues from fixed price contracts on a percentage-of-completion basis, using the cost-to-cost method based on the percentage of total costs incurred to date in proportion to total estimated costs to complete the contract. Some of our customers require us to post performance and payment bonds upon execution of the contract, depending upon the nature of the work to be performed. Our fixed price contracts often include payment provisions pursuant to which the customer withholds a 5% to 10% retainage from each progress payment and remits the retainage to us upon completion and approval of the work.

Cost of services consists primarily of salaries, wages and benefits to employees, depreciation, fuel and other vehicle expenses, equipment rentals, subcontracted services, insurance, facilities expenses, materials and parts and supplies. Our gross margin, which is gross profit expressed as a percentage of revenues, is typically higher on projects where labor, rather than materials, constitutes a greater portion of the cost of services. We can predict materials costs more accurately than labor costs. Therefore, to compensate for the potential variability of labor costs, we seek higher margins on our labor-intensive projects. Operating margins could be impacted by fluctuations in insurance accruals related to our deductibles in the period in which such adjustments are made. As of September 30, 2003, we had a deductible of $1,000,000 per occurrence related to employer's liability and general liability claims and a deductible of $2,000,000 per occurrence for automobile liability and workers' compensation insurance. We also have a non-union employee related health care benefit plan that is subject to a deductible of $250,000 per claimant per year.

Selling, general and administrative expenses consist primarily of compensation and related benefits to management, administrative salaries and benefits, marketing, office rent and utilities, communications, professional fees and bad debt expense. Selling, general and administrative expenses can be impacted by our customers' inability to pay for services performed.

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 due to lower demand for our services and more difficult operating conditions. The financial condition of our

customers and their access to capital, variations in the margins of projects performed during any particular quarter, the timing and magnitude of acquisition assimilation costs, regional economic conditions and timing of acquisitions 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.

SIGNIFICANT BALANCE SHEET CHANGES

Total assets increased $22.5 million as of September 30, 2003 compared to December 31, 2002. These fluctuations were primarily due to the following:

- Cash increased $49.9 million primarily due to the receipt of a $38.2 million income tax refund in the second quarter of 2003, and the receipt of $7.1 million associated with the issuance of common stock.

- Accounts receivable increased $21.6 million primarily due to a higher proportion of revenues for the third quarter being earned in the last month of the quarter.

- Current deferred taxes decreased $22.2 million due to certain items that we deducted for tax purposes in the 2002 tax return, which were originally not expected to be deducted in 2002.

- Prepaid expenses and other current assets increased $8.2 million due to the funding of a cash trust account for the current portion of self-insurance claims liability in the amount of $4.6 million and to a net change in prepayments for insurance policy renewals in the amount of $4.9 million, partially offset by monthly amortization of various prepaid balances.

- Property and equipment, net decreased $23.5 million due to depreciation expense of $44.6 million recorded during the period and $2.9 million for the sale of equipment that was no longer being used by certain of our subsidiaries, partially offset by increases as a result of capital expenditures of $23.9 million.

- Accounts and notes receivable, net decreased $15.2 million primarily due to additional allowances recorded during the nine months ended September 30, 2003.

- Other assets, net increased $5.2 million primarily due to the funding of a cash trust account for self-insurance in the amount of $3.8 million.

As of September 30, 2003, total liabilities increased approximately $20.2 million, redeemable common stock decreased $72.9 million and stockholders' equity increased approximately $75.1 million compared to December 31, 2002. These fluctuations were primarily due to the following:

- Deferred income taxes and other non-current liabilities increased $20.1 million as a result of the recording of $13.7 million in additional long-term deferred tax liabilities due to increased differences between the book and tax bases of certain of our assets and an increase of $7.0 million in the long-term portion of our self-insurance reserves.

- Redeemable common stock decreased $72.9 million. On December 20, 2002, First Reserve purchased from us approximately 2.4 million shares of newly issued Series E Preferred Stock at $30.00 per share, for an investment of approximately $72.9 million. The shares of Series E Preferred Stock were converted into 24.3 million shares of common stock on December 31, 2002. Through February 20, 2003, First Reserve had the right to require us to repurchase for cash the shares of common stock issued as a result of the conversion of the shares of Series E Preferred Stock if we had a change

in control. As such, the investment had been reflected in the consolidated balance sheet as redeemable common stock at December 31, 2002. On February 20, 2003, at the expiration of the right, the redeemable common stock was reclassified to stockholders' equity.

- Stockholders' equity increased $75.1 million primarily due to the reclassification of redeemable common stock of $72.9 million to stockholders' equity, the issuance of approximately $3.5 million of common stock pursuant to our Employee Stock Purchase Plan, the issuance of approximately $3.6 million of common stock pursuant to First Reserve's exercise of their preemptive rights and the

net effect of restricted stock in the amount of $1.6 million. These increases were partially offset by a net loss attributable to common stock of $7.2 million.

RESULTS OF OPERATIONS

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

<Table>
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	THREE MONTHS ENDED SEPTEMBER 30,				NINE MONTHS ENDED SEPTEMBER 30,			
	2002		2003		2002		2003	
	(DOLLARS IN THOUSANDS)							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues........................	$436,215	100.0%	$436,133	100.0%	$1,317,957	100.0%	$1,211,564	100.0%
Cost of services (including depreciation).................	381,947	87.6	381,125	87.4	1,139,842	86.5	1,065,281	87.9
Gross profit.............	54,268	12.4	55,008	12.6	178,115	13.5	146,283	12.1
Selling, general and administrative expenses.......	68,747	15.7	38,886	8.9	178,956	13.6	135,963	11.2
Goodwill impairment............	--	--	--	--	166,580	12.6	--	--
Income (loss) from operations.............	(14,479)	(3.3)	16,122	3.7	(167,421)	(12.7)	10,320	0.9
Interest expense................	(9,807)	(2.2)	(8,080)	(1.8)	(25,696)	(1.9)	(24,182)	(2.0)
Other income, net...............	(1,674)	(0.4)	182	--	(56)	--	72	--
Income (loss) before income tax provision (benefit) and cumulative effect of change in accounting principle..........	(25,960)	(5.9)	8,224	1.9	(193,173)	(14.6)	(13,790)	(1.1)
Provision (benefit) for income Taxes.........................	(17,644)	(4.0)	2,825	0.7	(17,926)	(1.3)	(4,511)	(0.3)
Income (loss) before cumulative effect of change in accounting principle.....................	(8,316)	(1.9)	5,399	1.2	(175,247)	(13.3)	(9,279)	(0.8)
Cumulative effect of change in accounting principle, net of tax...........................	--	--	--	--	445,422	33.8	--	--
Net income (loss)............	(8,316)	(1.9)	5,399	1.2	(620,669)	(47.1)	(9,279)	(0.8)
Dividends on preferred stock, net of forfeitures...........	234	--	--	--	698	0.1	(2,109)	(0.2)
Net income (loss) attributable to common stock............	$ (8,550)	(1.9)%	$ 5,399	1.2%	$ (621,367)	(47.2)%	$ (7,170)	(0.6)%

</Table>

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2003, COMPARED TO THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2002

Revenues. Revenues did not vary significantly from period to period for the three months ended September 30, 2003. Revenues decreased $106.4 million to $1.21 billion, or 8.1%, for the nine months ended September 30, 2003, with revenues derived from the cable television network services industry decreasing by approximately $76.0 million, revenues from the telecommunications network services industry decreasing by approximately $43.5 million and revenues from ancillary services decreasing approximately $9.2 million. These decreases were partially offset by increases in revenues derived from the electric power and gas network services industry of approximately $22.3 million. The overall decrease was due to the continued decrease in capital spending by our customers, the inability of certain of these customers to raise new capital, and the continued downturn in the national economy, which have negatively impacted the award of work to specialty contractors. Pricing pressures have also contributed to lower revenues as the competitive bid environment has tightened.

Gross profit. Gross profit increased $0.7 million, or 1.4%, to $55.0 million for the three months ended September 30, 2003; as a percentage of revenues, gross margin did not vary significantly from period to period. Gross profit decreased $31.8 million, or 17.9%, to $146.3 million for the nine months ended September 30, 2003. As a percentage of revenue, gross margin decreased from 13.5% for the nine months ended September 30, 2002 to 12.1% for the nine months ended September 30, 2003. The decrease in gross margin was attributable to shutdowns, delays and substantial operating inefficiencies resulting from severe snowfall in the Northeast and Mountain regions of the United States during the first quarter of 2003, substantially higher than normal rainfall amounts in the South and Southeast during the first and second quarters of 2003 and negative impacts due to the economic factors and pricing pressures noted above, partially offset by increased margins on telecommunications revenues during the second quarter of 2003.

Selling, general and administrative expenses. Selling, general and administrative expenses decreased $29.9 million, or 43.4%, to $38.9 million for the three months ended September 30, 2003. During the three months ended September 30, 2002, we recorded $25.7 million in bad debt expense compared to $0.5 million during the three months ended September 30, 2003. Absent bad debt expense, selling, general and administrative expenses for the three months ended September 30, 2003 decreased $4.7 million primarily due to reductions in salary and benefit costs, facility related costs and travel and entertainment costs as a result of reductions in personnel and the closure of certain offices. Selling, general and administrative expenses decreased $43.0 million, or 24.0%, to $136.0 million for the nine months ended September 30, 2003. During the nine months ended September 30, 2002, we recorded $34.3 million in bad debt expense and proxy defense costs in the amount of $10.5 million. During the nine months ended September 30, 2003, we recorded $19.8 million in bad debt expense. Absent these items, selling, general and administrative expenses for the nine months ended September 30, 2003 decreased $18.0 million primarily due to reductions in salary and benefit costs, facility related costs and travel and entertainment costs as a result of reductions in personnel and the closure of certain offices.

Goodwill impairment. During the nine months ended September 30, 2002, we recognized an interim non-cash SFAS No. 142 goodwill impairment charge of $166.6 million. Any interim impairment adjustments recognized after adoption are required to be recognized as operating expenses. The primary factor contributing to the interim impairment charge was the overall deterioration of the business climate during 2002 in the markets we serve. We did not recognize an interim non-cash goodwill impairment charge during the nine months ended September 30, 2003.

Interest expense. Interest expense decreased $1.7 million, or 17.6%, to $8.1 million for the three months ended September 30, 2003. This decrease was due to lower levels of debt in 2003, partially offset by increased interest rates. Interest expense decreased $1.5 million, or 5.9%, to $24.2 million for the nine months ended September 30, 2003, also due to lower levels of debt in 2003, partially offset by increased interest rates.

Provision (benefit) for income taxes. The provision for income taxes was $2.8 million for the three months ended September 30, 2003, with an effective tax rate of 34.4%, compared to a benefit of $17.6 million for the three months ended September 30, 2002, with an effective tax rate of 68.0%. The benefit for income taxes was $4.5 million for the nine months ended September 30, 2003, with an effective tax rate of 32.7%, compared to a benefit of $17.9 million, with an effective tax rate of 9.3% for the nine months ended September 30, 2002. The 2003 estimated annual effective tax rate reflects a benefit for income taxes at a rate that is lower than the combined federal and blended state tax rate due to tax expense on permanent differences. The tax rates in 2002 reflect the recording of the net realizable benefit relating to the goodwill impairment charge offset by tax expense on permanent differences.

Cumulative effect of change in accounting principle, net of tax. Based on our transitional impairment test performed upon adoption of SFAS No. 142 in 2002, we recognized a charge, net of tax, of $445.4 million to reduce the carrying value of the goodwill of our reporting units to its implied fair value. Under SFAS No. 142, the impairment adjustment recognized at adoption of the new rule was reflected as a cumulative effect of change in accounting principle in the nine months ended September 30, 2002.

Dividends on preferred stock, net of forfeitures. For the nine months ended September 30, 2003, we recorded approximately $2.1 million in forfeitures of dividends on the Series A Convertible Preferred Stock.

During the first quarter of 2003, all outstanding shares of Series A Convertible Preferred Stock were converted into shares of common stock and the series was eliminated during the second quarter of 2003. Any dividends that had accrued on the respective shares of Series A Convertible Preferred Stock were reversed on the date of conversion.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2003, we had cash and cash equivalents of $77.8 million, working capital of $371.8 million and long-term debt of $384.0 million, net of current maturities. Our long-term debt balance at that date included borrowings of $210.0 million of senior secured notes, $1.5 million of other debt and $172.5 million of convertible subordinated notes.

During the nine months ended September 30, 2003, operating activities provided net cash flow of $76.7 million after considering $45.1 million in depreciation and amortization, $19.8 million for provision for doubtful accounts and $35.9 million for deferred income taxes. We used net cash in investing activities of $30.5 million, including $23.9 million used for capital expenditures and $8.4 million used to fund a cash trust account for our self-insurance. Financing activities provided net cash flow of $3.6 million, resulting primarily from approximately $3.5 million from the issuance of stock under the Employee Stock Purchase Plan (ESPP) and approximately $3.6 million for shares of common stock sold pursuant to First Reserve's exercise of their preemptive rights, partially offset by $3.1 million of net repayments of other long-term debt and $0.3 million of debt issuance costs.

As of September 30, 2003, we had a $225.0 million credit facility with 14 participating banks, which would have matured on June 14, 2004. The credit facility was secured by a pledge of substantially all of the capital stock of our subsidiaries and the majority of our assets and was to provide funds to be used for working capital and for other general corporate purposes. Our subsidiaries guaranteed the repayment of all amounts due under the facility and the facility restricted pledges on all material assets. Amounts borrowed under the credit facility bore interest at a rate equal to either (a) LIBOR plus 1.50% to 3.50%, as determined by the ratio of our total funded debt to EBITDA (as defined by the credit facility) or (b) the bank's prime rate plus up to 2.00%, as determined by the ratio of our total funded debt to EBITDA. Commitment fees of 0.375% to 0.50%, based on our total funded debt to EBITDA, were due on any unused borrowing capacity under the credit facility. The credit facility contained certain financial ratio and indebtedness covenants, including a maximum funded debt to EBITDA ratio, a minimum interest coverage ratio and a maximum senior debt to EBITDA ratio. The credit facility also prohibited the payment of dividends and stock repurchase programs and limited capital expenditures and asset sales. Additionally the credit facility required a mandatory reduction in the banks' commitment by a portion of the proceeds from asset sales in excess of $5.0 million annually or upon the issuance of additional debt in excess of $15.0 million. As of September 30, 2003, we had $90.7 million of letters of credit outstanding under the credit facility, primarily to secure our potential obligations under the casualty insurance programs.

In November 2003, we amended our credit facility to convert it into a fully funded term loan of $60.0 million and a letter of credit facility of up to $120.0 million with one bank, maturing on January 1, 2005. The term loan was used to repay a portion of the senior secured notes, discussed below. Amounts borrowed under the term loan bear interest at a rate equal to LIBOR plus 3.25%. The credit facility as amended is secured by a pledge of substantially all of the capital stock of our subsidiaries and the majority of our assets. Our U.S. subsidiaries guarantee the repayment of all amounts due under the facility and the facility restricts pledges on all material assets. The facility contains certain financial ratio and indebtedness covenants including a maximum funded debt to EBITDA ratio, a minimum interest coverage ratio and a maximum senior debt to EBITDA ratio, that are generally less restrictive than those in existence prior to amendment. The facility also prohibits the payment of dividends and stock repurchase programs and limits capital expenditures and asset sales. The facility requires cash collateralization of all letters of credit, and we have collateralized the $90.7 million in letters of credit that were outstanding as of September 30, 2003. As a result of the amendment, $1.1 million in unamortized deferred financing costs will be expensed into interest expense during the fourth quarter of 2003.

We currently have a commitment from a lender for a new $200.0 million credit facility, subject to certain conditions precedent. We anticipate closing the new credit facility in the fourth quarter of 2003 and plan to pay off the above discussed term loan and letter of credit facility with the proceeds of the new facility.

As of September 30, 2003, we had $172.5 million in convertible subordinated notes outstanding. These convertible subordinated notes bear interest at 4.0% per year and are convertible into shares of our common stock at a price of $54.53 per share, subject to adjustment as a result of certain events. These convertible subordinated notes require semi-annual interest payments until the notes mature on July 1, 2007. We have the option to redeem some or all of the convertible subordinated notes beginning July 3, 2003 at specified redemption prices, together with accrued and unpaid interest; however, redemption is prohibited by our credit facility as amended. If certain fundamental changes occur, as described in the indenture under which we issued the convertible subordinated notes, holders of the convertible subordinated notes may require us

to purchase all or part of their notes at a purchase price equal to 100% of the principal amount, plus accrued and unpaid interest. In the event of such circumstance, consent to repurchase the convertible subordinated notes would be required under our credit facility as amended.

In October 2003, we issued $270.0 million principal amount of convertible subordinated notes. These convertible subordinated notes bear interest at 4.5% per year and are convertible into shares of Quanta's common stock at a price of $11.14 per share, subject to adjustment as a result of certain events. We used the net proceeds to repay a portion of the senior secured notes, discussed below, and to cash collateralize the letters of credit under the credit facility as amended. The convertible subordinated notes require semi-annual interest payments beginning April 1, 2004, until the notes mature on October 1, 2023.

The 4.5% convertible subordinated notes are convertible by the holder if (i) during any fiscal quarter commencing after December 31, 2003 the last reported sale price of our common stock is greater than or equal to 120% of the conversion price for at least 20 trading days in the period of 30 consecutive trading days ending on the first trading day of such fiscal quarter, (ii) during the five business day period after any five consecutive trading day period in which the trading price per note for each day of that period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate, (iii) upon us calling the notes for redemption or (iv) upon the occurrence of specified corporate transactions. If the notes become convertible under one of these circumstances, we have the option to deliver cash, shares of our common stock or a combination thereof, with a valve equal to the par value of the notes divided by the conversion price multiplied by the average trading price of our common stock. The maximum number of shares of common stock that could be issued under these circumstances is equal to the par value of the notes divided by the conversion price.

Beginning October 8, 2008, we may redeem for cash some or all of the 4.5% convertible subordinated notes at par value plus accrued and unpaid interest. The holders of the notes may require us to repurchase some or all of the notes at par value plus accrued and unpaid interest on October 1, 2008, 2013, or 2018, or upon the occurrence of a fundamental change, as defined by the indenture under which we issued the notes. Any repurchases on October 1, 2008 must be paid in cash, and for all other repurchases, we have the option of settling with cash, shares of our common stock or a combination thereof. If we elect to settle with shares of common stock, the number of shares delivered will equal the dollar amount to be paid in common stock divided by 98.5% of the market price of our common stock, as defined by the indenture. The number of shares to be issued under this circumstance is not limited. The right to settle for shares of common stock can be surrendered by us.

As of September 30, 2003, we had $210.0 million principal amount of senior secured notes outstanding, primarily with insurance companies, with maturities currently ranging from March 2005 to September 2010. The senior secured notes bore interest at a weighted average interest rate between 8.41% and 9.91% as determined by the ratio of our total funded debt to EBITDA. The weighted average interest rate as of September 30, 2003 was 9.91%. In addition, the senior secured notes carried a make-whole provision customary for this type of debt instrument on prepayment of principal, including any mandatory prepayments. The senior secured notes carried cross-default provisions and ranked equally in right of repayment with indebtedness under our then existing credit facility.

In the fourth quarter of 2003, we retired the $210.0 million of senior secured notes and paid associated make-whole prepayment premiums in the amount of $31.3 million. The make-whole prepayment premiums, along with related unamortized deferred financing costs in the amount of approximately $2.6 million, will be expensed in the fourth quarter of 2003.

On December 20, 2002, First Reserve purchased from us approximately 2.4 million shares of newly issued Series E Preferred Stock at $30.00 per share, for an investment of approximately $72.9 million. The Series E Preferred Stock was converted into 24.3 million shares of common stock on December 31, 2002 and the series was eliminated during the second quarter of 2003. Through February 20, 2003, First Reserve had the right to require us to repurchase for cash the shares of common stock issued as a result of the conversion of the shares of Series E Preferred Stock if we had a change in control. As such, the investment was reflected in the consolidated balance sheet as redeemable common stock at December 31, 2002. On February 20, 2003, at the expiration of this right, the redeemable common stock was reclassified to stockholders' equity.

During the first quarter of 2003, all outstanding shares of Series A Convertible Preferred Stock were converted into shares of common stock and the series was eliminated during the second quarter of 2003. Dividends of $2.3 million that had accrued on the shares of Series A Convertible Preferred Stock, which included $0.2 million accrued during the first quarter of 2003, were reversed on the date of the conversion.

As of November 12, 2003, after considering the refinancing transactions discussed above, we have approximately $63 million in unrestricted cash. We

anticipate that our cash on hand and cash flow from operations 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, further deterioration in the markets we serve, material changes in our customers' revenues or cash flows or adverse weather conditions may negatively impact our revenues and cash flows and the ability to meet such needs.

Other Commitments. As is common in our industry, we have entered into certain off-balance sheet arrangements in the ordinary course of business that result in risks not directly reflected in our balance sheets. Our significant off-balance sheet transactions include liabilities associated with non-cancelable operating leases, letter of credit obligations and surety guarantees. We have not engaged in any off-balance sheet financing arrangements through special purpose entities.

We enter into non-cancelable operating leases for many of our facility, vehicle and equipment needs. These leases allow us to conserve cash by paying a monthly lease rental fee for use of facilities, vehicles and equipment rather than purchasing them. At the end of the lease, we have no further obligation to the lessor. We may decide to cancel or terminate a lease before the end of its term, in which case we are typically liable to the lessor for the remaining lease payments under the term of the lease.

We have guaranteed a residual value on certain equipment operating leases. We guarantee the difference between this residual value and the fair market value of the underlying asset at the date of termination of the leases. At September 30, 2003, the maximum guaranteed residual value would have been approximately $121.8 million. We believe that no significant payments will be made as a result of the difference between the fair market value of the leased equipment and the guaranteed residual value. However, there can be no assurance that future significant payments will not be required.

Some customers require us to post letters of credit to guarantee performance under our contracts and to ensure payment to our subcontractors and vendors under those contracts. Certain of our vendors also require letters of credit to ensure reimbursement for amounts they are disbursing on our behalf, such as to beneficiaries under our self-funded insurance programs. Such letters of credit are generally issued by a bank or similar financial institution. The letter of credit commits the issuer to pay specified amounts to the holder of the letter of credit if the holder demonstrates that we have failed to perform specified actions. If this were to occur, we would be required to reimburse the issuer of the letter of credit. Depending on the circumstances of such a reimbursement, we may also have to record a charge to earnings for the reimbursement. To date, we have not had a claim made against a letter of credit that resulted in payments by the issuer of the letter of

credit or by us and do not believe that it is likely that any claims will be made under a letter of credit in the foreseeable future.

As of September 30, 2003, we had $90.7 million in letters of credit outstanding under our credit facility primarily to secure obligations under our casualty insurance program. These are irrevocable stand-by letters of credit with maturities expiring at various times throughout 2003 and 2004. Upon maturity, it is expected that the majority of these letters of credit will be renewed for subsequent one-year periods. The credit facility as amended requires cash collateralization of all letters of credit, and we have collateralized the $90.7 million in letters of credit that were outstanding as of September 30, 2003.

We are contractually obligated to fund our casualty self-insurance obligations applicable to the policy period from March 1, 2003 to February 29, 2004 with a combination of a cash trust account of $14.4 million and letters of credit totaling $24.4 million. Through September 30, 2003, we had funded the cash trust account with $10.8 million and issued $18.6 million in letters of credit pursuant to the policy period from March 1, 2003 to February 29, 2004.

Many customers, particularly in connection with new construction, require us to post performance and payment bonds issued by a financial institution known as a surety. These bonds provide a guarantee to the customer that we will perform under the terms of a contract and that we will pay subcontractors and vendors. If we fail to perform under a contract or to pay subcontractors and vendors, the customer may demand that the surety make payments or provide services under the bond. We must reimburse the surety for any expenses or outlays it incurs. To date, we have not had any significant reimbursements to our surety for bond-related costs. We believe that it is unlikely that we will have to fund claims under our surety arrangements in the foreseeable future. As of September 30, 2003, the total amount of outstanding performance bonds was approximately $515.6 million.

As of September 30, 2003, our future contractual obligations, including interest under capital leases, were as follows (in thousands):

<Table>
<Caption>

<S>	TOTAL <C>	2003 <C>	2004 <C>	2005 <C>	2006 <C>	2007 <C>	THEREAFTER <C>
Long-term debt obligations including capital leases.....	$389,181	$3,399	$ 2,200	$103,802	$5,263	$214,017	$60,500
Operating lease obligations....	$ 42,131	$4,880	$14,734	$ 10,421	$5,304	$ 2,309	$ 4,483

</Table>

Concentration of Credit Risk. We grant credit, generally without collateral, to our customers, which include electric power and gas companies, telecommunications and cable television system operators, governmental entities, general contractors, and builders, owners and managers of commercial and industrial properties located primarily in the United States. Consequently, we are subject to potential credit risk related to changes in business and economic factors throughout the United States. However, we generally have certain lien rights on our services provided. Under certain circumstances, such as foreclosures or negotiated settlements, we may take title to the underlying assets in lieu of cash in settlement of receivables. As previously discussed herein, our customers in the telecommunications business have experienced significant financial difficulties and in several instances have filed for bankruptcy. A number of our utility customers are also experiencing business challenges in the current business climate. These economic conditions expose us to increased risk related to collectibility of receivables for services we have performed.

In June 2002, a large customer, Adelphia Communications Corporation (Adelphia), filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code, as amended. We have filed liens on various properties to secure substantially all of our pre-petition receivables. Our carrying value is based upon our understanding of the current status of the Adelphia bankruptcy proceeding and a number of assumptions, including assumptions about the validity, priority and enforceability of our security interests. We currently believe we will collect a substantial majority of the balances owed. Should any of the factors underlying our estimate change, the amount of our allowance could change significantly. We are uncertain as to whether such receivables will be collected within one year and therefore have included this amount in non-current assets as Accounts and Notes Receivable as of June 30, 2003. Also included in non-current Accounts and Notes Receivable are amounts due from another customer relating to the construction of independent power plants. We have agreed

to long-term payment terms for this customer. The notes receivable are partially secured and bear interest at 9.5% per year. We have provided allowances for these notes receivable due to a substantial deterioration in the estimated future cash flows of the plants, resulting in a carrying value equal to the estimated value of the collateral securing these notes. As of September 30, 2003, the total long-term balances due from both of these customers was $81.2 million, net of an allowance for doubtful accounts of $46.3 million.

Litigation. We are from time to time a party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of business. These actions typically seek, among other things, compensation for alleged personal injury, breach of contract, property damage, punitive damages, civil penalties or other losses, or injunctive or declaratory relief. With respect to all such lawsuits, claims and proceedings, we accrue reserves when it is probable a liability has been incurred and the amount of loss can be reasonably estimated. We do not believe that any of these proceedings, separately or in the aggregate would be expected to have a material adverse effect on our results of operations or financial position.

Change of Control. We have employment agreements with certain employees that become effective upon a change of control of Quanta (as defined in the employment agreements). The employment agreements provide that, following a change in control, if we terminate the employee's employment without cause (as defined in the employment agreements), the employee terminates employment for good reason (as defined in the employment agreements), or the employee's employment terminates due to death or disability, we will pay certain amounts to the employee, which may vary with the level of the employee's responsibility and the terms of the employee's prior employment arrangements. In addition, in the case of certain senior executives except Mr. Colson, our chief executive officer, these payments would also be due if the employee terminates his or her employment within the 30-day window period commencing six months after the change in control.

Related Party Transactions. In the normal course of business, we from time to time enter into transactions with related parties. These transactions typically take the form of facility leases with prior owners.

NEW ACCOUNTING PRONOUNCEMENTS

In May 2003, the FASB issued SFAS No. 149 "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends and

clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under SFAS No. 133. This statement is effective for contracts entered into or modified after June 30, 2003 (with certain exceptions) and for hedging relationships entered into after June 30, 2003. We do not have any financial instruments that fall under the scope of this statement and do not believe that the adoption of SFAS No. 149 will have a material effect on either our financial position, results of operations or cash flows.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." SFAS No. 150 establishes standards for classifying and measuring certain financial instruments with characteristics of both liabilities and equity. Financial instruments that fall within the scope of SFAS No. 150 will be classified as liabilities (or an asset in some circumstances). This statement is effective at the beginning of the first interim period beginning after June 15, 2003. The adoption of SFAS No. 150 did not have a material impact on our results of operations or financial position.

CRITICAL ACCOUNTING POLICIES

The discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities known to exist at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. We evaluate our estimates on an ongoing basis, based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. There can be no assurance that actual results will not differ from those

estimates. Management has reviewed its development and selection of critical accounting estimates with the audit committee of our board of directors. We believe the following accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements:

Current and Non-Current Accounts and Notes Receivable and Provision for Doubtful Accounts. We provide an allowance for doubtful accounts when collection of an account or note receivable is considered doubtful. Inherent in the assessment of the allowance for doubtful accounts are certain judgments and estimates including, among others, our customer's access to capital, our customer's willingness or ability to pay, general economic conditions and the ongoing relationship with the customer. For example, certain of our customers, primarily large public telecommunications carriers, have filed for bankruptcy or have been experiencing financial difficulties, and as a result we increased our allowance for doubtful accounts to reflect that certain customers may be unable to meet their obligations to us in the future. Should additional customers file for bankruptcy or experience difficulties, or should anticipated recoveries relating to the receivables in existing bankruptcies and other workout situations fail to materialize, we could experience reduced cash flows and losses in excess of current reserves.

Goodwill and Other Intangibles. As stated in Note 5 of Notes to Condensed Consolidated Financial Statements, SFAS No. 142 provides that goodwill and other intangible assets that have indefinite useful lives not be amortized, but instead must be tested at least annually for impairment, and intangible assets that have finite useful lives should continue to be amortized over their useful lives. SFAS No. 142 also provides specific guidance for testing goodwill and other nonamortized intangible assets for impairment. Goodwill of a reporting unit shall be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Examples of such events or circumstances may include a significant change in business climate or a loss of key personnel, among others. SFAS No. 142 requires that management make certain estimates and assumptions in order to allocate goodwill to reporting units and to determine the fair value of reporting unit net assets and liabilities, including, among other things, an assessment of market conditions, projected cash flows, cost of capital and growth rates, which could significantly impact the reported value of goodwill and other intangible assets. Estimating future cash flows requires significant judgment and our projections may vary from cash flows eventually realized.

Late in the second quarter of 2003, a dispute developed between one of our subsidiaries and its primary customer, leading to a suspension of work for that customer. It is unclear whether the dispute will be resolved favorably or whether work for this customer will resume. If the dispute settles unfavorably for the subsidiary or the subsidiary is unable to replace this work with comparable cash flows, we may record a non-cash goodwill impairment charge of up to $6.5 million.

Revenue Recognition. 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. Changes in job performance, job conditions and final contract settlements, among others, are factors that influence the assessment of the total estimated costs to complete these contracts.

Self-Insurance. We are insured for employer's liability and general liability claims, subject to a deductible of $1,000,000 per occurrence, and for auto liability and workers' compensation insurance subject to a deductible of $2,000,000 per occurrence. We also have a corporate non-union employee related health care benefit plan that is subject to a deductible of $250,000 per claimant per year. Losses up to the deductible amounts are accrued based upon our estimates of the ultimate liability for claims incurred and an estimate of claims incurred but not reported. However, insurance liabilities are difficult to assess and estimate due to unknown factors, including the severity of an injury, the determination of our liability in proportion to other parties, the number of incidents not reported and the effectiveness of our safety program. The accruals are based upon known facts and historical trends and management believes such accruals to be adequate.

Stock Options. We account for our stock-based compensation under Accounting Principles Board Opinion No. 25 (APB Opinion No. 25), "Accounting for Stock Issued to Employees." Under this

accounting method, no compensation expense is recognized in the consolidated statements of operations if no intrinsic value of the option exists at the date of grant. In October 1995, the FASB issued SFAS No. 123, "Accounting for Stock Based Compensation." SFAS No. 123 encourages companies to account for stock-based compensation awards based on the fair value of the awards at the date they are granted. The resulting compensation costs would be shown as an expense in the consolidated statements of operations. Companies can choose not to apply the new accounting method and continue to apply current accounting requirements; however, disclosure is required as to what net income and earnings per share would have been had the new accounting method been followed.

As a result of our stock option exchange offer during the first quarter of 2003, certain stock options are required to be accounted for under variable plan accounting. See additional discussion in Note 7 to the Notes to Condensed Consolidated Financial Statements.

OUTLOOK

The following statements are based on current expectations. These statements are forward looking, and actual results may differ materially.

Like many companies that provide installation and maintenance services to the electrical power, gas, telecommunications and cable television industries, we are facing a number of challenges. The telecommunications and utility markets experienced substantial change during 2002 as evidenced by an increased number of bankruptcies in the telecommunications market, continued devaluation of many of our customers' debt and equity securities and pricing pressures resulting from challenges faced by major industry participants. These factors have contributed to the delay and cancellation of projects and reduction of capital spending that have impacted our operations and ability to grow at historical levels.

We continue to focus on the elements of the business we can control, including cost control, the margins we accept on projects, collecting receivables, ensuring quality service and right sizing initiatives to match the markets we serve. These initiatives include aligning our work force with our current revenue base, evaluating opportunities to reduce the number of field offices and evaluating our non-core assets for potential sale. Such initiatives could result in future charges related to, among others, severance, facilities shutdown and consolidation, property disposal and other exit costs as we execute these initiatives.

We expect consistent demand for our services from our electric power and gas customers throughout 2003 and 2004 with stabilization in the demand for our services from our telecommunications and cable customers and relatively level demand for our ancillary services. Financial and economic pressures have led our customers to return to their core competencies and focus on cost reductions, resulting in an increased focus on outsourcing services. We believe that we are adequately positioned to provide these services because of our proven full-service operating units with broad geographic reach, financial capability and technical expertise.

Capital expenditures in 2003 are expected to be approximately $30.0 million. A majority of the expenditures will be for operating equipment. We expect expenditures for 2003 to be funded substantially through internal cash

flows and, to the extent necessary, from cash on hand.

UNCERTAINTY OF FORWARD-LOOKING STATEMENTS AND INFORMATION

This Quarterly Report on Form 10-Q includes statements reflecting assumptions, expectations, projections, intentions or beliefs about future events that are intended as "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. You can identify these statements by the fact that they do not relate strictly to historical or current facts. They use words such as "anticipate," "estimate," "project," "forecast," "may," "will," "should," "could," "expect," "believe" and other words of similar meaning. In particular, these include, but are not limited to, statements relating to the following:

- Projected operating or financial results;

- Expectations regarding capital expenditures;

- The effects of competition in our markets;

- The duration and extent of the current economic downturn;

- Materially adverse changes in economic conditions in the markets served by us or by our customers, and;

- Our ability to achieve cost savings.

Any or all of our forward-looking statements may turn out to be wrong. They can be affected by inaccurate assumptions and by known or unknown risks and uncertainties, including the following:

- The duration and extent of the current economic downturn;

- The cost of borrowing, availability of credit, debt covenant compliance and other factors affecting our financing activities;

- Quarterly variations in our operating results due to seasonality and adverse weather conditions;

- Material adverse changes in economic conditions in the markets served by us or by our customers;

- The adverse impact of goodwill impairments;

- Replacement of our contracts as they are completed or expire;

- Rapid technological and structural changes that could reduce the demand for the services we provide;

- Our ability to effectively compete for market share;

- Our ability to generate internal growth;

- Our growth outpacing our infrastructure;

- Retention of key personnel and qualified employees;

- The impact of our unionized workforce on our operations and acquisition strategy;

- Potential exposure to environmental liabilities;

- Our ability to effectively integrate the operations of our companies;

- Beliefs and assumptions about the collectibility of receivables;

- Our dependence on fixed price contracts;

- Cancellation provisions within our contracts; and

- Beliefs or assumptions about the outlook for markets we serve.

Many of these factors will be important in determining our actual future results. Consequently, no forward-looking statement can be guaranteed. Our actual future results may vary materially from those expressed or implied in any forward-looking statements.

All of our forward-looking statements, whether written or oral, are expressly qualified by these cautionary statements and any other cautionary statements that may accompany such forward-looking statements. In addition, we disclaim any obligation to update any forward-looking statements to reflect events or circumstances after the date of this report.

ITEM 4. CONTROLS AND PROCEDURES

Our management evaluated, with the participation of our Chairman and Chief Executive Officer and Chief Financial Officer the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (Exchange Act)), as of September 30, 2003. Based on their evaluation, our Chairman and Chief Executive Officer and Chief

Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2003.

There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended September 30, 2003, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II -- OTHER INFORMATION

QUANTA SERVICES, INC. AND SUBSIDIARIES

ITEM 1. LEGAL PROCEEDINGS

We are from time to time a party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of business. These actions typically seek, among other things, compensation for alleged personal injury, breach of contract, property damage, punitive damages, civil penalties or other losses, or injunctive or declaratory relief. With respect to all such lawsuits, claims and proceedings, we establish reserves when it is probable a liability has been incurred and the amount of loss can be reasonably estimated. We do not believe that any of these proceedings, separately or in the aggregate, would be expected to have a material adverse effect on our results of operations or financial position.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits.

EXHIBIT NUMBER		DESCRIPTION
3.1	--	Restated Certificate of Incorporation (previously filed as Exhibit 3.3 to Quanta's Form 10-Q (No. 001-13831) filed August 14, 2003 and incorporated herein by reference)
3.2	--	Amended and Restated Bylaws (previously filed as Exhibit 3.2 to Quanta's 2000 Form 10-K (No. 001-13831) filed April 2, 2001 and incorporated herein by reference)
4.1	--	Indenture regarding 4.5% Convertible Subordinated Debentures between Quanta Services, Inc. and Wells Fargo Bank, N.A., Trustee, dated as of October 17, 2003 (filed herewith)
10.1	--	4.5% Convertible Subordinated Debentures Resale Registration Rights Agreement dated October 17, 2003 (filed herewith)
10.2	--	Fourth Amended and Restated Secured Credit Agreement (filed herewith)
31.1	--	Certification of Periodic Report by Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) and pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.2	--	Certification of Periodic Report by Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) and pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.1	--	Certification of Periodic Report by Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)

(b) Reports on Form 8-K

(1) On August 6, 2003, Quanta furnished a Form 8-K announcing under Items 7 and 12 its press release reporting earnings for the second quarter of 2003.

SIGNATURE

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

QUANTA SERVICES, INC.

By: /s/ DERRICK A. JENSEN

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

Dated: November 13, 2003

EXHIBIT INDEX

EXHIBIT NUMBER		DESCRIPTION
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EXHIBIT 4.1

QUANTA SERVICES, INC.

and

WELLS FARGO BANK, N.A.,
Trustee

INDENTURE

Dated as of

October 17, 2003

4.50% CONVERTIBLE SUBORDINATED DEBENTURES DUE 2023

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Exhibit A Form of Debenture A-1

INDENTURE

INDENTURE dated as of October 17, 2003 between Quanta Services, Inc., a Delaware corporation (hereinafter called the "Company"), having its principal office at 1360 Post Oak Boulevard, Suite 2100, Houston, TX 77056, and Wells Fargo Bank, N.A., a National banking association (hereinafter called the "TRUSTEE").

WITNESSETH:

WHEREAS, for its lawful corporate purposes, the Company has duly authorized the issue of its 4.50% Convertible Subordinated Debentures due 2023 (hereinafter called the "DEBENTURES"), in an aggregate principal amount not to exceed $270,000,000, and, to provide the terms and conditions upon which the Debentures are to be authenticated, issued and delivered, the Company has duly authorized the execution and delivery of this Indenture.

WHEREAS, the Debentures, the certificate of authentication to be borne by the Debentures, a form of assignment, a form of fundamental change repurchase election, a form of Company repurchase election and a form of conversion notice to be borne by the Debentures are to be substantially in the forms hereinafter provided for.

WHEREAS, all acts and things necessary to make the Debentures, when executed by the Company and authenticated and delivered by the Trustee or a duly authorized authenticating agent, as in this Indenture provided, the valid, binding and legal obligations of the Company, and to constitute this Indenture a valid agreement according to its terms, have been done and performed, and the execution of this Indenture and the issue hereunder of the Debentures have in all respects been duly authorized. In addition, all things necessary to duly authorize the issuance of the Common Stock of the Company initially issuable upon the conversion of the Debentures, and to duly reserve for issuance the number of shares of Common Stock initially issuable upon such conversion have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Debentures are, and are to be, authenticated, issued and delivered, and in consideration of the premises and of the purchase and acceptance of the Debentures by the holders thereof, the Company covenants and agrees with the Trustee for the equal and proportionate benefit of the respective holders from time to time of the Debentures (except as otherwise provided below), as follows:

ARTICLE 1
DEFINITIONS

Section 1.01. Definitions. The terms defined in this Section 1.01 (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings specified in this Section 1.01. All other terms used in this Indenture that are defined in the Trust Indenture Act or which are by reference therein defined in the Securities Act (except as herein otherwise expressly provided or unless the context otherwise requires) shall have the meanings assigned to such terms in the Trust Indenture Act and in the Securities Act as in force at the date of the

execution of this Indenture. The words "HEREIN", "HEREOF", "HEREUNDER" and words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other Subdivision. The terms defined in this Article include the plural as well as the singular.

"ADDITIONAL AMOUNTS" has the meaning specified for "Liquidated Damages" in Section 3(a) of the Registration Rights Agreement.

"ADDITIONAL AMOUNTS NOTICE" has the meaning specified in Section 5.09.

"ADJUSTMENT EVENT" has the meaning specified in Section 15.05(m).

"AGENT MEMBERS" has the meaning specified in Section 2.05(b)(v).

"AFFILIATE" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "CONTROL", when used with respect to any specified Person, means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "CONTROLLING" and "controlled" have meanings correlative to the foregoing.

"BANKRUPTCY LAW" means Title 11, United States Bankruptcy Code of 1978, as amended, or any similar United States federal or state law relating to the bankruptcy, insolvency, receivership, winding-up, liquidation, reorganization or relief of debtors or any amendment to, succession to or change in any such law.

"BOARD OF DIRECTORS" means the Board of Directors of the Company or a committee of such Board duly authorized to act for it hereunder.

"BOARD RESOLUTION" means a resolution duly adopted by the Board of Directors, a copy of which, certified by the Secretary or an Assistant Secretary of the Company to be in full force and effect on the date of such certification, shall have been delivered to the Trustee.

"BUSINESS DAY" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which commercial banks are authorized or required by law, regulation or executive order to close in The City of New York.

"CAPITAL STOCK" of any Person means any and all shares (including ordinary shares underlying any American Depositary Shares), interests, participations or other equivalents however designated of corporate stock or other equity participations, including partnership interests, whether general or limited, of such Person and any rights (other than debt securities convertible or exchangeable into an equity interest), warrants or options to acquire an equity interest in such Person.

"CASH" has the meaning specified in Section 3.07(a).

"CASH AMOUNT" has the meaning specified in Section 15.02(h).

"CASH SETTLEMENT AVERAGING PERIOD" has the meaning specified in Section 15.02(g)(i).

"CASH SETTLEMENT NOTICE PERIOD" has the meaning specified in 15.02(g)(i).

"COMMISSION" means the Securities and Exchange Commission, as from time to time constituted under the Exchange Act, or, if at any time after the execution of this Indenture such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"COMMON STOCK" means any stock of any class of the Company which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company and which is not subject to redemption by the Company, and includes the rights evidenced by such stock to the extent provided in the Rights Agreement dated March 8, 2000 (and as amended prior to the date hereof) between the Company and American Stock Transfer & Trust Company. Subject to the provisions of Section 15.06, however, shares issuable on conversion of Debentures shall include only shares of the class designated as common stock of the Company at the date of this Indenture (namely, the Common Stock, par value $.00001) or shares of any class or classes resulting from any reclassification or reclassifications thereof and which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company and which are not subject to redemption by the Company; provided that if at any time there shall be more than one such resulting class, the shares of each such class then so issuable on conversion shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"COMPANY" means the corporation named as the "Company" in the first paragraph of this Indenture, and, subject to the provisions of Article 12 and Section 15.06, shall include its successors and assigns.

"COMPANY REPURCHASE DATE" has the meaning specified in Section 3.06(a).

"COMPANY REPURCHASE ELECTION" has the meaning specified in Section 3.06(c)(i).

"COMPANY REPURCHASE NOTICE" has the meaning specified in Section 3.06(b).

"COMPANY REPURCHASE PRICE" has the meaning specified in Section 3.06(a).

"CONVERSION AGENT" means the Trustee or such other office or agency designated by the Company where Debentures may be presented for conversion.

"CONVERSION DATE" has the meaning specified in Section 15.02.

"CONVERSION OBLIGATION" has the meaning specified in Section 15.02(g)(i).

"CONVERSION PRICE" as of any day means $1,000 divided by the Conversion Rate as of such date and rounded to the nearest cent. The Conversion Price shall initially be $11.14 per share of Common Stock.

"CONVERSION RATE" has the meaning specified in Section 15.04.

"CONVERSION RETRACTION PERIOD" has the meaning specified in Section 15.02(g)(i).

"CORPORATE TRUST OFFICE" or other similar term means the designated office of the Trustee at which at any particular time its corporate trust business as it relates to this Indenture shall be administered, which office is, at the date as of which this Indenture is dated, located at 505 Main Street, Suite 301, Forth Worth, Texas 76102.

"CURRENT MARKET PRICE" per share of Common Stock means, with respect to any date of determination, the average of the Last Reported Sale Price of the Common Stock for the ten (10) consecutive Trading Days ending not later than the earlier of the date of determination and the day before the Ex-Dividend Date with respect to the issuance or distribution requiring such computation. If another issuance or distribution to which Section 15.05 applies occurs during the period applicable for calculating "CURRENT MARKET PRICE" pursuant to this definition, "CURRENT MARKET PRICE" shall be calculated for such period in a manner determined by the Board of Directors to reflect the impact of such issuance, distribution, subdivision or combination on the Last Reported Sale Price of the Common Stock during such period.

"CUSTODIAN" means Wells Fargo Bank, N.A., a National banking association, as custodian with respect to the Debentures in global form, or any successor entity thereto.

"DEBENTURE" or "DEBENTURES" means any Debenture or Debentures, as the case may be, authenticated and delivered under this Indenture, including any Global Debenture.

"DEBENTURE REGISTER" has the meaning specified in Section 2.05.

"DEBENTURE REGISTRAR" has the meaning specified in Section 2.05.

"DEBENTUREHOLDER" or "HOLDER" as applied to any Debenture, or other similar terms (but excluding the term "BENEFICIAL holder"), means any Person in whose name a particular Debenture is registered at the time on the Debenture Registrar's books.

"DEFAULT" means any event that is, or after notice or passage of time, or both, would be, an Event of Default.

"DEFAULTED INTEREST" has the meaning specified in Section 2.03.

"DEPOSITARY" means the clearing agency registered under the Exchange Act that is designated to act as the Depositary for the Global Debentures. The Depository Trust Company shall be the initial Depositary, until a successor shall have been appointed and become such pursuant to the applicable provisions of this Indenture, and thereafter, "Depositary" shall mean or include such successor.

"DESIGNATED SENIOR INDEBTEDNESS" means senior indebtedness under the Senior Credit Agreement and the Senior Secured Note Agreement and the Company's obligations under any other particular senior indebtedness that expressly provides that such senior indebtedness shall be "Designated Senior Indebtedness" of the Company for the purposes of this Indenture.

"DETERMINATION DATE" has the meaning specified in Section 15.05(m).

"EVENT OF DEFAULT" has the meaning specified in Section 7.01.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, as in effect from time to time.

"EX-DIVIDEND DATE" means, with respect to any issuance or distribution on shares of Common Stock, the first date on which the shares of Common Stock trade regular way on the principal securities market on which the shares of Common Stock are then traded without the right to receive such issuance or distribution.

"EXPIRATION TIME" has the meaning specified in Section 15.05(f).

"FAIR MARKET VALUE" means, with respect to any asset or property, the sale value that would be obtained in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy. Unless otherwise indicated, Fair

Market Value shall be determined in good faith by the Board of Directors.

"FINAL NOTICE DATE" has the meaning specified in Section 15.02(g).

"FORM OF CONVERSION NOTICE" has the meaning specified in Section 15.02(a).

"FUNDAMENTAL CHANGE" means the occurrence of any of the following:

(i) a "person" or "group", within the meaning of Section 13(d) of the Exchange Act other than the Company, its subsidiaries or its or their employee benefit plans, files a Schedule TO or any other schedule, form or report under the Exchange Act disclosing that such person or group has become the direct or indirect ultimate "beneficial owner", as defined in Rule 13d-3 under the Exchange Act, of more than 50% of the total voting power of all shares of the Company's capital stock that are entitled to vote generally in the election of directors; or

(ii) consummation of any share exchange, consolidation or merger of the Company or any sale, lease or other transfer in one transaction or a series of transactions of all or substantially all of the consolidated assets of the Company and its subsidiaries, taken as a whole, to any person other than the Company or one or more of its subsidiaries, pursuant to which the Common Stock will be converted into cash, securities or other property; provided, however, that a transaction where the holders of the Company's voting capital stock immediately prior to such transaction have, directly or indirectly, more than 50% of the aggregate voting power of all shares of capital stock of the continuing or surviving corporation or transferee entitled to vote generally in the election of directors immediately after such event shall not be a Fundamental Change.

A Fundamental Change will not be deemed to have occurred in respect of either of the foregoing, however, if either:

(i) the Last Reported Sale Price of the Common Stock for any five (5) Trading Days within the ten (10) consecutive Trading Days ending immediately before the later of the Fundamental Change or the public announcement thereof equals or exceeds 105% of the Conversion Price of the Debentures immediately before the Fundamental Change or the public announcement thereof, or

(ii) at least 90% of the consideration, excluding cash payments for fractional shares, in the transaction or transactions constituting the Fundamental Change consists of shares of capital stock traded on a national securities exchange or quoted on the Nasdaq National Market or which will be so traded or quoted when issued or exchanged in connection with a Fundamental Change (these securities being referred to as "PUBLICLY TRADED SECURITIES") and as a result of this transaction or transactions the Debentures become convertible into such publicly traded securities, excluding cash payments for fractional shares.

"FUNDAMENTAL CHANGE REPURCHASE DATE" has the meaning specified in Section 3.05(a).

"FUNDAMENTAL CHANGE REPURCHASE ELECTION" has the meaning specified in Section 3.05(c)(i).

"FUNDAMENTAL CHANGE REPURCHASE NOTICE" has the meaning specified in Section 3.05(b).

"FUNDAMENTAL CHANGE REPURCHASE PRICE" has the meaning provided in Section 3.05(a).

"GLOBAL DEBENTURE" has the meaning specified in Section 2.02.

"GUARANTEE" means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner (including, without limitation, letters of credit and reimbursement agreements in respect thereof), of all or any part of Indebtedness.

"INDEBTEDNESS" means, with respect to any Person, without duplication:

(1) all indebtedness, obligations and other liabilities of such Person for borrowed money, including commitment or standby fees, enforcement expenses, collateral protection expenses and other reimbursement indemnity obligations with respect to such indebtedness, overdrafts, foreign exchange contracts, currency exchange agreements, interest rate protection agreements, and any loans or advances from

banks, or evidenced by bonds, debentures, notes or similar instruments, other than any account payable or other accrued current liability or obligation of such Person incurred in the ordinary course of business in connection with the obtaining of materials or services;

(2) obligations of such Person with respect to letters of credit, bank guarantees or bankers' acceptances;

(3) obligations of such Person in respect of leases required in conformity with generally accepted accounting principles to be accounted for as capitalized lease obligations;

(4) all obligations and other liabilities of such Person under any lease or related document in connection with the lease of real property that provides that such Person is contractually obligated to purchase or cause a third party to purchase the leased property and thereby guarantee a minimum residual value of the leased property to the lessor and such Person's obligations under the lease or related document to purchase or to cause a third party to purchase the leased property;

(5) all obligations of such Person with respect to an interest rate or other swap, cap or collar agreement or foreign currency hedge, exchange or purchase agreement;

(6) all direct or indirect guarantees or similar agreements in respect of such Person's obligations or liabilities to purchase, acquire or otherwise assure a creditor against loss in respect of, indebtedness, obligations or liabilities of others of the type described in paragraphs (1) through (5) above;

(7) any obligations of such Person described in paragraphs (1) to (5) above secured by any mortgage, pledge, lien or other encumbrance existing on property which is owned or held by such Person; and

(8) any renewals, extensions, refundings, refinancings, restructurings, amendments or modifications to paragraphs (1) through (7) above.

"INDENTURE" means this instrument as originally executed or, if amended or supplemented as herein provided, as so amended or supplemented.

"INITIAL PURCHASERS" means Banc of America Securities LLC and J.P. Morgan Securities Inc.

"INTEREST" means, when used with respect to the Debentures, any interest payable under the terms of the Debentures and Additional Amounts, if any, payable under the terms of the Registration Rights Agreement.

"INTEREST PAYMENT DATE" means April 1 and October 1 of each year, commencing April 1, 2004.

"LAST REPORTED SALE PRICE" of the Common Stock on any date means the closing sale price per share (or if no closing sale price is reported, the average of the bid and asked prices or, if more than one in either case, the average of the average bid and the average asked prices) on that date as reported in composite transactions for the principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States

national or regional securities exchange, as reported by the Nasdaq National Market. If the Common Stock is not listed for trading on a U.S. national or regional securities exchange on the relevant date, the "LAST REPORTED SALE PRICE" will be the last quoted bid price for the Common Stock in the over-the-counter market on the relevant date as reported by the National Quotation Bureau Incorporated or similar organization. If the Common Stock is not so quoted, the "LAST REPORTED SALE PRICE" will be the average of the mid-point of the last bid and asked prices for the Common Stock on the relevant date quoted by each of at least three independent nationally recognized investment banking firms selected by the Company for this purpose.

"LIEN" means, with respect to any asset, mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset given to secure Indebtedness, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent

statutes) of any jurisdiction with respect to any such lien, pledge, charge or security interest).

"MARKET PRICE" means, with respect to any Repurchase Date or other date of determination, the average of the Last Reported Sale Price of the Common Stock for the twenty (20) consecutive Trading Days ending on the third Business Day prior to the applicable Repurchase Date or date of determination, as the case may be (or, if such third Business Day prior to the applicable Repurchase Date or date of determination, as the case may be, is not a Trading Day, then ending on the last Trading Day prior to such third Business Day), appropriately adjusted to take into account the occurrence, during the period commencing on the first Trading Day during the period of twenty (20) consecutive Trading Days and ending on the applicable Repurchase Date or date of determination, as the case may be, of any event described in Section 15.05 or Section 15.06.

"NON-ELECTING SHARE" has the meaning specified in Section 15.06.

"OFFICERS' CERTIFICATE", when used with respect to the Company, means a certificate signed by any two of the Chairman of the Board, the Chief Executive Officer, the Chief Operating Officer, the President, the Chief Financial Officer, any Vice President (whether or not designated by a number or numbers or word or words added before or after the title "Vice President"), the Treasurer or the Secretary of the Company.

"OPINION OF COUNSEL" means an opinion in writing signed by legal counsel, who may be an employee of or counsel to the Company, or other counsel reasonably acceptable to the Trustee.

"ORIGINAL ISSUANCE DATE" means the date on which the Debentures are first authenticated and delivered under this Indenture.

"OUTSTANDING", when used with reference to Debentures and subject to the provisions of Section 9.04, means, as of any particular time, all Debentures authenticated and delivered by the Trustee under this Indenture, except:

(a) Debentures theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(b) Debentures, or portions thereof, (i) for the redemption of which monies in the necessary amount shall have been deposited in trust with the Trustee or with any Paying Agent (other than the Company) or (ii) which shall have been otherwise discharged in accordance with Article 13;

(c) Debentures in lieu of which, or in substitution for which, other Debentures shall have been authenticated and delivered pursuant to the terms of Section 2.06; and

(d) Debentures converted into Common Stock pursuant to Article 15 and Debentures deemed not outstanding pursuant to Article 3.

"PAYING AGENT" means the Trustee or such other office or agency designated by the Company where Debentures may be presented for payment.

"PAYMENT BLOCKAGE PERIOD" has the meaning specified in Section 4.03.

"PAYMENT DEFAULT" has the meaning specified in Section 4.03.

"PERSON" means any corporation, association, partnership, limited liability company, individual, joint venture, joint stock company, trust, unincorporated organization or government, or any agency or political subdivision thereof.

"PORTAL MARKET" means The PORTAL Market operated by the National Association of Securities Dealers, Inc. or any successor thereto.

"PREDECESSOR DEBENTURE" of any particular Debenture means every previous Debenture evidencing all or a portion of the same debt as that evidenced by such particular Debenture, and, for the purposes of this definition, any Debenture authenticated and delivered under Section 2.06 in lieu of a lost, destroyed or stolen Debenture shall be deemed to evidence the same debt as the lost, destroyed or stolen Debenture that it replaces.

"PRINCIPAL VALUE CONVERSION" has the meaning specified in Section 15.01(b).

"PROCEEDING" has the meaning specified in Section 4.02.

"PURCHASED SHARES" has the meaning specified in Section 15.05(f).

"REDEMPTION DATE" has the meaning specified in Section 3.02(a).

"REDEMPTION NOTICE" has the meaning specified in Section 3.02(a).

"REDEMPTION PRICE" has the meaning specified in Section 3.01.

"REGISTRATION RIGHTS AGREEMENT" means the Registration Rights Agreement, dated as of October 17, 2003, between the Company and the Initial Purchasers, as amended from time to time in accordance with its terms.

"REGULAR RECORD DATE" means, with respect to each Interest Payment Date, the close of business on the March 15 or September 15 preceding such Interest Payment Date (whether or not a Business Day).

"REPURCHASE DATE" means the Fundamental Change Repurchase Date or the Company Repurchase Date, as the context requires.

"REPURCHASE ELECTION" means the Fundamental Change Repurchase Election or the Company Repurchase Election, as the context requires.

"REPURCHASE NOTICE" means the Fundamental Change Repurchase Notice or the Company Repurchase Notice, as the context requires.

"REPURCHASE PRICE" means the Fundamental Change Repurchase Price or the Company Repurchase Price, as the context requires.

"RESPONSIBLE OFFICER" means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee with direct responsibility for the administration of this Indenture and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of such person's knowledge of or any familiarity with the particular subject.

"RESTRICTED SECURITIES" has the meaning specified in Section 2.05(c).

"RULE 144A" means Rule 144A as promulgated under the Securities Act.

"SECURITIES ACT" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, as in effect from time to time.

"SECURITIES PAYMENT" has the meaning specified in Section 4.02.

"SENIOR CREDIT AGREEMENT" means the Third Amended and Restated Secured Credit Agreement, dated as of June 14, 1999, among the Company, the lenders named therein and Bank of America, N.A., as administrative agent, including any debentures, guarantees, collateral documents, instruments and agreements executed in connection therewith, and in each case as

amended (including any amendment and restatement thereof), modified, extended, renewed, refunded, substituted or replaced or refinanced from time to time, including any agreement extending the maturity of, refinancing, replacing or otherwise restructuring (including increasing the amount of available borrowings thereunder or adding subsidiaries of the Company as additional borrowers or guarantors thereunder), all or any portion of the Indebtedness under such agreement or any successor or replacement agreement and whether by the same or any other agents, creditor, lender or group of creditors or lenders.

