SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2003

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

Commission file number 1-13831

Quanta Services, Inc.

(Exact name of registrant as specified in its charter)

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

1360 Post Oak Boulevard, Suite 2100

Houston, Texas 77056
(Address of principal executive offices, including ZIP Code)

(713) 629-7600

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on Which Registered
Common Stock, $.00001 par value (including rights attached thereto)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

Title of Each Class

None

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

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

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

As of March 9, 2004, the aggregate market value of the Common Stock and Limited Vote Common Stock of the Registrant held by non-affiliates of the Registrant, based on the last sale price of the Common Stock on such date, was approximately $455.7 million and $1.8 million, respectively (for purposes of calculating these amounts, only directors, officers and beneficial owners of 5% or more of the outstanding capital stock of the Registrant have been deemed affiliates).

As of March 9, 2004, the number of shares of the Common Stock of the Registrant outstanding was 115,485,267. As of the same date, 1,051,067 shares of Limited Vote Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Definitive Proxy Statement for the 2004 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

ANNUAL REPORT ON FORM 10-K

For the Year Ended December 31, 2003

INDEX

		Page Number
	PART I	1
ITEM 1.	Business	1
ITEM 2.	Properties	13
ITEM 3.	Legal Proceedings	13
	PART II	14
ITEM 5.	Market for Registrant's Common Stock and Related Stockholder Matters	14
ITEM 6.	Selected Financial Data	15
ITEM 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	17
ITEM 7A.	Quantitative and Qualitative Disclosures About Market Risk	32
ITEM 8.	Financial Statements and Supplementary Data	33
ITEM 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	65
ITEM 9A.	Controls and Procedures	65
	PART III	65
ITEM 10.	Directors and Executive Officers of the Registrant	65
ITEM 11.	Executive Compensation	65
ITEM 12.	Security Ownership of Certain Beneficial Owners and Management	65
ITEM 13.	Certain Relationships and Related Transactions	66
ITEM 14.	Principal Accounting Fees and Services	66
	PART IV	66
ITEM 15.	Exhibits, Financial Statement Schedules, and Reports on Form 8-K	66

Credit Agreement dated 12/19/2003
Security Agreement dated 12/19/2003
Pledge Agreement dated 12/19/2003
Subsidiaries
Consent of PricewaterhouseCoopers LLP
Certification of CEO pursuant to Section 302
Certification of CFO pursuant to Section 302
Certification of CEO pursuant to Section 3906
Certification of CFO pursuant to Section 906

PART I

ITEM 1. *Business*

General

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. Our comprehensive services include designing, installing, repairing and maintaining network infrastructure. Our consolidated revenues for the year ended December 31, 2003 were $1.6 billion, of which 60% was attributable to electric power and gas customers, 15% to telecommunications customers, 7% to cable television operators and 18% to 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. We were organized in the state of Delaware in 1997 and since that time have made strategic acquisitions to expand our geographic presence, generate operating synergies with existing businesses and develop new capabilities to meet our customers' evolving needs.

We currently have offices that provide services nationwide, giving us the presence and capability to quickly, reliably and effectively complete projects throughout the United States. We work for many of the leading companies in the industries we serve.

Representative customers include:

- Adelphia Communications
- Alabama Power
- Alltel
- AT&T
- CenterPoint Energy
- Century Telephone
- Comcast
- Entergy
- Ericsson
- Georgia Power Company
- Illinois Power
- Intermountain Rural Electric
- Pacific Gas & Electric
- Puget Sound Energy
- San Diego Gas & Electric
- Southern California Edison

Our reputation for responsiveness, performance, geographic reach and a comprehensive service offering has also enabled us to develop strong strategic alliances with numerous customers.

Industry Overview

We believe the following trends are impacting demand for our services:

Increasing Need to Upgrade Electric Power Transmission and Distribution Networks. We believe that the aging of many electric power networks may require increased investment in electric power transmission and distribution networks, and that concerns about power quality and reliability should result in increased investment in transmission and distribution infrastructure. Additionally, as the selling of electricity increases across regional networks, capacity and reliability will become even more important.

Improving Customer Balance Sheets Leads to Increased Capital Expenditures. We believe that as our customers continue to improve their balance sheets, both capital spending and maintenance budgets will stabilize and move toward historical levels during 2004. During the last three years, the telecommunications and cable television industries suffered a severe downturn that resulted in a number of companies, including several of our customers, filing for bankruptcy protection or experiencing financial difficulties. The downturn has adversely affected capital expenditures for infrastructure projects even among companies that are not experiencing financial difficulties. We expect that during 2004 telecom capital expenditures will continue to stabilize with a possible increase. We also anticipate increasing capital expenditures from our wireless and central office installations customers in 2004 as they strive to meet the ever increasing demand for bandwidth at home and in offices throughout the nation.

In the electric power and natural gas industries, our customers continue to be restrained by limited capital spending, uncertain regulatory progress and competition. While the blackout in the Northeast brought the

state of the U.S. transmission grid to the forefront, there has been little regulatory progress or other efforts to map out methods to pay for the upgrades, determine accountability or provide incentives to utilities for infrastructure enhancements to address the bottlenecks and dilapidated systems.

Increased Outsourcing. Financial and economic pressures on electric power, gas, telecommunications and cable television providers have caused an increased focus by providers on core competencies and, accordingly, an increase in outsourcing of network services. Total employment at investor owned utilities has declined dramatically in the last decade due, in part, to increased outsourcing. The movement from a regulated business environment to an environment exposed to market forces has led our customers to increase outsourcing of non-core activities, particularly network development. Outsourcing network services can reduce costs, provide flexibility in budgets and improve service and performance for many of our customers.

Increased Demand for Comprehensive End-to-End Solutions. We believe that electric power, gas, telecommunications and cable television companies will continue to seek service providers who can rapidly and effectively design, install and maintain their networks. The strategic and financial value to these companies of geographically expanded and technologically improved networks has caused them to seek quick and reliable, yet cost effective, network solutions within increasingly challenging scale, time and complexity constraints. Accordingly, they are partnering with proven full-service network providers with broad geographic reach, financial capability and technical expertise.

Strategy

The key elements of our strategy are:

Focus on Expanding Operating Efficiencies. We intend to continue to:

- focus on growth in our more profitable services and on projects that have higher margins;
- combine overlapping operations of certain of our operating units;
- adjust our operating costs to match the demand from our customers;
- use our assets more efficiently;
- share pricing, bidding, licensing and other business practices among our operating units; and
- develop and expand the use of management information systems.

Focus on Internal Growth and Integration. We believe we can improve our internal revenue growth by providing our customers comprehensive end-to-end solutions for their infrastructure needs. Our operating units cooperate to spread their best practices and innovative technology and also share equipment and human resources, which positions each operating unit to deepen its relationship with current customers and develop relationships with new customers

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

Pursue New Opportunities for Growth. We have established a new subsidiary, Quanta Government Solutions (QGS), that will leverage our core expertise to pursue additional opportunities in the government arena. QGS was formed to respond, as prime contractor, to requests for proposals from the United States government for power and communications infrastructure projects in the United States and overseas.

Services

We design, install and maintain networks for the electric power, gas, telecommunications and cable television industries as well as commercial, industrial and governmental entities. The following provides an overview of the types of services we provide:

Electric Power and Gas Network Services. We provide a variety of end-to-end services to the electric power and gas industries, including:

- installation, repair and maintenance of electric power transmission lines ranging in capacity from 69,000 volts to 760,000 volts;
- installation, repair and maintenance of electric power distribution networks;
- energized installation, maintenance and upgrades utilizing unique bare hand and hot stick methods and our proprietary robotic arm;
- design and construction of independent power producer (IPP) transmission and substation facilities;
- design and construction of substation projects;
- installation and maintenance of natural gas transmission and distribution systems;
- provision of cathodic protection design and installation services;
- installation of fiber optic lines for voice, video and data transmission on existing electric power infrastructure;
- installation and maintenance of joint trench systems, which include electric power, natural gas and telecommunications networks in one trench;
- trenching and horizontal boring for underground electric power and natural gas network installations;
- design and installation of wind turbine networks;
- cable and fault locating; and
- storm damage restoration work.

Telecommunications Network Services. Our telecommunications network services include:

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

Cable Television Network Services. The network services we provide to the cable television industry include:

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

Ancillary Services. We provide a variety of comprehensive ancillary services to commercial, industrial and governmental entities, including:

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

Foreign Operations. We derived $8.5 million and $15.1 million of our revenues from foreign operations during the years ended December 31, 2002 and 2003. We had no material foreign operations in 2001.

Customers, Strategic Alliances and Preferred Provider Relationships

Our customers include electric power, gas, telecommunications and cable television companies, as well as commercial, industrial and governmental entities. Our 10 largest customers accounted for 29.4% of our consolidated revenues in 2003. Our largest customer accounted for approximately 6% of our consolidated revenues for the year ended 2003.

Although we have a centralized marketing strategy, management at each of our operating units is responsible for developing and maintaining successful long-term relationships with customers. Our management is incented to cross-sell services of other operating units to their customers. In addition, our business development group promotes and markets our services for prospective large national accounts and projects that would require services from multiple business units.

Many of our customers and prospective customers have qualification procedures for approved bidders or vendors based upon the satisfaction of particular performance and safety standards set by the customer. These customers typically maintain a list of vendors meeting these standards and award contracts for individual jobs only to those vendors. We strive to maintain our status as a preferred or qualified vendor to these customers.

We believe that our strategic relationships with large providers of electric power and telecommunications services will offer opportunities for future growth. Many of these strategic relationships take the form of a strategic alliance or long-term maintenance agreement. Strategic alliance agreements generally state an intention to work together and many provide us with preferential bidding procedures. Strategic alliances and long-term maintenance agreements are typically agreements for an initial term of approximately two to four years that may include an option to add a one to two year extension at the end of the initial term. Certain of our strategic alliance and long-term maintenance agreements are “evergreen” contracts with exclusivity clauses providing that we will be awarded all contracts, or a right of first refusal, for a certain type of work or in a certain geographic region. None of these contracts, however, guarantees a specific dollar amount of work to

be performed by us. Certain of our strategic alliances and long-term maintenance relationships are listed in the following table:

Relationship	Start of Relationship with Operating Unit
Energy East	2002
Illinois Power	2002
Arizona Public Service	2001
Ericsson	2001
Puget Sound Energy	2000
Georgia Power Company	1999
Avista	1996
Entergy	1995
Century Telephone	1993
Imperial Irrigation District	1990
Nevada Power Company	1989
MidAmerican Energy Corp.	1988
Western Resources	1979
Kansas City Power & Light	1978
CenterPoint Energy	1971
Aquila	1954
Intermountain Rural Electric	1953

Backlog

Backlog represents the amount of revenue that we expect to realize from work to be performed over the next twelve months on uncompleted contracts, including new contractual agreements on which work has not begun. Our backlog at December 31, 2002 and 2003 was approximately $980.0 million and $1.0 billion. In many instances, our customers are not contractually committed to specific volumes of services under our long-term maintenance contracts and many of our contracts may be terminated with notice. There can be no assurance as to our customer's requirements or that our estimates are accurate.

Competition

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

Employees

As of December 31, 2003, we had 1,476 salaried employees, including executive officers, project managers or engineers, job superintendents, staff and clerical personnel and 9,741 hourly employees, the number of which fluctuates depending upon the number and size of the projects we undertake at any particular time. Approximately 43% of our employees at December 31, 2003, were covered by collective bargaining agreements, primarily with the International Brotherhood of Electrical Workers (IBEW). Under our agreements with our unions, we agree to pay specified wages to our union employees, observe certain workplace rules and make employee benefit payments to multi-employer pension plans and employee benefit trusts rather than administering the funds on behalf of these employees. These collective bargaining agreements have varying terms and expiration dates. The majority of the collective bargaining agreements contain provisions that prohibit work stoppages or strikes, even during specified negotiation periods relating to agreement renewal, and provide for binding arbitration dispute resolution in the event of prolonged disagreement.

We provide a health, welfare and benefit plan for employees who are not covered by collective bargaining agreements. We have a 401(k) plan pursuant to which eligible employees who are not provided retirement benefits through a collective bargaining agreement may make contributions through a payroll deduction. We make matching cash contributions of 100% of each employee's contribution up to 3% of that employee's salary and 50% of each employee's contribution between 3% and 6% of such employee's salary, up to the maximum amount permitted by law. We also have an employee stock purchase plan that provides that eligible employees may contribute up to 10% of their cash compensation, not to exceed $21,250 annually, toward the semi-annual purchase of our common stock at a discounted price. Over 870 of our employees participated in the employee stock purchase plan during the year ended December 31, 2003.

Our industry is experiencing a shortage of journeyman linemen in certain geographic areas. In response to the shortage, we seek to take advantage of various IBEW and National Electrical Contractors Association (NECA) referral programs and hire graduates from the joint IBEW/ NECA apprenticeship program which trains qualified electrical workers.

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

Training, Quality Assurance and Safety

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

Regulation

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

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

We believe that we have all the licenses required to conduct our operations and that we are in substantial compliance with applicable regulatory requirements. Our failure to comply with applicable regulations could result in substantial fines or revocation of our operating licenses.

Risk Management, Insurance and Performance Bonds

The primary risks in our operations are bodily injury and property damage. 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 the many relevant factors, the effects of which are often unknown, 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.

Contracts in the industries we serve may require performance bonds or other means of financial assurance to secure contractual performance. The current market for performance bonds is limited. If we were unable to obtain surety bonds or letters of credit in sufficient amounts or at acceptable rates, we might be precluded from entering into additional contracts with certain of our customers.

Website Access

Our website address is www.quantaservices.com. You may obtain free electronic copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to these reports in our Investor Center under the heading "SEC Filings". These reports are available on our website as soon as reasonably practicable after we electronically file them with, or furnish them to, the SEC. In addition, our corporate governance guidelines, Code of Ethics and Business Conduct and the charters of our Audit Committee, Compensation Committee and Nominating and Governance Committee are or, prior to our 2004 Annual Meeting of Stockholders, will be posted on our website under the heading "Corporate Governance." We intend to disclose any amendments or waivers to our Code of Ethics and Business Conduct on our website. You may obtain free copies of these items from our website or by contacting our Corporate Secretary.

Risk Factors

Our business is subject to a variety of risks, including the risks described below. The risks and uncertainties described below are not the only ones facing our company. Additional risks and uncertainties not known to us or not described below may also impair our business operations. If any of the following risks actually occur, our business, financial condition and results of operations could be harmed and we may not be able to achieve our goals. This Annual Report also 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 and should be read in conjunction with the section entitled *"Uncertainty of Forward-Looking Statements and Information."*

Our operating results may vary significantly from quarter to quarter. We experience lower gross and operating margins during winter months due to lower demand for our services and more difficult operating conditions. Additionally, our quarterly results may also be materially and adversely affected by:

- the timing and volume of work under new agreements;
- regional or general economic conditions;
- the budgetary spending patterns of customers;
- payment risk associated with the financial condition of customers;
- variations in the margins of projects performed during any particular quarter;
- the termination of existing agreements;
- costs we incur to support growth internally or through acquisitions or otherwise;
- losses experienced in our operations not otherwise covered by insurance;
- a change in the demand for our services caused by severe weather conditions;
- a change in the mix of our customers, contracts and business;
- increases in construction and design costs;
- changes in bonding and lien requirements applicable to existing and new agreements;
- the timing of acquisitions; and
- the timing and magnitude of acquisition integration costs.

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

An economic downturn may lead to less demand for our services. If the general level of economic activity remains slow or deteriorates further, our customers may delay or cancel new projects. 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. A number of other factors, including financing conditions for and potential bankruptcies in the industries we serve, could adversely affect our customers and their ability or willingness to fund capital expenditures in the future or pay for past services. In addition, consolidation, competition or capital constraints in the electric power, gas, telecommunications or cable television industries may result in reduced spending by, or the loss of, one or more of our customers.

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

Our industry is highly competitive. Our industry is served by numerous small, owner-operated private companies, a few public companies and several large regional companies. In addition, relatively few barriers prevent entry into some of our industries. As a result, any organization that has adequate financial resources

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

We may incur liabilities relating to occupational health and safety matters. Our operations are subject to extensive laws and regulations relating to the maintenance of safe conditions in the workplace. While we have invested, and will continue to invest, substantial resources in our occupational health and safety programs, our industry involves a high degree of operational risk and there can be no assurance that we will avoid significant liability exposure. Although we have taken what we believe are appropriate precautions, we have suffered fatalities in the past and may suffer additional fatalities in the future. Claims for damages to persons, including claims for bodily injury or loss of life, could result in substantial costs and liabilities.

The industries we serve are subject to rapid technological and structural changes that could reduce the demand for the services we provide. The electric power, gas, telecommunications and cable television industries are undergoing rapid change as a result of technological advances that could, in certain cases, reduce the demand for our services or otherwise negatively impact our business. New or developing technologies could displace the wireline systems used for voice, video and data transmissions, and improvements in existing technology may allow telecommunications and cable television companies to significantly improve their networks without physically upgrading them.

Failure to obtain or maintain necessary performance bonds could adversely affect our business. Contracts in the industries we serve often require performance bonds or other means of financial assurance to secure contractual performance. During 2002 and 2003, the market for performance bonds tightened significantly. If we are unable to obtain performance bonds or letters of credit in sufficient amounts or on acceptable terms, we might be precluded from entering into additional contracts with certain of our customers. Management believes that our current surety arrangements will satisfy all of our bonding needs for the foreseeable future, but there can be no assurance that such surety arrangements will be sufficient to satisfy all of our future bonding needs

Many of our contracts may be canceled on short notice, and we may be unsuccessful in replacing our contracts if they are cancelled or as they are completed or expire. We could experience a decrease in our revenue, net income and liquidity if any of the following occur:

- our customers cancel a significant number of contracts;
- we fail to win a significant number of our existing contracts upon re-bid;
- we complete a significant number of non-recurring projects and cannot replace them with similar projects; or
- we fail to reduce operating and overhead expenses consistent with any decrease in our revenue.

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

We are self-insured against potential liabilities. Although we maintain insurance policies with respect to automobile, general liability, workers' compensation and employers' liability, those policies are subject to deductibles of $1,000,000 to $2,000,000 per occurrence, and we are primarily self-insured for all claims that do not exceed the amount of the applicable deductible. We also maintain a 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. If we were to experience insurance claims or costs above our estimates, our business could be materially and adversely affected.

The departure of key personnel could disrupt our business. We depend on the continued efforts of our executive officers and on senior management of the businesses we acquire. Although we have entered into employment agreements with terms of one to three years with most of our executive officers and certain other key employees, we cannot be certain that any individual will continue in such capacity for any particular period of time. The loss of key personnel, or the inability to hire and retain qualified employees, could negatively impact our ability to manage our business. We do not carry key-person life insurance on any of our employees.

Our unionized workforce could adversely affect our operations and our ability to complete future acquisitions. As of December 31, 2003, approximately 43% of our employees were covered by collective bargaining agreements. Although the majority of these agreements prohibit strikes and work stoppages, we cannot be certain that strikes or work stoppages will not occur in the future. Strikes or work stoppages would adversely impact our relationships with our customers and could cause us to lose business and decrease our revenue. In addition, our ability to complete future acquisitions could be adversely affected because of our union status for a variety of reasons. For instance, our union agreements may be incompatible with the union agreements of a business we want to acquire and some businesses may not want to become affiliated with a union based company.

Our business is labor intensive, and we may be unable to attract and retain qualified employees. Our ability to maintain our productivity and profitability will be limited by our ability to employ, train and retain skilled personnel necessary to meet our requirements. We may experience shortages of qualified journeyman linemen. We cannot be certain that we will be able to maintain an adequate skilled labor force necessary to operate efficiently and to support our growth strategy or that our labor expenses will not increase as a result of a shortage in the supply of these skilled personnel. Labor shortages or increased labor costs could impair our ability to maintain our business or grow our revenues.

Our business growth could outpace the capability of our corporate management infrastructure. We cannot be certain that our infrastructure will be adequate to support our operations as they expand. Future growth also could impose significant additional responsibilities on members of our senior management, including the need to recruit and integrate new senior level managers and executives. We cannot be certain that we can recruit and retain such additional managers and executives. To the extent that we are unable to manage our growth effectively, or are unable to attract and retain additional qualified management, we may not be able to expand our operations or execute our business plan.

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

Opportunities within the government arena could lead to increased governmental regulation applicable to Quanta and unrecoverable start up costs Most government contracts are awarded through a regulated competitive bidding process. As we pursue increased opportunities in the government arena management's

focus associated with the start up and bidding process may be diverted away from other opportunities. If we were to be successful in being awarded government contracts, a significant amount of costs could be required before any revenues were realized from these contracts. In addition, as a government contractor we would be subject to a number of procurement rules and other public sector liabilities, any deemed violation of which could lead to fines or penalties or a loss of business. Government agencies routinely audit and investigate government contractors. Government agencies may review a contractor's performance under its contracts, costs structure, and compliance with applicable laws, regulations and standards. If government agencies determine through these audits or reviews that costs were improperly allocated to specific contracts, they will not reimburse the contractor for those costs or may require the contractor to refund previously reimbursed costs. Moreover, our internal controls may not prevent improper conduct. If government agencies determine that we engaged in improper activity, we may be subject to civil and criminal penalties. We also could experience serious harm to our reputation. Many government contracts must be appropriated each year. If appropriations are not made in subsequent years we would not realize all of the potential revenues from any awarded contracts.

We may not be successful in meeting the requirements of the Sarbanes-Oxley Act of 2002. The Sarbanes-Oxley Act of 2002 has introduced many new requirements applicable to Quanta regarding corporate governance and financial reporting. Among many other requirements is the requirement under Section 404 of the Act, beginning with the 2004 Annual Report, for management to report on the Company's internal controls over financial reporting and for Quanta's independent public accountants to attest to this report. During 2003, the Company commenced actions to ensure its ability to comply with these requirements, including but not limited to, the engaging of outside experts to assist in the evaluation of our controls, additional staffing requirements of our internal audit department and documentation of existing controls. In addition, the Company expects to continue to devote substantial time and incur substantial costs during 2004 to ensure compliance. There can no assurance what we will be successful in complying with Section 404. Failure to do so could result in the reduced ability to obtain financing, the loss of customers, penalties and additional expenditures to meet the requirements.

We may not have access in the future to sufficient funding to finance desired growth. If we cannot secure additional financing in the future on acceptable terms, we may be unable to support our growth strategy. We cannot readily predict the ability of certain customers to pay for past services or the timing, size and success of our acquisition efforts. Using cash for acquisitions limits our financial flexibility and makes us more likely to seek additional capital through future debt or equity financings. Our existing debt agreements contain significant restrictions on our operational and financial flexibility, including our ability to incur additional debt, and if we seek more debt we may have to agree to additional covenants that limit our operational and financial flexibility. When we seek additional debt or equity financings, we cannot be certain that additional debt or equity will be available to us on terms acceptable to us or at all.

We may be unsuccessful at generating internal growth. Our ability to generate internal growth will be affected by, among other factors, our ability to:

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

In addition, our customers may reduce the number or size of projects available to us due to their inability to obtain capital or pay for services provided. Many of the factors affecting our ability to generate internal growth may be beyond our control, and we cannot be certain that our strategies will be successful or that we will be able to generate cash flow sufficient to fund our operations and to support internal growth. If we are unsuccessful, we may not be able to achieve internal growth, expand our operations or grow our business.

Our results of operations could be adversely affected as a result of goodwill impairments. When we acquire a business, we record an asset called "goodwill" equal to the excess amount we pay for the business, including liabilities assumed, over the fair value of the tangible and intangible assets of the business we acquire. Through December 31, 2001, pursuant to generally accepted accounting principles, we amortized this goodwill over its estimated useful life of 40 years following the acquisition, which directly impacted our earnings. The Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 142 which 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 non-amortized intangible assets for impairment. SFAS No. 142 requires management to make certain estimates and assumptions 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, investment rates, cost of capital and growth rates, which could significantly impact the reported value of goodwill and other intangible assets. Fair value is determined using a combination of the discounted cash flow, market multiple and market capitalization valuation approaches. Absent any impairment indicators, we perform our impairment tests annually during the fourth quarter. Future impairments, if any, will be recognized as operating expenses.

We may be unsuccessful at integrating companies that we either have acquired or that we may acquire in the future. We cannot be sure that we can successfully integrate our acquired companies with our existing operations without substantial costs, delays or other operational or financial problems. If we do not implement proper overall business controls, our decentralized operating strategy could result in inconsistent operating and financial practices at the companies we acquire and our overall profitability could be adversely affected. Integrating our acquired companies involves a number of special risks which could have a negative impact on our business, financial condition and results of operations, including:

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

If one of our acquired companies suffers customer dissatisfaction or performance problems, the reputation of our entire company could suffer.

First Reserve's investment in us may result in potential conflicts of interest with, or dilution of, existing stockholders. First Reserve Fund IX, L.P. (First Reserve) owned approximately 33.8% of the outstanding shares of our common stock as of March 9, 2004. By reason of such stock ownership, conflicts of interest may arise in the future between us and First Reserve and its affiliates with respect to, among other things, issuances of additional shares of voting securities or the payment of dividends. There are no contractual or other restrictions on the ability of First Reserve or its affiliates to pursue other investment opportunities in any of the industries we serve. In addition, First Reserve may have interests that could be in conflict with those of the holders of our convertible subordinated notes or other stockholders.

You are unlikely to be able to seek remedies against Arthur Andersen LLP, our former independent auditor. Our consolidated financial statements for the fiscal years ended prior to December 31, 2002 were audited by Arthur Andersen LLP, our former independent auditor. In June 2002 Arthur Andersen LLP was convicted of federal obstruction of justice charges in connection with its destruction of documents. As a result of its conviction, Arthur Andersen LLP has ceased operations and is no longer in a position to reissue its audit reports or to provide consent to include financial statements reported on by it in this prospectus. Because Arthur Andersen LLP has not reissued its reports and because we are not able to obtain a consent from Arthur Andersen LLP, you will have no effective remedy against Arthur Andersen LLP in connection with their role

as our independent public accountants for the period covered by its previously issued reports. Even if you have a basis for asserting a remedy against, or seeking to recover from, Arthur Andersen LLP, we believe that it is unlikely that you would be able to recover damages from Arthur Andersen LLP.

Certain provisions of our corporate governing documents could make an acquisition of our company more difficult. The following provisions of our certificate of incorporation and bylaws, as currently in effect, as well as our stockholder rights plan and Delaware law, could discourage potential proposals to acquire us, delay or prevent a change in control of us or limit the price that investors may be willing to pay in the future for shares of our common stock:

- our certificate of incorporation permits our board of directors to issue "blank check" preferred stock and to adopt amendments to our bylaws;
- our bylaws contain restrictions regarding the right of stockholders to nominate directors and to submit proposals to be considered at stockholder meetings;
- our certificate of incorporation and bylaws restrict the right of stockholders to call a special meeting of stockholders and to act by written consent;
- we are subject to provisions of Delaware law which prohibit us from engaging in any of a broad range of business transactions with an "interested stockholder" for a period of three years following the date such stockholder became classified as an interested stockholder; and
- on March 8, 2000, we adopted, and have subsequently amended, a stockholder rights plan that could cause substantial dilution to a person or group that attempts to acquire us on terms not approved by our board of directors or permitted by the stockholder rights plan.

ITEM 2. *Properties*

Facilities

We lease our corporate headquarters in Houston, Texas and maintain offices nationwide. This space is used for offices, equipment yards, warehousing, storage and vehicle shops. We own 31 of the facilities we occupy, all of which are encumbered by our credit facility, and we lease the rest. We believe that our existing facilities are sufficient for our current needs.

Equipment

We operate a fleet of owned and leased trucks and trailers, support vehicles and specialty construction equipment, such as backhoes, excavators, trenchers, generators, boring machines, cranes, wire pullers and tensioners. As of December 31, 2003, the total size of the rolling-stock fleet was approximately 19,700 units. Most of this fleet is serviced by our own mechanics who work at various maintenance sites and facilities. We believe that these vehicles generally are well maintained and adequate for our present operations.

ITEM 3. *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 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 expect the outcome of any of these proceedings, separately or in the aggregate, to have a material adverse effect on our results of operations or financial position.

PART II

ITEM 5. *Market for Registrant's Common Stock and Related Stockholder Matters*

We initially offered our common stock to the public on February 12, 1998, at a price of $6.00 per share. Our common stock is listed on the New York Stock Exchange (NYSE) under the symbol "PWR." The following table sets forth the high and low sales prices of our common stock per quarter, as reported by the NYSE, for the two most recent fiscal years.

	High	Low
Year Ended December 31, 2002		
1st Quarter	$17.43	$11.53
2nd Quarter	18.90	9.40
3rd Quarter	10.19	1.75
4th Quarter	3.94	1.78
Year Ended December 31, 2003		
1st Quarter	4.10	2.80
2nd Quarter	8.70	3.18
3rd Quarter	9.87	4.48
4th Quarter	9.10	6.95

On March 9, 2004, there were 1,032 holders of record of our common stock and 24 holders of record of our Limited Vote Common Stock. There is no established trading market for the Limited Vote Common Stock; however, the Limited Vote Common Stock converts into common stock immediately upon sale.

Dividends

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

Recent Sales of Unregistered Securities

On October 21, 2003 and October 24, 2003, we sold $225 million and $45 million principal amount of our 4.5% convertible subordinated notes due 2023 to Banc of America Securities LLC and J.P. Morgan Securities Inc., in a private placement pursuant to Rule 144A under the Securities Act of 1933, as amended. Subject to the satisfaction of certain conditions, the notes will be convertible into shares of common stock at an initial rate of 89.7989 shares of common stock per $1,000 principal amount of notes (or a conversion price of approximately $11.14 per share of common stock). These securities were registered subsequent to issuance.

ITEM 6. ***Selected Financial Data***

The following historical selected financial data has been derived from the audited financial statements of the company. The historical financial statement data represents the financial position and results of operations of a company acquired in a pooling transaction in 1999 and reflects the acquisitions of businesses accounted for as purchase transactions as of their respective acquisition dates. The historical selected financial data should be read in conjunction with the historical Consolidated Financial Statements and related notes thereto included in Item 8 "Financial Statements and Supplementary Data."

	Year Ended December 31,				
	1999	2000	2001	2002	2003
	(In thousands)				
Consolidated Statements of Operations Data:					
Revenues	$925,654	$1,793,301	$2,014,877	$1,750,713	$1,642,853
Cost of services (including depreciation)	711,353	1,379,204	1,601,039	1,513,940	1,442,958
Gross profit	214,301	414,097	413,838	236,773	199,895
Selling, general and administrative expenses	80,132	143,564	194,575	225,725	176,872
Merger and special charges	6,574(a)	28,566(a)	—	—	—
Goodwill impairment	—	—	—	166,580(c)	6,452
Goodwill amortization	10,902	19,805	25,998	—	—
Income (loss) from operations	116,693	222,162	193,265	(155,532)	16,571
Interest expense	(15,184)	(25,708)	(36,072)	(35,866)	(31,822)
Loss on early extinguishment of debt	—	—	—	—	(35,055)(f)
Other income (expense), net	1,429	2,597	(227)	(2,446)	(2,763)
Income (loss) before income tax provision (benefit) and cumulative effect of change in accounting principle	102,938	199,051	156,966	(193,844)	(53,069)
Provision (benefit) for income taxes	48,999(b)	93,328(b)	71,200	(19,710)	(18,080)
Income (loss) before cumulative effect of change in accounting principle	53,939	105,723	85,766	(174,134)	(34,989)
Cumulative effect of change in accounting principle, net of tax	—	—	—	445,422(d)	—
Net income (loss)	53,939	105,723	85,766	(619,556)	(34,989)
Dividends (forfeitures) on preferred stock, net	260	930	930	(11)	(2,109)
Non-cash beneficial conversion charge	—	—	—	8,508(e)	—
Net income (loss) attributable to common stock	$ 53,679	$ 104,793	$ 84,836	$ (628,053)	$ (32,880)
Basic earnings (loss) per share	$ 1.08	$ 1.50	$ 1.11	$ (9.98)	$ (0.30)
Diluted earnings (loss) per share	$ 1.00	$ 1.42	$ 1.10	$ (9.98)	$ (0.30)

(a) In June 1999, as a result of the termination of an Employee Stock Ownership Plan associated with a company acquired in a pooling transaction, we incurred a non-cash compensation charge of $5.3 million

and an excise tax charge of $1.1 million. We also incurred $137,000 in merger charges associated with a pooling transaction in the first quarter of 1999. In December 2000, we agreed to conclude our obligations under our management services agreement with Aquila Inc. in exchange for a one-time payment to Aquila of approximately $28.6 million.

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

(c) We recognized an interim SFAS No. 142 non-cash goodwill impairment charge of $166.6 million during the year ended December 31, 2002. Impairment adjustments recognized after the adoption of SFAS No. 142 are required to be recognized as operating expenses.

(d) Based on our transitional impairment test performed upon adoption of SFAS No. 142, we 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 our reporting units. Basic and diluted earnings per share before cumulative effect of change in accounting principle were a loss of $2.90 per share.

(e) The original as-converted share price negotiated with First Reserve for the Series E Preferred Stock on October 15, 2002 was $3.00 per share which was an above market price. On December 20, 2002, the date First Reserve purchased the Series E Preferred Stock, our stock closed at $3.35 per share. Accordingly, we recorded a non-cash beneficial conversion charge of $8.5 million based on the $0.35 per share differential. The non-cash beneficial conversion charge is recognized as a deemed dividend to the Series E Preferred Stockholder and is recorded as a decrease in net income attributable to common stock and an increase in additional paid-in capital. The non-cash beneficial conversion charge had no effect on our operating income, cash flows or stockholders' equity at December 31, 2002.

(f) In the fourth quarter 2003, we recorded a $35.1 million loss on early extinguishment of debt comprised of make-whole prepayment premiums, the write-off of unamortized debt issuance costs and other related costs due to the retirement of our senior secured notes and termination of our previous credit facility.

	December 31,				
	1999	2000	2001	2002	2003
	(In thousands)				
Balance Sheet Data:					
Working capital	$ 164,140	$ 353,729	$ 335,590	$ 317,356	$ 476,703
Total assets	1,159,636	1,871,897	2,042,901	1,364,812	1,466,435
Long-term debt, net of current maturities	150,308	318,602	327,774	213,167	58,051
Convertible subordinated notes	49,350	172,500	172,500	172,500	442,500
Redeemable common stock	—	—	—	72,922	—
Total stockholders' equity	756,925	1,068,956	1,206,751	611,671	663,132

The consolidated financial statements for the years ended December 31, 1999 through 2001, were audited by Arthur Andersen LLP (Andersen), which has ceased operations. A copy of the report previously issued by Andersen on our financial statements as of December 31, 2001 and 2000, and for each of the three years in the period ended December 31, 2001, is included in Item 8 of this Form 10-K. Such report has not been reissued by Andersen.

ITEM 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our historical consolidated financial statements and related notes thereto in Item 8 "Financial Statements and Supplementary Data." The discussion below contains forward-looking statements that are based upon our current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from these expectations due to inaccurate assumptions and known or unknown risks and uncertainties, including those identified in "Uncertainty of Forward-Looking Statements and Information."

Introduction

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 had consolidated revenues for the year ended December 31, 2003 of $1.6 billion, of which 60% was attributable to electric power and gas customers, 15% to telecommunications customers, 7% to cable television operators and 18% to 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.

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 a substantial majority of our fixed price 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. 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.

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, constitute a greater portion of the cost of services. We seek higher margins on our labor-intensive projects because we can predict materials costs more accurately than labor costs. 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 December 31, 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 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 or year may not be indicative of the results that can be expected for any other quarter or for any other year.

Liquidity and Capital Resources

Cash Requirements

During 2003, our cash flow from operations coupled with the 4.5% convertible subordinated notes offering and a new credit facility allowed us to increase the amount of cash on our balance sheet. We anticipate that our cash on hand and cash flow from operations will provide sufficient cash to enable us to meet our future operating needs, debt service requirements and planned capital expenditures and to ensure our future ability to grow. Expansion into governmental contracts, momentum in deployment of fiber to the home or initiatives to rebuild the United States electric power grid might require a significant amount of additional working capital. However, we feel that we have adequate cash and availability under our credit facility to meet such needs.

Sources and Uses of Cash

As of December 31, 2003, we had cash and cash equivalents of $179.6 million, working capital of $476.7 million and long-term debt of $500.6 million, net of current maturities. Our long-term debt balance at that date included $442.5 million of convertible subordinated notes and $58.1 million of other debt. In addition, we had $96.7 million of letters of credit outstanding under our credit facility.

During the year ended December 31, 2003, operating activities provided net cash to us of $117.2 million. Operating cash flow before changes in working capital and other operating accounts totaled $131.1 million. Net changes in working capital and other operating accounts used $13.9 million of cash flow from operations, in 2003. Cash flow from operations is primarily influenced by demand for our services, operating margins and the type of services we provide. We used net cash in investing activities of $42.1 million, including $35.9 million used for capital expenditures and $9.3 million used to fund our casualty self-insurance obligation, partially offset by proceeds from the sale of equipment. Cash flow from financing activities was $76.6 million resulting from the proceeds of $270.0 million convertible subordinated notes offering, $56.0 million drawn down on the term loan portion of the credit facility discussed below, $7.1 million from issuances of common stock and $4.9 million of proceeds from other debt offset by the $210.0 million in retirement of senior secured notes, $31.7 million in make-whole prepayment premiums and other related costs associated with the retirement of the senior secured notes, $7.6 million in payments of other long-term debt obligations and $12.1 million in costs relating to the new financings.

Debt Instruments

Credit Facility

On December 19, 2003, we entered into a $185.0 million credit facility with various lenders, which replaced our previous credit facility. The credit facility consists of a $150.0 million letter of credit facility maturing on June 19, 2008, which also provides for term loans, and a $35.0 million revolving credit facility maturing on December 19, 2007, which provides for revolving loans and letters of credit. The letter of credit facility is linked to a $150.0 million deposit made by the lenders, which is held in an account with Bank of America, N.A. This deposit may be used either to support letters of credit or, to the extent that amounts available under the facility are not used to support letters of credit, for term loans. As of December 31, 2003, we had approximately $93.6 million of letters of credit issued under the letter of credit facility, approximately $3.1 million of letters of credit issued under the revolving facility and $56.0 million outstanding as a term loan under the credit facility with an interest rate of 4.15% as of December 31, 2003. Our borrowing availability was $31.9 million as of December 31, 2003.

Under the letter of credit facility, we are subject to a fee equal to 3.00% of the letters of credit outstanding, plus an additional 0.15% of the amount outstanding to the extent the funds in the deposit account do not earn the London Interbank Offered Rate (LIBOR), as defined in the credit facility. Term loans under the facility bear interest at a rate equal to either (a) the Eurodollar Rate (as defined in the credit facility) plus 3.00% or (b) the Base Rate (as described below) plus 3.00%. The Base Rate equals the higher of (i) the Federal Funds Rate (as defined in the credit facility) plus 1/2 of 1% and (ii) the bank's prime rate. The maximum availability under the facility is automatically reduced on December 31 of each year by $1.5 million, beginning December 31, 2004.

Amounts borrowed under the revolving credit facility bear interest at a rate equal to either (a) the Eurodollar Rate plus 1.75% to 3.00%, as determined by the ratio of our total funded debt to EBITDA, or (b) the Base Rate plus 0.25% to 1.50%, as determined by the ratio of our total funded debt to EBITDA. Letters of credit issued under the revolving credit facility are subject to a letter of credit fee of 1.75% to 3.00%, based on the ratio of our total funded debt to EBITDA. If we choose to cash collateralize letters of credit issued under the revolving credit facility, those letters of credit will be subject to a letter of credit fee of 0.50%. We are also subject to a commitment fee of 0.375% to 0.625%, based on the ratio of our total funded debt to EBITDA, on any unused availability under the revolving credit facility.

The credit facility contains certain covenants, including a maximum funded debt to EBITDA ratio, a maximum senior debt to EBITDA ratio, a minimum interest coverage ratio, a minimum asset coverage ratio and a minimum consolidated net worth covenant. The credit facility also limits acquisitions, capital expenditures and asset sales and, subject to some exceptions, prohibits stock repurchase programs and the payment of dividends (other than dividend payments or other distributions payable solely in capital stock). After December 31, 2004, however, we may pay dividends and engage in stock repurchase programs in any fiscal year in an aggregate amount up to twenty-five percent of our consolidated net income (plus the amount of non-cash charges that reduced such consolidated net income) for the immediately prior fiscal year. The credit facility carries cross-default provisions with our other debt instruments.

The credit facility is secured by a pledge of all of the capital stock of our U.S. subsidiaries, 65% of the capital stock of our foreign subsidiaries and substantially all of our assets, and it restricts pledges on all material assets. Borrowings under the credit facility are to be used for working capital, capital expenditures and for other general corporate purposes. Our U.S. subsidiaries guarantee the repayment of all amounts due under the credit facility. Our obligations under the credit facility constitute designated senior indebtedness under our convertible subordinated notes.

4.0% Convertible Subordinated Notes

As of December 31, 2003, we had $172.5 million in 4.0% convertible subordinated notes outstanding. These 4.0% convertible subordinated notes 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 4.0% 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 4.0% 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. If certain fundamental changes occur, as described in the indenture under which we issued the 4.0% convertible subordinated notes, holders of the 4.0% 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 4.0% convertible subordinated notes would be required under our credit facility.

4.5% Convertible Subordinated Notes

In October 2003, we issued $270.0 million principal amount of 4.5% convertible subordinated notes. These 4.5% convertible subordinated notes 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 4.5% 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 to satisfy our conversion obligation. If we satisfy the obligation with shares of our common stock, we will deliver a number of shares equal to the par value of the notes divided by the conversion price. If we satisfy the obligation with cash, we will pay cash in an amount 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. We must pay any required repurchase on October 1, 2008 in cash. For all other required repurchases, we have the option to deliver cash, shares of our common stock or a combination thereof to satisfy our repurchase obligation. We presently do not anticipate using stock to satisfy any future obligations. If we were to satisfy the obligation with shares of our common stock, we will deliver a number of shares equal to the par value of the notes divided by 98.5% of the average trading price of our common stock. The number of shares of common stock issuable by us under this circumstance is not capped. Our right to satisfy a required repurchase obligation with shares of common stock can be surrendered by us. The 4.5% convertible subordinated notes carry cross-default provisions with our credit facility and any other debt instrument that exceeds $10.0 million in borrowings.

Senior Secured Notes

In the fourth quarter of 2003, we retired the $210.0 million of senior secured notes that were then outstanding and paid associated make-whole prepayment premiums in the amount of $31.3 million. The make-whole prepayment premiums, along with unamortized deferred financing costs for the senior notes in the amount of approximately $2.5 million and other related costs, were expensed in the fourth quarter of 2003.

Preferred Stock

On December 20, 2002, First Reserve purchased from us approximately 2.4 million shares of newly issued Series E Preferred Stock. 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 forfeited and reversed on the date of the conversion.

Off-balance Sheet Transactions

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 the residual value on certain of our 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 December 31, 2003, the maximum guaranteed residual value would have been approximately $118.8 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.

Certain of our vendors 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. In addition, from time to time some customers require us to post letters of credit to ensure payment to our subcontractors and vendors under those contracts and to guarantee performance under our contracts. 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 December 31, 2003, we had $96.7 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 2004 and 2005. Upon maturity, it is expected that the majority of these letters of credit will be renewed for subsequent one-year periods. On March 5, 2004, we issued an additional $11.1 million letter of credit to secure additional obligations under our casualty insurance program. We may be required to issue additional letters of credit during 2004.

As of December 31, 2003, we had restricted cash pursuant to an obligation with our casualty insurance policy for the period from March 1, 2003 to February 29, 2004. The total restricted cash will be reduced by amounts used to pay claims in the future. As of December 31, 2003, the balance of restricted cash was $9.3 million of which $8.7 million was classified in other current assets and $0.6 million was classified in Other Assets, net.

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 December 31, 2003, the total amount of outstanding performance bonds was approximately $334.6 million.

Contractual Obligations

As of December 31, 2003, our future contractual obligations, including interest under capital leases, were as follows (in thousands):

	Total	2004	2005	2006	2007	2008	Thereafter
Long-term debt obligations	$505,481	$ 4,935	$ 1,208	$ 821	$172,517	$326,000	$ —
Capital lease obligations	106	101	5	—	—	—	—
Operating lease obligations	41,462	15,493	11,145	5,874	2,825	2,006	4,119
Total contractual obligations	$547,049	$20,529	$12,358	$6,695	$175,342	$328,006	$ 4,119

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 December 31, 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. 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 December 31, 2003, the total long-term balances due from both of these customers was $80.7 million, with an allowance for doubtful accounts of $46.4 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 expect the outcome of any of these proceedings, separately or in the aggregate 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 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 for 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 of acquired companies. In addition, we perform network service work for Aquila, which had an investment in us until 2003. Aquila sold all investments in us during 2003. See additional discussion in Note 12 of Notes to Consolidated Financial Statements.