"SENIOR INDEBTEDNESS" means the principal, premium, if any, interest, including any interest accruing after bankruptcy, and rent or termination payments on or other amounts due on the Company's current or future Indebtedness, whether created, incurred, assumed, guaranteed or in effect guaranteed by the Company, but only to the extent that the same is not treated as "unsecured indebtedness" for purposes of section 279 of the Internal Revenue Code. For the avoidance of doubt, all amounts owing by the Company under the Senior Credit Agreement and the Senior Secured Note Agreement constitute "SENIOR INDEBTEDNESS".

Notwithstanding the foregoing, "SENIOR INDEBTEDNESS" shall not include:

(a) Indebtedness that expressly provides that it shall not be senior in right of payment to the Debentures or expressly provides that it is on the same basis or junior to the Debentures;

(b) Indebtedness of the Company to any of its Subsidiaries; and

(c) the Debentures.

"SENIOR NONMONETARY DEFAULT" has the meaning specified in Section 4.03.

"SENIOR SECURED NOTE AGREEMENT" means the Note Purchase Agreement, dated as of March 1, 2000, among the Company and the lenders named therein, including any notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, and in each case as amended (including any amendment and restatement thereof), modified, extended, renewed, refunded, substituted or replaced or refinanced from time to time, including any agreement extending the maturity of, refinancing, replacing or otherwise restructuring (including increasing the amount of available borrowings thereunder or adding subsidiaries of the Company as additional borrowers or guarantors thereunder) all or any portion of the Indebtedness under such agreement or any successor or replacement agreement and whether by the same or any other agents, creditor, lender or group of creditors or lenders.

"SPECIAL RECORD DATE" has the meaning specified in Section 2.03.

"SPIN-OFF MARKET PRICE" per share of Common Stock of the Company or the capital stock of, or similar equity interests in, a subsidiary or other business unit of the Company on any day means the average of the daily Last Reported Sale Price of the Common Stock or such capital stock or similar equity interests for the twenty (20) consecutive Trading Days commencing on and including the fifth Trading Day after the Ex-Dividend Date with respect to the issuance or distribution requiring such computation.

"STATED MATURITY" means October 1, 2023.

"STOCK RECORD DATE" means, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

"SUBSIDIARY" means, with respect to any Person, (a) any corporation, association or other business entity of which more than 50% of the total voting power of shares of capital stock or other equity interest entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other subsidiaries of that Person (or a combination thereof) and (b) any partnership (i) the sole general partner or managing general partner of which is such Person or a subsidiary of such Person or (ii) the only general partners of which are such Person or of one or more subsidiaries of such Person (or any combination thereof).

"TRADING DAY" means a day during which trading in securities generally occurs on the New York Stock Exchange or, if the applicable security is not listed on the New York Stock Exchange, on the principal other national or regional securities exchange on which the applicable security is then listed or, if the applicable security is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System or, if the applicable security is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which the applicable security is then traded (provided that no day on which trading of the applicable security is suspended on such exchange or other trading market will count as a trading day).

"TRADING PRICE" means, as of any date of determination, the average of the secondary market bid quotations obtained by the Trustee for $5,000,000 principal amount of Debentures at approximately 3:30 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers (none of which shall be an Affiliate of the Company) in The City of New York (or such other place that may be determined from time to time by the Company) selected by the Company; provided, however, if at least three such bids cannot reasonably be obtained by the Trustee, but two such bids are obtained, then the average of the two bids shall be used, and if only one such bid can reasonably be obtained by the Trustee, that one bid shall be used. If the Trustee cannot reasonably obtain at least one bid for $5,000,000 principal amount of Debentures from an independent nationally recognized securities dealer or in the reasonable judgment of the Company, the bid quotations are not indicative of the secondary market value of the Debentures, then the Trading Price per $1,000 principal amount of Debentures will be deemed to be less than 98% of the product of the Last Reported Sale Price of the Common Stock and the Conversion Rate.

"TRUST INDENTURE ACT" means the Trust Indenture Act of 1939, as amended, as it was in force at the date of this Indenture, except as provided in Sections 11.03 and 15.06; provided that if the Trust Indenture Act of 1939 is amended after the date hereof, the term "TRUST INDENTURE

ACT" shall mean, to the extent required by such amendment, the Trust Indenture Act of 1939 as so amended.

"TRUSTEE" means Wells Fargo Bank, N.A., a National banking association, and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at the time serving as successor trustee hereunder.

ARTICLE 2
ISSUE, DESCRIPTION, EXECUTION, REGISTRATION AND EXCHANGE OF DEBENTURES

Section 2.01. Designation Amount and Issue of Debentures. The Debentures shall be designated as "4.50% CONVERTIBLE SUBORDINATED DEBENTURES DUE 2023". Debentures not to exceed the aggregate principal amount of $225,000,000 (up to $270,000,000 if the Initial Purchasers exercise their option pursuant to the Purchase Agreement dated October 9, 2003 between the Company and the Initial Purchasers) (except pursuant to Sections 2.05, 2.06, 3.05, 3.06 and 15.02 hereof) upon the execution of this Indenture, or from time to time thereafter, may be executed by the Company and delivered to the Trustee for authentication, and the Trustee shall thereupon authenticate and deliver said Debentures to or upon the written order of the Company, signed by its Chairman of the Board, its Chief Executive Officer, its Chief Operating Officer, its President, its Chief Financial Officer, any Vice President (whether or not designated by a number or numbers or word or words added before or after the title "Vice President"), its Treasurer, its Secretary or any Assistant Secretary.

Section 2.02. Form of Debentures. The Debentures and the Trustee's certificate of authentication to be borne by such Debentures shall be substantially in the form set forth in Exhibit A. The terms and provisions contained in the form of Debenture attached as Exhibit A hereto shall constitute, and are hereby expressly made, a part of this Indenture and, to the extent applicable, the Company and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby.

Any of the Debentures may have such letters, numbers of other marks of identification and such notations, legends, endorsements or changes as the officers executing the same may approve (execution thereof to be conclusive evidence of such approval) and as are not inconsistent with the provisions of this Indenture, or as may be required by the Custodian, the Depositary or by National Association of Securities Dealers, Inc. in order for the Debentures to be tradable on the PORTAL Market or as may be required for the Debentures to be tradable on any other market developed for trading of securities pursuant to Rule 144A or as may be required to comply with any applicable law or with any rule or regulation made pursuant thereto or with any rule or regulation of any securities exchange or automated quotation system on which the Debentures may be listed, or to conform to usage, or to indicate any special limitations or restrictions to which any particular Debentures are subject.

So long as the Debentures are eligible for book-entry settlement with the Depositary, or unless otherwise required by law, or otherwise contemplated by Section 2.05(a), all of the Debentures will be represented by one or more Debentures in global form registered in the name of the Depositary or the nominee of the Depositary (a "GLOBAL DEBENTURE"). The transfer and

exchange of beneficial interests in any such Global Debenture shall be effected through the Depositary in accordance with this Indenture and the applicable procedures of the Depositary. Except as provided in Section 2.05(a), beneficial holders of a Global Debenture shall not be entitled to have certificates registered in their names, will not receive or be entitled to receive physical delivery of certificates in definitive form and will not be considered holders of such Global Debenture.

Any Global Debenture shall represent such of the outstanding Debentures as shall be specified therein and shall provide that it shall represent the aggregate amount of outstanding Debentures from time to time endorsed thereon and that the aggregate amount of outstanding Debentures represented thereby may from time to time be increased or reduced to reflect redemptions, repurchases, conversions, transfers or exchanges permitted hereby. Any endorsement of a Global Debenture to reflect the amount of any increase or decrease in the amount of outstanding Debentures represented thereby shall be made by the Trustee or the Custodian, at the direction of the Trustee, in such manner and upon instructions given by the holder of such Debentures in accordance with this Indenture. Payment of principal of and interest on any Global Debenture shall be made to the holder of such Debenture.

Section 2.03. Date and Denomination of Debentures; Payments of Interest. The Debentures shall be issuable in registered form without coupons in denominations of $1,000 principal amount and integral multiples thereof. Each Debenture shall be dated the date of its authentication and shall bear interest

from the date specified on the face of the form of Debenture attached as Exhibit A hereto. Interest on the Debentures shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

The Person in whose name any Debenture (or its Predecessor Debenture) is registered on the Debenture Register at the close of business on the Regular Record Date with respect to an Interest Payment Date shall be entitled to receive the interest payable on such Interest Payment Date, except that the interest payable upon redemption or repurchase will be payable to the Person to whom principal is payable pursuant to such redemption or repurchase (unless the Redemption Date or the Repurchase Date, as the case may be, is an Interest Payment Date, in which case the semiannual payment of interest becoming due on such date shall be payable to the holders of such Debentures registered as such on the applicable Regular Record Date). Notwithstanding the foregoing, if any Debenture (or portion thereof) is converted into Common Stock during the period after a Regular Record Date to, but excluding, the next succeeding Interest Payment Date and such Debenture (or portion thereof) has been called or tendered for redemption on a Redemption Date which occurs during such period, the Company shall not be required to pay interest on such Interest Payment Date in respect of any such Debenture (or portion thereof), except as provided in Section 15.02. Interest shall be payable at the office of the Company maintained by the Company for such purposes in the Borough of Manhattan, City of New York, which shall initially be an office or agency of the Trustee. The Company shall pay interest (i) on any Debentures in certificated form by check mailed to the address of the Person entitled thereto as it appears in the Debenture Register (or upon written notice, by wire transfer in immediately available funds, if such Person is entitled to interest on Debentures with an aggregate principal amount in excess of $2,000,000) or (ii) on any Global Debenture by wire transfer of immediately available funds to the account of the Depositary or its nominee.

Any interest on any Debenture which is payable, but is not punctually paid or duly provided for, on any October 1 or April 1 (herein called "DEFAULTED INTEREST") shall forthwith cease to be payable to the Debentureholder on the relevant Regular Record Date by virtue of his having been such Debentureholder, and such Defaulted Interest shall be paid by the Company, at its election in each case, as provided in clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Debentures (or their respective Predecessor Debentures) are registered at the close of business on a "SPECIAL RECORD DATE" for the payment of such Defaulted Interest, which shall be the date fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Debenture and the date of the proposed payment (which shall be not less than twenty-five (25) days after the receipt by the Trustee of such notice, unless the Trustee shall consent to an earlier date), and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit on or prior to the date of the proposed payment, such money when deposited on or prior to the date of the proposed payment to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) days and not less than ten (10) days prior to the date of the proposed payment, and not less than ten (10) days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each holder at his address as it appears in the Debenture Register, not less than ten (10) days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Debentures (or their respective Predecessor Debentures) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following clause (2) of this Section 2.03.

(2) The Company may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange or automated quotation system on which the Debentures may be listed or designated for issuance, and upon such notice as may be required by such exchange or automated quotation system, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

Section 2.04. Execution of Debentures. The Debentures shall be signed in the name and on behalf of the Company by the manual or facsimile signature of

its President, any Vice President (whether or not designated by a number or numbers or word or words added before or after the title "Vice President"), its Treasurer, its Secretary or any Assistant Secretary. Only such Debentures as shall bear thereon a certificate of authentication substantially in the form set forth on the form of Debenture attached as Exhibit A hereto, manually executed by the Trustee (or an

authenticating agent appointed by the Trustee as provided by Section 16.13), shall be entitled to the benefits of this Indenture or be valid or obligatory for any purpose. Such certificate by the Trustee (or such an authenticating agent) upon any Debenture executed by the Company shall be conclusive evidence that the Debenture so authenticated has been duly authenticated and delivered hereunder and that the holder is entitled to the benefits of this Indenture.

In case any officer of the Company who shall have signed any of the Debentures shall cease to be such officer before the Debentures so signed shall have been authenticated and delivered by the Trustee, or disposed of by the Company, such Debentures nevertheless may be authenticated and delivered or disposed of as though the person who signed such Debentures had not ceased to be such officer of the Company, and any Debenture may be signed on behalf of the Company by such persons as, at the actual date of the execution of such Debenture, shall be the proper officers of the Company, although at the date of the execution of this Indenture any such person was not such an officer.

Section 2.05. Exchange and Registration of Transfer of Debentures; Restrictions on Transfer. (a) The Company shall cause to be kept at the Corporate Trust Office a register (the register maintained in such office and in any other office or agency of the Company designated pursuant to Section 5.02 being herein sometimes collectively referred to as the "DEBENTURE REGISTER") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Debentures and for transfers of Debentures. The Debenture Register shall be in written form or in any form capable of being converted into written form within a reasonably prompt period of time. The Trustee is hereby appointed "DEBENTURE REGISTRAR" for the purpose of registering Debentures and transfers of Debentures as herein provided. The Company may appoint one or more co-registrars in accordance with Section 5.02.

Upon surrender for registration of transfer of any Debenture to the Debenture Registrar or any co-registrar, and satisfaction of the requirements for such transfer set forth in this Section 2.05, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Debentures of any authorized denominations and of a like aggregate principal amount and bearing such restrictive legends as may be required by this Indenture.

Debentures may be exchanged for other Debentures of any authorized denominations and of a like aggregate principal amount, upon surrender of the Debentures to be exchanged at any such office or agency maintained by the Company pursuant to Section 5.02. Whenever any Debentures are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Debentures which the Debentureholder making the exchange is entitled to receive bearing registration numbers not contemporaneously outstanding.

All Debentures issued upon any registration of transfer or exchange of Debentures shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Debentures surrendered upon such registration of transfer or exchange.

All Debentures presented or surrendered for registration of transfer or for exchange, redemption, repurchase or conversion shall (if so required by the Company or the Debenture

Registrar) be duly endorsed, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the Company, duly executed by the Debentureholder thereof or his attorney duly authorized in writing.

No service charge shall be made to any holder for any registration of, transfer or exchange of Debentures, but the Company may require payment by the holder of a sum sufficient to cover any tax, assessment or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Debentures.

Neither the Company nor the Trustee nor any Debenture Registrar shall be required to exchange or register a transfer of (a) any Debentures for a period of fifteen (15) days next preceding any selection of Debentures to be redeemed, (b) any Debentures or portions thereof called for redemption pursuant to Section 3.01, (c) any Debentures or portions thereof surrendered for conversion pursuant to Article 15, (d) any Debentures or portions thereof

tendered for repurchase (and not withdrawn) pursuant to Section 3.05 or (e) any Debentures or portions thereof tendered for repurchase (and not withdrawn) pursuant to Section 3.06.

(b) The following provisions shall apply only to Global Debentures:

(i) Each Global Debenture authenticated under this Indenture shall be registered in the name of the Depositary or a nominee thereof and delivered to such Depositary or a nominee thereof or Custodian therefor, and each such Global Debenture shall constitute a single Debenture for all purposes of this Indenture.

(ii) Notwithstanding any other provision in this Indenture, no Global Debenture may be exchanged in whole or in part for Debentures registered, and no transfer of a Global Debenture in whole or in part may be registered, in the name of any Person other than the Depositary or a nominee thereof unless (A) the Depositary (I) has notified the Company that it is unwilling or unable to continue as Depositary for such Global Debenture and a successor depositary has not been appointed by the Company within ninety (90) days or (II) has ceased to be a clearing agency registered under the Exchange Act, (B) an Event of Default has occurred and is continuing or (C) the Company, in its sole discretion, notifies the Trustee in writing that it no longer wishes to have all the Debentures represented by Global Debentures. Any Global Debenture exchanged pursuant to clause (A) or (B) above shall be so exchanged in whole and not in part and any Global Debenture exchanged pursuant to clause (C) above may be exchanged in whole or from time to time in part as directed by the Company. Any Debenture issued in exchange for a Global Debenture or any portion thereof shall be a Global Debenture; provided that any such Debenture so issued that is registered in the name of a Person other than the Depositary or a nominee thereof shall not be a Global Debenture.

(iii) Securities issued in exchange for a Global Debenture or any portion thereof pursuant to clause (ii) above shall be issued in definitive, fully registered form, without interest coupons, shall have an aggregate principal amount equal to that of such Global Debenture or portion thereof to be so exchanged, shall be registered in such names and be in such authorized denominations as the Depositary shall designate and

shall bear any legends required hereunder. Any Global Debentures to be exchanged in whole shall be surrendered by the Depositary to the Trustee, as Debenture Registrar. With regard to any Global Debenture to be exchanged in part, either such Global Debenture shall be so surrendered for exchange or, if the Trustee is acting as Custodian for the Depositary or its nominee with respect to such Global Debenture, the principal amount thereof shall be reduced, by an amount equal to the portion thereof to be so exchanged, by means of an appropriate adjustment made on the records of the Trustee. Upon any such surrender or adjustment, the Trustee shall authenticate and make available for delivery the Debenture issuable on such exchange to or upon the written order of the Depositary or an authorized representative thereof.

(iv) In the event of the occurrence of any of the events specified in clause (ii) above, the Company will promptly make available to the Trustee a reasonable supply of certificated Debentures in definitive, fully registered form, without interest coupons.

(v) Neither any members of, or participants in, the Depositary ("AGENT MEMBERS") nor any other Persons on whose behalf Agent Members may act shall have any rights under this Indenture with respect to any Global Debenture registered in the name of the Depositary or any nominee thereof, and the Depositary or such nominee, as the case may be, may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner and holder of such Global Debenture for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depositary or such nominee, as the case may be, or impair, as between the Depositary, its Agent Members and any other Person on whose behalf an Agent Member may act, the operation of customary practices of such Persons governing the exercise of the rights of a beneficial holder of any Debenture.

(vi) At such time as all interests in a Global Debenture have been redeemed, repurchased, converted, canceled or exchanged for Debentures in certificated form, such Global Debenture shall, upon receipt thereof, be canceled by the Trustee in accordance with standing procedures and instructions existing between the Depositary and the

Custodian. At any time prior to such cancellation, if any interest in a Global Debenture is redeemed, repurchased, converted, canceled or exchanged for Debentures in certificated form, the principal amount of such Global Debenture shall, in accordance with the standing procedures and instructions existing between the Depositary and the Custodian, be appropriately reduced, and an endorsement shall be made on such Global Debenture, by the Trustee or the Custodian, at the direction of the Trustee, to reflect such reduction.

(c) Every Debenture that bears or is required under this Section 2.05(c) to bear the legend set forth in this Section 2.05(c) (together with any Common Stock issued upon conversion of the Debentures and required to bear the legend set forth in Section 2.05(d), collectively, the "RESTRICTED SECURITIES") shall be subject to the restrictions on transfer set forth in this Section 2.05(c) (including those set forth in the legend below) unless such restrictions on transfer shall be waived by written consent of the Company, and the holder of each such Restricted Security, by such holder's acceptance thereof, agrees to be bound by all such

restrictions on transfer. As used in Section 2.05(c) and 2.05(d), the term "TRANSFER" encompasses any sale, pledge, loan, transfer or other disposition whatsoever of any Restricted Security or any interest therein.

Until the expiration of the holding period applicable to sales thereof under Rule 144(k) under the Securities Act (or any successor provision), any certificate evidencing such Debenture (and all securities issued in exchange therefor or substitution thereof, other than Common Stock, if any, issued upon conversion thereof, which shall bear the legend set forth in Section 2.05(d), if applicable) shall bear a legend in substantially the following form, unless such Debenture has been sold pursuant to a registration statement that has been declared effective under the Securities Act (and which continues to be effective at the time of such transfer) or pursuant to Rule 144 under the Securities Act or any similar provision then in force, or unless otherwise agreed by the Company in writing, with written notice thereof to the Trustee:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, (1) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")); (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF SUCH SECURITY, PRIOR TO THE EXPIRATION OF THE HOLDING PERIOD APPLICABLE TO SALES OF THIS SECURITY UNDER RULE 144 UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION) ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT (AND WHICH CONTINUES TO BE EFFECTIVE AT THE TIME OF SUCH TRANSFER), (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, IN COMPLIANCE WITH RULE 144A TO A PERSON IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR (D) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT; SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM; AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THIS LEGEND

WILL BE REMOVED UPON THE TRANSFER OF THIS SECURITY PURSUANT TO CLAUSE 2(B) ABOVE OR UNDER RULE 144 UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION).

THE HOLDER OF THIS SECURITY IS ENTITLED TO THE BENEFITS OF A REGISTRATION RIGHTS AGREEMENT DATED AS OF OCTOBER 17, 2003 AND, BY ITS ACCEPTANCE HEREOF, AGREES TO BE BOUND BY AND TO COMPLY WITH THE PROVISIONS OF SUCH REGISTRATION RIGHTS AGREEMENT.

Any Debenture (or security issued in exchange or substitution therefor) as to which such restrictions on transfer shall have expired in accordance with their terms or as to which the conditions for removal of the foregoing legend set forth therein have been satisfied may, upon surrender of such Debenture for

exchange to the Debenture Registrar in accordance with the provisions of this Section 2.05, be exchanged for a new Debenture or Debentures, of like tenor and aggregate principal amount, which shall not bear the restrictive legend required by this Section 2.05(c). If the Restricted Security surrendered for exchange is represented by a Global Debenture bearing the legend set forth in this Section 2.05(c), the principal amount of the legended Global Debenture shall be reduced by the appropriate principal amount and the principal amount of a Global Debenture without the legend set forth in this Section 2.05(c) shall be increased by an equal principal amount. If a Global Debenture without the legend set forth in this Section 2.05(c) is not then outstanding, the Company shall execute and the Trustee shall authenticate and deliver an unlegended Global Debenture to the Depositary.

(d) Until the expiration of the holding period applicable to sales thereof under Rule 144(k) under the Securities Act (or any successor provision), any stock certificate representing Common Stock issued upon conversion of any Debenture shall bear a legend in substantially the following form, unless such Common Stock has been sold pursuant to a registration statement that has been declared effective under the Securities Act (and which continues to be effective at the time of such transfer) or pursuant to Rule 144 under the Securities Act or any similar provision then in force, or such Common Stock has been issued upon conversion of Debentures that have been transferred pursuant to a registration statement that has been declared effective under the Securities Act or pursuant to Rule 144 under the Securities Act or any similar provision then in force, or unless otherwise agreed by the Company in writing with written notice thereof to the transfer agent:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, (1) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")); (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO

OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE EXPIRATION OF THE HOLDING PERIOD APPLICABLE TO SALES OF THIS SECURITY UNDER RULE 144 UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION) ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT (AND WHICH CONTINUES TO BE EFFECTIVE AT THE TIME OF SUCH TRANSFER), (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, IN COMPLIANCE WITH RULE 144A TO A PERSON IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR (D) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM; AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THIS LEGEND WILL BE REMOVED UPON THE EARLIER OF THE TRANSFER OF THIS SECURITY PURSUANT TO CLAUSE 2(B) ABOVE OR UPON ANY TRANSFER OF THIS SECURITY UNDER RULE 144 UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION).

THE HOLDER OF THIS SECURITY IS ENTITLED TO THE BENEFITS OF A REGISTRATION RIGHTS AGREEMENT DATED AS OF OCTOBER 17, 2003 AND, BY ITS ACCEPTANCE HEREOF, AGREES TO BE BOUND BY AND TO COMPLY WITH THE PROVISIONS OF SUCH REGISTRATION RIGHTS AGREEMENT.

Any such Common Stock as to which such restrictions on transfer shall have expired in accordance with their terms or as to which the conditions for removal of the foregoing legend set forth therein have been satisfied may, upon surrender of the certificates representing such shares of Common Stock for exchange in accordance with the procedures of the transfer agent for the Common Stock, be exchanged for a new certificate or certificates for a like number of shares of Common Stock, which shall not bear the restrictive legend required by this Section 2.05(d).

(e) Any Debenture or Common Stock issued upon the conversion of a Debenture that, prior to the expiration of the holding period applicable to sales thereof under Rule 144(k) under the Securities Act (or any successor provision), is purchased or owned by the Company or any Affiliate thereof may not be resold by the Company or such Affiliate unless registered under the Securities Act or resold pursuant to an exemption from the registration

requirements of the Securities Act in a transaction which results in such Debentures or Common Stock, as the case may be, no longer being "RESTRICTED SECURITIES" (as defined under Rule 144).

The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable

law with respect to any transfer of any interest in any Debenture (including any transfers between or among Agent Members or beneficial holders of interests in any Global Debenture) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

Section 2.06. Mutilated, Destroyed, Lost or Stolen Debentures. In case any Debenture shall become mutilated or be destroyed, lost or stolen, the Company in its discretion may execute, and upon its written request the Trustee or an authenticating agent appointed by the Trustee shall authenticate and make available for delivery, a new Debenture, bearing a number not contemporaneously outstanding, in exchange and substitution for the mutilated Debenture, or in lieu of and in substitution for the Debenture so destroyed, lost or stolen. In every case, the applicant for a substituted Debenture shall furnish to the Company, to the Trustee and, if applicable, to such authenticating agent such security or indemnity as may be required by them to save each of them harmless for any loss, liability, cost or expense caused by or connected with such substitution, and, in every case of destruction, loss or theft, the applicant shall also furnish to the Company, to the Trustee and, if applicable, to such authenticating agent evidence to their satisfaction of the destruction, loss or theft of such Debenture and of the ownership thereof.

Following receipt by the Trustee or such authenticating agent, as the case may be, of satisfactory security or indemnity and evidence as described in the preceding paragraph, the Trustee or such authenticating agent may authenticate any such substituted Debenture and make available for delivery such Debenture. Upon the issuance of any substituted Debenture, the Company may require the payment by the holder of a sum sufficient to cover any tax, assessment or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith. In case any Debenture which has matured or is about to mature or has been called for redemption or has been tendered for repurchase upon a Repurchase Date (and not withdrawn) or is to be converted into Common Stock shall become mutilated or be destroyed, lost or stolen, the Company may, instead of issuing a substitute Debenture, pay or authorize the payment of or convert or authorize the conversion of the same (without surrender thereof except in the case of a mutilated Debenture), as the case may be, if the applicant for such payment or conversion shall furnish to the Company, to the Trustee and, if applicable, to such authenticating agent such security or indemnity as may be required by them to save each of them harmless from any loss, liability, cost or expense caused by or in connection with such substitution, and, in every case of destruction, loss or theft, the applicant shall also furnish to the Company, the Trustee and, if applicable, any Paying Agent or Conversion Agent evidence to their satisfaction of the destruction, loss or theft of such Debenture and of the ownership thereof.

Every substitute Debenture issued pursuant to the provisions of this Section 2.06 by virtue of the fact that any Debenture is destroyed, lost or stolen shall constitute an additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Debenture shall be found at any time, and shall be entitled to all the benefits of (but shall be subject to all the limitations set forth in) this Indenture equally and proportionately with any and all other Debentures duly issued hereunder. To the extent permitted by law, all Debentures shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment or conversion or redemption or repurchase of mutilated, destroyed,

lost or stolen Debentures and shall preclude any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment or conversion or redemption or repurchase of negotiable instruments or other securities without their surrender.

Section 2.07. Temporary Debentures. Pending the preparation of Debentures in certificated form, the Company may execute and the Trustee or any authenticating agent appointed by the Trustee shall, upon the written request of the Company, authenticate and deliver temporary Debentures (printed or lithographed). Temporary Debentures shall be issuable in any authorized denomination, and substantially in the form of the Debentures in certificated form, but with such omissions, insertions and variations as may be appropriate

for temporary Debentures, all as may be determined by the Company. Every such temporary Debenture shall be executed by the Company and authenticated by the Trustee or such authenticating agent upon the same conditions and in substantially the same manner, and with the same effect, as the Debentures in certificated form. Without unreasonable delay, the Company will execute and deliver to the Trustee or such authenticating agent Debentures in certificated form and thereupon any or all temporary Debentures may be surrendered in exchange therefor, at each office or agency maintained by the Company pursuant to Section 5.02, and the Trustee or such authenticating agent shall authenticate and make available for delivery in exchange for such temporary Debentures an equal aggregate principal amount of Debentures in certificated form. Such exchange shall be made by the Company at its own expense and without any charge therefor. Until so exchanged, the temporary Debentures shall in all respects be entitled to the same benefits and subject to the same limitations under this Indenture as Debentures in certificated form authenticated and delivered hereunder.

Section 2.08. Cancellation of Debentures. All Debentures surrendered for the purpose of payment, redemption, repurchase, conversion, exchange or registration of transfer shall, if surrendered to the Company or any Paying Agent or any Debenture Registrar or any Conversion Agent, be surrendered to the Trustee and promptly canceled by it, or, if surrendered to the Trustee, shall be promptly canceled by it, and no Debentures shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Indenture. The Trustee shall dispose of such canceled Debentures in accordance with its customary procedures. If the Company shall acquire any of the Debentures, such acquisition shall not operate as a redemption, repurchase or satisfaction of the Indebtedness represented by such Debentures unless and until the same are delivered to the Trustee for cancellation.

Section 2.09. CUSIP Numbers. The Company in issuing the Debentures may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Debentureholders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Debentures or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Debentures, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company will promptly notify the Trustee of any change in the "CUSIP" numbers.

ARTICLE 3
REDEMPTION AND REPURCHASE OF DEBENTURES

Section 3.01. Company's Right to Redeem. Prior to October 8, 2008, the Debentures will not be redeemable at the Company's option. At any time on or after October 8, 2008 and prior to Stated Maturity, the Company, at its option, may redeem the Debentures in accordance with the provisions of Section 3.02, Section 3.03 and Section 3.04 on the Redemption Date for cash, in whole or in part, at a redemption price (the "REDEMPTION PRICE") equal to 100% of the principal amount of the Debentures to be redeemed together in each case with accrued and unpaid interest on the Debentures redeemed to (but excluding) the Redemption Date.

Section 3.02. Notice of Optional Redemption; Selection of Debentures. (a) In case the Company shall desire to exercise the right to redeem all or, as the case may be, any part of the Debentures pursuant to Section 3.01, it shall fix a date for redemption (the "REDEMPTION DATE") and it or, at its written request received by the Trustee not fewer than forty-five (45) days prior (or such shorter period of time as may be acceptable to the Trustee) to the Redemption Date, the Trustee in the name of and at the expense of the Company, shall mail or cause to be mailed a notice of such redemption (a "REDEMPTION NOTICE") not fewer than thirty (30) nor more than sixty (60) days prior to the Redemption Date to each holder of Debentures so to be redeemed as a whole or in part at its last address as the same appears on the Debenture Register; provided that if the Company shall give such notice, it shall also give written notice of the Redemption Date to the Trustee. Such mailing shall be by first class mail. The notice, if mailed in the manner herein provided, shall be conclusively presumed to have been duly given, whether or not the holder receives such notice. In any case, failure to give such notice by mail or any defect in the notice to the holder of any Debenture designated for redemption as a whole or in part shall not affect the validity of the proceedings for the redemption of any other Debenture. Concurrently with the mailing of any such Redemption Notice, the Company shall issue a press release announcing such redemption, the form and content of which press release shall be determined by the Company in its sole discretion. The failure to issue any such press release or any defect therein shall not affect the validity of the Redemption Notice or any of the proceedings for the redemption of any Debenture called for redemption.

(b) Each such Redemption Notice shall specify the aggregate principal amount of Debentures to be redeemed, the CUSIP number or numbers of the Debentures being redeemed, the Redemption Date (which shall be a Business

Day), the Redemption Price at which Debentures are to be redeemed, the place or places of payment, that payment will be made upon presentation and surrender of such Debentures, that interest accrued to the Redemption Date will be paid as specified in said notice, and that on and after said date interest thereon or on the portion thereof to be redeemed will cease to accrue. Such notice shall also state the current Conversion Rate, the date on which the right to convert such Debentures or portions thereof into Common Stock will expire (which date shall not be later than the close of business on the second Business Day prior to the Redemption Date), whether the Company has elected to satisfy all or a portion of its Conversion Obligation with cash in lieu of delivery of shares of Common Stock with respect to any Debentures converted prior to the Redemption Date and, if the Company has determined to satisfy all or any portion of the Conversion Obligation in cash, the dollar amount of the conversion to be satisfied in cash (which must be expressed either as 100% of the Conversion Obligation or as a fixed dollar amount). If fewer than all the Debentures are to be

redeemed, the Redemption Notice shall identify the Debentures to be redeemed (including CUSIP numbers, if any). In case any Debenture is to be redeemed in part only, the Redemption Notice shall state the portion of the principal amount thereof to be redeemed and shall state that, on and after the Redemption Date, upon surrender of such Debenture, a new Debenture or Debentures in principal amount equal to the unredeemed portion thereof will be issued.

(c) On or prior to the Redemption Date specified in the Redemption Notice given as provided in this Section 3.02, the Company will deposit with the Trustee or with one or more Paying Agents (or, if the Company is acting as its own Paying Agent, set aside, segregate and hold in trust as provided in Section 5.04) an amount of money in immediately available funds sufficient to redeem on the Redemption Date all the Debentures (or portions thereof) so called for redemption (other than those theretofore surrendered for conversion into Common Stock) at the appropriate Redemption Price; provided that if such payment is made on the Redemption Date, it must be received by the Trustee or Paying Agent, as the case may be, by 10:00 a.m., New York City time, on such date. The Company shall be entitled to retain any interest, yield or gain on amounts deposited with the Trustee or any Paying Agent pursuant to this Section 3.02(c) in excess of amounts required hereunder to pay the Redemption Price and accrued interest to, but excluding, the Redemption Date. Subject to the last sentence of Section 8.05, if any Debenture called for redemption is converted pursuant hereto prior to such Redemption Date, any money deposited with the Trustee or any Paying Agent or so segregated and held in trust for the redemption of such Debenture shall be paid to the Company upon its written request, or, if then held by the Company, shall be discharged from such trust. Whenever any Debentures are to be redeemed, the Company will give the Trustee written notice in the form of an Officers' Certificate not fewer than thirty-five (35) days (or such shorter period of time as may be acceptable to the Trustee) prior to the Redemption Date as to the aggregate principal amount of Debentures to be redeemed.

(d) If less than all of the outstanding Debentures are to be redeemed, the Trustee shall select the Debentures or portions thereof of the Global Debenture or the Debentures in certificated form to be redeemed (in principal amounts of $1,000 or multiples thereof) by lot, on a pro rata basis or by another method the Trustee deems fair and appropriate. If any Debenture selected for partial redemption is submitted for conversion in part after such selection, the portion of such Debenture submitted for conversion shall be deemed (so far as may be possible) to be from the portion selected for redemption. The Debentures (or portions thereof) so selected shall be deemed duly selected for redemption for all purposes hereof, notwithstanding that any such Debenture is submitted for conversion in part before the mailing of the Redemption Notice.

Upon any redemption of less than all of the outstanding Debentures, the Company and the Trustee may (but need not), solely for purposes of determining the pro rata allocation among such Debentures as are unconverted and outstanding at the time of redemption, treat as outstanding any Debentures surrendered for conversion during the period of fifteen (15) days next preceding the mailing of a Redemption Notice and may (but need not) treat as outstanding any Debenture authenticated and delivered during such period in exchange for the unconverted portion of any Debenture converted in part during such period.

Section 3.03. Payment of Debentures Called for Redemption by the Company. If notice of redemption has been given as provided in Section 3.02, the Debentures or portion of

Debentures with respect to which such notice has been given shall, unless converted into Common Stock pursuant to the terms hereof, become due and payable on the Redemption Date and at the place or places stated in such notice at the applicable Redemption Price, and on and after the Redemption Date (unless the Company shall default in the payment of such Debentures at the Redemption Price) interest on the Debentures or portion of Debentures so called for redemption

shall cease to accrue and, after the close of business on the second Business Day immediately preceding the Redemption Date (unless the Company shall default in the payment of such Debentures at the Redemption Price), such Debentures shall cease to be convertible into Common Stock and, except as provided in Section 8.05, to be entitled to any benefit or security under this Indenture, and the holders thereof shall have no right in respect of such Debentures except the right to receive the Redemption Price thereof. On presentation and surrender of such Debentures at a place of payment in said notice specified, the said Debentures or the specified portions thereof shall be paid and redeemed by the Company at the applicable Redemption Price; provided that if the applicable Redemption Date is an Interest Payment Date, the interest payable on such Interest Payment Date shall be paid on such Interest Payment Date to the holders of record of such Debentures on the applicable record date instead of the holders surrendering such Debentures for redemption on such date.

Upon presentation of any Debenture redeemed in part only, the Company shall execute and the Trustee shall authenticate and make available for delivery to the holder thereof, at the expense of the Company, a new Debenture or Debentures, of authorized denominations, in principal amount equal to the unredeemed portion of the Debentures so presented.

Notwithstanding the foregoing, the Trustee shall not redeem any Debentures or mail any Redemption Notice during the continuance of a default in payment of interest on the Debentures. If any Debenture called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid or duly provided for, continue to bear interest at the rate borne by the Debenture, compounded semiannually, and such Debenture shall remain convertible into Common Stock until the principal and interest shall have been paid or duly provided for.

Section 3.04. Conversion Arrangement on Call for Redemption. In connection with any redemption of Debentures, the Company may arrange for the purchase and conversion of any Debentures by an agreement with one or more investment banks or other purchasers to purchase such Debentures by paying to the Trustee in trust for the Debentureholders, on or before the Redemption Date, an amount not less than the applicable Redemption Price of such Debentures. Notwithstanding anything to the contrary contained in this Article 3, the obligation of the Company to pay the Redemption Price of such Debentures shall be deemed to be satisfied and discharged to the extent such amount is so paid by such purchasers. If such an agreement is entered into, a copy of which will be filed with the Trustee prior to the Redemption Date, any Debentures not duly surrendered for conversion by the holders thereof may, at the option of the Company, be deemed, to the fullest extent permitted by law, acquired by such purchasers from such holders and (notwithstanding anything to the contrary contained in Article 15) surrendered by such purchasers for conversion, all as of immediately prior to the close of business on the Redemption Date (and the right to convert any such Debentures shall be extended through such time), subject to payment of the above amount as aforesaid. At the direction of the Company, the Trustee shall hold and dispose of any such amount paid to it in the same manner as it would

monies deposited with it by the Company for the redemption of Debentures. Without the Trustee's prior written consent, no arrangement between the Company and such purchasers for the purchase and conversion of any Debentures shall increase or otherwise affect any of the powers, duties, responsibilities or obligations of the Trustee as set forth in this Indenture.

Section 3.05. Repurchase of Debentures by the Company at Option of Holders upon a Fundamental Change. (a) If a Fundamental Change shall occur at any time prior to Stated Maturity, each holder shall have the right, at such holder's option, to require the Company to repurchase all of such holder's Debentures, or any portion thereof that is a multiple of $1,000 principal amount, on the date specified in the Fundamental Change Repurchase Notice, which date shall be no more than thirty-five (35) Business Days after the occurrence of such Fundamental Change but in no event prior to the date on which such Fundamental Change occurs (the "FUNDAMENTAL CHANGE REPURCHASE DATE"). The Company shall repurchase such Debentures at a price (the "FUNDAMENTAL CHANGE REPURCHASE PRICE") equal to 100% of the principal amount thereof plus any accrued and unpaid interest to but excluding the Fundamental Change Repurchase Date; provided that if such Fundamental Change Repurchase Date falls on an Interest Payment Date, then the interest payable on such Interest Payment Date shall be paid to the holders of record of the Debentures on the applicable record date instead of the holders surrendering the Debentures for repurchase on such date.

The Company's obligation to repurchase all or a portion of a holder's Debentures under this Section 3.05 shall be satisfied if a third party makes the offer to repurchase the Debentures at the Fundamental Change Repurchase Price in the manner and at the times and otherwise in compliance in all material respects with the requirements set out in this Section 3.05 and such third party complies with the obligations of the Company in connection herewith.

(b) On or before the twenty-fifth (25th) Business Day prior to each Fundamental Change Repurchase Date, the Company, or at its written request the Trustee in the name of and at the expense of the Company (which request must be received by the Trustee at least ten (10) Business Days prior to the date the Trustee is requested to give notice as described below), unless the Trustee shall agree to a shorter period), shall mail or cause to be mailed, by first class mail, to all holders of record on such date a notice (the "FUNDAMENTAL CHANGE REPURCHASE NOTICE") of the occurrence of such Fundamental Change and of the repurchase right at the option of the holders arising as a result thereof to each holder of Debentures at its last address as the same appears on the Debenture Register; provided that if the Company shall give such notice, it shall also give written notice of the Fundamental Change to the Trustee at such time as it is mailed to Debentureholders. Such notice, if mailed in the manner herein provided, shall be conclusively presumed to have been duly given, whether or not the holder receives such notice. Each Fundamental Change Repurchase Notice shall state:

(i) the Fundamental Change Repurchase Price, excluding accrued and unpaid interest, the applicable Conversion Rate at the time of such notice (and any applicable adjustments to the Conversion Rate) and, to the extent known at the time of such notice, the amount of interest that will be payable with respect to the Debentures on the Fundamental Change Repurchase Date;

(ii) whether the Company elects to pay the Fundamental Change Repurchase Price in cash, in shares of Common Stock or a combination thereof, specifying the percentage or amount of each;

(iii) if the Company elects to pay any portion of the Fundamental Change Repurchase Price in shares of Common Stock, the method of calculating the Market Price of the Common Stock;

(iv) the events causing the Fundamental Change and the date of the Fundamental Change;

(v) the Fundamental Change Repurchase Date;

(vi) the last date on which a holder may exercise the repurchase right;

(vii) the name and address of the Paying Agent and the Conversion Agent;

(viii) that Debentures as to which a Fundamental Change Repurchase Election has been given by the holder may be converted only if the election has been withdrawn by the holder in accordance with the terms of this Indenture; provided that the Debentures are otherwise convertible in accordance with Section 15.01;

(ix) that the holder shall have the right to withdraw any Debentures surrendered prior to the close of business on the Business Day immediately preceding the Fundamental Change Repurchase Date (or any such later time as may be required by applicable law);

(x) a description of the procedure which a Debentureholder must follow to exercise such repurchase right or to withdraw any surrendered Debentures;

(xi) the CUSIP number or numbers of the Debentures (if then generally in use); and

(xii) briefly, the conversion rights of the Debentures and whether, at the time of such notice, the Debentures are eligible for conversion.

No failure of the Company to give the foregoing notices and no defect therein shall limit the Debentureholders' repurchase rights or affect the validity of the proceedings for the repurchase of the Debentures pursuant to this Section 3.05.

(c) Debentures shall be repurchased pursuant to this Section 3.05 at the option of the holder upon:

(i) delivery to the Trustee (or other Paying Agent appointed by the Company) by a holder of a duly completed notice (a "FUNDAMENTAL CHANGE REPURCHASE ELECTION") in the form set forth on the reverse of the Debenture at any time prior to the close of business on the Business Day immediately preceding the Fundamental Change Repurchase Date stating:

(A) if certificated, the certificate numbers of the Debentures which the holder shall deliver to be repurchased;

(B) the portion of the principal amount of the Debentures that the holder shall deliver to be repurchased, which portion must be $1,000 or an integral multiple thereof;

(C) that such Debentures shall be repurchased as of the Fundamental Change Repurchase Date pursuant to the terms and conditions specified in the Debentures and in the Indenture; and

(D) in the event the Company elects to pay the Fundamental Change Repurchase Price, in whole or in part, in shares of Common Stock but such portion of the Fundamental Change Repurchase Price shall ultimately be paid to such holder entirely in cash because any of the conditions to payment of the Fundamental Change Repurchase Price in shares of Common Stock is not satisfied prior to the close of business on the Business Day prior to the relevant Fundamental Change Repurchase Date, whether such holder elects (i) to withdraw such Fundamental Change Repurchase Election as to some or all of the Debentures to which such election relates (stating the principal amount and certificate numbers, if any, of the Debentures as to which such withdrawal shall relate) or (ii) to receive cash in respect of the entire Fundamental Change Repurchase Price for all Debentures (or portions thereof) to which such election relates; and

(ii) delivery or book-entry transfer of the Debentures to the Trustee (or other Paying Agent appointed by the Company) simultaneously with or at any time after delivery of the Fundamental Change Repurchase Election (together with all necessary endorsements) at the Corporate Trust Office of the Trustee (or other Paying Agent appointed by the Company) in the Borough of Manhattan, such delivery or transfer being a condition to receipt by the holder of the Fundamental Change Repurchase Price therefor; provided that such Fundamental Change Repurchase Price shall be so paid pursuant to this Section 3.05 only if the Debentures so delivered or transferred to the Trustee (or other Paying Agent appointed by the Company) shall conform in all respects to the description thereof in the related Fundamental Change Repurchase Election. All questions as to the validity, eligibility (including time of receipt) and acceptance of any Debenture for repurchase shall be determined by the Company, whose determination shall be final and binding absent manifest error.

If a holder fails to indicate such holder's choice with respect to the election set forth in Section 3.05(c)(i)(D), such holder shall be deemed to have elected to receive cash in respect of the entire Fundamental Change Repurchase Price for all Debentures subject to such Fundamental Change Repurchase Election in the circumstances set forth in Section 3.05(c)(i)(D).

Section 3.06. Repurchase of Debentures by the Company at Option of Holders on Specified Dates. (a) On each of October 1, 2008, October 1, 2013 and October 1, 2018 (each, a "COMPANY REPURCHASE DATE"), each holder shall have the right, at such holder's option, to

require the Company to repurchase all of such holder's Debentures, or any portion thereof that is a multiple of $1,000 principal amount. The Company shall repurchase such Debentures at a price (the "COMPANY REPURCHASE PRICE") equal to 100% of the principal amount thereof plus any accrued and unpaid interest to but excluding the Company Repurchase Date; provided that if such Company Repurchase Date falls on an Interest Payment Date, then the interest payable on such Interest Payment Date shall be paid to the holders of record of the Debentures on the applicable record date instead of the holders surrendering the Debentures for repurchase on such date.

(b) On or before the twenty-fifth (25th) Business Day prior to each Company Repurchase Date, the Company, or at its written request the Trustee in the name of and at the expense of the Company (which request must be received by the Trustee at least ten (10) Business Days prior to the date the Trustee is requested to give notice as described below), unless the Trustee shall agree to a shorter period), shall mail or cause to be mailed, by first class mail, to all holders of record on such date a notice (the "COMPANY REPURCHASE NOTICE") to each holder of Debentures at its last address as the same appears on the Debenture Register; provided that if the Company shall give such notice, it shall also give written notice to the Trustee at such time as it is mailed to Debentureholders. Such notice, if mailed in the manner herein provided, shall be conclusively presumed to have been duly given, whether or not the holder receives such notice. Each Company Repurchase Notice shall state:

(i) the Company Repurchase Price, excluding accrued and unpaid interest, the applicable Conversion Rate at the time of such notice (and any applicable adjustments to the Conversion Rate) and, to

the extent known at the time of such notice, the amount of interest that will be payable with respect to the Debentures on the Company Repurchase Date;

(ii) whether the Company elects to pay the Company Repurchase Price in cash, in shares of Common Stock or a combination thereof, specifying the percentage or amounts of each;

(iii) if the Company elects to pay any portion of the Company Repurchase Price in whole or in part in shares of Common Stock, the method of calculating the Market Price of the Common Stock;

(iv) the Company Repurchase Date;

(v) the last date on which a holder may exercise the repurchase right;

(vi) the name and address of the Paying Agent and the Conversion Agent;

(vii) that Debentures as to which a Company Repurchase Election has been given by the holder may be converted only if the election has been withdrawn by the holder in accordance with the terms of this Indenture; provided that the Debentures are otherwise convertible in accordance with Section 15.01;

(viii) that the holder shall have the right to withdraw any Debentures surrendered prior to the close of business on the Business Day immediately preceding the Company Repurchase Date (or any such later time as may be required by applicable law);

(ix) a description of the procedure which a Debentureholder must follow to exercise such repurchase right or to withdraw any surrendered Debentures;

(x) the CUSIP number or numbers of the Debentures (if then generally in use); and

(xi) briefly, the conversion rights of the Debentures and whether, at the time of such notice, the Debentures are eligible for conversion.

No failure of the Company to give the foregoing notices and no defect therein shall limit the Debentureholders' repurchase rights or affect the validity of the proceedings for the repurchase of the Debentures pursuant to this Section 3.06.

(c) Debentures shall be repurchased pursuant to this Section 3.06 at the option of the holder upon:

(i) delivery to the Trustee (or other Paying Agent appointed by the Company) by a holder of a duly completed notice (a "COMPANY REPURCHASE ELECTION") in the form set forth on the reverse of the Debenture at any time from the opening of business on the twentieth (20th) Business Day preceding the Company Repurchase Date until the close of business on the Business Day immediately preceding the Company Repurchase Date stating:

(A) if certificated, the certificate numbers of the Debentures which the holder shall deliver to be repurchased;

(B) the portion of the principal amount of the Debentures that the holder shall deliver to be repurchased, which portion must be $1,000 or an integral multiple thereof;

(C) that such Debentures shall be repurchased as of the Company Repurchase Date pursuant to the terms and conditions specified in the Debentures and in this Indenture; and

(D) in the event the Company elects to pay the Company Repurchase Price, in whole or in part, in shares of Common Stock but such portion of the Company Repurchase Price shall ultimately be paid to such holder entirely in cash because any of the conditions to payment of the Company Repurchase Price in shares of Common Stock is not satisfied prior to the close of business on the Business Day prior to the relevant Company Repurchase Date, whether such holder elects (i) to withdraw the Company Repurchase Election as to some or all of the Debentures to which such election relates (stating the principal amount and certificate numbers, if any,

of the Debentures as to which such withdrawal shall

relate), or (ii) to receive cash in respect of the entire Repurchase Price for all Debentures (or portions thereof) to which such election relates; and

(ii) delivery or book-entry transfer of the Debentures to the Trustee (or other Paying Agent appointed by the Company) simultaneously with or at any time after delivery of the Company Repurchase Election (together with all necessary endorsements) at the Corporate Trust Office of the Trustee (or other Paying Agent appointed by the Company) in the Borough of Manhattan, such delivery or transfer being a condition to receipt by the holder of the Company Repurchase Price therefor; provided that such Company Repurchase Price shall be so paid pursuant to this Section 3.06 only if the Debentures so delivered or transferred to the Trustee (or other Paying Agent appointed by the Company) shall conform in all respects to the description thereof in the related Company Repurchase Election. All questions as to the validity, eligibility (including time of receipt) and acceptance of any Debenture for repurchase shall be determined by the Company, whose determination shall be final and binding absent manifest error.

If a holder fails to indicate such holder's choice with respect to the election set forth in Section 3.06(c)(i)(D), such holder shall be deemed to have elected to receive cash in respect of the entire Company Repurchase Price for all Debentures subject to such Company Repurchase Election in the circumstances set forth in Section 3.06(c)(i)(D).

Section 3.07. Company's Right to Elect Manner of Payment of Repurchase Price. (a) The Debentures to be repurchased by the Company on any Repurchase Date pursuant to Section 3.05 or Section 3.06 (other than the Company Repurchase Date occurring on October 1, 2008), may be paid for, in whole or in part, at the election of the Company, in U.S. legal tender ("CASH") or shares of Common Stock, or in any combination of cash and shares of Common Stock, subject to the conditions set forth in Section 3.07(e). The Repurchase Price with respect to the Company Repurchase Date occurring on October 1, 2008 shall be paid only in cash. The Company shall designate in its Repurchase Notice whether the Company will purchase the Debentures for cash or shares of Common Stock, or, if a combination thereof, the percentage of the Repurchase Price that it will pay in cash and the percentage that it will pay in shares of Common Stock; provided that the Company will pay cash for accrued and unpaid interest and for fractional interests in shares of Common Stock in an amount based upon the Market Price of such fractional shares. For purposes of determining the amount of any fractional interests, all Debentures subject to repurchase held by a holder shall be considered together (no matter how many separate certificates are to be presented).

(b) Each holder whose Debentures are repurchased pursuant to Section 3.05 or Section 3.06 shall receive the same percentage of cash or shares of Common Stock in payment of the Repurchase Price for such Debentures as any other holder whose Debentures are repurchased, except (i) as provided in Section 3.07(a) with regard to the payment of cash in lieu of fractional shares of Common Stock and (ii) in the event that the Company is unable to purchase the Debentures of a holder or holders for shares of Common Stock because any necessary qualifications or registrations of the shares of Common Stock under applicable state securities laws cannot be obtained, or because the conditions to purchasing the Debentures for shares of Common Stock set forth in Section 3.07(e) have not been satisfied, the Company may purchase the Debentures of such holder or holders for cash. The Company may not change its

election with respect to the consideration (or components or percentages of components thereof) to be paid once the Company has given its Repurchase Notice to holders except pursuant to Section 3.07(e) in the event of a failure to satisfy, prior to the close of business on the Business Day immediately preceding the Repurchase Date, any condition to the payment of the Repurchase Price in whole or in part in shares of Common Stock.

(c) At least three (3) Business Days before the date of any Repurchase Notice, the Company shall deliver an Officers' Certificate to the Trustee specifying:

(i) the manner of payment selected by the Company;

(ii) the information required to be included in the Repurchase Notice;

(iii) if the Company elects to pay the Repurchase Price, or a specified percentage thereof, in shares of Common Stock, that the conditions to such manner of payment set forth in Section 3.07(e) have

been or will be complied with; and

(iv) whether the Company desires the Trustee to give the

Repurchase Notice required.

(d) If the Company elects to pay the Repurchase Price, or any percentage thereof, with respect to a Repurchase Date in shares of Common Stock, the number of shares of Common Stock to be delivered with respect to each $1,000 principal amount of Debentures shall be equal to the quotient obtained by dividing (i) the dollar amount of the Repurchase Price (not including any accrued and unpaid interest) to be paid in shares of Common Stock by (ii) (x) in the case of a repurchase pursuant to Section 3.05, 98.5% of the Market Price with respect to such Repurchase Date and (y) in the case of a repurchase pursuant to Section 3.06, 98.5% of the Market Price with respect to such Repurchase Date; provided that no fractional shares will be delivered.

(e) The Company's right to elect to pay some or all of the Repurchase Price with respect to a Repurchase Date by delivering shares of Common Stock shall be conditioned upon:

(i) the Company giving timely notice of its election and not having previously given notice of an election to pay the Repurchase Price with respect to such Repurchase Date entirely in cash;

(ii) the approval for listing of such shares of Common Stock on a national securities exchange or the approval for quotation of such shares of Common Stock on the Nasdaq Automated Quotation System;

(iii) information necessary to calculate the Market Price being published in a daily newspaper of national circulation or being otherwise readily publicly available;

(iv) the registration of such shares of Common Stock under the Securities Act and the Exchange Act, in each case if required;

(v) any necessary qualification or registration under applicable state securities laws or the availability of an exemption from such qualification and registration; and

(vi) the receipt by the Trustee of an Officers' Certificate and an Opinion of Counsel each stating that (A) the terms of the issuance of the shares of Common Stock are in conformity with this Indenture and (B) the shares of Common Stock to be issued by the Company in payment of the Repurchase Price in respect of Debentures have been duly authorized and, when issued and delivered pursuant to the terms of this Indenture in payment of the Repurchase Price, will be validly issued, fully paid and nonassessable and free from preemptive rights under the Company's Certificate of Incorporation and By-laws and the Delaware General Corporation Law, and, in the case of such Officers' Certificate, stating that each of the conditions in clauses (i) through (v) above and the condition set forth in the second succeeding sentence have been satisfied and, in the case of such Opinion of Counsel, stating that the condition in clause (iv) above has been satisfied. Such Officers' Certificate shall also set forth the number of shares of Common Stock to be issued for each $1,000 principal amount of Debentures and the Last Reported Sale Price of the Common Stock on each Trading Day during the period during which the Market Price with respect to such Repurchase Date is to be calculated.

If the foregoing conditions are not satisfied with respect to a holder or holders prior to the close of business on the Business Day immediately preceding the Repurchase Date, the Company shall pay the entire Repurchase Price of the Debentures of such holder or holders in cash.

Upon determination of the actual number of shares of Common Stock to be issued upon repurchase of Debentures, the Company shall be required to disseminate a press release through Dow Jones & Company, Inc. or Bloomberg Business News containing this information or publish the information on the Company's web site or through such other public medium as the Company may use at that time.

(f) All shares of Common Stock delivered upon purchase of the Debentures shall be newly issued shares or treasury shares, shall be duly authorized, validly issued, fully paid and nonassessable, and shall be free from preemptive rights and free of any lien or adverse claim.

(g) If a holder is paid some or all of the Repurchase Price with respect to such holder's Debentures in shares of Common Stock, the Company shall pay any documentary, stamp or similar issue or transfer tax due on such issue of Common Stock; provided that the holder shall pay any such tax which is due

because the holder requests the Common Stock to be issued in a name other than that of the holder. The Paying Agent may refuse to deliver the certificates representing the shares of Common Stock being issued in a name other than the holder's name until the Paying Agent receives a sum sufficient to pay any tax which will be due because the shares of Common Stock are to be issued in a name other than the holder's name. Nothing herein shall preclude any income tax withholding required by law or regulations.

Section 3.08. Conditions and Procedures for Repurchase at Option of Holders. (a) The Company shall repurchase from the holder thereof, pursuant to Section 3.05 or Section 3.06, a portion of a Debenture, if the principal amount of such portion is $1,000 or a whole multiple of $1,000. Provisions of this Indenture that apply to the repurchase of all of a Debenture also apply to the repurchase of such portion of such Debenture. Upon presentation of any Debenture repurchased in part only, the Company shall execute and the Trustee shall authenticate and make

available for delivery to the holder thereof, at the expense of the Company, a new Debenture or Debentures, of any authorized denomination, in aggregate principal amount equal to the portion of the Debentures presented that is not repurchased.

(b) On or prior to a Repurchase Date, the Company will deposit with the Trustee or with one or more Paying Agents (or, if the Company is acting as its own Paying Agent, set aside, segregate and hold in trust as provided in Section 5.04) an amount of cash and/or shares of Common Stock, as applicable, sufficient to repurchase on the Repurchase Date all the Debentures or portions thereof to be repurchased on such date at the Repurchase Price; provided that if such deposit is made on the Repurchase Date, it must be received by the Trustee or Paying Agent, as the case may be, by 10:00 a.m., New York City time, on such date.

If the Trustee or other Paying Agent appointed by the Company, or the Company or an Affiliate of the Company, if it or such Affiliate is acting as the Paying Agent, holds cash or shares of Common Stock sufficient to pay the aggregate Repurchase Price of all the Debentures or portions thereof that are to be repurchased as of the Repurchase Date, on or after the Repurchase Date, (i) such Debentures will cease to be outstanding, (ii) interest on such Debentures will cease to accrue and (iii) all other rights of the holders of such Debentures will terminate, whether or not book-entry transfer of the Debentures has been made or the Debentures have been delivered to the Trustee or Paying Agent, other than the right to receive the Repurchase Price upon delivery of the Debentures.

(c) Upon receipt by the Trustee (or other Paying Agent appointed by the Company) of a Repurchase Election, the holder of the Debenture in respect of which such Repurchase Election was given shall (unless such notice is validly withdrawn) thereafter be entitled to receive solely the Repurchase Price with respect to such Debenture. Such Repurchase Price shall be paid to such holder, subject to receipt of funds and/or Debentures by the Trustee (or other Paying Agent appointed by the Company), promptly (but in no event more than five (5) Business Days) following the later of (x) the Repurchase Date with respect to such Debenture (provided the holder has satisfied the conditions in Section 3.05(c) or Section 3.06(c), as applicable) and (y) the time of delivery of such Debenture to the Trustee (or other Paying Agent appointed by the Company) by the holder thereof in the manner required by Section 3.05(c) or Section 3.06(c), as applicable. Debentures in respect of which a Repurchase Election has been given by the holder thereof may not be converted pursuant to Article 15 hereof on or after the date of the delivery of such Repurchase Election unless such notice has first been validly withdrawn.