Inflation

Due to relatively low levels of inflation experienced during the years ended December 31, 2001, 2002 and 2003, inflation did not have a significant effect on our results.

Significant Balance Sheet Changes

Total assets increased approximately $101.6 million as of December 31, 2003 compared to December 31, 2002. This increase is primarily due to the following:

- Cash increased $151.7 million due to cash flow from operations of $117.2 million and cash flow from financing activities of $76.6 million. Included in cash flow from operations is the receipt of $44.0 million in tax refunds as a result of income tax carryback claims filed during 2003.

- Current deferred taxes decreased $23.6 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 $31.8 million due to an increase in income taxes receivable of $18.2 million associated with the recording of a federal net operating loss in 2003, which we intend to file as a carryback claim with the Internal Revenue Service in 2004. The increase was also due to the net funding of a cash trust account for the current portion of self-insurance claims liability in the amount of $8.7 million and to a net change in prepayments for insurance policy renewals in the amount of $3.6 million, partially offset by monthly amortization of various prepaid balances.

- Property and equipment, net decreased $28.0 million due to depreciation expense of $59.5 million recorded during the period and $4.4 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 $35.9 million.

- Accounts and notes receivable, net decreased $16.6 million primarily due to additional allowances recorded during the period.

- Other assets, net increased $6.3 million primarily due to deferred loan costs of approximately $12.1 million associated with the issuance of convertible subordinated notes and a new credit facility partially offset by the write-off of approximately $3.3 million of financing costs associated with the senior secured notes and our previous credit facility. In addition, an investment in a fiber network was disposed of at loss of approximately $2.9 million.

In 2003, total liabilities increased approximately $123.1 million, redeemable common stock decreased $72.9 million and stockholders' equity increased approximately $51.5 million compared to 2002. These fluctuations were primarily due to the following:

- Long-term debt, including current maturities, decreased $156.7 million primarily due to the repayment of $210.0 million of senior secured notes, partially offset by $56.0 million drawn as a term loan under the new credit facility.

- Convertible subordinated notes increased by $270.0 million as the notes were issued during the fourth quarter of 2003.

- Deferred income taxes and other non-current liabilities increased $21.0 million as a result of the recording of $14.0 million in additional long-term tax liabilities and an increase of $8.8 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 $51.5 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 amortization, grants and forfeitures of restricted stock in the amount of $2.8 million. These increases were partially offset by a net loss attributable to common stock of $32.9 million.

Results of Operations

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

	Year Ended December 31,					
	2001		2002		2003	
Revenues	$2,014,877	100.0%	$1,750,713	100.0%	$1,642,853	100.0%
Cost of services (including depreciation)	1,601,039	79.5	1,513,940	86.5	1,442,958	87.8
Gross profit	413,838	20.5	236,773	13.5	199,895	12.2
Selling, general and administrative expenses	194,575	9.6	225,725	12.9	176,872	10.8
Goodwill impairment	—	—	166,580	9.5	6,452	.4
Goodwill amortization	25,998	1.3	—	—	—	—
Income (loss) from operations	193,265	9.6	(155,532)	(8.9)	16,571	1.0
Interest expense	(36,072)	(1.8)	(35,866)	(2.0)	(31,822)	(1.9)
Loss on early extinguishment of debt	—	—	—	—	(35,055)	(2.1)
Other income (expense), net	(227)	—	(2,446)	(0.1)	(2,763)	(.2)
Income (loss) before income tax provision (benefit) and cumulative effect of change in accounting principle	156,966	7.8	(193,844)	(11.0)	(53,069)	(3.2)
Provision (benefit) for income taxes	71,200	3.5	(19,710)	(1.1)	(18,080)	(1.1)
Income (loss) before cumulative effect of change in accounting principle	85,766	4.3	(174,134)	(9.9)	(34,989)	(2.1)
Cumulative effect of change in accounting principle, net of tax	—	—	445,422	25.4	—	—
Net income (loss)	85,766	4.3	(619,556)	(35.3)	(34,989)	(2.1)
Dividends on preferred stock, net of forfeitures	930	0.1	(11)	—	(2,109)	(.1)
Non-cash beneficial conversion charge	—	—	8,508	0.5	—	—
Net income (loss) attributable to common stock	$ 84,836	4.2%	$ (628,053)	(35.8)%	$ (32,880)	(2.0)%

Year ended December 31, 2003 compared to the year ended December 31, 2002

Revenues. Revenues decreased $107.9 million to $1.6 billion, or 6.2%, for the year ended December 31, 2003, with revenues derived from the cable television network services industry decreasing by approximately $81.5 million and revenues from the telecommunications network services industry decreasing by approximately $48.9 million. These decreases were partially offset by increases in revenues derived from the electric power and gas network services industry of approximately $7.5 million and revenues from ancillary services increasing approximately $15.1 million. The overall decrease was due to the continued reduction in capital spending by our customers, which 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 decreased $36.9 million, or 15.6%, to $199.9 million for the year ended December 31, 2003. As a percentage of revenue, gross margin decreased from 13.5% for the year ended December 31, 2002 to 12.2% for the year ended December 31, 2003. The decrease in gross margin was attributable to the negative impact of the factors affecting revenue noted above, 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 and substantially higher than normal rainfall amounts in the South and Southeast during the first and second quarters of 2003, partially offset by increased margins on telecommunications revenues.

Selling, general and administrative expenses. Selling, general and administrative expenses decreased $48.9 million, or 21.6%, to $176.9 million for the year ended December 31, 2003. During the year ended December 31, 2003, we recorded $19.9 million in bad debt expense. During the year ended December 31, 2002, we recorded $35.7 million in bad debt expense, $10.5 million in proxy defense costs and $4.5 million in expensed loan and equity costs associated with amendments of our then existing debt agreements and issuances of stock. Absent these items, selling, general and administrative expenses for the year ended December 31, 2003 decreased approximately $18.1 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 year ended December 31, 2003, as a result of our annual impairment test, we recognized a non-cash SFAS No. 142 goodwill impairment charge of $6.5 million. During the year ended December 31, 2002, we recognized an interim non-cash SFAS No. 142 goodwill impairment charge of $166.6 million.

Interest expense. Interest expense decreased $4.0 million, or 11.3%, to $31.8 million for the year ended December 31, 2003. This decrease was due to lower average levels of debt in 2003 and an expense of approximately $1.0 million for unamortized debt issuance costs relating to amendments of the credit facility charged to interest expense during the year ended December 31, 2002. These decreases were partially offset by increased interest rates.

Loss on early extinguishment of debt. During the year ended December 31, 2003, we recognized $35.1 million of loss on early extinguishment of debt comprised of make-whole prepayment premiums in the amount of $31.3 million, the write-off of unamortized debt issuance costs of $3.3 million associated with the retirement of our senior secured notes and the termination of our previous credit facility together with other related costs of $0.5 million.

Provision (benefit) for income taxes. The benefit for income taxes was $18.1 million for the year ended December 31, 2003, with an effective tax rate of 34.1%, compared to a benefit of $19.7 million for the year ended December 31, 2002, with an effective tax rate of 10.2%. The 2002 annual effective tax rate reflects a benefit for income taxes at a rate that is lower than the 2003 annual effective tax rate primarily due to the significant 2002 interim goodwill impairment charge, the majority of which was not deductible for tax purposes, thereby reducing the amount of tax benefit recorded for the year ended December 31, 2002.

Dividends on preferred stock, net of forfeitures. For the year ended December 31, 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 forfeited and reversed on the date of conversion.

Year ended December 31, 2002 compared to the year ended December 31, 2001

Revenues. Revenues decreased $264.2 million, or 13.1%, to $1.75 billion for the year ended December 31, 2002, with revenues derived from the telecommunications network services industry decreasing by approximately $313.3 million and revenues from the cable television network services industry decreasing by approximately $81.0 million. These decreases were partially offset by increases in revenues from the electric power and gas network services industry of approximately $121.4 million and revenues from ancillary services increasing approximately $8.8 million. Also offsetting the decrease is a full year of contributed revenues for those companies acquired during 2001. The overall decrease was due to the continued reduction in capital spending by our customers, the inability of certain of these customers to raise new capital, bankruptcies of certain customers and the overall downturn in the national economy, which had negatively impacted the award of work to specialty contractors. Pricing pressures also contributed to lower revenues as the competitive bid environment tightened.

Gross profit. Gross profit decreased $177.1 million to $236.8 million for the year ended December 31, 2002. Gross margin decreased from 20.5% for the year ended December 31, 2001 to 13.5% for the year ended December 31, 2002. The decrease in gross margin resulted primarily from declining volumes due to economic factors noted above, significantly lower margins on work performed due to increased pricing pressures and lower asset utilization. The decrease also resulted from higher than normal transition costs during the first six months of 2002 on one telecommunications outsourcing contract.

Selling, general and administrative expenses. Selling, general and administrative expenses increased $31.2 million, or 16.0%, to $225.7 million for the year ended December 31, 2002. During the year ended December 31, 2002, we recorded $35.7 million in bad debt expense, $10.5 million in proxy costs and $4.5 million in expensed loan and equity transaction costs associated with amendments of our existing debt agreements and issuances of stock. During the year ended December 31, 2001, we recorded $20.3 million in bad debt expense and $1.1 million in proxy costs. Excluding the impact of these items, selling, general and administrative expenses for the year ended December 31, 2002 increased approximately $1.8 million, primarily due to the inclusion of a full year of costs associated with companies acquired during 2001 and higher professional fees due to increased collection efforts on troubled accounts, partially offset by reductions in personnel and bonuses. As a percentage of revenues, selling, general and administrative expenses increased due to the items noted above, as well as the impact of lower revenues.

Goodwill impairment. During the year ended December 31, 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.

Interest expense. Interest expense decreased $0.2 million, or 0.6%, to $35.9 million for the year ended December 31, 2002, due to lower average levels of debt outstanding during 2002, partially offset by higher weighted average interest rates in 2002 and expensed loan costs associated with debt amendments in 2002.

Provision (benefit) for income taxes. The benefit for income taxes was $19.7 million for the year ended December 31, 2002, with an effective tax rate of 10.2%, compared to a provision of $71.2 million for the year ended December 31, 2001 and an effective tax rate of 45.4%. The lower tax rate in 2002 results primarily from the interim goodwill impairment charge, the majority of which is not deductible for tax purposes, thereby reducing the amount of tax benefit recorded.

Cumulative effect of change in accounting principle, net of tax. Based on our transitional impairment test performed upon adoption of SFAS No. 142, 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 for the year ended December 31, 2002. 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 year ended December 31, 2002.

Net income (loss). Net income decreased $705.3 million to a net loss of $619.6 million for the year ended December 31, 2002, compared to net income of $85.8 million for the year ended December 31, 2001, primarily due to impairments of goodwill recorded pursuant to SFAS No. 142 and decreased gross profit as described above.

Dividends on preferred stock. For the year ended December 31, 2002, we recorded approximately $11,000 in negative dividends on preferred stock. In connection with their investment in us, on October 15, 2002, First Reserve acquired approximately 0.9 million shares of our Series A Convertible Preferred Stock. On October 15, 2002, First Reserve forgave approximately $780,000 in dividends that had accrued on those shares. On December 2, 2002, and December 23, 2002, 238,000 shares and 7,000 shares of Series A Convertible Preferred Stock, respectively, were converted into shares of common stock. Any dividends that had accrued on the respective shares of Series A Convertible Preferred Stock were forfeited and reversed on the date of conversion.

Non-cash beneficial conversion charge. The original as-converted share price negotiated with First Reserve for the Series E Preferred Stock on October 15, 2002 was $3.00 per share which was an above market

price. On December 20, 2002, the date First Reserve purchased the Series E Preferred Stock, our stock closed at $3.35 per share. Accordingly, we recorded a non-cash beneficial conversion charge of $8.5 million based on the $0.35 per share differential. The non-cash beneficial conversion charge is recognized as a deemed dividend to the Series E Preferred Stockholder and is recorded as a decrease to net income attributable to common stock and an increase in additional paid-in capital. The non-cash beneficial conversion charge had no effect on our operating income, cash flows or stockholders' equity at December 31, 2002.

New Accounting Pronouncements

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.

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, which are also described in Note 2 of Notes to Consolidated Financial Statements, 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.

Valuation of Long-Lived Assets. As stated in Note 2 of Notes to 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.

We review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be realizable. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if an impairment of such asset is necessary. Estimating future cash flows requires significant judgement and our projections may vary from cash flows eventually realized. The effect of any impairment would be to expense the difference between the fair value of such asset and its carrying value. In addition, we estimate the useful lives of our long-lived assets and other intangibles. We periodically review factors to determine whether these lives are appropriate.

Revenue Recognition. 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. Changes in job performance, job conditions, estimated profitability and final contract settlements may result in revisions to costs and income and their effects are recognized in the period in which the revisions are determined.

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 option awards 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, a majority of our stock options were exchanged for restricted shares of our common stock. The remaining eligible options that were not exchanged are required to be accounted for under variable plan accounting rules of APB opinion No. 25. See additional discussion in Note 10 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 electric power, gas, telecommunications and cable television industries, we are facing a number of challenges. The telecommunications and utility markets experienced substantial change during 2002 and 2003 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 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. In addition, our utility customers have an increasing awareness of transmission and distribution network upgrade needs. 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 2004 are expected to be approximately $40.0 million to $50.0 million. A majority of the expenditures will be for operating equipment. We expect expenditures for 2004 to be funded substantially through internal cash flows and, to the extent necessary, from cash on hand.

Sarbanes-Oxley Act and New SEC Rules

Several regulatory and legislative initiatives were introduced in 2002 and 2003 in response to developments during 2001 and 2002 regarding accounting issues at large public companies, resulting disruptions in the capital markets and ensuing calls for action to prevent repetition of those events. We support the actions called for under these initiatives and believe these steps will ultimately be successful in accomplishing the stated objectives. However, implementation of reforms in connection with these initiatives have added and will add to the costs of doing business for all publicly-traded entities, including Quanta. These costs will have an adverse impact on future income and cash flows, especially in the near term as legal, accounting and consulting costs are incurred to analyze the new requirements, formalize current practices and implement required changes to ensure that we maintain compliance with these new rules. There is little in the way of historical guidance to accurately predict these costs and we are not able to estimate the magnitude of increase in our costs that will result from such reforms.

Uncertainty of Forward-Looking Statements and Information

This Annual Report on Form 10-K 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:

- Quarterly variations in our operating results due to seasonality and adverse weather conditions;
- The future possibility of an economic downturn;
- Our dependence on fixed price contracts;
- Material adverse changes in economic conditions in the markets served by us or by our customers;
- Rapid technological and structural changes that could reduce the demand for the services we provide;
- Our ability to effectively compete for market share;
- Cancellation provisions within our contracts; and
- Potential liabilities relating to occupational health and safety matters;
- Retention of key personnel and qualified employees;
- The impact of our unionized workforce on our operations and acquisition strategy;
- Our growth outpacing our infrastructure;
- Potential exposure to environmental liabilities;
- The cost of borrowing, availability of credit, debt covenant compliance and other factors affecting our financing activities;
- Our ability to generate internal growth;
- The adverse impact of goodwill impairments;
- Replacement of our contracts as they are completed or expire;
- Our ability to effectively integrate the operations of our companies;
- Beliefs and assumptions about the collectibility of receivables;
- 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 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

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

The sensitivity analyses below, which illustrate our hypothetical potential market risk exposure, estimate the effects of hypothetical sudden and sustained changes in the applicable market conditions on 2003 earnings. The sensitivity analyses presented do not consider any additional actions we may take to mitigate our exposure to such changes. The hypothetical changes and assumptions may be different from what actually occurs in the future.

Interest Rates. As of December 31, 2003, we had no derivative financial instruments to manage interest rate risk. As such, we are exposed to earnings and fair value risk due to changes in interest rates with respect to our long-term obligations. As of December 31, 2002 and 2003, the fair value of our fixed-rate debt of $392.3 million and $449.6 million was approximately $317.3 million and $449.2 million, respectively, based upon discounted future cash flows using incremental borrowing rates and current market prices. As of December 31, 2003, the fair value of our variable rate debt of $56.0 million approximated book value and the detrimental effect on our pretax earnings of a hypothetical 50 basis point increase in variable interest rates would be approximately $0.3 million. As of December 31, 2002, we had no borrowings under our credit facility and no other variable rate obligations.

ITEM 8. ***Financial Statements and Supplementary Data***

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Quanta Services, Inc. and Subsidiaries	
Report of Independent Auditors (PricewaterhouseCoopers LLP)	34
Report of Independent Public Accountants (Arthur Andersen LLP)	35
Consolidated Balance Sheets	36
Consolidated Statements of Operations	37
Consolidated Statements of Cash Flows	38
Consolidated Statements of Stockholders' Equity	39
Notes to Consolidated Financial Statements	40

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders of Quanta Services, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, stockholders' equity and cash flows present fairly, in all material respects, the financial position of Quanta Services, Inc. and its subsidiaries at December 31, 2002 and 2003, and the results of their operations and their cash flows for each of the two years in the period then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. The consolidated financial statements of Quanta Services, Inc. as of and for the year ended December 31, 2001, prior to the revisions discussed in Note 2, were audited by other independent public accountants who have ceased operations. Those independent public accountants expressed an unqualified opinion on those financial statements in their report dated February 14, 2002 (except for the matters discussed in prior year Note 16 (not separately presented herein), as to which the date was March 25, 2002).

As discussed in Note 2 to the consolidated financial statements, effective January 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets".

As discussed above, the consolidated financial statements of Quanta Services, Inc. for the year ended December 31, 2001, prior to the revisions described in Note 2, were audited by other independent public accountants who have ceased operations. As described in Note 2, these consolidated financial statements have been revised to include the transitional disclosures required by Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets", which was adopted by the Company as of January 1, 2002. We audited the transitional disclosures described in Note 2. In our opinion, the transitional disclosures for 2001 in Note 2 are appropriate. However, we were not engaged to audit, review or apply any procedures to the 2001 consolidated financial statements of Quanta Services, Inc. other than with respect to such disclosures and, accordingly, we do not express an opinion or any other form of assurance on the 2001 consolidated financial statements taken as a whole.

PRICEWATERHOUSECOOPERS LLP

Houston, Texas

March 10, 2004

NOTE: This is a copy of a report previously issued by Arthur Andersen LLP, our former independent public accountants. This report has not been reissued by Arthur Andersen LLP in connection with the filing of Quanta Services, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2002. Quanta Services Inc.'s consolidated balance sheet as of December 31, 2000 and 2001 and the consolidated statements of operations, stockholders' equity and cash flows for the years ended December 31, 1999 and 2000 are not required to be presented and are not included in this Form 10-K. Additionally, the reference to Note 16 below is applicable to the Company's footnotes to their audited financial statements as of December 31, 2001.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Quanta Services, Inc.:

We have audited the accompanying consolidated balance sheets of Quanta Services, Inc. (a Delaware corporation) and subsidiaries as of December 31, 2000 and 2001, and the related consolidated statements of operations, cash flows and stockholders' equity for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Quanta Services, Inc. and subsidiaries as of December 31, 2000 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Houston, Texas

February 14, 2002 (except for the matters
discussed in Note 16, as to which
the date is March 25, 2002)

QUANTA SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except share information)

	December 31,	
	2002	2003
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 27,901	$ 179,626
Accounts receivable, net of allowances of $37,585 and $27,306, respectively	367,057	364,844
Costs and estimated earnings in excess of billings on uncompleted contracts	54,749	45,473
Inventories	25,646	23,809
Current deferred taxes	28,968	5,414
Prepaid expenses and other current assets	25,176	56,927
Total current assets	529,497	676,093
Property and equipment, net	369,568	341,542
Accounts and notes receivable, net of allowances of $28,389 and $46,374, respectively	50,900	34,327
Other assets, net	19,250	25,591
Goodwill and other intangibles, net	395,597	388,882
Total assets	$1,364,812	$1,466,435
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$ 6,652	$ 5,034
Accounts payable and accrued expenses	189,080	175,445
Billings in excess of costs and estimated earnings on uncompleted contracts	16,409	18,911
Total current liabilities	212,141	199,390
Long-term debt, net of current maturities	213,167	58,051
Convertible subordinated notes	172,500	442,500
Deferred income taxes and other non-current liabilities	82,411	103,362
Total liabilities	680,219	803,303
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 116,426,215 shares issued and 69,706,528 and 115,499,775 shares outstanding, respectively	—	—
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	1,071,701
Deferred compensation	(302)	(7,359)
Retained deficit	(356,605)	(389,485)
Treasury stock, 926,371 and 926,440 common shares, at cost	(11,725)	(11,725)
Total stockholders' equity	611,671	663,132
Total liabilities and stockholders' equity	$1,364,812	$1,466,435

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

QUANTA SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except share information)

	Year Ended December 31,		
	2001	2002	2003
Revenues	$2,014,877	$1,750,713	$1,642,853
Cost of services (including depreciation)	1,601,039	1,513,940	1,442,958
Gross profit	413,838	236,773	199,895
Selling, general and administrative expenses	194,575	225,725	176,872
Goodwill impairments	—	166,580	6,452
Goodwill amortization	25,998	—	—
Income (loss) from operations	193,265	(155,532)	16,571
Other income (expense):			
Interest expense	(36,072)	(35,866)	(31,822)
Loss on early extinguishment of debt	—	—	(35,055)
Other, net	(227)	(2,446)	(2,763)
Income (loss) before income tax provision (benefit) and cumulative effect of change in accounting principle	156,966	(193,844)	(53,069)
Provision (benefit) for income taxes	71,200	(19,710)	(18,080)
Income (loss) before cumulative effect of change in accounting principle	85,766	(174,134)	(34,989)
Cumulative effect of change in accounting principle, net of tax	—	445,422	—
Net income (loss)	85,766	(619,556)	(34,989)
Dividends (forfeitures) on preferred stock, net	930	(11)	(2,109)
Non-cash beneficial conversion charge	—	8,508	—
Net income (loss) attributable to common stock	$ 84,836	$ (628,053)	$ (32,880)
Earnings (loss) per share:			
Basic earnings (loss) per share before cumulative effect of change in accounting principle	$ 1.11	$ (2.90)	$ (0.30)
Cumulative effect of change in accounting principle, net of tax	—	(7.08)	—
Basic earnings (loss) per share	$ 1.11	$ (9.98)	$ (0.30)
Diluted earnings (loss) per share before cumulative effect of change in accounting principle	$ 1.10	$ (2.90)	$ (0.30)
Cumulative effect of change in accounting principle, net of tax	—	(7.08)	—
Diluted earnings (loss) per share	$ 1.10	$ (9.98)	$ (0.30)
Shares used in computing earnings (loss) per share:			
Basic	77,256	62,957	110,906
Diluted	78,238	62,957	110,906

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

QUANTA SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Year Ended December 31,		
	2001	2002	2003
Cash Flows from Operating Activities:			
Net income (loss) attributable to common stock	$ 84,836	$(628,053)	$ (32,880)
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	6,452
Depreciation and amortization	79,374	60,576	60,105
Loss on sale of property and equipment	1,191	3,729	1,347
Provision for doubtful accounts	20,244	30,098	19,890
Loss on early extinguishment of debt	—	—	35,055
Deferred income taxes	10,006	6,105	37,532
Amortization of deferred compensation	230	219	2,766
Preferred stock dividends (forfeitures), net	930	(11)	(2,109)
Loss on disposition of fiber network	—	—	2,945
Non-cash beneficial conversion charge	—	8,508	—
Changes in operating assets and liabilities, net of non-cash transactions —			
(Increase) decrease in —			
Accounts receivable	11,378	55,929	(4,881)
Costs and estimated earnings in excess of billings on uncompleted contracts	15,799	(5,059)	9,276
Inventories	(3,636)	(593)	1,837
Prepaid expenses and other current assets	(1,045)	(10,713)	(21,290)
Increase (decrease) in —			
Accounts payable and accrued expenses	(4,026)	1,580	(4,342)
Billings in excess of costs and estimated earnings on uncompleted contracts	3,184	(14,857)	2,502
Other, net	(8,439)	2,062	2,978
Net cash provided by operating activities	210,026	121,522	117,183
Cash Flows from Investing Activities:			
Proceeds from sale of property and equipment	3,397	4,559	3,168
Additions of property and equipment	(84,982)	(49,454)	(35,943)
Cash restricted for self-insurance programs	—	—	(9,293)
Cash paid for acquisitions, net of cash acquired	(119,496)	(8,000)	—
Notes receivable	(20,740)	(17,252)	—
Net cash used in investing activities	(221,821)	(70,147)	(42,068)
Cash Flows from Financing Activities:			
Net borrowings (payments) under credit facilities	16,450	(109,330)	56,000
Proceeds from long-term debt	2,983	3,062	274,856
Payments on long-term debt	(18,016)	(10,805)	(217,590)
Debt issuance and amendment costs	—	(4,163)	(12,102)
Issuances of stock, net of offering costs	8,721	102,114	7,103
Cash portion of loss on early extinguishment of debt	—	—	(31,675)
Stock repurchases	(15,307)	(11,725)	—
Exercise of stock options	5,945	1,086	18
Net cash provided by (used in) financing activities	776	(29,761)	76,610
Net Increase (Decrease) in Cash and Cash Equivalents	(11,019)	21,614	151,725
Cash and Cash Equivalents, beginning of year	17,306	6,287	27,901
Cash and Cash Equivalents, end of year	$ 6,287	$ 27,901	$ 179,626
Supplemental Disclosure of Cash Flow Information:			
Cash paid during the year for —			
Interest	$ 36,556	$ 35,200	$ 30,794
Income taxes, net of refunds	41,857	(18,316)	(42,140)

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

QUANTA SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands, except share information)

	Series A Convertible Preferred Stock		Common Stock		Limited Vote Common Stock		Additional Paid-in Capital	Deferred Compensation	Retained Earnings	Treasury Stock	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount					
Balance, December 31, 2000	3,444,961	$ —	56,400,546	$ —	1,765,912	$ —	$ 882,344	$ —	$ 186,612	$ —	$ 1,068,956
Issuances of shares under Employee Stock Purchase Program (ESPP)	—	—	462,179	—	—	—	8,721	—	—	—	8,721
Stock options exercised	—	—	395,158	—	—	—	5,945	—	—	—	5,945
Income tax benefit from stock options exercised	—	—	—	—	—	—	2,456	—	—	—	2,456
Conversion of Limited Vote Common Stock to common stock	—	—	649,674	—	(649,674)	—	—	—	—	—	—
Acquisition of purchased companies	—	—	2,649,707	—	—	—	49,486	—	—	—	49,486
Purchases of common stock	—	—	(986,000)	—	—	—	—	—	—	(15,307)	(15,307)
Issuances of restricted stock	—	—	72,701	—	—	—	2,000	(2,000)	—	—	—
Amortization of deferred compensation	—	—	—	—	—	—	—	230	—	—	230
Other	—	—	—	—	—	—	1,428	—	—	—	1,428
Net income attributable to common stock	—	—	—	—	—	—	—	—	84,836	—	84,836
Balance, December 31, 2001	3,444,961	—	59,643,965	—	1,116,238	—	952,380	(1,770)	271,448	(15,307)	1,206,751
Conversion of Series A Preferred Stock to common stock	(245,000)	—	1,225,000	—	—	—	—	—	—	—	—
Issuances of shares under ESPP	—	—	662,147	—	—	—	6,872	—	—	—	6,872
Income tax benefit from disqualifying dispositions of ESPP shares	—	—	—	—	—	—	1,009	—	—	—	1,009
Stock options exercised	—	—	119,265	—	—	—	1,086	—	—	—	1,086
Income tax benefit from stock options exercised	—	—	—	—	—	—	320	—	—	—	320
Conversion of Limited Vote Common Stock to common stock	—	—	32,488	—	(32,488)	—	—	—	—	—	—
Stock Employee Compensation Trust	—	—	—	—	—	—	(15,307)	—	—	15,307	—
Purchases of common stock	—	—	(926,371)	—	—	—	—	—	—	(11,725)	(11,725)
Acquisition of purchased companies	—	—	251,079	—	—	—	3,418	—	—	—	3,418
Equity investment by First Reserve, excluding Redeemable Common Stock	—	—	8,666,666	—	—	—	22,320	—	—	—	22,320
Beneficial conversion of Series E Preferred Stock	—	—	—	—	—	—	8,508	—	—	—	8,508
Issuances of restricted stock, net of forfeitures	—	—	32,289	—	—	—	(1,249)	1,249	—	—	—
Amortization of deferred compensation	—	—	—	—	—	—	—	219	—	—	219
Tax impact of deferred compensation agreements	—	—	—	—	—	—	(114)	—	—	—	(114)
Other	—	—	—	—	—	—	1,060	—	—	—	1,060
Net loss attributable to common stock	—	—	—	—	—	—	—	—	(628,053)	—	(628,053)
Balance, December 31, 2002	3,199,961	—	69,706,528	—	1,083,750	—	980,303	(302)	(356,605)	(11,725)	611,671
Conversion of Series A Preferred Stock to common stock	(3,199,961)	—	15,999,805	—	—	—	—	—	—	—	—
Issuances of stock under preemptive rights agreement	—	—	1,201,128	—	—	—	3,570	—	—	—	3,570
Redeemable common stock reclassification	—	—	24,307,410	—	—	—	72,922	—	—	—	72,922
Issuances of shares under ESPP	—	—	1,148,632	—	—	—	3,533	—	—	—	3,533
Income tax benefit from disqualifying dispositions of ESPP Shares	—	—	—	—	—	—	228	—	—	—	228

Conversion of Limited Vote Common Stock to common stock	—	—	16,000	—	(16,000)	—	—	—	—	—	—
Issuances of restricted stock, net of forfeitures	—	—	3,113,115	—	—	—	9,823	(9,823)	—	—	—
Amortization of deferred compensation	—	—	—	—	—	—	—	2,766	—	—	2,766
Stock options exercised	—	—	7,157	—	—	—	18	—	—	—	18
Income tax benefit from stock options exercised	—	—	—	—	—	—	3	—	—	—	3
Other	—	—	—	—	—	—	1,301	—	—	—	1,301
Net loss attributable to common stock	—	—	—	—	—	—	—	—	(32,880)	—	(32,880)
Balance, December 31, 2003	—	$ —	115,499,775	$ —	1,067,750	$ —	$1,071,701	$ (7,359)	$(389,485)	$(11,725)	$ 663,132

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

QUANTA SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

In the course of its operations, Quanta is subject to certain risk factors, including but not limited to risks related to significant fluctuations in quarterly results, economic downturn, contract terms, competition, occupational health and safety matters, rapid technological and structural changes in the industries Quanta serves, ability to obtain or maintain performance bonds, management of growth, dependence on key personnel, unionized workforce, availability of qualified employees, self-insured against potential liabilities, potential exposure to environmental liabilities, pursuit of additional work in the government arena, requirements of Sarbanes-Oxley Act of 2002, access to capital, internal growth and operating strategies, recoverability of goodwill, replacing cancelled or completed contracts, acquisition integration and financing and anti-takeover measures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of Consolidation

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.

Reclassifications

Certain reclassifications have been made in prior years' financial statements to conform to classifications used in the current year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the use of estimates and assumptions by management in determining the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities known to exist as of the date 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 assumptions in analyzing goodwill and long-lived asset impairments, self-insured claims liabilities, revenue recognition under percentage-of-completion accounting and provision for income taxes.

Cash and Cash Equivalents

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

Supplemental Cash Flow Information

Quanta had non-cash investing and financing activities, pursuant to its acquisition program. In 2002, Quanta acquired assets through purchase acquisitions with an estimated fair value, net of cash acquired, of $2.0 million and liabilities of $2.5 million, resulting in the recording of $11.8 million in goodwill. In 2001,

Quanta acquired assets through purchase acquisitions with an estimated fair value, net of cash acquired, of $20.9 million and liabilities of $13.1 million resulting in the recording of $156.9 million in goodwill.

Current and Long-Term 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 December 31, 2002 and 2003, Quanta has provided allowances for doubtful accounts of approximately $66.0 million and $73.7 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, one of Quanta's customers, Adelphia Communications Corporation, 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 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. During 2002 and 2003, we provided allowances for a significant portion of these notes receivable due to a change in the economic viability of the plants securing them. The collectibility of these notes may ultimately depend on the value of the collateral securing these notes. As of December 31, 2002, the total balance due from both of these customers was $78.4 million, net of an allowance for doubtful accounts of $28.4 million. As of December 31, 2003, the total balance from both of these customers was $80.7 million, with an allowance for doubtful accounts of $46.4 million.

The balances billed but not paid by customers pursuant to retainage provisions in certain contracts will be due upon completion of the contracts and acceptance by the customer. Based on Quanta's experience with similar contracts in recent years, the majority of the retention balance at each balance sheet date will be collected within the subsequent fiscal year. Current retainage balances as of December 31, 2002 and 2003 were approximately $47.2 million and $37.2 million, and are included in accounts receivable.

Due to contractual provisions, certain balances, though the earnings process is complete, are not billable to customers until defined milestones are reached. These balances are considered to be unbilled receivables and are included in accounts receivable at year-end. At December 31, 2002 and 2003, these balances were approximately $39.7 million and $42.8 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 generally is entitled to payment for work performed and typically has certain lien rights on the services provided. No customer accounted for more than 10% of accounts receivable or revenues as of or for the years ended December 31, 2002 or 2003.

Inventories

Inventories consist of parts and supplies held for use in the ordinary course of business and are valued by Quanta at the lower of cost or market using the first-in, first-out (FIFO) method. As of December 31, 2002 and 2003, Quanta has recorded a valuation allowance of approximately $3.0 million.

Property and Equipment

Property and equipment are stated at cost, and depreciation is computed using the straight-line method, net of estimated salvage values, over the estimated useful lives of the assets. Leasehold improvements are capitalized and amortized over the lesser of the life of the lease or the estimated useful life of the asset. Depreciation and amortization expense related to property and equipment was approximately $53.4 million, $60.2 million and $59.5 million for the years ended December 31, 2001, 2002 and 2003, respectively.

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

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

Debt Issuance Costs

As of December 31, 2002 and 2003, capitalized debt issuance costs related to Quanta's credit facility, the convertible subordinated notes and the senior secured notes were included in Other Assets, net and are being amortized into interest expense over the terms of the respective agreements. As of December 31, 2002 and 2003, capitalized debt issuance costs were $15.9 million and $17.8 million with accumulated amortization of $6.4 million and $3.2 million. For the years ended December 31, 2001, 2002 and 2003, amortization expense was $2.0 million, $3.6 million and $3.5 million, respectively.

Quanta incurred $7.7 million in debt issuance costs related to the October 2003 4.5% convertible subordinated notes offering, which were capitalized and are being amortized over five years to October 1, 2008, the first date of the holders' put option discussed in Note 7. Quanta capitalized debt issuance costs of $4.4 million in connection with the credit facility entered into in December 2003. Upon retirement of the senior secured notes and the termination of Quanta's former credit facility in the fourth quarter of 2003 discussed in Note 7, Quanta expensed $3.3 million of unamortized debt issuance costs as part of the loss on early extinguishment of debt.

QUANTA SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Goodwill and Other Intangibles

Effective January 1, 2002, Quanta adopted Statement of Financial Accounting Standards (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. 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 on January 1, 2002, it 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. This impairment is a result of adopting a fair value approach, under SFAS No. 142, to testing impairment of goodwill as compared to the previous method utilized, as permitted under accounting standards existing at that time, in which evaluations of goodwill impairment were made by Quanta using estimated future undiscounted cash flows to determine if goodwill would be recoverable. Under SFAS No. 142, the impairment adjustment recognized at adoption of the new rules was reflected as a cumulative effect of change in accounting principle, net of tax, in the year ended December 31, 2002.

Quanta further recognized an interim non-cash goodwill impairment charge of $166.6 million during the year ended December 31, 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 at the time 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.

During the fourth quarter of 2003, as part of our annual goodwill test for impairment, goodwill of $6.5 million was written off as a non-cash operating expense.

A summary of changes in Quanta's goodwill is as follows (in thousands):

	Year Ended December 31,	
	2002	2003
Balance, January 1	$1,036,982	$393,759
Acquisitions and adjustments	11,829	—
Impairments	(655,052)	(6,452)
Balance, December 31,	$ 393,759	$387,307

Quanta recorded an Other Intangible Asset of $2.1 million related to customer relationships during 2002. The estimated life of this intangible asset is eight years and accumulated amortization as of December 31, 2002 and 2003, was approximately $0.3 million and $0.5 million. Estimated annual amortization expense for future periods is approximately $0.3 million.

QUANTA SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The adjusted results of operations for the year ended December 31, 2001, reflect the operations of Quanta had the non-amortization provisions of SFAS No. 142 been adopted effective January 1, 2001 (in thousands, except per share data):

	Year Ended December 31, 2001
Net income attributable to common stock	$ 84,836
Addback goodwill amortization, net of tax	21,960
Adjusted net income attributable to common stock	$ 106,796
Basic earnings per share:	
Reported basic earnings per share	$ 1.11
Goodwill amortization, net of tax	0.28
Adjusted basic earnings per share	$ 1.39
Diluted earnings per share before:	
Reported diluted earnings per share	$ 1.10
Goodwill amortization, net of tax	0.28
Adjusted diluted earnings per share	$ 1.38

Revenue Recognition

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

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

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 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.

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.

Self-Insurance

As of December 31, 2003, Quanta is 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. In addition, Quanta maintains a non-union employee related health care benefits plan that is subject to a deductible of $250,000 per claimant per year. Losses up to the deductible amounts are accrued based upon Quanta's estimates of the ultimate liability for claims incurred and an estimate of claims incurred but not reported. The accruals are based upon known facts and historical trends and management believes such accruals to be adequate. At December 31, 2002 and 2003, the amounts accrued for self-insurance claims were $45.0 million and $62.3 million, with $27.4 million and $36.2 million, considered to be long-term and included in Other Non-Current Liabilities.

As of December 31, 2003, Quanta had restricted cash pursuant to an obligation with Quanta's casualty insurance policy for the period from March 1, 2003 to February 29, 2004. The total restricted cash will be reduced by amounts used to pay claims in the future. As of December 31, 2003, the balance of restricted cash was $9.3 million of which $8.7 million was classified in other current assets and $0.6 million was classified in Other Assets, net.

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, accounts receivable, accounts payable, the credit facility and notes payable to various financial institutions approximate fair value. The fair value of the senior secured notes was estimated based on interest rates for the same or similar debt offered to Quanta having the same or similar remaining maturities and collateral requirements. At December 31, 2002, the fair value of Quanta's senior secured notes of $210.0 million approximated fair value. The fair value of the convertible subordinated notes is estimated based on quoted secondary market prices for these notes as of year-end. At December 31, 2002 and 2003, the fair value of Quanta's 4.0% convertible subordinated notes of $172.5 million was approximately $97.5 million and $157.2 million. The fair value of Quanta's 4.5% convertible subordinated notes of $270.0 million was approximately $284.9 million at December 31, 2003.

Stock Based Compensation

Quanta accounts for its stock-based compensation under 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, as amended, encourages companies to account for stock based compensation awards based on the fair value of the awards at the date they are granted. The resulting compensation cost would be shown as an expense in the consolidated statements of operations. Companies can choose not to apply the new accounting method and continue to apply current accounting requirements; however, disclosure is required as to what net income and earnings per share would have been had the new accounting method been followed. In addition, Quanta has an Employee Stock Purchase Plan (ESPP). SFAS No. 123 requires the inclusion of stock issued pursuant to an ESPP. The accounting for the restricted stock awards are the same under APB Opinion No. 25 and SFAS No. 123.

QUANTA SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The fair market value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions for 2001 and 2002: (i) risk-free interest rates ranging from 4.64% to 4.84% and 3.45% to 5.27%, (ii) expected life of 7.9 and 6.7 years, (iii) average volatility of 66.9% and 144.5% (iv) dividend yield of 0%. There were no option grants during 2003.

For the ESPP, compensation cost approximates the difference between the fair value of Quanta's common stock and the actual common stock purchase price on the date of grant.

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):

	Year Ended December 31,		
	2001	2002	2003
Net income (loss) attributable to common stock as reported	$ 84,836	$(628,053)	$(32,880)
Add: stock-based employee compensation expense included in reported net income, net of tax	132	134	1,687
Deduct: total stock-based employee compensation expense determined under fair value based method for all awards, net of tax	(20,446)	(22,150)	(9,030)
Net income (loss) attributable to common stock —			
As Adjusted — Basic	$ 64,522	$(650,069)	$(40,223)
As Adjusted — Diluted	$ 64,522	$(650,069)	$(40,223)
Earnings (loss) per share —			
As Reported — Basic	$ 1.11	$ (9.98)	$ (0.30)
As Adjusted — Basic	$ 0.84	$ (10.33)	$ (0.36)
As Reported — Diluted	$ 1.10	$ (9.98)	$ (0.30)
As Adjusted — Diluted	$ 0.82	$ (10.33)	$ (0.36)

The effects of applying SFAS No. 123 in the as adjusted disclosure may not be indicative of future amounts as additional awards may or may not be awarded. See Note 10 for additional discussion of Quanta's stock incentive plans.

New Accounting Pronouncements

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.

QUANTA SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

3. 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 per share for 2001, 2002 and 2003 is illustrated below (in thousands):

	Year Ended December 31,		
	2001	2002	2003
NET INCOME (LOSS):			
Net income (loss) attributable to common stock	$84,836	$(628,053)	$ (32,880)
Dividends on convertible preferred stock, if assumed conversion is dilutive	930	—	—
Net income (loss) for basic earnings (loss) per share	85,766	(628,053)	(32,880)
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	$85,766	$(628,053)	$ (32,880)
WEIGHTED AVERAGE SHARES:			
Weighted average shares outstanding for basic earnings (loss) per share, including convertible preferred stock, if dilutive	77,256	62,957	110,906
Effect of dilutive stock options and restricted stock	982	—	—
Effect of convertible subordinated notes under the "if converted" method — weighted convertible shares issuable	—	—	—
Weighted average shares outstanding for diluted earnings (loss) per share	78,238	62,957	110,906

Pursuant to EITF Topic D-95, "Effect of Participating Convertible Securities on the Computation of Basic Earnings Per Share," the impact of the Series A Convertible Preferred Stock has been included in the computation of basic earnings per share for the year ended December 31, 2001 using the if-converted method. For the years ended December 31, 2001, 2002 and 2003, stock options for approximately 3.9 million, 7.9 million and 0.9 million shares, respectively, were excluded from the computation of diluted earnings per share because the options' exercise prices were greater than the average market price of Quanta's common stock. For the years ended December 31, 2002 and 2003, approximately 116,000 and 16,000 stock options with exercise prices lower than the average market price of Quanta's common stock were also excluded from the computation of diluted earnings per share because the effect of including them would be antidilutive. For the years ended December 31, 2001, 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 per share. For the years ended December 31, 2001, 2002 and 2003, shares of non-vested restricted stock were excluded from the calculation of diluted earnings per share as the impact would have been antidilutive. See Note 10 for further discussion on restricted stock.

4. BUSINESS COMBINATIONS:

During 2001, Quanta completed 9 acquisitions accounted for as purchases. The aggregate consideration paid in these transactions consisted of $119.9 million in cash and 2.4 million shares of common stock. The following summarized unaudited pro forma financial information adjusts the historical financial information by

assuming the acquisition of the companies acquired during 2001 occurred on January 1, 2001 (in thousands, except per share information):

	Year Ended December 31, 2001
	(Unaudited)
Revenues	$2,057,279
Net income attributable to common stock	$ 87,266
Basic earnings per share	$ 1.13
Diluted earnings per share	$ 1.11

Pro forma adjustments included in the amounts above primarily relate to: (a) contractually agreed reductions in salaries and benefits for former owners, and certain key employees; (b) adjustments to amortization expense due to the purchase price allocations; (c) an assumed increase in interest expense in connection with financing the acquisitions; and (d) the adjustment to the federal and state income tax provisions based on the combined operations. The pro forma financial data does not purport to represent what the Company's combined financial position or results of operations would actually have been if such transactions had in fact occurred on the dates indicated and are not necessarily representative of Quanta's financial position or results of operations for any future period.

During 2002, Quanta completed two acquisitions. The aggregate consideration paid in these transactions consisted of $8.0 million in cash, net of cash acquired, and 251,079 shares of common stock. The pro forma effects of these transactions were not material. During 2003, Quanta did not complete any acquisitions.

5. PROPERTY AND EQUIPMENT:

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

	Estimated Useful Lives in Years	December 31, 2002	December 31, 2003
Land	—	$ 4,003	$ 3,750
Buildings and leasehold improvements	5-30	14,107	14,421
Operating equipment and vehicles	5-25	512,948	534,278
Office equipment, furniture and fixtures	3-7	20,757	22,113
		551,815	574,562
Less — Accumulated depreciation and amortization		(182,247)	(233,020)
Property and equipment, net		$ 369,568	$ 341,542

6. DETAIL OF CERTAIN BALANCE SHEET ACCOUNTS:

Activity in Quanta's current and long-term allowance for doubtful accounts consists of the following (in thousands):

	December 31,		
	2001	2002	2003
Balance at beginning of year	$15,612	$35,856	$ 65,974
Acquired balances	3,088	20	—
Charged to expense	20,259	35,710	19,890
Deductions for uncollectible receivables written off, net of recoveries	(3,103)	(5,612)	(12,184)
Balance at end of year	$35,856	$65,974	$ 73,680

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

	December 31,	
	2002	2003
Accounts payable, trade	$ 82,498	$ 76,437
Accrued compensation and related expenses	34,178	30,607
Accrued insurance	24,705	29,191
Accrued interest and fees	5,454	2,756
Federal and state taxes payable	16,066	18,052
Other accrued expenses	26,179	18,402
	$189,080	$175,445

Contracts in progress are as follows (in thousands):

	December 31,	
	2002	2003
Costs incurred on contracts in progress	$ 451,603	$ 517,575
Estimated earnings, net of estimated losses	77,018	79,417
	528,621	596,992
Less — Billings to date	(490,281)	(570,430)
	$ 38,340	$ 26,562
Costs and estimated earnings in excess of billings on uncompleted contracts	$ 54,749	$ 45,473
Less — Billings in excess of costs and estimated earnings on uncompleted contracts	(16,409)	(18,911)
	$ 38,340	$ 26,562

7. LONG-TERM OBLIGATIONS:

Quanta's long-term debt obligations consist of the following (in thousands):

	December 31,	
	2002	2003
Credit facilities	$ —	$ 56,000
Senior secured notes	210,000	—
4.0% convertible subordinated notes	172,500	172,500
4.5% convertible subordinated notes	—	270,000
Notes payable to various financial institutions, interest ranging from 0.0% to 9.06%, secured by certain equipment and other assets	9,372	6,981
Capital lease obligations	447	104
	392,319	505,585
Less — Current maturities	(6,652)	(5,034)
Total long-term debt obligations	$385,667	$500,551

Credit Facility

On December 19, 2003, Quanta entered into a $185.0 million credit facility with various lenders, which replaced our previous credit facility discussed below. The credit facility consists of a $150.0 million letter of credit facility maturing on June 19, 2008, which also provides for term loans, and a $35.0 million revolving credit facility maturing on December 19, 2007, which provides for revolving loans and letters of credit. The letter of credit facility is linked to a $150.0 million deposit made by the lenders, which is held in an account with Bank of America, N.A. This deposit may be used either to support letters of credit or, to the extent that amounts available under the facility are not used to support letters of credit, for term loans. As of December 31, 2003, Quanta had approximately $93.6 million of letters of credit issued under the letter of credit facility, approximately $3.1 million of letters of credit issued under the revolving facility and $56.0 million outstanding as a term loan under the credit facility with an interest rate of 4.15% as of December 31, 2003. Quanta's borrowing availability was $31.9 million as of December 31, 2003.

Under the letter of credit facility, Quanta is subject to a fee equal to 3.00% of the letters of credit outstanding, plus an additional 0.15% of the amount outstanding to the extent the funds in the deposit account do not earn the LIBOR, as defined in the credit facility. Term loans under the facility bear interest at a rate equal to either (a) the Eurodollar Rate (as defined in the credit facility) plus 3.00% or (b) the Base Rate (as described below) plus 3.00%. The Base Rate equals the higher of (i) the Federal Funds Rate (as defined in the credit facility) plus 1/2 of 1% and (ii) the bank's prime rate. The maximum availability under the facility is automatically reduced on December 31 of each year by $1.5 million, beginning December 31, 2004.

Amounts borrowed under the revolving facility bear interest at a rate equal to either (a) the Eurodollar Rate plus 1.75% to 3.00%, as determined by the ratio of our total funded debt to EBITDA, or (b) the Base Rate plus 0.25% to 1.50%, as determined by the ratio of our total funded debt to EBITDA. Letters of credit issued under the revolving facility are subject to a letter of credit fee of 1.75% to 3.00%, based on the ratio of our total funded debt to EBITDA. If Quanta chooses to cash collateralize letters of credit issued under the revolving facility, those letters of credit will be subject to a letter of credit fee of 0.50%. Quanta is also subject to a commitment fee of 0.375% to 0.625%, based on the ratio of its total funded debt to EBITDA, on any unused availability under the revolving facility.

The credit facility contains certain covenants, including a maximum funded debt to EBITDA ratio, a maximum senior debt to EBITDA ratio, a minimum interest coverage ratio, a minimum asset coverage ratio

and a minimum consolidated net worth covenant. The credit facility also limits acquisitions, capital expenditures and asset sales and, subject to some exceptions, prohibits stock repurchase programs and the payment of dividends (other than dividend payments or other distributions payable solely in capital stock). After December 31, 2004, however, Quanta may pay dividends and engage in stock repurchase programs in any fiscal year in an aggregate amount up to twenty-five percent of Quanta's consolidated net income (plus the amount of non-cash charges that reduced such consolidated net income) for the immediately prior fiscal year. The credit facility carries cross-default provisions with Quanta's other debt instruments.

The credit facility is secured by a pledge of all of the capital stock of Quanta's U.S. subsidiaries, 65% of the capital stock of Quanta's foreign subsidiaries and substantially all of Quanta's assets, and it restricts pledges on all material assets. Borrowings under the credit facility are to be used for working capital, capital expenditures and for other general corporate purposes. Quanta's U.S. subsidiaries guarantee the repayment of all amounts due under the credit facility. Quanta's obligations under the credit facility constitute designated senior indebtedness under our convertible subordinated notes.

2000 Credit Facility

As of December 31, 2002, Quanta had a $250.0 million credit facility, as amended, (2000 Credit Facility) with 14 participating banks, which was to mature on June 14, 2004. Upon closing of the above discussed credit facility, the 2000 Credit Facility was terminated. In connection with the termination of the agreement, the related unamortized debt issuance costs in the amount of approximately $0.8 million were expensed in the fourth quarter of 2003 as part of the loss on early extinguishment of debt discussed below. As of December 31, 2002, Quanta had no outstanding borrowings under the 2000 Credit Facility and $71.1 million of letters of credit outstanding.

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 4.0% 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 4.0% convertible subordinated notes beginning July 3, 2003 at specified redemption prices, together with accrued and unpaid interest; however redemption is prohibited by Quanta's credit facility. If certain fundamental changes occur, as described in the indenture, holders of the 4.0% 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 4.0% convertible subordinated notes would be required under Quanta's credit facility.

4.5% Convertible Subordinated Notes

In October 2003, Quanta issued $270.0 million principal amount of 4.5% 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 conversion price of $11.14 per share, subject to adjustment as a result of certain events. The 4.5% convertible subordinated notes require semi-annual interest payments beginning April 1, 2004, until they 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 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 4.5% convertible subordinated notes at par value plus accrued and unpaid interest. The holders of the 4.5% convertible subordinated 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. We must pay any required repurchases on October 1, 2008 in cash. For all other required repurchases, Quanta has the option to deliver cash, shares of our common stock or a combination thereof to satisfy our repurchase obligation. Quanta presently does not anticipate using stock to satisfy any future obligations. If Quanta were to satisfy the obligation with shares of our 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. The 4.5% convertible subordinated notes carry cross-default provisions with Quanta's credit facility and any other debt instrument that exceeds $10.0 million in borrowings.

Senior Secured Notes

In the fourth quarter of 2003, Quanta retired its $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 debt issuance costs for the senior notes in the amount of approximately $2.5 million were expensed in the fourth quarter of 2003 as part of the loss on early extinguishment of debt discussed below.

Loss on Early Extinguishment of Debt

During the year ended December 31, 2003, Quanta recognized a $35.1 million loss on early extinguishment of debt relating to the termination of the 2000 Credit Facility and the retirement of the senior secured notes discussed above. Included in this amount is a make-whole prepayment premium for $31.3 million, write-off of unamortized debt issuance costs of $3.3 million together with other related costs of $0.5 million.

Maturities

The maturities of long-term debt obligations, excluding capital leases, as of December 31, 2003, are as follows (in thousands):

Year Ending December 31 —	
2004	$ 4,935
2005	1,208
2006	821
2007	172,517
2008	326,000
	$505,481

See discussion of capital leases in Note 13.

8. INCOME TAXES:

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

	Year Ended December 31,		
	2001	2002	2003
Federal —			
Current	$52,507	$(29,118)	$(43,446)
Deferred	8,900	7,782	26,970
State —			
Current	8,687	3,303	(1,618)
Deferred	1,106	(1,677)	14
	$71,200	$(19,710)	$(18,080)

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

	Year Ended December 31,		
	2001	2002	2003
Provision (benefit) at the statutory rate	$54,938	$(67,845)	$(18,574)
Increases (decreases) resulting from —			
State income taxes, net of federal benefit	7,001	(1,186)	(2,357)
FAS 142 interim goodwill impairment	—	43,644	—
Non-deductible goodwill	6,762	—	—
Non-deductible expenses	3,614	2,734	2,026
Change in valuation allowance	—	4,108	825
Tax credits	(1,115)	(1,165)	—
	$71,200	$(19,710)	$(18,080)

QUANTA SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

	December 31,	
	2002	2003
Deferred income tax liabilities —		
Property and equipment	$ (90,551)	$ (96,675)
Book/tax accounting method difference	(4,702)	(22,354)
Total deferred income tax liabilities	(95,253)	(119,029)
Deferred income tax assets —		
Allowance for doubtful accounts and other reserves	19,785	11,667
Goodwill	54,567	37,428
Accrued Expenses	22,276	24,538
Net operating loss carryforwards	6,665	22,241
Inventory and other	1,261	6,297
Subtotal	104,554	102,171
Valuation allowance	(10,874)	(11,699)
Total deferred income tax assets	93,680	90,472
Total net deferred income tax liabilities	$ (1,573)	$ (28,557)

At December 31, 2003, Quanta had federal net operating loss carryforwards, the tax effect of which is approximately $10.4 million. These carryforwards, which may provide future tax benefits, begin to expire in 2020. Quanta also had state net operating loss carryforwards, the tax effect of which is approximately $11.8 million. These carryforwards will expire as follows: 2006, $0.1 million; 2007, $0.6 million; 2008, $1.1 million and $10.0 million thereafter. As of December 31, 2003, Quanta had a $31.3 million federal income tax receivable as the result of a federal net operating loss incurred during 2003, which currently is classified in Prepaid Expenses and Other Current Assets. Quanta intends to file a carryback claim with the Internal Revenue Service in 2004.

In assessing the value of deferred tax assets at December 31, 2003, Quanta considered whether it was more likely than not that some or all of the deferred tax assets would not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Quanta considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based upon these considerations, Quanta provided a valuation allowance to reduce the carrying value of certain of its deferred tax assets to their net expected realizable value at December 31, 2003. A portion of the valuation allowance was recorded through the cumulative effect of change in accounting principle, as it related to deferred tax assets recorded as part of the adoption of SFAS No. 142.

9. STOCKHOLDERS' EQUITY:

Series A Convertible Preferred Stock

In September 1999, Quanta issued shares of Series A Convertible Preferred Stock, $.00001 par value per share. The holders of the Series A Convertible Preferred Stock were entitled to receive dividends in cash at a rate of 0.5% per annum on an amount equal to $53.99 per share, plus all unpaid dividends accrued. In connection with the First Reserve Fund IX, L.P. (First Reserve) investment in Quanta, on October 15, 2002,

QUANTA SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

First Reserve acquired approximately 0.9 million shares of our Series A Convertible Preferred Stock. On October 15, 2002, First Reserve forgave approximately $780,000 in dividends that had accrued on those shares. During the fourth quarter of 2002, 245,000 shares of Series A Convertible Preferred Stock were converted into shares of common stock. During the first quarter of 2003, all remaining 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 Preferred Stock were forfeited and reversed on the date of conversion.

Series E Preferred Stock and Redeemable Common Stock

During the fourth quarter of 2002, 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.

The original as-converted share price negotiated with First Reserve for the Series E Preferred Stock on October 15, 2002 was $3.00 per share which was an above market price. On December 20, 2002, the date First Reserve purchased the Series E Preferred Stock, Quanta's stock closed at $3.35 per share. Accordingly, Quanta recorded a non-cash beneficial conversion charge of $8.5 million based on the $0.35 per share differential. The non-cash beneficial conversion charge is recognized as a deemed dividend to the Series E Preferred Stockholder and is recorded as a decrease to net income attributable to common stock and an increase in additional paid-in capital. The non-cash beneficial conversion charge had no effect on Quanta's operating income, cash flows or stockholders' equity at December 31, 2002.

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 2003, First Reserve acquired 1,201,128 shares pursuant to such right.

Stockholder Rights Plan

On March 8, 2000, the board of directors adopted a Stockholder Rights Plan. The Stockholder Rights Plan was amended several times in 2001 and 2002 and was amended and restated on October 24, 2002. Under the Stockholder Rights Plan, as amended, a dividend of one preferred share purchase right (a Right) was declared on each outstanding share of Quanta's common stock (including Quanta's limited vote common stock) and Series A Convertible Preferred Stock (on an as-converted basis) for holders of record as of the close of business on March 27, 2000. The Rights also attach to all common stock (including Quanta's limited vote common stock) and Series A Convertible Preferred Stock that become outstanding between March 27, 2000 and the earliest of the Distribution Date, the Redemption Date and the Final Expiration Date (as such terms are defined in the Stockholder Rights Plan). No separate certificates evidencing the Rights will be issued unless and until they become exercisable. Each Right has an initial exercise price of $153.33. The Rights will be exercisable if a person or group (other than Aquila or First Reserve and their transferees) becomes the beneficial owner of 15% or more of the voting power of Quanta's common shares, assuming conversion, or commences a tender offer which if completed would result in that person or group becoming the beneficial owner of 15% or more of Quanta's common shares. The Rights also will be exercisable if Aquila or First Reserve, together with any affiliates or associates, becomes the beneficial owner of more than 37.71% or 37.00%, respectively, of the voting power of Quanta's common shares, assuming conversion. Upon a "Flip-In

Event" as defined in the Stockholder Rights Plan, the Rights held by anyone other than the Acquiring Person, as defined in the Stockholder's Rights Plan, and its transferees would be exercisable for common stock of Quanta at a discount. The Rights will expire on March 8, 2010.

The term "assuming conversion" means assuming conversion of all outstanding equity securities, whether or not then convertible, and excluding the conversion of outstanding options, warrants and other similar rights. When used in reference to First Reserve or any of its transferees, however, "assuming conversion" means assuming conversion of all outstanding equity securities, whether or not then convertible, including the conversion of outstanding options, warrants and other similar rights to acquire equity securities of Quanta.

Limited Vote Common Stock

The shares of Limited Vote Common Stock have rights similar to shares of common stock, except that such shares are entitled to elect one member of the board of directors and are entitled to one-tenth of one vote for each share held on all other matters. Each share of Limited Vote Common Stock will convert into common stock upon disposition by the holder of such shares in accordance with the transfer restrictions applicable to such shares. In 2001, 649,674 shares, in 2002, 32,488 shares and 2003, 16,000 shares of Limited Vote Common Stock, respectively, were converted to common stock.

Treasury Stock

The board of directors of Quanta authorized a Stock Repurchase Plan under which up to $75.0 million of Quanta's common stock could be repurchased. Under the Stock Repurchase Plan, Quanta could conduct purchases through open market transactions in accordance with applicable securities laws. During 2001, Quanta purchased 986,000 shares of common stock for approximately $15.3 million. On March 13, 2002, the 986,000 shares of common stock were sold to Quanta's Stock Employee Compensation Trust (SECT), a trust formed in 2002 to fund certain of Quanta's future employee benefit obligations using Quanta's common stock, and were no longer considered treasury stock. These shares were subsequently retired on June 28, 2002, after Quanta terminated the SECT. During the second quarter of 2002, Quanta purchased 924,500 shares of its common stock for approximately $11.7 million under the Stock Repurchase Plan. As of July 1, 2002, the independent committee of Quanta's board of directors determined to cease the Stock Repurchase Plan. Quanta acquired into treasury 1,871 shares in 2002 and 69 shares in 2003, of previously restricted stock for settlement of employee tax liabilities pursuant to the 2001 Stock Incentive Plan discussed in Note 10.

Deferred Compensation

Under the 2001 Stock Incentive Plan discussed in Note 10, shares of Quanta's common stock are issued at the fair market value of the common stock at the date of issuance. As restricted stock, the shares are subject to forfeiture and other restrictions until they vest, generally over three years in equal annual installments. However, during the restriction period, the plan participants are entitled to vote and receive dividends on such shares. Upon issuance of shares of restricted stock under the plan, 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 as non-cash compensation expense. If shares of restricted stock are cancelled during a given period, any remaining unamortized deferred compensation expense related to the issuance is reversed against additional paid-in capital. Compensation expense recognized with respect to restricted stock awards during the years ended December 31, 2001, 2002 and 2003 was approximately $230,000, $219,000 and $2.8 million, respectively.

10. LONG-TERM INCENTIVE PLANS:

Stock Incentive Plan

In December 1997, the board of directors adopted, and the stockholders of Quanta approved, the 1997 Stock Option Plan. In May 2000, the 1997 Stock Option Plan was amended to expand the definition of "Stock" to include Quanta's Series A Convertible Preferred Stock, common stock and Limited Vote Common Stock. In May 2001, the 1997 Stock Option Plan was amended and renamed the 2001 Stock Incentive Plan. In November 2001, the plan was amended to allow certain employees to participate. The plan was further amended during 2002 to make explicit the Compensation Committee's power to grant shares of restricted stock in exchange for options and to reduce the aggregate number of shares available for issuance under the plan from 15% to 12% of the outstanding shares of stock. The purpose of the plan is to provide directors, key employees, officers and certain advisors with additional incentives by increasing their proprietary interest in Quanta.

The 2001 Stock Incentive Plan provides for the grant of incentive stock options (ISOs) as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the Code), nonqualified stock options and restricted stock (collectively, the Awards). The amount of ISOs that may be granted under the 2001 Stock Incentive Plan is limited to 3,571,275 shares. The 2001 Stock Incentive Plan is administered by the Compensation Committee of the Board of Directors. The Compensation Committee has, subject to applicable regulation and the terms of the 2001 Stock Incentive Plan, the authority to grant Awards under the 2001 Stock Incentive Plan, to construe and interpret the 2001 Stock Incentive Plan and to make all other determinations and take any and all actions necessary or advisable for the administration of the 2001 Stock Incentive Plan; provided, however, that Quanta's Chief Executive Officer has the authority to grant restricted stock or nonqualified stock options to individuals who are not officers, provided that (i) the aggregate number of shares of common stock issuable upon the exercise of non-qualified stock options granted in any one calendar quarter does not exceed 100,000 shares and the aggregate value of awards of restricted stock granted in any one calendar quarter does not exceed $250,000 determined based on the fair market value of the common stock at the time of the grants, and (ii) the aggregate number of shares of common stock issuable upon the exercise of non-qualified stock options granted to any individual in any one calendar quarter does not exceed 20,000 shares of common stock and the aggregate value of awards of restricted stock granted in any one calendar quarter to any individual does not exceed $25,000 determined based on the fair market value of the common stock at the time of the grants.

All of Quanta's employees (including officers), non-employee directors and certain consultants and advisors are eligible to receive Awards under the 2001 Stock Incentive Plan, but only employees of Quanta are eligible to receive ISOs. Awards will be exercisable during the period specified in each Award agreement and will generally become exercisable in installments pursuant to a vesting schedule designated by the Compensation Committee. Unless specifically provided otherwise in the Award agreement, Awards become immediately vested and exercisable in the event of a "change in control" (as defined in the 2001 Stock Incentive Plan) of Quanta. No option will remain exercisable later than ten years after the date of grant (or five years in the case of ISOs granted to employees owning more than 10% of the voting capital stock).

QUANTA SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes option activity under the 2001 Stock Incentive Plan for the years ended December 31, 2001, 2002 and 2003 (shares in thousands):

	Shares	Weighted Average Exercise Price	Weighted Average Fair Value
Outstanding at December 31, 2000	7,849	$20.97	
Granted	2,084	26.34	$18.81
Exercised	(395)	15.05	
Forfeited and canceled	(565)	23.71	
Outstanding at December 31, 2001	8,973	22.29	
Granted	1,310	13.43	$12.74
Exercised	(119)	9.06	
Forfeited and canceled	(1,389)	22.92	
Outstanding at December 31, 2002	8,775	21.04	
Granted	—	—	$ —
Exercised	(3)	5.70	
Forfeited and canceled	(7,356)	22.58	
Outstanding at December 31, 2003	1,416	13.24	
Options exercisable at —			
December 31, 2001	3,023		
December 31, 2002	4,780		
December 31, 2003	1,300		

Generally, options exercisable are based on term vesting periods as outlined in each option agreement.

The following table summarizes information for outstanding options at December 31, 2003 (shares in thousands):

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number of Options Outstanding	Weighted Average Contractual Life in Years	Weighted Average Exercise Price	Number of Options Exercisable As of 12/31/03	Weighted Average Exercise Price
$ 0.0000-$6.1500	487	4.4	$ 5.79	472	$ 5.88
$ 6.1501-$12.3000	499	4.9	$ 9.09	456	$ 8.90
$12.3001-$18.4500	70	4.3	$15.93	60	$15.79
$18.4501-$24.6000	122	5.7	$21.56	109	$21.45
$24.6001-$30.7500	162	2.7	$27.23	137	$27.21
$30.7501-$36.9000	25	6.8	$33.46	22	$33.58
$36.9001-$43.0500	1	6.7	$38.04	1	$38.04
$43.0501-$49.2000	37	5.5	$44.63	33	$44.61
$49.2001-$55.3500	2	3.7	$49.50	2	$49.50
$55.3501-$61.5000	11	6.4	$56.67	8	$56.67
	1,416			1,300	

As discussed below, 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. 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 December 31, 2003.

Restricted Stock

Pursuant to the 2001 Stock Incentive Plan discussed above, Quanta granted 72,701 shares, 95,903 shares, and 3,431,354 shares of restricted stock with a weighted average grant price of $27.51, $3.27 and $3.10, respectively, during the years ended December 31, 2001, 2002 and 2003.

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. Regardless of the vesting schedule of the eligible options offered for exchange, the restricted stock granted in the offer vests 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 which will be amortized as non-cash compensation expense over the three-year vesting period of the restricted stock.

Employee Stock Purchase Plan

An Employee Stock Purchase Plan (the ESPP) was adopted by the board of directors of Quanta and was approved by the stockholders of Quanta in May 1999. The purpose of the ESPP is to provide an incentive for employees of Quanta and any Participating Company (as defined in the ESPP) to acquire or increase a proprietary interest in Quanta through the purchase of shares of Quanta's common stock. At the date hereof, all of the existing subsidiaries of Quanta have been designated as Participating Companies. The ESPP is intended to qualify as an "Employee Stock Purchase Plan" under Section 423 of the Internal Revenue Code of 1986, as amended (the Code). The provisions of the ESPP are construed in a manner consistent with the requirements of that section of the Code. The ESPP is administered by a committee, appointed from time to time, by the board of directors. The ESPP is not subject to any of the provisions of the Employee Retirement Income Security Act of 1974, as amended. During 2001, 2002 and 2003, respectively, Quanta issued a total of 462,179 shares, 662,147 shares and 1,148,632 shares, respectively, pursuant to the ESPP.

11. EMPLOYEE BENEFIT PLANS:

Union's Multi-Employer Pension Plans

In connection with its collective bargaining agreements with various unions, Quanta participates with other companies in the unions' multi-employer pension plans. These plans cover all of Quanta's employees who are members of such unions. The Employee Retirement Income Security Act of 1974, as amended by the Multi-Employer Pension Plan Amendments Act of 1980, imposes certain liabilities upon employers who are contributors to a multi-employer plan in the event of the employer's withdrawal from, or upon termination of such plan. Quanta has no plans to withdraw from these plans. The plans do not maintain information on the

net assets and actuarial present value of the plans' unfunded vested benefits allocable to Quanta, and the amounts, if any, for which Quanta may be contingently liable, are not ascertainable at this time. Contributions to all union multi-employer pension plans by Quanta were approximately $41.8 million for the year ended December 31, 2003.

401(k) Plan

Effective February 1, 1999, Quanta adopted a 401(k) plan pursuant to which employees who are not provided retirement benefits through a collective bargaining agreement may make contributions through a payroll deduction. Quanta will make a matching cash contribution of 100% of each employee's contribution up to 3% of that employee's salary and 50% of each employee's contribution between 3% and 6% of such employee's salary, up to the maximum amount permitted by law. Prior to joining Quanta's 401(k) plan, certain subsidiaries of Quanta provided various defined contribution plans to their employees. Contributions to all non-union defined contribution plans by Quanta were approximately $7.3 million, $7.2 million and $6.0 million for the years ended December 31, 2001, 2002 and 2003, respectively.

12. RELATED PARTY TRANSACTIONS:

Aquila Inc. (Aquila) has made investments in Quanta in the form of Series A Convertible Preferred Stock. See additional discussion in Note 9. During 2003, Aquila sold all investments in Quanta. Quanta had transactions in the normal course of business with Aquila during 2003. Subsequent to the initial investment by Aquila, revenues from Aquila in 2001, 2002 and 2003 were approximately $17.2 million, $29.7 million and $15.4 million, respectively, and balances due Quanta at year-end were approximately $2.4 million, $2.6 million and $3.1 million, respectively. In addition, Quanta performed work for an affiliate of Aquila with revenues in 2001 and 2002 of $19.3 million and $0.4 million, and balances due Quanta at December 31, 2002 were approximately $3.4 million.

Certain of Quanta's subsidiaries have entered into related party lease arrangements for operational facilities. These lease agreements generally have a term of five years. Related party lease expense for the years ended December 31, 2001, 2002 and 2003, respectively, was approximately $2.8 million, $3.6 million and $3.2 million.

13. COMMITMENTS AND CONTINGENCIES:

Leases

Quanta leases certain buildings and equipment under non-cancelable lease agreements including related party leases as discussed in Note 12. The following schedule shows the future minimum lease payments under these leases as of December 31, 2003 (in thousands):

	Capital Leases	Operating Leases
Year Ending December 31 —		
2004	$101	$15,493
2005	5	11,145
2006	—	5,874
2007	—	2,825
2008	—	2,006
Thereafter	—	4,119
Total minimum lease payments	106	$41,462
Less — Amounts representing interest	(2)	
Present value of minimum lease payments	104	
Less — Current portion	99	
Total long-term obligations	$ 5	

Rent expense related to operating leases was approximately $24.1 million, $31.3 million and $48.5 million for the years ended December 31, 2001, 2002 and 2003, respectively. Assets under capital leases are included as part of property and equipment.

Quanta has guaranteed the residual value on certain of its 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 December 31, 2003, the maximum guaranteed residual value would have been approximately $118.8 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.

Litigation

Quanta is from time to time party to various other 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 accrues reserves when it is probable a liability has been incurred and the amount of loss can be reasonably estimated. Quanta does not expect the outcome of any of these other proceedings, separately or in the aggregate to have a material adverse effect on Quanta's results of operations or financial position.

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 potentially paid out under

these performance bonds. As of December 31, 2003, the total amount of outstanding performance bonds was approximately $334.6 million.

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 and the collection of the underlying receivables, Quanta may be required to make additional payments to such former owners with a combination of common stock and cash. At December 31, 2003, the amount of additional payments based on performance to date 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.

Other

During the course of its operations, 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 December 31, 2003, Quanta is not aware of circumstances that would lead to future indemnity claims against it for material amounts in connection with these transactions.

14. QUARTERLY FINANCIAL DATA (UNAUDITED):

The table below sets forth the unaudited consolidated operating results by quarter for the years ended December 31, 2002 and 2003 (in thousands, except per share information).

	For the Three Months Ended,			
	March 31	June 30	September 30	December 31
2002:				
Revenues	$ 449,220	$ 432,522	$ 436,215	$ 432,756
Gross profit	75,687	48,160	54,268	58,658
Income (loss) before cumulative effect of change in accounting principle	10,266	(177,197)	(8,316)	1,113
Cumulative effect of change in accounting principle, net of tax	445,422	—	—	—
Net income (loss) attributable to common stock	(435,388)	(177,429)	(8,550)	(6,686)
Basic earnings (loss) per share before cumulative effect of change in accounting principle	$ 0.13	$ (2.91)	$ (0.14)	$ (0.10)
Cumulative effect of change in accounting principle, net of tax	(5.69)	—	—	—
Basic earnings (loss) per share	$ (5.56)	$ (2.91)	$ (0.14)	$ (0.10)
Diluted earnings (loss) per share before cumulative effect of change in accounting principle	$ 0.13	$ (2.91)	$ (0.14)	$ (0.10)
Cumulative effect of change in accounting principle, net of tax	(5.66)	—	—	—
Diluted earnings (loss) per share	$ (5.53)	$ (2.91)	$ (0.14)	$ (0.10)
2003:				
Revenues	$ 367,129	$ 408,302	$ 436,133	$ 431,289
Gross profit	37,757	53,518	55,008	53,612
Net income (loss) attributable to common stock	(2,734)	(9,835)	5,399	(25,710)
Basic earnings (loss) per share	$ (0.03)	$ (0.08)	$ 0.05	$ (0.23)
Diluted earnings (loss) per share	$ (0.03)	$ (0.08)	$ 0.05	$ (0.23)

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

15. SEGMENT INFORMATION:

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. Each of these services is provided

QUANTA SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

	Years Ended December 31,		
	2001	2002	2003
		(In thousands)	
Electric power and gas network services	$ 850,278	$ 971,646	$ 979,140
Telecommunications network services	600,433	287,117	238,214
Cable television network services	284,098	203,083	121,571
Ancillary services	280,068	288,867	303,928
	$2,014,877	$1,750,713	$1,642,853

Quanta does not have significant operations or long-lived assets in countries outside of the United States. We derived $15.1 million of our revenues from foreign operations during 2003.

ITEM 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

On June 28, 2002, Quanta dismissed its former independent public accountants and appointed PricewaterhouseCoopers LLP as its new independent public accountants for its fiscal year ending December 31, 2002. This determination followed Quanta's decision to seek proposals from independent public accountants to audit the financial statements of Quanta, and was approved by Quanta's board of directors upon the recommendation of its Audit Committee. Prior to the selection of PricewaterhouseCoopers LLP, Arthur Andersen LLP served as the company's independent auditors.

Arthur Andersen's reports on Quanta's consolidated financial statements for the year ended December 31, 2001 did not contain an adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles.

During the year ended December 31, 2001 and through June 28, 2002, there were no disagreements with Arthur Andersen on any matter of accounting principle or practice, financial statement disclosure, or auditing scope or procedure which, if not resolved to Arthur Andersen's satisfaction, would have caused them to make reference to the subject matter in connection with their report on Quanta's consolidated financial statements for such years. During the year ended December 31, 2001 and through June 28, 2002, there were no reportable events of the kind listed in Item 304(a)(1)(v) of Regulation S-K. Quanta requested that Arthur Andersen furnish a letter addressed to the Securities and Exchange Commission stating whether or not they agreed with the statements made in the Form 8-K filed on July 8, 2002. A letter was received from Arthur Andersen that corroborated the statements contained in the Form 8-K and was filed with the Form 8-K and is incorporated by reference into this Form 10-K as exhibit 16.1.

During the year ended December 31, 2001 and through June 28, 2002. Quanta did not consult with PricewaterhouseCoopers regarding any of the matters or events set forth in Item 304(a)(2)(i) or (ii) of Regulation S-K.

ITEM 9A. ***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 December 31, 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 December 31, 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 December 31, 2003, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART III

ITEM 10. ***Directors and Executive Officers of the Registrant***

The information required by Item 10 is incorporated by reference to the information set forth in Quanta's Definitive Proxy Statement for the 2004 Annual Meeting of Stockholders.

ITEM 11. ***Executive Compensation***

The information required by Item 11 is incorporated by reference to the information set forth in Quanta's Definitive Proxy Statement for the 2004 Annual Meeting of Stockholders.

ITEM 12. ***Security Ownership of Certain Beneficial Owners and Management***

The information required by Item 12 is incorporated by reference to the information set forth in Quanta's Definitive Proxy Statement for the 2004 Annual Meeting of Stockholders.

ITEM 13. ***Certain Relationships and Related Transactions***

The information required by Item 13 is incorporated by reference to the information set forth in Quanta's Definitive Proxy Statement for the 2004 Annual Meeting of Stockholders.

ITEM 14. ***Principal Accountant Fees and Services***

The information required by Item 14 is incorporated by reference to the information set forth in Quanta's Definitive Proxy Statement for the 2004 Annual Meeting of Stockholders.

PART IV

ITEM 15. ***Exhibits, Financial Statement Schedules, and Reports on Form 8-K***

The following financial statements, schedules and exhibits are filed as part of this Report

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

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

(3) Exhibits

Exhibit No.		Description
3.1	—	Certificate of Elimination of the Designation of the Series A Convertible Preferred Stock (previously filed as Exhibit 3.1 to the Company's Form 10-Q for the quarterly period ended June 30, 2003 (No. 001-13831) filed August 14, 2003 and incorporated herein by Reference)
3.2	—	Certificate of Elimination of the Designation of the Series E Convertible Preferred Stock (previously filed as Exhibit 3.2 to the Company's Form 10-Q for the quarterly period ended June 30, 2003 (No. 001-13831) filed August 14, 2003 and incorporated herein by Reference)
3.3	—	Restated Certificate of Incorporation (previously filed as Exhibit 3.3 to the Company's Form 10-Q (No. 001-13831) filed August 14, 2003 and incorporated herein by reference)
3.4	—	Amended and Restated Bylaws (previously filed as Exhibit 3.2 to the Company's 2000 Form 10-K (No. 001-13831) filed April 2, 2001 and incorporated herein by reference) Registration Statement on Form S-3 (No. 333-90961) filed November 15, 1999 and incorporated herein by reference)
4.1	—	Form of Common Stock Certificate (previously filed as Exhibit 4.1 to the Company's Registration Statement on Form S-1 (No. 333-42957) and incorporated herein by reference)
4.2	—	Amended and Restated Rights Agreement dated as of March 8, 2000 amended and restated as of October 24, 2002 between Quanta Services, Inc. and American Stock Transfer & Trust Company, as Rights Agent, which includes as Exhibit B thereto the Form of Right Certificate (previously filed as Exhibit 1.1 to the Company's Form 8-A12B/ A (No. 001-13831) filed October 25, 2002 and incorporated herein by reference)
4.3	—	Subordinated Indenture regarding 4.0% Convertible Subordinated Debentures dated July 25, 2000 by and between Quanta Services, Inc. and Chase Bank of Texas, National Association, as Trustee (previously filed as Exhibit 4.1 to the Company's Form 8-K (No. 001-13831) filed July 26, 2000 and incorporated herein by reference)
4.4	—	First Supplemental Indenture regarding 4.0% Convertible Subordinated Debentures dated July 25, 2000 by and between Quanta Services, Inc. and Chase Bank of Texas, National Association, as Trustee (previously filed as Exhibit 4.2 to the Company's Form 8-K (No. 0001-13831) filed July 26, 2003 and incorporated herein by reference)
4.5	—	Amendment No. 3 to Note Purchase Agreement dated as of September 30, 2003 between Quanta Services, Inc. and the Purchasers named therein (previously filed as Exhibit 4.1 to the Company's Form 8-K (No. 001-13831) filed October 3, 2003 and incorporated herein by reference)
4.6	—	Amendment No. 4 to Note Purchase Agreement dated as of October 9, 2003 between Quanta Services, Inc. and the Purchasers named therein (previously filed as Exhibit 4.1 to the Company's Form 8-K (No. 001-13831) filed October 3, 2003 and incorporated herein by reference)

Exhibit No.		Description
4.7	—	Indenture regarding 4.5% Convertible Subordinated Debentures between Quanta Services, Inc. and Wells Fargo Bank, N.A., Trustee, dated as of October 17, 2003 (previously filed as Exhibit 4.1 to the to the Company's Form 10-Q (No. 001-13831) filed November 14, 2003 and incorporated herein by reference.)
10.1*	—	Form of Employment Agreement (previously filed as Exhibit 10.1 to the Company's Registration Statement on Form S-1 (No. 333-42957) and incorporated herein by reference)
10.13*	—	2001 Stock Incentive Plan as amended and restated March 13, 2003 (previously filed as Exhibit 10.43 to the Company's Form 10-Q for the quarterly period ended March 31, 2003 (No. 001-13831) filed May 15, 2003 and incorporated herein by reference)
10.18	—	Employment Agreement, dated March 13, 2002, by and between Quanta Services, Inc. and John R. Colson (previously filed as Exhibit 10.3 to the Company's Form 8-K (No. 001-13831) filed March 21, 2002 and incorporated herein by reference)
10.19	—	Employment Agreement, dated March 13, 2002, by and between Quanta Services, Inc. and Peter T. Dameris (previously filed as Exhibit 10.4 to the Company's Form 8-K (No. 001-13831) filed March 21, 2002 and incorporated herein by reference)
10.20	—	Employment Agreement, dated March 13, 2002, by and between Quanta Services, Inc. and Dana A. Gordon (previously filed as Exhibit 10.5 to the Company's Form 8-K (No. 001-13831) filed March 21, 2002 and incorporated herein by reference)
10.21	—	Employment Agreement, dated March 13, 2002, by and between Quanta Services, Inc. and Nicholas M. Grindstaff (previously filed as Exhibit 10.6 to the Company's Form 8-K (No. 001-13831) filed March 21, 2002 and incorporated herein by reference)
10.22	—	Employment Agreement, dated March 13, 2002, by and between Quanta Services, Inc. and Frederick M. Haag (previously filed as Exhibit 10.7 to the Company's Form 8-K (No. 001-13831) filed March 21, 2002 and incorporated herein by reference)
10.23	—	Employment Agreement, dated March 13, 2002, by and between Quanta Services, Inc. and James H. Haddox (previously filed as Exhibit 10.8 to the Company's Form 8-K (No. 001-13831) filed March 21, 2002 and incorporated herein by reference)
10.24	—	Employment Agreement, dated March 13, 2002, by and between Quanta Services, Inc. and Derrick A. Jensen (previously filed as Exhibit 10.9 to the Company's Form 8-K (No. 001-13831) filed March 21, 2002 and incorporated herein by reference)
10.25	—	Employment Agreement, dated March 13, 2002, by and between Quanta Services, Inc. and Elliott C. Robbins (previously filed as Exhibit 10.10 to the Company's Form 8-K (No. 001-13831) filed March 21, 2002 and incorporated herein by reference)
10.26	—	Employment Agreement, dated March 13, 2002, by and between Quanta Services, Inc. and Gary W. Smith (previously filed as Exhibit 10.11 to the Company's Form 8-K (No. 001-13831) filed March 21, 2002 and incorporated herein by reference)
10.27	—	Employment Agreement, dated March 13, 2002, by and between Quanta Services, Inc. and Luke T. Spalj (previously filed as Exhibit 10.12 to the Company's Form 8-K (No. 001-13831) filed March 21, 2002 and incorporated herein by reference)
10.28	—	Employment Agreement, dated March 13, 2002, by and between Quanta Services, Inc. and Gary A. Tucci (previously filed as Exhibit 10.13 to the Company's Form 8-K (No. 001-13831) filed March 21, 2002 and incorporated herein by reference)
10.29	—	Employment Agreement, dated March 13, 2002, by and between Quanta Services, Inc. and John R. Wilson (previously filed as Exhibit 10.14 to the Company's Form 8-K (No. 001-13831) filed March 21, 2002 and incorporated herein by reference)
10.30	—	Employment Agreement, dated as of March 13, 2002, by and between Quanta Services, Inc. and James F. O'Neil, III (previously filed as Exhibit 10.30 to the Company's Form 10-Q for the quarterly period ended June 30, 2002 (No. 001-13831) filed August 14, 2002 and incorporated herein by reference)
10.31	—	Settlement and Governance Agreement between Quanta Services, Inc. and Aquila, Inc., dated as of May 20, 2002 (previously filed as Exhibit 10.1 to the Company's Form 8-K (No. 001-13831) filed May 22, 2002 and incorporated herein by reference)
10.32	—	Amended and Restated Investors' Rights Agreement between Quanta Services, Inc. and Aquila, Inc. dated as of May 20, 2002 (previously filed as Exhibit 10.2 to the Company's Form 8-K (No. 001-13831) filed May 22, 2002 and incorporated herein by reference)

Exhibit No.		Description
10.34	—	Securities Purchase Agreement dated October 15, 2002 between Quanta Services, Inc. and First Reserve Fund IX, L.P. (previously filed as Exhibit 10.1 to the Company's Form 8-K (No. 001-13831) filed October 22, 2002 and incorporated herein by reference)
10.35	—	Investors' Rights Agreement dated October 15, 2002 between Quanta Services, Inc. and First Reserve Fund IX, L.P. (previously filed as Exhibit 10.2 to the Company's Form 8-K (No. 001-13831) filed October 22, 2002 and incorporated herein by reference)
10.36	—	Consent Letter dated October 15, 2002 between Quanta Services, Inc. and Aquila, Inc. (previously filed as Exhibit 10.3 to the Company's Form 8-K (No. 001-13831) filed October 22, 2002 and incorporated herein by reference)
10.37	—	Amendment No. 1 to Securities Purchase Agreement dated December 6, 2002 between Quanta Services, Inc. and First Reserve Fund IX, L.P. (previously filed as Exhibit 10.1 to the Company's Form 8-K (No. 001-13831) filed December 11, 2002 and incorporated herein by reference)
10.41*	—	Separation Agreement and General Release dated October 24, 2002 between Peter Dameris and Quanta Services, Inc. (previously filed as Exhibit 10.41 to the Company's 2002 Form 10-K (No. 001-13831) filed March 31, 2003 and incorporated herein by reference)
10.42*	—	Amendment No. 1 to Employment Agreement between Quanta Services, Inc. and John R. Colson dated June 1, 2002 (previously filed as Exhibit 10.42 to the Company's 2002 Form 10-K (No. 001-13831) filed March 31, 2003 and incorporated herein by reference)
10.43	—	Quanta Services, Inc. 2001 Stock Incentive Plan (as amended and restated March 13, 2003) (previously filed as Exhibit 10.43 to the Company's Form 10-Q for the quarterly period ended March 31, 2003 (No. 001-13831) filed May 15, 2003 and incorporated herein by reference)
10.44	—	Amendment to No. 2 to Settlement and Governance Agreement between Quanta Services, Inc. and Aquila, Inc. dated as of April 10, 2003 (previously filed as Exhibit 10.43 to the Company's Form 10-Q for the quarterly period ended June 30, 2003 (No. 001-13831) filed August 14, 2003 and incorporated herein by reference)
10.45*	—	Employment Agreement, dated as of May 21, 2003, by and between Quanta Services, Inc. and John R. Colson (previously filed as Exhibit 10.44 to the Company's Form 10-Q for the quarterly period ended June 30, 2003 (No. 001-13831) filed August 14, 2003 and incorporated herein by reference)
10.46*	—	Employment Agreement, dated as of May 21, 2003, by and between Quanta Services, Inc. and James H. Haddox (previously filed as Exhibit 10.45 to the Company's Form 10-Q for the quarterly period June 30, 2003 (No. 001-13831) filed August 14, 2003 and Incorporated herein by reference)
10.47*	—	Employment Agreement, dated as of May 21, 2003, by and between Quanta Services, Inc. and John R. Wilson (previously filed as Exhibit 10.46 to the Company's Form 10-Q for the quarterly period ended June 30, 2003 (No. 001-13831) filed August 14, 2003 and incorporated herein by reference)
10.48*	—	Employment Agreement, dated as of May 21, 2003, by and between Quanta Services, Inc. and Luke T. Spalj (previously filed as Exhibit 10.47 to the Company's Form 10-Q for the quarterly period ended June 30, 2003 (No. 001-13831) filed August 14, 2003 and incorporated herein by reference)
10.49	—	Tenth Amendment to Third Amended and Restated Secured Credit Agreement dated as of September 30, 2003 between Quanta Services, Inc. and Bank of America, N.A., as administrative agent for the Lenders (previously filed as Exhibit 10.1 to the Company's Form 8-K (No. 001-13831) filed October 3, 2003 and incorporated herein by reference.
10.50	—	Eleventh Amendment to Third Amended and Restated Secured Credit Agreement dated as of October 9, 2003 between Quanta Services, Inc. and Bank of America, N.A., as administrative agent for the Lenders (previously filed as Exhibit 10.1 to the Company's Form 8-K (No. 001-13831) filed October 17, 2003 and incorporated herein by reference.
10.51	—	4.5% Convertible Subordinated Debentures Resale Registration Rights Agreement dated October 17, 2003 (previously filed as Exhibit 10.1 to the Company's Form 10-Q for the quarterly period ended September 30, 2003 (No. 001-13831) filed November 14, 2003 and incorporated herein by reference.
10.52	—	Fourth Amended and Restated Secured Credit Agreement (previously Filed as Exhibit 10.2 to the Company's Form 10-Q for the quarterly period ended September 30, 2003 (No. 001-13831) filed November 14, 2003 and incorporated herein by reference.
10.53	—	Credit Agreement dated as of December 19, 2003 among Quanta Services, Inc., the subsidiaries of Quanta Services, Inc. identified therein, Bank of America, N.A., and other Lenders identified therein (filed herewith)

Exhibit No.		Description
10.54	—	Security Agreement dated as of December 19, 2003 among the Pledgors identified therein and Bank of America, N.A., as administrative agent for the Lenders (filed herewith)
10.55	—	Pledge Agreement dated as of December 19, 2003 among the Debtors identified therein and Bank of America, N.A., as administrative agent for the Lenders (filed herewith)
16.1	—	Letter of Arthur Andersen LLP regarding change in certifying accountant (previously filed as Exhibit 16.1 to the Company's Form 8-K (No. 001-13831) filed July 8, 2002 and incorporated herein by reference)
21.1	—	Subsidiaries (filed herewith)
23.1	—	Consent of PricewaterhouseCoopers LLP (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 pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
32.2	—	Certification of Periodic Report by 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)

* Management contracts or compensatory plans or arrangements

(b) *Reports on Form 8-K:*

(1) Quanta filed a form 8-K on October 3, 2003 in which it reported, among other matters, that Quanta obtained waivers from the lenders under its then existing credit facility and from its senior secured noteholders for potential events of default under certain of its financial covenants.