(d) Notwithstanding anything herein to the contrary, any holder delivering to the office of the Trustee (or other Paying Agent appointed by the Company) a Repurchase Election shall have the right to withdraw such election at any time prior to the close of business on the Business Day preceding the Repurchase Date (or any such later time as may be required by applicable law) by delivery of a written notice of withdrawal to the Trustee (or other Paying Agent appointed by the Company) specifying:

(i) the certificate number, if any, of the Debenture in respect of which such notice of withdrawal is being submitted, or the appropriate Depositary information if the Debenture in respect of which such notice of withdrawal is being submitted is represented by a Global Debenture,

(ii) the principal amount of the Debenture with respect to which such notice of withdrawal is being submitted, and

(iii) the principal amount, if any, of such Debenture which

remains subject to the original Repurchase Election and which has been or will be delivered for repurchase by the Company.

The Trustee (or other Paying Agent appointed by the Company) shall promptly notify the Company of the receipt by it of any Repurchase Election or written notice of withdrawal thereof.

(e) The Company will comply with the provisions of Rule 13e-4 and any other tender offer rules under the Exchange Act to the extent then applicable in connection with the repurchase rights of the holders of Debentures in the event of a Fundamental Change or on any Company Repurchase Date. If then required by applicable law, the Company will file a Schedule TO or any other schedule required in connection with such repurchase.

(f) There shall be no repurchase of any Debentures pursuant to Section 3.05 or Section 3.06 if there has occurred at any time prior to, and is continuing on, the Repurchase Date an Event of Default (other than an Event of Default that is cured by the payment of the Repurchase Price with respect to such Debentures). The Paying Agent will promptly return to the respective holders thereof any Debentures (x) with respect to which a Repurchase Election has been withdrawn in compliance with this Indenture or (y) held by it during the continuance of an Event of Default (other than a default in the payment of the Repurchase Price with respect to such Debentures) in which case, upon such return, the Repurchase Election with respect thereto shall be deemed to have been withdrawn.

(g) The Trustee (or other Paying Agent appointed by the Company) shall return to the Company any cash that remains unclaimed as provided in Section 13.03, for the payment of the Repurchase Price; provided that, to the extent that the aggregate amount of cash deposited by the Company pursuant to Section 3.08(b) exceeds the aggregate Repurchase Price of the Debentures or portions thereof which the Company is obligated to purchase as of the Repurchase Date, then, unless otherwise agreed in writing with the Company, promptly after the Business Day following the Repurchase Date, the Trustee shall return any such excess to the Company.

(h) In the case of a reclassification, change, consolidation, merger, combination, sale or conveyance to which Section 15.06 applies, in which the Common Stock of the Company is changed or exchanged as a result into the right to receive stock, securities or other property or assets (including cash), which includes shares of Common Stock of the Company or shares of common stock of another Person that are, or upon issuance will be, traded on a United States national securities exchange or approved for trading on an established automated over-the-counter trading market in the United States and such shares constitute at the time such change or exchange becomes effective in excess of 50% of the aggregate fair market value of such stock, securities or other property or assets (including cash) (as determined by the Company, which determination shall be conclusive and binding), then the Person formed by such consolidation or resulting from such merger or which acquires such assets, as the case may be, shall execute and deliver to the Trustee a supplemental indenture (accompanied by an Opinion of Counsel that such supplemental indenture complies with the Trust Indenture Act as in force at

the date of execution of such supplemental indenture) modifying the provisions of this Indenture relating to the right of holders of the Debentures to cause the Company to repurchase the Debentures following a Fundamental Change and the provisions of this Indenture relating to the Company's option to deliver shares of Common Stock in payment of the Repurchase Price, including, without limitation, the applicable provisions of this Article 3 and the definitions of Common Stock and Fundamental Change, as appropriate, as determined in good faith by the Company (which determination shall be conclusive and binding), to make such provisions apply to such other Person if different from the Company and the common stock issued by such Person (in lieu of the Company and the Common Stock of the Company).

ARTICLE 4
SUBORDINATION OF DEBENTURES

Section 4.01. Agreement to Subordinate. The Company agrees, and each Debentureholder by accepting a Debenture agrees, that the Indebtedness, interest and other obligations of any kind evidenced by the Debentures and this Indenture are subordinated in right of payment, to the extent and in the manner provided in this Article 4, to the prior payment in full of all Senior Indebtedness (whether outstanding on the date hereof or hereafter created, incurred, assumed or Guaranteed), and that the subordination is for the benefit of the holders of Senior Indebtedness.

No provisions of this Article Four shall prevent the occurrence of any Event of Default.

Section 4.02. Payment Over of Proceeds Upon Dissolution, Etc. In the event of:

(a) any insolvency or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding in connection therewith, relating to the Company or to its creditors, as such, or to its assets, or

(b) any liquidation, dissolution or other winding up of the Company, whether voluntary or involuntary and whether or not involving insolvency or bankruptcy, or

(c) any assignment for the benefit of creditors or any other marshalling of assets and liabilities of the Company,

then and in any such event specified in (a), (b) or (c) above (each such event, if any, herein sometimes referred to as a ("PROCEEDING") the holders of Senior Indebtedness of the Company shall be entitled to receive payment in full of all amounts due or to become due on or in respect of all Senior Indebtedness of the Company, or provision shall be made for such payment in cash or cash equivalents or otherwise in manner satisfactory to the holders of Senior Indebtedness of the Company, before the Debentureholders are entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities (including any payment or distribution which may be payable or deliverable by reason of the payment of any other Indebtedness of the Company subordinated to the payment of the Debentures), on account of principal or (or premium, if any) or interest on the Debentures or on account of any purchase or other acquisition of Debentures by the Company or any subsidiary of the Company, (all such payments, distributions, purchases and acquisitions, other than the payment or distribution of stock or securities of the Company referred to in the second succeeding paragraph, herein

referred to, individually and collectively, as a "SECURITIES PAYMENT"), and to that end of the holders of Senior Indebtedness of the Company shall be entitled to receive, for application to the payment thereof, any Securities Payment which may be payable or deliverable in respect of the Debentures in any such Proceeding.

In the event that, notwithstanding the foregoing provisions of this Section, the Trustee or the Debentureholder shall have received any Securities Payment before all Senior Indebtedness of the Company is paid in full or payment thereof provided for in cash or cash equivalents or otherwise in a manner satisfactory to the holders of Senior Indebtedness of the Company, then and in such event such Securities Payment shall be paid over or delivered forthwith to the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee agent or other Person making payment or distribution of assets of the Company for application to the payment of all Senior Indebtedness of the Company remaining unpaid, to the extent necessary to pay all Senior Indebtedness of the Company in full, after giving effect to any concurrent payment or distribution to or for the holders of Senior Indebtedness of the Company.

For purposes of this Article only, the words "any payment or distribution of any kind or character, whether in cash, property or securities" shall not be deemed to include a payment or distribution of stock or securities of the Company provided for by a plan or reorganization or readjustment authorized by an order or decree of a court of competent jurisdiction in a reorganization proceeding under any applicable Bankruptcy Law or of any other corporation provided for by such plan of reorganization or readjustment which stock or securities are subordinated in right of payment to all then outstanding Senior Indebtedness of the Company to substantially the same extent as the Debentures are so subordinated as provided in this Article. The consolidation of the Company with, or the merger of the Company into, another Person or the liquidation or dissolution of the Company following the conveyance or transfer of all or substantially all of its properties and assets as an entirety to another Person upon the terms and conditions set forth in Article Twelve shall not be deemed a Proceeding for the purposes of this Section if the Person formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer such properties and assets as an entirety, as the case may be, shall, as a part of such consolidation, merger, conveyance or transfer, comply with the conditions set forth in Article Twelve.

Section 4.03. No Payment When Senior Indebtedness of the Company in Default. In the event that any Payment Default (as defined below) shall have occurred and be continuing, then no Securities Payment shall be made unless and until such Payment Default shall have been cured or waived or shall have ceased to exist, or all amounts then due and payable in respect of Senior Indebtedness of the Company shall have been paid in full, or provision shall have been made for such payment in cash or cash equivalents or otherwise in a manner satisfactory to the holders of Senior Indebtedness of the Company.

"PAYMENT DEFAULT" means any default in the payment of principal of (or premium, if any) or interest on any Senior Indebtedness of the Company when due, whether at the stated maturity of any such payment or by declaration of acceleration, call for redemption or otherwise.

In the event that any Senior Nonmonetary Default (as defined below) shall have occurred and be continuing, then, upon the receipt by the Company and the Trustee of written notice of such Senior Nonmonetary Default from any holder, or agent for the holders, of the Designated Senior Indebtedness which is the subject of such Senior Nonmonetary Default, no Securities Payment shall be made during the period (the "PAYMENT BLOCKAGE PERIOD") commencing on the date of such receipt of such written notice and ending on the earlier of (i) the date on which such Senior Nonmonetary Default shall have been cured or waived or shall have ceased to exist or all Designated Senior Indebtedness that is the subject of such Senior Nonmonetary Default shall have been discharged; (ii) the 180th day after the date of such receipt of such written notice; and (iii) the date on which the Payment Blockage Period shall have been terminated by written notice to the Company or the Trustee from the agent for the Designated Senior Indebtedness initiating the Payment Blockage Period. No more than one Payment Blockage Period may be commenced with respect to the Debentures during any 360-day period and there shall be a period of at least 181 consecutive days in each 360-day period when no Payment Blockage Period is in effect. For all purposes of this paragraph, no Payment Default or Senior Nonmonetary Default that existed or was continuing on the date of commencement of any Payment Blockage Period shall be, or be made, the basis for the commencement of a subsequent Payment Blockage Period, whether or not within a period of 360 consecutive days, unless such Payment Default or Senior Nonmonetary Default shall have been cured for a period of not less than 90 consecutive days.

"SENIOR NONMONETARY DEFAULT" means the occurrence or existence and continuance of any event of default with respect to any Designated Senior Indebtedness, other than a Payment Default, permitting the holders of such Designated Senior Indebtedness to declare such Designated Senior Indebtedness due and payable prior to the date on which it would otherwise become due and payable.

In the event that, notwithstanding the foregoing, the Company shall make any Securities Payment to the Trustee or any Debentureholder prohibited by the foregoing provisions of this Section, then and in such event such Securities Payment shall be paid over and delivered forthwith to the holders of Senior Indebtedness to the extent necessary to make payment in full to the holders of all unpaid Senior Indebtedness.

The provisions of this Section shall not apply to any Securities Payment with respect to which Section 4.02 would be applicable..

Section 4.04. Payment Permitted If No Default. Nothing contained in this Article or elsewhere in this Indenture or in any of the Debentures shall prevent (a) the Company from making Securities Payments, or (b) the application by the Trustee of any money deposited with it hereunder to Securities Payments or the retention of such Securities Payment by the Debentureholders, at any time except during the pendency of any Proceeding referred to in Section 4.02 or under the conditions described in Section 4.03, provided that the Trustee shall have no liability for any such application if it did not have knowledge that such Securities Payment was prohibited by the provisions of this Article.

Section 4.05. Subrogation to Rights of Holders of Designated Senior Indebtedness of the Company. Upon (but not before) the payment in full of all Designated Senior Indebtedness, the

holders of the Debentures shall (to the extent that amounts otherwise payable to such holders have been paid to the holders of Designated Senior Indebtedness pursuant to this Article 4) be subrogated to the rights of any holder of Designated Senior Indebtedness to receive any further payments or distributions applicable to the Designated Senior Indebtedness until the Debentures are paid in full; and such payments or distributions received by the holders of the Debentures by reason of such subrogation, which otherwise would be paid or distributed to the holders of Designated Senior Indebtedness, shall, as between the Company and its creditors other than the holders of Designated Senior Indebtedness, on the one hand, and the holders of Debentures, on the other hand, be deemed to be a payment by the Company on account of Designated Senior Indebtedness and not on account of the Debentures.

Section 4.06. Provisions Solely to Define Relative Rights. The provisions of this Article are and are intended solely for the purpose of defining the relative rights of the Debentureholders on the one hand and the holders of Senior Indebtedness of the Company on the other hand. Nothing contained in this Article or elsewhere in this Indenture or in the Debentures is intended to or shall (a) impair, as among the Company, its creditors other than holders of Senior Indebtedness of the Company and the Debentureholders, the obligation of the Company, which is absolute and unconditional (and which, subject to the rights under this Article of the holders of Senior Indebtedness

of the Company, is intended to rank equally with all other general obligations of the Company), to pay to the Debentureholders the principal of (and premium, if any) and interest on the Debentures as and when the same shall become due and payable in accordance with their terms; or (b) affect the relative rights against the Company of the Debentureholders and creditors of the Company other than the holders of Senior Indebtedness of the Company; or (c) prevent the Trustee or the Debentureholder from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article of the holders of Senior Indebtedness of the Company to receive cash, property and securities otherwise payable or deliverable to the Trustee or such Debentureholder.

Section 4.07. Trustee to Effectuate Subordination. Each Debentureholder by his acceptance thereof authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article and appoints the Trustee his attorney-in-fact for any and all such purposes.

Section 4.08. No Waiver of Subordination Provisions. No right of any present or future holder of any Senior Indebtedness of the Company to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act, in good faith, by any such holder, or by any noncompliance by the Company with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof any such holder may have or be otherwise charged with.

Without in any way limiting the generality of the foregoing paragraph, the holders of Senior Indebtedness of the Company may, at any time and from time to time, without the consent of or notice to the Trustee or the Debentureholders, without incurring responsibility to the Debentureholders and without impairing or releasing the subordination provided in this Article or the obligations hereunder of the Debentureholders to the holders of Senior Indebtedness of the Company, do any one or more of the following: (i) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, Senior Indebtedness of the

Company, or otherwise amend or supplement in any manner Senior Indebtedness of the Company or any instrument evidencing the same or any agreement under which Senior Indebtedness of the Company is outstanding; (ii) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing Senior Indebtedness of the Company; (iii) release any Person liable in any manner for the collection of Senior Indebtedness of the Company; and (iv) exercise or refrain from exercising any rights against the Company and any other Person.

Section 4.09. Notice to Trustee. The Company shall give prompt written notice to the Trustee of any fact known to the Company which would prohibit the making of any payment to or by the Trustee in respect of the Debentures; provided, however, that failure to provide such notice shall not affect the subordination of the Debentures provided for herein. Notwithstanding the provisions of this Article or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment to or by the Trustee in respect of the Debentures, unless and until the Trustee shall have received written notice thereof from the Company or a holder of Senior Indebtedness of the Company or from any trustee therefor; and, prior to the receipt of any such written notice, the Trustee, subject to the provisions of Section 8.01, shall be entitled in all respects to assume that no such facts exist; provided, however, that if the Trustee shall not have received the notice provided for in this Section at least three Business Days prior to the date upon which by the terms hereof any money may become payable for any purpose (including, without limitation, the payment of the principal of (and premium, if any) or interest on any Debenture), then, anything herein contained to the contrary notwithstanding, the Trustee shall have full power and authority to receive such money and to apply the same to the purpose for which such money was received and shall not be affected by any notice to the contrary which may be received by it within three Business Days prior to such date.

Subject to the provisions of Section 8.01, the Trustee shall be entitled to rely on the delivery to it of a written notice by a Person representing himself to be a holder of Senior Indebtedness of the Company (or a trustee or other representative therefor) to establish that such notice has been given by a holder of Senior Indebtedness of the Company (or a trustee therefor). In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any Person as a holder of Senior Indebtedness of the Company to participate in any payment or distribution pursuant to this Article, the Trustee may request such person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness of the Company held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such Person under this Article, and if such

evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

Section 4.10. Reliance on Judicial Order or Certificate of Liquidating Agent. Upon any payment or distribution of assets of the Company referred to in this Article, the Trustee, subject to the provisions of Section 8.01, and the Debentureholders shall be entitled to rely upon any order or decree entered by any court of competent jurisdiction in which such proceeding is pending, or a certificate of the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee for the benefit of creditors, agent or other Person making such payment or distribution,

delivered to the Trustee or to the Debentureholders, for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of the Senior Indebtedness of the Company and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article.

Section 4.11. Trustee Not Fiduciary for Holders of Senior Indebtedness of the Company. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness of the Company and shall not be liable to any such holders if it shall in good faith mistakenly pay over or distribute to Debentureholders or to the Company, or to any other Person cash, property or securities to which any holders of Senior Indebtedness of the Company shall be entitled by virtue of this Article or otherwise.

Section 4.12. Rights of Trustee as Holder of Senior Indebtedness of the Company; Preservation of Trustee's Rights. The Trustee in its individual capacity shall be entitled to all the rights set forth in this Article with respect to any Senior Indebtedness of the Company which may at any time be held by it, to the same extent as any other holder of Senior Indebtedness of the Company, and nothing in this Indenture shall deprive the Trustee of any of its rights as such holder.

Nothing in this Article shall apply to claims of, or payments to, the Trustee under or pursuant to Section 8.06.

Section 4.13. Article Applicable to Paying Agents. In case at any time Paying Agent other than the Trustee shall have been appointed by the Company and be then acting hereunder, the term "Trustee" as used in this Article shall in such case (unless the context otherwise requires) be construed as extending to and including such Paying Agent within its meaning as fully for all intents and purposes as if such Paying Agent were named in this Article in addition to or in place of the Trustee; provided, however, that Section 4.14 shall not apply to the Company, or any Affiliate of the Company if it or such Affiliate acts as Paying Agent.

ARTICLE 5
PARTICULAR COVENANTS OF THE COMPANY

Section 5.01. Payment of Principal and Interest. The Company covenants and agrees that it will duly and punctually pay or cause to be paid the principal of (including any Redemption Price or Repurchase Price pursuant to Article 3) and interest on each of the Debentures at the places, at the respective times and in the manner provided herein and in the Debentures.

Section 5.02. Maintenance of Office or Agency. The Company will maintain an office or agency in the Borough of Manhattan, The City of New York, where the Debentures may be surrendered for registration of transfer or exchange or for presentation for payment or for conversion, redemption or repurchase and where notices and demands to or upon the Company in respect of the Debentures and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or

agency not designated or appointed by the Trustee. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office.

The Company may also from time to time designate co-registrars and one or more offices or agencies where the Debentures may be presented or surrendered for any or all such purposes and may from time to time rescind such designations. The Company will give prompt written notice of any such designation or rescission and of any change in the location of any such other office or agency.

The Company hereby initially designates the Trustee as Paying Agent,

Debenture Registrar, Custodian and Conversion Agent, and each of the Corporate Trust Office and the office or agency of the Trustee in the Borough of Manhattan shall be considered as one such office or agency of the Company for each of the aforesaid purposes.

So long as the Trustee is the Debenture Registrar, the Trustee agrees to mail, or cause to be mailed, the notices set forth in Section 8.10(a) and the third paragraph of Section 8.11. If co-registrars have been appointed in accordance with this Section, the Trustee shall mail such notices only to the Company and the holders of Debentures it can identify from its records.

Section 5.03. Appointments to Fill Vacancies in Trustee's Office. The Company, whenever necessary to avoid or fill a vacancy in the office of Trustee, will appoint, in the manner provided in Section 8.10, a Trustee, so that there shall at all times be a Trustee hereunder.

Section 5.04. Provisions as to Paying Agent. (a) If the Company shall appoint a Paying Agent other than the Trustee, or if the Trustee shall appoint such a Paying Agent, the Company will cause such Paying Agent to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section 5.04:

(1) that it will hold all sums held by it as such agent for the payment of the principal of or interest on the Debentures (whether such sums have been paid to it by the Company or by any other obligor on the Debentures) in trust for the benefit of the holders of the Debentures;

(2) that it will give the Trustee notice of any failure by the Company (or by any other obligor on the Debentures) to make any payment of the principal of or interest on the Debentures when the same shall be due and payable; and

(3) that at any time during the continuance of an Event of Default, upon request of the Trustee, it will forthwith pay to the Trustee all sums so held in trust.

The Company shall, on or before each due date of the principal of or interest on the Debentures, deposit with the Paying Agent a sum (in funds which are immediately available on the due date for such payment) sufficient to pay such principal or interest, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of any failure to take such action; provided that if such deposit is made on the due date, such deposit shall be received by the Paying Agent by 10:00 a.m., New York City time, on such date.

(b) If the Company shall act as its own Paying Agent, it will, on or before each due date of the principal of or interest on the Debentures, set aside, segregate and hold in trust for the benefit of the holders of the Debentures a sum sufficient to pay such principal or interest so becoming due and will promptly notify the Trustee of any failure to take such action and of any failure by the Company (or any other obligor under the Debentures) to make any payment of the principal of or interest on the Debentures when the same shall become due and payable.

(c) Anything in this Section 5.04 to the contrary notwithstanding, the Company may, at any time, for the purpose of obtaining a satisfaction and discharge of this Indenture, or for any other reason, pay or cause to be paid to the Trustee all sums held in trust by the Company or any Paying Agent hereunder as required by this Section 5.04, such sums to be held by the Trustee upon the trusts herein contained and upon such payment by the Company or any Paying Agent to the Trustee, the Company or such Paying Agent shall be released from all further liability with respect to such sums.

(d) Anything in this Section 5.04 to the contrary notwithstanding, the agreement to hold sums in trust as provided in this Section 5.04 is subject to Sections 13.02 and 13.03.

The Trustee shall not be responsible for the actions of any other Paying Agents (including the Company if acting as its own Paying Agent) and shall have no control of any funds held by such other Paying Agents.

Section 5.05. Existence. Subject to Article 12, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its existence and rights (charter and statutory); provided that the Company shall not be required to preserve any such right if the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and that the loss thereof is not disadvantageous in any material respect to the Debentureholders.

Section 5.06. Rule 144A Information Requirement. Within the period prior to the expiration of the holding period applicable to sales thereof under Rule 144(k) under the Securities Act (or any successor provision), the Company

covenants and agrees that it shall, during any period in which it is not subject to Section 13 or 15(d) under the Exchange Act, make available to any holder or beneficial holder of Debentures or any Common Stock issued upon conversion thereof which continue to be Restricted Securities in connection with any sale thereof and any prospective purchaser of Debentures or such Common Stock designated by such holder or beneficial holder, the information required pursuant to Rule 144A(d)(4) under the Securities Act upon the request of any holder or beneficial holder of the Debentures or such Common Stock and it will take such further action as any holder or beneficial holder of such Debentures or such Common Stock may reasonably request, all to the extent required from time to time to enable such holder or beneficial holder to sell its Debentures or Common Stock without registration under the Securities Act within the limitation of the exemption provided by Rule 144A, as such Rule may be amended from time to time. Upon the request of any holder or any beneficial holder of the Debentures or such Common Stock, the Company will deliver to such holder a written statement as to whether it has complied with such requirements.

Section 5.07. Stay, Extension and Usury Laws. The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law or other law which would prohibit or forgive the Company from paying all or any portion of the principal of or interest on the Debentures as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Indenture and the Company (to the extent it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 5.08. Compliance Certificate. The Company shall deliver to the Trustee, within one hundred twenty (120) days after the end of each fiscal year of the Company (which fiscal year of the Company is presently the 12 calendar months ending December 31), a certificate signed by either the principal executive officer, principal financial officer or principal accounting officer of the Company, stating whether or not to the best knowledge of the signer thereof the Company is in default in the performance and observance of any of the terms, provisions and conditions of this Indenture (without regard to any period of grace or requirement of notice provided hereunder) and, if the Company shall be in default, specifying all such defaults and the nature and the status thereof of which the signer may have knowledge.

The Company will deliver to the Trustee, promptly upon becoming aware of (i) any default in the performance or observance of any covenant, agreement or condition contained in this Indenture, or (ii) any Event of Default, an Officers' Certificate specifying with particularity such default or Event of Default and further stating what action the Company has taken, is taking or proposes to take with respect thereto.

Any notice required to be given under this Section 5.08 shall be delivered to a Responsible Officer of the Trustee at its Corporate Trust Office.

Section 5.09. Additional Amounts Notice. In the event that the Company is required to pay Additional Amounts to holders of Debentures pursuant to the Registration Rights Agreement, the Company will provide written notice ("ADDITIONAL AMOUNTS NOTICE") to the Trustee of its obligation to pay Additional Amounts no later than fifteen (15) days prior to the proposed payment date for the Additional Amounts, and the Additional Amounts Notice shall set forth the amount of Additional Amounts to be paid by the Company on such payment date. The Trustee shall not at any time be under any duty or responsibility to any holder of Debentures to determine the Additional Amounts, or with respect to the nature, extent or calculation of the amount of Additional Amounts when made, or with respect to the method employed in such calculation of the Additional Amounts.

ARTICLE 6
DEBENTUREHOLDERS' LISTS AND REPORTS BY THE COMPANY AND THE TRUSTEE

Section 6.01. Debentureholders' Lists. The Company covenants and agrees that it will furnish or cause to be furnished to the Trustee, semiannually, not more than fifteen (15) days after each March 15 and September 15 in each year beginning with March 15, 2004, and at such

other times as the Trustee may request in writing, within thirty (30) days after receipt by the Company of any such request (or such lesser time as the Trustee may reasonably request in order to enable it to timely provide any notice to be provided by it hereunder), a list in such form as the Trustee may reasonably require of the names and addresses of the holders of Debentures as of a date not more than fifteen (15) days (or such other date as the Trustee may reasonably

request in order to so provide any such notices) prior to the time such information is furnished, except that no such list need be furnished by the Company to the Trustee so long as the Trustee is acting as the sole Debenture Registrar.

Section 6.02. Preservation and Disclosure of Lists. (a) The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the holders of Debentures contained in the most recent list furnished to it as provided in Section 6.01 or maintained by the Trustee in its capacity as Debenture Registrar or co-registrar in respect of the Debentures, if so acting. The Trustee may destroy any list furnished to it as provided in Section 6.01 upon receipt of a new list so furnished.

(b) The rights of Debentureholders to communicate with other holders of Debentures with respect to their rights under this Indenture or under the Debentures, and the corresponding rights and duties of the Trustee, shall be as provided by the Trust Indenture Act.

(c) Every Debentureholder, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any agent of either of them shall be held accountable by reason of any disclosure of information as to names and addresses of holders of Debentures made pursuant to the Trust Indenture Act.

Section 6.03. Reports by Trustee. (a) Within sixty (60) days after December 15 of each year commencing with the year 2003, the Trustee shall transmit to holders of Debentures such reports dated as of December 15 of the year in which such reports are made concerning the Trustee and its actions under this Indenture as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant thereto. In the event that no events have occurred under the applicable sections of the Trust Indenture Act, the Trustee shall be under no duty or obligation to provide such reports.

(b) A copy of such report shall, at the time of such transmission to holders of Debentures, be filed by the Trustee with each stock exchange and automated quotation system upon which the Debentures are listed and with the Company. The Company will promptly notify the Trustee in writing when the Debentures are listed on any stock exchange or automated quotation system or delisted therefrom.

Section 6.04. Reports by the Company. The Company shall file with the Trustee (and the Commission if at any time after the Indenture becomes qualified under the Trust Indenture Act), and transmit to holders of Debentures, such information, documents and other reports and such summaries thereof, as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant to such Act, whether or not the Debentures are governed by such Act; provided that any such information, documents or reports required to be filed with the Commission pursuant to Section 13 or 15(d) of the Exchange Act shall be filed with the Trustee within fifteen (15) days after the same is so required to be filed with the Commission. Delivery

of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

ARTICLE 7
REMEDIES OF THE TRUSTEE AND DEBENTUREHOLDERS ON AN EVENT OF DEFAULT

Section 7.01. Events of Default. In case one or more of the following events (each, an "EVENT OF DEFAULT") (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) shall have occurred and be continuing:

(a) default in the payment of any installment of interest upon any of the Debentures as and when the same shall become due and payable, and continuance of such default for a period of thirty (30) days whether or not such payment is prohibited by Article 4; or

(b) default in the payment of the principal of any of the Debentures as and when the same shall become due and payable either at maturity or in connection with any redemption or repurchase, in each case pursuant to Article 3, by acceleration or otherwise whether or not such payment is prohibited by Article 4; or

(c) default in the Company's obligation to convert the Debentures upon the exercise of a holder's rights pursuant to Article

15; or

(d) default in the Company's obligation to repurchase the Debentures at the option of a holder upon a Fundamental Change pursuant to Section 3.05 or on specified dates pursuant to Section 3.06; or

(e) failure to provide notice of the occurrence of a Fundamental Change on a timely basis as required by Section 3.05; or

(f) default in the Company's obligation to redeem the Debentures after it has exercised its option to redeem; or

(g) failure on the part of the Company duly to observe or perform any other of the covenants or agreements on the part of the Company in the Debentures or in this Indenture (other than a covenant or agreement a default in whose performance or whose breach is elsewhere in this Section 7.01 specifically dealt with) continued for a period of sixty (60) days after the date on which written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Trustee, or to the Company and a Responsible Officer of the Trustee by the holders of at least 25% in aggregate principal amount of the Debentures at the time outstanding determined in accordance with Section 9.04; or

(h) default by the Company or any of its subsidiaries in the payment of the principal or interest on any mortgage, agreement or other instrument under which there may be outstanding, or by which there may be secured or evidenced, any of the indebtedness of the Company or any of its subsidiaries for money borrowed in excess of $10,000,000 in the aggregate, whether such indebtedness now exists or shall hereafter be created, resulting in such indebtedness becoming or being declared due and payable, and such acceleration shall not have been rescinded or annulled within thirty (30) days after written notice of such acceleration has been received by the Company or such subsidiary; or

(i) final unsatisfied judgments not covered by insurance aggregating in excess of $10,000,000 rendered against the Company or any of its subsidiaries and not stayed, bonded or discharged within a period of sixty (60) consecutive days; or

(j) the Company shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to the Company or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of the Company or any substantial part of the property of the Company, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against the Company, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due; or

(k) an involuntary case or other proceeding shall be commenced against the Company seeking liquidation, reorganization or other relief with respect to the Company or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of the Company or any substantial part of the property of the Company, and such involuntary case or other proceeding remains undismissed or unstayed and in effect for a period of sixty (60) consecutive days;

then, and in each and every such case (other than an Event of Default specified in Section 7.01(j) or 7.01(k)), unless the principal of all of the Debentures shall have already become due and payable, either the Trustee or the holders of not less than 25% in aggregate principal amount of the Debentures then outstanding hereunder determined in accordance with Section 9.04, by notice in writing to the Company (and to the Trustee if given by Debentureholders), may declare the principal of all the Debentures and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Debentures contained to the contrary notwithstanding. If an Event of Default specified in Section 7.01(j) or 7.01(k) occurs, the principal of all the Debentures and the interest accrued thereon shall be immediately and automatically due and payable without necessity of further action. This provision, however, is subject to the conditions that if, at any time after the principal of the Debentures shall have been so declared due and payable, and before any judgment or decree for the payment of the monies due shall have been obtained or entered as hereinafter provided, the Company shall pay or shall deposit with the Trustee a sum sufficient to pay all matured installments of interest upon all

Debentures and the principal of any and all Debentures which shall have become due otherwise than by acceleration (with interest on overdue installments of interest (to the extent that payment of such interest is enforceable under applicable law) and on such principal at the rate borne by the Debentures, to the date of such payment or deposit) and amounts due to the Trustee pursuant to Section 8.06, and if any and all defaults under this Indenture, other than the nonpayment of principal of and accrued interest on Debentures which shall have become due by acceleration, shall have been cured or waived pursuant to Section 7.07, then and in every such case the holders of a majority in aggregate principal amount of the Debentures then outstanding, by written notice to the Company and to the Trustee, may waive all defaults or Events of Default and rescind and annul such declaration and its consequences; but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default or Event of Default, or shall impair any right consequent thereon. The Company shall notify in writing a Responsible Officer of the Trustee, promptly upon becoming aware thereof, of any Event of Default.

In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned because of such waiver or rescission and annulment or for any other reason or shall have been determined adversely to the Trustee, then and in every such case the Company, the holders of Debentures, and the Trustee shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Company, the holders of Debentures, and the Trustee shall continue as though no such proceeding had been taken.

Section 7.02. Payments of Debentures on Default; Suit Therefor. The Company covenants that (a) in case default shall be made in the payment of any installment of interest upon any of the Debentures as and when the same shall become due and payable, and such default shall have continued for a period of thirty (30) days, or (b) in case default shall be made in the payment of the principal of any of the Debentures as and when the same shall have become due and payable, whether at maturity of the Debentures or in connection with any redemption, repurchase, acceleration, declaration or otherwise, then, upon demand of the Trustee, the Company will pay to the Trustee, for the benefit of the holders of the Debentures, the whole amount that then shall have become due and payable on all such Debentures for principal or interest, as the case may be, with interest upon the overdue principal and (to the extent that payment of such interest is enforceable under applicable law) upon the overdue installments of interest at the rate borne by the Debentures, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including reasonable compensation to the Trustee, its agents, attorneys and counsel, and all other amounts due the Trustee under Section 8.06. Until such demand by the Trustee, the Company may pay the principal of and interest on the Debentures to the registered holders, whether or not the Debentures are overdue.

In case the Company shall fail forthwith to pay such amounts upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Company or any other obligor on the Debentures and collect in the manner provided by law out of the property of the Company or any other obligor on the Debentures wherever situated the monies adjudged or decreed to be payable.

In case there shall be pending proceedings for the bankruptcy or for the reorganization of the Company or any other obligor on the Debentures under Title 11 of the United States Code, or any other applicable law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Company or such other obligor, the property of the Company or such other obligor, or in the case of any other judicial proceedings relative to the Company or such other obligor upon the Debentures, or to the creditors or property of the Company or such other obligor, the Trustee, irrespective of whether the principal of the Debentures shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section 7.02, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of principal and interest owing and unpaid in respect of the Debentures, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and of the Debentureholders allowed in such judicial proceedings relative to the Company or any other obligor on the Debentures, its or their creditors, or its or their property, and to collect and receive any monies or other property payable or deliverable on any such claims, and to distribute the same after the

deduction of any amounts due the Trustee under Section 8.06, and to take any other action with respect to such claims, including participating as a member of any official committee of creditors, as it reasonably deems necessary or advisable, and, unless prohibited by law or applicable regulations, and any receiver, assignee or trustee in bankruptcy or reorganization, liquidator, custodian or similar official is hereby authorized by each of the Debentureholders to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Debentureholders, to pay to the Trustee any amount due it for reasonable compensation, expenses, advances and disbursements, including counsel fees and expenses incurred by it up to the date of such distribution. To the extent that such payment of reasonable compensation, expenses, advances and disbursements out of the estate in any such proceedings shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, monies, securities and other property which the holders of the Debentures may be entitled to receive in such proceedings, whether in liquidation or under any plan of reorganization or arrangement or otherwise.

All rights of action and of asserting claims under this Indenture, or under any of the Debentures, may be enforced by the Trustee without the possession of any of the Debentures, or the production thereof at any trial or other proceeding relative thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the holders of the Debentures.

In any proceedings brought by the Trustee (and in any proceedings involving the interpretation of any provision of this Indenture to which the Trustee shall be a party), the Trustee shall be held to represent all the holders of the Debentures, and it shall not be necessary to make any holders of the Debentures parties to any such proceedings.

Section 7.03. Application of Monies Collected by Trustee. Any monies collected by the Trustee pursuant to this Article 7 shall be applied in the order following, at the date or dates fixed by the Trustee for the distribution of such monies, upon presentation of the several Debentures, and stamping thereon the payment, if only partially paid, and upon surrender thereof, if fully paid:

FIRST: To the payment of all amounts due the Trustee under Section 8.06;

SECOND: In case the principal of the outstanding Debentures shall not have become due and be unpaid, to the payment of interest on the Debentures in default in the order of the maturity of the installments of such interest, with interest (to the extent that such interest has been collected by the Trustee) upon the overdue installments of interest at the rate borne by the Debentures, such payments to be made ratably to the Persons entitled thereto;

THIRD: In case the principal of the outstanding Debentures shall have become due, by declaration or otherwise, and be unpaid, to the payment of the whole amount then owing and unpaid upon the Debentures for principal and interest, with interest on the overdue principal and (to the extent that such interest has been collected by the Trustee) upon overdue installments of interest at the rate borne by the Debentures, and in case such monies shall be insufficient to pay in full the whole amounts so due and unpaid upon the Debentures, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Debenture over any other Debenture, ratably to the aggregate of such principal and accrued and unpaid interest; and

FOURTH: To the payment of the remainder, if any, to the Company or any other Person lawfully entitled thereto.

Section 7.04. Proceedings by Debentureholder. No holder of any Debenture shall have any right by virtue of or by reference to any provision of this Indenture to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Indenture, or for the appointment of a receiver, trustee, liquidator, custodian or other similar official, or for any other remedy hereunder, unless such holder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof, as hereinbefore provided, and unless also the holders of not less than 25% in aggregate principal amount of the Debentures then outstanding shall have made written request upon the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder and shall have offered to the Trustee such reasonable security or indemnity satisfactory to the Trustee as it may require

against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee for sixty (60) days after its receipt of such notice, request and offer of reasonable indemnity, shall have neglected or refused to institute any such action, suit or proceeding and no direction inconsistent with such written request shall have been given to the Trustee pursuant to Section 7.07; it being understood and intended, and being expressly covenanted by the taker and holder of every Debenture with every other taker and holder and the Trustee, that no one or more holders of Debentures shall have any right in any manner whatever by virtue of or by reference to any provision of this Indenture to affect, disturb

or prejudice the rights of any other holder of Debentures, or to obtain or seek to obtain priority over or preference to any other such holder, or to enforce any right under this Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all holders of Debentures (except as otherwise provided herein). For the protection and enforcement of this Section 7.04, each and every Debentureholder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

Notwithstanding any other provision of this Indenture and any provision of any Debenture, the right of any holder of any Debenture to receive payment of the principal of (including any Redemption Price or Repurchase Price pursuant to Article 3) and accrued interest on such Debenture on or after the respective due dates expressed in such Debenture, or to institute suit for the enforcement of any such payment on or after such respective dates against the Company, shall not be impaired or affected without the consent of such holder.

Anything in this Indenture or the Debentures to the contrary notwithstanding, the holder of any Debenture, without the consent of either the Trustee or the holder of any other Debenture, on its own behalf and for its own benefit, may enforce, and may institute and maintain any proceeding suitable to enforce, its rights of conversion as provided herein.

Section 7.05. Proceedings by Trustee. In case of an Event of Default, the Trustee may, in its discretion, proceed to protect and enforce the rights vested in it by this Indenture by such appropriate judicial proceedings as are necessary to protect and enforce any of such rights, either by suit in equity or by action at law or by proceeding in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of any power granted in this Indenture, or to enforce any other legal or equitable right vested in the Trustee by this Indenture or by law.

Section 7.06. Remedies Cumulative and Continuing. Except as provided in Section 2.06, all powers and remedies given by this Article 7 to the Trustee or to the Debentureholders shall, to the extent permitted by law, be deemed cumulative and not exclusive of any thereof or of any other powers and remedies available to the Trustee or the holders of the Debentures, by judicial proceedings or otherwise, to enforce the performance or observance of the covenants and agreements contained in this Indenture, and no delay or omission of the Trustee or of any holder of any of the Debentures to exercise any right or power accruing upon any default or Event of Default occurring and continuing as aforesaid shall impair any such right or power, or shall be construed to be a waiver of any such default or any acquiescence therein, and, subject to the provisions of Section 7.04, every power and remedy given by this Article 7 or by law to the Trustee or to the Debentureholders may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by the Debentureholders.

Section 7.07. Direction of Proceedings and Waiver of Defaults by Majority of Debentureholders. The holders of a majority in aggregate principal amount of the Debentures at the time outstanding determined in accordance with Section 9.04 shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee; provided that (a) such direction shall not be in conflict with any rule of law or with this Indenture, (b) the Trustee may take any other action which is not inconsistent with such direction and (c) the Trustee may decline to take any

action that would benefit some Debentureholders to the detriment of other Debentureholders. The holders of a majority in aggregate principal amount of the Debentures at the time outstanding determined in accordance with Section 9.04 may, on behalf of the holders of all of the Debentures, waive any past default or Event of Default hereunder and its consequences, except (i) a default in the payment of interest on, or the principal of, the Debentures, (ii) a failure by the Company to convert any Debentures into Common Stock, (iii) a default in the payment of the Redemption Price pursuant to Section 3.03, (iv) a default in the payment of the Fundamental Change Repurchase Price pursuant to Section 3.05 or Company Repurchase Price pursuant to Section 3.06 or (v) a default in respect of

a covenant or provisions hereof which under Article 11 cannot be modified or amended without the consent of the holders of each or all Debentures then outstanding or affected thereby. Upon any such waiver, the Company, the Trustee and the holders of the Debentures shall be restored to their former positions and rights hereunder; but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon. Whenever any default or Event of Default hereunder shall have been waived as permitted by this Section 7.07, said default or Event of Default shall for all purposes of the Debentures and this Indenture be deemed to have been cured and to be not continuing; but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon.

Section 7.08. Notice of Defaults. The Trustee shall, within ninety (90) days after a Responsible Officer of the Trustee has knowledge of the occurrence of a default, mail to all Debentureholders, as the names and addresses of such holders appear upon the Debenture Register, notice of all defaults known to a Responsible Officer, unless such defaults shall have been cured or waived before the giving of such notice; provided that except in the case of default in the payment of the principal of or interest on any of the Debentures, the Trustee shall be protected in withholding such notice if and so long as a trust committee of directors and/or Responsible Officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the Debentureholders. For the purpose of this Section 7.08, the term "DEFAULT" means any event which is, or after notice or lapse of time or both would become, an Event of Default.

Section 7.09. Undertaking to Pay Costs. All parties to this Indenture agree, and each holder of any Debenture by its acceptance thereof shall be deemed to have agreed, that any court may, in its discretion, require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; provided that the provisions of this Section 7.09 (to the extent permitted by law) shall not apply to any suit instituted by the Trustee, to any suit instituted by any Debentureholder, or group of Debentureholders, holding in the aggregate more than ten percent in principal amount of the Debentures at the time outstanding determined in accordance with Section 9.04, or to any suit instituted by any Debentureholder for the enforcement of the payment of the principal of or interest on any Debenture on or after the due date expressed in such Debenture or to any suit for the enforcement of the right to convert any Debenture in accordance with the provisions of Article 15.

ARTICLE 8
THE TRUSTEE

Section 8.01. Duties and Responsibilities of Trustee. The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(a) prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default which may have occurred:

(i) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture and the Trust Indenture Act, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture and the Trust Indenture Act against the Trustee; and

(ii) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but, in the case of any such certificates or opinions which by any provisions hereof are specifically

required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein);

(b) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Trustee, unless the Trustee was negligent in ascertaining the pertinent facts;

(c) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the written direction of the holders of not less than a majority in principal amount of the Debentures at the time outstanding determined as provided in Section 9.04 relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture;

(d) the Trustee shall not be liable in respect of any payment (as to the correctness of amount, entitlement to receive or any other matters relating to payment) or

notice effected by the Company or any Paying Agent or any records maintained by any co-registrar with respect to the Debentures; and

(e) if any party fails to deliver a notice relating to an event the fact of which, pursuant to this Indenture, requires notice to be sent to the Trustee, the Trustee may conclusively rely on its failure to receive such notice as reason to act as if no such event occurred.

The Trustee shall not be deemed to have knowledge or notice of any default (as defined in Section 7.08) or Event of Default hereunder unless a Responsible Officer of the Trustee shall have received at the Corporate Trust Office written notice of such default or Event of Default from the Company or the holders of at least 10% in aggregate principal amount of the Debentures and such notice refers to such default or Event of Default, the Debentures and the Indenture.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Whether or not therein provided, every provision of this Indenture relating to the conduct or affecting the liability of, or affording protection to, the Trustee shall be subject to the provisions of this Section 8.01.

Section 8.02. Reliance on Documents, Opinions, Etc. Except as otherwise provided in Section 8.01:

(a) the Trustee may conclusively rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, note, coupon or other paper or document (whether in its original or facsimile form) believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties;

(b) any request, direction, order or demand of the Company mentioned herein shall be sufficiently evidenced by an Officers' Certificate (unless other evidence in respect thereof be herein specifically prescribed); and any resolution of the Board of Directors may be evidenced to the Trustee by a copy thereof certified by the Secretary or an Assistant Secretary of the Company;

(c) the Trustee may consult with counsel of its own selection and any advice or Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken or omitted by it hereunder in good faith and in accordance with such advice or Opinion of Counsel;

(d) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Debentureholders pursuant to the provisions of this Indenture, unless such

Debentureholders shall have offered to the Trustee reasonable security or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby;

(e) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Trustee may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney;

(f) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed by it with due care hereunder;

(g) the Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(h) the rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder;

(i) the Trustee may request that the Company deliver an Officers' Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officers' Certificate may be signed by any person authorized to sign an Officers' Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded;

(j) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, conclusively rely upon an Officers' Certificate; and

(k) the Trustee may, before taking any action or refraining from taking any action under the Indenture, require that an indemnity satisfactory to it be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, including costs incurred in defending itself against any and all charges, claims, complaints, allegations, assertions or demands of any nature whatsoever, except liability which is adjudicated to be a result of the Trustee's negligence or misconduct in connection with any such action.

Section 8.03. No Responsibility for Recitals, Etc. The recitals contained herein and in the Debentures (except in the Trustee's certificate of authentication) shall be taken as the

statements of the Company, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Debentures. The Trustee shall not be accountable for the use or application by the Company of any Debentures or the proceeds of any Debentures authenticated and delivered by the Trustee in conformity with the provisions of this Indenture.

Section 8.04. Trustee, Paying Agents, Conversion Agents or Registrar May Own Debentures. The Trustee, any Paying Agent, any Conversion Agent or Debenture Registrar, in its individual or any other capacity, may become the owner or pledgee of Debentures with the same rights it would have if it were not Trustee, Paying Agent, Conversion Agent or Debenture Registrar.

Section 8.05. Monies to Be Held in Trust. Subject to the provisions of Section 13.03, all monies received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as may be agreed in writing from time to time by the Company and the Trustee.

Section 8.06. Compensation and Expenses of Trustee. The Company covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to, such compensation for all services rendered by it hereunder in any capacity (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) as mutually agreed to from time to time in writing between the Company and the Trustee, and the Company will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances reasonably incurred or made by the Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all Persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or willful misconduct. The Company also covenants to indemnify the Trustee and any predecessor Trustee (or any officer, director or employee of the Trustee), in any capacity under this Indenture and its agents and any authenticating agent for, and to hold them harmless against, any and all loss, liability, damage, claim or expense including taxes (other than taxes based on the income of the Trustee) incurred without negligence or willful misconduct on the part of the Trustee or such officers, directors, employees and agent or authenticating agent, as the case may be, and arising out of or in connection with the acceptance or administration of this trust or in any other capacity hereunder, including the costs and expenses of defending themselves against any claim (whether asserted by the Company, any holder or any other Person) of liability in connection with the exercise or performance of any of its powers or duties hereunder. The obligations of the Company under this Section 8.06 to compensate or indemnify the Trustee and to pay or reimburse the Trustee for expenses, disbursements and advances shall be secured by a lien prior to that of the Debentures upon all property and funds held or collected by the Trustee as such, except funds held in trust for the benefit of the holders of particular Debentures. The obligation of the Company under this Section shall survive the satisfaction and discharge of this Indenture.

When the Trustee and its agents and any authenticating agent incur expenses or render services after an Event of Default specified in Section 7.01(j) or Section 7.01(k) occurs with

respect to the Company, the expenses and the compensation for the services are intended to constitute expenses of administration under any bankruptcy, insolvency or similar laws.

Section 8.07. Officers' Certificate as Evidence. Except as otherwise provided in Section 8.01, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith or willful misconduct on the part of the Trustee, be deemed to be conclusively proved and established by an Officers' Certificate delivered to the Trustee.

Section 8.08. Conflicting Interests of Trustee. If the Trustee has or shall acquire a conflicting interest within the meaning of the Trust Indenture Act, the Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and this Indenture.

Section 8.09. Eligibility of Trustee. There shall at all times be a Trustee hereunder which shall be a Person that is eligible pursuant to the Trust Indenture Act to act as such and has a combined capital and surplus of at least $50,000,000 (or if such Person is a member of a bank holding company system, its bank holding company shall have a combined capital and surplus of at least $50,000,000). If such Person publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority, then for the purposes of this Section the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 8.09, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 8.10. Resignation or Removal of Trustee. (a) The Trustee may at any time resign by giving written notice of such resignation to the Company and to the holders of Debentures. Upon receiving such notice of resignation, the Company shall promptly appoint a successor trustee by written instrument, in duplicate, executed by order of the Board of Directors, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor trustee. If no successor trustee shall have been so appointed and have accepted appointment sixty (60) days after the mailing of such notice of resignation to the Debentureholders, the resigning Trustee may, upon ten (10) Business Days' notice to the Company and the Debentureholders, may petition, at the expense of the Company, any court of competent jurisdiction for the appointment of a successor trustee, or, if any Debentureholder who has been a bona fide holder of a Debenture or Debentures for at least six months may,

subject to the provisions of Section 7.09, on behalf of himself and all others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(b) In case at any time any of the following shall occur:

(i) the Trustee shall fail to comply with Section 8.08 after written request therefor by the Company or by any Debentureholder who has been a bona fide holder of a Debenture or Debentures for at least six months; or

(ii) the Trustee shall cease to be eligible in accordance with the provisions of Section 8.09 and shall fail to resign after written request therefor by the Company or by any such Debentureholder; or

(iii) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, the Company may remove the Trustee and appoint a successor trustee by written instrument, in duplicate, executed by order of the Board of Directors, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee, or, subject to the provisions of Section 7.09, any Debentureholder who has been a bona fide holder of a Debenture or Debentures for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee; provided that if no successor Trustee shall have been appointed and have accepted appointment sixty (60) days after either the Company or the Debentureholders has removed the Trustee, or the Trustee resigns, the Trustee so removed may petition, at the expense of the Company, any court of competent jurisdiction for an appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(c) The holders of a majority in aggregate principal amount of the Debentures at the time outstanding may at any time remove the Trustee and nominate a successor trustee which shall be deemed appointed as successor trustee unless, within ten (10) days after notice to the Company of such nomination, the Company objects thereto, in which case the Trustee so removed or any Debentureholder, or if such Trustee so removed or any Debentureholder fails to act, the Company, upon the terms and conditions and otherwise as in Section 8.10(a) provided, may petition any court of competent jurisdiction for an appointment of a successor trustee.

(d) Any resignation or removal of the Trustee and appointment of a successor trustee pursuant to any of the provisions of this Section 8.10 shall become effective upon acceptance of appointment by the successor trustee as provided in Section 8.11.

Section 8.11. Acceptance by Successor Trustee. Any successor trustee appointed as provided in Section 8.10 shall execute, acknowledge and deliver to the Company and to its predecessor trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as trustee herein; but, nevertheless, on the written request of the Company or of the successor trustee, the trustee ceasing to act shall, upon payment of any amount then due it pursuant to the provisions of Section 8.06, execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act. Upon request of any such successor trustee, the Company shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers. Any trustee ceasing to act shall, nevertheless, retain a lien upon all property and funds held or

collected by such trustee as such, except for funds held in trust for the benefit of holders of particular Debentures, to secure any amounts then due it pursuant to the provisions of Section 8.06.

No successor trustee shall accept appointment as provided in this Section 8.11 unless, at the time of such acceptance, such successor trustee shall be qualified under the provisions of Section 8.08 and be eligible under the provisions of Section 8.09.

Upon acceptance of appointment by a successor trustee as provided in this Section 8.11, the Company (or the former trustee, at the written direction of the Company) shall mail or cause to be mailed notice of the succession of such trustee hereunder to the holders of Debentures at their addresses as they shall appear on the Debenture Register. If the Company fails to mail such notice within ten (10) days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be mailed at the expense of the Company.

Section 8.12. Succession by Merger. Any Person into which the Trustee may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any Person succeeding to all or substantially all of the corporate trust business of the Trustee (including any trust created by this Indenture), shall be the successor to the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto; provided that, in the case of any Person succeeding to all or substantially all of the corporate trust business of the Trustee, such Person shall be qualified under the provisions of Section 8.08 and eligible under the provisions of Section 8.09.

In case at the time such successor to the Trustee shall succeed to the trusts created by this Indenture, any of the Debentures shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee or authenticating agent appointed by such predecessor trustee, and deliver such Debentures so authenticated; and in case at that time any of the Debentures shall not have been authenticated, any successor to the Trustee or any authenticating agent appointed by such successor trustee may authenticate such Debentures in the name of the successor trustee; and in all such cases such certificates shall have the full force that is provided in the Debentures or in this Indenture; provided that the right to adopt the certificate of authentication of any predecessor Trustee or authenticate Debentures in the name of any predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

Section 8.13. Preferential Collection of Claims. If and when the Trustee shall be or become a creditor of the Company (or any other obligor upon the Debentures), the Trustee shall be subject to the provisions of the Trust Indenture Act regarding the collection of the claims against the Company (or any such other obligor).

ARTICLE 9
THE DEBENTUREHOLDERS

Section 9.01. Action by Debentureholders. Whenever in this Indenture it is provided that the holders of a specified percentage in aggregate principal amount of the Debentures may take

any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action, the holders of such specified percentage have joined therein may be evidenced (a) by any instrument or any number of instruments of similar tenor executed by Debentureholders in person or by agent or proxy appointed in writing, or (b) by the record of the holders of Debentures voting in favor thereof at any meeting of Debentureholders duly called and held in accordance with the provisions of Article 10, or (c) by a combination of such instrument or instruments and any such record of such a meeting of Debentureholders. Whenever the Company or the Trustee solicits the taking of any action by the holders of the Debentures, the Company or the Trustee may fix in advance of such solicitation, a date as the record date for determining holders entitled to take such action. The record date shall he not more than fifteen (15) days prior to the date of commencement solicitation of such action.

Section 9.02. Proof of Execution by Debentureholders. Subject to the provisions of Section 8.01, 8.02 and 10.05, proof of the execution of any instrument by a Debentureholder or its agent or proxy shall be sufficient if made in accordance with such reasonable rules and regulations as may be prescribed by the Trustee or in such manner as shall be satisfactory to the Trustee. The holding of Debentures shall be proved by the registry of such Debentures or by a certificate of the Debenture Registrar.

The record of any Debentureholders' meeting shall be proved in the manner provided in Section 10.06.

Section 9.03. Who Are Deemed Absolute Owners. The Company, the Trustee, any Paying Agent, any Conversion Agent and any Debenture Registrar may deem the Person in whose name such Debenture shall be registered upon the Debenture Register to be, and may treat it as, the absolute owner of such Debenture (whether or not such Debenture shall be overdue and notwithstanding any notation of ownership or other writing thereon made by any Person other than the Company

or any Debenture Registrar) for the purpose of receiving payment of or on account of the principal of and interest on such Debenture, for conversion of such Debenture and for all other purposes; and neither the Company nor the Trustee nor any Paying Agent nor any Conversion Agent nor any Debenture Registrar shall be affected by any notice to the contrary. All such payments so made to any holder for the time being, or upon his order, shall be valid, and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for monies payable upon any such Debenture.

Section 9.04. Company-owned Debentures Disregarded. In determining whether the holders of the requisite aggregate principal amount of Debentures have concurred in any direction, consent, waiver or other action under this Indenture, Debentures which are owned by the Company or any other obligor on the Debentures or any Affiliate of the Company or any other obligor on the Debentures shall be disregarded and deemed not to be outstanding for the purpose of any such determination; provided that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, consent, waiver or other action, only Debentures which a Responsible Officer knows are so owned shall be so disregarded. Debentures so owned which have been pledged in good faith may be regarded as outstanding for the purposes of this Section 9.04 if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Debentures and that the pledgee is not the Company, any other

obligor on the Debentures or any Affiliate of the Company or any such other obligor. In the case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall fully protect the Trustee. Upon request of the Trustee, the Company shall furnish to the Trustee promptly an Officers' Certificate listing and identifying all Debentures, if any, known by the Company to be owned or held by or for the account of any of the above described Persons, and, subject to Section 8.01, the Trustee shall be entitled to accept such Officers' Certificate as conclusive evidence of the facts therein set forth and of the fact that all Debentures listed therein are outstanding for the purpose of any such determination.

Section 9.05. Revocation of Consents, Future Holders Bound. At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 9.01, of the taking of any action by the holders of the percentage in aggregate principal amount of the Debentures specified in this Indenture in connection with such action, any holder of a Debenture which is shown by the evidence to be included in the Debentures the holders of which have consented to such action may, by filing written notice with the Trustee at its Corporate Trust Office and upon proof of holding as provided in Section 9.02, revoke such action so far as concerns such Debenture. Except as aforesaid, any such action taken by the holder of any Debenture shall be conclusive and binding upon such holder and upon all future holders and owners of such Debenture and of any Debentures issued in exchange or substitution therefor, irrespective of whether any notation in regard thereto is made upon such Debenture or any Debenture issued in exchange or substitution therefor.

ARTICLE 10
MEETINGS OF DEBENTUREHOLDERS

Section 10.01. Purpose of Meetings. A meeting of Debentureholders may be called at any time and from time to time pursuant to the provisions of this Article 10 for any of the following purposes:

(1) to give any notice to the Company or to the Trustee or to give any directions to the Trustee permitted under this Indenture, or to consent to the waiving of any default or Event of Default hereunder and its consequences, or to take any other action authorized to be taken by Debentureholders pursuant to any of the provisions of Article 7;

(2) to remove the Trustee and nominate a successor trustee pursuant to the provisions of Article 8;

(3) to consent to the execution of an indenture or indentures supplemental hereto pursuant to the provisions of Section 11.02; or

(4) to take any other action authorized to be taken by or on behalf of the holders of any specified aggregate principal amount of the Debentures under any other provision of this Indenture or under applicable law.

Section 10.02. Call of Meetings by Trustee. The Trustee may at any time call a meeting of Debentureholders to take any action specified in Section 10.01, to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of the Debentureholders,

setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting and the establishment of any record date pursuant to Section 9.01, shall be mailed to holders of Debentures at their addresses as they shall appear on the Debenture Register. Such notice shall also be mailed to the Company. Such notices shall be mailed not less than 20 nor more than ninety (90) days prior to the date fixed for the meeting.

Any meeting of Debentureholders shall be valid without notice if the holders of all Debentures then outstanding are present in person or by proxy or if notice is waived before or after the meeting by the holders of all Debentures outstanding, and if the Company and the Trustee are either present by duly authorized representatives or have, before or after the meeting, waived notice.

Section 10.03. Call of Meetings by Company or Debentureholders. In case at any time the Company, pursuant to a resolution of its Board of Directors, or the holders of at least 10% in aggregate principal amount of the Debentures then outstanding, shall have requested the Trustee to call a meeting of Debentureholders, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have mailed the notice of such meeting within twenty (20) days after receipt of such request, then the Company or such Debentureholders may determine the time and the place for such meeting and may call such meeting to take any action authorized in Section 10.01, by mailing notice thereof as provided in Section 10.02.

Section 10.04. Qualifications for Voting. To be entitled to vote at any meeting of Debentureholders a person shall (a) be a holder of one or more Debentures on the record date pertaining to such meeting or (b) be a person appointed by an instrument in writing as proxy by a holder of one or more Debentures on the record date pertaining to such meeting. The only persons who shall be entitled to be present or to speak at any meeting of Debentureholders shall be the persons entitled to vote at such meeting and their counsel and any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

Section 10.05. Regulations. Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Debentureholders, in regard to proof of the holding of Debentures and of the appointment of proxies, and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall think fit.

The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Debentureholders as provided in Section 10.03, in which case the Company or the Debentureholders calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the holders of a majority in principal amount of the Debentures represented at the meeting and entitled to vote at the meeting.

Subject to the provisions of Section 9.04, at any meeting each Debentureholder or proxyholder shall be entitled to one vote for each $1,000 principal amount of Debentures held or

represented by him; provided that no vote shall be cast or counted at any meeting in respect of any Debenture challenged as not outstanding and ruled by the chairman of the meeting to be not outstanding. The chairman of the meeting shall have no right to vote other than by virtue of Debentures held by him or instruments in writing as aforesaid duly designating him as the proxy to vote on behalf of other Debentureholders. Any meeting of Debentureholders duly called pursuant to the provisions of Section 10.02 or 10.03 may be adjourned from time to time by the holders of a majority of the aggregate principal amount of Debentures represented at the meeting, whether or not constituting a quorum, and the meeting may be held as so adjourned without further notice.

Section 10.06. Voting. The vote upon any resolution submitted to any meeting of Debentureholders shall be by written ballot on which shall be subscribed the signatures of the holders of Debentures or of their representatives by proxy and the outstanding principal amount of the Debentures held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record in duplicate of the proceedings of each meeting of Debentureholders shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was mailed as provided in Section 10.02. The record

shall show the principal amount of the Debentures voting in favor of or against any resolution. The record shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one of the duplicates shall be delivered to the Company and the other to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting.

Any record so signed and verified shall be conclusive evidence of the matters therein stated.

Section 10.07. No Delay of Rights by Meeting. Nothing contained in this Article 10 shall be deemed or construed to authorize or permit, by reason of any call of a meeting of Debentureholders or any rights expressly or impliedly conferred hereunder to make such call, any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Debentureholders under any of the provisions of this Indenture or of the Debentures.

ARTICLE 11
SUPPLEMENTAL INDENTURES

Section 11.01. Supplemental Indentures Without Consent of Debentureholders. The Company, when authorized by the resolutions of the Board of Directors, and the Trustee may, from time to time, and at any time enter into an indenture or indentures supplemental hereto for one or more of the following purposes:

(a) make provision with respect to the conversion rights of the holders of Debentures pursuant to the requirements of Section 15.06 or the repurchase obligations of the Company pursuant to the requirements of Section 3.08(h);

(b) to convey, transfer, assign, mortgage or pledge to the Trustee as security for the Debentures, any property or assets;

(c) to add a guarantor with respect to the Debentures;

(d) to evidence the succession of another Person to the Company, or successive successions, and the assumption by the successor Person of the covenants, agreements and obligations of the Company pursuant to Article 12;

(e) to surrender any of its rights or powers under the Indenture (including, without limitation, the right to pay any part of the Repurchase Price of the Debentures with shares of Common Stock as provided for by the Indenture existing on a date after the date of such amendment);

(f) to add to the covenants of the Company such further covenants, restrictions or conditions for the benefit of the holders of Debentures, and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, restrictions or conditions a default or an Event of Default permitting the enforcement of all or any of the several remedies provided in this Indenture as herein set forth; provided that in respect of any such additional covenant, restriction or condition, such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available to the Trustee upon such default;

(g) to make any changes or modifications necessary in connection with the registration of the Debentures under the Securities Act as contemplated by the Registration Rights Agreement, so long as any such change or modification shall not materially adversely affect the interests of the holders of the Debentures;

(h) to provide for the issuance under this Indenture of Debentures in coupon form (including Debentures registrable as to principal only) and to provide for exchangeability of such Debentures with the Debentures issued hereunder in fully registered form and to make all appropriate changes for such purpose;

(i) to cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indenture that may be defective or inconsistent with any other provisions contained herein or in any supplemental indenture, or to make such other provision in regard to matters or questions arising under this Indenture that shall not materially adversely affect the interests of the holders of the Debentures;

(j) to evidence and provide for the acceptance of

appointment hereunder by a successor Trustee with respect to the Debentures;

(k) to modify, eliminate or add to the provisions of this Indenture to such extent as shall be necessary to effect the qualifications of this Indenture or any supplemental indenture under the Trust Indenture Act, or under any similar federal statute hereafter enacted; or

(l) make other changes to the Indenture or forms or terms of the Debentures, provided no such change individually or in the aggregate with all other such changes has or will have a material adverse effect on the interests of the Debentureholders.

Upon the written request of the Company, accompanied by a copy of the resolutions of the Board of Directors certified by the Company's Secretary or Assistant Secretary authorizing the execution of any supplemental indenture, the Trustee is hereby authorized to join with the Company in the execution of any such supplemental indenture, to make any further appropriate agreements and stipulations that may be therein contained and to accept the conveyance, transfer and assignment of any property thereunder, but the Trustee shall not be obligated to, but may in its discretion, enter into any supplemental indenture that affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Any supplemental indenture authorized by the provisions of this Section 11.01 may be executed by the Company and the Trustee without the consent of the holders of any of the Debentures at the time outstanding, notwithstanding any of the provisions of Section 11.02.

Notwithstanding any other provision of the Indenture or the Debentures, the Registration Rights Agreement and the obligation to pay Additional Amounts thereunder may be amended, modified or waived in accordance with the provisions of the Registration Rights Agreement.

Section 11.02. Supplemental Indenture with Consent of Debentureholders. With the consent (evidenced as provided in Article 9) of the holders of at least a majority in aggregate principal amount of the Debentures at the time outstanding, the Company, when authorized by the resolutions of the Board of Directors, and the Trustee may, from time to time and at any time, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or any supplemental indenture or of modifying in any manner the rights of the holders of the Debentures; provided that no such supplemental indenture shall (i) extend the Stated Maturity of any Debenture, or reduce the rate or extend the time of payment of interest thereon, or reduce the principal amount thereof, or reduce any amount payable on redemption or repurchase thereof, or impair the right of any Debentureholder to institute suit for the payment thereof, or make the principal thereof or interest thereon payable in any coin or currency other than that provided in the Debentures, or affect the obligation of the Company to redeem any Debenture on a Redemption Date in a manner adverse to the holders of Debentures, or affect the obligation of the Company to repurchase any Debenture upon the happening of a Fundamental Change in a manner adverse to the holders of Debentures, or affect the obligation of the Company to repurchase any Debenture on a Company Repurchase Date in a manner adverse to the holders of Debentures, or impair the right to convert the Debentures into shares of Common Stock subject to the terms set forth herein, including Section 15.06, or reduce the number of shares of Common Stock or other property receivable upon conversion, in each case, without the consent of the holder of each Debenture so affected, or modify any of the provisions of this Section 11.02 or

Section 7.07, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the holder of each Debenture so affected, or change any obligation of the Company to maintain an office or agency in the places and for the purposes set forth in Section 5.02, or reduce the quorum or voting requirements set forth in Article 10 or (ii) reduce the aforesaid percentage of Debentures, the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all Debentures then outstanding.

Upon the written request of the Company, accompanied by a copy of the resolutions of the Board of Directors certified by its Secretary or Assistant Secretary authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of Debentureholders as aforesaid, the Trustee shall join with the Company in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter

into such supplemental indenture.

It shall not be necessary for the consent of the Debentureholders under this Section 11.02 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Section 11.03. Effect of Supplemental Indenture. Any supplemental indenture executed pursuant to the provisions of this Article 11 shall comply with the Trust Indenture Act, as then in effect, provided that this Section 11.03 shall not require such supplemental indenture or the Trustee to be qualified under the Trust Indenture Act prior to the time such qualification is in fact required under the terms of the Trust Indenture Act or the Indenture has been qualified under the Trust Indenture Act, nor shall it constitute any admission or acknowledgment by any party to such supplemental indenture that any such qualification is required prior to the time such qualification is in fact required under the terms of the Trust Indenture Act or the Indenture has been qualified under the Trust Indenture Act. Upon the execution of any supplemental indenture pursuant to the provisions of Article 11, this Indenture shall be and shall be deemed to be modified and amended in accordance therewith and the respective rights, limitation of rights, obligations, duties and immunities under this Indenture of the Trustee, the Company and the holders of Debentures shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments and all the terms and conditions of any such supplemental indenture shall be and shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 11.04. Notation on Debentures. Debentures authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article 11 may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company or the Trustee shall so determine, new Debentures so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any modification of this Indenture contained in any such supplemental indenture may, at the Company's expense, be prepared and executed by the Company, authenticated by the Trustee (or an authenticating agent duly appointed by the Trustee pursuant to Section 16.13) and delivered in exchange for the Debentures then outstanding, upon surrender of such Debentures then outstanding.

Section 11.05. Evidence of Compliance of Supplemental Indenture to Be Furnished to Trustee. Prior to entering into any supplemental indenture, the Trustee shall be provided with an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any supplemental indenture executed pursuant hereto complies with the requirements of this Article 11 and is otherwise authorized or permitted by this Indenture.

ARTICLE 12
CONSOLIDATION, MERGER, SALE, CONVEYANCE AND LEASE

Section 12.01. Company May Consolidate on Certain Terms. Subject to the provisions of Section 12.02, the Company shall not consolidate or merge with or into any other Person or Persons (whether or not affiliated with the Company), nor shall the Company or its successor or successors be a party or parties to successive consolidations or mergers, nor shall the Company sell, convey, transfer or lease the property and assets of the Company substantially as an entirety, to any other Person (whether or not affiliated with the Company), unless: (i) the Company is the surviving Person, or the resulting, surviving or transferee Person is a corporation organized and existing under the laws of the United States of America, any state thereof or the District of Columbia; (ii) upon any such consolidation, merger, sale, conveyance, transfer or lease, the due and punctual payment of the principal of and interest on all of the Debentures, according to their tenor and the due and punctual performance and observance of all of the covenants and conditions of this Indenture to be performed by the Company, shall be expressly assumed, by supplemental indenture satisfactory in form to the Trustee, executed and delivered to the Trustee by the Person (if other than the Company) formed by such consolidation, or into which the Company shall have been merged, or by the Person that shall have acquired or leased such property, and such supplemental indenture shall provide for the applicable conversion rights set forth in Section 15.06; and (iii) immediately after giving effect to the transaction described above, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing.

Section 12.02. Successor to Be Substituted. In case of any such consolidation, merger, sale, conveyance, transfer or lease and upon the assumption by the successor Person, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the due and punctual payment of the principal of and interest on all of the Debentures and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by the Company, such successor Person shall succeed to and be substituted for the Company, with the same effect as if it had been named herein as the party of this first part. Such successor Person thereupon may

cause to be signed, and may issue either in its own name or in the name of Quanta Services, Inc. any or all of the Debentures, issuable hereunder that theretofore shall not have been signed by the Company and delivered to the Trustee; and, upon the order of such successor Person instead of the Company and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee shall authenticate and shall deliver, or cause to be authenticated and delivered, any Debentures that previously shall have been signed and delivered by the officers of the Company to the Trustee for authentication, and any Debentures that such successor Person thereafter shall cause to be signed and delivered to the Trustee for that purpose. All the Debentures so issued shall in all respects have the same legal rank and benefit under this Indenture as the Debentures theretofore or thereafter issued in accordance with the terms of this Indenture as though all of such Debentures had been issued at

the date of the execution hereof. In the event of any such consolidation, merger, sale, conveyance, transfer or lease, the Person named as the "COMPANY" in the first paragraph of this Indenture or any successor that shall thereafter have become such in the manner prescribed in this Article 12 may be dissolved, wound up and liquidated at any time thereafter and such Person shall be released from its liabilities as obligor and maker of the Debentures and from its obligations under this Indenture.

In case of any such consolidation, merger, sale, conveyance, transfer or lease, such changes in phraseology and form (but not in substance) may be made in the Debentures thereafter to be issued as may be appropriate.

Section 12.03. Opinion of Counsel to Be Given Trustee. The Trustee shall receive an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any such consolidation, merger, sale, conveyance, transfer or lease and any such assumption complies with the provisions of this Article 12.

ARTICLE 13
SATISFACTION AND DISCHARGE OF INDENTURE

Section 13.01. Discharge of Indenture. When (a) the Company shall deliver to the Trustee for cancellation all Debentures theretofore authenticated (other than any Debentures that have been destroyed, lost or stolen and in lieu of or in substitution for which other Debentures shall have been authenticated and delivered) and not theretofore canceled, or (b) all the Debentures not theretofore canceled or delivered to the Trustee for cancellation shall have become due and payable and the Company shall deposit with the Trustee, in trust, cash or, if expressly permitted by the terms of the Debentures or the Indenture, Common Stock sufficient to pay all amounts due and owing on Debentures (other than any Debentures that shall have been mutilated, destroyed, lost or stolen and in lieu of or in substitution for which other Debentures shall have been authenticated and delivered) not theretofore canceled or delivered to the Trustee for cancellation, accompanied by a verification report, as to the sufficiency of the deposited amount, from an independent certified accountant or other financial professional satisfactory to the Trustee, and if in either case the Company shall also pay or cause to be paid all other sums payable hereunder by the Company, then this Indenture shall cease to be of further effect (except as to (i) remaining rights of registration of transfer, substitution and exchange and conversion of Debentures, (ii) rights hereunder of Debentureholders to receive payments of principal of and interest on the Debentures and the other rights, duties and obligations of Debentureholders, as beneficiaries hereof with respect to the amounts, if any, so deposited with the Trustee and (iii) the rights, powers, duties, obligations and immunities of the Trustee hereunder), and the Trustee, on written demand of the Company accompanied by an Officers' Certificate and an Opinion of Counsel as required by Section 16.06 and at the cost and expense of the Company, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture; the Company, however, hereby agrees to reimburse the Trustee for any costs or expenses thereafter reasonably and properly incurred by the Trustee and to compensate the Trustee for any services thereafter reasonably and properly rendered by the Trustee in connection with this Indenture or the Debentures.

Section 13.02. Paying Agent to Repay Monies Held. Upon the satisfaction and discharge of this Indenture, all monies then held by any Paying Agent of the Debentures (other than the Trustee) shall, upon written request of the Company, be repaid to it or paid to the Trustee, and thereupon such Paying Agent shall be released from all further liability with respect to such monies.

Section 13.03. Return of Unclaimed Monies. Subject to the requirements of applicable law, any monies deposited with or paid to the Trustee for payment of the principal of or interest on Debentures and not applied but remaining unclaimed by the holders of Debentures for two years after the date upon which the principal of or interest on such Debentures, as the case may be, shall have become due and payable, shall be repaid to the Company by the Trustee on demand

and all liability of the Trustee shall thereupon cease with respect to such monies; and the holder of any of the Debentures shall thereafter look only to the Company for any payment that such holder may be entitled to collect unless an applicable abandoned property law designates another Person.

ARTICLE 14
IMMUNITY OF INCORPORATORS, STOCKHOLDERS, OFFICERS AND DIRECTORS

Section 14.01. Indenture and Debentures Solely Corporate Obligations. No recourse for the payment of the principal of or interest on any Debenture, or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company in this Indenture or in any supplemental indenture or in any Debenture, or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, employee, agent, officer, director or subsidiary, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that all such liability is hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of the Debentures.

ARTICLE 15
CONVERSION OF DEBENTURES

Section 15.01. Right to Convert. (a) Subject to and upon compliance with the provisions of this Indenture, prior to October 1, 2023, the holder of any Debenture shall have the right, at such holder's option, to convert the principal amount of the Debenture, or any portion of such principal amount which is a multiple of $1,000, into fully paid and non-assessable shares of Common Stock (as such shares shall then be constituted) at the Conversion Rate in effect at such time, by surrender of the Debenture so to be converted in whole or in part, together with any required funds, under the circumstances described in this Section 15.01 and in the manner provided in Section 15.02. The Debentures shall be convertible only during the following periods upon the occurrence of one of the following events:

(i) during any fiscal quarter after the fiscal quarter ending December 31, 2003 if the Last Reported Sale Price of the Common Stock for at least twenty (20) Trading Days during the period of thirty (30) consecutive Trading Days ending on the first

Trading Day of such fiscal quarter equals or exceeds 120% of the Conversion Price on such first Trading Day;

(ii) in the event that the Company calls the Debentures for redemption, at any time prior to the close of business on the second Business Day immediately preceding the Redemption Date; provided that only those Debentures that are called for redemption may be converted following such an event;

(iii) as provided in Section (b) of this Section 15.01; or

(iv) during the five (5) Business Day period immediately after any five (5) consecutive Trading Day period in which the Trading Price per $1,000 principal amount of the Debentures for each day of such five (5) day measurement period was less than 98% of the product of the Last Reported Sale Price of the Common Stock on the applicable date and the Conversion Rate.

Notwithstanding the foregoing, if, on the date of any conversion pursuant to Section 15.01(a)(iv) on or after October 1, 2018, the Last Reported Sale Price of the Common Stock on the Trading Day before the Conversion Date is greater than 100% but less than 120% of the Conversion Price, the holders of Debentures surrendered for conversion shall receive, in lieu of Common Stock based on the Conversion Rate, cash or Common Stock or a combination of cash and Common Stock, at the Company's option, with a value equal to the principal amount of the Debentures being converted plus accrued and unpaid interest (including Additional Amounts, if any), as of the Conversion Date ("PRINCIPAL VALUE CONVERSION"). Any Common Stock delivered upon a Principal Value Conversion will be valued at the greater of the Conversion Price on the Conversion Date and the average of the Last Reported Sale Price of the Common Stock for a five (5) Trading Day period starting the third Trading Day following the Conversion Date of such Debentures. If a holder of Debentures surrenders their Debentures for a Principal Value Conversion, the Company shall notify such holder by the second Trading Day following the Conversion Date that it is a Principal Value Conversion and whether the Company will pay such Holder all or a portion of the principal amount plus accrued and unpaid interest and Additional Amounts, if any, in cash, Common Stock or a combination of cash and Common Stock, and in what percentage. The Company will pay such holder any portion of the principal amount plus accrued and unpaid interest and Additional Amounts, if any, to be

paid in cash and deliver Common Stock with respect to any portion of the principal amount plus accrued and unpaid interest and Additional Amounts, if any, to be paid in Common Stock, no later than the third Business Day following the determination of the average Last Reported Sale Price of the Common Stock.

The Company or its designated agent shall determine on a daily basis during the time period specified in Section 15.01(a)(i) whether the Debentures shall be convertible as a result of the occurrence of an event specified in clause (i) above and, if the Debentures shall be so convertible, the Company shall promptly deliver to the Trustee (or other Conversion Agent appointed by the Company) written notice thereof. Whenever the Debentures shall become convertible pursuant to this Section 15.01, the Company or, at the Company's request, the Trustee in the name and at the expense of the Company, shall notify the holders of the event triggering such convertibility in the manner provided in Section 16.04, and the Company shall also publicly announce such information by publication on the Company's web site or through

such other public medium as it may use at such time. Any notice so given shall be conclusively presumed to have been duly given, whether or not the holder receives such notice.

The Trustee (or other Conversion Agent appointed by the Company) shall have no obligation to determine the Trading Price under this Section 15.01 unless the Company has requested in writing such a determination; and the Company shall have no obligation to make such request unless a holder provides it with reasonable evidence that the Trading Price per $1,000 principal amount of Debentures would be less than 98% of the product of the Last Reported Sale Price of the Common Stock and the Conversion Rate. If such evidence is provided, the Company shall instruct the Trustee (or other Conversion Agent) in writing to determine the Trading Price of the Debentures beginning on the next Trading Day and on each successive Trading Day until, and only until, the Trading Price per $1,000 principal amount of Debentures is greater than or equal to 98% of the product of the Last Reported Sale Price of the Common Stock and the Conversion Rate.

The Trustee shall be entitled at its sole discretion to consult with the Company and to request the assistance of the Company in connection with the Trustee's duties and obligations pursuant to Section 15.01(a) hereof, and the Company agrees, if requested by the Trustee, to cooperate with, and provide assistance to, the Trustee in carrying out its duties under this Section 15.01; provided, however, that nothing herein shall be construed to relieve the Trustee of its duties pursuant to Section 15.01(a) hereof.

(b) In addition, if:

(i) the Company distributes to all holders of its Common Stock rights or warrants entitling them (for a period expiring within forty-five (45) days of the date of the distribution) to subscribe for or purchase shares of Common Stock at a price per share less than the Last Reported Sale Price of the Common Stock on the Trading Day immediately preceding the declaration date of the distribution, or (B) the Company distributes to all holders of Common Stock assets (including cash), debt securities or rights to purchase securities of the Company, which distribution has a per share value as determined by the Company's Board of Directors and set forth in a Board Resolution exceeding 10% of the Last Reported Sale Price of the Common Stock on the Trading Day immediately preceding the declaration date for such distribution, then, in either case, the Debentures may be surrendered for conversion at any time on and after the date that the Company gives notice to the holders of such distribution, which shall be not less than twenty (20) days prior to the Ex-Dividend Date for such distribution, until the earlier of the close of business on the Business Day immediately preceding, but not including, the Ex-Dividend Date or the date the Company publicly announces that such distribution will not take place; provided that no adjustment to the Conversion Price or the ability of a holder of a Debenture to convert will be made if the holder will otherwise participate in such distribution without conversion; and

(ii) the Company consolidates with or merges with or into another Person or is a party to a binding share exchange or conveys, transfers, sells, leases or otherwise disposes of all or substantially all of its properties and assets, in each case pursuant to which the Common Stock is converted into cash or property other than securities, then

the Debentures may be surrendered for conversion at any time from and after the date fifteen (15) days prior to the anticipated effective date of the transaction and ending on and including the date fifteen

(15) days after the anticipated effective date of the transaction.

The Board of Directors shall determine the anticipated effective date of the transaction, and such determination shall be conclusive and binding on the holders and shall be publicly announced by the Company by publication on its web site or through such other public medium as it may use at that time not later than two (2) Business Days prior to such fifteenth day.

(c) A Debenture in respect of which a holder is electing to exercise its option to require repurchase upon a Fundamental Change pursuant to Section 3.05 or repurchase pursuant to Section 3.06 may be converted only if such holder withdraws its election in accordance with Section 3.08(d). A holder of Debentures is not entitled to any rights of a holder of Common Stock until such holder has converted his Debentures to Common Stock, and only to the extent such Debentures are deemed to have been converted to Common Stock under this Article 15.

Section 15.02. Exercise of Conversion Privilege; Issuance of Common Stock on Conversion; No Adjustment for Interest or Dividends; Settlement of Cash or Common Stock upon Conversion. (a) In order to exercise the conversion privilege with respect to any Debenture in certificated form, the Company must receive at the office or agency of the Company maintained for that purpose or, at the option of such holder, the Corporate Trust Office, such Debenture with the original or facsimile of the form entitled "FORM OF CONVERSION NOTICE" on the reverse thereof, duly completed and manually signed, together with such Debentures duly endorsed for transfer, accompanied by the funds, if any, required by Section 15.02(d). Such notice shall also state the name or names (with address or addresses) in which the certificate or certificates for shares of Common Stock which shall be issuable on such conversion shall be issued, and shall be accompanied by transfer or similar taxes, if required pursuant to Section 15.07.

In order to exercise the conversion privilege with respect to any interest in a Global Debenture, the beneficial holder must complete, or cause to be completed, the appropriate instruction form for conversion pursuant to the Depositary's book-entry conversion program, deliver, or cause to be delivered, by book-entry delivery an interest in such Global Debenture, furnish appropriate endorsements and transfer documents if required by the Company or the Trustee or Conversion Agent, and pay the funds, if any, required by this Section 15.02 and any transfer taxes if required pursuant to Section 15.07.

(b) As promptly as practicable after satisfaction of the requirements for conversion set forth above, subject to compliance with any restrictions on transfer if shares issuable on conversion are to be issued in a name other than that of the Debentureholder (as if such transfer were a transfer of the Debenture or Debentures (or portion thereof) so converted), the Company shall issue and shall deliver to such Debentureholder at the office or agency maintained by the Company for such purpose pursuant to Section 5.02, a certificate or certificates for the number of full shares of Common Stock issuable upon the conversion of such Debenture or portion thereof as determined by the Company in accordance with the provisions of this Article 15 and a check or cash in respect of the Cash Amount pursuant to Section 15.02(h)(iii) (if applicable) and any

fractional interest in respect of a share of Common Stock arising upon such conversion, calculated by the Company as provided in Section 15.03. In case any Debenture of a denomination greater than $1,000 shall be surrendered for partial conversion, subject to Section 2.03, the Company shall execute and the Trustee shall authenticate and deliver to the holder of the Debenture so surrendered, without charge to him, a new Debenture or Debentures in authorized denominations in an aggregate principal amount equal to the unconverted portion of the surrendered Debenture.

(c) Each conversion shall be deemed to have been effected as to any such Debenture (or portion thereof) on the date on which the requirements set forth above in this Section 15.02 have been satisfied as to such Debenture (or portion thereof) (such date, the "CONVERSION DATE"), and the Person in whose name any certificate or certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become on said date the holder of record of the shares represented thereby; provided that any such surrender on any date when the stock transfer books of the Company shall be closed shall constitute the Person in whose name the certificates are to be issued as the record holder thereof for all purposes on the next succeeding day on which such stock transfer books are open, but such conversion shall be at the Conversion Rate in effect on the date upon which such Debenture shall be surrendered.

(d) Any Debenture or portion thereof surrendered for conversion during the period from the close of business on any Regular Record Date to the close of business on the Business Day preceding the following Interest Payment Date that has not been called for redemption during such period shall be accompanied by payment, in immediately available funds or other funds acceptable

to the Company, of an amount equal to the interest otherwise payable on such Interest Payment Date on the principal amount being converted; provided that no such payment need be made (1) if the Company has specified a Redemption Date that is after a Regular Record Date and prior to the next Interest Payment Date, (2) if the Company has specified a Repurchase Date following a Fundamental Change that is during such period or (3) to the extent of any overdue interest, if any overdue interest exists at the time of conversion with respect to such Debenture. Except as provided above in this Section 15.02, no payment or other adjustment shall be made for interest accrued on any Debenture converted or for dividends on any shares issued upon the conversion of such Debenture as provided in this Article 15.

(e) Upon the conversion of an interest in a Global Debenture, the Trustee (or other Conversion Agent appointed by the Company), or the Custodian at the direction of the Trustee (or other Conversion Agent appointed by the Company), shall make a notation on such Global Debenture as to the reduction in the principal amount represented thereby. The Company shall notify the Trustee in writing of any conversions of Debentures effected through any Conversion Agent other than the Trustee.

(f) Upon the conversion of a Debenture, that portion of the accrued but unpaid interest with respect to the converted Debenture shall not be canceled, extinguished or forfeited, but rather shall be deemed to be paid in full to the holder thereof through delivery of the Common Stock (together with the cash payment, if any, in lieu of fractional shares) or cash or a combination of cash and shares of Common Stock in exchange for the Debenture being converted pursuant to the provisions hereof; and the fair market value of such shares of Common Stock and any such cash payment in lieu of fractional shares shall be treated as issued or paid, as

the case may be, to the extent thereof, first in exchange for and in satisfaction of the Company's obligation to pay the principal amount of the converted Debenture and the accrued but unpaid interest, and the balance, if any, of such fair market value of such Common Stock and any such cash payment shall be treated as issued or paid, as the case may be, in exchange for and in satisfaction of the right to convert the Debenture being converted pursuant to the provisions hereof.

(g) In the event that the Company receives a Form of Conversion Notice on or prior to (1) the date on which the Company gives a Redemption Notice or (2) the date that is 20 days prior to the Stated Maturity of the Debentures (the "FINAL NOTICE DATE"), the following procedures shall apply:

(i) If the Company elects to satisfy all or any portion of its obligation to convert the Debentures (the "CONVERSION Obligation") in cash, the Company shall notify holders through the Trustee of the dollar amount to be satisfied in cash (which must be expressed either as 100% of the Conversion Obligation or as a fixed dollar amount) at any time on or before the date that is two Business Days following the Conversion Date (the "CASH SETTLEMENT NOTICE PERIOD"). If the Company timely elects to pay cash for any portion of the Common Stock otherwise issuable to holders upon conversion, holders may retract the Conversion Notice at any time during the two Business Days following the final day of the Cash Settlement Notice Period (the "CONVERSION RETRACTION PERIOD"). No such retraction can be made (and a Form of Conversion Notice shall be irrevocable) if the Company does not elect to deliver cash in lieu of Common Stock (other than cash in lieu of fractional shares). Upon the expiration of a Conversion Retraction Period, a Form of Conversion Notice shall be irrevocable. If the Company elects to satisfy all or any portion of the Conversion Obligation in cash, and the applicable Form of Conversion Notice has not been retracted, then settlement (in cash or in cash and Common Stock) will occur on the Business Day following the final day of the 20-Trading Day period beginning on the day after the final day of the Conversion Retraction Period (the "CASH SETTLEMENT AVERAGING PERIOD").

(ii) If the Company does not elect to satisfy any part of the Conversion Obligation in cash (other than cash in lieu of any fractional shares), delivery of the Common Stock into which the Debentures are converted (and cash in lieu of any fractional shares) shall occur through the Conversion Agent or the Depositary, as the case may be, as soon as practicable on or after the Conversion Date.

(h) Settlement amounts will be computed as follows:

(i) If the Company elects to satisfy the entire Conversion Obligation in Common Stock, it shall deliver to holders that have delivered the Conversion Notice giving rise to the Conversion Obligation a number of shares of Common Stock equal to (i) the aggregate principal amount of Debentures to be converted divided by 1,000, multiplied by (ii) the Conversion Rate. In addition, the Company shall pay cash for any fractional shares of Common Stock based on the

Last Reported Sale Price of the Common Stock on the Trading Day immediately preceding the Conversion Date.

(ii) If the Company elects to satisfy the entire Conversion Obligation in cash, it shall deliver to holders that have delivered the Conversion Notice giving rise to the Conversion Obligation cash in an amount equal to the product of:

(A) a number equal to (i) the aggregate principal amount of Debentures to be converted divided by 1,000, multiplied by (ii) the Conversion Rate; and

(B) the average Last Reported Sale Price of the Common Stock during the Cash Settlement Averaging Period.

(iii) If the Company elects to satisfy a fixed portion (other than 100%) of the Conversion Obligation in cash, it will deliver to holders the specified cash amount (the "CASH AMOUNT") and a number of shares of Common Stock equal to the greater of (i) zero and (ii) the excess, if any, of the number of shares of Common Stock calculated as if the Company elected to satisfy the entire Conversion Obligation in shares over the number of shares equal to the sum, for each day of the Cash Settlement Averaging Period, of (x) the Cash Amount divided by the number of days in the Cash Settlement Averaging Period, divided by (y) the Last Reported Sale Price of the Common Stock. In addition, the Company shall pay cash for all fractional Common Stock based on the average Last Reported Sale Price of the Common Stock during the Cash Settlement Averaging Period.

(iv) If the Company elects to satisfy the Conversion Obligation in Common Stock and if on the date of the Conversion Notice (x) the Debentures are neither registered under the Securities Act nor immediately freely saleable pursuant to Rule 144(k) under the Securities Act and (y) there exists a Registration Default (as defined under the Registration Right Agreement), then the Company shall deliver to Debentureholders an additional number of shares of Common Stock in accordance with Section 3(a) of the Registration Rights Agreement.

(i) The Company must determine whether or not it will satisfy all or a portion of the Conversion Obligation in cash at the time it issues a Redemption Notice and such notice will state the amount of the Conversion Obligation to be settled in cash (which must be expressed either as 100% of the Conversion Obligation or a fixed dollar amount). If the Company elects to satisfy all or any portion of the Conversion Obligation with respect to conversions after the Final Notice Date in cash, on or before the Final Notice Date the Company will send a single notice to holders indicating the dollar amount to be satisfied in cash (which must be expressed either as 100% of the Conversion Obligation or a fixed dollar amount). In the event that the Company receives a Form of Conversion Notice after the date a Redemption Notice has been issued or the Final Notice Date, settlement amounts will be computed and settlement dates will be determined in the same manner as set forth in clauses (g) and (h) of this Section 15.02 except that the Cash Settlement Averaging Period shall be the 20 Trading Day period beginning on the Trading Day after the Conversion Date. If a Form of Conversion Notice is received from holders of Debentures after the date that a Redemption Notice has been issued or the Final Notice Date, such holders may not retract their Conversion Notice. Settlement (in cash and/or Common Stock) will occur on the Business Day following the final day of such Cash Settlement Averaging Period.

Section 15.03. Cash Payments in Lieu of Fractional Shares. No fractional shares of Common Stock or scrip certificates representing fractional shares shall be issued upon conversion of Debentures. If more than one Debenture shall be surrendered for conversion at one time by the same holder, the number of full shares that shall be issuable upon conversion shall be computed on the basis of the aggregate principal amount of the Debentures (or specified portions thereof to the extent permitted hereby) so surrendered. If any fractional share of stock would be issuable upon the conversion of any Debenture or Debentures, the Company shall make an adjustment and payment therefor in cash to the holder of Debentures at the Last Reported Sale Price of the Common Stock on the last Trading Day immediately preceding the day on which the Debentures (or specified portions thereof) are deemed to have been converted.

Section 15.04. Conversion Rate. Each $1,000 principal amount of the Debentures shall be convertible into the number of shares of Common Stock specified in the form of Debenture (herein called the "CONVERSION RATE") attached as Exhibit A hereto (initially 89.7989 shares), subject to adjustment as provided in this Article 15.

Section 15.05. Adjustment of Conversion Rate. The Conversion Rate shall

be adjusted from time to time by the Company as follows:

(a) In case the Company shall pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate, as in effect at the opening of business on the day following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution, shall be increased by multiplying such Conversion Rate by a fraction,

(i) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the date fixed for the determination of stockholders entitled to receive such dividend or other distribution plus the total number of shares of Common Stock constituting such dividend or other distribution, and

(ii) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination,

such increase to become effective immediately after the opening of business on the Business Day following the date fixed for such determination. If any dividend or distribution of the type described in this Section 15.05(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

(b) In case the Company shall (other than pursuant to a dividend reinvestment plan or share purchase plan) issue rights, options or warrants to all holders of its Common Stock entitling them, for a period expiring within forty-five (45) days after the date fixed for the determination of stockholders entitled to receive such rights, options or warrants, to subscribe for or purchase shares of Common Stock at a price per share less than the Current Market Price per share of the Common Stock on the date fixed for the determination of stockholders entitled to receive such rights, options or warrants, the Conversion Rate in effect at the opening of business

on the day following the date fixed for such determination shall be increased by multiplying such Conversion Rate by a fraction,

(i) the numerator of which shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination plus the number of shares of Common Stock so offered for subscription or purchase at such below Current Market Price, and

(ii) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination plus the number of shares of Common Stock that the aggregate offering price of the total number of shares of Common Stock so offered for subscription or purchase would purchase at such Current Market Price,

such adjustment shall be successively made whenever any such rights or warrants are issued and shall become effective immediately after the opening of business on the Business Day following the date fixed for such determination. The Company shall not issue any such rights, options or warrants in respect of shares of Common Stock held in treasury by the Company. To the extent that shares of Common Stock are not delivered after the expiration of such rights or warrants, the Conversion Rate shall be readjusted to the Conversion Rate that would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of delivery of only the number of shares of Common Stock actually delivered. If such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed.

In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received by the Company for such rights or warrants and any amount payable on exercise or conversion thereof, the value of such consideration, if other than cash, to be determined by the Board of Directors.

(c) In case outstanding shares of Common Stock shall be subdivided or split into a greater number of shares of Common Stock, the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision or split becomes effective shall be proportionately increased, and, conversely, in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock, the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be proportionately reduced, such increase or reduction,

as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision, split or combination becomes effective.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock evidences of its indebtedness, shares of capital stock, securities, cash or other property (but excluding any dividend or distribution referred to in Section 15.05(a), any rights, options or warrants referred to in Section 15.05(b) and any dividend or distribution paid

exclusively in cash referred to in Section 15.05(e)), the Conversion Rate shall be adjusted by multiplying the Conversion Rate in effect immediately prior to the close of business on the date fixed for the determination of stockholders entitled to receive such distribution by a fraction,

(i) the numerator of which shall be the Current Market Price per share of the Common Stock on the date fixed for such determination, and

(ii) the denominator of which shall be the Current Market Price per share of the Common Stock on such date less the then Fair Market Value (as determined by the Board of Directors, whose determination shall be conclusive and described in a Board Resolution) on such date of the portion of the evidences of indebtedness, shares of capital stock, securities, cash or other property so distributed applicable to one share of Common Stock,

such adjustment to become effective immediately prior to the opening of business on the Business Day following the date fixed for the determination of stockholders entitled to receive such distribution; provided, however, that in the event that the Company makes a distribution to all holders of its Common Stock consisting of capital stock of, or similar equity interests in, a subsidiary or other business unit of the Company, the Conversion Rate shall be adjusted by multiplying the Conversion Rate in effect immediately prior to the close of business on the date fixed for the determination of stockholders entitled to receive such distribution by a fraction of which the numerator shall be the Spin-off Market Price per share of the Common Stock plus the Spin-off Market Price per share or similar equity interest of the subsidiary or other business unit of the Company on such date and the denominator shall be the Spin-off Market Price per share of the Common Stock on the date fixed for such determination, such adjustment to become effective ten (10) consecutive Trading Days after the effective date of such distribution of capital stock of, or similar equity interest in, a subsidiary or other business unit of the Company. In any case in which this Section 15.05(d) is applicable, Section 15.05(a) and (b) shall not be applicable. If such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock distributions consisting exclusively of cash (excluding (i) any dividend or distribution in connection with the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary and (ii) any dividend or distribution paid after October 1, 2008 to the extent that the aggregate amount of such payment per share of Common Stock in any twelve month period does not exceed 5% of the arithmetic average of the Last Reported Sale Price of the Common Stock during the ten (10) consecutive Trading Days immediately prior to the date of the declaration of the dividend or distribution), then, immediately after the close of business on such date for determination, the Conversion Rate shall be increased so that the same shall equal the rate determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the date fixed for determination of the stockholders entitled to receive such distribution by a fraction:

(i) the numerator of which shall be equal to the Current Market Price per share of the Common Stock on such date fixed for determination; and

(ii) the denominator of which shall be equal to the Current Market Price per share of the Common Stock on such date fixed for such determination less the amount of such distribution of cash applicable to one share of Common Stock that exceeds the amount of dividends and distributions permitted to be excluded pursuant to this Section 15.05(e).

(f) In case a tender or exchange offer made by the Company or any subsidiary of the Company for all or any portion of the Common Stock shall expire and such tender or exchange offer (as amended upon the expiration thereof) shall require the payment to stockholders of consideration per share of

Common Stock having a Fair Market Value (as determined by the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors) that as of the last time (the "EXPIRATION TIME") tenders or exchanges may be made pursuant to such tender or exchange offer (as it may be amended) exceeds the Last Reported Sale Price of a share of Common Stock on the Trading Day next succeeding the Expiration Time, the Conversion Rate shall be increased so that the same shall equal the rate determined by multiplying the Conversion Rate in effect immediately prior to the Expiration Time by a fraction:

(i) the numerator of which shall be the sum of (x) the Fair Market Value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted up to any such maximum, being referred to as the "PURCHASED SHARES") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Last Reported Sale Price of a share of Common Stock on the Trading Day next succeeding the Expiration Time, and

(ii) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Last Reported Sale Price of a share of Common Stock on the Trading Day next succeeding the Expiration Time,

such adjustment to become effective immediately prior to the opening of business on the day following the Expiration Time. If the Company is obligated to purchase shares pursuant to any such tender or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such tender or exchange offer had not been made.

(g) The reclassification of Common Stock into securities other than Common Stock (other than any reclassification upon an event to which Section 15.06 applies) shall be deemed to involve (a) a distribution of such securities other than Common Stock to all holders of Common Stock (and the effective date of such reclassification shall be deemed to be "THE DATE FIXED FOR THE DETERMINATION OF STOCKHOLDERS ENTITLED TO RECEIVE SUCH DISTRIBUTION" and the "DATE FIXED FOR SUCH DETERMINATION" within the meaning of Section 15.05(d)), and (b) a subdivision, split or combination, as the case may be, of the number of shares of Common Stock outstanding

immediately prior to such reclassification into the number of shares of Common Stock outstanding immediately thereafter (and the effective date of such reclassification shall be deemed to be "THE DAY UPON WHICH SUCH SUBDIVISION OR SPLIT BECOMES EFFECTIVE" or "THE DAY UPON WHICH SUCH COMBINATION BECOMES EFFECTIVE," as the case may be, and "THE DAY UPON WHICH SUCH SUBDIVISION, SPLIT OR COMBINATION BECOMES EFFECTIVE" within the meaning of Section 15.05(c)).

(h) Notwithstanding the foregoing provisions of Section 15.05, no adjustment shall be made thereunder, nor shall an adjustment be made to the ability of a holder of a Debenture to convert, for any distribution described therein if the holder will otherwise participate in the distribution without conversion of such holder's Debentures.

(i) The Company may make such increases in the Conversion Rate, in addition to those required by clauses (a) through (g) of this Section 15.05 as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least twenty (20) days, the increase is irrevocable during the period and the Board of Directors shall have made a determination that such increase would be in the best interests of the Company, which determination shall be conclusive. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall mail to holders of record of the Debentures a notice of the increase at least fifteen (15) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(j) No adjustment to the Conversion Rate need be made:

(i) upon the issuance of any shares of Common Stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on securities of the Company and the

investment of additional optional amounts in shares of Common Stock under any plan;

(ii) upon the issuance of any shares of Common Stock or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by the Company or any of its subsidiaries;

(iii) upon the issuance of any shares of Common Stock pursuant to any option, warrant, right, or exercisable, exchangeable or convertible security not described in (ii) above and outstanding as of the Original Issuance Date;

(iv) for a change in the par value of the Common Stock; or

(v) for accrued and unpaid interest, if any.

(k) No adjustment in the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% in such rate; provided that any adjustments that by reason of this Section 15.05(k) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Article 15 shall be made by the Company and shall be made to the nearest cent or to the nearest one-ten thousandth (1/10,000) of a share, as the case may be.

(l) Whenever the Conversion Rate is adjusted as herein provided, the Company shall promptly file with the Trustee and any Conversion Agent other than the Trustee an Officers' Certificate setting forth the Conversion Rate after such adjustment and setting forth a brief statement of the facts requiring such adjustment. Unless and until a Responsible Officer of the Trustee shall have received such Officers' Certificate, the Trustee shall not be deemed to have knowledge of any adjustment of the Conversion Rate and may assume that the last Conversion Rate of which it has knowledge is still in effect. Promptly after delivery of such certificate, the Company shall prepare a notice of such adjustment of the Conversion Rate setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective and shall mail such notice of such adjustment of the Conversion Rate to the holder of each Debenture at its last address appearing on the Debenture Register provided for in Section 2.05 of this Indenture, within twenty (20) days after execution thereof. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

(m) In any case in which this Section 15.05 provides that an adjustment shall become effective immediately after (1) a record date or Stock Record Date for an event, (2) the date fixed for the determination of stockholders entitled to receive a dividend or distribution pursuant to Section 15.05(a), (3) a date fixed for the determination of stockholders entitled to receive rights or warrants pursuant to Section 15.05(b) or (4) the Expiration Time for any tender or exchange offer pursuant to Section 15.05(f), (each a "DETERMINATION DATE"), the Company may elect to defer until the occurrence of the applicable Adjustment Event (as hereinafter defined) (x) issuing to the holder of any Debenture converted after such Determination Date and before the occurrence of such Adjustment Event, the additional shares of Common Stock or other securities issuable upon such conversion by reason of the adjustment required by such Adjustment Event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (y) paying to such holder any amount in cash in lieu of any fraction pursuant to Section 15.03; provided that in the case of an adjustment made pursuant to Section 15.05(d) with respect to a distribution of shares of capital stock of, or similar equity interest in, a subsidiary or other business unit of the Company, the Company may defer the issuance of such additional shares and cash payment, if any, until the third Business Day immediately following the last day of the 20 consecutive Trading Day period commencing on the fifth Trading Day after the Ex-Dividend Date. For purposes of this Section 15.05(m), the term "ADJUSTMENT EVENT" shall mean:

(i) in any case referred to in clause (1) hereof, the occurrence of such event;

(ii) in any case referred to in clause (2) hereof, the date any such dividend or distribution is paid or made;

(iii) in any case referred to in clause (3) hereof, the date of expiration of such rights or warrants; and

(iv) in any case referred to in clause (4) hereof, the date a sale or exchange of Common Stock pursuant to such tender or exchange offer is consummated and becomes irrevocable.

(n) For purposes of this Section 15.05, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

Section 15.06. Effect of Reclassification, Consolidation, Merger or Sale. If any of the following events occur, namely (i) any reclassification or change of the outstanding shares of Common Stock (other than a subdivision or combination to which Section 15.05(c) applies), (ii) any consolidation, merger or combination of the Company with another Person as a result of which holders of Common Stock shall be entitled to receive stock, other securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, or (iii) any sale or conveyance of all or substantially all of the properties and assets of the Company to any other Person as a result of which holders of Common Stock shall be entitled to receive stock, other securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, then the Company or the successor or purchasing Person, as the case may be, shall execute with the Trustee a supplemental indenture (which shall comply with the Trust Indenture Act as in force at the date of execution of such supplemental indenture) providing that each Debenture shall be convertible into the kind and amount of shares of stock, other securities or other property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, combination, sale or conveyance by a holder of a number of shares of Common Stock issuable upon conversion of such Debentures (assuming, for such purposes, a sufficient number of authorized shares of Common Stock are available to convert all such Debentures) immediately prior to such reclassification, change, consolidation, merger, combination, sale or conveyance assuming such holder of Common Stock did not exercise his rights of election, if any, as to the kind or amount of stock, other securities or other property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, combination, sale or conveyance (provided that, if the kind or amount of stock, other securities or other property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, combination, sale or conveyance is not the same for each share of Common Stock in respect of which such rights of election shall not have been exercised ("NON-ELECTING SHARE"), then for the purposes of this Section 15.06 the kind and amount of stock, other securities or other property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, combination, sale or conveyance for each non-electing share shall be deemed to be the kind and amount so receivable per share by a plurality of the non-electing shares). Such supplemental indenture shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article 15.

The Company shall cause notice of the execution of such supplemental indenture to be mailed to each holder of Debentures, at its address appearing on the Debenture Register provided

for in Section 2.05 of this Indenture, within twenty (20) days after execution thereof. Failure to deliver such notice shall not affect the legality or validity of such supplemental indenture.

The above provisions of this Section shall similarly apply to successive reclassifications, changes, consolidations, mergers, combinations, sales and conveyances.

If this Section 15.06 applies to any event or occurrence, Section 15.05 shall not apply.

Section 15.07. Taxes on Shares Issued. The issue of stock certificates on conversions of Debentures shall be made without charge to the converting Debentureholder for any documentary, stamp or similar issue or transfer tax in respect of the issue thereof. The Company shall not, however, be required to pay any such tax which may be payable in respect of any transfer involved in the issue and delivery of stock in any name other than that of the holder of any Debenture converted, and the Company shall not be required to issue or deliver any such stock certificate unless and until the Person or Persons requesting the issue thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

Section 15.08. Reservation of Shares, Shares to Be Fully Paid; Compliance with Governmental Requirements; Listing of Common Stock. The Company shall provide, free from preemptive rights, out of its authorized but unissued shares or shares held in treasury, sufficient shares of Common Stock to provide for the conversion of the Debentures from time to time as such Debentures are presented for conversion.

Before taking any action which would cause an adjustment increasing the Conversion Rate to an amount that would cause the Conversion Price to be reduced below the then par value, if any, of the shares of Common Stock issuable upon

conversion of the Debentures, the Company will take all corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue shares of such Common Stock at such adjusted Conversion Rate.

The Company covenants that all shares of Common Stock which may be issued upon conversion of Debentures will upon issue be fully paid and nonassessable by the Company and free from all taxes, Liens and charges with respect to the issue thereof.

The Company covenants that, if any shares of Common Stock to be provided for the purpose of conversion of Debentures hereunder require registration with or approval of any governmental authority under any federal or state law before such shares may be validly issued upon conversion, the Company will in good faith and as expeditiously as possible, to the extent then permitted by the rules and interpretations of the Commission (or any successor thereto), endeavor to secure such registration or approval, as the case may be.

The Company further covenants that, if at any time the Common Stock shall be listed on the Nasdaq National Market or any other national securities exchange or automated quotation system, the Company will, if permitted by the rules of such exchange or automated quotation system, list and keep listed, so long as the Common Stock shall be so listed on such exchange or automated quotation system, all Common Stock issuable upon conversion of the Debenture; provided that if the rules of such exchange or automated quotation system permit the Company

to defer the listing of such Common Stock until the first conversion of the Debentures into Common Stock in accordance with the provisions of this Indenture, the Company covenants to list such Common Stock issuable upon conversion of the Debentures in accordance with the requirements of such exchange or automated quotation system at such time.

Section 15.09. Responsibility of Trustee. The Trustee and any other Conversion Agent shall not at any time be under any duty or responsibility to any holder of Debentures to determine the Conversion Rate or whether any facts exist which may require any adjustment of the Conversion Rate, or with respect to the nature or extent or calculation of any such adjustment when made, or with respect to the method employed, or herein or in any supplemental indenture provided to be employed, in making the same. The Trustee and any other Conversion Agent shall not be accountable with respect to the validity or value (or the kind or amount) of any shares of Common Stock, or of any securities or property, which may at any time be issued or delivered upon the conversion of any Debenture; and the Trustee and any other Conversion Agent make no representations with respect thereto. Neither the Trustee nor any Conversion Agent shall be responsible for any failure of the Company to issue, transfer or deliver any shares of Common Stock or stock certificates or other securities or property or cash upon the surrender of any Debenture for the purpose of conversion or to comply with any of the duties, responsibilities or covenants of the Company contained in this Article 15. Without limiting the generality of the foregoing, neither the Trustee nor any Conversion Agent shall be under any responsibility to determine the correctness of any provisions contained in any supplemental indenture entered into pursuant to Section 15.06 relating either to the kind or amount of shares of stock or securities or property (including cash) receivable by Debentureholders upon the conversion of their Debentures after any event referred to in such Section 15.06 or to any adjustment to be made with respect thereto, but, subject to the provisions of Section 8.01, may accept as conclusive evidence of the correctness of any such provisions, and shall be protected in relying upon, the Officers' Certificate (which the Company shall be obligated to file with the Trustee prior to the execution of any such supplemental indenture) with respect thereto.

Section 15.10. Notice to Holders Prior to Certain Actions. In case:

(a) the Company shall declare a dividend (or any other distribution) on its Common Stock that would require an adjustment in the Conversion Rate pursuant to Section 15.05; or

(b) the Company shall authorize the granting to the holders of all or substantially all of its Common Stock of rights or warrants to subscribe for or purchase any share of any class or any other rights or warrants; or

(c) of any reclassification or reorganization of the Common Stock of the Company (other than a subdivision or combination of its outstanding Common Stock, or a change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation or merger to which the Company is a party and for which approval of any stockholders of the Company is required, or of the sale or transfer of all or substantially all of the assets of the Company; or

(d) of the voluntary or involuntary dissolution, liquidation or winding up of the Company;

the Company shall cause to be filed with the Trustee and to be mailed to each holder of Debentures at its address appearing on the Debenture Register provided for in Section 2.05 of this Indenture, as promptly as possible but in any event at least ten (10) days prior to the applicable date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution or rights are to be determined, or (y) the date on which such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up is expected to become effective or occur, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such dividend, distribution, reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up.

Section 15.11. Stockholder Rights Plans. If the rights provided for in the existing rights plan adopted by the Company have separated from the shares of Common Stock in accordance with the provisions of the applicable stockholder rights agreement so that the holders of the Debentures would not be entitled to receive any rights in respect of Common Stock issuable upon conversion of the Debentures, the conversion rate will be adjusted as if the Company distributed to all holders of Common Stock shares of the Company's capital stock, evidences of indebtedness or assets (including securities but excluding rights or warrants to purchase Common Stock issued to all holders of Common Stock, Common Stock issued as a dividend or distribution on Common Stock and cash distributions), subject to readjustment in the event of the expiration, termination or redemption of the rights. In lieu of any such adjustment, the Company may amend such applicable stockholder rights agreement to provide that upon conversion of the Debentures the holders will receive, in addition to the Common Stock issuable upon such conversion, the rights which would have attached to such Common Stock if the rights had not become separated from the Common Stock under such applicable stockholder rights agreement. To the extent that the Company adopts any future rights plan, upon conversion of the Debentures into Common Stock, holders of Debentures shall receive, in addition to Common Stock, the rights under the future rights plan whether or not the rights have separated from the Common Stock at the time of conversion and no adjustment will be made in accordance with Section 15.05(d).

ARTICLE 16
MISCELLANEOUS PROVISIONS

Section 16.01. Confidentiality Exception. Notwithstanding any other provision of this Indenture, each Debentureholder (and each employee, representative or other agent of such Debentureholder) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure (as such terms are used in Sections 6011, 6111 and 6112 of the Code and the Treasury Regulations promulgated thereunder) of the Debentures and all materials of any kind (including opinions or other tax analyses) that are provided relating to such tax treatment

and tax structure, other than any information for which nondisclosure is reasonably necessary in order to comply with applicable securities laws, and the ability of the Company, its subsidiaries and their respective representatives, affiliates, employees, officers, directors or other agents to consult any tax advisor, including an independent tax advisor, regarding the tax treatment or tax structure of the Debentures (and any transactions related thereto) shall not be restricted in any manner.

Section 16.02. Provisions Binding on Company's Successors. All the covenants, stipulations, promises and agreements by the Company contained in this Indenture shall bind its successors and assigns whether so expressed or not.

Section 16.03. Official Acts by Successor Corporation. Any act or proceeding by any provision of this Indenture authorized or required to be done or performed by any board, committee or officer of the Company shall and may be done and performed with like force and effect by the like board, committee or officer of any Person that shall at the time be the lawful sole successor of the Company.

Section 16.04. Addresses for Notices, Etc. Any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Trustee or by the holders of Debentures on the Company shall be

deemed to have been sufficiently given or made, for all purposes, if given or served by being deposited postage prepaid by registered or certified mail in a post office letter box or sent by telecopier transmission addressed as follows: Quanta Services, Inc., 1360 Post Oak Boulevard, Suite 2100, Houston, TX 77056, Attention: Chief Financial Officer. Any notice, direction, request or demand hereunder to or upon the Trustee shall be deemed to have been sufficiently given or made, for all purposes, if given or served by being deposited, postage prepaid, by registered or certified mail in a post office letter box or sent by telecopier transmission addressed to the Corporate Trust Office of the Trustee.

The Trustee, by notice to the Company, may designate additional or different addresses for subsequent notices or communications.

Any notice or communication mailed to a Debentureholder shall be mailed to him by first class mail, postage prepaid, at his address as it appears on the Debenture Register and shall be sufficiently given to him if so mailed within the time prescribed.

Failure to mail a notice or communication to a Debentureholder or any defect in it shall not affect its sufficiency with respect to other Debentureholders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Section 16.05. Governing Law. This Indenture and each Debenture shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be construed in accordance with the laws of the State of New York (including Section 5-1401 of the New York General Obligations Law or any successor to such statute).

Section 16.06. Evidence of Compliance with Conditions Precedent, Certificates to Trustee. Upon any application or demand by the Company to the Trustee to take any action under any of the provisions of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture

relating to the proposed action have been complied with, and an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

Each certificate or opinion provided for in this Indenture and delivered to the Trustee with respect to compliance with a condition or covenant provided for in this Indenture shall include: (1) a statement that each Person making such certificate or opinion has read such covenant or condition; (2) a brief statement as to the nature and scope of the examination or investigation upon which the statement or opinion contained in such certificate or opinion is based; (3) a statement that, in the opinion of each such Person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and (4) a statement as to whether or not, in the opinion of each such Person, such condition or covenant has been complied with.

Section 16.07. Legal Holidays. In any case in which the date of maturity of interest on or principal of the Debentures or the Redemption Date of any Debenture or any Repurchase Date with respect to any Debenture will not be a Business Day, then payment of such interest on or principal of the Debentures need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the Redemption Date or the Repurchase Date, as the case may be, and no interest shall accrue for the period from and after such date.

Section 16.08. Company Responsible for Making Calculations. Unless otherwise specified in this Indenture, the Company will be responsible for making all calculations called for under the Debentures. These calculations include, but are not limited to, determination of the Current Market Price, Last Reported Sale Price, Market Price and Spin-off Market Price, the amount of accrued interest payable on the Debentures and the Conversion Rate of the Debentures. The Company will make these calculations in good faith and, absent manifest error, these calculations will be final and binding on the Debentureholders. Promptly after the calculation thereof, the Company will provide to each of the Trustee and the Conversion Agent an Officers' Certificate setting forth a schedule of its calculations, and each of the Trustee and the Conversion Agent is entitled to conclusively rely upon the accuracy of such calculations without independent verification. The Trustee will forward the Company's calculations to any holder upon the request of such holder.

Section 16.09. Trust Indenture Act. This Indenture is hereby made subject to, and shall be governed by, the provisions of the Trust Indenture Act required to be part of and to govern indentures qualified under the Trust Indenture Act; provided that unless otherwise required by law, notwithstanding the foregoing, this Indenture and the Debentures issued hereunder shall not be subject to the provisions of subsections (a)(1), (a)(2), and (a)(3) of Section 314 of the Trust Indenture Act as now in effect or as hereafter amended or

modified; provided further that this Section 16.09 shall not require this Indenture or the Trustee to be qualified under the Trust Indenture Act prior to the time such qualification is in fact required under the terms of the Trust Indenture Act, nor shall it constitute any admission or acknowledgment by any party to the Indenture that any such qualification is required prior to the time such qualification is in fact required under the terms of the Trust Indenture Act. If any provision hereof limits, qualifies or conflicts with another provision hereof which is required to be included in an indenture qualified under the Trust Indenture Act, such required provision shall control.

Section 16.10. No Security Interest Created. Except as provided in Section 8.06, nothing in this Indenture or in the Debentures, expressed or implied, shall be construed to constitute a security interest under the Uniform Commercial Code or similar legislation, as now or hereafter enacted and in effect, in any jurisdiction in which property of the Company or its subsidiaries is located.