(2) Quanta filed a Form 8-K on October 9, 2003 in which it reported, among other matters, the offering of convertible subordinated debentures.

(3) Quanta filed a Form 8-K on October 10, 2003 in which it reported, among other matters, the pricing of the offering of convertible subordinated debentures.

(4) Quanta filed a Form 8-K on October 17, 2003 in which it reported agreements with the lenders under its then existing credit facility and its senior secured noteholders that among other things, increased the maximum permitted aggregate principal amount of the convertible subordinated debentures.

(5) Quanta filed a Form 8-K on October 21, 2003 in which it reported, among other matters, the completion of the convertible subordinated debenture offering.

(6) Quanta filed a Form 8-K on October 24, 2003 in which it reported, among other matters, the issuance of additional convertible subordinated debentures.

(7) Quanta furnished a Form 8-K on November 13, 2003 announcing under Item 12 its press release reporting earnings for the third quarter of 2003.

(8) Quanta furnished a Form 8-K on February 26, 2004 announcing under Item 12 its press release reporting earnings for the fourth quarter of 2004.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Quanta Services, Inc. has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, State of Texas, on March 12, 2004.

QUANTA SERVICES, INC.

By /s/ JOHN R. COLSON

John R. Colson
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed by the following persons in the capacities indicated on March 12, 2004.

Signature	Title
/s/ JOHN R. COLSON John R. Colson	Chief Executive Officer, Director (Principal Executive Officer)
/s/ JAMES H. HADDOX James H. Haddox	Chief Financial Officer (Principal Financial Officer)
/s/ DERRICK A. JENSEN Derrick A. Jensen	Vice President, Controller and Chief Accounting Officer
James R. Ball	Director
/s/ VINCENT D. FOSTER Vincent D. Foster	Director
/s/ LOUIS C. GOLM Louis C. Golm	Director
/s/ BEN A. GUILL Ben A. Guill	Director
/s/ JAMES A. NATTIER James A. Nattier	Director
Thomas J. Sikorski	Director
/s/ GARY A. TUCCI Gary A. Tucci	Director
/s/ JOHN R. WILSON John R. Wilson	Director

INDEX TO EXHIBITS

Exhibit No.		Description
3.1	—	Certificate of Elimination of the Designation of the Series A Convertible Preferred Stock (previously filed as Exhibit 3.1 to the Company's Form 10-Q for the quarterly period ended June 30, 2003 (No. 001-13831) filed August 14, 2003 and incorporated herein by Reference)
3.2	—	Certificate of Elimination of the Designation of the Series E Convertible Preferred Stock (previously filed as Exhibit 3.2 to the Company's Form 10-Q for the quarterly period ended June 30, 2003 (No. 001-13831) filed August 14, 2003 and incorporated herein by Reference)
3.3	—	Restated Certificate of Incorporation (previously filed as Exhibit 3.3 to the Company's Form 10-Q (No. 001-13831) filed August 14, 2003 and incorporated herein by reference)
3.4	—	Amended and Restated Bylaws (previously filed as Exhibit 3.2 to the Company's 2000 Form 10-K (No. 001-13831) filed April 2, 2001 and incorporated herein by reference) Registration Statement on Form S-3 (No. 333-90961) filed November 15, 1999 and incorporated herein by reference)
4.1	—	Form of Common Stock Certificate (previously filed as Exhibit 4.1 to the Company's Registration Statement on Form S-1 (No. 333-42957) and incorporated herein by reference)
4.2	—	Amended and Restated Rights Agreement dated as of March 8, 2000 amended and restated as of October 24, 2002 between Quanta Services, Inc. and American Stock Transfer & Trust Company, as Rights Agent, which includes as Exhibit B thereto the Form of Right Certificate (previously filed as Exhibit 1.1 to the Company's Form 8-A12B/ A (No. 001-13831) filed October 25, 2002 and incorporated herein by reference)
4.3	—	Subordinated Indenture regarding 4.0% Convertible Subordinated Debentures dated July 25, 2000 by and between Quanta Services, Inc. and Chase Bank of Texas, National Association, as Trustee (previously filed as Exhibit 4.1 to the Company's Form 8-K (No. 001-13831) filed July 26, 2000 and incorporated herein by reference)
4.4	—	First Supplemental Indenture regarding 4.0% Convertible Subordinated Debentures dated July 25, 2000 by and between Quanta Services, Inc. and Chase Bank of Texas, National Association, as Trustee (previously filed as Exhibit 4.2 to the Company's Form 8-K (No. 0001-13831) filed July 26, 2003 and incorporated herein by reference)
4.5	—	Amendment No. 3 to Note Purchase Agreement dated as of September 30, 2003 between Quanta Services, Inc. and the Purchasers named therein (previously filed as Exhibit 4.1 to the Company's Form 8-K (No. 001-13831) filed October 3, 2003 and incorporated herein by reference)
4.6	—	Amendment No. 4 to Note Purchase Agreement dated as of October 9, 2003 between Quanta Services, Inc. and the Purchasers named therein (previously filed as Exhibit 4.1 to the Company's Form 8-K (No. 001-13831) filed October 3, 2003 and incorporated herein by reference)
4.7	—	Indenture regarding 4.5% Convertible Subordinated Debentures between Quanta Services, Inc. and Wells Fargo Bank, N.A., Trustee, dated as of October 17, 2003 (previously filed as Exhibit 4.1 to the to the Company's Form 10-Q (No. 001-13831) filed November 14, 2003 and incorporated herein by reference.)
10.1*	—	Form of Employment Agreement (previously filed as Exhibit 10.1 to the Company's Registration Statement on Form S-1 (No. 333-42957) and incorporated herein by reference)
10.13*	—	2001 Stock Incentive Plan as amended and restated March 13, 2003 (previously filed as Exhibit 10.43 to the Company's Form 10-Q for the quarterly period ended March 31, 2003 (No. 001-13831) filed May 15, 2003 and incorporated herein by reference)
10.18	—	Employment Agreement, dated March 13, 2002, by and between Quanta Services, Inc. and John R. Colson (previously filed as Exhibit 10.3 to the Company's Form 8-K (No. 001-13831) filed March 21, 2002 and incorporated herein by reference)
10.19	—	Employment Agreement, dated March 13, 2002, by and between Quanta Services, Inc. and Peter T. Dameris (previously filed as Exhibit 10.4 to the Company's Form 8-K (No. 001-13831) filed March 21, 2002 and incorporated herein by reference)
10.20	—	Employment Agreement, dated March 13, 2002, by and between Quanta Services, Inc. and Dana A. Gordon (previously filed as Exhibit 10.5 to the Company's Form 8-K (No. 001-13831) filed March 21, 2002 and incorporated herein by reference)
10.21	—	Employment Agreement, dated March 13, 2002, by and between Quanta Services, Inc. and Nicholas M. Grindstaff (previously filed as Exhibit 10.6 to the Company's Form 8-K (No. 001-13831) filed March 21, 2002 and incorporated herein by reference)

Exhibit No.		Description
10.22	—	Employment Agreement, dated March 13, 2002, by and between Quanta Services, Inc. and Frederick M. Haag (previously filed as Exhibit 10.7 to the Company's Form 8-K (No. 001-13831) filed March 21, 2002 and incorporated herein by reference)
10.23	—	Employment Agreement, dated March 13, 2002, by and between Quanta Services, Inc. and James H. Haddox (previously filed as Exhibit 10.8 to the Company's Form 8-K (No. 001-13831) filed March 21, 2002 and incorporated herein by reference)
10.24	—	Employment Agreement, dated March 13, 2002, by and between Quanta Services, Inc. and Derrick A. Jensen (previously filed as Exhibit 10.9 to the Company's Form 8-K (No. 001-13831) filed March 21, 2002 and incorporated herein by reference)
10.25	—	Employment Agreement, dated March 13, 2002, by and between Quanta Services, Inc. and Elliott C. Robbins (previously filed as Exhibit 10.10 to the Company's Form 8-K (No. 001-13831) filed March 21, 2002 and incorporated herein by reference)
10.26	—	Employment Agreement, dated March 13, 2002, by and between Quanta Services, Inc. and Gary W. Smith (previously filed as Exhibit 10.11 to the Company's Form 8-K (No. 001-13831) filed March 21, 2002 and incorporated herein by reference)
10.27	—	Employment Agreement, dated March 13, 2002, by and between Quanta Services, Inc. and Luke T. Spalj (previously filed as Exhibit 10.12 to the Company's Form 8-K (No. 001-13831) filed March 21, 2002 and incorporated herein by reference)
10.28	—	Employment Agreement, dated March 13, 2002, by and between Quanta Services, Inc. and Gary A. Tucci (previously filed as Exhibit 10.13 to the Company's Form 8-K (No. 001-13831) filed March 21, 2002 and incorporated herein by reference)
10.29	—	Employment Agreement, dated March 13, 2002, by and between Quanta Services, Inc. and John R. Wilson (previously filed as Exhibit 10.14 to the Company's Form 8-K (No. 001-13831) filed March 21, 2002 and incorporated herein by reference)
10.30	—	Employment Agreement, dated as of March 13, 2002, by and between Quanta Services, Inc. and James F. O'Neil, III (previously filed as Exhibit 10.30 to the Company's Form 10-Q for the quarterly period ended June 30, 2002 (No. 001-13831) filed August 14, 2002 and incorporated herein by reference)
10.31	—	Settlement and Governance Agreement between Quanta Services, Inc. and Aquila, Inc., dated as of May 20, 2002 (previously filed as Exhibit 10.1 to the Company's Form 8-K (No. 001-13831) filed May 22, 2002 and incorporated herein by reference)
10.32	—	Amended and Restated Investors' Rights Agreement between Quanta Services, Inc. and Aquila, Inc. dated as of May 20, 2002 (previously filed as Exhibit 10.2 to the Company's Form 8-K (No. 001-13831) filed May 22, 2002 and incorporated herein by reference)
10.34	—	Securities Purchase Agreement dated October 15, 2002 between Quanta Services, Inc. and First Reserve Fund IX, L.P. (previously filed as Exhibit 10.1 to the Company's Form 8-K (No. 001-13831) filed October 22, 2002 and incorporated herein by reference)
10.35	—	Investors' Rights Agreement dated October 15, 2002 between Quanta Services, Inc. and First Reserve Fund IX, L.P. (previously filed as Exhibit 10.2 to the Company's Form 8-K (No. 001-13831) filed October 22, 2002 and incorporated herein by reference)
10.36	—	Consent Letter dated October 15, 2002 between Quanta Services, Inc. and Aquila, Inc. (previously filed as Exhibit 10.3 to the Company's Form 8-K (No. 001-13831) filed October 22, 2002 and incorporated herein by reference)
10.37	—	Amendment No. 1 to Securities Purchase Agreement dated December 6, 2002 between Quanta Services, Inc. and First Reserve Fund IX, L.P. (previously filed as Exhibit 10.1 to the Company's Form 8-K (No. 001-13831) filed December 11, 2002 and incorporated herein by reference)
10.41*	—	Separation Agreement and General Release dated October 24, 2002 between Peter Dameris and Quanta Services, Inc. (previously filed as Exhibit 10.41 to the Company's 2002 Form 10-K (No. 001-13831) filed March 31, 2003 and incorporated herein by reference)
10.42*	—	Amendment No. 1 to Employment Agreement between Quanta Services, Inc. and John R. Colson dated June 1, 2002 (previously filed as Exhibit 10.42 to the Company's 2002 Form 10-K (No. 001-13831) filed March 31, 2003 and incorporated herein by reference)
10.43	—	Quanta Services, Inc. 2001 Stock Incentive Plan (as amended and restated March 13, 2003) (previously filed as Exhibit 10.43 to the Company's Form 10-Q for the quarterly period ended March 31, 2003 (No. 001-13831) filed May 15, 2003 and incorporated herein by reference)

Exhibit No.		Description
10.44	—	Amendment to No. 2 to Settlement and Governance Agreement between Quanta Services, Inc. and Aquila, Inc. dated as of April 10, 2003 (previously filed as Exhibit 10.43 to the Company's Form 10-Q for the quarterly period ended June 30, 2003 (No. 001-13831) filed August 14, 2003 and incorporated herein by reference)
10.45*	—	Employment Agreement, dated as of May 21, 2003, by and between Quanta Services, Inc. and John R. Colson (previously filed as Exhibit 10.44 to the Company's Form 10-Q for the quarterly period ended June 30, 2003 (No. 001-13831) filed August 14, 2003 and incorporated herein by reference)
10.46*	—	Employment Agreement, dated as of May 21, 2003, by and between Quanta Services, Inc. and James H. Haddox (previously filed as Exhibit 10.45 to the Company's Form 10-Q for the quarterly period June 30, 2003 (No. 001-13831) filed August 14, 2003 and Incorporated herein by reference)
10.47*	—	Employment Agreement, dated as of May 21, 2003, by and between Quanta Services, Inc. and John R. Wilson (previously filed as Exhibit 10.46 to the Company's Form 10-Q for the quarterly period ended June 30, 2003 (No. 001-13831) filed August 14, 2003 and incorporated herein by reference)
10.48*	—	Employment Agreement, dated as of May 21, 2003, by and between Quanta Services, Inc. and Luke T. Spalj (previously filed as Exhibit 10.47 to the Company's Form 10-Q for the quarterly period ended June 30, 2003 (No. 001-13831) filed August 14, 2003 and incorporated herein by reference)
10.49	—	Tenth Amendment to Third Amended and Restated Secured Credit Agreement dated as of September 30, 2003 between Quanta Services, Inc. and Bank of America, N.A., as administrative agent for the Lenders (previously filed as Exhibit 10.1 to the Company's Form 8-K (No. 001-13831) filed October 3, 2003 and incorporated herein by reference.
10.50	—	Eleventh Amendment to Third Amended and Restated Secured Credit Agreement dated as of October 9, 2003 between Quanta Services, Inc. and Bank of America, N.A., as administrative agent for the Lenders (previously filed as Exhibit 10.1 to the Company's Form 8-K (No. 001-13831) filed October 17, 2003 and incorporated herein by reference.
10.51	—	4.5% Convertible Subordinated Debentures Resale Registration Rights Agreement dated October 17, 2003 (previously filed as Exhibit 10.1 to the Company's Form 10-Q for the quarterly period ended September 30, 2003 (No. 001-13831) filed November 14, 2003 and incorporated herein by reference.
10.52	—	Fourth Amended and Restated Secured Credit Agreement (previously Filed as Exhibit 10.2 to the Company's Form 10-Q for the quarterly period ended September 30, 2003 (No. 001-13831) filed November 14, 2003 and incorporated herein by reference.
10.53	—	Credit Agreement dated as of December 19, 2003 among Quanta Services, Inc., the subsidiaries of Quanta Services, Inc. identified therein, Bank of America, N.A., and other Lenders identified therein (filed herewith)
10.54	—	Security Agreement dated as of December 19, 2003 among the Pledgors identified therein and Bank of America, N.A., as administrative agent for the Lenders (filed herewith)
10.55	—	Pledge Agreement dated as of December 19, 2003 among the Debtors identified therein and Bank of America, N.A., as administrative agent for the Lenders (filed herewith)
16.1	—	Letter of Arthur Andersen LLP regarding change in certifying accountant (previously filed as Exhibit 16.1 to the Company's Form 8-K (No. 001-13831) filed July 8, 2002 and incorporated herein by reference)
21.1	—	Subsidiaries (filed herewith)
23.1	—	Consent of PricewaterhouseCoopers LLP (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 pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
32.2	—	Certification of Periodic Report by 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)

* Management contracts or compensatory plans or arrangements

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CREDIT AGREEMENT

Dated as of December 19, 2003

among

QUANTA SERVICES, INC.,
as the Borrower,

THE SUBSIDIARIES OF THE BORROWER IDENTIFIED HEREIN,
as the Guarantors,

BANK OF AMERICA, N.A.,
as Administrative Agent, Swing Line Lender, L/C Issuer and
Credit-Linked L/C Issuer,

and

THE OTHER LENDERS PARTY HERETO

BANC OF AMERICA SECURITIES LLC,

as Lead Arranger and Joint Book Manager

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TABLE OF CONTENTS

<TABLE>
<S>
<C>

ARTICLE I DEFINITIONS AND ACCOUNTING TERMS..... 1
1.01 Defined Terms..... 1
1.02 Other Interpretive Provisions..... 26
1.03 Accounting Terms..... 27
1.04 Rounding..... 27
1.05 References to Agreements and Laws..... 27
1.06 Times of Day..... 28
1.07 Letter of Credit Amounts..... 28
ARTICLE II THE COMMITMENTS AND CREDIT EXTENSIONS..... 28
2.01 Revolving Loans and Credit-Linked Deposits..... 28
2.02 Borrowings, Conversions and Continuations of Revolving Loans..... 28
2.03 Letters of Credit..... 30
2.04 Swing Line Loans..... 37
2.05 Credit-Linked Deposits and Credit Extensions..... 40
2.06 Conversion to Funded Term Loans; Conversion to Credit-Linked Deposits..... 50
2.07 Prepayments..... 53
2.08 Termination or Reduction of Commitments..... 55
2.09 Repayment of Loans..... 56
2.10 Interest..... 56
2.11 Fees..... 57
2.12 Computation of Interest and Fees..... 57
2.13 Evidence of Debt..... 58
2.14 Payments Generally..... 58
2.15 Sharing of Payments..... 60
ARTICLE III TAXES, YIELD PROTECTION AND ILLEGALITY..... 60
3.01 Taxes..... 60
3.02 Illegality..... 62
3.03 Inability to Determine Rates..... 62
3.04 Increased Cost and Reduced Return; Capital Adequacy..... 62
3.05 Funding Losses..... 63
3.06 Matters Applicable to all Requests for Compensation..... 64
3.07 Survival..... 64
ARTICLE IV GUARANTY..... 64
4.01 The Guaranty..... 64
4.02 Obligations Unconditional..... 64
4.03 Reinstatement..... 65
4.04 Certain Additional Waivers..... 65
4.05 Remedies..... 66
4.06 Rights of Contribution..... 66
4.07 Guarantee of Payment; Continuing Guarantee..... 67
ARTICLE V CONDITIONS PRECEDENT TO CREDIT EXTENSIONS..... 67
5.01 Conditions of Initial Credit Extension..... 67
5.02 Conditions to all Credit Extensions..... 69

</TABLE>

<TABLE>
<S>
<C>

5.03 Conditions to Term Loans..... 70

</TABLE>

ARTICLE VI REPRESENTATIONS AND WARRANTIES..... 70
6.01 Existence, Qualification and Power..... 70
6.02 Authorization; No Contravention..... 71
6.03 Governmental Authorization; Other Consents..... 71
6.04 Binding Effect..... 71
6.05 Financial Statements; No Material Adverse Effect..... 71
6.06 Litigation..... 72
6.07 No Default..... 72
6.08 Ownership of Property; Liens..... 72
6.09 Environmental Compliance..... 72
6.10 Insurance..... 73
6.11 Taxes..... 73
6.12 ERISA Compliance..... 73
6.13 Subsidiaries..... 74
6.14 Margin Regulations; Investment Company Act; Public Utility Holding Company Act..... 74
6.15 Disclosure..... 75
6.16 Compliance with Laws..... 75
6.17 Intellectual Property; Licenses, Etc..... 75
6.18 Solvency..... 75
6.19 Perfection of Security Interests in the Collateral..... 75
6.20 Business Locations..... 75
6.21 Brokers' Fees..... 76
6.22 Labor Matters..... 76
6.23 Subordination..... 76
6.24 Tax Shelter Regulations..... 76
ARTICLE VII AFFIRMATIVE COVENANTS..... 76
7.01 Financial Statements..... 77
7.02 Certificates; Other Information..... 77
7.03 Notices..... 79
7.04 Payment of Obligations..... 79
7.05 Preservation of Existence, Etc..... 79
7.06 Maintenance of Properties..... 80
7.07 Maintenance of Insurance..... 80
7.08 Compliance with Laws..... 80
7.09 Books and Records..... 80
7.10 Inspection Rights..... 81
7.11 Use of Proceeds..... 81
7.12 Additional Subsidiaries..... 81
7.13 ERISA Compliance..... 81
7.14 Pledged Assets..... 82
ARTICLE VIII NEGATIVE COVENANTS..... 83
8.01 Liens..... 83
8.02 Investments..... 85
8.03 Indebtedness..... 85

<S>
<C>
8.04 Fundamental Changes..... 87
8.05 Dispositions..... 87
8.06 Restricted Payments..... 87
8.07 Change in Nature of Business..... 88
8.08 Transactions with Affiliates and Insiders..... 88
8.09 Burdensome Agreements..... 88
8.10 Use of Proceeds..... 89
8.11 Financial Covenants..... 89
8.12 Prepayment of Other Indebtedness, Etc..... 89
8.13 Organization Documents; Fiscal Year; Legal Name, State of Formation and Form of Entity..... 90
8.14 Ownership of Subsidiaries..... 90
8.15 Sale Leasebacks..... 90
8.16 Capital Expenditures..... 90
ARTICLE IX EVENTS OF DEFAULT AND REMEDIES..... 91
9.01 Events of Default..... 91
9.02 Remedies Upon Event of Default..... 93
9.03 Application of Funds..... 94
ARTICLE X ADMINISTRATIVE AGENT..... 95
10.01 Appointment and Authorization of Administrative Agent..... 95
10.02 Delegation of Duties..... 96
10.03 Liability of Administrative Agent..... 96
10.04 Reliance by Administrative Agent..... 97
10.05 Notice of Default..... 97
10.06 Credit Decision; Disclosure of Information by Administrative Agent..... 97
10.07 Indemnification of Administrative Agent..... 98
10.08 Administrative Agent in its Individual Capacity..... 98
10.09 Successor Administrative Agent..... 99
10.10 Administrative Agent May File Proofs of Claim..... 99
10.11 Collateral and Guaranty Matters..... 100
10.12 Other Agents; Arrangers and Managers..... 100
ARTICLE XI MISCELLANEOUS..... 101
11.01 Amendments, Etc..... 101
11.02 Notices and Other Communications; Facsimile Copies..... 102
11.03 No Waiver; Cumulative Remedies..... 103
11.04 Attorney Costs, Expenses and Taxes..... 103

11.05	Indemnification by the Borrower	104
11.06	Payments Set Aside	105
11.07	Successors and Assigns	105
11.08	Confidentiality	108
11.09	Set-off	109
11.10	Interest Rate Limitation	109
11.11	Counterparts	109
11.12	Integration	109
11.13	Survival of Representations and Warranties	110
11.14	Severability	110
11.15	Tax Forms	110
11.16	Replacement of Lenders	112
11.17	Governing Law	112
11.18	Waiver of Right to Trial by Jury	112
11.19	Designated Senior Indebtedness	113
11.20	USA Patriot Act Notice	113

SCHEDULES

1.01(a)	Dispositions
1.01(b)(1)	Existing Credit-Linked Letters of Credit
1.01(b)(2)	Existing Letters of Credit
1.01(c)	Permitted Charges
2.01	Commitments and Pro Rata Shares
6.10	Insurance
6.13	Subsidiaries
6.17	IP Rights
6.20(a)	Locations of Real Property
6.20(b)	Locations of Tangible Personal Property
6.20(c)	Location of Chief Executive Office, Etc.
8.01	Liens Existing on the Closing Date
8.02	Investments Existing on the Closing Date
8.03	Indebtedness Existing on the Closing Date
8.08	Affiliate Transactions
11.02	Certain Addresses for Notices

EXHIBITS

A	Form of Letter of Credit Transfer Notice
B	Form of Loan Notice
C	Form of Request for Credit-Linked Deposit
D	Form of Swing Line Loan Notice
E-1	Form of Revolving Note
E-2	Form of Swing Line Note
E-3	Form of Credit-Linked Note
F	Form of Compliance Certificate
G	Form of Assignment and Assumption
H	Form of Joinder Agreement
I	Form of Money Market Account Agreement

CREDIT AGREEMENT

This CREDIT AGREEMENT is entered into as of December __, 2003 among QUANTA SERVICES, INC., a Delaware corporation (the "Borrower"), the Guarantors (defined herein), the Lenders (defined herein) and BANK OF AMERICA, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer.

The Borrower has requested that the Lenders provide $185,000,000 in credit facilities for the purposes set forth herein, and the Lenders are willing to do so on the terms and conditions set forth herein.

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

1.01 Defined Terms.

As used in this Agreement, the following terms shall have the meanings set forth below:

"Acquisition", by any Person, means the acquisition by such Person, in a single transaction or in a series of related transactions, of all or any substantial portion of the Property of another Person or at least a majority of

the Voting Stock of another Person, in each case whether or not involving a merger or consolidation with such other Person and whether for cash, property, services, assumption of Indebtedness, securities or otherwise.

"Administrative Agent" means Bank of America in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

"Administrative Agent's Office" means the Administrative Agent's address and, as appropriate, account as set forth on Schedule 11.02 or such other address or account as the Administrative Agent may from time to time notify the Borrower and the Lenders.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affiliate" means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto. Without limiting the generality of the foregoing, a Person shall be deemed to be Controlled by another Person if such other Person possesses, directly or indirectly, power to vote 10% or more of the securities having ordinary voting power for the election of directors, managing general partners or the equivalent.

"Agent-Related Persons" means the Administrative Agent, together with its Affiliates (including, in the case of Bank of America in its capacity as the Administrative Agent, BAS), and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

"Aggregate Credit-Linked Commitments" means the Credit-Linked Commitments of all the Credit-Linked Lenders. The aggregate principal amount of the Credit-Linked Commitment of all the Lenders as in effect on the Closing Date is ONE HUNDRED FIFTY MILLION DOLLARS ($150,000,000).

"Aggregate Revolving Commitments" means the Revolving Commitments of all the Lenders. The initial amount of the Aggregate Revolving Commitments in effect on the Closing Date is THIRTY FIVE MILLION DOLLARS ($35,000,000).

"Agreement" means this Credit Agreement, as amended, modified, supplemented and extended from time to time.

"Applicable Rate" means the following percentages per annum, based upon the Consolidated Leverage Ratio as set forth in the most recent Compliance Certificate received by the Administrative Agent pursuant to Section 7.02(a):

<TABLE>
<CAPTION>

Pricing Level	Consolidated Leverage Ratio	Commitment Fee	Letter of Credit Fee	Cash Secured Letter of Credit Fee	Revolving Loans: Eurodollar Loans	Revolving Loans: Base Rate Loans
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1	< 2.5:1.0	0.375%	1.75%	0.50%	1.75%	0.25%
2	> or = 2.5:1.0 but < 3.0:1.0	0.375%	2.00%	0.50%	2.00%	0.50%
3	> or = 3.0:1.0 but < 3.5:1.0	0.50%	2.25%	0.50%	2.25%	0.75%
4	> or = 3.5:1.0 but < 4.0:1.0	0.50%	2.50%	0.50%	2.50%	1.00%
5	> or = 4.0:1.0 but < 4.5:1.0	0.50%	2.75%	0.50%	2.75%	1.25%
6	> or = 4.5:1.0	0.625%	3.00%	0.50%	3.00%	1.50%

</TABLE>

Any increase or decrease in the Applicable Rate resulting from a change in the Consolidated Leverage Ratio shall become effective as of the first Business Day immediately following the date a Compliance Certificate is required to be delivered pursuant to Section 7.02(a); provided, however, that if a Compliance Certificate is not delivered when due in accordance with such Section, then Pricing Level 6 shall apply as of the first Business Day after the date on which such Compliance Certificate was required to have been delivered and shall continue to apply until the first Business Day immediately following the date a Compliance Certificate is delivered in accordance with Section 7.02(a), whereupon the Applicable Rate shall be adjusted based upon the calculation of

the Consolidated Leverage Ratio contained in such Compliance Certificate. The Applicable Rate in effect from the Closing Date through the first Business Day immediately following the date a Compliance Certificate is required to be delivered pursuant to Section 7.02(a) for the fiscal quarter ending December 31, 2003 shall be determined based upon Pricing Level 6.

"Assignment and Assumption" means an Assignment and Assumption substantially in the form of Exhibit G.

"Attorney Costs" means and includes all reasonable fees, expenses and disbursements of any law firm or other external counsel.

"Attributable Indebtedness" means, on any date, (a) in respect of any Capital Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, (b) in respect of any Synthetic Lease, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a Capital Lease and (c) in respect of any Securitization Transaction of any Person, the outstanding principal amount of such financing, after taking into account reserve accounts and making appropriate adjustments, determined by the Administrative Agent in its reasonable judgment.

"Audited Financial Statements" means the audited consolidated balance sheet of the Borrower and its Subsidiaries for the fiscal year ended December 31, 2002, and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year of the Borrower and its Subsidiaries, including the notes thereto.

"Auto-Renewal Credit-Linked Letter of Credit" has the meaning specified in Section 2.05(b)(iii).

"Auto-Renewal Letter of Credit" has the meaning specified in Section 2.03(b)(iii).

"Availability Period" means, (a) with respect to the Revolving Commitments, the period from and including the Closing Date to the earliest of (i) the Maturity Date, (ii) the date of termination of the Aggregate Revolving Commitments pursuant to Section 2.08, and (iii) the date of termination of the commitment of each Lender to make Loans and of the obligation of the L/C Issuer to make L/C Credit Extensions pursuant to Section 9.02 and (b) with respect to the Credit-Linked Commitments, the period from and including the Closing Date to the earliest of (i) the Maturity Date, (ii) the date of termination of the Credit-Linked Commitments pursuant to Section 2.08 and (iii) the date of termination of the commitment of each Credit-Linked Lender to make Term Loans pursuant to Section 9.02.

"Bank of America" means Bank of America, N.A. and its successors.

"BAS" means Banc of America Securities LLC, in its capacity as sole lead arranger and sole book manager.

"Base Rate" means for any day a fluctuating rate per annum equal to the higher of (a) the Federal Funds Rate plus 1/2 of 1% and (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate." The "prime rate" is a rate set by Bank of America based upon various factors including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in the "prime rate" announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

"Base Rate Loan" means a Loan that bears interest based on the Base Rate.

"Benchmark Rate" has the meaning set forth in Section 2.05(i).

"Borrower" has the meaning specified in the introductory paragraph hereto.

"Borrowing" means a borrowing consisting of simultaneous Revolving Loans of the same Type and, in the case of Eurodollar Rate Loans, having the same Interest Period made by each of the Lenders pursuant to Section 2.01.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Administrative Agent's Office is located and, if such day relates to any Eurodollar Rate Loan, means any such day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

"Businesses" means, at any time, a collective reference to the

businesses operated by the Borrower and its Subsidiaries at such time.

"Capital Lease" means, as applied to any Person, any lease of any Property by that Person as lessee which, in accordance with GAAP, is required to be accounted for as a capital lease on the balance sheet of that Person.

"Capital Stock" means (a) in the case of a corporation, capital stock, (b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock, (c) in the case of a partnership, partnership interests (whether general or limited), (d) in the case of a limited liability company, membership interests and (e) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"Cash Collateralize" means to pledge and deposit with or deliver to (a) the Administrative Agent, for the benefit of the L/C Issuer and the Lenders with a Revolving Commitment, as collateral for the L/C Obligations, cash or deposit account balances pursuant to documentation in form and substance reasonably satisfactory to the Administrative Agent and the L/C Issuer (which documents are hereby consented to by the Lenders) or (b) the Administrative Agent, for the benefit of the Credit-Linked L/C Issuer and the Credit-Linked Lenders, as collateral for the Credit-Linked L/C Obligations, cash or deposit account balances pursuant to documentation in form and substance reasonably satisfactory to the Administrative Agent and the Credit-Linked L/C Issuer (which documents are hereby consented to by the Credit-Linked Lenders), as the context may require. Derivatives of such term have corresponding meanings.

"Cash Equivalents" means, as at any date, (a) securities issued or directly and fully guaranteed or insured by the United States or any agency or instrumentality thereof (provided that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than twelve months from the date of acquisition, (b) Dollar denominated time deposits and certificates of deposit of (i) any Lender, (ii) any domestic commercial bank of recognized standing having capital and surplus in excess of $500,000,000 or (iii) any bank whose short-term commercial paper rating from S&P is at least A-1 or the equivalent thereof or from Moody's is at least P-1 or the equivalent thereof (any such bank being an "Approved Bank"), in each case with maturities of not more than one (1) year from the date of acquisition, (c) commercial paper and variable or fixed rate notes issued by any Approved Bank (or by the parent company thereof) or any variable rate notes issued by, or guaranteed by, any domestic corporation rated A-1 (or the equivalent thereof) or better by S&P or P-1 (or the equivalent thereof) or better by Moody's and maturing within twelve (12) months of the date of acquisition, (d) repurchase agreements entered into by any Person with a bank or trust company (including any of the Lenders) or recognized securities dealer having capital and surplus in excess of $500,000,000 for direct obligations issued by or fully guaranteed by the United States in which such Person shall have a perfected first priority security interest (subject to no other Liens) and having, on the date of purchase thereof, a fair market value of at least 100% of the amount of the repurchase obligations and (e) Investments, classified in accordance with GAAP as current assets, in money market investment programs registered under the Investment Company Act of 1940, as amended, which are administered by reputable

financial institutions having capital of at least $500,000,000 and the portfolios of which are limited such that 95% of such Investments are of the character described in the foregoing subdivisions (a) through (d).

"Cash-Secured Letter of Credit" means any Letter of Credit issued pursuant to Section 2.03 which is secured by cash pledged and deposited with the Administrative Agent pursuant to documentation in form and substance reasonably satisfactory to the Administrative Agent and the L/C Issuer.

"Change of Control" means an event or series of events by which:

(a) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that (i) a person or group shall be deemed to have "beneficial ownership" of all Capital Stock that such person or group has the right to acquire (such right, an "option right"), whether such right is exercisable immediately or only after the passage of time and (ii) an entity shall not be deemed to have "beneficial ownership" of any Capital Stock owned by any member of the Borrower's board of directors employed by or affiliated with such entity), directly or indirectly, of thirty eight percent (38%) of the Capital Stock of the Borrower entitled to vote for members of the board of directors or equivalent governing body of the Borrower on a fully diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right); or

(b) during any period of 24 consecutive months, a majority of the members of the board of directors or other equivalent governing body of the Borrower cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body (excluding, in the case of both clause (ii) and clause (iii), any individual whose initial nomination for, or assumption of office as, a member of that board or equivalent governing body occurs as a result of an actual or threatened solicitation of proxies or consents for the election or removal of one or more directors by any person or group other than a solicitation for the election of one or more directors by or on behalf of the board of directors); or

(c) the occurrence of a "Fundamental Change" (or any comparable term) under, and as defined in, the 2000 Subordinated Documents; or

(d) the occurrence of a "Fundamental Change" (or any comparable term) under, and as defined in, the 2003 Convertible Subordinated Debentures Documents.

"Closing Date" means the date hereof.

"Collateral" means a collective reference to all real and personal Property with respect to which Liens in favor of the Administrative Agent are purported to be granted pursuant to and in accordance with the terms of the Collateral Documents.

"Collateral Documents" means a collective reference to the Security Agreement, the Pledge Agreement, the Money Market Account Agreement, the Mortgages and other security documents as may be executed and delivered by the Loan Parties pursuant to the terms of Section 7.14.

"Commitment" means, as to each Lender, the Revolving Commitment of such Lender and/or the Credit-Linked Commitment of such Lender.

"Compliance Certificate" means a certificate substantially in the form of Exhibit F.

"Consolidated Asset Coverage Ratio" means, as of any date of determination, the ratio of (a) Consolidated Net Assets to (b) Consolidated Funded Indebtedness (other than Subordinated Indebtedness) as of such date minus unrestricted cash and Cash Equivalents in excess of $25,000,000 held by the Borrower and its Subsidiaries which would appear on a consolidated balance sheet of the Borrower and its Subsidiaries as of such date.

"Consolidated Capital Expenditures" means, for any period, for the Borrower and its Subsidiaries on a consolidated basis, all capital expenditures (including, without limitation, any capitalized software development costs), as determined in accordance with GAAP; provided, however, that Consolidated Capital Expenditures shall not include (a) expenditures made with proceeds of any Involuntary Disposition to the extent such expenditures are used to purchase Property that is the same as or similar to the Property subject to such Involuntary Disposition or (b) Permitted Acquisitions.

"Consolidated EBIT" means, for any period, for the Borrower and its Subsidiaries on a consolidated basis, an amount equal to Consolidated Net Income for such period plus the following to the extent deducted in calculating such Consolidated Net Income: (a) Consolidated Interest Expense for such period, (b) the provision for taxes based on income or revenues payable by the Borrower and its Subsidiaries for such period, (c) without duplication, the Permitted Charges for such period and (d) without duplication, Non-Cash Charges for such period, as determined in accordance with GAAP. Notwithstanding the foregoing, for purposes of calculating the Consolidated Interest Coverage Ratio, the Consolidated Leverage Ratio and the Consolidated Senior Leverage Ratio as of the end of the fiscal quarters ending December 31, 2003 and March 31, 2004, Consolidated EBIT for the twelve month period ending as of the applicable fiscal quarter shall be determined as follows:

Date of Fiscal Quarter End	
December 31, 2003	$18,050,000 plus actual Consolidated EBIT for the six month period ending on December 31, 2003
March 31, 2004	$18,050,000 plus actual Consolidated EBIT

	for the nine month period ending on March 31, 2004

"Consolidated EBITDA" means, for any period, for the Borrower and its Subsidiaries on a consolidated basis, an amount equal to (a) Consolidated EBIT for such period plus (b) the amount of depreciation and amortization expense for such period (to the extent deducted in calculating Consolidated Net Income for such period), all as determined in accordance with GAAP. Notwithstanding the foregoing, for purposes of calculating the Consolidated Interest Coverage Ratio, the Consolidated Leverage Ratio and the Consolidated Senior Leverage Ratio as of the end of the fiscal quarters ending December 31, 2003 and March 31, 2004, Consolidated EBITDA for the twelve month period ending as of the applicable fiscal quarter shall be determined as follows:

Date of Fiscal Quarter End	
December 31, 2003	$48,550,000 plus actual Consolidated EBITDA for the six month period ending on December 31, 2003
March 31, 2004	$33,750,000 plus actual Consolidated EBITDA for the nine month period ending on March 31, 2004

"Consolidated Funded Indebtedness" means Funded Indebtedness of the Borrower and its Subsidiaries on a consolidated basis determined in accordance with GAAP.

"Consolidated Interest Expense" means, for any period, for the Borrower and its Subsidiaries on a consolidated basis, an amount equal to the sum of all interest, premium payments, debt discount, fees, charges and related expenses of the Borrower and its Subsidiaries in connection with borrowed money (including capitalized interest) or in connection with the deferred purchase price of assets, in each case to the extent treated as interest in accordance with GAAP; provided, however, that Consolidated Interest Expense for the twelve month period ending as of the fiscal quarters ending December 31, 2003, March 31, 2004, June 30, 2004 and September 30, 2004 shall equal the following:

Date of Fiscal Quarter End	
December 31, 2003	$21,500,000
March 31, 2004	$16,125,000 plus actual Consolidated Interest Expense for the three month period ending on March 31, 2004
June 30, 2004	$10,750,000 plus actual Consolidated Interest Expense for the six month period ending on June 30, 2004
September 30, 2004	$5,375,000 plus actual Consolidated Interest Expense for the nine month period ending on September 30, 2004

"Consolidated Interest Coverage Ratio" means, as of any date of determination, the ratio of (a) Consolidated EBIT for the period of the four fiscal quarters most recently ended for which the Borrower has delivered financial statements pursuant to Section 7.01(a) or (b) to (b) the sum of (i) Consolidated Interest Expense for the period of the four fiscal quarters most recently ended for which the Borrower has delivered financial statements pursuant to Section 7.01(a) or (b) minus (ii) all interest expense attributable to capitalized loan costs and the amount of fees paid in connection with the issuance of letters of credit on behalf of the Borrower or any Subsidiary during such period.

"Consolidated Leverage Ratio" means, as of any date of determination, the ratio of (a) Consolidated Funded Indebtedness as of such date minus unrestricted cash and Cash Equivalents in excess of $25,000,000 held by the Borrower and its Subsidiaries which would appear on a consolidated balance sheet of the Borrower and its Subsidiaries as of such date to (b) Consolidated EBITDA for the period of the four fiscal quarters most recently ended for which the Borrower has delivered financial statements pursuant to Section 7.01(a) or (b).

"Consolidated Net Accounts" means, as of any date of determination, accounts receivable set out in the 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, for the Borrower and its Subsidiaries on a consolidated basis, the net income of the Borrower and its

Subsidiaries (excluding extraordinary gains and extraordinary losses) for that period.

"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, consolidated shareholders' equity of the Borrower and its Subsidiaries as of that date determined in accordance with GAAP.

"Consolidated Senior Leverage Ratio" means, as of any date of determination, the ratio of (a) Consolidated Funded Indebtedness (other than Subordinated Indebtedness) as of such date minus unrestricted cash and Cash Equivalents in excess of $25,000,000 held by the Borrower and its Subsidiaries which would appear on a consolidated balance sheet of the Borrower and its Subsidiaries as of such date to (b) Consolidated EBITDA for the period of the four fiscal quarters most recently ended for which the Borrower has delivered financial statements pursuant to Section 7.01(a) or (b).

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its Property is bound.

"Control" has the meaning specified in the definition of "Affiliate."

"Credit Extension" means each of the following: (a) a Borrowing, (b) an L/C Credit Extension and (c) a Credit-Linked Credit Extension (including the making of certain proceeds in the Credit Linked Deposit Account available as a Term Loan).

"Credit-Linked Commitment" means, as to each Lender, its obligation (a) to make the Credit-Linked Deposit to the Administrative Agent pursuant to Section 2.01(b) in the principal amount set forth opposite such Lender's name on Schedule 2.01 and (b) to make Term Loans to the Borrower with the Dollars deposited in the Credit-Linked Deposit pursuant to Section 2.06(a), as such amount may be reduced from time to time in accordance with this Agreement.

"Credit-Linked Credit Extension" means (a) with respect to any Credit-Linked Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the renewal, reinstatement or increase of the amount thereof, (b) the transfer of a Letter of Credit to a Credit-Linked Letter of Credit and (c) the making of any Term Loans.