Section 16.11. Benefits of Indenture. Nothing in this Indenture or in the Debentures, express or implied, shall give to any Person, other than the parties hereto, any Paying Agent, any authenticating agent, any Debenture Registrar and their successors hereunder and the holders of Debentures any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 16.12. Table of Contents, Headings, Etc. The table of contents and the titles and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

Section 16.13. Authenticating Agent. The Trustee may appoint an authenticating agent that shall be authorized to act on its behalf, and subject to its direction, in the authentication and delivery of Debentures in connection with the original issuance thereof and transfers and exchanges of Debentures hereunder, including under Sections 2.04, 2.05, 2.06, 2.07, 3.02 and 3.08, as fully to all intents and purposes as though the authenticating agent had been expressly authorized by this Indenture and those Sections to authenticate and deliver Debentures. For all purposes of this Indenture, the authentication and delivery of Debentures by the authenticating agent shall be deemed to be authentication and delivery of such Debentures "by the Trustee" and a certificate of authentication executed on behalf of the Trustee by an authenticating agent shall be deemed to satisfy any requirement hereunder or in the Debentures for the Trustee's certificate of authentication. Such authenticating agent shall at all times be a Person eligible to serve as trustee hereunder pursuant to Section 8.09.

Any corporation into which any authenticating agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, consolidation or conversion to which any authenticating agent shall be a party, or any corporation succeeding to the corporate trust business of any authenticating agent, shall be the successor of the authenticating agent hereunder, if such successor corporation is otherwise eligible under this Section 16.13, without the execution or filing of any paper or any further act on the part of the parties hereto or the authenticating agent or such successor corporation.

Any authenticating agent may at any time resign by giving written notice of resignation to the Trustee and to the Company. The Trustee may at any time terminate the agency of any authenticating agent by giving written notice of termination to such authenticating agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any authenticating agent shall cease to be eligible under this Section, the Trustee shall either promptly appoint a successor authenticating agent or itself assume the duties and obligations of the former authenticating agent under this Indenture and, upon such appointment of a successor authenticating agent, if made, shall give written notice of such appointment of a successor authenticating agent to the Company and shall mail notice of such appointment of a

successor authenticating agent to all holders of Debentures as the names and addresses of such holders appear on the Debenture Register.

The Company agrees to pay to the authenticating agent from time to time such reasonable compensation for its services as shall be agreed upon in writing between the Company and the authenticating agent.

The provisions of Sections 8.02, 8.03, 8.04 and 9.03 and this Section 16.13 shall be applicable to any authenticating agent.

Section 16.14. Execution in Counterparts. This Indenture may be

executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

Section 16.15. Severability. In case any provision in this Indenture or in the Debentures shall be invalid, illegal or unenforceable, then (to the extent permitted by law) the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Wells Fargo Bank, N.A. hereby accepts the trusts in this Indenture declared and provided, upon the terms and conditions herein above set forth.

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IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed.

QUANTA SERVICES, INC.

By: /s/ DANA A. GORDON

Name: Dana A. Gordon
Title: Vice President, General Counsel and Secretary

WELLS FARGO BANK, N.A., as Trustee

By: /s/ MELISSA SCOTT

Name: Melissa Scott
Title: Vice President

EXHIBIT A

[Include only for Global Debentures:]

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (THE "DEPOSITARY", WHICH TERM INCLUDES ANY SUCCESSOR DEPOSITORY FOR THE CERTIFICATES) TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY (AND ANY PAYMENT HEREIN IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

[Include only for Debentures that are Restricted Securities:]

[THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, (1) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")); (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY OR ANY COMMON STOCK ISSUABLE UPON CONVERSION OF SUCH SECURITY, PRIOR TO THE EXPIRATION OF THE HOLDING PERIOD APPLICABLE TO SALES OF THIS SECURITY UNDER RULE 144 UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION) ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT (AND WHICH CONTINUES TO BE EFFECTIVE AT THE TIME OF SUCH TRANSFER), (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, IN COMPLIANCE WITH RULE 144A TO A PERSON IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR (D) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT; SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR

OTHER INFORMATION SATISFACTORY TO EACH OF THEM; AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THIS LEGEND WILL BE REMOVED UPON THE TRANSFER OF THIS SECURITY PURSUANT TO CLAUSE 2(B) ABOVE OR UNDER RULE 144 UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION).]

THE HOLDER OF THIS SECURITY IS ENTITLED TO THE BENEFITS OF A REGISTRATION RIGHTS AGREEMENT DATED AS OF OCTOBER 17, 2003 AND, BY ITS ACCEPTANCE HEREOF, AGREES TO BE BOUND BY AND TO COMPLY WITH THE PROVISIONS OF SUCH REGISTRATION RIGHTS AGREEMENT.

QUANTA SERVICES, INC.

4.50% CONVERTIBLE SUBORDINATED DEBENTURE DUE 2023

CUSIP: 74762E AB 8
ISIN: US74762EAB83

No. 1 $225,000,000

Quanta Services, Inc., a corporation duly organized and validly existing under the laws of the State of Delaware (herein called the "COMPANY", which term includes any successor corporation under the Indenture referred to on the reverse hereof), for value received, hereby promises to pay to CEDE & CO. or its registered assigns [the principal sum of TWO HUNDRED AND TWENTY-FIVE MILLION DOLLARS] [the principal sum set forth on Schedule I hereto]1 on October 1, 2023 at the office or agency of the Company maintained for that purpose in accordance with the terms of the Indenture, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest, semiannually on April 1 and October 1 of each year, commencing April 1, 2004, on said principal sum at said office or agency, in like coin or currency, at the rate per annum of 4.50% from the later of October 17, 2003 or the most recent date to which interest has been duly paid or provided for until payment of said principal sum has been made or duly provided for; provided that if the Company shall default in the payment of interest due on such April 1 or October 1, then this Debenture shall bear interest from the next preceding April 1 or October 1 to which interest has been paid or duly provided for; and provided further that if no interest has been paid or duly provided for on this Debenture, then this Debenture shall bear interest from October 17, 2003. Except as otherwise provided in the Indenture, the interest payable on the Debenture pursuant to the Indenture on any April 1 or October 1 will be paid to the Person entitled thereto as it appears in the Debenture Register at the close of business on the Regular Record Date, which shall be the March 15 or September 15 (whether or not a Business Day) next preceding such April 1 or October 1, as provided in the Indenture; provided that any such interest not punctually paid or duly provided for shall be payable as provided in the Indenture. The Company shall pay interest (i) on any Debentures in certificated form by check mailed to the address of the Person entitled thereto as it appears in the Debenture Register (or, upon written notice, by wire transfer in immediately available funds, if such Person is entitled to interest on Debentures with an aggregate principal amount in excess of $2,000,000) or (ii) on any Global Debenture by wire transfer of immediately available funds to the account of the Depositary or its nominee.

The Company promises to pay interest on overdue principal and (to the extent that payment of such interest is enforceable under applicable law) interest at the rate of 4.50% per annum, compounded semiannually.

Reference is made to the further provisions of this Debenture set forth on the reverse hereof, including, without limitation, provisions giving the holder of this Debenture the right to convert this Debenture into Common Stock of the Company on the terms and subject to the

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(1) For Global Debentures only.

limitations referred to on the reverse hereof and as more fully specified in the Indenture. Under the circumstances described in the Indenture, the Company may fulfill all or part of its conversion obligation by delivering cash in lieu of Common Stock.

This Debenture shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be construed in accordance with and governed by the laws of the State of New York (including Section 5-1401 of the New York General Obligations Law or any successor to such statute).

This Debenture shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been manually signed by the Trustee or a duly authorized authenticating agent under the Indenture.

IN WITNESS WHEREOF, the Company has caused this Debenture to be duly executed.

QUANTA SERVICES, INC.

By: ____
Dana A. Gordon
Vice President, General Counsel & Secretary

October 17, 2003

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Debentures described in the within-named Indenture.

WELLS FARGO BANK, N.A.,
as Trustee

By: ____________________________________
Authorized Signatory

, or

By: ____________________________________
As Authenticating Agent
(if different from Trustee)

By: ____________________________
Authorized Signatory

FORM OF REVERSE OF DEBENTURE

QUANTA SERVICES, INC.

4.50% CONVERTIBLE SUBORDINATED DEBENTURE DUE 2023

This Debenture is one of a duly authorized issue of Debentures of the Company, designated as its 4.50% Convertible Subordinated Debentures due 2023 (herein called the "DEBENTURES"), limited in aggregate principal amount to $270,000,000, issued and to be issued under and pursuant to an Indenture dated as of October 17, 2003 (herein called the "INDENTURE"), between the Company and Wells Fargo Bank, N.A., as trustee (herein called the "TRUSTEE"), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the holders of the Debentures.

In case an Event of Default shall have occurred and be continuing, the principal of and accrued interest on all Debentures may be declared by either the Trustee or the holders of not less than 25% in aggregate principal amount of the Debentures then outstanding, and upon said declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the holders of at least a majority in aggregate principal amount of the Debentures at the time outstanding, to execute supplemental indentures adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture or modifying in any manner the rights of the holders of the Debentures; provided that no such supplemental indenture shall (i) extend the Stated Maturity of any Debenture, or reduce the rate or extend the time of payment of interest thereon, or reduce the principal amount thereof or reduce any amount payable upon redemption or repurchase thereof, or impair the right of any Debentureholder to institute suit for the payment thereof, or make the principal thereof or interest thereon payable in any coin or currency other than that provided in the Debentures, or change the obligation of the Company to redeem any Debenture on a Redemption Date in a manner adverse to the holder of the Debentures, or change the obligation of the Company to repurchase any Debenture upon a Fundamental Change in a manner adverse to the holder of the Debentures, or change the obligation of the Company to repurchase any Debenture on a Company Repurchase Date in a manner adverse to the holder of the Debentures, or impair the right to convert the Debentures into Common Stock subject to the terms set forth in the Indenture, including Section 15.06 thereof, or reduce the number of shares of Common Stock or other property receivable upon conversion, in each case without the consent of the holder of each Debenture so affected, or modify any of the provisions of Section 11.02 or Section 7.07 thereof, except to increase any such percentage or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each Debenture so affected, or change any obligation of the Company to maintain an office or agency in the places and for the purposes set forth in Section 5.02 thereof, or reduce the quorum or voting

requirements set forth in Article 10 or (ii) reduce the aforesaid percentage of Debentures, the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all Debentures then outstanding. Subject to the provisions of the Indenture, the holders of a

majority in aggregate principal amount of the Debentures at the time outstanding may on behalf of the holders of all of the Debentures waive any past default or Event of Default under the Indenture and its consequences except (A) a default in the payment of interest on or the principal of any of the Debentures, (B) a failure by the Company to convert any Debentures into Common Stock, (C) a default in the payment of the Redemption Price pursuant to Article 3 of the Indenture, (D) a default in the payment of the Company Repurchase Price or Fundamental Change Repurchase Price pursuant to Article 3 of the Indenture or (E) a default in respect of a covenant or provisions of the Indenture which under Article 11 of the Indenture cannot be modified or amended without the consent of the holders of each or all Debentures then outstanding or affected thereby. Any such consent or waiver by the holder of this Debenture (unless revoked as provided in the Indenture) shall be conclusive and binding upon such holder and upon all future holders and owners of this Debenture and any Debentures which may be issued in exchange or substitution hereof, irrespective of whether or not any notation thereof is made upon this Debenture or such other Debentures.

No reference herein to the Indenture and no provision of this Debenture or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Debenture at the place, at the respective times, at the rate and in the coin or currency herein prescribed.

Interest on the Debentures shall be computed on the basis of a 360-day year of twelve 30-day months.

The Debentures are issuable in fully registered form, without coupons, in denominations of $1,000 principal amount and any multiple of $1,000. At the office or agency of the Company referred to on the face hereof, and in the manner and subject to the limitations provided in the Indenture, without payment of any service charge but with payment of a sum sufficient to cover any tax, assessment or other governmental charge that may be imposed in connection with any registration or exchange of Debentures, Debentures may be exchanged for a like aggregate principal amount of Debentures of any other authorized denominations.

At any time on or after October 8, 2008 and prior to maturity, the Debentures may be redeemed at the option of the Company, in whole or in part, in cash upon mailing a notice of such redemption not less than thirty (30) days but not more than sixty (60) days before the Redemption Date to the holders of Debentures at their last registered addresses, all as provided in the Indenture, at a Redemption Price equal to 100% of the principal amount of Debentures being redeemed plus accrued and unpaid interest to, but excluding, the Redemption Date; provided that if the Redemption Date is on April 1 or October 1, then the interest payable on such date shall be paid to the holder of record on the preceding March 15 or September 15, respectively.

In no event will any Debenture be redeemable at the option of the Company before October 8, 2008.

The Company may not give notice of any redemption of the Debentures if a default in the payment of interest on the Debentures has occurred and is continuing.

The Debentures are not subject to redemption through the operation of any sinking fund.

If a Fundamental Change occurs at any time prior to maturity of the Debentures, this Debenture will be redeemable on a Fundamental Change Repurchase Date, specified by the Company, which shall be no later than thirty-five (35) Business Days after the occurrence of such Fundamental Change, at the option of the holder of this Debenture at a Fundamental Change Repurchase Price equal to 100% of the principal amount thereof, together with accrued interest to (but excluding) the Fundamental Change Repurchase Date; provided that if such Fundamental Change Repurchase Date falls after a record date and on or prior to the corresponding Interest Payment Date, the interest payable on such Interest Payment Date shall be paid to the holder of record of this Debenture on the preceding March 15 or September 15, respectively. The Debentures will be redeemable in multiples of $1,000 principal amount. The Company shall mail to all holders of record of the Debentures a notice of the occurrence of a Fundamental Change and of the repurchase right arising as a result thereof on or before the twenty-fifth (25th) Business Day prior to each Fundamental Change Repurchase Date. For a Debenture to be so repurchased at the option of the

holder, the Company must receive at the office or agency of the Company maintained for that purpose in accordance with the terms of the Indenture, such Debenture with the form entitled "FORM OF FUNDAMENTAL CHANGE REPURCHASE ELECTION" on the reverse hereof duly completed, together with such Debenture, duly endorsed for transfer, on or before the close of business on the Business Day immediately preceding the Fundamental Change Repurchase Date.

Subject to the terms and conditions of the Indenture, the Company shall become obligated to repurchase, at the option of the holder, all or any portion of the Debentures held by such holder on October 1, 2008, October 1, 2013, and October 1, 2018 in integral multiples of $1,000 at a Company Repurchase Price of 100% of the principal amount, plus any accrued and unpaid interest on such Debenture to but excluding the Company Repurchase Date. To exercise such right, a holder shall deliver to the Company such Debenture with the form entitled "FORM OF COMPANY REPURCHASE ELECTION" on the reverse hereof duly completed, together with the Debenture, duly endorsed for transfer, at any time from the opening of business on the date that is twenty (20) Business Days prior to such Company Repurchase Date until the close of business on the Business Day immediately preceding the Company Repurchase Date, and shall deliver the Debentures to the Trustee (or other Paying Agent appointed by the Company) as set forth in the Indenture.

The Company Repurchase Price with respect to the Company Repurchase Date occurring on October 1, 2008 shall be paid only in cash. The Company Repurchase Price to be paid on any of October 1, 2013 or October 1, 2018 and the Fundamental Change Repurchase Price to be paid on any Fundamental Change Repurchase Date may be paid, at the option of the Company, in cash or by the issuance and delivery of shares of Common Stock, or in any combination thereof, subject to the terms and conditions of the Indenture.

Holders have the right to withdraw any Repurchase Election by delivering to the Trustee (or other Paying Agent appointed by the Company) a written notice of withdrawal up to the close of business on the Business Day immediately preceding the Repurchase Date, all as provided in the Indenture.

If cash or securities sufficient to pay the Repurchase Price with respect to all Debentures or portions thereof to be repurchased as of any Repurchase Date are deposited with the Trustee

(or other Paying Agent appointed by the Company), then on and after such Repurchase Date, interest will cease to accrue on such Debentures (or portions thereof), and the holder thereof shall have no other rights as such other than the right to receive the Repurchase Price upon surrender of such Debenture.

Subject to the occurrence of certain events and in compliance with the provisions of the Indenture, prior to the Stated Maturity of the Debentures, the holder hereof has the right, at its option, to convert each $1,000 principal amount of the Debentures into 89.7989 shares of the Company's Common Stock (at a Conversion Price of approximately $11.14 per share), as such shares shall be constituted at the date of conversion and subject to adjustment from time to time as provided in the Indenture, upon surrender of this Debenture with the form entitled "FORM OF CONVERSION NOTICE" on the reverse hereof duly completed, to the Company at the office or agency of the Company maintained for that purpose in accordance with the terms of the Indenture or, at the option of such holder, the Corporate Trust Office, and, unless the shares issuable on conversion are to be issued in the same name as this Debenture, duly endorsed by, or accompanied by instruments of transfer in form satisfactory to the Company duly executed by, the holder or by his duly authorized attorney. The Company will notify the holder thereof of any event triggering the right to convert the Debentures as specified above in accordance with the Indenture.

If the Company (i) is a party to a consolidation, merger, statutory share exchange or combination, (ii) reclassifies the Common Stock or (iii) sells or conveys its properties and assets substantially as an entirety to any Person, the right to convert a Debenture into shares of Common Stock may be changed into a right to convert it into securities, cash or other assets of the Company or such other Person, in each case in accordance with the Indenture.

No adjustment in respect of interest on any Debenture converted or dividends on any shares issued upon conversion of such Debenture will be made upon any conversion except as set forth in the next sentence. If this Debenture (or portion hereof) is surrendered for conversion during the period from the close of business on any record date for the payment of interest to the close of business on the Business Day preceding the following Interest Payment Date and has not been called for redemption by the Company on a Redemption Date that occurs during such period, this Debenture (or portion hereof being converted) must be accompanied by payment, in immediately available funds or other funds acceptable to the Company, of an amount equal to the interest otherwise payable on such Interest Payment Date on the principal amount being converted; provided that no such payment shall be required (1) if the Company has specified a Redemption Date that is after a record date and prior to the next Interest Payment Date, (2) if the Company has specified a Repurchase Date following a

Fundamental Change that is during such period or (3) to the extent of any overdue interest, if any overdue interest exists at the time of conversion with respect to such Debenture.

No fractional shares will be issued upon any conversion, but an adjustment and payment in cash will be made, as provided in the Indenture, in respect of any fraction of a share which would otherwise be issuable upon the surrender of any Debenture or Debentures for conversion.

A Debenture in respect of which a holder is exercising its right to require repurchase upon a Fundamental Change or repurchase on a Repurchase Date may be converted only if such holder withdraws its election to exercise such right in accordance with the terms of the Indenture.

Any Debentures called for redemption, unless surrendered for conversion by the holders thereof on or before the close of business on the second Business Day preceding the Redemption Date, may be deemed to be redeemed from the holders of such Debentures for an amount equal to the applicable Redemption Price, together with accrued but unpaid interest to, but excluding, the Redemption Date, by one or more investment banks or other purchasers who may agree with the Company (i) to purchase such Debentures from the holders thereof and convert them into shares of the Company's Common Stock and (ii) to make payment for such Debentures as aforesaid to the Trustee in trust for the holders.

Upon due presentment for registration of transfer of this Debenture at the office or agency of the Company maintained for that purpose in accordance with the terms of the Indenture, a new Debenture or Debentures of authorized denominations for an equal aggregate principal amount will be issued to the transferee in exchange thereof, subject to the limitations provided in the Indenture, without charge except for any tax, assessment or other governmental charge imposed in connection therewith.

The Company, the Trustee, any authenticating agent, any Paying Agent, any Conversion Agent and any Debenture Registrar may deem and treat the registered holder hereof as the absolute owner of this Debenture (whether or not this Debenture shall be overdue and notwithstanding any notation of ownership or other writing hereon made by anyone other than the Company or any Debenture Registrar) for the purpose of receiving payment hereof, or on account hereof, for the conversion hereof and for all other purposes, and neither the Company nor the Trustee nor any other authenticating agent nor any Paying Agent nor other Conversion Agent nor any Debenture Registrar shall be affected by any notice to the contrary. All payments made to or upon the order of such registered holder shall, to the extent of the sum or sums paid, satisfy and discharge liability for monies payable on this Debenture.

No recourse for the payment of the principal of or interest on this Debenture, or for any claim based hereon or otherwise in respect hereof, and no recourse under or upon any obligation, covenant or agreement of the Company in the Indenture or any supplemental indenture or in any Debenture, or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, employee, agent, officer or director or subsidiary, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

Terms used in this Debenture and defined in the Indenture are used herein as therein defined.

ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this Debenture, shall be construed as though they were written out in full according to applicable laws or regulations.

<TABLE>

<S>	<C>	<C>
TEN COM -	as tenants in common	UNIF GIFT MIN ACT -___ Custodian ___
TEN ENT -	as tenant by the entireties	(Cust) (Minor)
JT TEN -	as joint tenants with right of survivorship	under Uniform Gifts to Minors Act
	and not as tenants in common	___________________________
		(State)

</TABLE>

Additional abbreviations may also be used though not in the above list.

FORM OF
CONVERSION NOTICE

TO: QUANTA SERVICES, INC.
WELLS FARGO BANK, N.A.

The undersigned registered owner of this Debenture hereby irrevocably exercises the option to convert this Debenture, or the portion thereof (which is $1,000 or a multiple thereof) below designated, into shares of Common Stock of Quanta Services, Inc. in accordance with the terms of the Indenture referred to in this Debenture, and directs that the shares issuable and deliverable upon such conversion, together with any check in payment for fractional shares and any Debentures representing any unconverted principal amount hereof, be issued and delivered to the registered holder hereof unless a different name has been indicated below. Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Indenture. If shares or any portion of this Debenture not converted are to be issued in the name of a person other than the undersigned, the undersigned will provide the appropriate information below and pay all transfer taxes payable with respect thereto. Any amount required to be paid by the undersigned on account of interest and Additional Amounts, if any, accompanies this Debenture.

Dated: _____________________________

____

____
Signature(s)

Signature(s) must be guaranteed by an "ELIGIBLE GUARANTOR INSTITUTION" meeting the requirements of the Debenture Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "SIGNATURE GUARANTEE PROGRAM" as may be determined by the Debenture Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

____
Signature Guarantee

Fill in the registration of shares of Common Stock if to be issued, and Debentures if to be delivered, other than to and in the name of the registered holder:

____
(Name)

____
(Street Address)

____
(City, State and Zip Code)

____
Please print name and address

Principal amount to be converted
(if less than all):

$_____________________________

Social Security or Other Taxpayer
Identification Number:

____

FORM OF
FUNDAMENTAL CHANGE REPURCHASE ELECTION

TO: QUANTA SERVICES, INC.
WELLS FARGO BANK, N.A.

The undersigned registered owner of this Debenture hereby irrevocably acknowledges receipt of a notice from Quanta Services, Inc. (the "COMPANY") as to the occurrence of a Fundamental Change with respect to the Company and requests and instructs the Company to repurchase the entire principal amount of this Debenture, or the portion thereof (which is $1,000 or a multiple thereof) below designated, in accordance with the terms of the Indenture referred to in this Debenture at the price of 100% of such entire principal amount or portion thereof, together with accrued interest to, but excluding, the Fundamental Change Repurchase Date, to the registered holder hereof. Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Indenture.

If the Company elects to pay the Fundamental Change Repurchase Price, in whole or in part, in shares of Common Stock but such portion of the Fundamental Change Repurchase Price shall ultimately be paid to such holder entirely in cash because any of the conditions to payment of the Fundamental Change Repurchase Price in shares of Common Stock is not satisfied prior to the close of business on the Business Day immediately preceding the Fundamental Change Repurchase Date, the undersigned registered owner elects:

[ ] to withdraw this Fundamental Change Repurchase Election as to $__________ principal amount of the Debentures to which this Fundamental Change Repurchase Election relates (Certificate Numbers: ____), or

[ ] to receive cash in respect of $_______________ principal amount of the Debentures to which this Fundamental Change Repurchase Election relates.

Dated: ________________________

____

____
Signature(s)

NOTICE: The above signatures of the holder(s) hereof must correspond with the name as written upon the face of the Debenture in every particular without alteration or enlargement or any change whatever.

Debenture Certificate Number (if applicable):

Principal amount to be repurchased (if less than all):

Social Security or Other Taxpayer Identification Number:

FORM OF
COMPANY REPURCHASE ELECTION

TO: QUANTA SERVICES, INC.
WELLS FARGO BANK, N.A.

The undersigned registered owner of this Debenture hereby irrevocably acknowledges receipt of a notice from Quanta Services, Inc. (the "COMPANY") regarding the right of holders to elect to require the Company to repurchase the Debentures and requests and instructs the Company to repay the entire principal amount of this Debenture, or the portion thereof (which is $1,000 or an integral multiple thereof) below designated, in accordance with the terms of the Indenture at the price of 100% of such entire principal amount or portion thereof, together with accrued interest to, but excluding, the Company Repurchase Date, to the registered holder hereof. Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Indenture. The Debentures shall be repurchased by the Company as of the Company Repurchase Date pursuant to the terms and conditions specified in the Indenture. If the Company elects to pay the Company Repurchase Price, in whole or in part, in shares of Common Stock but such portion of the Company Repurchase Price shall ultimately be paid to such holder entirely in cash because any of the conditions to payment of the Company Repurchase Price in shares of Common Stock is not satisfied prior to the close of business on the Business Day immediately preceding the Company Repurchase Date, the undersigned registered owner elects:

[ ] to withdraw this Company Repurchase Election as to $__________ principal amount of the Debentures to which this Company Repurchase Election relates (Certificate Numbers: ____), or

[ ] to receive cash in respect of $_______________ principal amount of the Debentures to which this Company Repurchase Election relates.

Dated: ________________________

____

____
Signature(s)

NOTICE: The above signatures of the holder(s) hereof must correspond with the name as written upon the face of the Debenture in every particular without alteration or enlargement or any change whatever.

Debenture Certificate Number (if applicable):

____

Principal amount to be repurchased (if less than all):

____

Social Security or Other Taxpayer Identification Number:

____

ASSIGNMENT

For value received _____________________ hereby sell(s) assign(s) and transfer(s) unto ____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Debenture, and hereby irrevocably constitutes and appoints attorney to transfer said Debenture on the books of the Company, with full power of substitution in the premises.

In connection with any transfer of the Debenture prior to the expiration of the holding period applicable to sales thereof under Rule 144(k) under the Securities Act (or any successor provision) (other than any transfer pursuant to a registration statement that has been declared effective under the Securities Act), the undersigned confirms that such Debenture is being transferred:

[ ] To Quanta Services, Inc. or a subsidiary thereof; or

[ ] To a "QUALIFIED INSTITUTIONAL BUYER" in compliance with Rule 144A under the Securities Act of 1933, as amended; or

[ ] Pursuant to and in compliance with Rule 144 under the Securities Act of 1933, as amended; or

[ ] Pursuant to a Registration Statement which has been declared effective under the Securities Act of 1933, as amended, and which continues to be effective at the time of transfer;

and unless the Debenture has been transferred to Quanta Services, Inc. or a subsidiary thereof, the undersigned confirms that such Debenture is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act of 1933, as amended.

Unless one of the boxes is checked, the Trustee will refuse to register any of the Debentures evidenced by this certificate in the name of any person other than the registered holder thereof.

Dated: _______________________

____

____
Signature(s)

Signature(s) must be guaranteed by an "ELIGIBLE GUARANTOR INSTITUTION" meeting the requirements of the Debenture Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "SIGNATURE GUARANTEE PROGRAM" as may be determined

by the Debenture Registrar in addition
to, or in substitution for, STAMP, all in
accordance with the Securities Exchange
Act of 1934, as amended.

____
Signature Guarantee

NOTICE: The signature on the Conversion Notice, the Fundamental Change Repurchase Election, the Company Repurchase Election or the Assignment must correspond with the name as written upon the face of the Debenture in every particular without alteration or enlargement or any change whatsoever.

Schedule I

[Include Schedule I only for a Global Debenture]

QUANTA SERVICES, INC.
4.50% Convertible Subordinated Debenture due 2023

No. 1

<TABLE>
<CAPTION>

Date	Principal Amount	Notation Explaining Principal Amount Recorded	Authorized Signature of Trustee or Custodian
<S>	<C>	<C>	<C>
_________	________________	____________________________________	____________________
_________	________________	____________________________________	____________________
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_________	________________	____________________________________	____________________
_________	________________	____________________________________	____________________

</TABLE>

EXHIBIT 10.1

BANC OF AMERICA SECURITIES LLC
J.P. MORGAN SECURITIES INC.

$225,000,000 AGGREGATE PRINCIPAL AMOUNT

QUANTA SERVICES, INC.

4.50% CONVERTIBLE SUBORDINATED DEBENTURES

DUE 2023

RESALE REGISTRATION RIGHTS AGREEMENT

DATED OCTOBER 17, 2003

RESALE REGISTRATION RIGHTS AGREEMENT, dated as of October 17, 2003, among Quanta Services, Inc., a Delaware corporation (together with any successor entity, herein referred to as the "COMPANY"), Banc of America Securities LLC and J.P. Morgan Securities Inc., as representatives of the several initial purchasers (the "INITIAL PURCHASERS") under the Purchase Agreement (as defined below).

Pursuant to the Purchase Agreement, dated as of October 9, 2003, among the Company, Banc of America Securities LLC and J.P. Morgan Securities Inc., as representatives of the Initial Purchasers (the "PURCHASE AGREEMENT"), the Initial Purchasers have agreed to purchase from the Company $225,000,000 ($270,000,000 if the Initial Purchasers exercise their option in full) in aggregate principal amount of 4.50% Convertible Subordinated Debentures due 2023 (the "DEBENTURES"). The Debentures will be convertible into fully paid, nonassessable shares of common stock, par value $0.00001 per share, of the Company together with the rights (the "Rights") evidenced by such Common Stock to the extent provided in the Rights Agreement dated as of dated March 8, 2000 (and as amended prior to the date hereof) between the Company and American Stock Transfer & Trust Company (collectively, the "COMMON Stock"). The Debentures will be convertible on the terms, and subject to the conditions, set forth in the Indenture (as defined herein). To induce the Initial Purchasers to purchase the Debentures, the Company has agreed to provide the registration rights set forth in this Agreement pursuant to Section 5(h) of the Purchase Agreement.

The parties hereby agree as follows:

1. Definitions. Capitalized terms used in this Agreement without definition shall have their respective meanings set forth in the Purchase Agreement. As used in this Agreement, the following capitalized terms shall have the following meanings:

"AFFILIATE" of any specified person means any other person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such specified person. For purposes of this definition, control of a person means the power, direct or indirect, to direct or cause the direction of the management and policies of such person whether by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"AGREEMENT": This Resale Registration Rights Agreement.

"BLUE SKY APPLICATION": As defined in Section 6(a)(i) hereof.

"AMENDED EFFECTIVENESS DEADLINE DATE" has the meaning set forth in Section 2(e) hereof.

"BUSINESS DAY": The definition of "Business Day" in the Indenture.

"COMMISSION": Securities and Exchange Commission.

"COMMON STOCK": As defined in the preamble hereto.

"COMPANY": As defined in the preamble hereto.

"DEBENTURES": As defined in the preamble hereto.

"EFFECTIVENESS PERIOD": As defined in Section 2(a)(iii) hereof.

"EFFECTIVENESS TARGET DATE": As defined in Section 2(a)(ii) hereof.

"EXCHANGE ACT": Securities Exchange Act of 1934, as amended.

"HOLDER": A Person who owns, beneficially or otherwise, Transfer Restricted Securities.

"INDEMNIFIED HOLDER": As defined in Section 6(a) hereof.

"INDENTURE": The Indenture, dated as of October 17, 2003 between the Company and Wells Fargo Bank, N.A., as trustee (the "Trustee"), pursuant to which the Securities are to be issued, as such Indenture is amended, modified or supplemented from time to time in accordance with the terms thereof.

"INITIAL PURCHASERS": As defined in the preamble hereto.

"LIQUIDATED DAMAGES": As defined in Section 3(a) hereof.

"LIQUIDATED DAMAGES PAYMENT DATE": Each April 15 and October 15.

"MAJORITY OF HOLDERS": Holders holding over 50% of the aggregate principal amount of Debentures outstanding; provided that, for the purpose of this definition, a holder of shares of Common Stock which constitute Transfer Restricted Securities and issued upon conversion, redemption or repurchase of the Debentures shall be deemed to hold an aggregate principal amount of Debentures (in addition to the principal amount of Debentures held by such holder) equal to the quotient of (x) the number of such shares of Common Stock held by such holder and (y) the conversion rate in effect at the time of such conversion, redemption or repurchase as determined in accordance with the Indenture.

"NASD": National Association of Securities Dealers, Inc.

"NOTICE AND QUESTIONNAIRE": a written notice executed by the respective Holder and delivered to the Company containing substantially the information called for by the Selling Securityholder Notice and Questionnaire attached as Annex A to the Offering Memorandum of the Company issued October 9, 2003 relating to the Debentures.

"NOTICE HOLDER": on any date, any Holder that has delivered a Notice and Questionnaire to the Company on or prior to such date.

"PERSON": An individual, partnership, corporation, company, unincorporated organization, trust, joint venture or a government or agency or political subdivision thereof.

"PURCHASE AGREEMENT": As defined in the preamble hereto.

"PROSPECTUS": The prospectus included in a Shelf Registration Statement, as amended or supplemented by any prospectus supplement and by all other amendments thereto, including post-effective amendments, and all material incorporated by reference into such prospectus.

"RECORD HOLDER": With respect to any Liquidated Damages Payment Date, each Person who is a Holder on the 15th day preceding the relevant Liquidated Damages Payment Date. In the case of a Holder of shares of Common Stock issued upon conversion of the Debentures, "Record Holder" shall mean each Person who is a Holder of shares of Common Stock which constitute Transfer Restricted Securities on the 15th day preceding the relevant Liquidated Damages Payment Date.

"REGISTRATION DEFAULT": As defined in Section 3(a) hereof.

"SECURITIES ACT": Securities Act of 1933, as amended.

"SHELF FILING DEADLINE": As defined in Section 2(a)(i) hereof.

"SHELF REGISTRATION STATEMENT": As defined in Section 2(a)(i) hereof.

"SUBSEQUENT SHELF REGISTRATION STATEMENT" has the meaning set forth in Section 2(c) hereof.

"SUSPENSION NOTICE": As defined in Section 4(c) hereof.

"SUSPENSION PERIOD": As defined in Section 4(b)(i) hereof.

"TIA": Trust Indenture Act of 1939, as amended, and the rules and regulations of the Commission thereunder, in each case, as in effect on the date the Indenture is qualified under the TIA.

"TRANSFER RESTRICTED SECURITIES": Each Debenture and each share of Common Stock issued upon conversion, redemption or repurchase of Debentures until the earlier of:

(i) the date on which such Debenture or such share of Common Stock issued upon conversion, redemption or

repurchase

has been effectively registered under the Securities Act and disposed of in accordance with the Shelf Registration Statement;

(ii) the date on which such Debenture or such share of Common Stock issued upon conversion, redemption or repurchase is transferred in compliance with Rule 144 under the Securities Act or may be sold or transferred by a person who is not an affiliate of the Company pursuant to Rule 144 under the Securities Act (or any other similar provision then in force) without any volume or manner of sale restrictions thereunder; or

(iii) the date on which such Debenture or such share of Common Stock issued upon conversion, redemption or repurchase ceases to be outstanding (whether as a result of redemption, repurchase and cancellation, conversion or otherwise).

"UNDERWRITTEN REGISTRATION": A registration in which Debentures of the Company are sold to an underwriter for reoffering to the public.

Unless the context otherwise requires, the singular includes the plural, and words in the plural include the singular.

2. Shelf Registration.

(a) The Company shall:

(i) not later than 90 days after the date hereof (the "SHELF FILING DEADLINE"), cause to be filed a registration statement pursuant to Rule 415 under the Securities Act (the "SHELF REGISTRATION STATEMENT"), which Shelf Registration Statement shall provide for resales of all Transfer Restricted Securities held by Holders that have provided the information required pursuant to the terms of Section 2(b) hereof;

(ii) use commercially reasonable efforts to cause the Shelf Registration Statement to be declared effective by the Commission not later than 210 days after the date hereof (the "EFFECTIVENESS TARGET DATE"); and

(iii) use commercially reasonable efforts to keep the Shelf Registration Statement continuously effective, supplemented and amended as required by the provisions of Section 4(b) hereof to the extent necessary to ensure that (A) it is available for resales by the Holders of Transfer Restricted Securities entitled, subject to Section 2(b), to the benefit of this Agreement and (B) conforms with the requirements of this Agreement and the Securities Act and the rules and regulations of the Commission promulgated

thereunder as announced from time to time, for a period (the "EFFECTIVENESS PERIOD") until the earliest of:

(1) two years following the last date of original issuance of any of the Debentures;

(2) the date when the Holders of Transfer Restricted Securities are able to sell all such Transfer Restricted Securities immediately without restriction pursuant to the volume limitation provisions of Rule 144 under the Securities Act; or

(3) the date when all of the Transfer Restricted Securities of those Holders that complete and deliver in a timely manner the Holder Questionnaire described below are registered under the Shelf Registration Statement and disposed of in accordance with the Shelf Registration Statement.

(b) At the time the Shelf Registration Statement is declared effective, each Holder that became a Notice Holder on or prior to the date fifteen (15) Business Days prior to such time of effectiveness shall be named as a selling securityholder in the Shelf Registration Statement and the related Prospectus in such a manner as

to permit such Holder to deliver such Prospectus to purchasers of Transfer Restricted Securities in accordance with applicable law. None of the Company's securityholders (other than the Holders of Transfer Restricted Securities) shall have the right to include any of the Company's securities in the Shelf Registration Statement.

(c) If the Shelf Registration Statement or any Subsequent Shelf Registration Statement ceases to be effective for any reason at any time during the Effectiveness Period (other than because all Transfer Restricted Securities registered thereunder shall have been resold pursuant thereto or shall have otherwise ceased to be Transfer Restricted Securities), the Company shall use its reasonable best efforts to obtain the prompt withdrawal of any order suspending the effectiveness thereof, and in any event shall within thirty (30) days of such cessation of effectiveness amend the Shelf Registration Statement in a manner reasonably expected to obtain the withdrawal of the order suspending the effectiveness thereof, or file an additional Shelf Registration Statement covering all of the securities that as of the date of such filing are Transfer Restricted Securities (a "SUBSEQUENT SHELF REGISTRATION STATEMENT"). If a Subsequent Shelf Registration Statement is filed, the Company shall use its reasonable best efforts to cause the Subsequent Shelf Registration Statement to become effective as promptly as is practicable after such filing and to keep such Registration Statement (or subsequent Shelf

Registration Statement) continuously effective until the end of the Effectiveness Period.

(d) The Company shall supplement and amend the Shelf Registration Statement if required by the rules, regulations or instructions applicable to the registration form used by the Company for such Shelf Registration Statement, if required by the Securities Act or as reasonably requested by the Initial Purchasers or by the Trustee on behalf of the Holders of the Transfer Restricted Securities covered by such Shelf Registration Statement.

(e) Each Holder agrees that if such Holder wishes to sell Transfer Restricted Securities pursuant to a Shelf Registration Statement and related Prospectus, it will do so only in accordance with this Section 2(e) and Section 4(b). Each Holder wishing to sell Transfer Restricted Securities pursuant to a Shelf Registration Statement and related Prospectus agrees to deliver a Notice and Questionnaire to the Company at least three (3) Business Days prior to any intended distribution of Transfer Restricted Securities under the Shelf Registration Statement. From and after the date the Shelf Registration Statement is declared effective the Company shall, as promptly as practicable after the date a Notice and Questionnaire is delivered, and in any event upon the later of (x) ten (10) Business Days after such date (but no earlier than ten (10) Business Days after effectiveness) or (y) ten (10) Business Days after the expiration of any Suspension Period in effect when the Notice and Questionnaire is delivered or put into effect within ten (10) Business Days of such delivery date:

(i) if required by applicable law, file with the SEC a post-effective amendment to the Shelf Registration Statement or prepare and, if required by applicable law, file a supplement to the related Prospectus or a supplement or amendment to any document incorporated therein by reference or file any other required document so that the Holder delivering such Notice and Questionnaire is named as a selling securityholder in the Shelf Registration Statement and the related Prospectus in such a manner as to permit such Holder to deliver such Prospectus to purchasers of the Transfer Restricted Securities in accordance with applicable law and, if the Company shall file a post-effective amendment to the Shelf Registration Statement, use commercially reasonable efforts to cause such post-effective amendment to be declared effective under the Securities Act as promptly as is practicable, but in any event by the date (the "AMENDMENT EFFECTIVENESS DEADLINE DATE") that is sixty (60) days after the date such post effective amendment is required by this clause to be filed:

(ii) provide such Holder copies of the any documents filed pursuant to Section 2(e)(i); and

(iii) notify such Holder as promptly as practicable after the effectiveness under the Securities Act

of any post-effective amendment filed pursuant to Section 2(e)(i);

provided that if such Notice and Questionnaire is delivered during a Suspension Period, the Company shall so inform the Holder delivering such Notice and Questionnaire and shall take the actions set forth in clauses (i), (ii) and (iii) above upon expiration of the Suspension Period in accordance with Section 4(b). Notwithstanding anything contained herein to the contrary, (i) the Company shall be under no obligation to name any Holder that is not a Notice Holder as a selling securityholder in any Registration Statement or related Prospectus and (ii) the Amendment Effectiveness Deadline Date shall be extended by up to ten (10) Business Days from the expiration of a Suspension Period (and the Company shall incur no obligation to pay Liquidated Damages during such extension) if such Suspension Period shall be in effect on the Amendment Effectiveness Deadline Date.

3. Liquidated Damages.

(a) If:

(i) the Shelf Registration Statement is not filed with the Commission prior to or on the Shelf Filing Deadline;

(ii) the Shelf Registration Statement has not been declared effective by the Commission prior to or on the Effectiveness Target Date;

(iii) the Company has failed to perform its obligations set forth in Section 2(e) within the time period required therein;

(iv) any post-effective amendment to a Shelf Registration filed pursuant to Section 2(e)(i) has not become effective under the Securities Act on or prior to the Amendment Effectiveness Deadline Date;

(v) except as provided in Section 4(b)(i) hereof, the Shelf Registration Statement is filed and declared effective but, during the Effectiveness Period, shall thereafter cease to be effective or fail to be usable for its intended purpose without being succeeded within ten Business Days by a post-effective amendment to the Shelf Registration Statement, a supplement to the Prospectus or a report filed with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act that cures such failure and, in the

case of a post-effective amendment, is itself immediately declared effective; or

(vi) (A) prior to or on the 45th or 60th day, as the case may be, of any Suspension Period, such suspension has not been terminated or (B) Suspension Periods exceed an aggregate of 120 days in any 360 day period,

(each such event referred to in foregoing clauses (i) through (iv), a "REGISTRATION DEFAULT"), the Company hereby agrees to pay interest ("LIQUIDATED DAMAGES") or issue additional shares of Common Stock, as applicable, with respect to the Transfer Restricted Securities from and including the day following the Registration Default to but excluding the earlier of (1) the day on which the Registration Default has been cured and (2) the date the Shelf Registration Statement is no longer required to be kept effective as set out below:

(A) in respect of the Debentures, the Company agrees to pay interest to each holder of Debentures accruing at a rate of (x) with respect to the first 90-day period during which a Registration Default shall have occurred and be continuing, equal to 0.25% per annum of the aggregate issue price of the Debentures, and (y) with respect to the period commencing on the 91st day following the day the Registration Default shall have occurred and be continuing, equal to 0.50% per annum of the aggregate issue price of the Debentures; provided that in no event shall Liquidated Damages accrue at a rate per year exceeding 0.50% of the aggregate issue price of the Debentures;

(B) in respect of Debentures submitted for conversion into Common Stock during a Registration Default, the Company agrees to pay

accrued and unpaid Liquidated Damages calculated in accordance with paragraph (A) up to and including the Settlement Date (as defined in the Indenture) and to issue additional shares to each Holder that has submitted for conversion some or all of its Debentures into Common Stock equal to 3% of the Applicable Conversion Rate (as defined in the Indenture) for each $1,000 principal amount of Debentures (except to the extent the Company elects to deliver cash upon conversion in accordance with the terms of the Indenture); and

(C) in respect of Common Stock, each Holder of such Common Stock will not be entitled to any Liquidated Damages.

(b) All accrued Liquidated Damages shall be paid in arrears to Record Holders by the Company on each Liquidated Damages Payment Date. Upon the cure of all Registration Defaults relating to any particular Debenture or share of Common Stock, the accrual of Liquidated Damages with respect to such Debenture or share of Common Stock will cease.

All obligations of the Company set forth in this Section 3 that are outstanding with respect to any Transfer Restricted Security at the time such security ceases to be a Transfer Restricted Security shall survive until such time as all such obligations with respect to such Transfer Restricted Security shall have been satisfied in full.

The Liquidated Damages set forth above shall be the exclusive monetary remedy available to the Holders of Transfer Restricted Securities for each Registration Default.

4. Registration Procedures.

(a) In connection with the Shelf Registration Statement, the Company shall comply with all the provisions of Section 4(b) hereof and shall use commercially reasonable efforts to effect such registration to permit the sale of the Transfer Restricted Securities, and pursuant thereto, shall as expeditiously as possible prepare and file with the Commission a Shelf Registration Statement relating to the registration on any appropriate form under the Securities Act.

(b) In connection with the Shelf Registration Statement and any Prospectus required by this Agreement to permit the sale or resale of Transfer Restricted Securities, the Company shall:

(i) Subject to any notice by the Company in accordance with this Section 4(b) of the existence of any fact or event of the kind described in Section 4(b)(iii)(D), use commercially reasonable efforts to keep the Shelf Registration Statement continuously effective during the Effectiveness Period; upon the occurrence of any event that would cause the Shelf Registration Statement or the Prospectus contained therein (A) to contain a material misstatement or omission or (B) not to be effective and usable for resale of Transfer Restricted Securities during the Effectiveness Period, the Company shall file promptly an appropriate amendment to the Shelf Registration Statement, a supplement to the Prospectus or a report filed with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, in the case of clause (A), correcting any such misstatement or omission, and, in the case of either clause (A) or (B), use commercially reasonable efforts to cause such amendment to be declared effective and the Shelf Registration Statement and the

related Prospectus to become usable for their intended purposes as soon as practicable thereafter. Notwithstanding the foregoing, the Company may suspend the effectiveness of the Shelf Registration Statement by written notice to the Holders for a period not to exceed an aggregate of 45 days in any 90-day period (each such period, a "SUSPENSION PERIOD") upon:

(x) the occurrence or existence of any fact or the happening of any event as a result of which the Shelf Registration Statement, the Prospectus, any amendment or supplement thereto, or any document incorporated by reference therein would, in the Company's judgment, contain an untrue

statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and

(y) the occurrence or existence of any corporate development that, in the Company's judgment, makes it appropriate to suspend the effectiveness of the Shelf Registration Statement;

provided that the Company will use its reasonable best efforts to ensure that the use of the Prospectus may be resumed (A) in the case of clause (x) above, as soon as, in the sole judgment of the Company, public disclosure of such fact or event would not be prejudicial to or contrary to the interests of the Company or, if necessary to avoid unreasonable burden or expense, as soon as practicable thereafter and (B) in the case of clause (y) above, as soon as, in the discretion of the Company, such suspension is no longer appropriate; provided, however, that Suspension Periods shall not exceed an aggregate of 120 days in any 360-day period. The Company shall not be required to specify in the written notice to the Holders the nature of the event giving rise to the Suspension Period.

(ii) Prepare and file with the Commission such amendments and post-effective amendments to the Shelf Registration Statement as may be necessary to keep the Shelf Registration Statement effective during the Effectiveness Period; cause the Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the Securities Act, and to comply fully with the applicable provisions of Rules 424 and 430A under the Securities Act in a timely manner; and comply with the provisions of the Securities Act with respect to the disposition of all Debentures covered by the Shelf Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the sellers thereof set forth in the Shelf Registration Statement or supplement to the Prospectus.

(iii) Advise the selling Holders promptly and, if requested by such selling Holders, to confirm such advice in writing, except as provided in clause (D) below:

(A) when the Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to the Shelf Registration Statement or any post-effective amendment thereto, when the same has become effective,

(B) of any request by the Commission for amendments to the Shelf Registration Statement or amendments or supplements to the Prospectus or for additional information relating thereto,

(C) of the issuance by the Commission of any stop order suspending the effectiveness of the Shelf Registration Statement under the Securities Act or of the suspension by any state securities commission of the qualification of the Transfer Restricted Securities for offering or sale in any jurisdiction, or the initiation of any proceeding for any of the preceding purposes, or

(D) of the existence of any fact or the happening of any event, during the Effectiveness Period, that makes any statement of a material fact made in the Shelf Registration Statement, the Prospectus, any amendment or supplement thereto, or any document incorporated by reference therein untrue, or that requires the making of any additions to or changes in the Shelf Registration Statement or the Prospectus in order to make the statements therein not misleading.

If at any time the Commission shall issue any stop order suspending the effectiveness of the Shelf Registration Statement, or any state securities commission or other regulatory authority shall issue an order suspending the qualification or exemption from qualification of the Transfer Restricted Securities under state securities or Blue Sky laws, the Company shall use its reasonable best efforts to obtain the withdrawal or lifting of such order at the earliest possible time and will provide to each Holder who is named in the Shelf Registration Statement prompt notice of the withdrawal of any such order.

(iv) Make available at reasonable times for inspection by one or more representatives of the selling Holders, designated in writing by a Majority of Holders whose Transfer Restricted Securities are included in the Shelf Registration Statement, and any

attorney or accountant retained by such selling Holders, all financial and other records, pertinent corporate documents and properties of the Company as shall be reasonably necessary to enable them to conduct a reasonable investigation within the meaning of Section 11 of the Securities Act, and cause the Company's officers, directors, managers and employees to supply all information reasonably requested by any such representative or representatives of the selling Holders, attorney or accountant in connection therewith; provided, however, that the Company shall have no obligation to deliver information to any selling Holder or representative pursuant to this Section 4(b)(iv) unless such selling Holder or representative shall have executed and delivered a confidentiality agreement in a form acceptable to the Company relating to such information.

(v) If requested by any selling Holders, promptly incorporate in the Shelf Registration Statement or Prospectus, pursuant to a supplement or post-effective amendment if necessary, such information as such selling Holders may reasonably request to have included therein, including, without limitation, information relating to the "PLAN OF DISTRIBUTION" of the Transfer Restricted Securities.

(vi) Furnish to each selling Holder upon their request, without charge, at least one copy of the Shelf Registration Statement, as first filed with the Commission, and of each amendment thereto (and any documents incorporated by reference therein or exhibits thereto (or exhibits incorporated in such exhibits by reference) as such Person may request).

(vii) Deliver to each selling Holder, without charge, as many copies of the Prospectus (including each preliminary Prospectus) and any amendment or supplement thereto as such Persons reasonably may request; subject to any notice by the Company in accordance with this Section 4(b) of the existence of any fact or event of the kind described in Section 4(b)(iii)(D), the Company hereby consents to the use of the Prospectus and any amendment or supplement thereto by each of the selling Holders in connection with the offering and the sale of the Transfer Restricted Securities covered by the Prospectus or any amendment or supplement thereto.

(viii) Before any public offering of Transfer Restricted Securities, cooperate with the selling Holders and their counsel in connection with the registration and qualification of the Transfer Restricted Securities under the securities or Blue Sky laws of such

jurisdictions in the United States as the selling Holders may reasonably request and do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Transfer Restricted Securities covered by the Shelf Registration Statement; provided, however, that the Company shall not be required (A) to register or qualify as a foreign corporation or a dealer of securities where it is not now so qualified or to take any action that would subject it to the service of process in any jurisdiction where it is not now so subject or (B) to subject itself to general or unlimited service of process or to taxation in any such jurisdiction if they are not now so subject.

(ix) Cooperate with the selling Holders to facilitate the timely preparation and delivery of certificates representing Transfer Restricted Securities to be sold and not bearing any restrictive legends (unless required by applicable securities laws); and enable such Transfer Restricted Securities to be in such denominations and registered in such names as the Holders may request at least two Business Days before any sale of Transfer Restricted Securities.

(x) Use its reasonable best efforts to cause the Transfer Restricted Securities covered by the Shelf Registration Statement to be registered with or approved by such other U.S. governmental agencies or authorities as may be necessary to enable the seller or sellers thereof to consummate the disposition of such Transfer Restricted Securities.

(xi) Subject to Section 4(b)(i) hereof, if any fact or event contemplated by Section 4(b)(iii)(D) hereof shall exist or have occurred, use its reasonable best efforts to prepare a supplement or post-effective amendment to the Shelf Registration Statement or related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of Transfer Restricted Securities, the Prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they are made, not misleading.

(xii) Provide CUSIP numbers for all Transfer Restricted Securities not later than the effective date of the Shelf Registration Statement and provide the Trustee under the Indenture with certificates for the Debentures that are in a form eligible for deposit with The Depository Trust Company.

(xiii) Cooperate and assist in any filings required to be made with the NASD and in the performance of any due diligence investigation by any underwriter that is required to be retained in accordance with the rules and regulations of the NASD.

(xiv) Otherwise use its best efforts to comply with all applicable rules and regulations of the Commission and all reporting requirements under the rules and regulations of the Exchange Act.

(xv) Cause the Indenture to be qualified under the TIA not later than the effective date of the Shelf Registration Statement required by this Agreement, and, in connection therewith, cooperate with the Trustee and the holders of Debentures to effect such changes to the Indenture as may be required for such Indenture to be so qualified in accordance with the terms of the TIA; and execute and use its reasonable best efforts to cause the Trustee thereunder to execute all documents that may be required to effect such changes and all other forms and documents required to be filed with the Commission to enable such Indenture to be so qualified in a timely manner.

(xvi) Cause all Common Stock covered by the Shelf Registration Statement to be listed or quoted, as the case may be, on each securities exchange or automated quotation system on which Common Stock is then listed or quoted.

(xvii) Provide to each Holder upon written request each document filed with the Commission pursuant to the requirements of Section 13 and Section 15 of the Exchange Act after the effective date of the Shelf Registration Statement, unless such document is available through the Commission's EDGAR system.

(c) Each Holder agrees by acquisition of a Transfer Restricted Security that, upon receipt of any notice (a "SUSPENSION NOTICE") from the Company of the existence of any fact of the kind described in Section 4(b)(iii)(D) hereof, such Holder will forthwith discontinue disposition of Transfer Restricted Securities pursuant to the Shelf Registration Statement until:

(i) such Holder has received copies of the supplemented or amended Prospectus contemplated by Section 4(b)(xi) hereof; or

(ii) such Holder is advised in writing by the Company that the use of the Prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated by reference in the Prospectus.

If so directed by the Company, each Holder will deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Transfer Restricted Securities that was current at the time of receipt of such notice of suspension.

(d) Each Holder agrees by acquisition of a Transfer Restricted Security, that no Holder shall be entitled to sell any of such Transfer Restricted Securities pursuant to a Registration Statement; or to receive a Prospectus relating thereto, unless such Holder has furnished the Company with a Notice and Questionnaire as required pursuant to Section 2(e) hereof (including the information required to be included in such Notice and Questionnaire) and the information set forth in the next sentence. Each Notice Holder agrees promptly to furnish to the Company all information required to be disclosed in order to make the information previously furnished to the Company by such Notice Holder not misleading and any other information regarding such Notice Holder and the distribution of such Transfer Restricted Securities as the Company may from time to time reasonably request in writing. Any sale of any Transfer Restricted Securities by any Holder shall constitute a representation and warranty by such Holder that the information relating to such Holder and its plan of distribution is as set forth in the Prospectus delivered by such Holder in connection with such disposition, that such Prospectus does not as of the time of such sale contain any untrue statement of a material fact relating to or provided by such Holder to its plan of distribution and that such Prospectus does not as of the time of such sale omit to state any material fact relating to or provided by such Holder or its plan of distribution necessary to make the statements in such Prospectus, in the light of the circumstances under which they were made not misleading.

5. Registration Expenses.

All expenses incident to the Company's performance of or compliance with this Agreement shall be borne by the Company regardless of whether a Shelf Registration Statement becomes effective, including, without limitation:

(i) all registration and filing fees and expenses (including filings made with the NASD);

(ii) all fees and expenses of compliance with federal securities and state Blue Sky or securities laws;

(iii) all expenses of printing (including printing of Prospectuses and certificates for the Common Stock to be issued upon conversion of the Debentures) and the Company's expenses for messenger and delivery services and telephone;

(iv) all fees and disbursements of counsel to the Company;

(v) all application and filing fees in connection with listing (or authorizing for quotation) the Common Stock on a national securities exchange or automated quotation system pursuant to the requirements hereof; and

(vi) all fees and disbursements of independent certified public accountants of the Company.

The Company shall bear its internal expenses (including, without limitation, all salaries and expenses of their officers and employees performing legal, accounting or other duties), the expenses of any annual audit and the fees and expenses of any Person, including special experts, retained by the Company.

6. Indemnification And Contribution.

(a) The Company agrees to indemnify and hold harmless each Holder of Transfer Restricted Securities covered by the Shelf Registration Statement (including each Initial Purchaser), and its directors, officers, and employees and each person, if any, who controls any such Holder within the meaning of the Securities Act or the Exchange Act (each, an "INDEMNIFIED Holder"), against any loss, claim, damage, liability or expense, joint or several, or any action in respect thereof (including, but not limited to, any loss, claim, damage, liability or action relating to resales of the Transfer Restricted Securities), to which such Indemnified Holder may become subject, insofar as any such loss, claim, damage, liability or action arises out of, or is based upon:

(i) any untrue statement or alleged untrue statement of a material fact contained in (A) the Shelf

Registration Statement as originally filed or in any amendment thereof, in any Prospectus, or in any amendment or supplement thereto or (B) any blue sky application or other document or any amendment or supplement thereto prepared or executed by the Company (or based upon written information furnished by or on behalf of the Company expressly for use in such blue sky application or other document or amendment on supplement) filed in any jurisdiction specifically for the purpose of qualifying any or all of the Transfer Restricted Securities under the securities law of any state or other jurisdiction (such application or document being hereinafter called a "BLUE SKY APPLICATION"); or

(ii) the omission or alleged omission to state therein any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading,

and agrees to reimburse each Indemnified Holder promptly upon demand for any legal or other expenses reasonably incurred by such Indemnified Holder in connection with investigating, defending, settling, compromising or paying any such loss, claim, damage, liability, expense or action; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability or expense arises out of, or is based upon, any untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon and in conformity with written information furnished to the Company by or on behalf of such Holder (or its related Indemnified Holder) specifically for use therein. The foregoing indemnity agreement is in addition to any liability which the Company may otherwise have.

(b) Each Holder, severally and not jointly, agrees to indemnify and hold harmless the Company, its directors, officers and employees and each person, if any, who controls the Company within the meaning of the Securities Act or the Exchange Act to the same extent as the foregoing indemnity from the Company to each such Holder, but only with reference to written information relating to such Holder furnished to the Company by or on behalf of such Holder specifically for inclusion in the documents referred to in the foregoing indemnity. This indemnity agreement set forth in this Section shall be in addition to any liabilities which any such Holder may otherwise have. In no event shall any Holder, its directors, officers or any person who controls such Holder be liable or responsible for any amount in excess of the amount by which the total amount received by such Holder with respect to its sale of Transfer Restricted Securities pursuant to a Shelf Registration Statement exceeds (i) the amount paid by such Holder for such Transfer Restricted Securities and (ii) the amount of any damages that such Holder, its directors, officers or any person who controls such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

(i) Promptly after receipt by an indemnified party under this Section 6 of notice of any claim or the commencement of any action, the indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under this Section 6, notify the indemnifying party in writing of the claim or the commencement of that action; provided, however, that the failure to notify the indemnifying party shall not relieve it from any liability which it may have under this Section 6 except to the extent it has been materially prejudiced by such failure and, provided, further, that the failure to notify the indemnifying party shall not relieve it from any liability which it may have to an indemnified party otherwise than under this Section 6. If any such claim or action shall be brought against an indemnified party, and it shall notify the indemnifying party thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it wishes,

jointly with any other similarly notified indemnifying party, to assume the defense thereof with counsel satisfactory to the indemnified party. After notice from the indemnifying party to the indemnified party of its election to assume the defense of such claim or action, the indemnifying party shall not be liable to the indemnified party under this Section 6 for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof other than reasonable costs of investigation; provided, however, that the Holders shall have the right to employ a single counsel to represent jointly the Holders and their officers,

employees and controlling persons who may be subject to liability arising out of any claim in respect of which indemnity may be sought by the Holders against the Company under this Section 6 if the Holders seeking indemnification shall have been advised by legal counsel that there may be one or more legal defenses available to such Holders and their respective officers, employees and controlling persons that are different from or additional to those available to the Company, and in that event, the fees and expenses of such separate counsel shall be paid by the Company.

(c) The indemnifying party under this Section shall not be liable for any settlement of any proceeding effected without its written consent, which shall not be withheld unreasonably, but if settled with such consent or if there is a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party against any loss, claim, damage, liability or expense by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by Section 6(c) hereof, the indemnifying party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall not have (A) reimbursed the indemnified party in accordance with such request prior to the date of such settlement; or (B) delivered notice to the indemnified party of its good faith objection to such claim of indemnification within than 30 days after receipt by such indemnifying party of the aforesaid request. No indemnifying party shall, without the prior written consent of the indemnified party (which consent shall not be unreasonably withheld), effect any settlement, compromise or consent to the entry of judgment in any pending or threatened action, suit or proceeding in respect of which any indemnified party is or could have been a party and indemnity was or could have been sought hereunder by such indemnified party, unless such settlement, compromise or consent (x) includes an unconditional release of such indemnified party from all

liability on claims that are the subject matter of such action, suit or proceeding and (y) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) If the indemnification provided for in this Section 6 shall for any reason be unavailable or insufficient to hold harmless an indemnified party under Section 6(a) or 6(b) in respect of any loss, claim, damage or liability (or action in respect thereof) referred to therein, each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability (or action in respect thereof):

(i) in such proportion as is appropriate to reflect the relative benefits received by the Company from the offering and sale of the Transfer Restricted Securities on the one hand and a Holder with respect to the sale by such Holder of the Transfer Restricted Securities on the other, or

(ii) if the allocation provided by Section (6)(d)(i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in Section 6(d)(i) but also the relative fault of the Company on the one hand and the Holders on the other in connection with the statements or omissions or alleged statements or alleged omissions that resulted in such loss, claim, damage or liability (or action in respect thereof), as well as any other relevant equitable considerations.

The relative benefits received by the Company on the one hand and a Holder on the other with respect to such offering and such sale shall be deemed to be in the same proportion as the total net proceeds from the offering of the Debentures purchased under the Purchase Agreement (before deducting expenses) received by the Company, on the one hand, bear to the total proceeds received by such Holder with respect to its sale of Transfer Restricted Securities on the other. The relative fault of the parties shall be determined by reference to whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Holders on the other, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and

each Holder agree that it would not be just and equitable if the amount of contribution pursuant to this Section 6(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the first sentence of this paragraph (d).

The amount paid or payable by an indemnified party as a result of the loss, claim, damage or liability, or action in respect thereof, referred to above in this

Section 6 shall be deemed to include, for purposes of this Section 6, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending or preparing to defend any such action or claim.

Notwithstanding the provisions of this Section 6, no Holder shall be required to contribute any amount in excess of the amount by which the total price at which the Transfer Restricted Securities purchased by it were resold exceeds the amount of any damages which such Holder has otherwise been required to pay by reason of any untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The Holders' obligations to contribute as provided in this Section 6(d) are several and not joint.

(e) The provisions of this Section 6 shall remain in full force and effect, regardless of any investigation made by or on behalf of any Holder or the Company or any of the officers, directors or controlling persons referred to in Section 6 hereof, and will survive the sale by a Holder of Transfer Restricted Securities.

7. Rule 144A and Rule 144. The Company agrees with each Holder, for so long as any Transfer Restricted Securities remain outstanding and during any period in which the Company (i) is not subject to Section 13 or 15(d) of the Exchange Act, to make available, upon request of any Holder, to such Holder or beneficial owner of Transfer Restricted Securities in connection with any sale thereof and any prospective purchaser of such Transfer Restricted Securities designated by such Holder or beneficial owner, the information required by Rule 144A(d)(4) under the Securities Act in order to permit resales of such Transfer Restricted Securities pursuant to Rule 144A, and (ii) is subject to Section 13 or 15 (d) of the Exchange Act, to make all filings required thereby in a timely manner in order to permit resales of such Transfer Restricted Securities pursuant to Rule 144.

8. No Participation In Underwritten Registrations. No Holder may participate in any Underwritten Registration hereunder.

9. Miscellaneous.

(a) Remedies. The Company acknowledges and agrees that any failure by the Company to comply with its obligations under Section 2 hereof may result in material irreparable injury to the Initial Purchasers or the Holders for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely, and that, in the event of any such failure, the Initial Purchasers or any Holder may obtain such relief as may be required to specifically enforce the Company's obligations under Section 2 hereof. The Company further agrees to waive

the defense in any action for specific performance that a remedy at law would be adequate.

(b) Actions Affecting Transfer Restricted Securities. The Company shall not, directly or indirectly, take any action with respect to the Transfer Restricted Securities as a class that would adversely affect the ability of the Holders of Transfer Restricted Securities to include such Transfer Restricted Securities in a registration undertaken pursuant to this Agreement.

(c) No Inconsistent Agreements. The Company has not, as of the date hereof, entered into, nor shall it, on or after the date hereof, enter into, any agreement with respect to its securities that is inconsistent with the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. In addition, the Company shall not on or after the date hereof grant to any of its securityholders (other than the Holders of Transfer Restricted Securities in such capacity) the right to include any of its securities in the Shelf Registration Statement provided for in this

Agreement other than the Transfer Restricted Securities.

(d) Amendments and Waivers. This Agreement may not be amended, modified or supplemented, and waivers or consents to or departures from the provisions hereof may not be given, unless the Company has obtained the written consent of a Majority of Holders; provided, however, that with respect to any matter that directly or indirectly adversely affects the rights of any Initial Purchaser hereunder, the Company shall obtain the written consent of each such Initial Purchaser against which such amendment, qualification, supplement, waiver or consent is to be effective. Notwithstanding the foregoing (except the foregoing proviso), a waiver or consent to depart from the provisions hereof, with respect to a matter, which relates exclusively to the rights of Holders whose securities are being sold pursuant to a Shelf Registration Statement and does not directly or indirectly adversely affect the rights of other Holders, may be given by the Majority Holders, determined on the basis of Debentures being sold rather than registered under such Shelf Registration Statement.

(e) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand delivery, first class mail (registered or certified, return receipt requested), telex, facsimile transmission, or air courier guaranteeing overnight delivery:

(i) if to a Holder, at the address set forth on the records of the registrar under the Indenture or the transfer agent of the Common Stock, as the case may be; and

(ii) if to the Company, initially at its address set forth in the Purchase Agreement.

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt acknowledged, if transmitted by facsimile; and on the next Business Day, if timely delivered to an air courier guaranteeing overnight delivery.

Any party hereto may change the address for receipt of communications by giving written notice to the others.

(f) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, including without limitation and without the need for an express assignment, subsequent Holders of Transfer Restricted Securities. The Company hereby agrees to extend the benefit of this Agreement to any Holder and any such Holder may specifically enforce the provisions of this Agreement as if an original party hereto.

(g) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(h) Debentures Held by the Company or Their Affiliates. Whenever the consent or approval of Holders of a specified percentage of Transfer Restricted Securities is required hereunder, Transfer Restricted Securities held by the Company or its Affiliates (other than subsequent Holders if such subsequent Holders are deemed to be Affiliates solely by reason of their holding of such Debentures) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

(i) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(j) Governing Law. This Agreement shall be governed by and construed in accordance with the law of the State of New York.

(k) Severability. If any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby, it being

intended that all of the rights and privileges of the parties shall be enforceable to the fullest extent permitted by law.

(l) Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the registration rights granted by the Company with respect to the Transfer Restricted Securities. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

QUANTA SERVICES, INC.

By /s/ DANA A. GORDON

Name: Dana A. Gordon
Title: Vice President, General Counsel and Secretary

BANC OF AMERICA SECURITIES LLC
J.P. MORGAN SECURITIES, INC.
Acting severally on behalf of themselves and the several Initial Purchasers

By BANC OF AMERICA SECURITIES LLC

By /s/ DEREK DILLON

Authorized Representative
Derek Dillon, Managing Director

By J.P. MORGAN SECURITIES INC.

By /s/ JEFF ZAJKOWSKI

Authorized Representative
Jeff Zajkowski, Managing Director

EXHIBIT 10.2

==

FOURTH AMENDED AND RESTATED SECURED CREDIT AGREEMENT

DATED AS OF

NOVEMBER 12, 2003

AMONG

QUANTA SERVICES, INC., AS BORROWER

AND

THE FINANCIAL INSTITUTIONS PARTIES HERETO, AS LENDERS

AND

BANK OF AMERICA, N.A.,
AS ADMINISTRATIVE AGENT

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FOURTH AMENDED AND RESTATED SECURED CREDIT AGREEMENT dated as of November 12, 2003, between Quanta Services, Inc., a Delaware corporation (the "BORROWER"), the lenders from time to time parties hereto (each a "LENDER" and collectively, the "LENDERS"), and Bank of America, N.A., as administrative agent for the Lenders (in such capacity, the "AGENT").

RECITALS

A. The Borrower, certain of the Lenders and Bank of America, N.A., as agent ("EXISTING AGENT") previously entered into that certain Third Amended and Restated Secured Credit Agreement dated as of June 14, 1999 (as amended prior to the date hereof, the "EXISTING CREDIT AGREEMENT").

B. The parties hereto desire to amend and restate such Existing Credit Agreement in its entirety and refinance the "Obligations" thereunder by providing an L/C Commitment Amount of $120,000,000 and a single advance term loan in the amount of $60,000,000.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants contained in this Agreement, the parties to this Agreement agree to amend and restate the Existing Credit Agreement in its entirety, as follows:

SECTION 1. DEFINITIONS; INTERPRETATION.

Section 1.1. Definitions. Unless otherwise defined in this Agreement, the following terms shall have the following meanings:

"ACQUISITION" means, a direct or indirect purchase by the Borrower or any of its Subsidiaries for cash, stock, or other securities or property, whether in one or more related transactions, of all or substantially all of the assets or more than 50% of voting securities or other equity interests of a Person or a business unit, division or group of a Person.

"ADJUSTED LIBOR RATE" means, for any LIBOR Loan, a rate per annum determined in accordance with the following formula:

$$\text{Adjusted LIBOR Rate} = \frac{\text{LIBOR Rate}}{1.00 - \text{Eurodollar Reserve Percentage}}$$

"AFFILIATE" means, for any Person, (i) any other Person that directly or indirectly through one or more intermediaries controls, or is under common control with, or is controlled by, such Person, and (ii) any other Person owning beneficially or controlling ten percent (10%) or more of the equity interests in such Person; provided that any investor in connection with any Subordinated Debt Investment shall not be considered an Affiliate hereunder. As used in this definition, "CONTROL" means the power, directly or indirectly, to direct or cause the direction of management or policies of a Person (through ownership of voting securities or other equity interests, by contract or otherwise).

"AGENT" means Bank of America, N.A. acting in its capacity as administrative agent for the Lenders, and any successor agent appointed hereunder pursuant to SECTION 9.7.

"AGREEMENT" means this Credit Agreement, as amended, restated or supplemented from time to time.

"APPLICABLE MARGIN" means, for Base Rate Loans, 1.50% per annum, and for LIBOR Loans, 3.25% per annum.

"APPLICATION" means an application for a Letter of Credit in the form from time to time used by Agent's letter of credit department.

"ASSIGNMENT AGREEMENT" means an agreement in substantially the form of EXHIBIT 10.10 whereby a Lender conveys part or all of its L/C Commitments and Loans and participations in Letters of Credit to another Person that thereupon becomes a Lender, or that increases its L/C Commitments, outstanding Loans and outstanding participations in Letters of Credit pursuant to SECTION 10.10.

"BASE RATE" means, for any day, the higher of (i) the fluctuating commercial loan rate announced by the Agent from time to time as its base rate for Dollar loans in the United States of America in effect on such day (which base rate may not be the lowest rate charged by the Agent on loans to any of its customers), or (ii) the Federal Funds Rate plus one-half of one percent (0.5%) per annum, with any change in the Base Rate resulting from a change in either such rate to be effective on the date of the relevant change.

"BASE RATE LOAN" means any portion of the Term Loan bearing interest prior to maturity at the Base Rate plus the Applicable Margin.

"BENEFICIAL OWNERSHIP," and "BENEFICIAL OWNER" shall have the meanings assigned to them in Rule 13d-3 under the Exchange Act in effect on the date of this Agreement.

"BORROWER" means Quanta Services, Inc., a Delaware corporation.

"BUSINESS DAY" means any day other than a Saturday or Sunday on which banks are not authorized or required to close in Houston, Texas, and, if the applicable Business Day relates to the continuation of, conversion into or payment on a LIBOR Loan, on which banks are dealing in Dollar deposits in the interbank eurocurrency market in London, England.

"CAPITAL EXPENDITURES" means, for any period, the sum, without duplication, of all expenditures of the Borrower and its Subsidiaries for fixed or capital assets made during such period which, in accordance with GAAP, are required to be classified as capital expenditures, in each case excluding all such expenditures incurred by any entity or business acquired in an Acquisition prior to the date of such Acquisition.

"CAPITALIZED LEASE OBLIGATIONS" means, for any Person, the amount of such Person's liabilities under all leases of real or personal property (or any interest therein) which is required to be capitalized on the balance sheet of such Person as determined in accordance with GAAP.

"CASH COLLATERAL SECURITY AGREEMENT" means that certain Security Agreement of the Borrower dated as of October 31, 2003, in favor of the Existing Agent pursuant to which the Borrower deposited with the Existing Agent certain proceeds of the 2003 Convertible

Subordinated Notes as security for the "Obligations" under the Existing Credit Agreement, as amended, restated, or supplemented from time to time.

"CASH EQUIVALENTS" means (i) securities issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof having maturities of not more than twelve (12) months from the date of acquisition; (ii) U.S. Dollar denominated time deposits and certificates of deposit maturing within one (1) year from the date of acquisition thereof with any Lender or any other financial institution whose short-term senior unsecured debt rating is at least A-1 from S&P or P-1 from Moody's; (iii) LIBOR denominated time deposits and certificates of deposit maturing within six (6) months from the date of acquisition thereof with any Lender or any other financial institution whose short-term senior unsecured debt rating is at least A-1 from S&P or P-1 from Moody's; (iv) commercial paper or Eurocommercial paper with a rating of at least A-1 from S&P or P-1 from Moody's, with maturities of not more than twelve (12) months from the date of acquisition; (v) repurchase obligations entered into with any Lender or any other financial institution whose short-term senior unsecured debt rating is at least A-1 from S&P or P-1 from Moody's, which are secured by a fully perfected security interest in any obligation of the type described in (i) above and has a market value as of the time such repurchase is entered into of not less than 100% of the repurchase obligation of such Lender or such other Person thereunder; (vi) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within twelve (12) months from the date of acquisition thereof or providing for the resetting of the interest rate applicable thereto not less often than annually and, at the time of acquisition,

having one of the two highest ratings obtainable from either S&P or Moody's; and (vii) money market funds which have at least $1,000,000,000 in assets and which invest primarily in securities of the types described in clauses (i) through (vi) above.

"CHANGE IN CONTROL" shall be deemed to have occurred if (i) any Person acquires, directly or indirectly, the Beneficial Ownership of any voting security of the Borrower and immediately after such acquisition such Person is, directly or indirectly, the Beneficial Owner of voting securities representing 50% or more of the total voting power of all the then outstanding voting securities of the Borrower entitled to vote generally in the election of directors; or (ii) individuals who on November 12, 2003, constituted the Borrower's Board of Directors, or their approved successors, cease for any reason to constitute at least a majority of the Borrower's Board of Directors. An approved successor is a new director elected when the election or nomination for the election by the Borrower's stockholders of such new director was approved by vote of at least two-thirds of the directors then still in office who were directors on November 12, 2003, or their approved successors.

"CODE" means the Internal Revenue Code of 1986, as amended.

"COLLATERAL" means all property and assets of the Borrower and its Subsidiaries in which the Agent is granted a Lien for the benefit of the Lenders.

"COLLATERAL ACCOUNT" means the cash collateral account for outstanding undrawn Letters of Credit as defined in SECTION 7.4(b).

"COMMITMENT TERMINATION DATE" means the earliest of (i) the Maturity Date; (ii) the date on which the L/C Commitments are terminated in full or reduced to zero pursuant to

SECTION 2.13; or (iii) the occurrence of any Event of Default described in SECTION 7.1(f) or (g) with respect to the Borrower or the occurrence and continuance of any other Event of Default and either (x) the declaration of the Loans to be due and payable pursuant to SECTION 7.2, or (y) in the absence of such declaration, the giving of written notice by the Agent, acting at the direction of the Majority Lenders, to the Borrower pursuant to SECTION 7.2 that the L/C Commitments have been terminated.

"COMPLIANCE CERTIFICATE" means a certificate substantially in the form of EXHIBIT 6.6.

"CONSOLIDATED INTEREST EXPENSE" means, for any period, total interest expense of the Borrower and its Subsidiaries on a consolidated basis for such period in connection with Indebtedness, determined in accordance with GAAP.

Notwithstanding any of the paragraph above to the contrary, (a) for the fiscal quarter ending December 31, 2003, Consolidated Interest Expense shall be equal to $21,500,000, (b) for any fiscal quarter ending during the period commencing March 31, 2004 and ending September 30, 2004, Consolidated Interest Expense shall be equal to (i) the amount set forth in the table below for the applicable fiscal quarter set forth in the table below plus (ii) "Consolidated Interest Expense" (as defined in the paragraph above) for the period commencing January 1, 2004 and ending on the last day of such applicable fiscal quarter; and (c) for any fiscal quarter ending after September 30, 2004, Consolidated Interest Expense shall be equal to "Consolidated Interest Expense" (as defined in the paragraph above) for the four fiscal quarters then ending.

FISCAL QUARTER ENDED	APPLICABLE AMOUNT
March 31, 2004	$ 16,125,000
June 30, 2004	$ 10,750,000
September 30, 2004	$ 5,375,000

"CONSOLIDATED NET ACCOUNTS" means, as of any date of determination, accounts receivable set out in the consolidated balance sheet of the Borrower and its Subsidiaries as accounts receivable, net of allowances, and in each case, as determined in accordance with GAAP.

"CONSOLIDATED NET ASSETS" means, as of any date of determination, the sum of (a) Consolidated Net Accounts, plus (b) Consolidated Net PP&E.

"CONSOLIDATED NET INCOME" means, for any period, the net income (or loss), after provision for taxes, of the Borrower and its Subsidiaries on a

consolidated basis for such period, determined in accordance with GAAP.

"CONSOLIDATED NET PP&E" means, as of any date of determination, the difference of (a) total property, plant and equipment of the Borrower and its Subsidiaries set out in the consolidated balance sheet of the Borrower and its Subsidiaries, minus (b) accumulated depreciation expense attributed to such items, set out in the consolidated balance sheet of the

Borrower and its Subsidiaries as "property and equipment, net", and in each case, as determined in accordance with GAAP.

"CONSOLIDATED NET WORTH" means, as of any date of determination, the Borrower's consolidated stockholders equity determined in accordance with GAAP.

"CONVERTIBLE SUBORDINATED NOTES" means the notes, guarantees, and all other obligations now or hereafter arising under, or pursuant to, the First Supplemental Indenture, including, without limitation, the "2007 Notes" (as defined in the First Supplemental Indenture).

"CREDIT DOCUMENTS" means this Agreement, the Notes, the Existing Subsidiary Guaranties (and any ratifications thereof), the Existing Pledge Agreements (and any ratifications thereof), the Existing Security Agreements (and any ratifications thereof), the Existing Patent Collateral Assignments (and any ratifications thereof), the Applications, Interest Rate Protection Agreements with any Lender or any Affiliate of Lender, and any other pledge agreements, documents or instruments now or hereafter executed by the Borrower or any of its Subsidiaries in connection with this Agreement.

"DEFAULT" means any event or condition the occurrence of which would, with the passage of time or the giving of notice, or both, constitute an Event of Default.

"DOLLAR" and "U.S. DOLLAR" and the sign "$" means lawful money of the United States of America.

"EBIT" means, for any period, the sum of Consolidated Net Income plus, without duplication, each of the following to the extent actually deducted in determining Consolidated Net Income: (a) Consolidated Interest Expense; (b) provisions for taxes based on income or revenues; (c) provisions made in accordance with SFAS 142 or SFAS 144, which taken together with all other charges previously taken in connection with SFAS 142 or SFAS 144, do not, in the aggregate, exceed $850,000,000; (d) to the extent applicable, Permitted Charges; and (e) Non-Cash Charges, in each case calculated on a consolidated basis for the Borrower and its Subsidiaries and as determined in accordance with GAAP.

Notwithstanding any of the paragraph above to the contrary, (a) for any fiscal quarter ending during the period commencing December 31, 2003 and ending June 30, 2004, EBIT shall be equal to Historical EBIT plus "EBIT" (as defined in the paragraph above) for the period commencing October 1, 2003 and ending on last day of the applicable fiscal quarter; and (b) for any fiscal quarter ending after June 30, 2004, EBIT shall be equal to "EBIT" (as defined in the paragraph above) for the four fiscal quarters then ending.

"EBITDA" means, for any period (using the historical financial results of any business acquired in an Acquisition through the Effective Date, to the extent applicable, all on a pro forma basis, consistent with SEC regulations), the sum of Consolidated Net Income plus, without duplication, each of the following to the extent actually deducted in determining Consolidated Net Income: (a) Consolidated Interest Expense; (b) provisions for taxes based on income or revenues; (c) the amount of all depreciation and amortization expense deducted in determining Consolidated Net Income; (d) charges taken in accordance with SFAS 142 or SFAS 144, which when taken together with all other charges previously taken in connection with SFAS 142 or SFAS 144, do not, in the aggregate, exceed $850,000,000; (e) without duplication, Permitted

Charges; and (f) without duplication, Non-Cash Charges, all calculated on a consolidated basis for the Borrower and its Subsidiaries and as determined in accordance with GAAP. Upon the consummation of any Acquisition after the Effective Date, EBITDA may be calculated, subject to the immediately following sentence, using a calculation which (y) includes the historical financial results of the acquired business on a pro forma trailing four fiscal quarter basis (consistent with SEC regulations), and (z) assumes that the consummation of such Acquisition (and the incurrence, refinancing, or assumption of any Indebtedness in connection with such Acquisition) occurred on the first day of the trailing four fiscal quarter period. The foregoing adjustment to EBITDA to take into account an Acquisition may only be made if the balance sheet and statements of income, retained earnings, and cash flows of the acquired Person (or the Person from whom the assets, securities or other equity interests were acquired), are in compliance with SEC regulations and requirements regarding the

preparation and presentation of historical financial information and pro forma financial information.

Notwithstanding any of the paragraph above to the contrary, (a) for any fiscal quarter ending during the period commencing December 31, 2003 and ending June 30, 2004, EBITDA shall be equal to Historical EBITDA plus "EBITDA" (as defined in the paragraph above) for the period commencing October 1, 2003 and ending on last day of the applicable fiscal quarter; and (b) for any fiscal quarter ending after June 30, 2004, EBITDA shall be equal to "EBITDA" (as defined in the paragraph above) for the four fiscal quarters then ending.

"EFFECTIVE DATE" means the date this Agreement becomes effective as defined in SECTION 10.19.

"ENVIRONMENTAL CLAIMS" means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of non-compliance or violations, formal investigations or proceedings relating to any Environmental Law ("CLAIMS") or any permit issued under any Environmental Law, including, without limitation, (i) any and all Claims by governmental or regulatory authorities for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law, and (ii) any and all Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from a release or threatened release of Hazardous Materials.

"ENVIRONMENTAL LAW" means any federal, state or local statute, law, rule, regulation, ordinance, code, policy or rule of common law now or hereafter in effect, including any judicial or administrative order, consent, decree or judgment relating to (i) the environment, (ii) health or safety in relation to the environment or (iii) Hazardous Materials.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"EURODOLLAR RESERVE PERCENTAGE" means, with respect to each Interest Period for a LIBOR Loan, a percentage (expressed as a decimal) equal to the daily average during such Interest Period of the percentages in effect on each day of such Interest Period, if any, as prescribed by the Board of Governors of the Federal Reserve System (or any successor thereto), for determining the maximum reserve requirements (including, without limitation, any supplemental, marginal and emergency reserves) applicable to "Eurocurrency Liabilities" pursuant to Regulation D of the Board of Governors of the Federal Reserve System or any other

then applicable regulation of the Board of Governors which prescribes reserve requirements applicable to "Eurocurrency Liabilities" as presently defined in Regulation D.

"EVENT OF DEFAULT" means any of the events or circumstances specified as such in SECTION 7.1.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended from time to time, and the rules and regulations of the SEC promulgated thereunder.

"EXISTING AGENT" is defined in the Preamble.

"EXISTING CREDIT AGREEMENT" is defined in the Preamble.

"EXISTING L/Cs" means the one or more letters of credit issued by the Existing Agent under the Existing Credit Agreement for the account of the Borrower before the date of this Agreement and that are described on SCHEDULE 2.2.

"EXISTING L/C OBLIGATIONS" means the total undrawn face amount of outstanding Existing L/Cs.

"EXISTING PATENT COLLATERAL ASSIGNMENT" means the patent collateral assignment executed in connection with the Existing Credit Agreement, as amended, restated or supplemented from time to time.

"EXISTING PLEDGE AGREEMENTS" means each pledge agreement of the Borrower and any of its Subsidiaries executed in connection with the Existing Credit Agreement, as amended, restated or supplemented from time to time.

"EXISTING SECURITY AGREEMENTS" means each security agreement of the Borrower and any of its Subsidiaries executed in connection with the Existing Credit Agreement, including without limitation the Cash Collateral Security Agreement, as amended, restated or supplemented from time to time.

"EXISTING SUBSIDIARY GUARANTY" means each Guaranty of each direct or indirect domestic Subsidiary of the Borrower executed in connection with the

Existing Credit Agreement, as amended, restated or supplemented from time to time.

"FEDERAL FUNDS RATE" means, for any day, the rate per annum (rounded upwards, if necessary, to the nearest 1/16th of 1%) equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the next Business Day, provided that (A) if such day is not a Business Day, the rate on such transactions on the immediately preceding Business Day as so published on the next Business Day shall apply, and (B) if no such rate is published on such next Business Day, the rate for such day shall be the average of the offered rates quoted to the Agent by two (2) federal funds brokers of recognized standing on such day for such transactions as selected by the Agent.

"FIRST SUPPLEMENTAL INDENTURE" means that certain First Supplemental Indenture dated as of July 25, 2000, by the Borrower, as Issuer, to Chase Bank of Texas, National Association, as

Trustee, executed and delivered pursuant to the Subordinated Indenture, as the same may be amended, restated or supplemented from time to time.

"FUNDED DEBT" means, as of any date of determination, the sum, without duplication, of the following for the Borrower and its Subsidiaries: (i) Indebtedness for borrowed money, all obligations evidenced by bonds, debentures, notes or similar instruments, and purchase money obligations which in accordance with GAAP would be shown on the consolidated balance sheet of the Borrower as a liability, (ii) all L/C Obligations, and all reimbursement obligations relative to the face amount of all other letters of credit issued for the account of the Borrower or any of its Subsidiaries, and (iii) all Capitalized Lease Obligations.

"GAAP" means generally accepted accounting principles from time to time in effect as set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and the statements and pronouncements of the Financial Accounting Standards Board or in such other statements, opinions and pronouncements by such other entity as may be approved by a significant segment of the U.S. accounting profession.

"GUARANTOR" means each domestic Subsidiary of the Borrower listed on SCHEDULE 5.1 and any other Subsidiary of the Borrower required to become a Guarantor pursuant to SECTION 6.9.

"GUARANTY" by any Person means all contractual obligations (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business) of such Person guarantying any Indebtedness, dividend or other obligation (including, without limitation, obligations in connection with sales of any property) of any other Person (the "PRIMARY OBLIGOR") in any manner, whether directly or indirectly, including, without limitation, all obligations incurred through an agreement, contingent or otherwise, by such Person: (i) to purchase such Indebtedness or obligation, or to purchase any property or assets constituting security therefor, primarily for the purpose of assuring the owner of such Indebtedness or obligations of the ability of the primary obligor to make payment of the Indebtedness or obligation; or (ii) to advance or supply funds (x) for the purchase or payment of such Indebtedness or obligation, or (y) to maintain working capital or other balance sheet condition, or otherwise to advance or make available funds for the purchase or payment of such Indebtedness or obligation, in each case primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of the primary obligor to make payment of the Indebtedness or obligation; or (iii) to lease property or to purchase securities or other property or services of the primary obligor primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of the primary obligor to make payment of the Indebtedness or obligation; or (iv) otherwise to assure the owner of the Indebtedness or obligation of the primary obligor against loss in respect thereof. For the purpose of all computations made under this Agreement, the amount of a Guaranty in respect of any obligation shall be deemed to be equal to the amount that would apply if such obligation were the direct obligation of such Person rather than the primary obligor or, if less, the maximum aggregate potential liability of such Person under the terms of the Guaranty.

"HAZARDOUS MATERIAL" shall have the meaning assigned to the term Hazardous Substance in the Comprehensive Environmental Response Compensation and Liability Act of 1980, as

amended by the Superfund Amendments and Reauthorization Acts of 1986, and shall include any substance defined as "HAZARDOUS" or "TOXIC" or words used in place thereof under any Environmental Law applicable to the Borrower or any of its

Subsidiaries.

"HIGHEST LAWFUL RATE" means the maximum nonusurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the Loans or the Reimbursement Obligations, or under laws applicable to the Agent or any of the Lenders, which are presently in effect or, to the extent allowed by applicable law, under such laws which may hereafter be in effect and which allow a higher maximum nonusurious interest rate than applicable laws now allow. Determination of the rate of interest for the purpose of determining whether the Loans or the Reimbursement Obligations are usurious under all applicable laws shall be made by amortizing, prorating, allocating, and spreading, in equal parts during the period of the full stated term of the Loans, all interest at any time contracted for, taken, reserved, charged or received from the Borrower in connection with the Loans or the Reimbursement Obligations, as applicable.

"HISTORICAL EBIT" means the amount set forth in the table below for the applicable fiscal quarter set forth in the table below:

FISCAL QUARTER ENDED	HISTORICAL EBIT
December 31, 2003 and March 31, 2004	$18,050,000 plus EBIT for fiscal quarter ended 9-30-03
June 30, 2004	EBIT for fiscal quarter ended 9-30-03

"HISTORICAL EBITDA" means the amount set forth in the table below for the applicable fiscal quarter set forth in the table below:

FISCAL QUARTER ENDED	HISTORICAL EBITDA
December 31, 2003	$48,550,000 plus EBITDA for fiscal quarter ended 9-30-03
March 31, 2004	$33,750,000 plus EBITDA for fiscal quarter ended 9-30-03
June 30, 2004	EBITDA for fiscal quarter ended 9-30-03

"INDEBTEDNESS" means, for any Person, the following obligations of such Person, without duplication: (i) obligations of such Person for borrowed money; (ii) obligations of such Person representing the deferred purchase price of property or services other than accounts payable arising in the ordinary course of business and other than amounts which are being contested in good faith and for which reserves in conformity with GAAP have been provided; (iii) obligations

of such Person evidenced by bonds, notes, bankers acceptances, debentures or other similar instruments of such Person or reimbursement obligations or other obligations with respect to letters of credit issued for such Person's account or letters of credit issued pursuant to such Person's application therefor; (iv) obligations of other Persons, whether or not assumed, secured by Liens upon property or payable out of the proceeds or production from property now or hereafter owned or acquired by such Person, but only to the extent of such property's fair market value; (v) Capitalized Lease Obligations of such Person; (vi) obligations under Interest Rate Protection Agreements and under hedge, swap, exchange, forward, future, collar or cap arrangements, fixed price agreements and all other agreements or arrangements designed to protect against fluctuations in commodity prices and currency exchange rates; and (vii) obligations of such Person pursuant to a Guaranty of any of the foregoing of another Person. For purposes of this Agreement, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture to which such Person is a party, to the extent the holder of such Indebtedness has recourse to such Person.

"INDEMNIFIED TAXES" shall have the meaning ascribed to such term in SECTION 3.3.

"INITIAL BORROWING DATE" means the date on which all conditions precedent set forth herein to the initial Loans are satisfied or waived in writing and the Term Loan hereunder is made.

"INTEREST PAYMENT DATE" means (i) for a Base Rate Loan, the last

Business Day of each calendar quarter such Loan is outstanding commencing December 31, 2003, and (ii) for a LIBOR Loan, the last Business Day of each Interest Period for such Loan and, during any Interest Period of six (6) months, the next Business Day occurring three (3) months after the commencement of such Interest Period.

"INTEREST PERIOD" means the period commencing on the date that a Loan is advanced, continued, or created by conversion and, subject to SECTION 2.5, ending on the date one (1), two (2), three (3) or six (6) months thereafter as selected by the Borrower pursuant to the terms of this Agreement.

"INTEREST RATE PROTECTION AGREEMENT" means any hedge, swap, exchange, forward, future collar or cap arrangements, fixed price agreements or other agreements or arrangements designed to protect against fluctuations in interest rates.

"INVESTMENTS" shall have the meaning ascribed to such term in SECTION 6.15.

"L/C COMMITMENTS" means, relative to any Lender, such Lender's obligation to participate in Letters of Credit pursuant to SECTION 2.2 in the percentage set forth opposite its signature hereto or pursuant to SECTION 10.10, as such commitments may be reduced from time to time pursuant to the terms of this Agreement.

"L/C COMMITMENT AMOUNT" means $120,000,000, as such amount may be reduced from time to time pursuant to the terms of this Agreement.

"L/C DOCUMENTS" means this Agreement, the Letters of Credit and Applications with respect thereto and any draft or other document presented in connection with a drawing thereunder.

"L/C OBLIGATIONS" means the undrawn face amounts of all outstanding Letters of Credit and all unpaid Reimbursement Obligations with respect to Letters of Credit.

"LENDERS" is defined in the Preamble.

"LENDING OFFICE" means the branch, office or affiliate of a Lender specified on the appropriate signature page hereof or designated pursuant to SECTIONS 8.4 or 10.10.

"LETTER OF CREDIT" means any of (a) the letters of credit issued by the Agent on behalf of the Lenders for the account of the Borrower pursuant to SECTION 2.2, and (b) the Existing L/Cs.

"LIBOR LOAN" means any portion of the Term Loan bearing interest prior to maturity at the Adjusted LIBOR Rate plus the Applicable Margin.

"LIBOR RATE" means a rate of interest per annum (rounded upwards, if necessary, to the nearest whole multiple of 1/16 of 1%), equal to the offered rate for U.S. Dollar deposits of not less than $1,000,000 for a period of time equal to the applicable Interest Period for such Loan as of 11:00 a.m. City of London, England time two (2) London Business Days prior to the first date of each such Interest Period as shown on the display designated as "British Bankers Assoc. Interest Settlement Rates" on the Telerate System ("TELERATE"), Page 3750 or Page 3740 or such other page or pages as may replace such pages on Telerate for the purpose of displaying such rate; provided, however, that if such rate is not available on Telerate then such offered rate shall be otherwise independently determined by the Agent from an alternate, substantially similar independent source available to the Agent or shall be calculated by the Agent by a substantially similar methodology as that theretofore used to determine such offered rate in Telerate.

"LIEN" means any interest in any property or asset in favor of a Person other than the owner of the property or asset and securing an obligation owed to such Person, whether such interest is based on the common law, statute or contract, including, but not limited to, the security interest lien arising from a mortgage, encumbrance, pledge, conditional sale, security agreement or trust receipt, or a lease, consignment or bailment for security purposes.

"LOAN" means a Base Rate Loan or a LIBOR Loan, as applicable, each of which is a "TYPE" of Loan hereunder. A Loan is "CONTINUED" (in the case of LIBOR Loans) on the date a new Interest Period commences for such Loan, and is "CONVERTED" when such Loan is changed from one type of Loan to the other, all as requested by the Borrower pursuant to SECTION 2.4(a).

"LONDON BUSINESS DAY" means any day other than a Saturday, Sunday or a day on which banking institutions are generally authorized or obligated by law or executive order to close in the City of London, England.

"MAJORITY LENDERS" means, at any time, the Lenders then holding in the

aggregate more than fifty percent (50%) of the sum of (a) the outstanding principal owed under the Term Loan, and (b) the aggregate amount of the L/C Commitments, or if the L/C Commitments have terminated pursuant to the terms hereof, the aggregate Obligations. The percentage set forth opposite each Lender's name in the line designated "Percentage" on the signature page hereto reflects the initial voting percentage of each Lender hereunder on the Effective Date.

"MATERIAL ADVERSE EFFECT" means an effect that results in a material adverse change since June 30, 2003, in (i) the business, properties, assets, financial condition or, prior to June 30, 2003, prospects of the Borrower and its Subsidiaries taken as a whole, or (ii) in the ability of the Borrower, or Borrower or the Guarantors taken as a whole, to perform the Obligations under the Credit Documents to which they are a party.

"MATURITY DATE" means January 1, 2005.

"MINIMUM ASSET COVERAGE RATIO" means, when determined, the ratio of (a) Consolidated Net Assets, to (b) Net Senior Funded Debt.

"MINIMUM INTEREST COVERAGE RATIO" means, for any period, on a trailing four fiscal quarter basis, the ratio of (a) EBIT to (b) Consolidated Interest Expense, less interest expense attributable to capitalized loan costs and the amount of fees paid pursuant to SECTION 3.1 of this Agreement.

"MOODY'S" means Moody's Investors Service, Inc., or any successor thereto.

"NET FUNDED DEBT" means, as of any date of determination, for the Borrower and its Subsidiaries, Funded Debt less the amount of unrestricted cash on hand and the fair market value of marketable securities owned by such Persons having a value in excess of $25,000,000.

"NET FUNDED DEBT TO EBITDA RATIO" means, when determined, the ratio of (i) Net Funded Debt to (ii) EBITDA.

"NET SENIOR FUNDED DEBT" means, as of any date of determination, for the Borrower and its Subsidiaries, Net Funded Debt less the amount of Subordinated Debt Investments.

"NET SENIOR FUNDED DEBT TO EBITDA RATIO" means, when determined, the ratio of (i) Net Senior Funded Debt to (ii) EBITDA.

"NON-CASH CHARGES" means, for any period, the amount of non-cash charges determined in accordance with GAAP; provided that (a) if any cash outlay is made during such period in respect of such non-cash charge, only the amount of such non-cash charge which exceeds the amount of the cash outlay may be added back to Consolidated Net Income for purposes of calculating EBITDA and (b) the amount of non-cash charges related to dispositions of equipment and fixed assets shall not exceed $5,000,000.

"NOTE PURCHASE AGREEMENT" means that certain Note Purchase Agreement dated as of March 1, 2000, among the Borrower, as issuer, and the purchasers listed on "Schedule A" attached thereto, as lenders, as it may be amended, restated or supplemented from time to time.

"NOTES" is defined in SECTION 2.11.

"OBLIGATIONS" means all joint and several obligations of the Borrower and the Guarantors to pay fees, costs and expenses hereunder, to pay principal and interest on Loans and Reimbursement Obligations and to pay any other obligations to the Agent or the Lenders arising under any Credit Document.

"PBGC" means the Pension Benefit Guaranty Corporation or any successor thereto.

"PERCENTAGE" means, for each Lender, the percentage of the L/C Commitments represented by such Lender's L/C Commitment; provided that, if the L/C Commitments are terminated, each Lender's Percentage shall be calculated based on its L/C Commitment in effect immediately before such termination, subject to any assignments by such Lender of Obligations pursuant to SECTION 10.10.

"PERMITTED BUSINESS" means any business described in SECTION 6.8.

"PERMITTED CHARGES" means, for any period, on a trailing four fiscal quarter basis, lease termination expenses and severance costs not exceeding $5,000,000, which relate to the organizational restructuring of the Borrower and its Subsidiaries, plus amounts attributable to written off loan costs and any

make whole amounts.

"PERMITTED LIENS" means the Liens described in SECTION 6.13.

"PERSON" means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization or any other entity or organization, including a government or any agency or political subdivision thereof.

"PLAN" means an employee pension benefit plan covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code that is either (i) maintained by the Borrower or any of its Subsidiaries, or (ii) maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which the Borrower or any of its Subsidiaries is then making or accruing an obligation to make contributions or has within the preceding five (5) plan years made or had an obligation to make contributions.

"REIMBURSEMENT OBLIGATION" means the obligations of the Borrower to reimburse the Agent, for the benefit of the Lenders, for each drawing under a Letter of Credit as described in SECTION 2.2(c).

"S&P" means Standard & Poor's Rating Group or any successor thereto.

"SEC" means the Securities and Exchange Commission.

"SENIOR NOTES" means the notes, guarantees, and all other obligations owing from time to time under or pursuant to the Note Purchase Agreement.

"SFAS 142" means the Statement of Financial Accounting Standards No. 142 (Goodwill and Other Intangible Assets), as issued by the Financial Accounting Standards Board in June, 2001, and applicable to all fiscal years beginning after December 15, 2001.

"SFAS 144" means the Statement of Financial Accounting Standards No. 144 (Accounting for the Impairment or Disposal of Long-Lived Assets), as issued by the Financial Accounting Standards Board in August, 2001 and adopted by the Borrower on January 1, 2002.

"SUBORDINATED DEBT INVESTMENT" means (a) any issue of Indebtedness of the Borrower or its Subsidiaries which is subordinated in right of payment and collection to the Obligations on

terms acceptable to the Majority Lenders or on terms not materially less favorable to the Lenders than either the Convertible Subordinated Notes or the 2003 Convertible Subordinated Notes, and (b) publicly issued senior subordinated fixed rate debt securities (including any such debt securities issued under Rule 144A) that mature after the Maturity Date and are issued on then existing market terms that are acceptable to the Agent or on terms not materially less favorable to the Lenders than either the Convertible Subordinated Notes or the 2003 Convertible Subordinated Notes.

"SUBORDINATED INDENTURE" means that certain Subordinated Indenture dated as of July 25, 2000, by the Borrower, as Issuer, to Chase Bank of Texas, National Association, as Trustee, as the same may be amended, restated or supplemented from time to time.

"SUBSIDIARY" means, for any Person, any corporation or other entity of which more than fifty percent (50%) of the outstanding stock or comparable equity interests having ordinary voting power for the election of the board of directors of such corporation, any managers of such limited liability company or similar governing body (irrespective of whether or not, at the time, stock or other equity interests of any other class or classes of such corporation or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned by such Person, as applicable, or by one or more of its Subsidiaries.

"TAXES" shall have the meaning ascribed to such term in SECTION 5.12.

"TERM LOAN" means the $60,000,000 single advance term loan described in the recitals of this Agreement.

"TERM NOTES" is defined in SECTION 2.11.

"2003 CONVERTIBLE SUBORDINATED NOTES" means the notes, guarantees, and all other obligations now or hereafter arising under, or pursuant to, the 2003 Note Purchase Agreement.

"2003 NOTE PURCHASE AGREEMENT" means that certain Purchase Agreement dated as of October 9, 2003, by and among the Borrower, as issuer, and the purchasers listed on "Schedule A" attached thereto, as initial purchasers of the Borrower's 4.50% convertible subordinated debentures due 2023, as the same may

be amended, restated or supplemented from time to time.

"UNFUNDED VESTED LIABILITIES" means, for any Plan at any time, the amount, if any, by which the present value of all vested nonforfeitable accrued benefits under such Plan exceeds the fair market value of all Plan assets allocable to such benefits, determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of the Borrower or any of its Subsidiaries to the PBGC or such Plan.

Section 1.2. Interpretation. The foregoing definitions shall be equally applicable to the singular and plural forms of the terms defined. All references to times of day in this Agreement shall be references to Houston, Texas time unless otherwise specifically provided.

SECTION 2. THE CREDIT FACILITY.

Section 2.1. Term Loan. On the terms and subject to the conditions hereof, each Lender severally but not jointly agrees to lend to the Borrower that Lender's pro rata share of the Term Loan in a single advance on the date hereof. If the Borrower pays or prepays any portion of the Term Loan under this Agreement, such portion may not be reborrowed.

Section 2.2. Letters of Credit.

(a) Issuance of Letters of Credit. On the terms and subject to the conditions hereof, the Agent agrees to issue, from time to time prior to the Commitment Termination Date, at the request of the Borrower and on behalf of the Lenders and in reliance on their obligations under this SECTION 2.2, one or more Letters of Credit for the Borrower's account; provided that the Agent shall have no obligation to issue a Letter of Credit if, after the issuance thereof, (i) the outstanding L/C Obligations would thereby exceed the L/C Commitment Amount then in effect, or (ii) the issuance of such Letter of Credit would violate any legal or regulatory restriction then applicable to the Agent or any Lender as notified by such Lender to the Agent before the date of issuance of such Letter of Credit. The Existing L/C Obligations are refinanced under this Agreement and, to the extent then outstanding, shall be included in any calculation of L/C Obligations, and such Existing L/Cs shall for all purposes constitute Letters of Credit issued under this Agreement.

(b) Issuance Procedure. To request that the Agent issue a Letter of Credit, the Borrower shall deliver to the Agent (with a duplicate copy to an operations employee of the Agent as designated by the Agent from time to time) a duly executed Application for the relevant Letter of Credit, or such other computerized issuance or application procedure, instituted from time to time by the Agent and agreed to by the Borrower, completed to the reasonable satisfaction of the Agent, and such other documentation and information as the Agent may reasonably request. In the event of any irreconcilable difference or inconsistency between this Agreement and an Application, the provisions of this Agreement shall govern. Upon receipt of a properly completed and executed Application and any other reasonably requested documents or information at least two (2) Business Days prior to any requested issuance date, the Agent will process such Application in accordance with its customary procedures and issue the requested Letter of Credit on the requested issuance date. The Borrower may cancel any requested issuance of a Letter of Credit prior to the issuance thereof without the incurrence of any fee, charge or expense. The Agent will notify each Lender of the amount and expiration date of each Letter of Credit it issues promptly upon issuance thereof. Each Letter of Credit (except for up to $5,000,000 in aggregate face amounts of Letters of Credit) shall have an expiration date no later than one (1) year from the date of issuance thereof, provided that in no event shall a Letter of Credit have an expiration date later than four (4) Business Days before the Maturity Date. If the Agent issues any Letters of Credit with expiration dates that automatically extend unless the Agent gives notice that the expiration date will not so extend, the Agent will give such notice of non-renewal before the time necessary to prevent such automatic extension if before such required notice date (i) the expiration date of such Letter of Credit if so extended would be later than four (4) Business Days before the Maturity Date, (ii) the Commitment Termination Date shall have occurred, (iii) an Event of Default has occurred and is continuing, or (iv) the Agent is so directed by the Borrower. The Agent agrees to issue amendments to any Letter of Credit increasing its amount, or extending its expiration date, at the request of the Borrower subject to

the conditions precedent for all Loans of SECTION 4.2 and the other terms and conditions of this SECTION 2.2.

(c) The Borrower's Reimbursement Obligations.

(i) The Borrower hereby irrevocably and

unconditionally agrees to reimburse the Agent, for the benefit of the Lenders, for each payment or disbursement made to settle its obligations under any draft drawn under a Letter of Credit (each, a "REIMBURSEMENT OBLIGATION") within two (2) Business Days from when such draft is paid with funds not borrowed hereunder. The Reimbursement Obligation shall bear interest (which the Borrower hereby promises to pay) from and after the date such draft is paid until (but excluding the date) the Reimbursement Obligation is paid at the lesser of the Highest Lawful Rate or the Base Rate plus the Applicable Margin so long as the Reimbursement Obligation shall not be past due, and thereafter at the default rate per annum as set forth in SECTION 2.7(c), whether or not the Maturity Date shall have occurred. If any such payment or disbursement is reimbursed to the Agent after 2:00 p.m. on the date such payment or disbursement is made by the Agent, interest shall be paid on the reimbursable amount for one (1) day. The Agent shall give the Borrower notice of any drawing on a Letter of Credit within one (1) Business Day after such drawing is paid.

(ii) The Borrower agrees for the benefit of the Agent and each Lender that, notwithstanding any provision of any Application, the obligations of the Borrower under this SECTION 2.2(c) and each applicable Application shall be absolute, unconditional and irrevocable (subject to SECTION 2.2(b)) and shall be performed strictly in accordance with the terms of this Agreement and each applicable Application under all circumstances whatsoever INCLUDING, BUT NOT LIMITED TO, ANY DEFENSE BASED UPON THE AGENT'S OR ANY LENDER'S OWN SIMPLE OR CONTRIBUTORY NEGLIGENCE (other than the defense of payment in accordance with this Agreement or a defense based on the gross negligence or willful misconduct of the Agent or any Lender), including, without limitation, the following circumstances (subject in all cases to the defense of payment in accordance with this Agreement or a defense based on the gross negligence or willful misconduct of the Agent or any Lender):

(1) any lack of validity or enforceability of any of the L/C Documents;

(2) any amendment or waiver of or any consent to depart from all or any of the provisions of any of the L/C Documents;

(3) the existence of any claim, setoff, defense or other right the Borrower or any Subsidiary may have at any time against a beneficiary of a Letter of Credit (or any Person for whom a beneficiary may be acting), the Agent, any Lender or any other Person, whether in connection with this Agreement, another L/C Document or any unrelated transaction;

(4) any statement or any other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any

respect or any statement therein being untrue or inaccurate in any respect, provided that the Agent's determination that documents presented under the Letter of Credit comply with the terms thereof did not constitute gross negligence or willful misconduct of the Agent;

(5) payment by the Agent under a Letter of Credit against presentation to the Agent of a draft or certificate that does not comply with the terms of the Letter of Credit, provided that the Agent's determination that documents presented under the Letter of Credit comply with the terms thereof did not constitute gross negligence or willful misconduct of the Agent; or

(6) any other act or omission to act or delay of any kind by the Agent, any Lender or any other Person or any other event or circumstance whatsoever that might, but for the provisions of this SECTION 2.2(c), constitute a legal or equitable discharge of the Borrower's obligations hereunder or under any L/C Document, provided that such act or omission of the Agent did not constitute gross negligence or willful misconduct of the Agent or any Lender.

(d) The Participating Interests. Each Lender severally and not jointly agrees to purchase from the Agent, and the Agent hereby agrees to sell to each Lender, an undivided percentage participating interest, to the extent of its Percentage, in each Letter of Credit issued by, and Reimbursement Obligation owed to, the Agent in connection with a Letter of Credit. Upon any failure by the Borrower to pay any Reimbursement Obligation in connection with a Letter of Credit at the time required in SECTIONS 2.2(c) and 2.4(c), or if the Agent is

required at any time to return to the Borrower or to a trustee, receiver, liquidator, custodian or other Person any portion of any payment by the Borrower of any Reimbursement Obligation in connection with a Letter of Credit, the Agent shall promptly give notice of same to each Lender, and the Agent shall have the right to require each Lender to fund its participation in such Reimbursement Obligation. Each Lender (except the Agent to the extent it is also a Lender) shall pay to the Agent an amount equal to each Lender's Percentage of such unpaid or recaptured Reimbursement Obligation not later than the Business Day it receives notice from the Agent to such effect, if such notice is received before 2:00 p.m., or not later than the following Business Day if such notice is received after such time. If a Lender fails to pay timely such amount to the Agent, it shall also pay to the Agent interest on such amount accrued from the date payment of such amount was made by the Agent to the date of such payment by the Lender at a rate per annum equal to the Federal Funds Rate in effect for each such day, and only after such payment shall such Lender be entitled to receive its Percentage of each payment received on the relevant Reimbursement Obligation and of interest paid thereon. If any such Lender fails to pay such amount to the Agent, any payments made by the Borrower with respect to the relevant Reimbursement Obligation shall first be applied by the Agent to the unfunded participation in such Reimbursement Obligation before any other Lenders receive any payments or proceeds. The Agent will thereafter pay each Lender its Percentage of each payment received by it relating to that for which such Lender has funded its Percentage, from the date of funding. THE SEVERAL OBLIGATIONS OF THE LENDERS TO THE AGENT UNDER THIS SECTION 2.2(D) SHALL BE ABSOLUTE, IRREVOCABLE AND UNCONDITIONAL UNDER ANY AND ALL CIRCUMSTANCES WHATSOEVER AND SHALL NOT BE SUBJECT TO ANY

SETOFF, COUNTERCLAIM OR DEFENSE TO PAYMENT ANY LENDER MAY HAVE OR HAVE HAD AGAINST THE BORROWER, THE AGENT, ANY OTHER LENDER OR ANY OTHER PERSON WHATSOEVER INCLUDING, BUT NOT LIMITED TO, ANY DEFENSE BASED ON THE FAILURE OF THE DEMAND FOR PAYMENT UNDER THE LETTER OF CREDIT TO CONFORM TO THE TERMS OF SUCH LETTER OF CREDIT OR THE LEGALITY, VALIDITY, REGULARITY OR ENFORCEABILITY OF SUCH LETTER OF CREDIT AND INCLUDING, BUT NOT LIMITED TO, THOSE RESULTING FROM THE AGENT'S OWN SIMPLE OR CONTRIBUTORY NEGLIGENCE. Without limiting the generality of the foregoing, such obligations shall not be affected by any Default or Event of Default or by any subsequent reduction or termination of any L/C Commitment of a Lender, and each payment by a Lender under SECTION 2.2 shall be made without any offset, abatement, withholding or reduction whatsoever.

Section 2.3 Types of Loans and Minimum Borrowing Amounts. Portions of the Term Loan may be outstanding as either Base Rate Loans or LIBOR Loans, as selected by the Borrower pursuant to SECTION 2.4. All LIBOR Loans advanced on the Initial Borrowing Date shall be advanced as Base Rate Loans unless a notice for a requested LIBOR Loan has been given by 11:00 a.m. at least three (3) Business Days before the Initial Borrowing Date and indemnification has been provided to the Lenders in connection therewith in the event the Initial Borrowing Date does not occur on the date requested. Each Base Rate Loan shall be in an amount of not less than $1,000,000, or a greater integral multiple of $500,000. Each LIBOR Loan shall be in an amount of not less than $5,000,000, or a greater integral multiple of $1,000,000.

Section 2.4 Manner of Borrowing.

(a) Selection of Interest Periods. The Borrower may select multiple Interest Periods for LIBOR Loans, provided that at no time shall the number of different Interest Periods for outstanding LIBOR Loans exceed eight (8). The Borrower may from time to time elect to change or continue the type of interest rate borne by each Loan or, subject to SECTION 2.3's minimum amount requirement for each outstanding Loan, a portion thereof, as follows: (i) if such Loan is a LIBOR Loan, the Borrower may continue part or all of such Loan as a LIBOR Loan for an Interest Period specified by the Borrower or convert part or all of such Loan into a Base Rate Loan on the last day of the Interest Period applicable thereto, or the Borrower may earlier convert part or all of such Loan into a Base Rate Loan so long as it pays the breakage fees and funding losses provided in SECTION 2.12 and all interest accrued on such Loan, and (ii) if such Loan is a Base Rate Loan, the Borrower may convert all or part of such Loan into a LIBOR Loan for an Interest Period specified by the Borrower on any Business Day. Notices of the continuation of a LIBOR Loan for an additional Interest Period or of the conversion of part or all of a LIBOR Loan into a Base Rate Loan or conversion of a Base Rate Loan into a LIBOR Loan must be given by no later than 11:00 a.m. at least three (3) Business Days before the date of the requested continuation or conversion. The Borrower shall give such notices concerning the continuation or conversion of a Loan by telephone or facsimile (which notice shall be irrevocable once given and, if by telephone, shall be promptly confirmed in writing) which shall specify the date of the requested continuation or conversion (which shall be a Business Day), the amount of the applicable Loan(s), the type of Loan(s) to comprise such continued or converted Loan(s), and, if any such Loan is to be a LIBOR Loan, the Interest Period applicable thereto. The Borrower agrees that the Agent and each Lender may rely on any such telephonic or facsimile

notice given by any person it in good faith believes is an authorized representative of the Borrower without the necessity of independent investigation and that, if any such notice by telephone conflicts with any written confirmation, such telephonic notice shall govern if the Agent or any Lender has acted in reliance thereon.

(b) Borrower's Failure to Notify. If the Borrower fails to give notice pursuant to SECTION 2.4(A) of the continuation or conversion of any outstanding principal amount of a LIBOR Loan and has not notified the Agent by 11:00 a.m. at least three (3) Business Days before the last day of the Interest Period for such LIBOR Loan, the Borrower shall be deemed to have requested the continuation of such Loan as a LIBOR Loan with an Interest Period of one (1) month, so long as no Default or Event of Default shall have occurred and be continuing or would occur as a result of such continuation or conversion. Upon the occurrence and during the continuance of any Event of Default, (i) each LIBOR Loan will automatically, on the last day of the then existing Interest Period therefor, convert into a Base Rate Loan and (ii) the obligation of the Lenders to continue or convert Loans into LIBOR Loans shall be suspended.

Section 2.5 Interest Periods. As provided in SECTION 2.4(a), at the time of each request for the continuation of, or conversion into, a LIBOR Loan, the Borrower shall select an Interest Period applicable to such LIBOR Loan from among the available options subject to the limitations in SECTION 2.4(a); provided, however, that:

(a) the Borrower may not select an Interest Period for a LIBOR Loan that extends beyond the Maturity Date;

(b) whenever the last day of any Interest Period would otherwise be a day that is not a Business Day, the last day of such Interest Period shall either be (i) extended to the next succeeding Business Day, or (ii) reduced to the immediately preceding Business Day if the next succeeding Business Day is in the next calendar month; and

(c) for purposes of determining an Interest Period, a month means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month; provided, however, that if there is no such numerically corresponding day in the month in which an Interest Period is to end or if such Interest Period begins on the last Business Day of a calendar month, then such Interest Period shall end on the last Business Day of the calendar month in which such Interest Period is to end.

Section 2.6 Interest Payments.