"Credit-Linked Deposit" has the meaning set forth in Section 2.05(c)(ii).

"Credit-Linked Deposit Account" means the deposit account established by the Administrative Agent in its name and under its sole and exclusive control at its offices in Dallas, Texas, designated as the "Bank of America, N.A. as Administrative Agent Quanta Services, Inc. Credit Linked Deposit Account" that shall be used solely for the purposes set forth in Sections 2.05(c)(ii) and (iii) and in Section 2.06(a)(iii).

"Credit-Linked Expiration Date" means the day that is thirty days prior to the Maturity Date then in effect (or, if such day is not a Business Day, the next preceding Business Day).

"Credit-Linked Facility Fee" has the meaning set forth in Section 2.05(k).

"Credit-Linked Fronting Fee" has the meaning set forth in Section 2.05(l).

"Credit-Linked Honor Date" has the meaning set forth in Section 2.05(c)(i).

"Credit-Linked Issuance Limits" has the meaning set forth in Section 2.05(a)(ii).

"Credit-Linked L/C Advance" means, with respect to each Credit-Linked Lender, such Credit-Linked Lender's funding of its participation in any Credit-Linked L/C Borrowing in accordance with its Pro Rata Share pursuant to Section 2.05(c).

"Credit-Linked L/C Borrowing" means, without duplication, an extension of credit resulting from a drawing under any Credit-Linked Letter of Credit which has not been reimbursed on the date when made or refinanced by a Credit-Linked L/C Advance or a Term Loan.

"Credit-Linked L/C Issuer" means Bank of America in its capacity as issuer of Credit-Linked Letters of Credit hereunder, or any successor issuer of Credit-Linked Letters of Credit hereunder.

"Credit-Linked L/C Issuer Documents" means with respect to any Credit-Linked Letter of Credit issued by the Credit-Linked L/C Issuer, such Credit-Linked Letter of Credit, any applications for issuance or amendment of such Credit-Linked Letter of Credit, and any other document, agreement and instrument entered into by the Credit-Linked L/C Issuer and the Borrower or by the Borrower in favor of the Credit-Linked L/C Issuer and relating to any such Credit-Linked Letter of Credit, including any of the Credit-Linked L/C Issuer's standard form documents for issuances and amendments of letters of credit and guarantees or other similar undertakings.

"Credit-Linked L/C Obligations" means, as at any date of determination, the aggregate undrawn amount of all outstanding Credit-Linked Letters of Credit plus the aggregate of all outstanding Unreimbursed Credit-Linked Amounts in respect to any Credit-Linked Letters of Credit, including, without duplication, all Credit-Linked L/C Borrowings arising from any Credit-Linked Letters of Credit.

"Credit-Linked Lenders" means the Lenders that have a Credit-Linked Commitment.

"Credit-Linked Letter of Credit" means (a) any letter of credit issued pursuant to Section 2.05, (b) any Letter of Credit transferred to a Credit-Linked Letter of Credit pursuant to Section 2.05(a)(vi) and (c) any Existing Credit-Linked Letter of Credit. A Credit-Linked Letter of Credit may be a commercial letter of credit or a standby letter of credit.

"Credit-Linked Letter of Credit Application" means an application and agreement for the issuance or amendment of a letter of credit in the form from time to time in use by the Credit-Linked L/C Issuer.

"Credit-Linked Nonrenewal Notice Date" has the meaning set forth in Section 2.05(b)(iii).

"Credit-Linked Note" has the meaning set forth in Section 2.13(a).

"Credit-Linked Obligations means, without duplication, as at any date of determination, the aggregate of all Credit-Linked L/C Obligations on such date plus the aggregate amount of the Term Loans outstanding on such date.

"Credit-Linked Participation" has the meaning set forth in Section 2.05(c)(ii).

"Debt Issuance" means the issuance by the Borrower or any Subsidiary of any Indebtedness.

"Debtor Relief Laws" means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

"Default" means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"Default Rate" means an interest rate equal to (a) the Base Rate plus (b) the Applicable Rate, if any, applicable to Base Rate Loans plus (c) 2% per annum; provided, however, that with respect to a Eurodollar Rate Loan or Credit-Linked L/C Advance, the Default Rate shall be an interest rate equal to the interest rate (including any Applicable Rate) otherwise applicable to such Loan or Credit-Linked L/C Advance plus 2% per annum, in each case to the fullest extent permitted by applicable Laws. For purposes of this definition, the "Applicable Rate" with respect to any Term Loan or Credit-Linked L/C Advance shall be deemed to be 3.00% per annum.

"Defaulting Lender" means any Lender that (a) has failed to fund any portion of the Loans or the Credit-Linked Deposits, participations in L/C Obligations or Credit-Linked L/C Obligations or participations in Swing Line Loans required to be funded by it hereunder within one (1) Business Day of the date required to be funded by it hereunder, (b) has otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within one Business Day of the date when due, unless the subject of a good faith dispute, or (c) has been deemed insolvent or become the subject of a bankruptcy or insolvency proceeding.

"Disposition" or "Dispose" means the sale, transfer, license, lease or other disposition (including any Sale and Leaseback Transaction) of any Property by the Borrower or any Subsidiary (including the Capital Stock of any

Subsidiary), including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith, but excluding (i) the sale, lease, license, transfer or other disposition of inventory in the ordinary course of business of the Borrower and its Subsidiaries, (ii) the sale, lease, license, transfer or other disposition of machinery and equipment no longer used or useful in the conduct of business of the Borrower and its Subsidiaries, (iii) any sale, lease, license, transfer or other disposition of Property by the Borrower or any Subsidiary to any Loan Party, provided that the Loan Parties shall cause to be executed and delivered such documents, instruments and certificates as the Administrative Agent may reasonably request so as to cause the Loan Parties to be in compliance with the terms of Section 7.14 after giving effect to such transaction, (iv) any Involuntary Disposition by the Borrower or any Subsidiary, (v) any Disposition by the Borrower or any Subsidiary to the extent constituting a Permitted Investment, (vi) any sale, lease, license, transfer or other disposition of Property by any Foreign Subsidiary to another Foreign Subsidiary, and (vii) any sale, transfer or other disposition of those assets identified on Schedule 1.01(a) attached hereto.

"Dollar" and "$" mean lawful money of the United States.

"Domestic Subsidiary" means any Subsidiary that is organized under the laws of any political subdivision of the United States.

"Earn Out Obligations" means, with respect to an Acquisition, all obligations of the Borrower or any Subsidiary to make earn out or other contingency payments pursuant to the documentation relating to such Acquisition. The amount of any Earn Out Obligation shall be deemed to be the aggregate liability in respect thereof as recorded on the balance sheet of the Borrower and its Subsidiaries in accordance with GAAP.

"Eligible Assets" means Property that is used or useful in the same or a similar line of business as the Borrower and its Subsidiaries were engaged in on the Closing Date (or any reasonable extensions or expansions thereof).

"Eligible Assignee" has the meaning set forth in Section 11.07(g).

"Environmental Laws" means any and all federal, state, local, foreign and other applicable statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower, any other Loan Party or any of their respective Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Issuance" means any issuance by the Borrower or any Subsidiary to any Person of shares of its Capital Stock, other than (a) any issuance of shares of its Capital Stock pursuant to the exercise of options or warrants, (b) any issuance of shares of its Capital Stock pursuant to the conversion of any debt securities to equity or the conversion of any class equity securities to any other class of equity securities, (c) any issuance of options or warrants relating to its Capital Stock, and (d) any issuance by the Borrower of shares of its Capital Stock as consideration for a Permitted Acquisition. The term "Equity Issuance" shall not be deemed to include any Disposition.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with the Borrower within the meaning of Section 414(b) or (c) of the Internal Revenue Code (and Sections 414(m) and (o) of the Internal Revenue Code for purposes of provisions relating to Section 412 of the Internal Revenue Code).

"ERISA Event" means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by the Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Borrower or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate,

the treatment of a Plan amendment as a termination under Sections 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) an event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower or any ERISA Affiliate.

"Eurodollar Base Rate" means, for any Interest Period with respect to any Eurodollar Rate Loan:

(a) the rate per annum equal to the rate determined by the Administrative Agent to be the offered rate that appears on the page of the Telerate screen (or any successor thereto) that displays an average British Bankers Association Interest Settlement Rate for deposits in Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or

(b) if the rate referenced in the preceding clause (a) does not appear on such page or service or such page or service shall not be available, the rate per annum equal to the rate determined by the Administrative Agent to be the offered rate on such other page or other service that displays an average British Bankers Association Interest Settlement Rate for deposits in Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or

(c) if the rates referenced in the preceding clauses (a) and (b) are not available, the rate per annum (rounded upward to the next 1/100th of 1%) determined by the Administrative Agent as the rate of interest at which deposits in Dollars for delivery on the first day of such Interest Period in same day funds in the approximate amount of the Eurodollar Rate Loan being made, continued or converted by Bank of America and with a term equivalent to such Interest Period would be offered by Bank of America's London Branch to major banks in the London interbank eurodollar market at their request at approximately 4:00 p.m. (London time) two Business Days prior to the first day of such Interest Period.

"Eurodollar Rate" means for any Interest Period with respect to any Eurodollar Rate Loan, a rate per annum determined by the Administrative Agent to be equal to the quotient obtained by dividing (a) the Eurodollar Base Rate for such Eurodollar Loan for such Interest Period by (b) one minus the Eurodollar Reserve Percentage for such Eurodollar Loan for such Interest Period.

"Eurodollar Rate Loan" means a Loan that bears interest at a rate based on the Eurodollar Rate.

"Eurodollar Reserve Percentage" means, for any day during any Interest Period, the reserve percentage (expressed as a decimal, carried out to five decimal places) in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the FRB for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurodollar funding (currently referred to as "Eurocurrecy liabilities"). The Eurodollar Rate for each outstanding Eurodollar Rate Loan shall be adjusted automatically as of the effective date of any change in the Eurodollar Reserve Percentage.

"Event of Default" has the meaning set forth in Section 9.01.

"Excluded Property" means, with respect to any Loan Party, including any Person that becomes a Loan Party after the Closing Date as contemplated by Section 7.12, (a) any owned or leased real or personal Property which is located outside of the United States unless requested by the Administrative Agent or the Required Lenders, (b) any personal Property (including, without limitation, motor vehicles) in respect of which perfection of a Lien is not either (i) governed by the Uniform Commercial Code or (ii) effected by appropriate evidence of the Lien being filed in either the United States Copyright Office or the United States Patent and Trademark Office, unless requested by the Administrative Agent or the Required Lenders, and (c) any Property which, subject to the terms of Section 8.09, is subject to a Lien of the type described in Section 8.01(i) pursuant to documents which prohibit such Loan Party from granting any other Liens in such Property.

"Existing Credit-Linked Letters of Credit" means the letters of credit described by date of issuance, letter of credit number, undrawn amount, name of beneficiary and date of expiry on Schedule 1.01(b)(1).

"Existing Letters of Credit" means the letters of credit described by

date of issuance, letter of credit number, undrawn amount, name of beneficiary and date of expiry on Schedule 1.01(b)(2).

"Facilities" means, at any time, a collective reference to the facilities and real properties owned, leased or operated by the Borrower or any Subsidiary.

"Federal Funds Rate" means, for any day, the rate per annum 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 on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Bank of America on such day on such transactions as determined by the Administrative Agent.

"Fee Letter" means the letter agreement, dated November 12, 2003 among the Borrower, the Administrative Agent and BAS.

"Foreign Lender" has the meaning set forth in Section 11.15(a)(i).

"Foreign Subsidiary" means any Subsidiary that is not a Domestic Subsidiary.

"FRB" means the Board of Governors of the Federal Reserve System of the United States.

"Funded Indebtedness" means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

(a) all obligations for borrowed money, whether current or long-term (including the Obligations) and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) all purchase money Indebtedness;

(c) all obligations arising under letters of credit (including standby and commercial), bankers' acceptances, bank guaranties and similar instruments;

(d) all obligations in respect of the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business), including without limitation, any Earn Out Obligations;

(e) the Attributable Indebtedness of Capital Leases and Synthetic Leases;

(f) the Attributable Indebtedness of Securitization Transactions;

(g) all preferred stock or other equity interests providing for mandatory redemptions, sinking fund or like payments prior to the Maturity Date;

(h) all Guarantees with respect to Indebtedness of the types specified in clauses (a) through (g) above of another Person; and

(i) all Indebtedness of the types referred to in clauses (a) through (h) above of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or joint venturer, except to the extent that Indebtedness is expressly made non-recourse to such Person.

For purposes hereof, (x) the amount of any direct obligation arising under letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds and similar instruments shall be the maximum amount available to be drawn thereunder and (y) the amount of any Guarantee shall be the amount of the Indebtedness subject to such Guarantee.

"GAAP" means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board, consistently applied.

"Governmental Authority" means any nation or government, any state or

other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, administrative tribunal, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guarantee" means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the

maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term "Guarantee" as a verb has a corresponding meaning.

"Guaranty" means the Guaranty made by the Guarantors in favor of the Administrative Agent and the Lenders pursuant to Article IV hereof.

"Guarantors" means each Domestic Subsidiary of the Borrower and each other Person that joins as a Guarantor pursuant to Section 7.12, together with their successors and permitted assigns.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Honor Date" has the meaning set forth in Section 2.03(c).

"Indebtedness" means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

(a) all Funded Indebtedness;

(b) net obligations under any Swap Contract;

(c) all obligations arising under surety bonds;

(d) all Guarantees with respect to outstanding Indebtedness of the types specified in clauses (a), (b) and (c) above of any other Person; and

(e) all Indebtedness of the types referred to in clauses (a) through (d) above of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which the Borrower or a Subsidiary is a general partner or joint venturer, unless such Indebtedness is expressly made non-recourse to the Borrower or such Subsidiary.

For purposes hereof (y) the amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date and (z) the amount of any Guarantee shall be the amount of the Indebtedness subject to such Guarantee.

"Indemnified Liabilities" has the meaning set forth in Section 11.05.

"Indemnitees" has the meaning set forth in Section 11.05.

"Interest Payment Date" means (a) as to any Loan other than a Base Rate Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date; provided, however, that if any Interest Period for a Eurodollar Rate Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates; and (b) as to any Base Rate Loan (including a Swing Line Loan),

the last Business Day of each March, June, September and December and the Maturity Date.

"Interest Period" means, (a) as to the Credit-Linked Deposits, the period commencing on the date any such Credit-Linked Deposit is made and ending on the date three months thereafter, (b) as to Credit-Linked L/C Advances and Term Loans, the period commencing on the date any such Credit-Linked L/C

Advance or Term Loan is made (except with respect to Term Loans made from the proceeds of the Credit-Linked Deposits pursuant to Sections 2.06(a)(i)(A) or (B), the Interest Period shall be deemed to commence on the same day as the Interest Period commencement date for the Credit-Linked Deposits, and with respect to Term Loans made through the conversion of Credit-Linked L/C Advances pursuant to Section 2.06(a)(i)(C), the Interest Period shall be deemed to commence on the same day as the Interest Period commencement date for the Credit-Linked Deposits, if any, on the date of such conversion) and ending on the earlier of (x) the date three months thereafter and (y) the last day of the Interest Period with respect to the Credit-Linked Deposits, (c) after the initial Interest Periods described in (a) and (b) above as to Credit-Linked Deposits, Credit-Linked L/C Advances and Term Loans, the period commencing on the last day of the immediately preceding Interest Period and ending on the date three months thereafter and (d) as to each Revolving Loan that is a Eurodollar Rate Loan, the period commencing on the date such Eurodollar Rate Loan is disbursed or converted to or continued as a Eurodollar Rate Loan and ending on the date one, two, three or six months thereafter, as selected by the Borrower in its Loan Notice; provided that:

(i) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(ii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) no Interest Period shall extend beyond the Maturity Date;

provided further that after the occurrence and during the continuance of an Event of Default, the Required Credit-Linked Lenders, acting through the Administrative Agent, may designate one or more Interest Periods for the Credit-Linked L/C Advances and/or the Term Loans which are shorter than that set forth above, such designation to be effective after the last day of the applicable existing Interest Period.

"Interim Financial Statements" has the meaning set forth in Section 5.01(c).

"Internal Revenue Code" means the Internal Revenue Code of 1986.

"Investment" means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Capital Stock of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person, or (c) an Acquisition. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

"Involuntary Disposition" means any loss of, damage to or destruction of, or any condemnation or other taking for public use of, any Property of the Borrower or any of its Subsidiaries.

"IP Rights" has the meaning set forth in Section 6.17.

"IRS" means the United States Internal Revenue Service.

"Issuers" means the collective reference to the L/C Issuer and the Credit-Linked L/C Issuer and "Issuer" means any one of them.

"Issuer-Related Persons" means any Issuer, together with its Affiliates, and the officers, directors, employees, agents and attorneys-in-fact of such Issuer and its Affiliates.

"Joinder Agreement" means a joinder agreement substantially in the form of Exhibit H executed and delivered by a Domestic Subsidiary in accordance with

the provisions of Section 7.12.

"Laws" means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"L/C Advance" means, with respect to each Lender, such Lender's funding of its participation in any L/C Borrowing in accordance with its Pro Rata Share.

"L/C Borrowing" means an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when made or refinanced as a Borrowing of Revolving Loans.

"L/C Credit Extension" means, with respect to any Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the renewal or increase of the amount thereof.

"L/C Issuer" means Bank of America in its capacity as issuer of Letters of Credit hereunder, or any successor issuer of Letters of Credit hereunder.

"L/C Obligations" means, as at any date of determination, the aggregate undrawn amount of all outstanding Letters of Credit plus the aggregate of all outstanding Unreimbursed Amounts, including, without duplication, all L/C Borrowings.

"Lenders" means each of the Persons identified as a "Lender" on the signature pages hereto and their successors and assigns and, as the context requires, includes the L/C Issuer, the Credit-Linked L/C Issuer and the Swing Line Lender.

"Lending Office" means, as to any Lender, the office or offices of such Lender described as such in such Lender's Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Borrower and the Administrative Agent.

"Letter of Credit" means (a) any letter of credit issued pursuant to Section 2.03 and (b) any Existing Letter of Credit. A Letter of Credit may be a commercial letter of credit or a standby letter of credit.

"Letter of Credit Application" means an application and agreement for the issuance or amendment of a letter of credit in the form from time to time in use by the L/C Issuer.

"Letter of Credit Expiration Date" means the day that is thirty days prior to the Maturity Date then in effect (or, if such day is not a Business Day, the next preceding Business Day).

"Letter of Credit Sublimit" means an amount equal to the lesser of (a) the Aggregate Revolving Commitments and (b) $35,000,000 (as such amount may be increased pursuant to Section 2.02(f)). The Letter of Credit Sublimit is part of, and not in addition to, the Aggregate Revolving Commitments.

"Letter of Credit Transfer Notice" means a notice of transfer of a Letter of Credit to a Credit-Linked Letter of Credit pursuant to Section 2.05(a)(vi), which shall be substantially in the form of Exhibit A.

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, and any financing lease having substantially the same economic effect as any of the foregoing).

"Loan" means an extension of credit by a Lender to the Borrower under Article II in the form of a Revolving Loan, Swing Line Loan or Term Loan.

"Loan Documents" means this Agreement, each Note, each Letter of Credit, each Letter of Credit Application, each Joinder Agreement, the Collateral Documents, each Request for Credit Extension, each Compliance Certificate, the Fee Letter and each other document, instrument or agreement from time to time executed by the Borrower or any of its Subsidiaries or any Responsible Officer thereof and delivered in connection with this Agreement.

"Loan Notice" means a notice of (a) a Borrowing of Revolving Loans, (b) a conversion of Loans from one Type to the other, (c) a request for the making of Term Loans from the proceeds of the Credit-Linked Deposits pursuant to Section 2.06(a) or (d) a continuation of Eurodollar Rate Loans, pursuant to Section 2.02(a), which, if in writing, shall be substantially in the form of Exhibit B.

"Loan Parties" means, collectively, the Borrower and each Guarantor.

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities, financial condition or prospects of the Borrower and its Subsidiaries taken as a whole; (b) a material impairment of the ability of the Loan Parties taken as a whole to perform their obligations under the Loan Documents; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against any Loan Party of any Loan Document to which it is a party.

"Maturity Date" means (a) as to the Revolving Loans, Swing Line Loans and Letters of Credit (and the related L/C Obligations), December 19, 2007 and (b) as to the Credit-Linked Letters of Credit (and the related Credit-Linked L/C Obligations) and the Term Loans, June 19, 2008.

"Money Market Account Agreement" means the Money Market Account Agreement dated as of the Closing Date between the Administrative Agent and Bank of America, as depository, substantially in the form of Exhibit I attached hereto, concerning the Credit-Linked Deposit Account, as amended, modified, restated or supplemented from time to time.

"Moody's" means Moody's Investors Service, Inc. and any successor thereto.

"Mortgaged Property" means any real property that is owned or leased by a Loan Party and is subject to a Mortgage.

"Mortgages" means the mortgages, deeds of trust or deeds to secure debt that purport to grant to the Administrative Agent a security interest in the fee interest and/or leasehold interests of any Loan Party in (i) each of the real properties designated as a "Mortgaged Property" on Schedule 6.20(a) and (ii) each real property (other than Excluded Property) acquired or leased by a Loan Party subsequent to the Closing Date, as the same may be amended, modified, restated or supplemented from time to time.

"Multiemployer Plan" means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

"Non-Cash Charges" means, for any period, the amount of non-cash charges determined in accordance with GAAP; provided that 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 Consolidated EBIT.

"Nonrenewal Notice Date" has the meaning specified in Section 2.03(b)(iii).

"Note" or "Notes" means the Revolving Notes, the Swing Line Note and/or the Credit-Linked Notes, individually or collectively, as appropriate.

"Obligations" means all advances to, and debts, liabilities, indemnities, obligations, covenants and duties of, any Loan Party arising under any Loan Document or otherwise with respect to any Loan, Letter of Credit or Credit-Linked Letter of Credit, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Loan Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. The foregoing shall also include any Swap Contract between any Loan Party and any Lender or Affiliate of a Lender.

"Organization Documents" means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

"Outstanding Amount" means (i) with respect to any Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of any Loans occurring on such date; (ii) with respect to any L/C Obligations on any date, the amount of such L/C Obligations on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the L/C

Obligations as of such date, including as a result of any reimbursements of outstanding unpaid drawings under any Letters of Credit or any reductions in the maximum amount available for drawing under Letters of Credit taking effect on such date; and (iii) with respect to any Credit-Linked L/C Obligations on any date, the amount of such Credit-Linked L/C Obligations on such date after giving effect to any Credit-Linked Credit Extension occurring

on such date and any other changes in the aggregate amount of the Credit-Linked L/C Obligations as of such date, including as a result of any reimbursements of outstanding unpaid drawings under any Credit-Linked Letters of Credit or any reductions in the maximum amount available for drawing under Credit-Linked Letters of Credit taking effect on such date.

"Participant" has the meaning specified in Section 11.07(d).

"PBGC" means the Pension Benefit Guaranty Corporation.

"Pension Plan" means any "employee pension benefit plan" (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is subject to Title IV of ERISA and is sponsored or maintained by the Borrower or any ERISA Affiliate or to which the Borrower or any ERISA Affiliate contributes or has an obligation to contribute, or in the case of a multiple employer or other plan described in Section 4064(a) of ERISA, has made contributions at any time during the immediately preceding five plan years.

"Permitted Acquisitions" means Investments consisting of an Acquisition by the Borrower or any Subsidiary of the Borrower, provided that (i) the Property acquired (or the Property of the Person acquired) in such Acquisition is used or useful in the same or a similar line of business as the Borrower and its Subsidiaries were engaged in on the Closing Date (or any reasonable extensions or expansions thereof), (ii) the Administrative Agent shall have received all items in respect of the Capital Stock or Property acquired in such Acquisition required to be delivered by the terms of Section 7.12 and/or Section 7.14, (iii) in the case of an Acquisition of the Capital Stock of another Person, the board of directors (or other comparable governing body) of such other Person shall have duly approved such Acquisition, (iv) the Borrower shall have delivered to the Administrative Agent a Pro Forma Compliance Certificate demonstrating that, upon giving effect to such Acquisition on a Pro Forma Basis, the Loan Parties would be in compliance with the financial covenants set forth in Section 8.11(b) and (c) as of the most recent fiscal quarter for which the Borrower has delivered financial statements pursuant to Section 7.01(a) or (b), (v) the representations and warranties made by the Loan Parties in any Loan Document shall be true and correct in all material respects at and as if made as of the date of such Acquisition (after giving effect thereto) except to the extent such representations and warranties expressly relate to an earlier date, (vi) if such transaction involves the purchase of an interest in a partnership between the Borrower (or a Subsidiary of the Borrower) as a general partner and entities unaffiliated with the Borrower or such Subsidiary as the other partners, such transaction shall be effected by having such equity interest acquired by a corporate holding company directly or indirectly wholly-owned by the Borrower, (vii) immediately after giving effect to such Acquisition, there shall be at least $10,000,000 of availability existing under the Aggregate Revolving Commitments, (viii) the cash consideration paid for any such Acquisition shall not exceed (a) if the Consolidated Leverage Ratio (calculated on a Pro Forma Basis) is greater than or equal to 3.5 to 1.0, $20,000,000 or (b) if the Consolidated Leverage Ratio (calculated on a Pro Forma Basis) is less than 3.5 to 1.0, $40,000,000 and (ix) the aggregate cash consideration for all such Acquisitions occurring during any fiscal year shall not exceed (a) if the Consolidated Leverage Ratio (calculated on a Pro Forma Basis) is greater than or equal to 3.5 to 1.0, $40,000,000 or (b) if the Consolidated Leverage Ratio (calculated on a Pro Forma Basis) is less than 3.5 to 1.0, $80,000,000.

"Permitted Charges" means, for any period, the sum of (a) lease termination expenses and severance costs not exceeding $5,000,000 in the aggregate which relate to the organizational restructuring of the Borrower and its Subsidiaries, plus the amounts attributable to written off loan costs and any make whole amounts plus (b) those costs and expenses of the Borrower identified on Schedule 1.01(c) attached hereto to the extent incurred during such period.

"Permitted Investments" means, at any time, Investments by the Borrower or any of its Subsidiaries permitted to exist at such time pursuant to the terms of Section 8.02.

"Permitted Liens" means, at any time, Liens in respect of Property of the Borrower or any of its Subsidiaries permitted to exist at such time pursuant to the terms of Section 8.01.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any "employee benefit plan" (as such term is defined in

Section 3(3) of ERISA) established by the Borrower or, with respect to any such plan that is subject to Section 412 of the Internal Revenue Code or Title IV of ERISA, any ERISA Affiliate.

"Pledge Agreement" means the pledge agreement dated as of the Closing Date executed in favor of the Administrative Agent by each of the Loan Parties, as amended, modified, restated or supplemented from time to time.

"Pro Forma Basis" means, for purposes of calculating the Consolidated Leverage Ratio (including for purposes of determining the Applicable Rate) and the Consolidated Senior Leverage Ratio, that any Acquisition shall be deemed to have occurred as of the first day of the most recent four fiscal quarter period preceding the date of such Acquisition for which the Borrower has delivered financial statements pursuant to Section 7.01(a) or (b). In connection with the foregoing, (a) income statement items attributable to the Person or Property acquired shall be included to the extent relating to any period applicable in such calculations to the extent (A) such items are not otherwise included in such income statement items for the Borrower and its Subsidiaries in accordance with GAAP or in accordance with any defined terms set forth in Section 1.01 and (B) such items are supported by financial statements or other information reasonably satisfactory to the Administrative Agent and (ii) any Indebtedness incurred or assumed by the Borrower or any Subsidiary (including the Person or Property acquired) in connection with such transaction and any Indebtedness of the Person or Property acquired which is not retired in connection with such transaction shall be deemed to have been incurred as of the first day of the applicable period.

"Pro Forma Compliance Certificate" means a certificate of a Responsible Officer of the Borrower containing reasonably detailed calculation of the Consolidated Leverage Ratio and the Consolidated Senior Leverage Ratio as of the most recent fiscal quarter end for which the Borrower has delivered financial statements pursuant to Section 7.01(a) or (b) after giving effect to the applicable transaction on a Pro Forma Basis.

"Pro Rata Share" means, as to each Lender at any time, (a) with respect to such Lender's Revolving Commitment at any time, a fraction (expressed as a percentage, carried out to the ninth decimal place), the numerator of which is the amount of the Revolving Commitment of such Lender at such time and the denominator of which is the amount of the Aggregate Revolving Commitments at such time; provided that if the commitment of each Lender to make Revolving Loans and the obligation of the L/C Issuer to make L/C Credit Extensions have been terminated pursuant to Section 9.02, then the Pro Rata Share of each Lender shall be determined based on the Pro Rata Share of such Lender immediately prior to such termination and after giving effect to any subsequent assignments made pursuant to the terms hereof, and (b) with respect to such Lender's Credit-Linked Commitment at any time, a fraction (expressed as a percentage, carried out to the ninth decimal place), the numerator of which is the aggregate principal amount of (i) the Term Loans held by such Lender at such time and (ii) the amount of Credit-Linked Deposits held by such Lender at such time and the denominator of which is the aggregate principal amount of (i) the Term Loans at such time and (ii) the Total Credit-Linked Deposit at such time;

provided that if the commitment of the Credit-Linked L/C Issuer to make Credit-Linked Credit Extensions has been terminated pursuant to Section 9.02, then the numerator of such fraction shall be such Lender's Outstanding Amount of all Obligations, and the denominator shall be the Outstanding Amount of all Obligations of all Lenders at such time. The initial Pro Rata Share of each Lender is set forth opposite the name of such Lender on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

"Property" means any interest of any kind in any property or asset, whether real, personal or mixed, or tangible or intangible.

"Register" has the meaning set forth in Section 11.07(c).

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA, other than events for which the thirty-day notice period has been waived.

"Request for Credit Extension" means (a) with respect to a Borrowing, a making of proceeds in the Credit-Linked Deposit, a Term Loan or the conversion or continuation of Loans, a Loan Notice, (b) with respect to an L/C Credit Extension or Credit-Linked Credit Extension (other than a Term Loan), a Letter of Credit Application or Credit-Linked Letter of Credit Application, as applicable and (c) with respect to a Swing Line Loan, a Swing Line Loan Notice, or in the event that an "auto borrow" or "zero balance" or similar arrangement shall be in place with the Swing Line Lender, such form of request required by such alternative notice arrangements.

"Request for Credit-Linked Deposit" means a request to prepay the Term Loans by depositing Dollars in the Credit-Linked Deposit Account, which shall be substantially in the form of Exhibit C.

"Required Credit-Linked Lenders" means, at any time, Credit-Linked Lenders holding in the aggregate more than fifty percent (50%) of the Credit-Linked Deposits, the outstanding Credit-Linked L/C Obligations and the outstanding Term Loans. The Credit-Linked Deposits of, the outstanding Credit-Linked Obligations and the outstanding Term Loans held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Credit-Linked Lenders.

"Required Lenders" means, at any time, Lenders holding in the aggregate more than fifty percent (50%) of (a)(i) the Revolving Commitments and (ii) the Credit-Linked Deposits, the outstanding Credit-Linked L/C Obligations and the outstanding Term Loans or (b) if the Revolving Commitments have been terminated, the Credit-Linked Deposits, the outstanding Loans, L/C Obligations, Credit-Linked L/C Obligations and Swing Line Loans and participations therein. The Revolving Commitments of, Credit-Linked Deposits of, the outstanding Credit-Linked Obligations and the outstanding Term Loans held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

"Required Revolving Lenders" means, at any time, Lenders holding in the aggregate more than fifty percent (50%) of (a) the Revolving Commitments or (b) if the Revolving Commitments have been terminated, the outstanding Revolving Loans, L/C Obligations and Swing Line Loans and participations therein. The Revolving Commitments of any Defaulting Lender shall be excluded for purposes of making a determination of Required Revolving Lenders.

"Responsible Officer" means the chief executive officer, president, chief financial officer, chief accounting officer, treasurer or general counsel of a Loan Party. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been

authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other Property) with respect to any Capital Stock of the Borrower or any Subsidiary, or any payment (whether in cash, securities or other Property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Capital Stock or of any option, warrant or other right to acquire any such Capital Stock.

"Revolving Commitment" means, as to each Lender, its obligation to (a) make Revolving Loans to the Borrower pursuant to Section 2.01, (b) purchase participations in L/C Obligations, and (c) purchase participations in Swing Line Loans, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender's name on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be reduced or increased from time to time in accordance with this Agreement.

"Revolving Loan" has the meaning specified in Section 2.01(a).

"Revolving Note" has the meaning specified in Section 2.13(a).

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and any successor thereto.

"Sale and Leaseback Transaction" means, with respect to the Borrower or any Subsidiary, any arrangement, directly or indirectly, with any Person whereby the Borrower or such Subsidiary shall sell or transfer any Property, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such Property or other Property that it intends to use for substantially the same purpose or purposes as the Property being sold or transferred.

"SEC" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"Securitization Transaction" means any financing transaction or series of related financing transactions (including factoring arrangements) pursuant to which the Borrower or any Subsidiary may sell, convey or otherwise transfer, or grant a security interest in, accounts, payments, receivables, rights to future lease payments or residuals or similar rights to payment to a special purpose subsidiary or affiliate of the Borrower that is not a Loan Party.

"Security Agreement" means the security agreement dated as of the Closing Date executed in favor of the Administrative Agent by each of the Loan Parties, as amended, modified, restated or supplemented from time to time.

"Solvent" or "Solvency" means, with respect to any Person as of a particular date, that on such date (a) such Person is able to pay its debts and other liabilities, contingent obligations and other commitments as they mature

in the ordinary course of business, (b) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature in their ordinary course, (c) such Person is not engaged in a business or a transaction, and is not about to engage in a business or a transaction, for which such Person's Property would constitute unreasonably small capital after giving due consideration to the prevailing practice in the industry in which such Person is engaged or is to engage, (d) the fair value of the Property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person and (e) the present fair salable value of the

assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured. In computing the amount of contingent liabilities at any time, it is intended that such liabilities will be computed at the amount which, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Subsidiary" of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of Capital Stock having ordinary voting power for the election of directors or other governing body (other than Capital Stock having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of the Borrower.

"Subordinated Indebtedness" means the (a) unsecured Indebtedness under (i) the 2000 Subordinated Documents, as amended or modified from time to time in accordance with the terms hereof and (ii) the 2003 Convertible Subordinated Debentures, as amended or modified from time to time in accordance with the terms hereof and (b) any other unsecured Indebtedness of the Borrower or any Subsidiary which by its terms is expressly subordinated in right of payment to the prior payment of the Obligations under this Agreement and the other Loan Documents on terms and conditions and evidenced by documentation reasonably satisfactory to the Administrative Agent.

"Swap Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"Swap Termination Value" means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

"Swing Line Lender" means Bank of America in its capacity as provider of Swing Line Loans, or any successor swing line lender hereunder.

"Swing Line Loan" has the meaning specified in Section 2.04(a).

"Swing Line Loan Notice" means a notice of a Borrowing of Swing Line Loans pursuant to Section 2.04(b), which, if in writing, shall be substantially in the form of Exhibit D.

"Swing Line Note" has the meaning specified in Section 2.13(a).

"Swing Line Sublimit" means an amount equal to the lesser of (a) $10,000,000 and (b) the Aggregate Revolving Commitments. The Swing Line Sublimit is part of, and not in addition to, the Aggregate Revolving Commitments.

"Synthetic Lease" means any synthetic lease, tax retention operating

lease, off-balance sheet loan or similar off-balance sheet financing arrangement whereby the arrangement is considered borrowed money indebtedness for tax purposes but is classified as an operating lease or does not otherwise appear on the balance sheet under GAAP.

"Term Loan" has the meaning specified in Section 2.06(a)(i).

"Term Loan Issuance Date" has the meaning specified in Section 2.06(a)(iii).

"Threshold Amount" means $2,000,000.

"Total Credit-Linked Deposit" means, at any time, the sum of all Credit-Linked Lenders' Credit-Linked Deposits, as the same may be reduced from time to time. As of the Closing Date, the amount of the Total Credit-Linked Deposit is ONE HUNDRED FIFTY MILLION DOLLARS ($150,000,000).

"Total Revolving Outstandings" means the aggregate Outstanding Amount of all Revolving Loans, all Swing Line Loans and all L/C Obligations.

"Type" means, with respect to any Loan, its character as a Base Rate Loan or a Eurodollar Rate Loan.

"UCP" has the meaning specified in Section 2.03(h).

"Unfunded Pension Liability" means the excess of a Pension Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Pension Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Internal Revenue Code for the applicable plan year.

"United States" and "U.S." mean the United States of America.

"Unreimbursed Amount" has the meaning set forth in Section 2.03(c)(i).

"Unreimbursed Credit-Linked Amount" has the meaning set forth in Section 2.05(c)(i).

"Unused Amount" has the meaning set forth in Section 2.06(a)(i).

"Voting Stock" means, with respect to any Person, Capital Stock issued by such Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even though the right so to vote has been suspended by the happening of such a contingency.

"Wholly Owned Subsidiary" means any Person 100% of whose Capital Stock is at the time owned by the Borrower directly or indirectly through other Persons 100% of whose Capital Stock is at the time owned, directly or indirectly, by the Borrower.

"2000 Subordinated Documents" means the 2000 Subordinated Indenture and all other documents executed and delivered in connection with the 2000 Subordinated Indenture, in each case as in effect on the Closing Date and as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof and thereof.

"2000 Subordinated Indenture" means that certain Subordinated Indenture dated as of July 25, 2000 as supplemented by that certain First Supplemental Indenture dated as of July 25, 2000, in each case between the Borrower, as issuer and Chase Bank of Texas, National Association, as trustee, as amended, modified, restated or supplemented and in effect from time to time in accordance with the terms hereof and thereof.

"2003 Convertible Subordinated Debentures" means those 4.5% Convertible Subordinated Debentures of the Borrower due 2023 issued pursuant to the 2003 Subordinated Indenture, as in effect on the Closing Date and as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof and thereof.

"2003 Convertible Subordinated Debentures Documents" means the 2003 Convertible Subordinated Debentures, the 2003 Subordinated Indenture and all other documents executed and delivered in respect of the 2003 Convertible Subordinated Debentures and the 2003 Subordinated Indenture, in each case as in effect on the Closing Date and as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof and thereof.

"2003 Subordinated Indenture" means that certain Indenture dated as of October 17, 2003 between the Borrower, as issuer, and Wells Fargo Bank, N.A., as trustee, as amended, modified, restated or supplemented and in effect from time to time in accordance with the terms hereof and thereof.

1.02 Other Interpretive Provisions.

With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) (i) The words "herein," "hereto," "hereof" and "hereunder" and words of similar import when used in any Loan Document shall refer to such Loan Document as a whole and not to any particular provision thereof.

(ii) Article, Section, Exhibit and Schedule references are to the Loan Document in which such reference appears.

(iii) The term "including" is by way of example and not limitation.

(iv) The term "documents" includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form.

(c) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including."

(d) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

1.03 Accounting Terms.

(a) Except as otherwise specifically prescribed herein, all accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations except as expressly provided herein) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements; provided, however, that calculations of Attributable Indebtedness under any Synthetic Lease or the implied interest component of any Synthetic Lease shall be made by the Borrower in accordance with accepted financial practice and consistent with the terms of such Synthetic Lease.

(b) The Borrower will provide a written summary of changes in GAAP that are material to the Borrower and in the consistent application thereof with each annual and quarterly Compliance Certificate delivered in accordance with Section 7.02(a). If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrower or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrower shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

(c) Notwithstanding the above, the parties hereto acknowledge and agree that all calculations of the Consolidated Leverage Ratio (including for purposes of determining the Applicable Rate) and the Consolidated Senior Leverage Ratio shall be made on a Pro Forma Basis.

1.04 Rounding.

Any financial ratios required to be maintained by the Borrower pursuant to this Agreement shall be carried to two decimal places and shall be calculated by dividing the appropriate component by the other component, carrying the result to three decimal places and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

1.05 References to Agreements and Laws.

Unless otherwise expressly provided herein, (a) references to Organization Documents, agreements (including the Loan Documents) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, extensions, supplements and other modifications

are not prohibited by any Loan Document; and (b) references to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Law.

1.06 Times of Day.

Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

1.07 Letter of Credit Amounts.

Unless otherwise specified, (a) all references herein to the amount of a Letter of Credit at any time shall be deemed to mean the maximum face amount of such Letter of Credit after giving effect to all increases thereof contemplated by such Letter of Credit or the Letter of Credit Application therefor, whether or not such maximum face amount is in effect at such time and (b) all references herein to the amount of a Credit-Linked Letter of Credit at any time shall be deemed to mean the maximum face amount of such Credit-Linked Letter of Credit after giving effect to all increases thereof contemplated by such Credit-Linked Letter of Credit or the Credit-Linked Letter of Credit Application therefor, whether or not such maximum face amount is in effect at such time.

ARTICLE II

THE COMMITMENTS AND CREDIT EXTENSIONS

2.01 Revolving Loans and Credit-Linked Deposits.

(a) Revolving Loans. Subject to the terms and conditions set forth herein, each Lender severally agrees to make loans (each such loan, a "Revolving Loan") to the Borrower in Dollars from time to time on any Business Day during the Availability Period in an aggregate amount not to exceed at any time outstanding the amount of such Lender's Revolving Commitment; provided, however, that after giving effect to any Borrowing of Revolving Loans, (i) the Total Revolving Outstandings shall not exceed the Aggregate Revolving Commitments, and (ii) the aggregate Outstanding Amount of the Revolving Loans of any Lender, plus such Lender's Pro Rata Share of the Outstanding Amount of all L/C Obligations, plus such Lender's Pro Rata Share of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender's Revolving Commitment. Within the limits of each Lender's Revolving Commitment, and subject to the other terms and conditions hereof, the Borrower may borrow under this Section 2.01, prepay under Section 2.07, and reborrow under this Section 2.01. Revolving Loans may be Base Rate Loans or Eurodollar Rate Loans, as further provided herein, provided, however, all Borrowings made on the Closing Date shall be made as Base Rate Loans.

(b) Credit-Linked Deposits. Subject to the terms and conditions set forth herein, each Credit-Linked Lender severally agrees to fund such Lender's Credit-Linked Deposit to the Administrative Agent in Dollars on the Closing Date in an amount equal to its Credit-Linked Commitment for deposit by the Administrative Agent in the Credit-Linked Deposit Account.

2.02 Borrowings, Conversions and Continuations of Revolving Loans.

(a) Each Borrowing, each conversion of Revolving Loans from one Type to the other, and each continuation of Revolving Loans that are Eurodollar Rate Loans shall be made upon the Borrower's irrevocable notice to the Administrative Agent, which may be given by telephone. Each such notice must be received by the Administrative Agent not later than 11:00 a.m. (i) three Business Days prior to the

requested date of any Borrowing of, conversion to or continuation of, Revolving Loans that are Eurodollar Rate Loans or any conversion of Revolving Loans that are Eurodollar Rate Loans to Base Rate Loans and (ii) on the requested date of any Borrowing of Revolving Loans that are Base Rate Loans. Each telephonic notice by the Borrower pursuant to this Section 2.02(b) must be confirmed promptly by delivery to the Administrative Agent of a written Loan Notice, appropriately completed and signed by a Responsible Officer of the Borrower. Each Borrowing of Revolving Loans that are Eurodollar Rate Loans shall be in a principal amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof. Except as provided in Sections 2.03(c) and 2.04(c), each Borrowing of Revolving Loans that are Base Rate Loans shall be in a principal amount of $1,000,000 or a whole multiple of $500,000 in excess thereof. Each Loan Notice (whether telephonic or written) shall specify (i) whether the Borrower is requesting a Borrowing, a conversion of Revolving Loans from one Type to the other, or a continuation of Revolving Loans that are Eurodollar Rate Loans, (ii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Revolving Loans to be borrowed, converted or continued, (iv) the Type of Revolving Loans to be borrowed or to which existing Revolving Loans are to be converted, and (v) if applicable, the duration of the Interest Period with respect thereto. If the Borrower fails to specify a Type of a Revolving Loan in a Loan Notice or if the

Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Revolving Loans shall be made as, or converted to, Base Rate Loans. Any such automatic conversion to Base Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurodollar Rate Loans. If the Borrower requests a Borrowing of, conversion to, or continuation of Eurodollar Rate Loans in any Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month.

(b) Following receipt of a Loan Notice pursuant to Section 2.02(a), the Administrative Agent shall promptly notify each Lender with a Revolving Commitment of the amount of its Pro Rata Share of the applicable Revolving Loans, and if no timely notice of a conversion or continuation is provided by the Borrower, the Administrative Agent shall notify each Lender with a Revolving Commitment of the details of any automatic conversion to Base Rate Loans as described in the preceding subsection. In the case of a Borrowing, each Lender with a Revolving Commitment shall make the amount of its Revolving Loan available to the Administrative Agent in immediately available funds at the Administrative Agent's Office not later than 1:00 p.m. on the Business Day specified in the applicable Loan Notice. Upon satisfaction of the applicable conditions set forth in Section 5.02 (and, if such Borrowing is the initial Credit Extension, Section 5.01), the Administrative Agent shall make all funds so received available to the Borrower in like funds as received by the Administrative Agent either by (i) crediting the account of the Borrower on the books of Bank of America with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by the Borrower; provided, however, that if, on the date of a Borrowing of Revolving Loans, there are L/C Borrowings outstanding, then the proceeds of such Borrowing shall be applied, first, to the payment in full of any such L/C Borrowings, and second, to the Borrower as provided above.

(c) Except as otherwise provided herein, a Revolving Loan that is a Eurodollar Rate Loan may be continued or converted only on the last day of the Interest Period for such Eurodollar Rate Loan. During the existence of a Default or Event of Default, no Revolving Loans may be requested as, converted to or continued as Eurodollar Rate Loans without the consent of the Required Lenders, and the Required Lenders may demand that any or all of the then outstanding Eurodollar Rate Loans be converted immediately to Base Rate Loans.

(d) The Administrative Agent shall promptly notify the Borrower and the Lenders with a Revolving Commitment of the interest rate applicable to any Interest Period for Revolving Loans that are Eurodollar Rate Loans upon determination of such interest rate. The determination of the Eurodollar Rate

by the Administrative Agent shall be conclusive in the absence of manifest error. At any time that Revolving Loans that are Base Rate Loans are outstanding, the Administrative Agent shall notify the Borrower and the Lenders with a Revolving Commitment of any change in Bank of America's prime rate used in determining the Base Rate promptly following the public announcement of such change.

(e) After giving effect to all Borrowings, all conversions of Revolving Loans from one Type to the other, and all continuations of Revolving Loans as the same Type, there shall not be more than 5 Interest Periods in effect with respect to Revolving Loans.

(f) The Borrower may at any time and from time to time, upon prior written notice by the Borrower to the Administrative Agent, increase the Aggregate Revolving Commitments by up to FIFTY MILLION DOLLARS ($50,000,000) with additional Revolving Commitments from any existing Lender or new Revolving Commitments from any other Person selected by the Borrower and approved by the Administrative Agent (not to be unreasonably withheld); provided that:

(i) any such increase shall be in a minimum principal amount of $5 million and in integral multiples of $5 million in excess thereof;

(ii) no Default or Event of Default shall be continuing at the time of any such increase;

(iii) no existing Lender shall be under any obligation to increase its Revolving Commitment and any such decision whether to increase its Revolving Commitment shall be in such Lender's sole and absolute discretion; and

(iv) any new Lender shall join this Agreement by executing such joinder documents reasonably required by the Administrative Agent.

In connection with any such increase in the Aggregate Revolving Commitments, the Letter of Credit Sublimit shall be increased by the same amount and Schedule 2.01 shall be revised by the Administrative Agent to reflect the new Revolving Commitments and distributed to the Lenders.

2.03 Letters of Credit.

(a) The Letter of Credit Commitment.

(i) Subject to the terms and conditions set forth herein, (A) the L/C Issuer agrees, in reliance upon the agreements of the other Lenders with a Revolving Commitment set forth in this Section 2.03, (1) from time to time on any Business Day during the period from the Closing Date until the Letter of Credit Expiration Date, to issue Letters of Credit in Dollars for the account of the Borrower or any of its Subsidiaries, and to amend or renew Letters of Credit previously issued by it, in accordance with subsection (b) below, and (2) to honor drafts under the Letters of Credit; and (B) the Lenders with a Revolving Commitment severally agree to participate in Letters of Credit issued for the account of the Borrower or any Subsidiary; provided that the L/C Issuer shall not be obligated to make any L/C Credit Extension with respect to any Letter of Credit, and no Lender with a Revolving Commitment shall be obligated to participate in any Letter of Credit if as of the date of such L/C Credit Extension, (x) the Total Revolving Outstandings would exceed the Aggregate Revolving Commitments, (y) the aggregate Outstanding Amount of the Revolving Loans of any Lender, plus such Lender's Pro Rata Share of the Outstanding Amount of all L/C Obligations, plus such Lender's Pro Rata Share of the Outstanding Amount of all Swing Line Loans would exceed such Lender's Revolving Commitment or (z) the Outstanding

Amount of the L/C Obligations would exceed the Letter of Credit Sublimit. Within the foregoing limits, and subject to the terms and conditions hereof, the Borrower's ability to obtain Letters of Credit shall be fully revolving, and accordingly the Borrower may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit that have expired or that have been drawn upon and reimbursed.

(ii) The L/C Issuer shall be under no obligation to issue any Letter of Credit if:

(A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the L/C Issuer from issuing such Letter of Credit, or any Law applicable to the L/C Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the L/C Issuer shall prohibit, or request that the L/C Issuer refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon the L/C Issuer with respect to such Letter of Credit any restriction, reserve or capital requirement (for which the L/C Issuer is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon the L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which the L/C Issuer in good faith deems material to it;

(B) subject to Section 2.03(b)(iii), the expiry date of such requested Letter of Credit would occur more than twelve months after the date of issuance or last renewal, unless the Required Revolving Lenders have approved such expiry date;

(C) the expiry date of such requested Letter of Credit would occur after the Letter of Credit Expiration Date, unless all the Lenders have approved such expiry date;

(D) the issuance of such Letter of Credit would violate one or more policies of the L/C Issuer applicable to borrowers generally; or

(E) such Letter of Credit is in an initial amount less than $100,000, in the case of a commercial Letter of Credit, or $200,000, in the case of a standby Letter of Credit, or is to be denominated in a currency other than Dollars (or such lesser amount as may be agreed to by the L/C Issuer, in its sole discretion).

(iii) The L/C Issuer shall be under no obligation to amend any Letter of Credit if (A) the L/C Issuer would have no obligation at such time to issue such Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of such Letter of Credit does not accept the proposed amendment to such Letter of Credit.

(iv) The L/C Issuer shall be under no obligation to issue or amend any Letter of Credit if the L/C Issuer has received written notice from any Lender, the Administrative Agent or any Loan Party, on or prior to the Business Day prior to the requested date of issuance or

amendment of such Letter of Credit, that one or more applicable conditions contained in Article V shall not then be satisfied.

(b) Procedures for Issuance and Amendment of Letters of Credit; Auto-Renewal Letters of Credit.

(i) Each Letter of Credit shall be issued or amended, as the case may be, upon the request of the Borrower delivered to the L/C Issuer (with a copy to the Administrative Agent) in

the form of a Letter of Credit Application, appropriately completed and signed by a Responsible Officer of the Borrower. Such Letter of Credit Application must be received by the L/C Issuer and the Administrative Agent not later than 11:00 a.m. at least three (3) Business Days (or such later date and time as the L/C Issuer may agree in a particular instance in its sole discretion) prior to the proposed issuance date or date of amendment, as the case may be. In the case of a request for an initial issuance of a Letter of Credit, such Letter of Credit Application shall (x) be accompanied by a written notification from the Borrower stating that such application is related to a Letter of Credit to be issued pursuant to Section 2.03 and (y) specify in form and detail reasonably satisfactory to the L/C Issuer: (A) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (B) the amount thereof; (C) the expiry date thereof; (D) the name and address of the beneficiary thereof; (E) whether or not the requested Letter of Credit will be a Cash-Secured Letter of Credit pursuant to the Borrower's pledge and deposit of cash pursuant to documentation in form and substance reasonably satisfactory to the Administrative Agent and the L/C Issuer; (F) the documents to be presented by such beneficiary in case of any drawing thereunder; (G) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; and (H) such other matters as the L/C Issuer may reasonably require. In the case of a request for an amendment of any outstanding Letter of Credit, such Letter of Credit Application shall specify in form and detail reasonably satisfactory to the L/C Issuer (A) the Letter of Credit to be amended; (B) the proposed date of amendment thereof (which shall be a Business Day); (C) the nature of the proposed amendment; and (D) such other matters as the L/C Issuer may reasonably require.

(ii) Promptly after receipt of any Letter of Credit Application, the L/C Issuer will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such Letter of Credit Application from the Borrower and, if not, the L/C Issuer will provide the Administrative Agent with a copy thereof. Upon receipt by the L/C Issuer of confirmation from the Administrative Agent that the requested issuance or amendment is permitted in accordance with the terms hereof, then, subject to the terms and conditions hereof, the L/C Issuer shall, on the requested date, issue a Letter of Credit for the account of the Borrower or any Subsidiary, as the case may be, or enter into the applicable amendment, as the case may be, in each case in accordance with the L/C Issuer's usual and customary business practices. Immediately upon the issuance of each Letter of Credit, each Lender with a Revolving Commitment shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the L/C Issuer a risk participation in such Letter of Credit in an amount equal to the product of such Lender's Pro Rata Share times the amount of such Letter of Credit.

(iii) If the Borrower so requests in any applicable Letter of Credit Application, the L/C Issuer may, in its sole and absolute discretion, agree to issue a Letter of Credit that has automatic renewal provisions (each, an "Auto-Renewal Letter of Credit"); provided that any such Auto-Renewal Letter of Credit must permit the L/C Issuer to prevent any such renewal at least once in each twelve-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the "Nonrenewal Notice Date") in each such twelve-month period to be agreed upon at the time such Letter of Credit is issued. Unless otherwise directed by the L/C Issuer, the Borrower shall not be required to make a specific request to the L/C Issuer for any such renewal. Once an Auto-Renewal Letter of Credit has been issued, the Lenders shall be deemed to have authorized (but may not require) the L/C Issuer to permit the renewal of such Letter of Credit at any time to an expiry date not later than the Letter of Credit Expiration Date; provided, however, that the L/C Issuer shall not permit any such renewal if (A) the L/C Issuer has determined that it would have no obligation at such time to issue such Letter of Credit in its renewed form under the terms hereof (by reason of the provisions of Section 2.03(a)(ii) or otherwise), or (B) it has received notice (which may be by

telephone or in writing) on or before the day that is five Business

Days before the Nonrenewal Notice Date (1) from the Administrative Agent that the Required Lenders have elected not to permit such renewal or (2) from the Administrative Agent, any Lender or the Borrower that one or more of the applicable conditions specified in Section 5.02 is not then satisfied.

(iv) Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, the L/C Issuer will also deliver to the Borrower and the Administrative Agent a true and complete copy of such Letter of Credit or amendment.

(c) Drawings and Reimbursements; Funding of Participations.

(i) Upon receipt from the beneficiary of any Letter of Credit of any notice of drawing under such Letter of Credit, the L/C Issuer shall notify the Borrower and the Administrative Agent thereof. Not later than 11:00 a.m. on the date of any payment by the L/C Issuer under a Letter of Credit (each such date, an "Honor Date"), the Borrower shall reimburse the L/C Issuer through the Administrative Agent in an amount equal to the amount of such drawing. If the Borrower fails to so reimburse the L/C Issuer by such time, the Administrative Agent shall promptly notify each Lender of the Honor Date, the amount of the unreimbursed drawing (the "Unreimbursed Amount"), and the amount of such Lender's Pro Rata Share thereof. In such event, the Borrower shall be deemed to have requested a Borrowing of Base Rate Loans to be disbursed on the Honor Date in an amount equal to the Unreimbursed Amount, without regard to the minimum and multiples specified in Section 2.02 for the principal amount of Base Rate Loans, but subject to the amount of the unutilized portion of the Aggregate Revolving Commitments. Any notice given by the L/C Issuer or the Administrative Agent pursuant to this Section 2.03(c)(i) may be given by telephone if immediately confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice. Notwithstanding the foregoing, if the Borrower elects to deposit cash with the Administrative Agent to secure any Letter of Credit, any Unreimbursed Amount with respect to such Letter of Credit shall be funded with such cash on the Honor Date.

(ii) Each Lender with a Revolving Commitment (including the Lender acting as L/C Issuer) shall upon any notice pursuant to Section 2.03(c)(i) make funds available to the Administrative Agent for the account of the L/C Issuer at the Administrative Agent's Office in an amount equal to its Pro Rata Share of the Unreimbursed Amount not later than 1:00 p.m. on the Business Day specified in such notice by the Administrative Agent, whereupon, subject to the provisions of Section 2.03(c)(iii), each Lender that so makes funds available shall be deemed to have made a Base Rate Loan to the Borrower in such amount. The Administrative Agent shall remit the funds so received to the L/C Issuer.

(iii) With respect to any Unreimbursed Amount that is not fully refinanced by (A) a Borrowing of Base Rate Loans because the conditions set forth in Section 5.02 cannot be satisfied or for any other reason or (B) with cash pledged and deposited with the Administrative Agent to secure such Unreimbursed Amount, the Borrower shall be deemed to have incurred from the L/C Issuer an L/C Borrowing in the amount of the Unreimbursed Amount that is not so refinanced, which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the Default Rate. In such event, each Lender's payment to the Administrative Agent for the account of the L/C Issuer pursuant to Section 2.03(c)(ii) shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute an L/C Advance from such Lender in satisfaction of its participation obligation under this Section 2.03.

(iv) Until each Lender funds its Revolving Loan or L/C Advance pursuant to this Section 2.03(c) to reimburse the L/C Issuer for any amount drawn under any Letter of Credit, interest in respect of such Lender's Pro Rata Share of such amount shall be solely for the account of the L/C Issuer.

(v) Each Lender's obligation to make Revolving Loans or L/C Advances to reimburse the L/C Issuer for amounts drawn under Letters of Credit, as contemplated by this Section 2.03(c), shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any set-off, counterclaim, recoupment, defense or other right which such Lender may have against the L/C Issuer, the Borrower or any other Person for any reason whatsoever; (B) the occurrence or continuance of a Default or an Event of Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, however, that each Lender's obligation to make Revolving Loans pursuant to this Section 2.03(c) is subject to the conditions set forth in Section 5.02 (other than delivery by the

Borrower of a Loan Notice). No such making of an L/C Advance shall relieve or otherwise impair the obligation of the Borrower to reimburse the L/C Issuer for the amount of any payment made by the L/C Issuer under any Letter of Credit, together with interest as provided herein.

(vi) If any Lender with a Revolving Commitment fails to make available to the Administrative Agent for the account of the L/C Issuer any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.03(c) by the time specified in Section 2.03(c)(ii), the L/C Issuer shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the L/C Issuer at a rate per annum equal to the Federal Funds Rate from time to time in effect. A certificate of the L/C Issuer submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (vi) shall be conclusive absent manifest error.

(vii) Notwithstanding that a Letter of Credit issued or outstanding hereunder is in support of any obligations of a Subsidiary of the Borrower, the Borrower shall be obligated to reimburse the L/C Issuer hereunder for the full amount of any and all drawings under such Letter of Credit.

(d) Repayment of Participations.

(i) At any time after the L/C Issuer has made a payment under any Letter of Credit and has received from any Lender such Lender's L/C Advance in respect of such payment in accordance with Section 2.03(c), if the Administrative Agent receives for the account of the L/C Issuer any payment in respect of the related Unreimbursed Amount or interest thereon (whether directly from the Borrower or otherwise, including proceeds of cash collateral applied thereto by the Administrative Agent), the Administrative Agent will distribute to such Lender its Pro Rata Share thereof (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's L/C Advance was outstanding) in the same funds as those received by the Administrative Agent.

(ii) If any payment received by the Administrative Agent for the account of the L/C Issuer pursuant to Section 2.03(c)(i) is required to be returned under any of the circumstances described in Section 11.06 (including pursuant to any settlement entered into by the L/C Issuer in its discretion), each Lender with a Revolving Commitment shall pay to the Administrative Agent for the account of the L/C Issuer its Pro Rata Share thereof on demand of the Administrative

Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Lender, at a rate per annum equal to the Federal Funds Rate from time to time in effect.

(e) Obligations Absolute. The obligation of the Borrower to reimburse the L/C Issuer for each drawing under each Letter of Credit and to repay each L/C Borrowing shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(i) any lack of validity or enforceability of such Letter of Credit, this Agreement, any other Loan Document or any other agreement or instrument relating thereto;

(ii) the existence of any claim, counterclaim, set-off, defense or other right that the Borrower may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the L/C Issuer or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under such 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; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(iv) any payment by the L/C Issuer under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by the L/C Issuer under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other

representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law; or

(v) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Borrower.

The Borrower shall promptly examine a copy of each Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with the Borrower's instructions or other irregularity, the Borrower will immediately notify the L/C Issuer. The Borrower shall be conclusively deemed to have waived any such claim against the L/C Issuer and its correspondents unless such notice is given as aforesaid.

(f) Role of L/C Issuer. Each Lender and the Borrower agree that, in paying any drawing under a Letter of Credit, the L/C Issuer shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the L/C Issuer, any Agent-Related Person nor any of the respective correspondents, participants or assignees of the L/C Issuer shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the Lenders or the Required Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Letter of Credit Application. The Borrower hereby assumes

all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided, however, that this assumption is not intended to, and shall not, preclude the Borrower's pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of the L/C Issuer, any Agent-Related Person, nor any of the respective correspondents, participants or assignees of the L/C Issuer, shall be liable or responsible for any of the matters described in clauses (i) through (v) of Section 2.03(e); provided, however, that anything in such clauses to the contrary notwithstanding, the Borrower may have a claim against the L/C Issuer, and the L/C Issuer may be liable to the Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the Borrower which the Borrower proves were caused by the L/C Issuer's willful misconduct or gross negligence or the L/C Issuer's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, the L/C Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and the L/C Issuer shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

(g) Cash Collateral. Upon the request of the Administrative Agent, (i) if the L/C Issuer has honored any full or partial drawing request under any Letter of Credit and such drawing has resulted in an L/C Borrowing, or (ii) if, as of the Letter of Credit Expiration Date, any Letter of Credit may for any reason remain outstanding and partially or wholly undrawn, the Borrower shall immediately Cash Collateralize the then Outstanding Amount of such L/C Obligations (in an amount equal to such Outstanding Amount determined as of the date of such L/C Borrowing or the Letter of Credit Expiration Date, as the case may be). The Borrower hereby grants to the Administrative Agent, for the benefit of the L/C Issuer and the Lenders with a Revolving Commitment, a security interest in all such cash, deposit accounts and all balances in the applicable cash collateral accounts and all proceeds therein. Such cash collateral shall be maintained in blocked deposit accounts at Bank of America. Furthermore, at the time of the issuance of any Letter of Credit pursuant to Section 2.03(b), the Borrower may, in its sole and absolute discretion, deposit with or deliver to the Administrative Agent, for the benefit of the L/C Issuer and the Lenders with a Revolving Commitment, as collateral for such Letter of Credit, cash pursuant to documentation in form and substance reasonably satisfactory to the Administrative Agent and the L/C Issuer.

(h) Applicability of ISP98 and UCP. Unless otherwise expressly agreed by the L/C Issuer and the Borrower when a Letter of Credit is issued, (i) the rules of the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance) shall apply to each standby Letter of Credit, and (ii) the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce (the "UCP") at the time of issuance shall apply to each commercial Letter of Credit.

(i) Letter of Credit Fees. The Borrower shall pay to the Administrative Agent for the account of each Lender in accordance with its Pro Rata Share (i) a Letter of Credit fee for each commercial Letter of Credit equal to the Applicable Rate times the daily maximum amount available to be drawn under such Letter of Credit (whether or not such maximum amount is then in effect under such Letter of Credit) and (ii) a Letter of Credit fee for each standby Letter of Credit equal to the Applicable Rate times the daily maximum amount available to be drawn under such Letter of Credit (whether or not such maximum amount is then in effect under such Letter of Credit). Such Letter of Credit fees shall be computed on a quarterly basis in arrears. Such letter of credit fees shall be due and payable on the first Business Day after the end of each March, June, September and December, commencing with the first

such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand. If there is any change in the Applicable Rate during any quarter, the daily maximum amount of each Letter of Credit shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect.

(j) Fronting Fee and Documentary and Processing Charges Payable to L/C Issuer. The Borrower shall pay directly to the L/C Issuer for its own account (i) a one time fronting fee for each commercial Letter of Credit equal to 1/8 of 1% times the amount of such commercial Letter of Credit, due and payable at the time of issuance and (ii) a fronting fee with respect to each standby Letter of Credit in an amount equal to 1/8 of 1% per annum on the daily maximum amount available to be drawn thereunder (whether or not such maximum amount is then in effect under such Letter of Credit), due and payable quarterly in arrears on the Business Day immediately following the last Business Day of each March, June, September and December, commencing with the first such date to occur after the issuance of such standby Letter of Credit, and on the Letter of Credit Expiration Date. In addition, the Borrower shall pay directly to the L/C Issuer for its own account the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of the L/C Issuer relating to letters of credit as from time to time in effect. Such customary fees and standard costs and charges are due and payable on demand and are nonrefundable.

(k) Conflict with Letter of Credit Application. In the event of any conflict between the terms hereof and the terms of any Letter of Credit Application, the terms hereof shall control.

(l) Transfer of Letter of Credit to Credit-Linked Letter of Credit. The Borrower may elect, one time per fiscal quarter, to transfer Letters of Credit to Credit-Linked Letters of Credit provided that any such transfer complies with the terms of Section 2.05(a)(vi).

(m) Designation of Subsidiaries as Account Parties. Notwithstanding anything to the contrary set forth in this Agreement, including without limitation Section 2.03(a), a Letter of Credit issued hereunder shall upon the request of the Borrower be issued for the account of any Subsidiary of the Borrower, provided that notwithstanding such request, the Borrower shall be the actual account party for all purposes of this Agreement for such Letter of Credit and such request shall not affect the Borrower's reimbursement obligations hereunder with respect to such Letter of Credit.

2.04 Swing Line Loans.

(a) Swing Line Facility. Subject to the terms and conditions set forth herein, the Swing Line Lender agrees to make loans (each such loan, a "Swing Line Loan") to the Borrower in Dollars from time to time on any Business Day during the Availability Period in an aggregate amount not to exceed at any time outstanding the amount of the Swing Line Sublimit, notwithstanding the fact that such Swing Line Loans, when aggregated with the Pro Rata Share of the Outstanding Amount of Revolving Loans and L/C Obligations of the Swing Line Lender in its capacity as a Lender of Revolving Loans, may exceed the amount of such Lender's Revolving Commitment; provided, however, that after giving effect to any Swing Line Loan, (i) the Total Revolving Outstandings shall not exceed the Aggregate Revolving Commitments, and (ii) the aggregate Outstanding Amount of the Revolving Loans of any Lender, plus such Lender's Pro Rata Share of the Outstanding Amount of all L/C Obligations, plus such Lender's Pro Rata Share of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender's Revolving Commitment, and provided, further, that the Borrower shall not use the proceeds of any Swing Line Loan to refinance any outstanding Swing Line Loan. Within the foregoing limits, and subject to the other terms and conditions hereof, the Borrower may borrow under this Section 2.04, prepay under Section 2.07, and reborrow under this Section 2.04. Each Swing Line Loan shall be a Base Rate Loan. Immediately upon the making of a Swing Line Loan, each Lender with a Revolving Commitment shall be deemed to, and

hereby irrevocably and unconditionally agrees to, purchase from the Swing Line Lender a risk participation in such Swing Line Loan in an amount equal to the product of such Lender's Pro Rata Share times the amount of such Swing Line

Loan.

(b) Borrowing Procedures. Each Borrowing of Swing Line Loans shall be made upon the Borrower's irrevocable notice to the Swing Line Lender and the Administrative Agent, which may be given by telephone. Each such notice must be received by the Swing Line Lender and the Administrative Agent not later than 1:00 p.m. on the requested borrowing date, and shall specify (i) the amount to be borrowed, which shall be a minimum principal amount of $100,000 and integral multiples of $100,000 in excess thereof, and (ii) the requested borrowing date, which shall be a Business Day. Each such telephonic notice must be confirmed promptly by delivery to the Swing Line Lender and the Administrative Agent of a written Swing Line Loan Notice, appropriately completed and signed by a Responsible Officer of the Borrower. Promptly after receipt by the Swing Line Lender of any telephonic Swing Line Loan Notice, the Swing Line Lender will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has also received such Swing Line Loan Notice and, if not, the Swing Line Lender will notify the Administrative Agent (by telephone or in writing) of the contents thereof. Unless the Swing Line Lender has received notice (by telephone or in writing) from the Administrative Agent (including at the request of any Lender) prior to 2:00 p.m. on the date of the proposed Borrowing of Swing Line Loans (A) directing the Swing Line Lender not to make such Swing Line Loan as a result of the limitations set forth in the proviso to the first sentence of Section 2.04(a), or (B) that one or more of the applicable conditions specified in Article V is not then satisfied, then, subject to the terms and conditions hereof, the Swing Line Lender will, not later than 3:00 p.m. on the borrowing date specified in such Swing Line Loan Notice, make the amount of its Swing Line Loan available to the Borrower. Notwithstanding the foregoing, however, in the event that an "auto borrow" or "zero balance" or similar arrangement shall then be in place with the Swing Line Lender, the Borrower shall request Swing Line Loans pursuant to such alternative notice arrangements, if any, provided thereunder or in connection therewith, and each Swing Line Loan advance shall be in such minimum amounts, if any, provided by such arrangement.

(c) Refinancing of Swing Line Loans.

(i) The Swing Line Lender at any time in its sole and absolute discretion may request, on behalf of the Borrower (which hereby irrevocably requests and authorizes the Swing Line Lender to so request on its behalf), that each Lender with a Revolving Commitment make a Base Rate Loan in an amount equal to such Lender's Pro Rata Share of the amount of Swing Line Loans then outstanding. Such request shall be made in writing (which written request shall be deemed to be a Loan Notice for purposes hereof) and in accordance with the requirements of Section 2.02, without regard to the minimum and multiples specified therein for the principal amount of Base Rate Loans, but subject to the unutilized portion of the Aggregate Revolving Commitments and the conditions set forth in Section 5.02. The Swing Line Lender shall furnish the Borrower with a copy of the applicable Loan Notice promptly after delivering such notice to the Administrative Agent. Each Lender with a Revolving Commitment shall make an amount equal to its Pro Rata Share of the amount specified in such Loan Notice available to the Administrative Agent in immediately available funds for the account of the Swing Line Lender at the Administrative Agent's Office not later than 1:00 p.m. on the day specified in such Loan Notice, whereupon, subject to Section 2.04(c)(ii), each Lender that so makes funds available shall be deemed to have made a Base Rate Loan to the Borrower in such amount. The Administrative Agent shall remit the funds so received to the Swing Line Lender.

(ii) If for any reason any Swing Line Loan cannot be refinanced by such a Borrowing of Revolving Loans in accordance with Section 2.04(c)(i), the request for Base Rate Loans

submitted by the Swing Line Lender as set forth herein shall be deemed to be a request by the Swing Line Lender that each of the Lenders with a Revolving Commitment fund its risk participation in the relevant Swing Line Loan and each Lender's payment to the Administrative Agent for the account of the Swing Line Lender pursuant to Section 2.04(c)(i) shall be deemed payment in respect of such participation.

(iii) If any Lender with a Revolving Commitment fails to make available to the Administrative Agent for the account of the Swing Line Lender any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.04(c) by the time specified in Section 2.04(c)(i), the Swing Line Lender shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the Swing Line Lender at a rate per annum equal to the Federal Funds Rate from time to time in effect. A certificate of the Swing Line Lender submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (iii) shall be conclusive absent manifest error.

(iv) Each Lender's obligation to make Revolving Loans or to purchase and fund risk participations in Swing Line Loans pursuant to this Section 2.04(c) shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any set-off, counterclaim, recoupment, defense or other right that such Lender may have against the Swing Line Lender, the Borrower or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, however, that each Lender's obligation to make Revolving Loans pursuant to this Section 2.04(c) is subject to the conditions set forth in Section 5.02. No such purchase or funding of risk participations shall relieve or otherwise impair the obligation of the Borrower to repay Swing Line Loans, together with interest as provided herein.

(d) Repayment of Participations.

(i) At any time after any Lender has purchased and funded a risk participation in a Swing Line Loan, if the Swing Line Lender receives any payment on account of such Swing Line Loan, the Swing Line Lender will distribute to such Lender its Pro Rata Share of such payment (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's risk participation was funded) in the same funds as those received by the Swing Line Lender.

(ii) If any payment received by the Swing Line Lender in respect of principal or interest on any Swing Line Loan is required to be returned by the Swing Line Lender under any of the circumstances described in Section 11.06 (including pursuant to any settlement entered into by the Swing Line Lender in its discretion), each Lender with a Revolving Commitment shall pay to the Swing Line Lender its Pro Rata Share thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned, at a rate per annum equal to the Federal Funds Rate. The Administrative Agent will make such demand upon the request of the Swing Line Lender.

(e) Interest for Account of Swing Line Lender. The Swing Line Lender shall be responsible for invoicing the Borrower for interest on the Swing Line Loans. Until each Lender funds its Revolving Loans that are Base Rate Loans or risk participation pursuant to this Section 2.04 to refinance such Lender's Pro Rata Share of any Swing Line Loan, interest in respect of such Pro Rata Share shall be solely for the account of the Swing Line Lender.

(f) Payments Directly to Swing Line Lender. The Borrower shall make all payments of principal and interest in respect of the Swing Line Loans directly to the Swing Line Lender.

2.05 Credit-Linked Deposits and Credit Extensions.

(a) Credit-Linked Letters of Credit.

(i) Subject to the terms and conditions set forth herein, (A) the Credit-Linked L/C Issuer agrees, in reliance upon the agreements of the Credit-Linked Lenders set forth in this Section 2.05, from time to time on any Business Day during the period from the Closing Date until the Credit-Linked Expiration Date, to issue Credit-Linked Letters of Credit denominated in Dollars for the account of the Borrower or any Subsidiary, and (B) the Credit-Linked L/C Issuer agrees, in reliance upon the agreements of the Lenders set forth in this Section 2.05, (1) to amend, extend, reinstate or renew Credit-Linked Letters of Credit previously issued by it, in accordance with subsection (b) below, and (2) to honor drawings under the Credit-Linked Letters of Credit; and (C) the Credit-Linked Lenders severally agree to participate in Credit-Linked Letters of Credit issued or outstanding hereunder for the account of the Borrower or any Subsidiary as provided in Section 2.05(c), and all reimbursement obligations and rights hereunder in respect thereof and the Credit-Linked L/C Issuer Documents with respect thereto and the Credit-Linked L/C Issuer hereby grants to the Credit-Linked Lenders such participation interests in such Credit-Linked Letters of Credit and all reimbursement obligations and rights hereunder in respect thereof and such related Credit-Linked L/C Issuer Documents; provided that the Borrower shall not request the issuance of any Credit-Linked Letter of Credit, the Credit-Linked L/C Issuer shall not be obligated to issue any Credit-Linked Letter of Credit, and no Credit-Linked Lender shall participate in any Credit-Linked Letter of Credit if as of the date of such Credit-Linked Credit Extension, (I) the sum of the Outstanding Amount of (x) all Credit-Linked Letters of Credits plus (y) the aggregate of the Unreimbursed Credit-Linked Amounts with respect to Credit-Linked Letters of Credit would exceed the principal amount of the Total Credit-Linked Deposit; (II) any Credit-Linked Lender's Pro

Rata Share of the sum of the Outstanding Amount of (x) all Credit-Linked Letters of Credits and (y) the aggregate of the Unreimbursed Credit-Linked Amounts with respect to the Credit-Linked Letters of Credit would exceed the principal amount of such Credit-Linked Lender's Credit-Linked Deposit; or (III) the expiry date of any such requested Credit-Linked Letter of Credit would occur after the Credit-Linked Expiration Date, unless all the Credit-Linked Lenders have approved such expiry date; and provided further that in determining the availability hereunder with respect to any Credit-Linked Letter of Credit issued or outstanding hereunder, the Total Credit-Linked Deposit will be deemed to be utilized in respect of each Credit-Linked Letter of Credit in an amount equal to the maximum amount available to be drawn under each such Credit-Linked Letter of Credit after giving effect to all increases thereof contemplated by such Credit-Linked Letter of Credit (whether or not such maximum amount is in effect at such time). Furthermore, the Credit-Linked L/C Issuer shall not be obligated to issue any Credit-Linked Letter of Credit if after giving effect to the issuance of such Credit-Linked Letter of Credit, the aggregate Outstanding Amount of Credit-Linked Letters of Credit having expiry dates after the applicable reduction date specified in Section 2.08(c) plus the aggregate of Unreimbursed Credit-Linked Amount plus the aggregate Term Loans outstanding would exceed the aggregate amount of the Credit-Linked Deposits and Term Loans on such applicable dates permitted by Section 2.08(c).

(ii) Within the foregoing limits (the "Credit-Linked Issuance Limits"), and subject to the terms and conditions hereof, the Borrower's ability to obtain Credit-Linked Letters of Credit shall be fully revolving, and accordingly the Borrower may, during the foregoing period, obtain

Credit-Linked Letters of Credit to replace Credit-Linked Letters of Credit that have expired, been terminated or cancelled, or that have been drawn upon and reimbursed. Notwithstanding anything to the contrary set forth herein, (a) if any portion of the Total Credit-Linked Deposit is utilized to reimburse the Credit-Linked L/C Issuer for any amounts drawn under any Credit-Linked Letter of Credit pursuant to Section 2.05(c) hereof, the Total Credit-Linked Deposit shall be permanently reduced by the corresponding amount utilized to reimburse the Credit-Linked L/C Issuer and shall not be reinstated or (b) if any portion of the Total Credit-Linked Deposit is utilized to make Term Loans pursuant to Section 2.06(a) hereof, the Total Credit-Linked Deposit shall be reduced by the corresponding amount utilized to make Term Loans.

(iii) The Credit-Linked L/C Issuer shall be under no obligation to issue any Credit-Linked Letter of Credit if:

(A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the Credit-Linked L/C Issuer from issuing such Credit-Linked Letter of Credit, or any Law applicable to the Credit-Linked L/C Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the Credit-Linked L/C Issuer shall prohibit, or request that the Credit-Linked L/C Issuer refrain from, the issuance of letters of credit generally or such Credit-Linked Letter of Credit in particular or shall impose upon the Credit-Linked L/C Issuer with respect to such Credit-Linked Letter of Credit any restriction, reserve or capital requirement (for which the Credit-Linked L/C Issuer is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon the Credit-Linked L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which the Credit-Linked L/C Issuer in good faith deems material to it;

(B) subject to Section 2.05(b)(iii), the expiry date of such requested Credit-Linked Letter of Credit would occur more than twelve months after the date of issuance or last renewal, unless the Required Credit-Linked Lenders have approved such expiry date;

(C) the expiry date of such requested Credit-Linked Letter of Credit would occur after the Letter of Credit Expiration Date, unless all the Lenders have approved such expiry date;

(D) the issuance of such Credit-Linked Letter of Credit would violate one or more policies of the Credit-Linked L/C Issuer applicable to borrowers generally; or

(E) except as otherwise agreed by the

Administrative Agent and the Credit-Linked L/C Issuer, such Credit-Linked Letter of Credit is in a face amount less than $1,000,000, or is to be denominated in a currency other than Dollars.

(iv) The Credit-Linked L/C Issuer shall be under no obligation to amend any Credit-Linked Letter of Credit if (A) the Credit-Linked L/C Issuer would have no obligation at such time to issue such Credit-Linked Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of such Credit-Linked Letter of Credit does not accept the proposed amendment to such Credit-Linked Letter of Credit.

(v) The Credit-Linked L/C Issuer shall be under no obligation to issue or amend any Credit-Linked Letter of Credit if the Credit-Linked L/C Issuer has received written notice from

any Credit-Linked Lender, the Administrative Agent or any Loan Party, on or prior to the Business Day prior to the requested date of issuance or amendment of such Credit-Linked Letter of Credit, that one or more applicable conditions contained in Article V shall not then be satisfied.

(vi) The Credit-Linked L/C Issuer and the Credit-Linked Lenders agree that the Borrower may transfer (not more than one time per fiscal quarter) Letters of Credit issued pursuant to the terms of Section 2.03 to Credit-Linked Letters of Credit; provided that (A) the Borrower has delivered to the Credit-Linked L/C Issuer (with a copy to the Administrative Agent) a Letter of Credit Transfer Notice, appropriately completed and signed by a Responsible Officer of the Borrower not later than 11:00 a.m. at least three (3) Business Days prior to the proposed transfer date, (B) such Letter of Credit together with any other Letters of Credit being transferred pursuant to this Section 2.05(a)(vi) are in an aggregate face amount of not less than $1,000,000, (C) except as provided in Section 2.05(a)(vi)(B), such Letter of Credit satisfies all of the requirements contained in Section 2.05(a)(iii), (D) after giving effect to such Credit-Linked Credit Extension, (I) the sum, without duplication, of the Outstanding Amount of (x) all Credit-Linked Letters of Credits and (y) the aggregate of the Unreimbursed Credit-Linked Amounts with respect to Credit-Linked Letters of Credit does not exceed the principal amount of the Total Credit-Linked Deposit; (II) any Credit-Linked Lender's Pro Rata Share of the sum, without duplication, of the Outstanding Amount of (x) all Credit-Linked Letters of Credits and (y) the aggregate of the Unreimbursed Credit-Linked Amounts with respect to the Credit-Linked Letters of Credit does not exceed the principal amount of such Credit-Linked Lender's Credit-Linked Deposit, (E) the expiry date of such Letter of Credit does not occur after the Credit-Linked Expiration Date, unless all the Credit-Linked Lenders have approved such expiry date and (F) all of the conditions contained in Section 5.02 have been satisfied on and as of the date of the applicable transfer. Immediately upon the transfer of a Letter of Credit to a Credit-Linked Letter of Credit pursuant to the terms of this Section 2.05(a)(vi), each Credit-Linked Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Credit-Linked L/C Issuer a risk participation in such Credit-Linked Letter of Credit in an amount equal to the product of such Credit-Linked Lender's Pro Rata Share times the amount of such Credit-Linked Letter of Credit which risk participation shall be satisfied solely from such Credit-Linked Lender's Pro Rata Share of the Credit-Linked Deposits in the Credit-Linked Deposit Account in accordance with the provisions of Section 2.05(c).

(b) Procedures for Issuance and Amendment of Credit-Linked Letters of Credit; Auto-Renewal Credit-Linked Letters of Credit.

(i) Each Credit-Linked Letter of Credit shall be issued or amended, as the case may be, upon the request of the Borrower delivered to the Credit-Linked L/C Issuer (with a copy to the Administrative Agent) in the form of a Credit-Linked Letter of Credit Application, appropriately completed and signed by a Responsible Officer of the Borrower. Such Credit-Linked Letter of Credit Application must be received by the Credit-Linked L/C Issuer and the Administrative Agent not later than 11:00 a.m. at least three (3) Business Days (or such later date and time as the Credit-Linked L/C Issuer may agree in a particular instance in its sole discretion) prior to the proposed issuance date or date of amendment, as the case may be. In the case of a request for an initial issuance of a Credit-Linked Letter of Credit, such Credit-Linked Letter of Credit Application shall (x) be accompanied by a written notification from the Borrower stating that such application is related to a Credit-Linked Letter of Credit to be issued pursuant to Section 2.05 and (y) shall specify in form and detail reasonably satisfactory to the Credit-Linked L/C Issuer: (A) the proposed issuance date of the requested Credit-Linked Letter of Credit

(which shall be a Business Day); (B) the amount thereof; (C) the expiry date thereof; (D) the name and address of the beneficiary thereof; (E) the documents to be presented by such beneficiary in case

of any drawing thereunder; (F) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; and (G) such other matters as the Credit-Linked L/C Issuer may reasonably require. In the case of a request for an amendment of any outstanding Credit-Linked Letter of Credit, such Credit-Linked Letter of Credit Application shall specify in form and detail reasonably satisfactory to the Credit-Linked L/C Issuer (A) the Credit-Linked Letter of Credit to be amended; (B) the proposed date of amendment thereof (which shall be a Business Day); (C) the nature of the proposed amendment; and (D) the delivery instructions with respect to the amendment. Additionally, the Borrower shall furnish to the Credit-Linked L/C Issuer and the Administrative Agent such other documents and information pertaining to such requested Credit-Linked Letter of Credit issuance or amendment, including any Credit-Linked L/C Issuer Documents as the Credit-Linked L/C Issuer or the Administrative Agent may reasonably require. Without limiting the generality of the foregoing, the delivery of a Credit-Linked Letter of Credit Application is additional to, and not in replacement or substitution of, any other Credit-Linked L/C Issuer Document that the Credit-Linked L/C Issuer may require. Upon the effectiveness of any issuance or amendment of a Credit-Linked Letter of Credit that will constitute a Credit-Linked Letter of Credit hereunder, the Administrative Agent and the Lenders shall be entitled to assume that the Credit-Linked L/C Issuer has obtained such Credit-Linked L/C Issuer Documents as it shall have requested, executed by the relevant parties thereto to the extent required hereby.

(ii) Promptly after receipt of any Credit-Linked Letter of Credit Application, the Credit-Linked L/C Issuer will confirm with the Administrative Agent (by telephone or in writing) (if the Administrative Agent is different from the Credit-Linked L/C Issuer) that the Administrative Agent has received a copy of such Credit-Linked Letter of Credit Application from the Borrower and, if not, the Credit-Linked L/C Issuer will provide the Administrative Agent with a copy thereof (if the Administrative Agent is different from the Credit-Linked L/C Issuer). Upon receipt by the Credit-Linked L/C Issuer of confirmation from the Administrative Agent that the requested issuance or amendment is permitted in accordance with the terms hereof, then, subject to the terms and conditions hereof, the Credit-Linked L/C Issuer shall, on the requested date, issue a Credit-Linked Letter of Credit for the account of the Borrower, or its Subsidiary, as the case may be, or enter into the applicable amendment, as the case may be, in each case in accordance with the Credit-Linked L/C Issuer's usual and customary business practices. Immediately upon the issuance of each Credit-Linked Letter of Credit, each Credit-Linked Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Credit-Linked L/C Issuer a risk participation in such Credit-Linked Letter of Credit in an amount equal to the product of such Credit-Linked Lender's Pro Rata Share times the amount of such Credit-Linked Letter of Credit which risk participation shall be satisfied solely from such Credit-Linked Lender's Pro Rata Share of the Credit-Linked Deposits in the Credit-Linked Deposit Account in accordance with the provisions of Section 2.05(c).

(iii) If the Borrower so requests in any applicable Credit-Linked Letter of Credit Application, the Credit-Linked L/C Issuer may, in its sole and absolute discretion, agree to issue a Credit-Linked Letter of Credit that has automatic renewal provisions (each, an "Auto-Renewal Credit-Linked Letter of Credit"); provided that any such Auto-Renewal Credit-Linked Letter of Credit must permit the Credit-Linked L/C Issuer to prevent any such renewal at least once in each twelve-month period (commencing with the date of issuance of such Credit-Linked Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the "Credit-Linked Nonrenewal Notice Date") in each such twelve-month period to be agreed upon at the time such Credit-Linked Letter of Credit is issued. Unless otherwise directed by the Credit-Linked L/C Issuer, the Borrower shall not be required to make a specific request to the Credit-Linked L/C Issuer for any such renewal. Once an Auto-Renewal Credit-Linked Letter of Credit has been issued, the Credit-Linked Lenders shall be deemed to have authorized (but may not require) the

Credit-Linked L/C Issuer to permit the renewal of such Credit-Linked Letter of Credit at any time to an expiry date not later than the Credit-Linked Expiration Date; provided, however, that the Credit-Linked L/C Issuer shall not permit any such renewal if (A) the Credit-Linked L/C Issuer has determined that it would have no obligation at such time to issue such Credit-Linked Letter of Credit in its renewed form under the terms hereof (by reason of the provisions of Section 2.05(a)(ii) or otherwise), or (B) it has received notice (which

may be by telephone or in writing) on or before the day that is five (5) Business Days before the Credit-Linked Nonrenewal Notice Date (1) from the Administrative Agent that the Required Credit-Linked Lenders have elected not to permit such renewal or (2) from the Administrative Agent, any Credit-Linked Lender or the Borrower that one or more of the applicable conditions specified in Section 5.02 is not then satisfied.