(a) Base Rate Loans. Each Base Rate Loan shall bear interest (computed on the basis of a 365/366-day year and actual days elapsed, excluding the date of repayment) on the unpaid principal amount thereof from the date such Loan is made until maturity (whether by acceleration or otherwise) or conversion to a LIBOR Loan in accordance with SECTION 2.4(a) hereof, at a rate per annum equal to the lesser of (i) the Highest Lawful Rate or (ii) the sum of the Base Rate from time to time in effect plus the Applicable Margin, payable in arrears on each Interest Payment Date for such Loan and at maturity (whether by acceleration or otherwise) or conversion to a LIBOR Loan in accordance with SECTION 2.4(a).

(b) LIBOR Loans. Each LIBOR Loan shall bear interest (computed on the basis of a 360-day year and actual days elapsed, excluding the date of repayment) on the unpaid

principal amount thereof from the date such Loan is made until maturity (whether by acceleration or otherwise) or conversion to a Base Rate Loan in accordance with SECTION 2.4(a) hereof, at a rate per annum equal to the lesser of (i) the Highest Lawful Rate or (ii) the sum of the Adjusted LIBOR Rate plus the Applicable Margin, payable in arrears on each Interest Payment Date for such Loan and at maturity (whether by acceleration or otherwise) or conversion to a Base Rate Loan in accordance with SECTION 2.4(a).

(c) Rate Determinations. The Agent shall determine each interest rate applicable to the Loans and Reimbursement Obligations hereunder (including the Applicable Margin, determined as set forth in the definition thereof) and such determination shall be conclusive and binding except in the case of the Agent's manifest error or willful misconduct. The Agent shall give prompt telephonic, telex or facsimile notice to the Borrower and each Lender of the interest rate applicable to each Loan or Reimbursement Obligation (but, if such notice is given by telephone, the Agent shall confirm such rate in writing) promptly after the Agent has made such determination.

Section 2.7 Default Rates. If any payment of principal on any Loan is not made when due after the expiration of the grace period therefor provided in SECTION 7.1 (whether by acceleration or otherwise), such Loan shall bear

interest (computed on the basis of a year of 360, 365 or 366 days, as applicable, and actual days elapsed) from the date such payment was due until such principal then due is paid in full, payable on demand, at a rate per annum equal to:

(a) for any Base Rate Loan the lesser of (i) the Highest Lawful Rate or (ii) the sum of two percent (2%) per annum plus the Base Rate from time to time in effect (but not less than the Base Rate in effect at maturity) plus the Applicable Margin;

(b) for any LIBOR Loan the lesser of (i) the Highest Lawful Rate or (ii) the sum of two percent (2%) per annum plus the rate of interest in effect thereon at the time of such default until the end of the Interest Period for such Loan and, thereafter, at a rate per annum equal to the sum of two percent (2%) per annum plus the Base Rate from time to time in effect (but not less than the Base Rate in effect at maturity) plus the Applicable Margin; and

(c) for any unpaid Reimbursement Obligations, the lesser of (i) the Highest Lawful Rate or (ii) the sum of two percent (2%) per annum plus the Base Rate from time to time in effect (but not less than the Base Rate in effect at maturity) plus the Applicable Margin.

It is the intention of the Agent and each Lender to conform strictly to usury laws applicable to it. Accordingly, if the transactions contemplated hereby or the Loans or the Reimbursement Obligations would be usurious as to the Agent or the Lenders under laws applicable to it (including the laws of the United States of America and the State of Texas or any other jurisdiction whose laws may be mandatorily applicable to the Agent or such Lender notwithstanding the other provisions of this Agreement, the Notes or any other Credit Document), then, in that event, notwithstanding anything to the contrary in this Agreement, the Notes or any other Credit Document, it is agreed as follows: (i) the aggregate of all consideration which constitutes interest under laws applicable to the Lenders that is contracted for, taken, reserved, charged or received by the Lenders under this Agreement, the Notes or any other Credit Document or otherwise shall under no circumstances exceed the Highest Lawful Rate, and any excess shall be credited by the applicable Lender on the principal amount of the

applicable Note or to the Reimbursement Obligations (or, if the principal amount of such Note and all Reimbursement Obligations owed to such Lender shall have been paid in full, refunded by such Lender to the Borrower); (ii) in the event that the maturity of the Notes is accelerated by reason of an election of the holder or holders thereof resulting from any Event of Default hereunder or otherwise, or in the event of any required or permitted prepayment, then such consideration that constitutes interest under laws applicable to the Lenders may never include more than the Highest Lawful Rate, and excess interest, if any, provided for in this Agreement, the Notes, any other Credit Document or otherwise shall be automatically canceled by the applicable Lenders as of the date of such acceleration or prepayment and, if theretofore paid, shall be credited by the applicable Lenders on the principal amount of the applicable Notes or Reimbursement Obligations (or if the principal amounts thereof shall have been paid in full, refunded by the applicable Lender to the Borrower); and (iii) if at any time the interest provided hereunder, together with any other fees payable pursuant to this Agreement, the Notes or any other Credit Document and deemed interest under applicable law, exceeds the amount that would have accrued at the Highest Lawful Rate, the amount of interest and any such fees to accrue to the Lenders hereunder and thereunder shall be limited to the amount which would have accrued at the Highest Lawful Rate, but any subsequent reductions shall not reduce the interest to accrue to the Lenders hereunder and thereunder below the Highest Lawful Rate until the total amount of interest accrued pursuant hereto and thereto and such fees deemed to be interest equals the amount of interest which would have accrued to the Lenders if a varying rate per annum equal to the interest hereunder had at all times been in effect plus the amount of fees which would have been received but for the effect of this SECTION 2.7. The Agent and the Lenders hereby elect to determine the applicable rate ceiling under Section 303.201 of the Texas Finance Code Ann. (Vernon 1998) by the weekly rate ceiling from time to time in effect, subject to the Agent's and the Lenders' right subsequently to change such method in accordance with applicable law. In the event the Loans and all Reimbursement Obligations are paid in full by the Borrower prior to the Maturity Date and the interest received for the actual period of the existence of the Loans or the Reimbursement Obligations exceeds the Highest Lawful Rate, the applicable Lenders shall refund to the Borrower the amount of the excess or shall credit the amount of the excess against amounts owing under the Loans and none of the Lenders shall be subject to any of the penalties provided by law for contracting for, taking, reserving, charging or receiving interest in excess of the Highest Lawful Rate. The provisions of Chapter 346 of Tex. Finance Code Ann. (Vernon 1998), regulating certain revolving credit accounts shall not apply to this Agreement or any of the Notes.

Section 2.8 Maturity of Loans. Each Loan, together with accrued and unpaid interest thereon and all other fees then due and owing under any Credit Document, shall mature and become due and payable on the Maturity Date.

Section 2.9 Optional Prepayments. The Borrower shall have the privilege of prepaying the Term Loan without premium or penalty in whole or in part at any time, provided that, each voluntary partial prepayment of the Term Loan must be in a principal amount of not less than $5,000,000, or a greater integral multiple of $1,000,000. If the Borrower is prepaying LIBOR Loans, it shall give the Agent notice of such prepayment no later than 11:00 a.m. at least two (2) Business Days before the proposed prepayment date. All prepayments of Loans shall be accompanied by accrued interest thereon, together with, if such Loans being prepaid are LIBOR Loans, any applicable breakage fees and funding losses pursuant to SECTION 2.12. The Borrower

may direct the application of any optional prepayment hereunder to the Base Rate Loans or LIBOR Loans outstanding.

Section 2.10 Mandatory Prepayments of Loans.

(a) If the aggregate amount of outstanding L/C Obligations shall at any time for any reason exceed the L/C Commitment Amount then in effect, the Borrower shall, immediately and without notice or demand, pay the amount of such excess to the Agent for the ratable benefit of the Lenders as a pre-funding of cash collateral for Letters of Credit to the extent such Letters of Credit are not fully cash collateralized at the time of such pre-funding.

(b) Any mandatory prepayment of Loans pursuant to this Agreement shall not be limited by the notice provision for prepayments set forth in SECTION 2.9, but immediately upon determining the need to make any such prepayment, the Borrower shall notify the Agent of such required prepayment. Each such prepayment shall be accompanied by a payment of all accrued and unpaid interest on the Loans prepaid and any applicable breakage fees and funding losses pursuant to SECTION 2.12.

(c) Proceeds of the initial Loan shall be used in accordance with SECTION 2.10(c) of the Existing Credit Agreement.

Section 2.11 The Notes. The Term Loans outstanding to the Borrower from the Lenders shall be evidenced by promissory notes of the Borrower payable to each of the Lenders and the Agent in the form of EXHIBIT 2.11 (each such promissory note, together with any replacements thereof, a "TERM NOTE", and collectively, the "NOTES"). Each holder of a Note shall record on its books and records or on a schedule to the Note the amount of each Loan outstanding from it to the Borrower, all payments of principal and interest and the principal balance from time to time outstanding thereon, the type of such Loan and, if a LIBOR Loan, the Interest Period and interest rate applicable thereto. Such record, whether shown on the books and records of a holder of a Note or on a schedule to its Note, shall be prima facie evidence as to all such matters; provided, however, that the failure of any holder to record any of the foregoing or any error in any such record shall not limit or otherwise affect the obligation of the Borrower to repay all Loans outstanding to it hereunder, together with accrued interest thereon. At the request of any holder of a Note and upon such holder tendering to the Borrower the Note to be replaced, the Borrower shall furnish a new Note to such holder to replace any outstanding Note and at such time the first notation appearing on the schedule on the reverse side of, or attached to, such new Note shall set forth the aggregate unpaid principal amount of all Loans, if any, then outstanding thereon.

Section 2.12 Breakage Fees. If any Lender incurs any loss, cost or expense (excluding any loss of anticipated profit, but including, without limitation, any loss, cost, expense or premium reasonably incurred by reason of the liquidation or re-employment of deposits or other funds acquired by such Lender to fund or maintain any LIBOR Loan or the relending or reinvesting of such deposits or amounts paid or prepaid to the Lenders) as a result of any of the following events other than any such occurrence as a result of a change of circumstance described in SECTIONS 8.1 or 8.2:

(i) any payment, prepayment or conversion of a LIBOR Loan on a date other than the last day of its Interest Period (whether by acceleration, prepayment or otherwise);

(ii) any failure to make a principal payment of a LIBOR Loan on the due date therefor; or

(iii) any failure by the Borrower to continue, prepay or convert to a LIBOR Loan on the date specified in a notice given pursuant to SECTION 2.4(a) (other than by reason of a default of a Lender),

then the Borrower shall pay to such Lender such amount as will reimburse such Lender for such loss, cost or expense. If any Lender makes such a claim for

compensation, it shall provide to the Borrower a certificate executed by an officer of such Lender setting forth the amount of such loss, cost or expense in reasonable detail (including an explanation of the basis for and the computation of such loss, cost or expense) no later than 120 days after the event giving rise to the claim for compensation, and the amounts shown on such certificate shall be conclusive and binding absent manifest error. Within ten (10) days of receipt of such certificate, the Borrower shall pay to such Lender such amount as will compensate such Lender for such loss, cost or expense as provided herein, unless such Lender has failed to timely give notice to the Borrower of such claim for compensation as provided herein, in which event the Borrower shall no longer be obligated to pay such claim.

Section 2.13 L/C Commitment Terminations. The Borrower shall have the right at any time and from time to time, upon five (5) Business Days' prior and irrevocable written notice to the Agent, to terminate or reduce the L/C Commitments without premium or penalty, in whole or in part, any partial termination to be (i) in an amount not less than $1,000,000 as determined by the Borrower, and (ii) allocated ratably among the Lenders in proportion to their respective L/C Commitments, as applicable; provided that the L/C Commitment Amount may not be reduced to an amount less than the sum of the aggregate amount of outstanding L/C Obligations, after giving effect to payments on such proposed termination or reduction date, unless the Borrower provides to the Lenders or the Agent, as applicable, cash collateral in an amount sufficient to cover such shortage or back-to-back letters of credit from a financial institution satisfactory to all of the Lenders in an amount equal to the undrawn face amount of any applicable outstanding Letters of Credit with an expiry date of at least five (5) days after the expiry date of any applicable Letter of Credit and which provide that the Lenders may make a drawing thereunder in the event that it pays a drawing under such Letter of Credit. Any termination of the L/C Commitments pursuant to this SECTION 2.13 is permanent and may not be reinstated. The Agent shall give prompt notice to each Lender of any such termination of the L/C Commitments.

Section 2.14 Agent Reliance on Borrower Payment. Except as otherwise provided under SECTION 2.2(c), unless the Borrower has notified the Agent prior to the date any payment or prepayment to be made by it is due (or if the Borrower has given notice of its intention to prepay a Loan on such date), that it does not intend to make such payment or prepayment, the Agent may assume that the Borrower has made such payment when due (or on the date stated in its prepayment notice) and in reliance upon such assumption may (but shall not be required to) make available to each Lender its Percentage of such payment. If such payment was not in fact made to the Agent in immediately available funds, then each Lender shall promptly on demand

repay to the Agent the amount of such assumed payment made available to such Lender, together with interest thereon in respect of each day from and including the date such amount was made available by the Agent to such Lender to the date such amount is repaid to the Agent at the Federal Funds Rate.

SECTION 3. FEES AND PAYMENTS.

Section 3.1 Fees.

(a) Letter of Credit Fees. Commencing upon the Effective Date, the Borrower shall pay to the Agent quarterly in arrears (pro rated, if necessary for any portion of such quarter) for the ratable account of the Lenders (based on their respective Percentages) a non-refundable fee for any Letter of Credit equal to the greater of (x) $125 per quarter, or (y) the face amount of such Letter of Credit multiplied by a rate equal to 0.50% per annum, calculated on the basis of a 365/366-day year and actual days in the period and based on the then scheduled expiry date of the Letter of Credit. Thereafter, such fees shall be payable by the Borrower in arrears on the last Business Day of each calendar quarter of each year commencing with the next succeeding calendar quarter, with the last such payment on the date any such Letter of Credit expires. In addition, the Borrower shall pay to the Agent solely for the Agent's account, in connection with each Letter of Credit, reasonable administrative and amendment fees and expenses for letters of credit established by the Agent from time to time in accordance with its customary practices and as agreed between the Agent and the Borrower and a fronting fee of 1/8% of the face amount of each Letter of Credit (other than the Existing L/Cs). All fees paid to the Agent or any other parties before the date of this Agreement in respect of any Existing L/Cs are solely for the account of those parties without any accounting for them or sharing of them with the Agent or Lenders notwithstanding any contrary provision in this Agreement.

(b) Agent Fees. The Borrower shall pay to the Agent the fees agreed to from time to time by the Borrower and the Agent.

Section 3.2 Place and Application of Payments. All payments of principal of and interest on the Loans and the Reimbursement Obligations and all other amounts payable by the Borrower under the Credit Documents shall be made by the Borrower to the Agent by no later than 2:00 p.m. on the due date thereof

at the office of the Agent in Houston, Texas (or such other location as the Agent may designate to the Borrower). Any payments received by the Agent from the Borrower after 2:00 p.m. shall be deemed to have been received on the next Business Day.

Section 3.3 Withholding Taxes.

(a) Payments Free of Withholding. Except as otherwise required by law and subject to SECTION 3.3(b), each payment by the Borrower to the Agent or any Lender under this Agreement or any other Credit Document shall be made without withholding for or on account of any present or future taxes (other than overall net income taxes on the recipient) imposed by or within the jurisdiction in which the Borrower is domiciled, any jurisdiction from which the Borrower makes any payment, or (in each case) any political subdivision or taxing authority thereof or therein, excluding, in the case of each Lender and the Agent, taxes, assessments or other governmental charges

(i) imposed on, based upon, or measured by its income, and branch profits, franchise and similar taxes imposed on it, by any jurisdiction in which the Agent or such Lender, as the case may be, is incorporated or maintains its principal place of business or Lending Office or which subjects the Agent or such Lender to tax by reason of a connection between the taxing jurisdiction and the Agent or such Lender (other than a connection resulting from the transactions contemplated by this Agreement);

(ii) imposed as a result of a connection between the taxing jurisdiction and the Agent or such Lender, as the case may be, other than a connection resulting from the transactions contemplated by this Agreement;

(iii) imposed as a result of the transfer by such Lender of its interest in this Agreement or any other Credit Document or a designation by such Lender (other than pursuant to SECTION 3.3(d) hereof) of a new Lending Office (other than taxes imposed as a result of any change in treaty, law or regulation after such transfer of the Lender's interest in this Agreement or any Credit Document or designation of a new Lending Office);

(iv) imposed by the United States of America upon a Lender organized under the laws of a jurisdiction outside of the United States, except to the extent that such tax is imposed or increased as a result of any change in applicable law, regulation or treaty (other than any addition of or change in any "anti-treaty shopping," "limitation of benefits," or similar provision applicable to a treaty) after the Effective Date, in the case of each Lender originally a party hereto or, in the case of any Purchasing Lender (as defined in SECTION 10.10), after the date on which it becomes a Lender;

(v) which would not have been imposed but for (a) the failure of the Agent or any Lender, as the case may be, to provide (x) an Internal Revenue Service Form 1001 or 4224, as the case may be, or any substitute or successor form prescribed by the Internal Revenue Service pursuant to SECTION 3.3(b) below, or (y) any other certification, documentation or proof which is reasonably requested by the Borrower, or (b) a determination by a taxing authority or a court of competent jurisdiction that a certification, documentation or other proof provided by such Lender or the Agent to establish an exemption from such tax, assessment or other governmental charge is false

(all such non-excluded taxes, assessments or other governmental charges and liabilities being hereinafter referred to as "INDEMNIFIED TAXES"). If any such withholding is so required, the Borrower shall make the withholding, pay the amount withheld to the appropriate governmental authority before penalties attach thereto or interest accrues thereon and forthwith pay such additional amount as may be necessary to ensure that the net amount actually received by the Agent and each Lender is free and clear of such Indemnified Taxes (including Indemnified Taxes on such additional amount) and is equal to the amount that the Agent or such Lender (as the case may be) would have received had such withholding not been made. If the Agent or any Lender pays any amount in respect of any Indemnified Taxes, penalties or interest, the Borrower shall reimburse the Agent or that Lender for the payment on demand in the currency in which such payment was made. If the Borrower pays any Indemnified Taxes, penalties or interest, it shall deliver official tax receipts evidencing the payment or certified copies thereof, or other satisfactory evidence of payment if such tax receipts have not yet been received by the Borrower

(with such tax receipts to be promptly delivered when actually received), to the Agent or the Lender on whose account such withholding was made (with a copy to the Agent if not the recipient of the original) within fifteen (15) days of such

payment.

(b) U.S. Withholding Tax Exemptions. Each Lender that is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) shall submit to the Borrower and the Agent on or before the Effective Date, two duly completed and signed copies of either Form 1001 (entitling such Lender to a complete exemption from withholding under the Code on all amounts to be received by such Lender, including fees, pursuant to the Credit Documents) or Form 4224 (relating to all amounts to be received by such Lender, including fees, pursuant to the Credit Documents) of the Internal Revenue Service. Thereafter and from time to time, each Lender shall submit to the Borrower and the Agent such additional duly completed and signed copies of one or the other of such forms (or such successor forms as shall be adopted from time to time by the relevant United States taxing authorities) as may be (i) notified by the Borrower, directly or through the Agent, to such Lender, and (ii) required under then-current United States law or regulations to avoid United States withholding taxes on payments in respect of all amounts to be received by such Lender, including fees, pursuant to the Credit Documents. Upon the request of the Borrower, each Lender that is a United States person shall submit to the Borrower a certificate to the effect that it is such a United States person. Each such Lender shall make written demand on the Borrower for indemnification or compensation hereunder not later than 120 days after the earlier of (i) the date on which such Lender or Agent makes payment of Indemnified Taxes, or (ii) the date on which the relevant taxing authority or other governmental authority makes written demand upon such Lender or the Agent for payment of Indemnified Taxes; provided that any failure of a Lender or the Agent to give the Borrower timely notice as provided herein shall not relieve the Borrower of any obligation which it has to pay such claim for compensation for such indemnification.

(c) Inability of Lender to Submit Forms. If any Lender determines, as a result of any change in applicable law, regulation or treaty, or in any official application or interpretation thereof, that it is unable to submit to the Borrower or the Agent any form or certificate that such Lender is obligated to submit pursuant to SECTION 3.3(b) or that such Lender is required to withdraw or cancel any such form or certificate previously submitted or any such form or certificate otherwise becomes ineffective or inaccurate, such Lender shall promptly notify the Borrower and the Agent of such fact and the Lender shall to that extent not be obligated to provide any such form or certificate and will be entitled to withdraw or cancel any affected form or certificate, as applicable.

(d) Refund of Taxes. If any Lender or the Agent receives a refund of any Indemnified Tax or any tax referred to in SECTION 10.3 with respect to which the Borrower has paid any amount pursuant to this SECTION 3.3 or SECTION 10.3, such Lender or the Agent shall pay the amount of such refund (including any interest received with respect thereto) to the Borrower.

SECTION 4. CONDITIONS PRECEDENT.

Section 4.1 Conditions Precedent to Initial Borrowing. The obligation of each Lender to advance its portion of the Term Loan and of the Agent to issue any Letter of Credit on the Initial Borrowing Date is subject to the following conditions precedent, all in form and substance satisfactory to the Lenders (and which shall be evidenced by the making of such Loan(s) and, if

applicable, the issuance of such Letter(s) of Credit) and in sufficient number of signed counterparts, where applicable, to provide one for each Lender (except for the Term Notes, of which only one original shall be signed for each Lender):

(a) The Agent shall have received:

(i) Notes. The duly executed Notes of the Borrower;

(ii) Issuance of 2003 Convertible Subordinated Notes and Execution of Cash Collateral Security Agreement. Evidence that the Borrower has issued at least $270,000,000 principal amount of 2003 Convertible Subordinated Notes and the net cash proceeds from the issuance of such Indebtedness shall have been applied in accordance with Section 2.10(c) of the Existing Credit Agreement, and the Cash Collateral Security Agreement shall have been executed and all Collateral required to be delivered pursuant to the terms thereof shall have been delivered;

(iii) Termination and Release Agreement. A Termination and Release Agreement with respect to the Existing Credit Agreement, in form and substance reasonably satisfactory to the Agent, duly executed by the Borrower;

(iv) Ratifications. Duly executed ratifications of the Existing Subsidiary Guaranties, the Existing Pledge Agreements

and the Existing Security Agreements in form and substance reasonably satisfactory to the Agent;

(v) Debt Rating. Evidence reasonably satisfactory to the Agent that the Borrower's senior unsecured unenhanced debt is rated (A) B1 or higher with a stable outlook by Moody's, and (B) B+ or higher with a stable outlook by S&P;

(vi) Certificate of Officers of Borrower and Guarantors. A certificate of the Secretary or Assistant Secretary and the President or Vice President of each of the Borrower and the Guarantors containing specimen signatures of the persons authorized to execute Credit Documents on such Person's behalf or any other documents provided for herein, together with (x) copies of resolutions of the Board of Directors of such Person authorizing the execution and delivery of the Credit Documents and of all other legal documents or proceedings taken by such Person in connection with the execution and delivery of the Credit Documents, and (y) copies of such Person's Certificate or Articles of Incorporation, certified by the Secretary of State of such Person's jurisdiction of organization, and Bylaws;

(vii) Certificates of Existence and Good Standing. Certificates of existence and good standing from the appropriate governing agency of the Borrower's and each Guarantor's jurisdiction of organization and of all jurisdictions where the Borrower is authorized to do business;

(viii) Fees. Payment of all fees and all expenses incurred through the Effective Date then due and owing to the Agent pursuant to this Agreement or any other written agreement between the Borrower and Bank of America, N.A. (or any of its Affiliates) in effect on the date of this Agreement;

(ix) Consents. Certified copies of all documents evidencing any necessary consents and governmental approvals taken or obtained by the Borrower and the Guarantors with respect to the Credit Documents;

(x) Financial Condition Certificate. A certificate of the principal financial officer of the Borrower in substantially the form of EXHIBIT 4.1;

(xi) Financial Statements. Consolidated financial statements of the Borrower and its Subsidiaries for the fiscal year ending December 31, 2002, and the fiscal quarter ending June 30, 2003 (in each case including balance sheets and statements of income, retained earnings, and cash flows, with the December 31, 2002 financial statements being audited by independent public accountants of recognized national standing and prepared in accordance with GAAP), which financial statements are acceptable to Agent;

(xii) Opinions of Counsel. The opinions of (1) Dana Gordon, General Counsel to the Borrower and the Guarantors, and (2) Weil, Gotshal & Manges, LLP, in each case covering such matters as the Lenders may reasonably require; and

(xiii) Other Documents. Such other documents as the Lenders may reasonably request.

(b) All legal matters incident to the execution and delivery of the Credit Documents shall be reasonably satisfactory to the Lenders.

Section 4.2 Conditions Precedent to all Loans. In the case of each issuance of, increase in the amount of, or extension of the expiry date of, a Letter of Credit:

(a) Notices. The Agent shall have received a duly completed Application for such Letter of Credit meeting the requirements of SECTION 2.2;

(b) Representations and Warranties True and Correct. Each of the representations and warranties of the Borrower and its Subsidiaries set forth herein and in the Credit Documents shall be true and correct in all material respects as of the time of such issuance, increase or extension, except as a result of the transactions expressly permitted hereunder or thereunder and except to the extent that any such representation or warranty relates solely to an earlier date, in which case it shall have been true and correct in all material respects as of such earlier date;

(c) No Default. No Default or Event of Default shall have occurred and be continuing or would occur as a result of such issuance, increase or extension;

(d) New Litigation and Changes in Pending Litigation. Since the Effective Date, no new litigation (including, without limitation, derivative or injunctive actions), arbitration proceedings or governmental proceedings shall be pending or known by the Borrower to be threatened against the Borrower or any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect; and no material development (whether or not disclosed) shall have occurred in any litigation (including, without limitation, derivative or injunctive actions), arbitration proceedings or governmental proceedings previously disclosed, which could reasonably be expected to have a Material Adverse Effect;

(e) Regulation U; Other Laws. The issuance, increase or extension shall not result in either the Borrower or the Agent or any Lender being in non-compliance with or in violation of Regulation U of the Board of Governors of the Federal Reserve System and shall not be prohibited by any other legal requirement (including Regulations T and X of the Board of Governors of the Federal Reserve System) imposed by the banking laws of the United States of America, and shall not otherwise subject the Agent or any Lender to a penalty or other onerous conditions under or pursuant to any legal requirement;

(f) No Material Adverse Change. There shall have occurred no event or effect that has had or could reasonably be expected to have a Material Adverse Effect; and

(g) Cash Collateral. With respect to the issuance of a requested Letter of Credit, the Borrower shall provide the Agent with cash collateral in an amount equal to the face amount of such Letter of Credit.

Each request for the issuance of, increase in the amount of, or extension of the expiry date of, a Letter of Credit shall be deemed to be a representation and warranty by the Borrower on the date of such issuance of, increase in the amount of, or extension of the expiry date of, such Letter of Credit that all conditions precedent to such issuance, increase or extension have been satisfied or fulfilled unless the Borrower gives the Agent written notice to the contrary, in which case the Agent shall not be required to issue, increase the amount of or extend the expiry date of such Letter of Credit unless the Majority Lenders shall have previously waived in writing such non-compliance. In the event an Event of Default shall have occurred and be continuing, the Borrower may not convert any Base Rate Loan into a LIBOR Loan or continue any LIBOR Loan and may only convert or continue any LIBOR Loan into or as a Base Rate Loan in accordance with SECTION 2.4(a) hereof and subject to the applicability of the provisions of SECTION 2.7 regarding default rates of interest, and in such case, any LIBOR Loan which has not been accelerated pursuant to the terms hereof shall automatically convert into a Base Rate Loan at the end of the applicable Interest Period unless prior to such time, any such Event of Default shall have been cured or waived pursuant to the terms hereof. In the event a Default shall have occurred and be continuing, the Borrower may only convert any Base Rate Loan or continue any LIBOR Loan into a LIBOR Loan with a one (1) month Interest Period.

SECTION 5. REPRESENTATIONS AND WARRANTIES.

The Borrower represents and warrants to the Agent and each Lender as follows:

Section 5.1 Organization.

(a) The Borrower and each of its Subsidiaries (i) is a duly incorporated (or organized) and existing corporation (or other Person) in good standing under the laws of the jurisdiction of its organization, (ii) has all necessary corporate power (or comparable power, in the case of a Subsidiary that is not a corporation) to own the property and assets it uses in its business and otherwise to carry on its business as presently conducted, and (iii) is duly licensed or qualified and in good standing in each jurisdiction in which the nature of the business transacted by it or the nature of the property owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified could not reasonably be expected to have a Material Adverse Effect.

(b) As of the date hereof, the Borrower has no Subsidiaries other than the Subsidiaries listed on SCHEDULE 5.1, and the Borrower directly or indirectly owns one hundred percent (100%) of each class of capital stock or ownership interests of each such Subsidiary.

Section 5.2 Power and Authority; Validity. Each of the Borrower and the Guarantors has the corporate (or comparable power, in the case of a Subsidiary that is not a corporation) power and authority to execute, deliver and carry out the terms and provisions of the Credit Documents to which it is a party and has taken all necessary corporate (or comparable action, in the case of a Subsidiary

that is not a corporation) action to authorize the execution, delivery and performance of the Credit Documents to which it is a party. Each of the Borrower and the Guarantors has duly executed and delivered each such Credit Document and each such Credit Document constitutes the legal, valid and binding obligation of such Person enforceable in accordance with its terms, subject as to enforcement only to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether in a proceeding in equity or at law.

Section 5.3 No Violation. Neither the execution, delivery nor performance by the Borrower or any of the Guarantors of the Credit Documents to which it is a party nor compliance by any of such Persons with the terms and provisions thereof, nor the consummation by it of the transactions contemplated herein or therein, will (i) contravene any applicable provision of any law, statute, rule or regulation, or any applicable order, writ, injunction or decree of any court or governmental instrumentality, except where such contravention could not reasonably be expected to have a Material Adverse Effect, (ii) conflict with or result in any breach of any term, covenant, condition or other provision of, or constitute a default under (except where such conflict, breach or default could not reasonably be expected to have a Material Adverse Effect), or result in the creation or imposition of (or the obligation to create or impose) any Lien other than any Permitted Lien upon any of the property or assets of the Borrower or its Subsidiaries under the terms of any contractual obligation to which the Borrower or any of its Subsidiaries is a party or by which it or any of its properties or assets are bound or to which it may be subject, or (iii) violate or conflict with any provision of the Certificate or Articles of Incorporation or Bylaws or other governance documents, as applicable, of such Person.

Section 5.4 Litigation. There are no lawsuits (including, without limitation, derivative or injunctive actions), arbitration proceedings or governmental proceedings pending or, to the best knowledge of the Borrower, threatened, involving the Borrower or any of its Subsidiaries except for such lawsuits or other proceedings which could not reasonably be expected to have a Material Adverse Effect and any lawsuits and proceedings disclosed in SCHEDULE 5.4.

Section 5.5 Use of Proceeds; Margin Regulations. The proceeds of the Loans may only be used to repay existing Indebtedness, to provide working capital and for general corporate purposes (including the issuance of Letters of Credit). Neither the Borrower nor any of its Subsidiaries are engaged in the business of extending credit for the purpose of purchasing or carrying margin stock. No proceeds of any Loan will be used to purchase or carry any "margin stock" (as defined in Regulation U of the Board of Governors of the Federal Reserve System), to extend credit for the purpose of purchasing or carrying any "margin stock," or for a purpose which violates Regulations T, U or X of the Board of Governors of the Federal Reserve System.

Section 5.6 Investment Company Act. Neither the Borrower nor any of its Subsidiaries is an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

Section 5.7 Public Utility Holding Company Act. Neither the Borrower nor any of its Subsidiaries is a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," within the meaning of the Public Utility Holding Company Act of 1935, as amended.

Section 5.8 True and Complete Disclosure. All factual information (not including estimated, pro forma financial information and other projections) heretofore or contemporaneously furnished by the Borrower or any of its Subsidiaries in writing to the Agent or the Lenders in connection with any Credit Document or any transaction contemplated therein is, disregarding any updated, corrected, supplemented, superseded or otherwise modified information except as so updated, corrected, supplemented, superseded or otherwise modified and all other such factual information hereafter furnished by any such Persons in writing to the Lenders in connection herewith, any of the other Credit Documents or the Loans will be, true and accurate in all material respects, taken as a whole, on the date of such information and not incomplete by omitting to state any material fact necessary to make the information therein not misleading at such time in light of the circumstances under which such information, taken as a whole, was provided. All estimates, pro forma financial information and projections furnished by the Borrower or any of its Subsidiaries in writing to the Lenders in connection with any Credit Document or any transaction contemplated therein, were prepared by the Borrower in good faith based upon assumptions believed by the Borrower to be reasonable at the time such information was prepared, it being recognized by the Agent and the Lenders that such financial information as it relates to future events is not to be viewed as fact and that actual results during the period or periods covered by such financial information may differ from the projected results set forth therein by a material amount.

Section 5.9 Financial Statements. The financial statements heretofore delivered to the Lenders for the fiscal year ending December 31, 2002 and the fiscal quarter ending June 30, 2003, were prepared in accordance with GAAP, and such financial statements, together with the related notes and schedules, fairly presents the financial position of the Borrower and its Subsidiaries as of the dates thereof and the results of operations for the periods covered thereby, subject to normal year-end adjustments and omission of certain footnotes as permitted by the SEC.

Section 5.10 No Material Adverse Change. From June 30, 2003, there has occurred no event or effect that has had, or to the best knowledge of the Borrower could reasonably be expected to have, a Material Adverse Effect.

Section 5.11 Labor Controversies. There are no labor strikes, lock-outs, slow downs, work stoppages or similar events pending or, to the best knowledge of the Borrower, threatened against the Borrower or any of its Subsidiaries that could reasonably be expected to have a Material Adverse Effect.

Section 5.12 Taxes. Except as disclosed on SCHEDULE 5.12, the Borrower and its Subsidiaries have filed all federal tax returns and all other material tax returns required to be

filed, and have paid all governmental taxes, rates, assessments, fees, charges and levies (collectively, "TAXES") except such Taxes, if any, as are being contested in good faith and for which reserves have been provided in accordance with GAAP and except where the failure to pay such Taxes could not reasonably be expected to have a Material Adverse Effect. Except as disclosed on SCHEDULE 5.12, no tax liens have been filed and no claims are being asserted for Taxes. Except as disclosed on SCHEDULE 5.12, the charges, accruals and reserves on the books of the Borrower and its Subsidiaries for Taxes and other governmental charges have been determined in accordance with GAAP.

Section 5.13 ERISA. With respect to each Plan, the Borrower and its Subsidiaries have fulfilled their obligations under the minimum funding standards of, and are in compliance in all material respects with, ERISA and with the Code to the extent applicable to it, and have not incurred any liability under Title IV of ERISA to the PBGC or a Plan other than a liability to the PBGC for premiums under Section 4007 of ERISA, except where such liability could not reasonably be expected to have a Material Adverse Effect. As of the Effective Date, neither the Borrower nor any of its Subsidiaries has any contingent liability with respect to any post-retirement benefits under a welfare plan as defined in ERISA other than liability for continuation coverage described in Part 6 of Title I of ERISA, except where such liability could not reasonably be expected to have a Material Adverse Effect.

Section 5.14 Consents. All consents and approvals of, and filings and registrations with, and all other actions of, all governmental agencies, authorities or instrumentalities required to consummate the transactions hereunder have been obtained or made and are or will be in full force and effect.

Section 5.15 Capitalization. All outstanding capital stock of the Borrower and its Subsidiaries has been duly and validly issued, is fully paid and nonassessable. None of the Borrower's Subsidiaries has outstanding any securities convertible into or exchangeable for its capital stock or outstanding any rights to subscribe for or to purchase, or any options for the purchase of, or any agreement providing for the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to, its capital stock.

Section 5.16 Ownership of Property. The Borrower and its Subsidiaries have good title to or a valid leasehold interest in all of its property except to the extent, in the aggregate, no Material Adverse Effect could reasonably be expected to result from the failure to have such title or interest, subject to no Liens except Permitted Liens. The Borrower and its Subsidiaries own or hold valid licenses to use all the material patents, trademarks, permits, service marks and trade names, free of any burdensome restrictions, that are necessary to the operation of the business of the Borrower and its Subsidiaries as presently conducted, except where the failure to own or hold such licenses could not reasonably be expected to have a Material Adverse Effect.

Section 5.17 Compliance with Statutes. The Borrower and its Subsidiaries are in compliance in all material respects with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental bodies and have all necessary permits, licenses and other necessary authorizations with respect to the conduct of their businesses and the ownership and operation of their properties except where the failure to so comply or hold such permits, licenses or other authorizations could not reasonably be expected to have a Material Adverse Effect.

Section 5.18 Environmental Matters.

(a) Borrower and its Subsidiaries have complied with, and on the date any Letter of Credit is issued, increased or extended will be in compliance with, all applicable Environmental Laws and the requirements of any permits issued under such Environmental Laws except where failure to so comply could not reasonably be expected to have a Material Adverse Effect. To the best knowledge of the Borrower, there are no pending, past or threatened Environmental Claims against the Borrower or any of its Subsidiaries or any property owned or operated by the Borrower or any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect. To the best knowledge of the Borrower, there are no conditions or occurrences on or emanating from any property owned or operated by the Borrower or any of its Subsidiaries or on any property adjoining or in the vicinity of any such property that could reasonably be expected (i) to form the basis of an Environmental Claim against the Borrower or any of its Subsidiaries or any property owned or operated by the Borrower or any of its Subsidiaries, or (ii) to cause any property owned or operated by the Borrower or any of its Subsidiaries to be subject to any material restrictions on the ownership, occupancy, the current or intended use or transferability of such property by the Borrower or any of its Subsidiaries under any applicable Environmental Law except for any such condition or occurrence described in clauses (i) or (ii) which could not reasonably be expected to have a Material Adverse Effect.

(b) To the best knowledge of the Borrower (i) Hazardous Materials have not at any time been generated, used, treated or stored on, or transported to or from, any property owned or operated by the Borrower or any of its Subsidiaries in a manner that has violated or could reasonably be expected to violate any Environmental Law, except for such violations which could not reasonably be expected to have a Material Adverse Effect, and (ii) Hazardous Materials have not at any time been released on or from any property owned or operated by the Borrower or any of its Subsidiaries in a matter that has violated or could reasonably be expected to violate any Environmental Law, except for such violation which could not reasonably be expected to have a Material Adverse Effect.

Section 5.19 [Intentionally Omitted].

Section 5.20 Existing Indebtedness and Liens. The Borrower and its Subsidiaries have no Indebtedness or Liens on any of their properties or assets on the Effective Date other than as listed on SCHEDULE 5.20.

SECTION 6. COVENANTS.

The Borrower covenants and agrees that, without the consent of the Majority Lenders and so long as any Note, Letter of Credit or Reimbursement Obligation or any other Obligation is outstanding or any L/C Commitment is outstanding hereunder:

Section 6.1 Existence. The Borrower and its Subsidiaries will preserve and maintain their existence except (a) for the dissolution of any Subsidiaries whose assets are transferred to the Borrower or any of its Subsidiaries; (b) the Borrower shall not be required to preserve, renew or keep in full force and effect the corporate or other existence of any Subsidiary, if the Board of Directors of the Borrower shall determine in the exercise of its business judgment that the preservation thereof is no longer desirable in the conduct of business of the Borrower or any

Subsidiary and that abandonment of any such right shall not have a Material Adverse Effect on the Borrower and its Subsidiaries, taken as a whole; and (iii) as otherwise expressly permitted herein.

Section 6.2 Maintenance. The Borrower and its Subsidiaries will maintain, preserve and keep their material plants, properties and equipment necessary to the proper conduct of their businesses in reasonably good repair, working order and condition (normal wear and tear excepted) and will from time to time make all reasonably necessary repairs, renewals, replacements, additions and betterments thereto consistent with usual and customary business practices so that at all times such plants, properties and equipment are reasonably preserved and maintained, in each case with such exceptions as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; provided, however, that nothing in this SECTION 6.2 shall prevent the Borrower or any of its Subsidiaries from discontinuing the operation or maintenance of any such plants, properties or equipment if such discontinuance is, in the judgment of the Borrower or any such Subsidiary, as applicable, desirable in the conduct of its business and not materially disadvantageous to the Lenders.

Section 6.3 Taxes. The Borrower and its Subsidiaries will duly pay and

discharge all Taxes upon or against them or their properties before penalties accrue thereon, unless and to the extent that the same is being contested in good faith and by appropriate proceedings and reserves have been established in conformity with GAAP.

Section 6.4 ERISA. The Borrower and its Subsidiaries will promptly pay and discharge all obligations and liabilities arising under ERISA or otherwise with respect to each Plan of a character which if unpaid or unperformed might result in the imposition of a material Lien against any properties or assets of the Borrower or any of its Subsidiaries and will promptly notify the Agent of (a) the occurrence of any reportable event (as defined in ERISA) relating to a Plan other than any such event with respect to which the PBGC has waived notice by regulation; (b) receipt of any notice from PBGC of its intention to seek termination of any Plan or appointment of a trustee therefor; (c) the Borrower's or any of its Subsidiary's intention to terminate or withdraw from any Plan if such termination or withdrawal would result in liability under Title IV of ERISA; and (d) the occurrence of any event that could reasonably be expected to result in the incurrence of any material liability, fine or penalty, or any material increase in the contingent liability of the Borrower or any of its Subsidiaries, in connection with any post-retirement benefit under a welfare plan benefit (as defined in ERISA).

Section 6.5 Insurance. The Borrower and its Subsidiaries will maintain or cause to be maintained with responsible insurance companies, insurance against any loss or damage to all material insurable property and assets owned by them, such insurance to be of a character and in or in excess of such amounts as are customarily maintained by companies similarly situated and operating like property or assets, all of which policies shall name the Agent as a loss payee for losses in excess of $50,000 and provide that no policy shall terminate without at least thirty (30) days' advance written notice to the Agent and otherwise be reasonably acceptable to the Agent. The Borrower and each of its Subsidiaries will also insure employers' and public and product liability risks, such insurance to be of a character and in or in excess of such amounts as are customarily maintained by companies similarly situated and operating like property or assets (with each liability insurance policy to name the Agent as an additional insured) with responsible insurance companies, all as reasonably acceptable to the Agent.

Section 6.6 Financial Reports and Other Information.

(a) The Borrower and its Subsidiaries will maintain a system of accounting in such manner as will enable preparation of financial statements in accordance with GAAP and will furnish to the Agent and its authorized representatives such information about the business and financial condition of the Borrower and its Subsidiaries, including, without limitation, any corporate documents and records, within such time period, as the Agent or any Lender may reasonably request; and, without any request, will furnish to the Agent:

(i) within forty-five (45) days after the end of each fiscal quarter of each fiscal year of the Borrower, the consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal quarter and the related consolidated statements of income and retained earnings and of cash flows for such fiscal quarter and for the portion of the fiscal year ended with the last day of such fiscal quarter, and a summary of asset dispositions during such period and in the aggregate to date under SECTION 6.16(c), (d) and (e), all of which under this clause (ii) shall be in form and detail satisfactory to the Agent and in the case of consolidated statements, in the form filed with the SEC and within five (5) days thereafter, a certificate of an officer of the Borrower acceptable to the Agent that such financial reports fairly present the financial condition of the Borrower and its Subsidiaries as of the dates indicated and the results of their operations and changes in their cash flows for the periods indicated and that they have been prepared in accordance with GAAP, in each case, subject to normal year-end audit adjustments and the omission of any footnotes as permitted by the SEC; and

(ii) within one hundred twenty (120) days after the end of each fiscal year of the Borrower, consolidated balance sheets of the Borrower and its Subsidiaries as at the end of such fiscal year and the related consolidated and consolidating statements of income and consolidated statements of retained earnings and of cash flows for such fiscal year and setting forth consolidated comparative figures for the preceding fiscal year and certified by an officer of the Borrower acceptable to the Agent to the effect that such statements fairly present the financial condition of the Borrower and its Subsidiaries as of the dates indicated and the results of their operations and changes in their cash flows, and in the case of the consolidated statements, audited by an independent nationally-recognized accounting firm acceptable to the Agent, whose opinion shall be in scope and substance in accordance with generally accepted auditing standards and, with respect to

the audited financial statements for the Borrower's fiscal year 2002, shall not contain a going concern or other like qualification.

(b) Each financial statement furnished to the Agent pursuant to SECTION 6.6(a)(i) and (ii) shall be accompanied by (i) a written certificate signed by an officer of the Borrower acceptable to the Agent to the effect that (x) no Default or Event of Default has occurred during the period covered by such statements or, if any such Default or Event of Default has occurred during such period, setting forth a description of such Default or Event of Default and specifying the action, if any, taken by the Borrower to remedy the same, and (y) the representations and warranties contained herein are true and correct in all material respects as though made on the date of such certificate, except to the extent that any such representation or warranty relates solely to an earlier date, in which case it was true and correct as of such earlier date and except as otherwise described therein, as a result of the transactions expressly permitted hereunder or as previously disclosed to the Lenders, and (ii) a Compliance Certificate substantially in the form of EXHIBIT 6.6.

Section 6.7 Lenders' Inspection Rights. Upon reasonable notice from the Agent or any Lender, the Borrower will permit the Agent or any Lender (and such Persons as the Agent or any Lender may reasonably designate), at the Borrower's expense while an Event of Default has occurred and is continuing, during normal business hours following reasonable notice to visit and inspect any of the properties of the Borrower or any of its Subsidiaries, to examine all of their books and records, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision, the Borrower authorizes such accountants to discuss with the Agent or any Lender, and such Persons as the Agent or any Lender may reasonably designate, the affairs, finances and accounts of the Borrower and its Subsidiaries provided that the Borrower has the opportunity to be present at such discussions), all at such reasonable times and as often as may be reasonably requested.

Section 6.8 Conduct of Business. The Borrower and its Subsidiaries will not engage in any line of business other than the specialty electric and telecommunications infrastructure contracting service business, electrical contracting services, installation of transportation, control and lighting equipment and services or businesses reasonably related thereto (each, a "PERMITTED BUSINESS").

Section 6.9 New Subsidiaries and Additional Collateral. The Borrower shall (i) cause any direct or indirect domestic Subsidiary which is formed or acquired after the Effective Date to become a Guarantor with respect to, and jointly and severally liable with all other Guarantors for, all of the Obligations under this Agreement and the Notes pursuant to a Guaranty substantially in the form of the Existing Subsidiary Guaranties and to execute and deliver a security agreement substantially in the form of the Existing Security Agreements (and if applicable, a patent collateral assignment substantially in the form of the Existing Patent Collateral Assignment), together with a UCC-1 Financing Statement with respect to the assets of such Guarantor as set forth therein, and (ii) execute and deliver and cause any domestic Subsidiary to execute and deliver to the Agent a pledge agreement substantially in the form of the Existing Pledge Agreements, in respect of any domestic Subsidiary formed or acquired after the Effective Date and to deliver the original stock certificates for any such Subsidiary as set forth therein (or other evidence of its ownership interest therein) and undated stock powers

executed in blank with respect thereto, in each case within five (5) days following such formation or acquisition. The Borrower shall provide to the Agent a list of all its Subsidiaries with the state or country of incorporation and the location of the principal place of business of each such Subsidiary at the same time as it provides its quarterly financial reports to the Agent pursuant to SECTION 6.6(a)(i). Upon demand by the Agent, the Borrower shall promptly execute and deliver to the Agent, and shall cause its domestic Subsidiaries to promptly execute and deliver to the Agent, such other and further security documents as may be reasonably requested by the Agent to perfect a Lien on its rolling stock and all equipment with certificates of title. Nothing in this SECTION 6.9 may be construed as permitting any action not permitted by SECTION 6.11.

Section 6.10 Dividends and Negative Pledges.

(a) The Borrower shall not pay any dividends or other distributions on its capital stock other than (i) dividends made wholly in the form of additional shares of the Borrower's capital stock, provided that, in respect of any stock split, the Borrower may make cash distributions in lieu of issuing fractional shares of capital stock which would otherwise result from

such stock split, and (ii) repurchases of common stock of the Borrower from officers, directors and employees pursuant to the Borrower's restricted stock option or compensation programs, to pay withholdings in respect of taxes owed as a result of grants of stock options and stock compensation thereunder, so long as the Borrower's performance of its obligations under such restricted stock option or compensation programs cannot reasonably be expected to have a material negative impact on projected cash flows.

(b) Except as otherwise permitted herein, neither the Borrower nor any of its Subsidiaries shall, directly or indirectly, create or otherwise permit to exist or become effective any restriction on the ability of any Subsidiary of the Borrower to (i) pay dividends or make any other distributions on its capital stock or any other interest or participation in its profits owned by the Borrower or to pay any Indebtedness owed to the Borrower, or (ii) make loans or advances to the Borrower or any of its Subsidiaries, except in either case for restrictions existing under or by reason of applicable law, this Agreement and the other Credit Documents.

(c) Neither the Borrower nor any of its Subsidiaries shall enter into any agreement creating or assuming any Lien upon its properties, revenues or assets, whether now owned or hereafter acquired other than as permitted hereunder. Neither the Borrower nor any of its Subsidiaries shall enter into any agreement other than this Agreement and the Credit Documents prohibiting the creation or assumption of any Lien upon its properties, revenues or assets, whether now owned or hereafter acquired or prohibiting or restricting the ability of the Borrower or any of its Subsidiaries to amend or otherwise modify this Agreement or any Credit Document.

Section 6.11 Restrictions on Fundamental Changes. Neither the Borrower nor any of its Subsidiaries shall be a party to any merger into or consolidation with, make an Acquisition or otherwise purchase or acquire all or substantially all of the assets or stock of, any other Person, or sell all or substantially all of its assets or stock (other than as permitted under SECTION 6.16), except:

(a) the Borrower or any of its Subsidiaries may merge into or consolidate with, make an Acquisition or otherwise purchase or acquire all or substantially all of the assets or stock of any other Person, so long as (i) the Borrower is the surviving entity to any such merger or consolidation to which the Borrower is a party, or, if the Borrower is not a party to such transaction, a domestic Subsidiary is the surviving entity to any such merger or consolidation or the other Person will thereby become a domestic Subsidiary (unless no party to such transaction is a domestic Subsidiary, in which case the applicable foreign Subsidiary must be the surviving entity to any such merger or consolidation or the other Person must thereby become a foreign Subsidiary), (ii) the nature of the business of such acquired Person is a Permitted Business, provided that, Acquisitions will be primarily focused on acquiring Persons whose business activities are restricted to the specialty electric and infrastructure contracting service business and utility outsourcing business, (iii) no Default or Event of Default shall have occurred and be continuing or would otherwise be existing as a result of such merger, consolidation, purchase or Acquisition, (iv) such merger, consolidation, purchase or Acquisition is non-hostile in nature, (v) with respect to any such merger, consolidation, purchase or Acquisition, the amount of the cash portion of the consideration paid by the Borrower and its Subsidiaries in respect thereof does not exceed (A) $20,000,000 if, at the time of such transaction, the Borrower's Net Funded Debt to EBITDA Ratio as of the end of the immediately preceding fiscal quarter is greater than or equal to 3.50 to 1.00, or (B) $40,000,000 if, at the time of such transaction, the Borrower's Net Funded Debt to EBITDA Ratio as of the end of the immediately preceding fiscal quarter is less than 3.50 to 1.00, and (vi) with respect to all such mergers, consolidations, purchases or Acquisitions, the aggregate amount of the cash portion of the consideration paid by the Borrower and its Subsidiaries in respect thereof during any 12 month period, does not exceed (A) $40,000,000 if, at the time of any such transaction, the Borrower's Net Funded Debt to EBITDA Ratio as of the end of the immediately preceding fiscal quarter is greater than or equal to 3.50 to 1.00, or (B) $80,000,000 if, at the time of any such transaction, the Borrower's Net Funded Debt to EBITDA Ratio as of the end of the immediately preceding fiscal quarter is less than 3.50 to 1.00; and

(b) the Borrower may purchase or otherwise acquire all or substantially all of the stock or assets of, or otherwise acquire by merger or consolidation, any of its Subsidiaries, and any such Subsidiary may merge into, or consolidate with, or purchase or otherwise acquire all or substantially all of the assets or stock of or sell all or substantially all of its assets or stock to, any other Subsidiary of the Borrower or the Borrower, in each case so long as (i) if the transaction is with the Borrower, the Borrower shall be the surviving entity to any such merger or consolidation, or (ii) if the transaction is not with the Borrower, a domestic Subsidiary shall be the surviving entity to any such merger or consolidation (unless no party to such transaction is a domestic Subsidiary).

Except as otherwise permitted in this SECTION 6.11 and SECTION 6.16, the

Borrower shall not sell or dispose of any capital stock of or its ownership interest in any of the Guarantors or any other Subsidiaries which it may form. Borrower shall give the Agent the notice required under SECTION 6.9.

Section 6.12 Environmental Laws. The Borrower and its Subsidiaries shall comply with all Environmental Laws (including, without limitation, obtaining and maintaining all necessary permits, licenses and other necessary authorizations) applicable to or affecting the

properties or business operations of the Borrower or any of its Subsidiaries except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect.

Section 6.13 Liens. The Borrower and its Subsidiaries shall not create, incur, assume or suffer to exist any Lien of any kind on any of their properties or assets of any kind except the following (collectively, the "PERMITTED LIENS"):

(a) Liens arising in the ordinary course of business by operation of law in connection with workers' compensation, unemployment insurance, old age benefits, social security obligations, taxes, assessments, statutory obligations or other similar charges, good faith deposits, pledges or other Liens in connection with (or to obtain letters of credit in connection with) bids, performance bonds, contracts or leases to which the Borrower or its Subsidiaries are a party or other deposits required to be made in the ordinary course of business; provided that in each case the obligation secured is not for Indebtedness and is not overdue or, if overdue, is being contested in good faith by appropriate proceedings and reserves in conformity with GAAP have been provided therefor;

(b) mechanics', workmen, materialmen, landlords', carriers' or other similar Liens arising in the ordinary course of business (or deposits to obtain the release of such Liens) related to obligations not due or, if due, that are being contested in good faith by appropriate proceedings and reserves in conformity with GAAP have been provided therefor;

(c) inchoate Liens under ERISA and Liens for Taxes not yet due or which are being contested in good faith by appropriate proceedings and reserves in conformity with GAAP have been provided therefor;

(d) Liens arising out of judgments or awards against the Borrower or any of its Subsidiaries, or in connection with surety or appeal bonds or the like in connection with bonding such judgments or awards, the time for appeal from which or petition for rehearing of which shall not have expired or for which the Borrower or such Subsidiary shall be prosecuting on appeal or proceeding for review and for which it shall have obtained a stay of execution or the like pending such appeal or proceeding for review; provided that the aggregate amount of uninsured or underinsured liabilities (including interest, costs, fees and penalties, if any) of the Borrower and its Subsidiaries secured by such Liens shall not exceed $1,000,000 at any one time outstanding and provided further there is adequate assurance, in the sole reasonable discretion of the Lenders, that the insurance proceeds attributable thereto shall be paid promptly upon the expiry of such time period or resolution of such proceeding if necessary to remove such Liens;

(e) rights of a common owner of any interest in property held by a Person and such common owner as tenants in common or through other common ownership;

(f) encumbrances (other than to secure the payment of Indebtedness), easements, restrictions, servitudes, permits, conditions, covenants, exceptions or reservations in any property or rights-of-way of a Person for the purpose of roads, pipelines, transmission lines, transportation lines, distribution lines, removal of gas, oil, coal, metals, steam, minerals, timber or other natural resources, and other like purposes, or for the joint or common use of real property, rights-of-way, facilities or equipment, or defects, irregularity and deficiencies in title of any property or rights-of-way which do not materially diminish the value of or the ability to use such property;

(g) financing statements filed by lessors of property (but only with respect to the property so leased) and Liens under any conditional sale or title retention agreements entered into in the ordinary course of business;

(h) rights of lessees of equipment owned by the Borrower or any of its Subsidiaries;

(i) Liens on assets acquired securing Indebtedness permitted by SECTION 6.14(e); provided that no such Liens shall encumber accounts,

accounts receivable, inventory (other than purchase money Liens), cash, deposit accounts, Cash Equivalents, general intangibles, intellectual property or any stock or other ownership interests in any Subsidiaries;

(j) existing Liens listed on SCHEDULE 6.13 and any extension, renewal or replacement (but not increase) thereof;

(k) Liens created by the Credit Documents;

(l) Liens on any assets acquired in an Acquisition, provided that all such Liens, other than Permitted Liens listed in (a) through (k) of this Section, shall be released and any notice thereof removed from the public records on or before thirty (30) days after the date of such Acquisition; and

(m) Liens on assets acquired with Indebtedness permitted by SECTION 6.14(E), so long as such Liens attach only to the assets acquired with such Indebtedness.

Section 6.14 Indebtedness. The Borrower and its Subsidiaries shall not contract, assume or suffer to exist any Indebtedness (including, without limitation, any Guaranties), except:

(a) Indebtedness under the Credit Documents;

(b) unsecured intercompany loans and advances from the Borrower to any of its Subsidiaries and unsecured intercompany loans and advances from any of such Subsidiaries to the Borrower or any other Subsidiaries of the Borrower;

(c) unsecured Indebtedness to a seller incurred in connection with an Acquisition, provided that such Indebtedness is subordinated in payment to the Obligations hereunder as reasonably acceptable to the Agent, such Indebtedness contains covenants no more restrictive than the covenants contained in this Agreement, and standstill provisions reasonably acceptable to the Agent and no payments may be made thereon if a Default or Event of Default shall have occurred and be continuing or would occur as a result of any such payment;

(d) Indebtedness under any Interest Rate Protection Agreements entered into to protect the Borrower against fluctuations in interest rates and not for speculative purposes;

(e) Purchase money Indebtedness incurred in the ordinary course of business not to exceed an aggregate amount of $25,000,000 outstanding at any time;

(f) Indebtedness under the Subordinated Indenture, including without limitation, the Indebtedness under the Convertible Subordinated Notes and the First Supplemental Indenture; provided that the principal amount of such Indebtedness shall not at any time exceed $172,500,000;

(g) Indebtedness under the 2003 Note Purchase Agreement, including without limitation, the Indebtedness under the 2003 Convertible Subordinated Notes; provided that, the principal amount of such Indebtedness shall not at any time exceed $275,000,000; and

(h) Guaranties from domestic Subsidiaries entered into or delivered in connection with the 2003 Convertible Subordinated Notes and obligations covered by CLAUSE (vi) of the definition of Indebtedness to the extent that such obligations are entered into or arise in connection with the 2003 Convertible Subordinated Notes.