(iv) If the Credit-Linked L/C Issuer shall issue any Credit-Linked Letter of Credit or amend any Credit-Linked Letter of Credit (if the effect thereof is to increase the face amount), without obtaining prior consent from the Administrative Agent (if the Administrative Agent is different from the Credit-Linked L/C Issuer) (as provided in clause (ii) above), or if the Credit-Linked L/C Issuer shall permit the extension or renewal of an Auto-Renewal Credit without giving timely prior notice to the Administrative Agent (if the Administrative Agent is different from the Credit-Linked L/C Issuer) or when such extension or renewal is not permitted hereunder (as provided in clause (iii) above), such Credit-Linked Letter of Credit (in the case of any such amendment, to the extent of the increased face amount thereof, and in the case of any reinstatement, to the extent of the reinstated amount thereof) (A) shall for all purposes be deemed to have been issued by the Credit-Linked L/C Issuer solely for its own account and risk and without recourse to any Credit-Linked Deposits in the Credit-Linked Deposit Account or any Collateral, and (B) shall not be considered a Credit-Linked Letter of Credit outstanding under this Agreement, and no Credit-Linked Lender shall be deemed to have any participation therein, effective as of the date of such issuance, amendment, reinstatement, extension or renewal, as the case may be, unless the Required Credit-Linked Lenders expressly consent thereto.

(v) Promptly after its delivery of any Credit-Linked Letter of Credit or any amendment to a Credit-Linked Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, the Credit-Linked L/C Issuer will also deliver to the Borrower and the Administrative Agent a true and complete copy of such Credit-Linked Letter of Credit or amendment.

(c) Drawings and Reimbursements; Credit-Linked Deposits.

(i) Upon receipt from the beneficiary of any Credit-Linked Letter of Credit of any notice of drawing under such Credit-Linked Letter of Credit, the Credit-Linked L/C Issuer shall notify the Borrower and the Administrative Agent thereof. Not later than 11:00 a.m. on the date of any payment by the Credit-Linked L/C Issuer under a Credit-Linked Letter of Credit (each such date, a "Credit-Linked Honor Date"), the Borrower shall reimburse the Credit-Linked L/C Issuer through the Administrative Agent in an amount equal to the amount of such drawing. If the Borrower fails to so reimburse the Credit-Linked L/C Issuer by such time, the Administrative Agent shall promptly notify each Credit-Linked Lender of the Credit-Linked Honor Date, the amount of the unreimbursed drawing (the "Unreimbursed Credit-Linked Amount"), and the amount of such Credit-Linked Lender's Pro Rata Share. In such event the Administrative Agent shall also notify each Credit-Linked Lender that Credit-Linked L/C Advances will be funded by application of such Credit-Linked Lender's Pro Rata Share of the Credit-Linked Deposits in the Credit-Linked Deposit Account on the sixth Business Day after such Credit-Linked Honor Date to the extent the Unreimbursed Credit-Linked Amount (or any portion thereof) remains

outstanding on such day. Any notice given by the Credit-Linked L/C Issuer or the Administrative Agent pursuant to this Section 2.05(c)(i) may be given by telephone if immediately confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(ii) The Credit-Linked L/C Issuer hereby irrevocably grants to each Credit-Linked Lender, and each Credit-Linked Lender hereby irrevocably accepts and purchases from the Credit-Linked L/C Issuer on the terms and conditions hereinafter stated, for such Credit-Linked Lender's own account and risk, an undivided interest equal to its Pro Rata Share in the Credit-Linked L/C Issuer's obligations and rights with respect to the Credit-Linked Letters of Credit issued pursuant to this Agreement (as to each Credit-Linked Lender, its "Credit-Linked Participation"), which purchase price when paid to the Administrative Agent shall not be a deposit obligation of the Administrative Agent. The consideration for the Credit-Linked Participation of each Credit-Linked Lender shall consist of the payment by such Credit-Linked Lender to the Administrative Agent of an amount equal to the Dollar amount set forth opposite such Credit-Linked Lender's name in Schedule 2.01 under the heading "Credit-Linked Deposit" (as the same may be reduced from time to time in accordance with this Agreement, such Lender's "Credit-Linked Deposit"), subject to the conditions precedent set forth in Article V hereof. Each

Credit-Linked Lender shall pay to the Administrative Agent its Credit-Linked Deposit in full on the Closing Date. The Credit-Linked Deposits of all Credit-Linked Lenders shall be held by, and in the name of, the Administrative Agent in the Credit-Linked Deposit Account under the sole dominion and control of the Administrative Agent. Each Credit-Linked Lender unconditionally and irrevocably agrees with the Administrative Agent and the Credit-Linked L/C Issuer that, if a drawing is paid under any Credit-Linked Letter of Credit for which the Credit-Linked L/C Issuer is not reimbursed in full by the Borrower in cash within five (5) Business Days after the applicable Credit-Linked Honor Date or converted into a Term Loan under Section 2.06(a), such Credit-Linked Lender hereby authorizes the Administrative Agent to reimburse to the Credit-Linked L/C Issuer the Unreimbursed Credit-Linked Amount (or the outstanding portion thereof) related to such drawing on or after the sixth Business Day after such Credit-Linked Honor Date, to the extent of such Credit-Linked Lender's Pro Rata Share of the Unreimbursed Credit-Linked Amount, solely from such Credit-Linked Lender's Pro Rata Share of the Credit-Linked Deposits in the Credit-Linked Deposit Account, and each Credit-Linked Lender hereby irrevocably authorizes the Administrative Agent to charge the Credit-Linked Deposit Account for such purpose, in satisfaction of such Credit-Linked Lender's reimbursement obligation arising with respect to such drawing hereunder. Notwithstanding the foregoing, following the occurrence of an Event of Default (including without limitation the occurrence of an actual or deemed entry of an order for relief with respect to the Borrower under the Bankruptcy Code of the United States), the Credit-Linked Lenders hereby agree that the Administrative Agent may immediately reimburse to the Credit-Linked L/C Issuer the Unreimbursed Credit-Linked Amount (or the outstanding portion thereof) related to any drawing under any Credit-Linked Letter of Credit on the Credit-Linked Honor Date with Dollars deposited in the Credit-Linked Deposit Account in an amount equal to each such Credit-Linked Lender's Pro Rata Share of such Unreimbursed Credit-Linked Amount. Without limiting the generality of Section 11.01, in charging the Credit-Linked Deposit Account or otherwise exercising any rights of set-off with respect thereto, the Administrative Agent acts as the agent of the Credit-Linked L/C Issuer. The amount of each Credit-Linked Lender's Pro Rata Share of such Unreimbursed Credit-Linked Amount (or portion thereof) which is paid to the Credit-Linked L/C Issuer as set forth above shall be deemed to be a Credit-Linked L/C Advance by such Credit-Linked Lender to the Borrower hereunder. The outstanding principal amount of each Credit-Linked L/C Advance, together with interest thereon as provided in Section 2.10, shall be due and payable, in Dollars, on demand. Each Credit-Linked Lender shall be subrogated to the rights and remedies of the Credit-Linked L/C Issuer

against the Borrower and any Subsidiary liable under such Credit-Linked Letter of Credit to the extent such Credit-Linked Lender has reimbursed the Credit-Linked L/C Issuer as set forth in this Section 2.05(c)(ii). The Credit-Linked L/C Issuer shall reasonably cooperate in exercising and enforcing such rights and remedies as may be requested by the Required Credit-Linked Lenders (and such cooperation shall be subject to any applicable indemnification set forth in Section 10.07 or Section 11.05 of this Agreement). The Credit-Linked L/C Issuer shall have no right to withdraw or set-off against monies on deposit in the Credit-Linked Deposit Account other than as set forth in this Section 2.05(c)(ii).

(iii) The Credit-Linked Deposits shall be held by the Administrative Agent in its name in the Credit-Linked Deposit Account and no Person other than the Administrative Agent shall have a right of withdrawal from the Credit-Linked Deposit Account nor any other right or power with respect to the Credit-Linked Deposits or the Credit-Linked Deposit Account. Notwithstanding anything in this Agreement to the contrary, the sole funding obligation of each Credit-Linked Lender in respect of its Credit-Linked Participation shall be satisfied upon funding of its Credit-Linked Deposit on the Closing Date.

(iv) Until a Credit-Linked Advance is funded pursuant to this Section 2.05(c) to reimburse the Credit-Linked L/C Issuer for the Unreimbursed Credit-Linked Amount in respect of any Credit-Linked Letter of Credit, or such Unreimbursed Credit-Linked Amount is converted to a Term Loan pursuant to Section 2.06, interest in respect of each Credit-Linked Lender's Pro Rata Share of the Credit-Linked L/C Borrowing in the amount of such Unreimbursed Credit-Linked Amount shall be solely for the account of the Credit-Linked L/C Issuer.

(v) Except as expressly provided herein, each Credit-Linked Lender's agreement to fund Credit-Linked L/C Advances, by application of such Credit-Linked Lender's Pro Rata Share of the Credit-Linked Deposits, and to reimburse the Credit-Linked L/C Issuer for amounts drawn under Credit-Linked Letters of Credit issued by the

Credit-Linked L/C Issuer, as contemplated by this Section 2.05(c), shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any set-off, counterclaim, recoupment, defense or other right which such Credit-Linked Lender may have against the Credit-Linked L/C Issuer, the Borrower, any Subsidiary or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default or Event of Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing.

(vi) Notwithstanding that a Credit-Linked Letter of Credit issued or outstanding hereunder is in support of any obligations of a Subsidiary, the Borrower shall be obligated to reimburse the Credit-Linked L/C Issuer hereunder for the full amount of any and all drawings under such Credit-Linked Letter of Credit.

(d) Repayment of Participations.

(i) At any time after the Credit-Linked L/C Issuer has made a payment under any Credit-Linked Letter of Credit and has received from the Credit-Linked Deposit the proceeds of Credit-Linked L/C Advances by the Credit-Linked Lenders in respect of such payment in accordance with Section 2.05(c), if the Administrative Agent receives for the account of the Credit-Linked L/C Issuer any payment in respect of the related Unreimbursed Credit-Linked Amount or interest thereon (whether directly from the Borrower or otherwise, including proceeds of cash collateral applied thereto by the Administrative Agent), the Administrative Agent will distribute to such Credit-Linked Lender its Pro Rata Share thereof (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Credit-Linked Lender's

Credit-Linked L/C Advance was outstanding) in Dollars and in the same funds as those received by the Administrative Agent. If a Credit-Linked L/C Borrowing has occurred hereunder, the Borrower shall repay the Credit-Linked Unreimbursed Amount and interest thereon as provided in Sections 2.05(c) and 2.10. Notwithstanding the foregoing, if the Credit-Linked L/C Issuer shall have received from the Credit-Linked Deposit the proceeds of Credit-Linked L/C Advances by the Credit-Linked Lenders and thereafter shall receive any direct payment from the Borrower in respect of a Credit-Linked L/C Advance, the Credit-Linked L/C Issuer shall immediately pay the amount received to the Administrative Agent for distribution to the Credit-Linked Lenders in accordance with this Section 2.05(d).

(ii) If any payment received by the Administrative Agent for the account of the Credit-Linked L/C Issuer pursuant to Section 2.05(d)(i) and distributed to the Credit-Linked Lenders by the Administrative Agent is required to be returned under any of the circumstances described in Section 11.06 (including pursuant to any settlement entered into by the Credit-Linked L/C Issuer), each Credit-Linked Lender shall pay to the Administrative Agent for the account of the Credit-Linked L/C Issuer its Pro Rata Share thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Credit-Linked L/C Lender, at a rate per annum equal to the Federal Funds Rate from time to time in effect.

(e) Obligations Absolute. The obligation of the Borrower to reimburse the Credit-Linked L/C Issuer for each drawing under each Credit-Linked Letter of Credit and to repay each Credit-Linked L/C Borrowing, shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(i) any lack of validity or enforceability of such Credit-Linked Letter of Credit, this Agreement, or any other Loan Document;

(ii) the existence of any claim, counterclaim, set-off, defense or other right that the Borrower or any Subsidiary may have at any time against any beneficiary or any transferee of such Credit-Linked Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the Credit-Linked L/C Issuer or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Credit-Linked Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under such Credit-Linked 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, or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Credit-Linked Letter of Credit;

(iv) any payment by the Credit-Linked L/C Issuer under such Credit-Linked Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Credit-Linked Letter of Credit; or any payment made by the Credit-Linked L/C Issuer under such Credit-Linked Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Credit-Linked Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law; or

(v) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense

available to, or a discharge of, the Borrower or any Subsidiary.

The Borrower shall promptly examine a copy of each Credit-Linked Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with the Borrower's instructions or other irregularity, the Borrower will promptly notify the Credit-Linked L/C Issuer. The Borrower shall be conclusively deemed to have waived any such claim against the Credit-Linked L/C Issuer and its correspondents unless such notice is given as aforesaid.

(f) Role of Credit-Linked L/C Issuer. Each Credit-Linked Lender and the Borrower agree that, in paying any drawing under a Credit-Linked Letter of Credit, the Credit-Linked L/C Issuer shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Credit-Linked Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the Credit-Linked L/C Issuer, any Issuer-Related Person nor any of the respective correspondents, participants or assignees of the Credit-Linked L/C Issuer or any Issuer-Related Person shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the Required Lenders or the Required Credit-Linked Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Credit-Linked Letter of Credit or Request for Credit Extension. The Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Credit-Linked Letter of Credit; provided, however, that this assumption is not intended to, and shall not, preclude the Borrower's pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of the Credit-Linked L/C Issuer, any Issuer-Related Person, nor any of the respective correspondents, participants or assignees of the Credit-Linked L/C Issuer, shall be liable or responsible for any of the matters described in clauses (i) through (v) of Section 2.05(e); provided, however, that anything in such clauses to the contrary notwithstanding, the Borrower may have a claim against the Credit-Linked L/C Issuer, and the Credit-Linked L/C Issuer may be liable to the Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the Borrower which the Borrower proves were caused by the Credit-Linked L/C Issuer's willful misconduct or gross negligence or the Credit-Linked L/C Issuer's willful failure to pay under any Credit-Linked Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Credit-Linked Letter of Credit. In furtherance and not in limitation of the foregoing, the Credit-Linked L/C Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and the Credit-Linked L/C Issuer shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Credit-Linked Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

(g) Applicability of ISP98 and UCP. Unless otherwise expressly agreed by the Credit-Linked L/C Issuer and the Borrower when a Credit-Linked Letter of Credit is issued, (i) the rules of the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance) shall apply to each standby Credit-Linked Letter of Credit, and (ii) the rules of the UCP at the time of issuance shall apply to each commercial Credit-Linked Letter of Credit.

(h) Credit-Linked L/C Issuer Documents. In the event of any conflict between the terms hereof and the terms of any Credit-Linked Letter of Credit Application, the terms hereof shall control.

(i) Interest on Credit-Linked Deposit; Repayment of Credit-Linked Deposit.

(i) The Administrative Agent hereby agrees to cause Bank of America to pay interest to the Administrative Agent, as holder of the Credit-Linked Deposit Account, and the Administrative Agent, as holder of the Credit-Linked Deposit Account, agrees to distribute to each Credit-Linked Lender, from such interest payments received from Bank of America, such Credit-Linked Lender's Pro Rata Share of the interest earned on the outstanding amount of the Credit-Linked Deposits in the Credit-Linked Deposit Account. Such interest will be distributed to the Credit-Linked Lenders by the Administrative Agent quarterly in arrears on the first Business Day following the end of each Interest Period relating to the Credit-Linked Deposits. The Administrative Agent hereby agrees that the Credit-Linked Deposits in the Credit-Linked Deposit Account shall earn interest at the rate per annum at least equal to the LIBO Rate (as defined in the Money Market Account Agreement) (the "Benchmark Rate") minus fifteen (15) basis points. In addition to the foregoing payments by the Administrative Agent, the Borrower agrees to make payments to the Credit-Linked Lenders quarterly in arrears when the Credit-Linked Facility Fees are payable pursuant to Section 2.05(k) in an amount equal to the shortfall between the rate of interest actually earned on the Credit-Linked Deposits and the Benchmark Rate (which shortfall shall in no event exceed fifteen (15) basis points). The Administrative Agent shall compute all amounts due under this Section 2.05(i) and shall notify the Borrower and such Credit-Linked Lender of each such amount due. Notwithstanding the foregoing, to the extent the Credit-Linked Deposits earn interest in excess of the Benchmark Rate for any Interest Period the Administrative Agent shall return such excess to the Borrower.

(ii) Subject to, and to the extent of, the Borrower's compliance with the cash-collateralization requirements set forth in Section 2.05(j), the Administrative Agent shall distribute the aggregate amount of any remaining Credit-Linked Deposits to the Credit-Linked Lenders on the Maturity Date to the extent of the amount credited to the Credit-Linked Deposit Account. The Credit-Linked Deposit Account is a deposit account in the name of the Administrative Agent under its sole dominion and control, and held by it subject to the terms and conditions of this Agreement. No Credit-Linked Lender, whether upon the receivership or liquidation of such Credit-Linked Lender or otherwise, shall be entitled to its Credit-Linked Deposit other than as expressly provided in this Agreement.

(iii) The Borrower shall have no right, title or interest in or to the Credit-Linked Deposits or the Credit-Linked Deposit Account and no obligations with respect thereto, it being acknowledged and agreed by the parties hereto that the making of the Credit-Linked Deposits by the Credit-Linked Lenders, the deposit by the Administrative Agent of the Credit-Linked Deposits in the Credit-Linked Deposit Account, the provisions of this Section 2.05(i) and the application of the Credit-Linked Deposits in the manner contemplated by Section 2.05(c) constitute agreements among the Administrative Agent, the Credit-Linked L/C Issuer and each Credit-Linked Lender in respect of the funding obligations of each Credit-Linked Lender in respect of its Credit-Linked Participation in Credit-Linked Letters of Credit, and do not constitute any loan or extension of credit to the Borrower.

(j) Cash Collateral. Upon the request of the Administrative Agent, if as of the Credit-Linked Expiration Date, any Credit-Linked Letter of Credit may for any reason remain outstanding and partially or wholly undrawn, the Borrower shall immediately Cash Collateralize the then Outstanding Amount of such Credit-Linked L/C Obligations (in an amount equal to such Outstanding Amount determined as of the Credit-Linked Expiration Date). The Borrower hereby grants to the Administrative Agent, for the benefit of the Credit-Linked L/C Issuer and the Credit-Linked Lenders, a security interest in all such cash, deposit accounts and all balances in the applicable cash collateral accounts and all proceeds therein. Such cash collateral shall be maintained in blocked deposit accounts at Bank of America.

(k) Credit-Linked Facility Fee. The Borrower shall pay to the Administrative Agent for the account of each Credit-Linked Lender in accordance with its Pro Rata Share, a fee (the "Credit-Linked Facility Fee") equal to 3.00% times the actual daily amount of such Credit-Linked Lender's Credit-Linked Deposit. The Credit-Linked Facility Fee shall accrue effective as of the Closing Date and shall be calculated quarterly in arrears by the Administrative Agent. The Credit-Linked Facility Fee shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December, commencing with the first such date to occur after the Closing Date and on the Credit-Linked Expiration Date and thereafter on demand; provided that, in connection with any reduction of the Aggregate Credit-Linked Commitments pursuant to Section 2.08(b), the accrued Credit-Linked Facility Fee calculated for the period ending on such date shall also be paid on the date of such reduction, and the following quarterly payment shall be calculated on the basis of the period from such reduction date to such quarterly payment date. The

Credit-Linked Facility Fee shall accrue at all times, including at any time during which one or more of the conditions in Article V is not met.

(l) Credit-Linked Fronting Fee and Processing Charges. The Borrower shall pay directly to the Credit-Linked L/C Issuer for its own account (the "Credit-Linked Fronting Fee") (i) a one time fronting fee for each commercial Credit-Linked Letter of Credit equal to 1/8 of 1% times the amount of such commercial Credit-Linked Letter of Credit, due and payable at the time of issuance and (ii) a fronting fee with respect to each standby Credit-Linked Letter of Credit in an amount equal to 1/8 of 1% per annum on the daily maximum amount available to be drawn thereunder (whether or not such maximum amount is then in effect under such Credit-Linked Letter of Credit), due and payable quarterly in arrears on the Business Day immediately following the last Business Day of each March, June, September and December, commencing with the first such date to occur after the issuance of such standby Credit-Linked Letter of Credit, and on the Credit-Linked Expiration Date. In addition, the Borrower shall pay directly to the Credit-Linked L/C Issuer for its own account the customary and standard issuance, commission, presentation, amendment and other processing fees, and other standard costs and charges (if any), of the Credit-Linked L/C Issuer or any Affiliate of the Credit-Linked L/C Issuer, relating to its Credit-Linked Letters of Credit as from time to time in effect and agreed upon between the Borrower and the Credit-Linked L/C Issuer. Such customary fees and standard costs and charges are due and payable on demand and are nonrefundable.

(m) Designation of Subsidiaries as Account Parties. Notwithstanding anything to the contrary set forth in this Agreement, including without limitation Section 2.05(a), a Credit-Linked Letter of Credit issued hereunder shall upon the request of the Borrower be issued for the account of any Subsidiary of the Borrower, provided that notwithstanding such request, the Borrower shall be the actual account party for all purposes of this Agreement for such Credit-Linked Letter of Credit and such request shall not affect the Borrower's reimbursement obligations hereunder with respect to such Credit-Linked Letter of Credit.

2.06 Conversion to Funded Term Loans; Conversion to Credit-Linked Deposits.

(a) Term Loans.

(i) Subject to the terms and conditions set forth herein (including satisfaction of the conditions precedent specified in Sections 5.02 and 5.03), each Credit-Linked Lender severally agrees (A) to make loans (each such loan, a "Term Loan") to the Borrower from time to time (but not more than one time per fiscal quarter (and at such additional times as approved by the Administrative Agent in its sole discretion)) on any Business Day during the Availability Period solely with the Dollars funded by each such Credit-Linked Lender to the Credit-Linked Deposit pursuant to Section 2.01(b) in an aggregate principal amount up to the excess of (I) the principal amount of the Total Credit-Linked Deposit minus (II) the Outstanding Amount of all Credit-Linked L/C Obligations (the amount of such excess being the

"Unused Amount"), (B) to make Term Loans to the Borrower from time to time on any Business Day solely with the Dollars funded by each such Credit-Linked Lender to the Credit-Linked Deposit pursuant to Section 2.01(b) in an aggregate principal amount up to the amount of any Credit-Linked L/C Borrowing then outstanding by converting such Credit-Linked L/C Borrowing to Term Loans and (C) to make Term Loans to the Borrower from time to time on any Business Day solely with the Dollars funded by each such Credit-Linked Lender to the Credit-Linked Deposit pursuant to Section 2.01(b) in an aggregate principal amount up to the amount of any Credit-Linked L/C Advances then outstanding by converting such Credit Linked L/C Advances to Term Loans; in each case in accordance with the procedures set forth in this Section 2.06(a); provided, however, that after giving effect to the making of any such Term Loan pursuant to this Section 2.06(a), (x) the aggregate Outstanding Amount of the Credit-Linked Obligations shall not exceed the Aggregate Credit-Linked Commitments or the Total Credit-Linked Deposit and (y) the Pro Rata Share of any Credit-Linked Lender of the aggregate Outstanding Amount of the Credit-Linked Obligations shall not exceed such Credit-Linked Lender's Credit-Linked Commitment. Any Term Loans made under this Section 2.06(a) and subsequently repaid or prepaid may not be reborrowed, except to the extent any such Term Loan is repaid pursuant to the provisions of Section 2.06(b).

(ii) The Borrower may irrevocably request the making of one or more Term Loans in an aggregate amount up to the Unused Amount or in an aggregate amount up to the anticipated drawing on a Credit-Linked Letter of Credit from the proceeds of Credit-Linked Deposits, or in an aggregate amount up to the aggregate amount of Credit-Linked L/C Advances then outstanding by converting such Credit-Linked L/C Advances to Term Loans, as applicable, by delivering a Loan Notice therefor to the Administrative Agent, appropriately completed and signed by a Responsible Officer of the Borrower, not later than three (3) Business Days prior to the proposed date of making of the Term Loans; provided that the Borrower shall pay the amounts, if any, payable under Section 3.05; and provided further that the minimum aggregate amount of Term Loans made on any date shall be $5,000,000 (or such lesser amount agreed to by the Administrative Agent). Each Loan Notice delivered pursuant to this Section shall specify (A)

the requested date of the borrowing (which shall be a Business Day), (B) the principal amount of the Term Loans to be borrowed, (C) the Type of Term Loans to be borrowed and (D) if applicable, the duration of the Interest Period with respect thereto. If the Borrower fails to specify a Type of Loan in a Loan Notice, then the applicable Term Loans shall be made as Base Rate Loans. If the Borrower requests a borrowing of Eurodollar Rate Loans in any Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month.

(iii) Following receipt of a Loan Notice pursuant to Section 2.06(a)(ii), the Administrative Agent shall promptly notify each Credit-Linked Lender of its Pro Rata Share of the applicable Term Loans, and if no timely notice of a conversion or continuation is provided by the Borrower, the Administrative Agent shall notify each Credit-Linked Lender of the details of any automatic conversion to Base Rate Loans as described in the preceding subsection. Upon satisfaction of the applicable conditions set forth in Sections 5.02 and 5.03, the Administrative Agent shall (A) in the case of Term Loans made pursuant to Section 2.06(a)(i)(A), debit the Credit-Linked Deposit Account in an amount equal to the aggregate amount of the proposed Term Loans (but not exceeding the Unused Amount) and shall make such funds available to the Borrower either by (i) crediting the account of the Borrower on the books of Bank of America with the amount of such funds or (ii) wire transferring such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by the Borrower, (B) in the case of Term Loans made pursuant to Section 2.06(a)(i)(B), debit the Credit-Linked Deposit Account in an amount equal to the aggregate amount of the proposed Term Loans and transfer such funds to the Credit-Linked L/C Issuer in reimbursement of the applicable drawing on a Credit-Linked Letter of Credit, and (C) in the case of Term Loans made pursuant to Section 2.06(a)(i)(C) record in its books and records and on the Register the conversion of the applicable Credit-Linked L/C Advances into Term Loans, which credit or transfer or recordation, as applicable, shall be deemed to be

the making of the Term Loans by the Credit-Linked Lenders hereunder, and such date shall be the "Term Loan Issuance Date" (and the Administrative Agent shall forthwith deliver a notice to each Credit-Linked Lender informing such Credit-Linked Lender of the applicable Term Loan Issuance Date). Each Credit-Linked Lender hereby irrevocably authorizes the Administrative Agent to charge the Credit-Linked Deposit Account for such purpose. No Credit-Linked Lender shall have any obligation to make Term Loans to the Borrower other than from the proceeds of its Credit-Linked Deposits.

(iv) Each conversion of Term Loans from one Type to the other, and each continuation of Term Loans that are Eurodollar Rate Loans shall be made upon the Borrower's irrevocable notice to the Administrative Agent, which may be given by telephone. Each such notice must be received by the Administrative Agent not later than 11:00 a.m. three (3) Business Days prior to the requested date of any conversion to or continuation of, Term Loans that are Eurodollar Rate Loans or any conversion of Term Loans that are Eurodollar Rate Loans to Base Rate Loans. Each telephonic notice by the Borrower pursuant to this Section 2.06(a)(iv) must be confirmed promptly by delivery to the Administrative Agent of a written Loan Notice, appropriately completed and signed by a Responsible Officer of the Borrower. Each Loan Notice (whether telephonic or written) shall specify (i) whether the Borrower is requesting a conversion of Term Loans from one Type to the other or a continuation of Term Loans that are Eurodollar Rate Loans, (ii) the requested date of the conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Term Loans to be converted or continued, (iv) the Type of Term Loans to which existing Term Loans are to be converted, if applicable, and (v) if applicable, the duration of the Interest Period with respect thereto. If the Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Term Loans shall be made as, or converted to, Base Rate Loans. Any such automatic conversion to Base Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurodollar Rate Loans. If the Borrower requests a conversion to, or continuation of Eurodollar Rate Loans in any Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month.

(v) Except as otherwise provided herein, a Term Loan that is a Eurodollar Rate Loan may be continued or converted only on the last day of the Interest Period for such Eurodollar Rate Loan. During the existence of a Default or Event of Default, no Term Loans may be requested as, converted to or continued as Eurodollar Rate Loans without the consent of the Required Credit-Linked Lenders, and the Required Credit-Linked Lenders may demand that any or all of the then outstanding Eurodollar Rate Loans be converted immediately to Base Rate Loans.

(vi) The Administrative Agent shall promptly notify the Borrower and the Credit-Linked Lenders of the interest rate applicable to any Interest Period for Term Loans that are Eurodollar Rate Loans upon determination of such interest rate. The determination of the Eurodollar Rate by the Administrative Agent shall be conclusive in the absence of manifest error. At any time that Term Loans that are Base Rate Loans are outstanding, the Administrative Agent shall notify the Borrower and the Credit-Linked Lenders of any change in Bank of

America's prime rate used in determining the Base Rate promptly following the public announcement of such change.

(vii) After giving effect to all borrowings of Term Loans, all conversions of Term Loans from one Type to the other, and all continuations of Term Loans as the same Type, there shall not be more than 5 Interest Periods in effect with respect to Term Loans.

(b) Conversion Back to Credit-Linked Deposits.

(i) Subject to the terms and conditions set forth herein, the Borrower may repay all or any portion of the outstanding amount of the Term Loans then in existence by paying Dollars to the Administrative Agent for deposit by the Administrative Agent of such Dollars in the Credit-Linked

Deposit Account in an amount equal to the Term Loans being repaid.

(ii) The Borrower may prepay the Term Loans in the manner provided for in Section 2.06(b)(i), by delivering a Request for Credit-Linked Deposit to the Administrative Agent, appropriately completed and signed by a Responsible Officer of the Borrower, not later than three (3) Business Days prior to the date of proposed prepayment; provided that the Borrower shall pay the amounts, if any, payable under Section 3.05; and provided, further that the minimum aggregate amount of Term Loans prepaid on any date pursuant to Section 2.06(b)(i) shall be $5,000,000.

(iii) Following receipt of any Request for Credit-Linked Deposit, the Administrative Agent shall promptly notify each Credit-Linked Lender of its Pro Rata Share of the Term Loan being prepaid. Upon the satisfaction of the procedures contained in this Section 2.06(b), the Borrower shall make the prepayment of the applicable Term Loans to the Administrative Agent, and the Administrative Agent shall deposit such proceeds received in the Credit-Linked Deposit Account. Such proceeds being paid back to the Credit-Linked Deposit Account shall be credited to each Credit-Linked Lender according to its Pro Rata Share. Subject to the other terms and conditions of this Agreement, any amount prepaid by the Borrower pursuant to this Section 2.06(b) may be reborrowed.

2.07 Prepayments.

(a) Voluntary Prepayments of Loans.

(i) Revolving Loans. The Borrower may, upon notice from the Borrower to the Administrative Agent, at any time or from time to time voluntarily prepay Revolving Loans in whole or in part without premium or penalty; provided that (A) such notice must be received by the Administrative Agent not later than 11:00 a.m. (1) three (3) Business Days prior to any date of prepayment of Eurodollar Rate Loans and (2) on the date of prepayment of Base Rate Loans; (B) any such prepayment of Eurodollar Rate Loans shall be in a principal amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof (or, if less, the entire principal amount thereof then outstanding) and (C) any prepayment of Base Rate Loans shall be in a principal amount of $1,000,000 or a whole multiple of $500,000 in excess thereof (or, if less, the entire principal amount thereof then outstanding). Each such notice shall specify the date and amount of such prepayment and the Type(s) of Revolving Loans to be prepaid. The Administrative Agent will promptly notify each Lender with a Revolving Commitment of its receipt of each such notice, and of the amount of such Lender's Pro Rata Share of such prepayment. If such notice is given by the Borrower, the Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Any prepayment of a Eurodollar Rate Loan shall be accompanied by all accrued interest thereon, together with any additional amounts required pursuant to Section 3.05. Each such prepayment shall be applied to the Revolving Loans of the Lenders in accordance with their respective Pro Rata Shares.

(ii) Swing Line Loans. The Borrower may, upon notice to the Swing Line Lender (with a copy to the Administrative Agent), at any time or from time to time, voluntarily prepay Swing Line Loans in whole or in part without premium or penalty; provided that (i) such notice must be received by the Swing Line Lender and the Administrative Agent not later than 1:00 p.m. on the date of the prepayment, and (ii) any such prepayment shall be in a minimum principal amount of $250,000 or a whole multiple of $100,000 in excess thereof (or, if less, the entire principal thereof then outstanding). Each such notice shall specify the date and amount of such prepayment. If such notice is given by the Borrower, the Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Notwithstanding the foregoing, however, in the event that an "auto borrow" or "zero

balance" or similar arrangement shall then be in place with the Swing

Line Lender, the Borrower may make voluntary prepayments on Swing Line Loans pursuant to such alternative notice arrangements and in such minimum amounts, if any, provided thereunder or in connection therewith.

(iii) Term Loans. In addition to prepaying the Term Loans by paying Dollars to the Administrative Agent for deposit in the Credit-Linked Deposit Account pursuant to Section 2.06(b), the Borrower may, at its option, upon notice to the Administrative Agent as provided below, prepay on any Business Day all, or from time to time any part of, the Term Loans (subject to the limitations sets forth below); provided that (i) any such notice shall be received by the Administrative Agent not later than 1:00 p.m., two (2) Business Days prior to the date of prepayment, and (ii) any such partial prepayment shall be in an aggregate amount of $1,000,000 or any whole multiple of $1,000,000 in excess thereof, or such lesser amount as would reduce the Term Loans to $0. Such notice shall specify the proposed effective date of such prepayment, the aggregate principal amount of the Term Loans to be prepaid on such date and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, which shall be the last day of the Interest Period therefor. The Administrative Agent will promptly notify the Credit-Linked Lenders of any such notice of prepayment of the Term Loans. Once prepaid in accordance with this Section, such Term Loans may not be reborrowed. Upon any such prepayment, the Administrative Agent shall promptly remit to each Credit-Linked Lender its Pro Rata Share of the amount of the prepayment of the Term Loans.

(b) Mandatory Prepayments of Loans.

(i) Revolving Commitments. If for any reason the Total Revolving Outstandings at any time exceed the Aggregate Revolving Commitments then in effect, the Borrower shall immediately prepay Revolving Loans and/or the Swing Line Loans and/or Cash Collateralize the L/C Obligations in an aggregate amount equal to such excess; provided, however, that the Borrower shall not be required to Cash Collateralize the L/C Obligations pursuant to this Section 2.07(b)(i) unless after the prepayment in full of the Revolving Loans and Swing Line Loans the Total Revolving Outstandings exceed the Aggregate Revolving Commitments then in effect.

(ii) Credit-Linked Commitments. If for any reason the Outstanding Amount of (A) all Credit-Linked Letters of Credit and (B) the aggregate of the Unreimbursed Credit-Linked Amounts exceeds the Total Credit-Linked Deposit, the Borrower shall immediately pay the Unreimbursed Credit-Linked Amounts and/or Cash Collateralize the Credit-Linked Letters of Credit in an aggregate amount equal to such excess.

(iii) Application of Mandatory Prepayments. All amounts required to be paid pursuant to Section 2.07(b)(i) shall be applied to Revolving Loans and Swing Line Loans and (after all Revolving Loans and all Swing Line Loans have been repaid) to Cash Collateralize L/C Obligations. All amounts required to be paid pursuant to Section 2.07(b)(ii) shall be applied to the Unreimbursed Credit-Linked Amounts and (after all Unreimbursed Credit-Linked Amounts have been repaid) to Cash Collateralize the Credit-Linked Letters of Credit.

Within the parameters of the applications set forth above, prepayments shall be applied first to Base Rate Loans and then to Eurodollar Rate Loans in direct order of Interest Period maturities. All prepayments under this Section 2.07(b) shall be subject to Section 3.05, but otherwise without premium or penalty, and shall be accompanied by interest on the principal amount prepaid through the date of prepayment.

2.08 Termination or Reduction of Commitments.

(a) Optional Reductions of Revolving Commitments. The Borrower may, upon notice to the Administrative Agent, terminate the Aggregate Revolving Commitments, or from time to time permanently reduce the Aggregate Revolving Commitments to an amount not less than the Outstanding Amount of Revolving Loans, Swing Line Loans and L/C Obligations; provided that (i) any such notice shall be received by the Administrative Agent not later than 12:00 noon five (5) Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of $5,000,000 or any whole multiple of $1,000,000 in excess thereof and (iii) if, after giving effect to any reduction of the Aggregate Revolving Commitments, the Letter of Credit Sublimit or the Swing Line Sublimit exceeds the amount of the Aggregate Revolving Commitments, such sublimit shall be automatically reduced by the amount of such excess. The Administrative Agent will promptly notify the Lenders of any such notice of termination or reduction of the Aggregate Revolving Commitments. Any reduction of the Aggregate Revolving Commitments shall be applied to the Revolving Commitment of each Lender according to its Pro Rata

Share. All fees accrued with respect thereto until the effective date of any termination of the Aggregate Revolving Commitments shall be paid on the effective date of such termination.

(b) Optional Reduction of Credit-Linked Commitments. The Borrower may, upon notice to the Administrative Agent, terminate the Aggregate Credit-Linked Commitments, or from time to time permanently reduce the Aggregate Credit-Linked Commitments to an amount not less than the Credit-Linked Obligations; provided that (i) any such notice shall be received by the Administrative Agent not later than 12:00 noon five (5) Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of $5,000,000 or any whole multiple of $1,000,000 in excess thereof, or such lesser amount as would reduce the Aggregate Credit-Linked Commitments to zero and (iii) the Borrower shall not direct the Administrative Agent to reduce the Aggregate Credit-Linked Commitments if, after giving effect to such reduction, the aggregate Credit-Linked Obligations would exceed the Aggregate Credit-Linked Commitments. The Administrative Agent shall promptly notify the Credit-Linked Lenders of any such notice of termination or reduction of the Aggregate Credit-Linked Commitments. Any such reduction or termination of the Aggregate Credit-Linked Commitments shall be applied to the Credit-Linked Commitment of each Lender according to its Pro Rata Share, and the Administrative Agent shall return all amounts in the Credit-Linked Deposit in the amount of such reduction or termination to the Credit-Linked Lenders in accordance with their respective Pro Rata Share. Once reduced in accordance with this Section 2.08(b), the Credit-Linked Commitments may not be increased. All fees accrued with respect thereto until the effective date of any termination or reduction of the Aggregate Credit-Linked Commitments shall be paid on the effective date of such termination or reduction. Upon any such termination or reduction, the Administrative Agent shall promptly remit to each Credit-Linked Lender Dollars in the Credit-Linked Deposit Account equal to its Pro Rata Share of termination or reduction of the Aggregate Credit-Linked Commitments.

(c) Mandatory Reductions of Credit-Linked Deposits and Term Loans. The Borrower shall repay the Term Loans and/or permanently reduce the Aggregate Credit-Linked Commitments pursuant to Section 2.08(b) on December 31 of each fiscal year such that the aggregate of the Credit-Linked Deposits and the Term Loans then outstanding shall not exceed the following amounts as of the following dates:

<TABLE>
<CAPTION>
Date	Amount
<S>	<C>
December 31, 2004	$148,500,000.00
December 31, 2005	$147,000,000.00
December 31, 2006	$145,500,000.00
December 31, 2007	$144,000,000.00

</TABLE>

2.09 Repayment of Loans.

(a) Revolving Loans. The Borrower shall repay to the Lenders on the Maturity Date the aggregate principal amount of all Revolving Loans outstanding on such date.

(b) Swing Line Loans. The Borrower shall repay each Swing Line Loan on the earlier to occur of (i) demand by the Swing Line Lender and (ii) the Maturity Date.

(c) Term Loans. The Borrower shall repay to the Lenders on the Maturity Date the outstanding principal amount of all Term Loans outstanding on such date, unless accelerated sooner pursuant to Section 9.02.

2.10 Interest.

(a) Revolving Loans and Swing Line Loans.

(i) Subject to the provisions of subsection (ii) below, (A) each Revolving Loan that is a Eurodollar Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the sum of (I) the Eurodollar Rate for such Interest Period plus (II) the Applicable Rate; (B) each Revolving Loan that is a Base Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate; and (C) each Swing Line Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate

per annum equal to the Base Rate plus the Applicable Rate.

(ii) Interest on each Revolving Loan and Swing Line Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

(b) Term Loans.

(i) Subject to the provisions of subsection (ii) below, (A) each Term Loan that is a Eurodollar Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the sum of (I) the Eurodollar Rate for such Interest Period plus (II) 3.00% and (B) each Term Loan that is a Base Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus 3.00%.

(ii) Interest on each Term Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

(c) Interest on Credit-Linked L/C Borrowings and Credit-Linked L/C Advances.

(i) Each Credit-Linked L/C Borrowing shall bear interest on the outstanding principal amount thereof (A) from and including the applicable Credit-Linked L/C Borrowing date to and excluding the date six (6) Business Days thereafter at an interest rate per annum equal at all times to the Base Rate plus 3.00%, and (B) from and including the sixth Business Day after the applicable Credit-Linked L/C Borrowing date at an interest rate per annum equal at all times to the Default Rate.

(ii) Each Credit-Linked L/C Advance shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the sum of (A) the Eurodollar Rate for such Interest Period plus (B) 3.00%.

(d) Default Rate. Upon the occurrence and during the continuation of an Event of Default, the Borrower shall pay interest on the principal amount of all outstanding Obligations at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

2.11 Fees.

In addition to certain fees described in subsections (i) and (j) of Section 2.03 and subsections (k) and (l) of Section 2.05:

(a) Commitment Fee. The Borrower shall pay to the Administrative Agent for the account of each Lender in accordance with its Pro Rata Share, a commitment fee equal to the product of (i) the Applicable Rate times (ii) the actual daily amount by which the Aggregate Revolving Commitments exceed the sum of (y) the Outstanding Amount of Revolving Loans and (z) the Outstanding Amount of L/C Obligations. The commitment fee shall accrue at all times during the Availability Period, including at any time during which one or more of the conditions in Article V is not met, and shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December, commencing with the first such date to occur after the Closing Date, and on the Maturity Date. The commitment fee shall be calculated quarterly in arrears, and if there is any change in the Applicable Rate during any quarter, the actual daily amount shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect. For purposes of clarification, Swing Line Loans shall not be considered outstanding for purposes of determining the unused portion of the Aggregate Revolving Commitments.

(b) Fee Letter. The Borrower shall pay to BAS and the Administrative Agent for their own respective accounts fees in the amounts and at the times specified in the Fee Letter. Such fees shall be fully earned when paid and shall be non-refundable for any reason whatsoever.

2.12 Computation of Interest and Fees.

All computations of interest for Base Rate Loans when the Base Rate is

determined by Bank of America's "prime rate" shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year). Interest shall accrue on each Credit-Linked L/C Advance or Loan for the day on which the Credit-Linked L/C

Advance or Loan is made, and shall not accrue on a Credit-Linked L/C Advance or Loan, or any portion thereof, for the day on which the Credit-Linked L/C Advance, Loan or such portion is paid, provided that any Credit-Linked L/C Advance or Loan that is repaid on the same day on which it is made shall bear interest for one day.

2.13 Evidence of Debt.

(a) The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Credit Extensions made by the Lenders to the Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent, the Borrower shall execute and deliver to such Lender (through the Administrative Agent) a promissory note, which shall evidence such Lender's Loans in addition to such accounts or records. Each such promissory note shall (i) in the case of Revolving Loans, be in the form of Exhibit E-1 (a "Revolving Note") and (ii) in the case of Swing Line Loans, be in the form of Exhibit E-2 (a "Swing Line Note"). Furthermore, the Credit-Linked Deposit of, and the obligations of the Borrower to pay Credit-Linked L/C Advances and Term Loans to, each Credit-Linked Lender shall be evidenced by a Credit-Linked Note in the form of Exhibit E-3 (a "Credit-Linked Note") executed by the Borrower. Each Lender may attach schedules to its Note and endorse thereon the date, Type (if applicable), amount and maturity of its Loans and payments with respect thereto.

(b) In addition to the accounts and records referred to in subsection (a), each Lender and the Administrative Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Lender of participations in Letters of Credit and Swing Line Loans. In the event of any conflict between the accounts and records maintained by the Administrative Agent and the accounts and records of any Lender in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error.

2.14 Payments Generally.

(a) All payments to be made by the Borrower shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Borrower hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the Administrative Agent's Office in Dollars and in immediately available funds not later than 2:00 p.m. on the date specified herein. The Administrative Agent will promptly distribute to the L/C Issuer or the Credit-Linked L/C Issuer, as the case may be, its applicable share or each Lender its Pro Rata Share (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent after 2:00 p.m. shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue.