Section 6.15 Loans, Advances and Investments. The Borrower and its Subsidiaries shall not lend money or make advances to any Person, or purchase or acquire any stock, indebtedness, obligations or securities of, or any other interest in, or make any capital contribution to, any Person (any of the foregoing, an "INVESTMENT") other than:

(a) Investments in Cash Equivalents;

(b) receivables owing to the Borrower or its Subsidiaries created or acquired in the ordinary course of business and payable on customary trade terms of the Borrower or such Subsidiary and in compliance with the requirements of SECTION 6.17;

(c) Investments received in connection with the bankruptcy or reorganization of suppliers and customers and in settlement of delinquent obligations of, and other disputes with, customers and suppliers arising in the ordinary course of business;

(d) deposits made in the ordinary course of business consistent with past practices to secure the performance of leases;

(e) as permitted by SECTION 6.14(b);

(f) to the extent permitted by, and in compliance with, applicable law, loans to employees of the Borrower or any of its Subsidiaries, provided that all such loans shall not exceed $2,000,000 at any one time;

(g) Investments made in Persons other than Borrower or its Subsidiaries, provided that, such Investments made after the date of this Agreement, may not, in the aggregate, exceed $5,000,000;

(h) as permitted by SECTION 6.11;

(i) Investments in Lightwave L.L.C., an Alabama limited liability company (or any of its successors or assigns), provided that all such Investments (whether by cash or contribution of assets, but excluding the reinvestment of its retained earnings) after December 31, 1999 may not in the aggregate exceed $5,000,000;

(j) [intentionally omitted]; and

(k) Investments made prior to the date of this Agreement in "landfill gas to energy" projects and other cogeneration projects, including without limitation, Investments in Network Electric Company.

Section 6.16 Transfer of Assets. The Borrower and its Subsidiaries shall not permit any sale, transfer, conveyance, assignment or other disposition of any asset of the Borrower or any of its Subsidiaries except:

(a) transfers of inventory in the ordinary course of business;

(b) the retirement or replacement of assets (with assets of equal or greater value) in the ordinary course of business;

(c) transfers of any assets among (i) the Borrower and its non-domestic Subsidiaries not to exceed, in the aggregate, $5,000,000, or (ii) the Borrower and any of its domestic Subsidiaries;

(d) sales, transfers or conveyances of accounts receivable for fair and adequate consideration and for cash; and

(e) to the extent not included in clauses (a) through (d) above, dispositions of assets (including for the avoidance of doubt, the capital stock of any Subsidiary provided that all of the capital stock of such Subsidiary owned by the Borrower and/or any of its other Subsidiaries is sold or disposed), for fair and adequate consideration and for cash, provided that, dispositions under this SUBSECTION (e) may not, in the aggregate, exceed $10,000,000 in book value during any 12 month period.

In connection with any transfer or other disposition of assets of the Borrower or any of its Subsidiaries or of any other Collateral, in each case that is permitted by this Agreement or any other Credit Document (including, without limitation, any such transfer or disposition pursuant to this SECTION 6.16), the Agent and the Lenders shall, in connection with the consummation of such transfer or disposition, promptly release all security interests in and other Liens on any such assets and Collateral.

Section 6.17 Transactions with Affiliates. Except as otherwise specifically permitted herein, the Borrower and its Subsidiaries shall not enter into or be a party to any material transaction or arrangement or series of related transactions or arrangements which in the aggregate would be material with any Affiliate of such Person, including without limitation, the purchase from, sale to or exchange of property with or the rendering of any service by or for, any Affiliate, except pursuant to the reasonable requirements of such entity's business and upon fair and reasonable terms no less favorable to such entity than would be able to be obtained in a comparable arm's-length transaction with a Person other than an Affiliate.

Section 6.18 Compliance with Laws. The Borrower and its Subsidiaries shall conduct their businesses and otherwise be in compliance in all material respects with all applicable laws, regulations, ordinances and orders of all governmental, judicial and arbitral authorities applicable to them and shall obtain and maintain all necessary permits, licenses and other authorizations

necessary to conduct their businesses and own and operate their properties except where the failure to comply or have such permits, licenses or other authorizations could not reasonably be expected to have a Material Adverse Effect.

Section 6.19 Capital Expenditures.

(a) Neither the Borrower nor any of its Subsidiaries shall make or commit to make Capital Expenditures during any fiscal year, which, in the aggregate, exceed 50% of EBITDA for the 12 month period ending on the last day of the immediately preceding fiscal year.

(b) In addition to the annual limits under SECTION 6.19(a), if the Borrower executes an eligible contract, then the Borrower may make Capital Expenditures in respect of such contract in an amount equal to the lesser of (i) the actual amount required by such contract, and (ii) $30,000,000, provided that, (A) in respect of each such contract, Capital Expenditures not made within 12 months after the date of such contract shall be applied against the annual limits under SECTION 6.19(a), and (b) the amount of Capital Expenditures under this SECTION 6.19(b) for all such contracts may not, in the aggregate, exceed $30,000,000 in any fiscal year. Upon execution of each eligible contract, the Borrower shall promptly deliver a copy of such contract to the Agent, together with a summary of the Capital Expenditures required by such contract in form and detail reasonably acceptable to the Agent. As used in this SECTION 6.19(b), "ELIGIBLE CONTRACT" means, a utility outsourcing contract with quantifiable revenues to the Borrower of at least $30,000,000 during any period of 12 consecutive months prior to the date that is 18 months after the date of such contract.

Section 6.20 Minimum Consolidated Net Worth. The Borrower will maintain a minimum Consolidated Net Worth of not less than an amount equal to the sum of (a) $570,000,000, plus (b) for each fiscal quarter ended prior to (but not on) such date of determination, commencing with the fiscal quarter ended December 31, 2003, the total of (i) an amount equal to 50% of Consolidated Net Income for such fiscal quarter, if positive, plus (ii) an amount equal to 100% of the amount of any equity issuance by the Borrower, including equity issued in a secondary offering or equity issued to acquire another entity in an Acquisition, minus (iii) Permitted Charges which are applicable to such period, minus (iv) without duplication, all Non-Cash Charges. Increases in Consolidated Net Worth shall be appropriately adjusted to eliminate any adverse effects occasioned by the expensing of Make-Whole Amounts (as defined in the Note Purchase Agreement) paid pursuant to the Note Purchase Agreement.

Section 6.21 Minimum Interest Coverage Ratio. The Borrower will maintain a Minimum Interest Coverage Ratio not less than the ratio set out below for the applicable period:

For the period ending December 31, 2003:	1.50 to 1.00
For the period ending March 31, 2004:	1.50 to 1.00
For the period ending June 30, 2004:	1.50 to 1.00
For the period ending September 30, 2004:	1.75 to 1.00
For the period ending December 31, 2004:	2.00 to 1.00

Section 6.22 Net Funded Debt to EBITDA Ratio. The Borrower will maintain a maximum Net Funded Debt to EBITDA Ratio not greater than the ratio set out below for the applicable period:

For the period ending December 31, 2003:	5.00 to 1.00
For the period ending March 31, 2004:	5.00 to 1.00
For the period ending June 30, 2004:	5.00 to 1.00
For the period ending September 30, 2004:	4.50 to 1.00
For the period ending December 31, 2004:	4.50 to 1.00

Section 6.23 Net Senior Funded Debt to EBITDA. The Borrower will maintain a maximum Net Senior Funded Debt to EBITDA Ratio not greater than 2.00 to 1.00, tested quarterly as of the last day of each fiscal quarter for the fiscal quarter then ended.

Section 6.24 Minimum Asset Coverage. The Borrower will maintain a Minimum Asset Coverage Ratio of not less than 2.50 to 1.00, tested quarterly as of the last day of each fiscal quarter for the fiscal quarter then ended.

Section 6.25 Subordinated Debt Investment. The Borrower shall provide written notice to the Agent (by confirmed fax to each of the Agent and its legal counsel, Winstead Sechrest & Minick P.C., attention: Ms. Valinda Wolfert (fax no.: 214-745-5390)) of (i) any Change in Control within two (2) Business Days following any such Change in Control, and (ii) any notice received by the Borrower from any holder of a Subordinated Debt Investment exercising any right to (a) require the Borrower to redeem or (b) in respect of the Convertible Subordinated Notes or 2003 Convertible Subordinated Notes, convert, in either case as applicable, all or any part of a Subordinated Debt Investment within two (2) Business Days of the Borrower's receipt thereof. The Borrower shall not

redeem, pursuant to any optional redemption right it may have, all or any part of a Subordinated Debt Investment before the Maturity Date. The Borrower shall not amend, modify or change in any way any provision of a Subordinated Debt Investment so as to change the stated maturity date of the principal of such Indebtedness, or any installment of interest thereon, to an earlier date, increase the rate of interest thereon or any premium payable on the redemption thereof, change any of the redemption or subordination provisions thereof (or the definitions of any defined terms contained therein) or otherwise change in any respect materially adverse to the interests of the Lenders any of the terms thereof, in each case, without the consent of the Majority Lenders.

SECTION 7. EVENTS OF DEFAULT AND REMEDIES.

Section 7.1 Events of Default. Any one or more of the following shall constitute an Event of Default:

(a) default by the Borrower in the payment of the principal amount of any Loan or any Reimbursement Obligation when it becomes due and payable under this Agreement, or in the payment of any interest thereon or any fees payable hereunder within five (5) days following the date when due;

(b) default by the Borrower in the observance or performance of any covenant set out in SECTIONS 6.10(a), 6.11, 6.16, or 6.25;

(c) default by the Borrower in the observance or performance of any provision hereof or of any other Credit Document not mentioned in (a) or (b) above which is not remedied within thirty (30) days after the earlier of (i) such default or event of default first becoming known to any officer of the Borrower, or (ii) notice to the Borrower by the Agent of the occurrence of such default or event of default;

(d) any representation or warranty made or deemed made herein, in any other Credit Document or in any financial or other report or document furnished in compliance herewith or therewith by the Borrower or any of its Subsidiaries proves untrue in any material respect as of the date of the issuance or making, or deemed issuance or making thereof;

(e) default occurs in the payment when due (after any applicable grace period) of Indebtedness in an aggregate principal amount of $1,000,000 or more of the Borrower or any of its Subsidiaries, or the occurrence of any other default, which with the passage of time or notice would permit the holder or beneficiary of such Indebtedness, or a trustee therefor, to cause the acceleration of the maturity of any such Indebtedness or any mandatory unscheduled prepayment, purchase, or other early funding thereof;

(f) the Borrower or any of its Subsidiaries (i) has entered involuntarily against it an order for relief under the United States Bankruptcy Code or a comparable action is taken under any bankruptcy or insolvency law of another country or political subdivision of such country, (ii) generally does not pay, or admits its inability generally to pay, its debts as they become due, (iii) makes a general assignment for the benefit of creditors, (iv) applies for, seeks, consents to, or acquiesces in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its property, (v) institutes any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code or any comparable law, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fails to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) makes any board of directors resolution in direct furtherance of any matter described in clauses (i)-(v) above, or (vii) fails to contest in good faith any appointment or proceeding described in SECTION 7.1(g);

(g) a custodian, receiver, trustee, examiner, liquidator or similar official is appointed for the Borrower or any of its Subsidiaries or any substantial part of its property, or a proceeding described in SECTION 7.1(f)(v) is instituted against the Borrower or any of its Subsidiaries, and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of sixty (60) days;

(h) the Borrower or any of its Subsidiaries fails within thirty (30) days (or such earlier date as any steps to execute on such judgment or order take place) to pay, bond or otherwise discharge, or to obtain an indemnity against on terms and conditions satisfactory to the Lenders in their reasonable discretion, any one or more judgments or orders for the payment of money in excess of $1,000,000 in the aggregate which is uninsured or underinsured by at least such amount (provided that there is adequate assurance, in the sole discretion of the Lenders, that the insurance proceeds attributable thereto shall be paid promptly upon the expiration of such

time period or resolution of such proceeding), which is not stayed on appeal or otherwise being appropriately contested in good faith in a manner that stays execution;

(i) the Borrower or any of its Subsidiaries fails to pay when due an amount aggregating in excess of $1,000,000 that it is liable to pay to the PBGC or to a Plan under Title IV of ERISA; or a notice of intent to terminate a Plan having Unfunded Vested Liabilities of the Borrower or any of its Subsidiaries in excess of $1,000,000 (a "MATERIAL PLAN") is filed under Title IV of ERISA; or the PBGC institutes proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any Material Plan; or a proceeding is instituted by a fiduciary of any Material Plan against the Borrower or any of its Subsidiaries to collect any liability under Section 515 or 4219(c)(5) of ERISA and such proceeding is not dismissed within thirty (30) days thereafter; or a condition exists by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated;

(j) the Borrower, any Guarantor, any Person acting on behalf of the Borrower or any Guarantor, or any governmental, judicial or arbitral authority challenges the validity of any Credit Document or the Borrower's or any Guarantor's obligations thereunder, or any Credit Document ceases to be in full force and effect in all material respects or ceases to give to the Agent and the Lenders the rights and powers purported to be granted in its favor thereby in all material respects other than for any reason solely caused by or within the sole control of the Agent or any Lender;

(k) a Change in Control shall occur or the common stock of the Borrower shall be delisted from the New York Stock Exchange;

(l) an Event of Default shall occur and be continuing under any documents evidencing a Subordinated Debt Investment;

(m) an event of default shall occur and be continuing under (i) the Subordinated Indenture, the First Supplemental Indenture or the Convertible Subordinated Notes, or any other document evidencing Indebtedness under the Subordinated Indenture, the First Supplemental Indenture or the Convertible Subordinated Notes, or (ii) the 2003 Note Purchase Agreement or the 2003 Convertible Subordinated Notes, or any other document evidencing Indebtedness under the 2003 Note Purchase Agreement or the 2003 Convertible Subordinated Notes.

Section 7.2 Non-Bankruptcy Defaults. When any Event of Default other than those described in subsections (f) or (g) of SECTION 7.1 has occurred and is continuing, the Agent shall, by notice to the Borrower: (a) if so directed by the Majority Lenders, terminate the remaining L/C Commitments and all other obligations of the Lenders hereunder on the date stated in such notice (which may be the date thereof); (b) if so directed by the Majority Lenders, declare the principal of and the accrued interest on all outstanding Notes to be forthwith due and payable and thereupon all outstanding Notes, including both principal and interest thereon, shall be and become immediately due and payable together with all other amounts payable under the Credit Documents without further demand, presentment, protest or notice of any kind, including, but not limited to, notice of intent to accelerate and notice of acceleration, each of which is expressly waived by the Borrower; and (c) if so directed by the Majority Lenders, demand that the Borrower immediately pay to the Agent (to be held by the Agent pursuant to SECTION 7.4) the full amount then available for drawing under each or any outstanding Letter of Credit to the extent

any such Letter of Credit is not already cash collateralized; and the Borrower agrees to immediately make such payment and acknowledges and agrees that neither the Agent nor the Lenders would have an adequate remedy at law for failure by the Borrower to honor any such demand and that the Agent, for the benefit of the Lenders shall have the right to require the Borrower to specifically perform such undertaking whether or not any drawings or other demands for payment have been made under any Letter of Credit. The Agent, after giving notice to the Borrower pursuant to SECTION 7.1(c) or (d) or this SECTION 7.2, shall also promptly send a copy of such notice to the other Lenders, but the failure to do so shall not impair or annul the effect of such notice.

Section 7.3 Bankruptcy Defaults. When any Event of Default described in subsections (f) or (g) of SECTION 7.1 has occurred and is continuing with respect to the Borrower, then (i) all outstanding Notes shall immediately and automatically become due and payable together with all other amounts payable under the Credit Documents without presentment, demand, protest or notice of any kind, each of which is expressly waived by the Borrower, (ii) all obligations of the Agent or any Lender to extend further credit pursuant to any of the terms hereof shall immediately terminate, and (iii) the Borrower shall immediately pay to the Agent (to be held by the Agent pursuant to SECTION 7.4) the full amount then available for drawing under all outstanding Letters of Credit to the extent

any such Letter of Credit is not already cash collateralized, the Borrower acknowledging and agreeing that neither the Agent nor the Lenders would have an adequate remedy at law for failure by the Borrower to honor any such demand and that the Agent and the Lenders shall have the right to require the Borrower to specifically perform such undertaking whether or not any drawings or other demands for payment have been made under any of the Letters of Credit.

Section 7.4 Collateral for Undrawn Letters of Credit.

(a) If the prepayment of the amount available for drawing under any or all outstanding Letters of Credit is required under SECTION 7.2 or 7.3, the Borrower shall forthwith pay the amount required to be so prepaid, to be held by the Agent as provided in subsection (b) below.

(b) All amounts prepaid pursuant to subsection (a) above shall be held by the Agent in a separate collateral account (such account, and the credit balances, properties and any investments from time to time held therein, and any substitutions for such account, any certificate of deposit or other instrument evidencing any of the foregoing and all proceeds of and earnings on any of the foregoing being collectively called the "COLLATERAL ACCOUNT") as security for, and for application by the Agent (to the extent available) to, the reimbursement of any drawing under any Letter of Credit then or thereafter made by the Agent, and to the payment of the unpaid balance of any Loans and all other due and unpaid Obligations (collectively, the "COLLATERALIZED OBLIGATIONS"). The Collateral Account shall be held in the name of and subject to the exclusive dominion and control of the Agent, for the benefit of the Lenders, as pledgee hereunder. If and when requested by the Borrower, the Agent shall invest and reinvest funds held in the Collateral Account from time to time in Cash Equivalents specified from time to time by the Borrower, provided that the Agent is irrevocably authorized to sell investments held in the Collateral Account when and as required to make payments out of the Collateral Account for application to Collateralized Obligations due and owing from the Borrower to the Lenders. If such funds have been deposited pursuant to SECTION 7.2 or 7.3, when and if either (i) the

Borrower shall have made payment of all Collateralized Obligations then due and payable, all relevant preference or other disgorgement periods relating to the receipt of such payments have passed, and no Letters of Credit, L/C Commitments, Loans, Reimbursement Obligations or other Obligations remain outstanding or (ii) no Default or Event of Default shall be continuing hereunder, the Agent shall repay to the Borrower any remaining amounts held in the Collateral Account.

Section 7.5 Notice of Default. The Agent shall give notice to the Borrower under SECTION 7.1(c) and (d) and 7.2 promptly upon being requested to do so by the Majority Lenders and shall thereupon notify all the Lenders thereof.

Section 7.6 Application of Proceeds. After the occurrence of and during the continuance of an Event of Default, any payment to the Agent hereunder or from the proceeds of any cash collateral shall be applied as the Agent and the Lenders shall elect in their sole discretion.

SECTION 8. CHANGE IN CIRCUMSTANCES.

Section 8.1 Change of Law. Notwithstanding any other provisions of this Agreement or any Note, if at any time any change in applicable law or regulation or in the interpretation thereof makes it unlawful for any Lender to make or continue to maintain LIBOR Loans or to give effect to its obligations as contemplated hereby, such Lender shall promptly give written notice thereof (which notice shall specify in reasonable detail the basis therefor) to the Borrower and such Lender's obligations to make, continue or convert Loans into LIBOR Loans under this Agreement shall be suspended until it is no longer unlawful for such Lender to make or maintain LIBOR Loans. The Borrower shall prepay on demand the outstanding principal amount of any such affected LIBOR Loans, together with all interest accrued thereon and all other amounts then due and payable to such Lender under this Agreement; provided, however, subject to all of the terms and conditions of this Agreement, the Borrower may then elect to borrow the principal amount of the affected LIBOR Loans from such Lender by means of Base Rate Loans from such Lender that shall not be made ratably by the Lenders but only by such affected Lender.

Section 8.2 Unavailability of Deposits or Inability to Ascertain LIBOR Rate. If on or before the first day of any Interest Period for any LIBOR Loan the Agent determines (after consultation with other Lenders) that, due to changes in circumstances since the date hereof, adequate and fair means do not exist for determining the Adjusted LIBOR Rate or such rate will not accurately reflect the cost to the Majority Lenders of funding LIBOR Loans for such Interest Period, the Agent shall give written notice of such determination (which notice shall specify in reasonable detail the basis therefor) to the Borrower and the Lenders, whereupon until the Agent notifies the Borrower and Lenders that the circumstances giving rise to such suspension no longer exist, the obligations of the Lenders to make, continue or convert Loans into LIBOR

Loans shall be suspended.

Section 8.3 Increased Cost and Reduced Return.

(a) If, on or after the Effective Date, the adoption of or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation

or administration thereof, or compliance by any Lender (or its Lending Office), including the Agent in its capacity as the issuer of Letters of Credit, with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

(i) subjects any Lender of that type (or its Lending Office) to any tax, duty or other charge related to any LIBOR Loan, Letter of Credit or Reimbursement Obligation, or its participation in any thereof, or its obligation to advance or maintain LIBOR Loans, issue Letters of Credit or to participate therein, or shall change the basis of taxation of payments to any Lender (or its Lending Office) of the principal of or interest on its LIBOR Loans, Letters of Credit or participations therein, or any other amounts due under this Agreement related to its LIBOR Loans, Letters of Credit, Reimbursement Obligations or participations therein, or its obligation to make LIBOR Loans, issue Letters of Credit or acquire participations therein (except for changes in the rate of tax on the overall net income of such Lender or its Lending Office imposed by the jurisdiction in which such Lender's principal executive office or Lending Office is located); or

(ii) imposes, modifies or deems applicable any reserve, special deposit or similar requirement (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System) against assets of, deposits with or for the account of, or credit extended by, any Lender of that type (or its Lending Office) or imposes on any Lender of that type (or its Lending Office) or on the interbank market any other condition affecting its LIBOR Loans, its Letters of Credit, any Reimbursement Obligation owed to it or its participation in any thereof, or its obligation to advance or maintain LIBOR Loans, issue Letters of Credit or to participate in any thereof;

and the result of any of the foregoing is to increase the cost to such Lender (or its Lending Office) of advancing or maintaining any LIBOR Loan, issuing or maintaining a Letter of Credit or participation therein, or to reduce the amount of any sum received or receivable by such Lender (or its Lending Office) in connection therewith under this Agreement or its Note(s), by an amount deemed by such Lender to be material, then, within fifteen (15) days after demand in reasonable detail by such Lender (with a copy to the Agent), the Borrower shall be obligated to pay to such Lender such additional amount or amounts as will compensate such Lender for such increased cost or reduction.

(b) If, after the Effective Date, the Agent or any Lender shall have determined that the adoption after the Effective Date of any applicable law, rule or regulation regarding capital adequacy, or any change therein (including, without limitation, any revision in the Final Risk-Based Capital Guidelines of the Board of Governors of the Federal Reserve System (12 CFR Part 208, Appendix A; 12 CFR Part 225, Appendix A) or of the Office of the Comptroller of the Currency (12 CFR Part 3, Appendix A), or in any other applicable capital adequacy rules heretofore adopted and issued by any governmental authority), or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Agent or any Lender (or its Lending Office) with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Lender's capital, or on the capital of any corporation controlling such Lender, as a consequence of its

obligations hereunder to a level below that which such Lender could have achieved but for such adoption, change or compliance (taking into consideration such Lender's policies with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time, within fifteen (15) days after demand in reasonable detail by such Lender (with a copy to the Agent), the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender for such reduction.

(c) The Agent and each Lender that determines to seek compensation under this SECTION 8.3 shall notify the Borrower and, in the case

of a Lender other than the Agent, the Agent of the circumstances that entitle the Agent or Lender to such compensation and will designate a different Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the sole judgment of such Lender, be otherwise disadvantageous to it; provided that, the foregoing shall not in any way affect the rights of any Lender or the obligations of the Borrower under this SECTION 8.3, and provided further that no Lender shall be obligated to make its LIBOR Loans hereunder at any office located in the United States. A certificate of any Lender claiming compensation under this SECTION 8.3 and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error and shall be deemed to contain a representation by the Lender issuing such certificate that: (i) such Lender has used, in its sole judgment, reasonable efforts to minimize said compensation, and (ii) the increased costs and charges are common to substantially all of the comparable or similarly situated loan customers of such Lender and are not unique to the Borrower. In determining such amount, such Lender may use any reasonable averaging and attribution methods.

Section 8.4 Lending Offices. The Agent and each Lender may, at its option, elect to make its Loans hereunder at the Lending Office for each type of Loan available hereunder or at such other of its branches, offices or Affiliates as it may from time to time elect and designate in a written notice to the Borrower and the Agent subject to SECTION 8.3(c).

Section 8.5 Discretion of Lender as to Manner of Funding. Notwithstanding any other provision of this Agreement, each Lender shall be entitled to fund and maintain its funding of all or any part of its Loans in any manner it sees fit, it being understood, however, that for the purposes of this Agreement all determinations hereunder shall be made as if each Lender had actually funded and maintained each LIBOR Loan through the purchase of deposits in the Eurodollar interbank market having a maturity corresponding to such Loan's Interest Period and bearing an interest rate equal to LIBOR for such Interest Period.

Section 8.6 Substitution of Lender. If (i) any Lender has demanded compensation or given notice of its intention to demand compensation under SECTION 8.3, or (ii) the Borrower is required to pay any additional amount to any Lender under SECTION 2.12, the Borrower shall have the right, with the assistance of the Agent, to seek a substitute lender or lenders reasonably satisfactory to the Agent (which may be one or more of the Lenders) to replace such Lender under this Agreement. The Lender to be so replaced shall cooperate with the Borrower and substitute lender to accomplish such substitution on the terms of SECTION 10.10, as applicable; provided that all the L/C Commitments of such Lender are replaced and such Lender is paid any amounts which it is owed pursuant to SECTIONS 2.12, 3.3, 7.6, 8.3 and 10.3. Any such replaced Lender shall retain the benefits of SECTIONS 3.3 and 10.13.

SECTION 9. THE AGENT.

Section 9.1 Appointment and Authorization. Each Lender hereby appoints Bank of America, N.A. as the Agent under the Credit Documents and hereby authorizes the Agent to take such action as Agent on each of its behalf and to exercise such powers under the Credit Documents as are delegated to the Agent, by the terms thereof, together with such powers as are reasonably incidental thereto.

Section 9.2 Rights and Powers. The Agent shall have the same rights and powers under the Credit Documents as any other Lender and may exercise or refrain from exercising such rights and powers as though it were not an Agent, and the Agent and its respective Affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower or any of its Subsidiaries or Affiliates as if it were not an Agent under the Credit Documents. The term Lender as used in all Credit Documents, unless the context otherwise clearly requires, includes the Agent in its individual capacity as a Lender.

Section 9.3 Action by Agent. The obligations of the Agent under the Credit Documents are only those expressly set forth therein. Without limiting the generality of the foregoing, the Agent shall not be required to take any action concerning any Default or Event of Default, except as expressly provided in SECTIONS 7.2 and 7.5. Unless and until the Majority Lenders give such direction the Agent may, except as otherwise expressly provided herein or therein, take or refrain from taking such actions as it deems appropriate and in the best interest of all the Lenders. In no event, however, shall the Agent be required to take any action in violation of applicable law or of any provision of any Credit Document, and the Agent shall in all cases be fully justified in failing or refusing to act hereunder or under any other Credit Document unless it first receives any further assurances of its indemnification from the Lenders that it may require, including prepayment of any related expenses and any other protection it requires against any and all costs, expenses, and liabilities it may incur in taking or continuing to take any such action. The Agent shall be entitled to assume that no Default or Event of Default exists unless notified in

writing to the contrary by a Lender or the Borrower. In all cases in which the Credit Documents do not require the Agent to take specific action, the Agent shall be fully justified in using its discretion in failing to take or in taking any action thereunder. Any instructions of the Majority Lenders, or of any other group of Lenders called for under specific provisions of the Credit Documents, shall be binding on all the Lenders and holders of Notes.

Section 9.4 Consultation with Experts. The Agent may consult with legal counsel, independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

Section 9.5 Indemnification Provisions; Credit Decision. Neither the Agent nor any of its directors, officers, agents, Affiliates, or employees shall be liable for any action taken or not taken by them in connection with the Credit Documents (i) with the consent or at the request of the Majority Lenders or all the Lenders where unanimity is required or (ii) in the absence of their own gross negligence or willful misconduct. Neither the Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into or verify (i) any statement, warranty or representation made in connection with this Agreement, any other Credit Document or any Loan or Letter of Credit; (ii) the performance or observance of

any of the covenants or agreements of the Borrower or any Subsidiary contained herein or in any other Credit Document; (iii) the satisfaction of any condition specified in SECTION 4, except receipt of items required to be delivered to the Agent; or (iv) the validity, effectiveness, genuineness, enforceability, perfection, value, worth or collectibility hereof or of any other Credit Document or of any other documents or writing furnished in connection with any Credit Document or of any Collateral; and the Agent makes no representation of any kind or character with respect to any such matters mentioned in this sentence. The Agent may execute any of its duties under any of the Credit Documents by or through employees, agents, Affiliates, and attorneys-in-fact and shall not be answerable to the Lenders or any other Person for the default or misconduct of any such agents or attorneys-in-fact selected with reasonable care. The Agent shall not incur any liability by acting in reliance upon any notice, consent, certificate, other document or statement (whether written or oral) believed by it to be genuine or to be sent by the proper party or parties. In particular and without limiting any of the foregoing, the Agent shall have no responsibility for confirming the existence or worth of any Collateral or the accuracy of any Compliance Certificate or other document or instrument received by it under the Credit Documents. The Agent may treat the payee of any Note as the holder thereof until written notice of transfer shall have been filed with such Agent signed by such owner in form satisfactory to such Agent. Each Lender acknowledges that it has independently and without reliance on the Agent or any other Lender obtained such information and made such investigations and inquiries regarding the Borrower and its Subsidiaries as it deems appropriate, and based upon such information, investigations and inquiries, made its own credit analysis and decision to extend credit to the Borrower in the manner set forth in the Credit Documents. It shall be the responsibility of each Lender to keep itself informed about the creditworthiness and business, properties, assets, liabilities, condition (financial or otherwise) and prospects of the Borrower and its Subsidiaries, the creditworthiness of all account debtors of the Borrower and its Subsidiaries, and the Agent shall have no liability whatsoever to any Lender for such matters. The Agent shall have no duty to disclose to the Lenders information that is not required by any Credit Document to be furnished by the Borrower or any Subsidiaries to such Agent at such time, but is voluntarily furnished to such Agent (either in its respective capacity as Agent or in its individual capacity).

Section 9.6 Indemnity. The Lenders shall ratably, in accordance with their Percentages, indemnify and hold the Agent and its directors, officers, employees, agents and representatives harmless from and against any liabilities, losses, costs or expenses suffered or incurred by it or by any security trustee under any Credit Document or in connection with the transactions contemplated thereby, regardless of when asserted or arising, except to the extent they are promptly reimbursed for the same by the Borrower or out of the proceeds of any Collateral and except to the extent that any event giving rise to a claim was caused by the gross negligence or willful misconduct of the party seeking to be indemnified. The obligations of the Lenders under this SECTION 9.6 shall survive termination of this Agreement.

Section 9.7 Resignation of Agent and Successor Agent. The Agent may resign at any time upon at least thirty (30) days' prior written notice to the Lenders and the Borrower. Upon any such resignation of the Agent, the Majority Lenders, with the consent of the Borrower, which consent shall not be unreasonably withheld, shall have the right to appoint a successor Agent. If no successor Agent shall have been so appointed by the Majority Lenders and shall have accepted such appointment within thirty (30) days after the retiring Agent's giving of notice of resignation, then the retiring Agent, may, on behalf of the Lenders, appoint a successor Agent

which shall be any Lender hereunder or any commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least $250,000,000. Upon the acceptance of its appointment as the Agent hereunder, such successor Agent shall thereupon succeed to and become vested with all the rights and duties of the retiring Agent under the Credit Documents, and the retiring Agent shall be discharged from its duties and obligations thereunder. After any retiring Agent's resignation hereunder as Agent, the provisions of this SECTION 9 and all protective provisions of the other Credit Documents shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent.

SECTION 10. MISCELLANEOUS.

Section 10.1 No Waiver of Rights. No delay or failure on the part of the Agent or any of the Lenders, or on the part of the holder or holders of the Notes, in the exercise of any power, right or remedy under any Credit Document shall operate as a waiver thereof or as an acquiescence in any default, nor shall any single or partial exercise thereof preclude any other or further exercise of any other power, right or remedy. To the fullest extent permitted by applicable law, the powers, rights and remedies under the Credit Documents of the Lenders and the holder or holders of the Notes are cumulative to, and not exclusive of, any rights or remedies any of them would otherwise have.

Section 10.2 Non-Business Day. Subject to SECTION 2.5(b), if any payment of principal or interest on any Loan, Reimbursement Obligation or of any other Obligation shall fall due on a day which is not a Business Day, interest or fees (as applicable) at the rate, if any, for such Loan, such Reimbursement Obligation or such other Obligation bears for the period prior to maturity shall continue to accrue in the manner set forth herein on such Obligation from the stated due date thereof to and including the next succeeding Business Day on which the same shall be payable.

Section 10.3 Documentary Taxes. The Borrower agrees that it will pay any documentary, stamp or similar taxes payable with respect to any Credit Document, including interest and penalties, in the event any such taxes are assessed irrespective of when such assessment is made and regardless whether any credit is then in use or available hereunder.

Section 10.4 Survival of Representations. All representations and warranties made herein or in certificates given pursuant hereto shall survive the execution and delivery of this Agreement and the other Credit Documents, and shall continue in full force and effect with respect to the date as of which they were made as long as the Borrower has any Obligation hereunder or any L/C Commitment hereunder is in effect.

Section 10.5 Survival of Indemnities. All indemnities and all other provisions relative to reimbursement to the Agent and the Lenders of amounts sufficient to protect the yield of the Lenders or the Agent with respect to the Loans shall survive the termination of this Agreement and the other Credit Documents and the payment of the Loans and all other Obligations, as applicable, for a period of one (1) year.

Section 10.6 Setoff. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, upon the occurrence of, and throughout the continuance of, any Default or Event of Default, the Agent and each of the Lenders and each

subsequent holder of any of the Notes is hereby authorized by the Borrower at any time or from time to time, without notice to the Borrower, to any Subsidiary of the Borrower or to any other Person, any such notice being hereby expressly waived, to set off and to appropriate and to apply any and all deposits (general or special, including, but not limited to, Indebtedness evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts, and in whatever currency denominated) and any other Indebtedness at any time held or owing by the Agent or the Lenders or that subsequent holder to or for the credit or the account of the Borrower, whether or not matured, against and on account of the obligations and liabilities of the Borrower to the Agent or the Lenders or that subsequent holder under the Credit Documents, including, but not limited to, all claims of any nature or description arising out of or connected with the Credit Documents, irrespective of whether or not (i) the Agent or any of the Lenders or that subsequent holder shall have made any demand hereunder or (ii) the principal of or the interest on the Loans, the Notes and other amounts due hereunder shall have become due and payable hereunder and although said obligations and liabilities, or any of them, may be contingent or unmatured. The Agent or such Lender, as applicable, shall promptly give the Borrower notice of any such setoff, provided that any failure to give such notice shall not impact the validity of any such setoff or give rise to any liability of the Agent or any Lender as a result of any such failure. The Agent and the Lenders agree, if there shall be any other Lenders pursuant to SECTION

10.10(b), that if a Lender receives and retains any payment, whether by setoff or application of deposit balances or otherwise, on any of the Loans or L/C Obligations in excess of its ratable share of payments on all such Obligations then owed to the Lenders hereunder, then such Lender shall purchase for cash at face value, but without recourse, ratably from each of the other Lenders such amount of the Loans or L/C Obligations, or participations therein, held by such Lender (or interest therein) as shall be necessary to cause such Lender to share such excess payment ratably with all the other Lenders; provided, however, that if any such purchase is made by any Lender, and if such excess payment or part thereof is thereafter recovered from such purchasing Lender, the related purchases from the other Lenders shall be rescinded ratably and the purchase price restored as to the portion of such excess payment so recovered, with interest pro rata, to the extent the purchasing Lender is required to pay interest on the amount restored.

Section 10.7 Notices. Except as otherwise specified herein, all notices under the Credit Documents shall be in writing (including cable, telecopy or telex) and shall be given to a party hereunder at its address, telecopier number or telex numbers set forth below or such other address, telecopier number or telex as such party may hereafter specify by notice to the Lenders or the Borrower, as applicable, given by courier, by United States certified or registered mail, by telegram or by other telecommunication device capable of creating a written record of such notice and its receipt. Notices under the Credit Documents shall be addressed to the Agent and the Lenders as set forth on the signature pages hereto and to the Borrower as follows:

Quanta Services, Inc.
1360 Post Oak Blvd., Suite 2100
Houston, Texas 77056
Attention: Mr. James Haddox
Telephone: (713) 629-7600
Fax No.: (713) 629-7676

with a copy to

Quanta Services, Inc.
1360 Post Oak Blvd., Suite 2100
Houston, Texas 77056
Attention: General Counsel
Telephone: (713) 629-7600
Fax No.: (713) 629-7676

Each such notice, request or other communication shall be effective (i) if given by telecopier, when such telecopy is transmitted to the telecopier number specified in this SECTION 10.7 and a confirmation of receipt of such telecopy has been received by the sender, (ii) if given by telex, when such telex is transmitted to the telex number specified in this SECTION 10.7 and the answer back is received by sender, (iii) if given by courier, when delivered, (iv) if given by mail, five (5) days after such communication is deposited in the mail, registered with return receipt requested, addressed as aforesaid or (v) if given by any other means, when delivered at the addresses specified in this SECTION 10.7; provided that any notice given pursuant to SECTION 2 shall be effective only upon receipt and, provided further, that any notice that but for this provision would be effective after the close of business on a Business Day or on a day that is not a Business Day shall be effective at the opening of business on the next Business Day.

Section 10.8 Counterparts. This Agreement may be executed in any number of counterparts, and by the different parties on different counterpart signature pages, each of which when executed shall be deemed an original but all such counterparts taken together shall constitute one and the same Agreement. Telecopies of signatures shall be binding and effective as originals.

Section 10.9 Successors and Assigns. This Agreement shall be binding upon the Borrower, the Agent, the Lenders and their respective successors and assigns, and shall inure to the benefit of the Borrower, the Agent, the Lenders and their respective successors and assigns, including any subsequent holder of the Notes. The Borrower may not assign any of its rights or obligations under any Credit Document without the consent of the Agent and all of the Lenders.

Section 10.10 Sales and Transfers of Loans and Notes; Participations in Loans and Notes.

(a) Any Lender may at any time sell to one or more banks or other financial institutions having a combined capital and surplus of at least $250,000,000 ("PARTICIPANTS"), participating interests in any Loan owing to such Lender, any Note held by such Lender, any L/C Commitment of such Lender or any other interest of such Lender hereunder, provided that no Lender may sell any participating interests in any such Loan, Note, L/C Commitment or other interest hereunder without also selling to such Participant the appropriate pro rata share of its Loans, Notes, L/C Commitments and other interests hereunder, and provided further that no Lender shall transfer, grant or assign any

participation under which the Participant shall have rights to vote upon or consent to any matter to be decided by the Lender or the Majority Lenders hereunder or under any Credit Document or approve any amendment to or waiver of this Agreement or any other Credit Document except to the extent such amendment or waiver would (i) increase the amount of such Lender's L/C Commitment and such increase would affect such

Participant, (ii) reduce the principal of, or interest on, any of such Lender's Loans, or any fees or other amounts payable to such Lender hereunder and such reduction would affect such Participant, (iii) postpone any date fixed for any scheduled payment of principal of, or interest on, any of such Lender's Loans, or any fees or other amounts payable to such Lender hereunder, or (iv) release any collateral for any Obligation (including, without limitation, any Subsidiary Guaranty), except as otherwise specifically provided in any Credit Document. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under this Agreement to the other parties to this Agreement shall remain unchanged, such Lender shall remain solely responsible for the performance thereof, such Lender shall remain the holder of any such Note for all purposes under this Agreement and the Borrower and the Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. The Borrower agrees that if amounts outstanding under this Agreement and the Notes are due and unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of setoff in respect of its participating interest in amounts owing under this Agreement and any Note to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement or any Note, provided that such right of setoff shall be subject to the obligation of such Participant to share with the Lenders, and the Lenders agree to share with such Participant, as provided in SECTION 10.6. The Borrower also agrees that each Participant shall be entitled to the benefits of SECTIONS 2.12 and 8.3 with respect to its participation in the L/C Commitments and the Loans outstanding from time to time, provided that no Participant shall be entitled to receive any greater amount pursuant to such Sections than the transferor Lender would have been entitled to receive in respect of the amount of the participation transferred.

(b) Any Lender may at any time sell to any Lender or any Affiliate thereof, and, with the consent of the Agent and the Borrower (which shall not be unreasonably withheld or delayed), to one or more banks or other financial institutions having a combined capital and surplus of at least $250,000,000 (a "PURCHASING LENDER"), all or any part of its rights and obligations under this Agreement and the Notes, pursuant to an Assignment Agreement in the form attached as EXHIBIT 10.10 hereto, executed by such Purchasing Lender and such transferor Lender (and, in the case of a Purchasing Lender which is not then a Lender or an Affiliate thereof, by the Borrower and the Agent) and delivered to the Agent; provided that, (i) each such sale to a Purchasing Lender is for an identical percentage of the transferor Lender's rights and obligations under the Term Loan and the L/C Commitment, and (ii) each such sale to a Purchasing Lender shall be in an amount of $5,000,000 or more, or if in a lesser amount, such sale shall be of all of the Lender's rights and obligations under this Agreement and all of the Notes payable to it to one eligible assignee. Notwithstanding the above, any Lender may sell to one or more eligible assignees all or any part of their rights and obligations under this Agreement and the Notes with only the consent of the Agent (which shall not be unreasonably withheld) if an Event of Default shall have occurred and be continuing. No Lender may sell any Loans to a Purchasing Lender without also selling to such Purchasing Lender the appropriate pro rata share of its Notes, L/C Commitments and other interests hereunder, including participations in Letters of Credit hereunder. Upon such execution, delivery, acceptance and recording, from and after the effective date of the transfer determined pursuant to such Assignment Agreement (x) the Purchasing Lender thereunder shall be a party hereto and, to the extent provided in such Assignment Agreement, have the rights and obligations of a Lender hereunder with an L/C Commitment as set forth therein and (y) the transferor Lender thereunder shall, to the extent

provided in such Assignment Agreement, be released from its obligations under this Agreement (and, in the case of an Assignment Agreement covering all or the remaining portion of a transferor Lender's rights and obligations under this Agreement, such transferor Lender shall cease to be a party hereto). Such Assignment Agreement shall be deemed to amend this Agreement to the extent, and only to the extent, necessary to reflect the addition of such Purchasing Lender and the resulting adjustment of L/C Commitments and Percentages arising from the purchase by such Purchasing Lender of all or a portion of the rights and obligations of such transferor Lender under this Agreement, the Notes and the other Credit Documents. On or prior to the effective date of the transfer determined pursuant to such Assignment Agreement, the Borrower, at its own expense, shall execute and deliver to the Agent in exchange for any surrendered Notes, new Notes as appropriate to the order of such Purchasing Lender in an

amount equal to the Loans assumed by it pursuant to such Assignment Agreement, and, if the transferor Lender has retained a Loan hereunder, new Notes to the order of the transferor Lender in an amount equal to the Loans retained by it hereunder. Such new Notes shall be dated the Initial Borrowing Date and shall otherwise be in the form of the Notes replaced thereby. The Notes surrendered by the transferor Lender shall be returned by the Agent to the Borrower marked "cancelled."

(c) Upon its receipt of an Assignment Agreement executed by a transferor Lender, a Purchasing Lender and the Agent (and, in the case of a Purchasing Lender that is not then a Lender or an Affiliate thereof, by the Borrower), together with payment to the Agent hereunder of a registration and processing fee of $3,500, the Agent shall (i) promptly accept such Assignment Agreement, and (ii) on the effective date of the transfer determined pursuant thereto give notice of such acceptance and recordation to the Lenders and the Borrower.

(d) The provisions of the foregoing clauses (b) and (c) shall not apply to or restrict, or require the consent of or any notice to any Person to effectuate, the pledge or assignment by any Lender of its rights under this Agreement and its Notes to any Federal Reserve Bank.

(e) If, pursuant to this SECTION 10.10 any interest in this Agreement or any Note is transferred to any transferee which is organized under the laws of any jurisdiction other than the United States of America or any State thereof, the transferor Lender shall cause such transferee, concurrently with the effectiveness of such transfer, (i) to represent to the transferor Lender (for the benefit of the transferor Lender, the Agent and the Borrower) that under applicable law and treaties no taxes will be required to be withheld by the Agent, the Borrower or the transferor Lender with respect to any payments to be made to such transferee in respect of the Loans or the L/C Obligations, (ii) to furnish to the transferor Lender (and, in the case of any Purchasing Lender, the Agent and the Borrower) either U.S. Internal Revenue Service Form 4224 or U.S. Internal Revenue Service Form 1001 or such successor forms as shall be adopted from time to time by the relevant United States taxing authorities (wherein such transferee claims entitlement to complete exemption from U.S. federal withholding tax on all interest payments hereunder), and (iii) to agree (for the benefit of the transferor Lender, the Agent and the Borrower) to provide the transferor Lender (and, in the case of any Purchasing Lender, the Agent and the Borrower) a new Form 4224 or Form 1001, or any successor forms thereto, upon the expiration or obsolescence of any previously delivered form and comparable statements in accordance with applicable U.S. laws and regulations and amendments dully executed and completed by such

transferee, and to comply from time to time with all applicable U.S. laws and regulations with regard to such withholding tax exemption.

Section 10.11 Amendments. Any provision of the Credit Documents may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by (a) the Borrower, (b) the Majority Lenders (in the case of a consent or waiver, the Borrower may rely on the consent or waiver of the Agent on behalf of the Majority Lenders, the Agent agreeing to obtain the necessary consents or waivers from the Majority Lenders before providing such consent or waiver), and (c) if the rights or duties of the Agent are affected thereby, the Agent; provided that:

(i) no amendment or waiver shall (A) increase the L/C Commitment Amount without the consent of all Lenders or increase any L/C Commitment of any Lender without the consent of such Lender, (B) postpone the Maturity Date without the consent of all Lenders or reduce the amount of or postpone the date for any scheduled payment of any principal of or interest on any Loan, Reimbursement Obligation or of any fee or any other amounts payable hereunder without the consent of each Lender owed such Obligation or (C) release any Subsidiary Guaranty or any Collateral without the consent of all the Lenders and the Agent; and

(ii) no amendment or waiver shall, unless signed by each Lender, change the provisions of this SECTION 10.11 or the definition of Majority Lenders or affect the number of Lenders required to take any action under any other provision of the Credit Documents.

Section 10.12 Headings. Section headings used in this Agreement are for reference only and shall not affect the construction of this Agreement.

Section 10.13 Legal Fees, Other Costs and Indemnification. The Borrower, upon demand by the Agent or any Lender, agrees to pay the reasonable fees and disbursements of legal counsel and financial advisors to the Agent or any Lender in connection with (a) the preparation and execution of the Credit Documents, any amendment, waiver or consent related thereto, whether or not the transactions contemplated therein are consummated, (b) any Default or Event of Default by the Borrower hereunder and any enforcement (including, without

limitation, all workout and bankruptcy proceedings) of any of the Credit Documents or collection of any Obligations, and (c) any refinancings, restructures or "work out" of the transactions contemplated by the Credit Documents; provided that the Borrower shall only have to pay the reasonable fees and disbursements of one law firm and one financial advisory firm in connection therewith unless the Agent, any Lender or their counsel is of the reasonable opinion that representation by one law firm or one financial advisory firm, as applicable, would not be feasible or that a conflict of interest would exist. The Borrower further agrees to indemnify the Agent and each Lender and its respective directors, officers, shareholders, employees and attorneys (collectively, the "INDEMNIFIED PARTIES"), against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, all reasonable attorneys' fees and other reasonable expenses of litigation or preparation therefor, whether or not the Indemnified Party is a party thereto) which any of them may pay or incur arising out of or relating to (a) any Credit Document, the Loans, the Letters of Credit or the application or proposed application by the Borrower of the proceeds of any Loan, REGARDLESS OF

WHETHER SUCH CLAIMS OR ACTIONS ARE FOUNDED IN WHOLE OR IN PART UPON THE ALLEGED SIMPLE OR CONTRIBUTORY NEGLIGENCE OF ANY OF THE INDEMNIFIED PARTIES AND/OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, SHAREHOLDERS, EMPLOYEES OR ATTORNEYS, (b) any investigation of any third party or any governmental authority involving the Agent or any Lender and related to any use made or proposed to be made by the Borrower of the proceeds of the Loans, or any transaction financed or to be financed in whole or in part, directly or indirectly with the proceeds of any Loan, and (c) any investigation of any third party or any governmental authority, litigation or proceeding, related to any environmental cleanup, audit, compliance or other matter relating to any Environmental Law or the presence of any Hazardous Material (including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Law) with respect to the Borrower or any of its Subsidiaries, regardless of whether caused by, or within the control of, the Borrower or any of its Subsidiaries; provided, however, that the Borrower shall not be obligated to indemnify any Indemnified Party for any of the foregoing arising out of (i) such Indemnified Party's gross negligence or willful misconduct, (ii) the Agent's failure to pay under any Letter of Credit after the presentation to it of a request required to be paid under applicable law, (iii) the Agent's or any Lender's breach of any material provision of any Credit Document, or any dispute solely among the Agent and the Lenders or any of same. The Borrower, upon demand by the Indemnified Party at any time, shall reimburse the Indemnified Party for any legal or other expenses incurred in connection with investigating or defending against any of the foregoing except if the same is excluded from indemnification pursuant to the provisions of the foregoing sentence.

Section 10.14 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) The Credit Agreement, and the other Credit Documents, and the rights and duties of the parties thereto, shall be construed in accordance with and governed by the internal laws of the State of Texas.

(b) THE AGENT, EACH LENDER AND THE BORROWER HEREBY WAIVES ITS RIGHT TO RESOLVE DISPUTES, CLAIMS, AND CONTROVERSIES ARISING FROM THE CREDIT AGREEMENT, ANY OTHER CREDIT DOCUMENT OR ANY MATTER IN CONNECTION THEREWITH, INCLUDING, WITHOUT LIMITATION, CONTRACT DISPUTES AND TORT CLAIMS, THROUGH ANY COURT PROCEEDING OR LITIGATION AND ACKNOWLEDGES THAT ALL SUCH DISPUTES, CLAIMS AND CONTROVERSIES SHALL BE RESOLVED PURSUANT TO THIS SECTION, EXCEPT THAT EQUITABLE RELIEF AND CERTAIN OTHER RIGHTS AND REMEDIES SET FORTH BELOW MAY BE SOUGHT FROM ANY COURT OF COMPETENT JURISDICTION. EACH PARTY REPRESENTS TO THE OTHER PARTIES THAT THIS WAIVER IS MADE KNOWINGLY AND VOLUNTARILY AFTER CONSULTATION WITH AND UPON ADVICE OF ITS COUNSEL AND IS A MATERIAL PART OF THIS AGREEMENT. ALL SUCH DISPUTES, CLAIMS AND CONTROVERSIES SHALL BE RESOLVED BY BINDING ARBITRATION PURSUANT TO THE COMMERCIAL RULES OF THE AMERICAN ARBITRATION ASSOCIATION ("AAA"). Any arbitration proceeding held pursuant to this arbitration provision shall be conducted in Houston, Texas or at any other place selected by mutual agreement of the parties. No act to take or dispose of any collateral shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This

arbitration provision shall not limit the right of any party during any dispute, claim or controversy to seek, use, and employ ancillary, or preliminary rights and/or remedies, judicial or otherwise, for the purposes of realizing upon, preserving, protecting, foreclosing upon or proceeding under forcible entry and detainer for possession of, any real or personal property, and any such action shall not be deemed an election of remedies. Such remedies include, without limitation, obtaining injunctive relief or a temporary restraining order, invoking a power of sale under any deed of trust or mortgage, obtaining a writ

of attachment or imposition of a receivership, or exercising any rights relating to personal property, including exercising the right of set-off, or taking or disposing of such property with or without judicial process pursuant to the Uniform Commercial Code. Any disputes, claims or controversies concerning the lawfulness or reasonableness of an act, or exercise of any right or remedy concerning any collateral, including any claim to rescind, reform, or otherwise modify any agreement relating to the collateral, shall also be arbitrated; provided, however that no arbitrator shall have the right or the power to enjoin or restrain any act of either party. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. The statute of limitations, estoppel, waiver, laches and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of any action for these purposes. The federal arbitration act (Title 9 of the United States Code) shall apply to the construction, interpretation, and enforcement of this arbitration provision.

(c) To the fullest extent permitted by applicable law, each party hereto agrees that any court proceeding or litigation permitted by SECTION 10.14(b) may be brought and maintained in the courts of the State of Texas sitting in Harris County or the United States District Court for the Southern District of Texas. To the fullest extent permitted by applicable law, the Borrower hereby expressly and irrevocably submits to the jurisdiction of the courts of the State of Texas and the United States District Court for the Southern District of Texas for the purpose of any such litigation as set forth above and irrevocably agrees to be bound by any judgment rendered thereby in connection with such litigation. To the fullest extent permitted by applicable law, the Borrower further irrevocably consents to the service of process, by registered mail, postage prepaid, or by personal service within or without the state of Texas. To the fullest extent permitted by applicable law, the Borrower hereby expressly and irrevocably waives any objection which it may have or hereafter may have to the laying of venue of any such litigation brought in any such court referred to above and any claim that any such litigation has been brought in an inconvenient forum. To the extent that the Borrower has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service of notice, attachment prior to judgment, attachment in aid of execution or otherwise) with respect to itself or its property, the Borrower hereby irrevocably waives to the fullest extent permitted by applicable law, such immunity in respect of its obligations under the Credit Agreement and the other Credit Documents.

(d) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY TO THIS AGREEMENT VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY (BY ITS ACCEPTANCE OF THIS AGREEMENT) WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING PERMITTED BY SECTION 10.14(B) AND WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF THE CREDIT

AGREEMENT, ANY OTHER CREDIT DOCUMENT, ANY OTHER RELATED DOCUMENT OR ANY RELATIONSHIP BETWEEN THE AGENT, ANY LENDER, THE BORROWER AND/OR ANY GUARANTOR, AND AGREES THAT ANY SUCH ACTION, PROCEEDING OR DISPUTE SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE LENDERS TO PROVIDE THE LOANS AND THE LETTERS OF CREDIT.

Section 10.15 Confidentiality. The Agent and each Lender (each a "RESTRICTED PARTY", and collectively, the "RESTRICTED PARTIES") agrees it will not disclose without the Borrower's consent (other than to its employees, contract employees, auditors, counsel or other professional advisors or to its Affiliates) any information concerning the Borrower or any of its Subsidiaries furnished to the Restricted Parties pursuant to any of the Credit Documents, including, but not limited to, information which is marked or otherwise designated as "confidential" by Borrower or any of its Subsidiaries; provided that any Restricted Party may disclose any information (i) to any other Restricted Party or its Affiliates or to the employees, contract employees, auditors, counsel or other professional advisors of any other Restricted Party or its Affiliates, (ii) that has become generally available to the public, other than by the Restricted Party making such disclosure, (iii) that was previously known to a Restricted Party, (iv) becomes known or available to a Restricted Party from a source other than the Borrower or any of its Subsidiaries, (v) if required or appropriate in any examination or audit or any report, statement or testimony submitted to any federal or state regulatory body having or claiming to have jurisdiction over such Restricted Party, (vi) if required or appropriate in response to any summons or subpoena or in connection with any litigation, (vii) in order to comply with any law, order, regulation or ruling applicable to such Restricted Party, (viii) to any prospective or actual permitted transferee in connection with any contemplated or actual permitted transfer of any interest in any Note by any Lender subject to the terms of this Agreement, (ix) in connection with the exercise of any remedies by any Restricted Party, and (x) disclosed publicly by Borrower or any of its Subsidiaries.

Section 10.16 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction,

be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.17 Change in Accounting Principles or Tax Laws. If (i) any change in accounting principles from those used in the preparation of the financial statements of the Borrower referred to in SECTION 5.9 is hereafter occasioned by the promulgation of rules, regulations, pronouncements and opinions by or required by the Financial Accounting Standards Board or the American Institute of Certified Public Accounts (or successors thereto or agencies with similar functions) and such change materially affects the calculation of any component of any financial covenant, standard or term found in this Agreement, or (ii) there is a material change in federal or foreign tax laws which materially affects the Borrower's ability to comply with the financial covenants, standards or terms found in this Agreement, the Borrower, the Agent and the Lenders agree to enter into negotiations in order to amend such provisions so as to equitably reflect such changes with the desired result that the criteria for evaluating the Borrower's and its Subsidiaries' consolidated financial condition shall be the same after such changes as if such changes had not been made. Unless and until such provisions have been so

amended, the provisions of this Agreement shall govern, provided that, for purposes of this SECTION 10.17, the Borrower shall have 90 days from the date of any such change to amend the appropriate provisions of this Agreement to reflect such change in accordance with the immediately preceding sentence.

Section 10.18 Refinancing of Senior Notes and Loans Under Existing Credit Agreement. This Agreement constitutes a refinancing of the Senior Notes and the "Obligations" under the Existing Credit Agreement. On the date hereof:

(a) The Borrower shall pay all accrued and unpaid commitment fees outstanding under the Existing Credit Agreement;

(b) The Senior Notes and each "Swing Line Loan" under the Existing Credit Agreement shall be deemed to be repaid with the proceeds of the Term Loan;

(c) each Existing L/C outstanding under the Existing Credit Agreement shall be deemed to have been issued under this Agreement without payment of any further fronting fee (but subject to the other fees set forth in SECTION 3.1(a)); and

(d) the Existing Credit Agreement and the commitments thereunder shall terminate.

Section 10.19 Effectiveness. This Agreement shall become effective on the date (the "EFFECTIVE DATE") on which the Borrower, the Agent and each Lender has signed and delivered to the Agent a counterpart signature page hereto or, in the case of a Lender, the Agent has received telex or facsimile notice that such a counterpart has been signed and mailed to the Agent.

Section 10.20 Notice. The Credit Documents constitute the entire understanding among the Borrower, the Agent and the Lenders and supersede all earlier or contemporaneous agreements, whether written or oral, concerning the subject matter of the Credit Documents. THIS WRITTEN AGREEMENT TOGETHER WITH THE OTHER CREDIT DOCUMENTS REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

IN WITNESS WHEREOF, the parties to this Agreement have caused this Agreement to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

BORROWER:

QUANTA SERVICES, INC.

By: /s/ JAMES H. HADDOX

James H. Haddox
Chief Financial Officer

LENDERS:

BANK OF AMERICA, N.A.,
as Administrative Agent and as a Lender

By: /s/ GARY L. MINGLE

Gary L. Mingle
Senior Vice President

Address for Notices:

Bank of America, N.A.
700 Louisiana St.
Houston, TX 77002
Attention: Gary L. Mingle
Telephone No.: (713) 247-6447
Fax No.: (713) 247-7175

EXHIBIT 31.1

I, John R. Colson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Quanta Services, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2003

By: /s/ JOHN R. COLSON

John R. Colson,
Chairman and Chief Executive Officer

EXHIBIT 31.2

I, James H. Haddox, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Quanta Services, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2003

By: /s/ JAMES H. HADDOX

James H. Haddox,
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Each of the undersigned officers of Quanta Services, Inc. (the "Company") certify, pursuant to 18 U.S.C. ss. 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, to such officer's knowledge that:

(1) the accompanying Form 10-Q report for the period ending September 30, 2003 as filed with the U.S. Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 13, 2003

/s/ JOHN R. COLSON

John R. Colson,
Chief Executive Officer

Dated: November 13, 2003

/s/ JAMES H. HADDOX

James H. Haddox,
Chief Financial Officer