(b) Subject to the definition of "Interest Period", if any payment to be made by the Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(c) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, L/C Borrowings, Credit-Linked L/C Borrowings, interest and fees

then due hereunder, such funds shall be applied (i) first, toward costs and expenses (including Attorney Costs and amounts payable under Article III) incurred by the Administrative Agent and each Lender, (ii) second, toward repayment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (iii) third, toward repayment of principal, L/C Borrowings and Credit-Linked L/C Borrowings then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal, L/C Borrowings and

Credit-Linked L/C Borrowings then due to such parties.

(d) Unless the Borrower or any Lender has notified the Administrative Agent, prior to the date any payment is required to be made by it to the Administrative Agent hereunder, that the Borrower or such Lender, as the case may be, will not make such payment, the Administrative Agent may assume that the Borrower or such Lender, as the case may be, has timely made such payment and may (but shall not be so required to), in reliance thereon, make available a corresponding amount to the Person entitled thereto. If and to the extent that such payment was not in fact made to the Administrative Agent in immediately available funds, then:

(i) if the Borrower failed to make such payment, each Lender shall forthwith on demand repay to the Administrative Agent the portion of such assumed payment that was made available to such Lender in immediately available funds, together with interest thereon in respect of each day from and including the date such amount was made available by the Administrative Agent to such Lender to the date such amount is repaid to the Administrative Agent in immediately available funds at the Federal Funds Rate from time to time in effect; and

(ii) if any Lender failed to make such payment, such Lender shall forthwith on demand pay to the Administrative Agent the amount thereof in immediately available funds, together with interest thereon for the period from the date such amount was made available by the Administrative Agent to the Borrower to the date such amount is recovered by the Administrative Agent (the "Compensation Period") at a rate per annum equal to the Federal Funds Rate from time to time in effect. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in the applicable Borrowing. If such Lender does not pay such amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent may make a demand therefor upon the Borrower, and the Borrower shall pay such amount to the Administrative Agent, together with interest thereon for the Compensation Period at a rate per annum equal to the rate of interest applicable to the applicable Borrowing. Nothing herein shall be deemed to relieve any Lender from its obligation to fulfill its Commitment or to prejudice any rights which the Administrative Agent or the Borrower may have against any Lender as a result of any default by such Lender hereunder.

A notice of the Administrative Agent to any Lender or the Borrower with respect to any amount owing under this subsection (d) shall be conclusive, absent manifest error.

(e) If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to the Borrower by the Administrative Agent because the conditions to the applicable Credit Extension set forth in Article V are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(f) The obligations of the Lenders hereunder to make Loans, to fund participations in Letters of Credit and Swing Line Loans and to fund participations in Credit-Linked Letters of Credit are several and not joint. The failure of any Lender to make any Loan, to fund any such participation in Letters of

Credit or Swing Line Loans or to fund participations in Credit-Linked Letters of Credit on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan, purchase its participation in Letters of Credit or Swing Line Loans or purchase participations in Credit-Linked Letters of Credit.

(g) Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan or the Credit-Linked Deposit in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan or the Credit-Linked Deposit in any particular place or manner.

2.15 Sharing of Payments.

If, other than as expressly provided elsewhere herein, any Lender shall obtain on account of the Loans made by it, or the participations in L/C Obligations, Credit-Linked L/C Obligations or in Swing Line Loans held by it (but not including any amounts applied by the Swing Line Lender to outstanding Swing Line Loans), any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) in excess of its ratable share (or other share contemplated hereunder) thereof, such Lender shall immediately (a) notify the Administrative Agent of such fact, and (b) purchase from the other Lenders such participations in the Loans made by them and/or such

subparticipations in the participations in L/C Obligations, Credit-Linked L/C Obligations or Swing Line Loans held by them, as the case may be, as shall be necessary to cause such purchasing Lender to share the excess payment in respect of such Loans or such participations, as the case may be, pro rata with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from the purchasing Lender under any of the circumstances described in Section 11.06 (including pursuant to any settlement entered into by the purchasing Lender in its discretion), such purchase shall to that extent be rescinded and each other Lender shall repay to the purchasing Lender the purchase price paid therefor, together with an amount equal to such paying Lender's ratable share (according to the proportion of (i) the amount of such paying Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered, without further interest thereon. The Borrower agrees that any Lender so purchasing a participation from another Lender may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off, but subject to Section 11.09) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation. The Administrative Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section and will in each case notify the Lenders following any such purchases or repayments. Each Lender that purchases a participation pursuant to this Section shall from and after such purchase have the right to give all notices, requests, demands, directions and other communications under this Agreement with respect to the portion of the Obligations purchased to the same extent as though the purchasing Lender were the original owner of the Obligations purchased.

ARTICLE III

TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 Taxes.

(a) Subject to Section 11.15 and except as provided in this Section 3.01, any and all payments by any Loan Party to or for the account of the Administrative Agent, any Issuer or any Lender under any Loan Document shall be made free and clear of and without deduction for any and all present

or future taxes, duties, levies, imposts, deductions, assessments, fees, withholdings or similar charges, and all liabilities with respect thereto, excluding, in the case of the Administrative Agent, each Issuer and each Lender, taxes imposed on or measured by its overall net income or overall gross receipts, and franchise taxes and similar taxes imposed on it, by the jurisdiction (or any political subdivision thereof) under the Laws of which the Administrative Agent, such Issuer or such Lender, as the case may be, is organized or maintains a lending office or maintained a lending office from which Credit Extensions were made (all such non-excluded taxes, duties, levies, imposts, deductions, assessments, fees, withholdings or similar charges, and liabilities being hereinafter referred to as "Taxes"). If any Loan Party shall be required by any Laws to deduct any Taxes from or in respect of any sum payable under any Loan Document to the Administrative Agent, any Issuer or any Lender, (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section), each of the Administrative Agent, such Issuer and such Lender receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Loan Party shall make such deductions, (iii) such Loan Party shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable Laws, and (iv) within thirty days after the date of such payment, such Loan Party shall furnish to the Administrative Agent (which shall forward the same to such Lender) the original or a certified copy of a receipt evidencing payment thereof.

(b) In addition, the Borrower agrees to pay any and all present or future stamp, court or documentary taxes and any other excise or property taxes or charges or similar levies which arise from any payment made under any Loan Document or from the execution, delivery, performance, enforcement or registration of, or otherwise with respect to, any Loan Document (hereinafter referred to as "Other Taxes").

(c) The Borrower agrees to indemnify the Administrative Agent, each Issuer and each Lender for (i) the full amount of Taxes and Other Taxes (including any Taxes or Other Taxes imposed or asserted by any jurisdiction on amounts payable under this Section) paid by the Administrative Agent, such Issuer and such Lender and (ii) any liability (including additions to tax, penalties, interest and expenses) arising therefrom or with respect thereto, in each case whether or not such Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority; provided the Administrative Agent, such Issuer and such Lender, as the case may be, provides the Borrower with a written record therefor setting forth in reasonable detail the basis and calculation of such amounts. Payment under this subsection (c) shall be made within thirty days after the date the Lender, the Issuer or the Administrative Agent makes a demand therefor.

(d) Each Lender agrees that, upon the occurrence of any event giving rise to the operation of Section 3.01(a) or Section 3.01(c) with respect to such Lender, it will, if requested by the Borrower, use reasonable commercial efforts (subject to such Lender's overall internal policies of general application) to designate another lending office for any Loan, Letter of Credit or Credit-Linked Letter of Credit affected by such event with the object of avoiding the consequences of such event; provided that such designation is made on terms that, in the reasonable judgment of such Lender, cause such Lender and its lending office(s) to suffer no material economic, legal or regulatory disadvantage, and provided, further, that nothing in this Section 3.01(c) shall affect or postpone any of the Obligations of the Borrower or the rights of such Lender pursuant to Section 3.01(a) and Section 3.01(c).

(e) Notwithstanding any provision contained herein to the contrary, any indemnity with respect to taxes, duties, levies, imposts, deductions, assessments, fees, withholdings or similar charges imposed by any Governmental Authority on any payment made by any Loan Party to or for the account of the Administrative Agent, any Issuer or any Lender under any Loan Document, or any liabilities with

respect thereto, shall be governed solely and exclusively by this Section 3.01 and Section 11.15.

3.02 Illegality.

If any Lender reasonably determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund Eurodollar Rate Loans, or to determine or charge interest rates based upon the Eurodollar Rate, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, any obligation of such Lender to make or continue Eurodollar Rate Loans or to convert Base Rate Loans to Eurodollar Rate Loans shall be suspended until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all Eurodollar Rate Loans of such Lender to Base Rate Loans, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurodollar Rate Loans. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted. Each Lender agrees to designate a different Lending Office if such designation will avoid the need for such notice and will not, in the good faith judgment of such Lender, otherwise be materially disadvantageous to such Lender.

3.03 Inability to Determine Rates.

If the Administrative Agent reasonably determines that for any reason adequate and reasonable means do not exist for determining the Eurodollar Base Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan, or that the Eurodollar Base Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan does not adequately and fairly reflect the cost to the Lenders of funding such Loan, the Administrative Agent will promptly notify the Borrower and all Lenders. Thereafter, the obligation of the Lenders to make or maintain Eurodollar Rate Loans shall be suspended until the Administrative Agent revokes such notice. Upon receipt of such notice, the Borrower may revoke (without regard to any notice period that may otherwise be required hereunder) any pending request for a Borrowing, conversion or continuation of Eurodollar Rate Loans or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans in the amount specified therein.

3.04 Increased Cost and Reduced Return; Capital Adequacy.

(a) If any Lender reasonably determines that as a result of the introduction of or any change in or in the interpretation of any Law, or such Lender's compliance therewith, there shall be any increase in the cost to such Lender of agreeing to make or making, funding or maintaining Eurodollar Rate Loans or (as the case may be) issuing or participating in Letters of Credit, or a reduction in the amount received or receivable by such Lender in connection with any of the foregoing (excluding for purposes of this subsection (a) any such increased costs or reduction in amount resulting from (i) Taxes or Other Taxes (as to which Section 3.01 and Section 11.15 shall govern), (ii) changes in the basis of taxation of overall net income, overall gross income, franchise taxes or similar taxes by the United States or any foreign jurisdiction or any political subdivision of either thereof under the Laws of which such Lender is organized or has its Lending Office or maintained a lending office from which Credit Extensions were made, and (iii) reserve requirements utilized, as to Eurodollar Rate Loans, in the determination of the Eurodollar Rate), then from time to time upon demand of such Lender setting forth in reasonable detail such increased costs (with a copy of such demand to the Administrative Agent), the Borrower shall pay to such Lender such additional amounts as will compensate

such Lender for such increased cost or reduction.

(b) If any Lender reasonably determines that the introduction of any Law regarding capital adequacy or any change therein or in the interpretation thereof, or compliance by such Lender (or its Lending Office) therewith, has the effect of reducing the rate of return on the capital of such Lender or any corporation controlling such Lender as a consequence of such Lender's obligations hereunder (taking into consideration its policies with respect to capital adequacy and such Lender's desired return on capital), then from time to time upon demand of such Lender setting forth in reasonable detail such additional amounts (with a copy of such demand to the Administrative Agent), the Borrower shall pay to such Lender such additional amounts as will compensate such Lender for such reduction.

(c) The Borrower shall not be required to compensate a Lender pursuant to Section 3.04(a) or (b) for any such increased cost or reduction incurred more than one hundred eighty (180) days prior to the date that such Lender demands, or notifies the Borrower of its intention to demand, compensation therefor; provided that, if the circumstance giving rise to such increased cost or reduction is retroactive, then such 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

3.05 Funding Losses.

Upon demand of any Lender (with a copy to the Administrative Agent) from time to time, the Borrower shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or reasonable expense actually incurred by it as a result of:

(a) any continuation, conversion, payment or prepayment of any Loan other than a Base Rate Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);

(b) any reduction of the Total Credit-Linked Deposits on a day other than the last day of an Interest Period therefor;

(c) any failure by the Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Loan other than a Base Rate Loan on the date or in the amount notified by the Borrower; or

(d) any assignment of a Eurodollar Rate Loan on a day other than the last day of the Interest Period therefor as a result of a request by the Borrower pursuant to Section 11.16;

including any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained. The Borrower shall also pay any customary administrative fees charged by such Lender in connection with the foregoing.

For purposes of calculating amounts payable by the Borrower to the Lenders under this Section 3.05, each Lender shall be deemed to have funded each Eurodollar Rate Loan made by it at the Eurodollar Base Rate used in determining the Eurodollar Rate for such Loan by a matching deposit or other borrowing in the London interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Eurodollar Rate Loan was in fact so funded.

3.06 Matters Applicable to all Requests for Compensation.

(a) A certificate of the Administrative Agent or any Lender claiming compensation under this Article III and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. In determining such amount, the Administrative Agent or such Lender may use any reasonable averaging and attribution methods.

(b) Upon any Lender's making a claim for compensation under Section 3.01 or 3.04, the Borrower may replace such Lender in accordance with Section 11.16.

3.07 Survival.

All of the Borrower's obligations under this Article III shall survive the termination of the Aggregate Revolving Commitments, the termination of the Credit-Linked Commitments and the Credit-Linked Deposits and repayment of all other Obligations hereunder.

ARTICLE IV

GUARANTY

4.01 The Guaranty.

Each of the Guarantors hereby jointly and severally guarantees to each Lender, each Affiliate of a Lender that enters into a Swap Contract, and the Administrative Agent as hereinafter provided, as primary obligor and not as surety, the prompt payment of the Obligations in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration, as a mandatory cash collateralization or otherwise) strictly in accordance with the terms thereof. The Guarantors hereby further agree that if any of the Obligations are not paid in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration, as a mandatory cash collateralization or otherwise), the Guarantors will, jointly and severally, promptly pay the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Obligations, the same will be promptly paid in full when due (whether at extended maturity, as a mandatory prepayment, by acceleration, as a mandatory cash collateralization or otherwise) in accordance with the terms of such extension or renewal.

Notwithstanding any provision to the contrary contained herein or in any other of the Loan Documents or Swap Contracts, the obligations of each Guarantor under this Agreement and the other Loan Documents shall be limited to an aggregate amount equal to the largest amount that would not render such obligations subject to avoidance under the Debtor Relief Laws or any comparable provisions of any applicable state law.

4.02 Obligations Unconditional.

The obligations of the Guarantors under Section 4.01 are joint and several, absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of any of the Loan Documents or Swap Contracts, or any other agreement or instrument referred to therein, or any substitution, release, impairment or exchange of any other guarantee of or security for any of the Obligations, and, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, it being the intent of this Section 4.02 that the obligations of the Guarantors hereunder shall be absolute and unconditional under any and all circumstances. Each Guarantor agrees that such Guarantor shall have no right of subrogation, indemnity, reimbursement or contribution against the Borrower or any other Guarantor for amounts paid

under this Article IV until such time as the Obligations have been paid in full and the Commitments have expired or terminated. Without limiting the generality of the foregoing, it is agreed that, to the fullest extent permitted by law, the occurrence of any one or more of the following shall not alter or impair the liability of any Guarantor hereunder, which shall remain absolute and unconditional as described above:

(a) at any time or from time to time, without notice to any Guarantor, the time for any performance of or compliance with any of the Obligations shall be extended, or such performance or compliance shall be waived;

(b) any of the acts mentioned in any of the provisions of any of the Loan Documents, any Swap Contract between any Loan Party and any Lender, or any Affiliate of a Lender, or any other agreement or instrument referred to in the Loan Documents or such Swap Contracts shall be done or omitted;

(c) the maturity of any of the Obligations shall be accelerated, or any of the Obligations shall be modified, supplemented or amended in any respect, or any right under any of the Loan Documents, any Swap Contract between any Loan Party and any Lender, or any Affiliate of a Lender, or any other agreement or instrument referred to in the Loan Documents or such Swap Contracts shall be waived or any other guarantee of any of the Obligations or any security therefor shall be released, impaired or exchanged in whole or in part or otherwise dealt with;

(d) any Lien granted to, or in favor of, the Administrative Agent or any Lender or Lenders as security for any of the Obligations shall fail to attach or be perfected; or

(e) any of the Obligations shall be determined to be void or voidable (including, without limitation, for the benefit of any creditor of any Guarantor) or shall be subordinated to the claims of any Person (including, without limitation, any creditor of any Guarantor).

With respect to its obligations hereunder, each Guarantor hereby expressly waives diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that the Administrative Agent or any Lender exhaust any right, power or remedy or proceed against any Person under any of the Loan Documents, any Swap Contract between any Loan Party and any

Lender, or any Affiliate of a Lender, or any other agreement or instrument referred to in the Loan Documents or such Swap Contracts, or against any other Person under any other guarantee of, or security for, any of the Obligations.

4.03 Reinstatement.

The obligations of the Guarantors under this Article IV shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of any Person in respect of the Obligations is rescinded or must be otherwise restored by any holder of any of the Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and each Guarantor agrees that it will indemnify the Administrative Agent and each Lender on demand for all reasonable costs and expenses (including, without limitation, fees and expenses of counsel) incurred by the Administrative Agent or such Lender in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

4.04 Certain Additional Waivers.

Each Guarantor further agrees that such Guarantor shall have no right of recourse to security for the Obligations, except through the exercise of rights of subrogation pursuant to Section 4.02 and through the exercise of rights of contribution pursuant to Section 4.06.

4.05 Remedies.

The Guarantors agree that, to the fullest extent permitted by law, as between the Guarantors, on the one hand, and the Administrative Agent and the Lenders, on the other hand, the Obligations may be declared to be forthwith due and payable as provided in Section 9.02 (and shall be deemed to have become automatically due and payable in the circumstances provided in said Section 9.02) for purposes of Section 4.01 notwithstanding any stay, injunction or other prohibition preventing such declaration (or preventing the Obligations from becoming automatically due and payable) as against any other Person and that, in the event of such declaration (or the Obligations being deemed to have become automatically due and payable), the Obligations (whether or not due and payable by any other Person) shall forthwith become due and payable by the Guarantors for purposes of Section 4.01. The Guarantors acknowledge and agree that their obligations hereunder are secured in accordance with the terms of the Collateral Documents and that the Lenders may exercise their remedies thereunder in accordance with the terms thereof.

4.06 Rights of Contribution.

The Guarantors hereby agree as among themselves that, if any Guarantor shall make an Excess Payment (as defined below), such Guarantor shall have a right of contribution from each other Guarantor in an amount equal to such other Guarantor's Contribution Share (as defined below) of such Excess Payment. The payment obligations of any Guarantor under this Section 4.06 shall be subordinate and subject in right of payment to the Obligations until such time as the Obligations have been paid in full and the Commitments have expired or terminated, and none of the Guarantors shall exercise any right or remedy under this Section 4.06 against any other Guarantor until such Obligations have been paid in full and the Commitments have expired or terminated. For purposes of this Section 4.06, (a) "Excess Payment" shall mean the amount paid by any Guarantor in excess of its Ratable Share of any Guaranteed Obligations; (b) "Ratable Share" shall mean, for any Guarantor in respect of any payment of Obligations, the ratio (expressed as a percentage) as of the date of such payment of Guaranteed Obligations of (i) the amount by which the aggregate present fair salable value of all of its assets and properties exceeds the amount of all debts and liabilities of such Guarantor (including contingent, subordinated, unmatured, and unliquidated liabilities, but excluding the obligations of such Guarantor hereunder) to (ii) the amount by which the aggregate present fair salable value of all assets and other properties of all of the Loan Parties exceeds the amount of all of the debts and liabilities (including contingent, subordinated, unmatured, and unliquidated liabilities, but excluding the obligations of the Loan Parties hereunder) of the Loan Parties; provided, however, that, for purposes of calculating the Ratable Shares of the Guarantors in respect of any payment of Obligations, any Guarantor that became a Guarantor subsequent to the date of any such payment shall be deemed to have been a Guarantor on the date of such payment and the financial information for such Guarantor as of the date such Guarantor became a Guarantor shall be utilized for such Guarantor in connection with such payment; (c) "Contribution Share" shall mean, for any Guarantor in respect of any Excess Payment made by any other Guarantor, the ratio (expressed as a percentage) as of the date of such Excess Payment of (i) the amount by which the aggregate present fair salable value of all of its assets and properties exceeds the amount of all debts and liabilities of such Guarantor (including contingent, subordinated, unmatured, and unliquidated liabilities, but excluding the obligations of such Guarantor hereunder) to (ii) the amount by which the aggregate present fair salable value of all assets and other properties of the Loan Parties other than the maker of such Excess Payment exceeds the amount of all of the debts and

liabilities (including contingent, subordinated, unmatured, and unliquidated liabilities, but excluding the obligations of the Loan Parties) of the Loan Parties other than the maker of such Excess Payment; provided, however, that, for purposes of calculating the Contribution Shares of the Guarantors in respect of any Excess Payment, any Guarantor that became a

Guarantor subsequent to the date of any such Excess Payment shall be deemed to have been a Guarantor on the date of such Excess Payment and the financial information for such Guarantor as of the date such Guarantor became a Guarantor shall be utilized for such Guarantor in connection with such Excess Payment; and (d) "Guaranteed Obligations" shall mean the Obligations guaranteed by the Guarantors pursuant to this Article IV. This Section 4.06 shall not be deemed to affect any right of subrogation, indemnity, reimbursement or contribution that any Guarantor may have under Law against the Borrower in respect of any payment of Guaranteed Obligations. Notwithstanding the foregoing, all rights of contribution against any Guarantor shall terminate from and after such time, if ever, that such Guarantor shall be relieved of its obligations in accordance with Section 10.11.

4.07 Guarantee of Payment; Continuing Guarantee.

The guarantee in this Article IV is a guaranty of payment and not of collection, is a continuing guarantee, and shall apply to all Obligations whenever arising.

ARTICLE V

CONDITIONS PRECEDENT TO CREDIT EXTENSIONS

5.01 Conditions of Initial Credit Extension.

The obligation of each Lender to make its initial Credit Extension hereunder is subject to satisfaction of the following conditions precedent:

(a) Loan Documents. Receipt by the Administrative Agent of executed counterparts of this Agreement and the other Loan Documents, each properly executed by a Responsible Officer of the signing Loan Party and, in the case of this Agreement, by each Lender.

(b) Opinions of Counsel. Receipt by the Administrative Agent of favorable opinions of general counsel of the Loan Parties and legal counsel to the Loan Parties, addressed to the Administrative Agent and each Lender, dated as of the Closing Date, and in form and substance reasonably satisfactory to the Administrative Agent.

(c) Financial Statements. The Administrative Agent shall have received:

(i) consolidated financial statements of the Borrower and its Subsidiaries for the fiscal years ended December 31, 2000, December 31, 2001 and December 31, 2002, including balance sheets and income and cash flow statements, in each case audited by independent public accountants of recognized national standing and prepared in conformity with GAAP; and

(ii) unaudited consolidated financial statements of the Borrower and its Subsidiaries for the nine month period ending September 30, 2003, including balance sheets and statements of income or operations, shareholders' equity and cash flows (the "Interim Financial Statements").

(d) No Material Adverse Change. There shall not have occurred a material adverse change since June 30, 2003 in the business, assets, liabilities, operations, financial condition or prospects of the Borrower and its Subsidiaries taken as a whole.

(e) Litigation. There shall not exist any action, suit, investigation or proceeding pending or threatened in any court or before an arbitrator or Governmental Authority that could reasonably be expected to have a Material Adverse Effect.

(f) Organization Documents, Resolutions, Etc. Receipt by the Administrative Agent of the following, each of which shall be originals or facsimiles (followed promptly by originals), in form and substance reasonably satisfactory to the Administrative Agent and its legal counsel:

(i) copies of the Organization Documents of each Loan Party certified to be true and complete as of a recent date by the appropriate Governmental Authority of the state or other jurisdiction of its incorporation or organization, where applicable, and certified by a secretary or assistant

secretary of such Loan Party to be true and correct as of the Closing Date;

(ii) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Loan Party as the Administrative Agent may reasonably require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which such Loan Party is a party; and

(iii) such documents and certifications as the Administrative Agent may reasonably require to evidence that each Loan Party is duly organized or formed, and is validly existing, in good standing and qualified to engage in business in its state of organization or formation, the state of its principal place of business and each other jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

(g) Perfection and Priority of Liens. Receipt by the Administrative Agent of the following:

(i) searches of Uniform Commercial Code filings in the jurisdiction of formation of each Loan Party, the jurisdiction of the chief executive office of each Loan Party and each state (at the office of the Secretary of State (or equivalent)) identified on Schedule 6.20(b) attached hereto or where a filing would need to be made in order to perfect the Administrative Agent's security interest in the Collateral, copies of the financing statements on file in such jurisdictions and evidence that no Liens exist other than Permitted Liens;

(ii) all certificates evidencing any certificated Capital Stock pledged to the Administrative Agent pursuant to the Pledge Agreement, together with duly executed in blank, undated stock powers attached thereto (unless, with respect to the pledged Capital Stock of any Foreign Subsidiary, such stock powers are deemed unnecessary by the Administrative Agent in its reasonable discretion under the law of the jurisdiction of incorporation of such Person);

(iii) searches of ownership of, and Liens on, intellectual property of each Loan Party in the appropriate governmental offices; and

(iv) duly executed notices of grant of security interest in the form required by the Security Agreement as are necessary, in the Administrative Agent's reasonable

discretion, to perfect the Administrative Agent's security interest in the intellectual property of the Loan Parties.

(h) Subordinated Debt. The Administrative Agent shall have received copies, certified by an officer of the Borrower as true and complete, of (i) the 2000 Subordinated Indenture (including all exhibits and schedules thereto) as originally executed and delivered, together with any amendments or modifications to the 2000 Subordinated Indenture as of the Closing Date, the 2000 Subordinated Indenture and amendments or modifications to be reasonably acceptable to the Administrative Agent and (ii) the 2003 Subordinated Indenture (including all exhibits and schedules thereto) as originally executed and delivered, together with any amendments or modifications to such 2003 Subordinated Indenture as of the Closing Date, such 2003 Subordinated Indenture and amendments or modifications to be acceptable to the Administrative Agent.

(i) Evidence of Insurance. Receipt by the Administrative Agent of copies of insurance policies or certificates of insurance of the Loan Parties evidencing liability and casualty insurance meeting the requirements set forth in the Loan Documents, including, but not limited to, naming the Administrative Agent as additional insured (in the case of liability insurance) or loss payee (in the case of hazard insurance) on behalf of the Lenders.

(j) Closing Certificate. Receipt by the Administrative Agent of a certificate signed by a Responsible Officer of the Borrower certifying that the conditions specified in Sections 5.01(d) and (e) and Sections 5.02(a), (b) and (c) have been satisfied.

(k) Senior Unsecured Debt Rating. Receipt by the Administrative Agent of evidence that the Borrower's senior secured non-credit enhanced debt is rated B+ or higher (with at least a stable outlook) by S&P and B1 or higher (with at least a stable outlook) from Moody's.

(l) Fees. Receipt by the Administrative Agent and the Lenders of any fees required to be paid on or before the Closing Date.

(m) Attorney Costs. Unless waived by the Administrative Agent, the Borrower shall have paid all Attorney Costs of the Administrative Agent to the extent invoiced prior to or on the Closing Date, plus such additional amounts of Attorney Costs as shall constitute its reasonable estimate of Attorney Costs incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude a final settling of accounts between the Borrower and the Administrative Agent).

(n) Other. Receipt by the Administrative Agent and the Lenders of such other documents, instruments, agreements and information as reasonably requested by the Administrative Agent or any Lender, including, but not limited to, information regarding litigation, tax, accounting, labor, insurance, pension liabilities (actual or contingent), real estate leases, material contracts, debt agreements, property ownership, environmental matters, contingent liabilities and management of the Borrower and its Subsidiaries.

5.02 Conditions to all Credit Extensions.

The obligation of each Lender or any Issuer to honor any Request for Credit Extension is subject to the following conditions precedent:

(a) The representations and warranties of the Borrower and each other Loan Party contained in Article VI or any other Loan Document, or which are contained in any document

furnished at any time under or in connection herewith or therewith, shall be true and correct on and as of the date of such Credit Extension, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date, and except that for purposes of this Section 5.02, the representations and warranties contained in subsections (a) and (b) of Section 6.05 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 7.01.

(b) No Default or Event of Default shall exist, or would result from such proposed Credit Extension.

(c) There shall not have been commenced against the Borrower or any Subsidiary an involuntary case under any applicable Debtor Relief Law, now or hereafter in effect, or any case, proceeding or other action for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of such Person or for any substantial part of its Property or for the winding up or liquidation of its affairs, and such involuntary case or other case, proceeding or other action shall remain undismissed.

(d) The Administrative Agent and, if applicable, the L/C Issuer, the Credit-Linked L/C Issuer or the Swing Line Lender shall have received a Request for Credit Extension in accordance with the requirements hereof.

Each Request for Credit Extension submitted by the Borrower shall be deemed to be a representation and warranty that the conditions specified in Sections 5.02(a), (b) and (c) have been satisfied on and as of the date of the applicable Credit Extension.

5.03 Conditions to Term Loans.

In addition to the conditions identified in Section 5.02, the obligation of the Credit-Linked Lenders to make any Term Loans with proceeds from the Credit-Linked Deposit Account is subject to the Administrative Agent's receipt in accordance with the provisions of Section 2.06(a) hereof an originally executed Loan Notice.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

The Loan Parties represent and warrant to the Administrative Agent and the Lenders that:

6.01 Existence, Qualification and Power.

Each Loan Party (a) is a corporation, partnership or limited liability company duly organized or formed, validly existing and in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party, and (c) is duly qualified and is licensed and in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license; except in each case referred to in clause (b)(i) or (c), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

6.02 Authorization; No Contravention.

The execution, delivery and performance by each Loan Party of each Loan Document to which such Person is party, have been duly authorized by all necessary corporate or other organizational action, and do not (a) contravene the terms of any of such Person's Organization Documents; (b) in any material respect, conflict with or result in any breach or contravention of, or the creation of any Lien under (i) any material Contractual Obligation to which such Person is a party or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; or (c) violate any Law (including, without limitation, Regulation U or Regulation X issued by the FRB).

6.03 Governmental Authorization; Other Consents.

No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person in respect to any material Contractual Obligation is necessary or required in connection with the execution, delivery or performance by, or enforcement against, any Loan Party of this Agreement or any other Loan Document other than (i) those that have already been obtained and are in full force and effect and (ii) filings to perfect the Liens created by the Collateral Documents.

6.04 Binding Effect.

This Agreement and each other Loan Document has been duly executed and delivered by each Loan Party that is party thereto. This Agreement and each other Loan Document constitutes a legal, valid and binding obligation of each Loan Party that is party thereto, enforceable against each such Loan Party in accordance with its terms except as enforceability may be limited by applicable Debtor Relief Laws and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

6.05 Financial Statements; No Material Adverse Effect.

(a) The Audited Financial Statements (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; (ii) fairly present the financial condition of the Borrower and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; and (iii) show all material indebtedness and other liabilities, direct or contingent, of the Borrower and its Subsidiaries as of the date thereof, including liabilities for taxes, commitments and Indebtedness (to the extent required to be shown in accordance with GAAP).

(b) The Interim Financial Statements (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; (ii) fairly present the financial condition of the Borrower and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby, subject, in the case of clauses (i) and (ii), to the absence of footnotes and to normal year-end audit adjustments; and (iii) show all material indebtedness and other liabilities, direct or contingent, of the Borrower and its Subsidiaries as of the date thereof, including liabilities for taxes, material commitments and Indebtedness (to the extent required to be shown in accordance with GAAP).

(c) From the date of the Audited Financial Statements to and including the Closing Date, there has been no Disposition by the Borrower or any Subsidiary, or any Involuntary Disposition, of any material part of the business or Property of the Borrower and its Subsidiaries, taken as a whole, and no purchase or

other acquisition by any of them of any business or Property (including any Capital Stock of any other Person) material in relation to the consolidated financial condition of the Borrower and its Subsidiaries, taken as a whole, in each case, which is not reflected in the foregoing financial statements or in the notes thereto or has not otherwise been disclosed in writing to the Lenders on or prior to the Closing Date.

(d) The financial statements delivered pursuant to Section 7.01(a) and (b), if any, have been prepared in accordance with GAAP (except as may otherwise be permitted under Section 7.01(a) and (b)) and present fairly (on the basis disclosed in the footnotes to such financial statements) the consolidated and, in the case of annual financial statements delivered pursuant to Section 7.01(a), consolidating, financial condition, results of operations and cash flows of the Borrower and its Subsidiaries as of such date and for such periods.

(e) Since the date of the Audited Financial Statements, there has been no event or circumstance that has had or could reasonably be expected to have a Material Adverse Effect.

6.06 Litigation.

There are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the Responsible Officers of the Loan Parties after due and diligent investigation, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, by or against the Borrower or any of its Subsidiaries or against any of their Properties or revenues that (a) purport to affect or pertain to this Agreement or any other Loan Document, or any of the transactions contemplated hereby or (b) if determined adversely, could reasonably be expected to have a Material Adverse Effect.

6.07 No Default.

(a) Neither the Borrower nor any Subsidiary is in default under or with respect to any Contractual Obligation that could reasonably be expected to have a Material Adverse Effect.

(b) No Default has occurred and is continuing.

6.08 Ownership of Property; Liens.

Each of the Borrower and its Subsidiaries has good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of its business, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Property of the Borrower and its Subsidiaries is subject to no Liens, other than Permitted Liens.

6.09 Environmental Compliance.

Except as could not reasonably be expected to have a Material Adverse Effect:

(a) Each of the Facilities and all operations at the Facilities are in compliance with all applicable Environmental Laws, and there is no violation of any Environmental Law with respect to the Facilities or the Businesses, and there are no conditions relating to the Facilities or the Businesses that could give rise to liability under any applicable Environmental Laws.

(b) None of the Facilities contains, or has previously contained, any Hazardous Materials at, on or under the Facilities in amounts or concentrations that constitute or constituted a violation of, or could give rise to liability under, Environmental Laws.

(c) Neither the Borrower nor any Subsidiary has received any written or verbal notice of, or inquiry from any Governmental Authority regarding, any violation, alleged violation, non-compliance, liability or potential liability regarding environmental matters or compliance with Environmental Laws with regard to any of the Facilities or the Businesses, nor does any Responsible Officer of any Loan Party have knowledge or reason to believe that any such notice will be received or is being threatened.

(d) Hazardous Materials have not been transported or disposed of from the Facilities, or generated, treated, stored or disposed of at, on or under any of the Facilities or any other location, in each case by or on behalf the Borrower or any Subsidiary in violation of, or in a manner that would be reasonably likely to give rise to liability under, any applicable Environmental Law.

(e) No judicial proceeding or governmental or administrative action is pending or, to the knowledge of the Responsible Officers of the Loan Parties, threatened, under any Environmental Law to which the Borrower or any Subsidiary is or will be named as a party, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any Environmental Law with respect to the Borrower, any Subsidiary, the Facilities or the Businesses.

(f) There has been no release or, threat of release of Hazardous Materials at or from the Facilities, or arising from or related to the operations (including, without limitation, disposal) of the Borrower or any Subsidiary in connection with the Facilities or otherwise in connection with the Businesses, in violation of or in amounts or in a manner that could give rise to liability under Environmental Laws.

6.10 Insurance.

The properties of the Borrower and its Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of the Borrower, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Borrower or the applicable Subsidiary operates. The insurance coverage of the Loan Parties as in effect on the Closing Date is outlined as to carrier, policy number, expiration date, type, amount and deductibles on Schedule 6.10.

6.11 Taxes.

The Borrower and its Subsidiaries have filed all federal, material state and other material tax returns and reports required to be filed, and have paid all material federal, material state and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against the Borrower or any Subsidiary that would, if made, have a Material Adverse Effect.

6.12 ERISA Compliance.

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Internal Revenue Code and other federal or state Laws. Each Plan that is intended to qualify under Section 401(a) of the Internal Revenue Code has received a favorable determination letter from the IRS or an application for such a letter is currently being processed by the IRS with respect thereto and, to the best knowledge of the Loan Parties, nothing has occurred which would prevent, or cause the loss of,

such qualification. Each Loan Party and each ERISA Affiliate have made all required contributions to each Plan subject to Section 412 of the Internal Revenue Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Internal Revenue Code has been made with respect to any Plan.

(b) There are no pending or, to the best knowledge of the Loan Parties, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that could be reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) Except as could not be reasonably expected to have a Material Adverse Effect, (i) no ERISA Event has occurred or is reasonably expected to occur; (ii) no Pension Plan has any Unfunded Pension Liability; and (iii) no Loan Party nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA).

(d) (i) No Loan Party nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Sections 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (ii) no Loan Party nor any ERISA Affiliate has engaged in a transaction that could be subject to Sections 4069 or 4212(c) of ERISA.

6.13 Subsidiaries.

Set forth on Schedule 6.13 is a complete and accurate list as of the Closing Date of each Subsidiary, together with (i) jurisdiction of formation, (ii) number of shares of each class of Capital Stock outstanding, (iii) number and percentage of outstanding shares of each class owned (directly or indirectly) by the Borrower or any Subsidiary and (iv) number and effect, if exercised, of all outstanding options, warrants, rights of conversion or purchase and all other similar rights with respect thereto. The outstanding Capital Stock of each Subsidiary is validly issued, fully paid and non-assessable.

6.14 Margin Regulations; Investment Company Act; Public Utility Holding Company Act.

(a) The Borrower is not engaged and will not engage, principally

or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the FRB), or extending credit for the purpose of purchasing or carrying margin stock. Following the application of the proceeds of each Borrowing or drawing under each Letter of Credit, not more than 25% of the value of the assets (either of the Borrower only or of the Borrower and its Subsidiaries on a consolidated basis) subject to the provisions of Section 8.01 or Section 8.05 or subject to any restriction contained in any agreement or instrument between the Borrower and any Lender or any Affiliate of any Lender relating to Indebtedness and within the scope of Section 9.01(e) will be margin stock.

(b) None of the Borrower, any Person Controlling the Borrower, or any Subsidiary (i) 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, or (ii) is or is required to be registered as an "investment company" under the Investment Company Act of 1940.

6.15 Disclosure.

No report, financial statement, certificate or other information furnished (whether in writing or orally) by or on behalf of any Loan Party to the Administrative Agent or any Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, the Loan Parties represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

6.16 Compliance with Laws.

Each of the Borrower and each Subsidiary is in compliance with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its Properties, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

6.17 Intellectual Property; Licenses, Etc.

The Borrower and its Subsidiaries own, or possess the legal right to use, all of the trademarks, service marks, trade names, copyrights, patents, patent rights, franchises, licenses and other intellectual property rights (collectively, "IP Rights") that are reasonably necessary for the operation of their respective businesses. Set forth on Schedule 6.17 is a list of all IP Rights registered or pending registration with the United States Copyright Office or the United States Patent and Trademark Office and owned by each Loan Party as of the Closing Date. Except for such claims and infringements that could not reasonably be expected to have a Material Adverse Effect, no claim has been asserted and is pending by any Person challenging or questioning the use of any IP Rights or the validity or effectiveness of any IP Rights, nor does any Loan Party know of any such claim, and, to the knowledge of the Responsible Officers of the Loan Parties, the use of any IP Rights by the Borrower or any Subsidiary or the granting of a right or a license in respect of any IP Rights from the Borrower or any Subsidiary does not infringe on the rights of any Person. As of the Closing Date, none of the IP Rights owned by any of the Loan Parties is subject to any licensing agreement or similar arrangement except as set forth on Schedule 6.17.

6.18 Solvency.

The Loan Parties are Solvent on a consolidated basis.

6.19 Perfection of Security Interests in the Collateral.

The Collateral Documents create valid security interests in, and Liens on, the Collateral purported to be covered thereby, which security interests and Liens will, upon filing of all requisite financing statements and Mortgages, be perfected security interests and Liens, prior to all other Liens other than Permitted Liens.

6.20 Business Locations.

Set forth on Schedule 6.20(a) is a list of all real property located in the United States that is owned or leased by the Loan Parties as of the Closing Date. Set forth on Schedule 6.20(b) is a list of all states where any tangible personal property of any Loan Party is located as of the Closing Date. Set forth on Schedule 6.20(c) is the chief executive office and tax payer identification number of each Loan Party as of

the Closing Date. The exact legal name and state of organization of each Loan Party is as set forth on the signature pages hereto.

6.21 Brokers' Fees.

Except pursuant to the Fee Letter, neither the Borrower nor any Subsidiary has any obligation to any Person in respect of any finder's, broker's, investment banking or other similar fee in connection with any of the transactions contemplated under the Loan Documents.

6.22 Labor Matters.

There are no labor strikes, lock-outs, slow downs, work stoppages or similar events pending or, to the knowledge of the Responsible Officers of the Loan Parties, threatened against the Borrower or any of its Subsidiaries that could reasonably be expected to have a Material Adverse Effect and neither the Borrower nor any Subsidiary has suffered any strikes, walkouts, work stoppages or other material labor difficulty within the last five years.

6.23 Subordination.

The subordination provisions contained in the 2000 Subordinated Documents are enforceable against the Borrower, the Guarantors and the holders of the 2000 Subordinated Documents, and all Obligations hereunder and under the other Loan Documents are within the definitions of "Senior Debt" and "Designated Senior Debt" included in such subordination provisions. The subordination provisions contained in the 2003 Convertible Subordinated Debentures Documents are enforceable against the Borrower, the Guarantors and the holders of the 2003 Convertible Subordinated Debentures, and all Obligations hereunder and under the other Loan Documents are within the definitions of "Senior Indebtedness" and "Designated Senior Indebtedness" included in such subordination provisions.

6.24 Tax Shelter Regulations.

The Borrower does not intend to treat the Loans, Letters of Credit and/or the Credit-Linked Letters of Credit and related transactions as being a "reportable transaction" (within the meaning of Treasury Regulation Section 1.6011-4). In the event the Borrower determines to take any action inconsistent with such intention, it will promptly notify the Administrative Agent thereof. If the Borrower so notifies the Administrative Agent, the Loan Parties acknowledge that one or more of the Lenders may treat its Loans, the Letters of Credit and/or Credit-Linked Letters of Credit as part of a transaction that is subject to Treasury Regulation Section 301.6112-1, and such Lender or Lenders, as applicable, will maintain the lists and other records required by such Treasury Regulation.

ARTICLE VII

AFFIRMATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation hereunder shall remain unpaid or unsatisfied, any Letter of Credit or Credit-Linked Letter of Credit shall remain outstanding or any Lender shall have any Credit-Linked Deposit, the Loan Parties shall and shall cause each Subsidiary to:

7.01 Financial Statements.

Deliver to the Administrative Agent (who will make available to the Lenders), in form and detail satisfactory to the Administrative Agent and the Required Lenders:

(a) as soon as available, but in any event within 120 days after the end of each fiscal year of the Borrower, a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal year, and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, audited and accompanied by a report and opinion of an independent certified public accountant of nationally recognized standing reasonably acceptable to the Required Lenders, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit; and

(b) as soon as available, but in any event within fifty days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal quarter, and the related consolidated statements of income or operations and cash flows for such fiscal quarter and for the portion of the Borrower's fiscal year then ended, setting forth in each case in comparative form

the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail and certified by a Responsible Officer of the Borrower as fairly presenting the financial condition, results of operations and cash flows of the Borrower and its Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes.

As to any information contained in materials furnished pursuant to Section 7.02(d), the Borrower shall not be separately required to furnish such information under clause (a) or (b) above, but the foregoing shall not be in derogation of the obligation of the Borrower to furnish the information and materials described in subsections (a) and (b) above at the times specified therein.

7.02 Certificates; Other Information.

Deliver to the Administrative Agent (who will make available to the Lenders), in form and detail satisfactory to the Administrative Agent and the Required Lenders:

(a) concurrently with the delivery of the financial statements referred to in Sections 7.01(a) and (b), a duly completed Compliance Certificate signed by a Responsible Officer of the Borrower;

(b) concurrently with the delivery of the financial statements referred to in Sections 7.01(a) and (b), any budget of the Borrower and its Subsidiaries which has been approved by the board of directors of the Borrower;

(c) concurrently with the delivery of the financial statements referred to in Sections 7.01(a), a certificate of a Responsible Officer of the Borrower containing information regarding the amount of all Dispositions, Involuntary Dispositions, Debt Issuances, Equity Issuances and Acquisitions, in any one instance exceeding $1,000,000, that occurred during the period covered by such financial statements.

(d) promptly after any request by the Administrative Agent or any Lender, copies of any detailed audit reports, management letters or recommendations submitted to the board of directors (or the audit committee of the board of directors) of the Borrower by independent accountants in connection with the accounts or books of the Borrower or any Subsidiary, or any audit of any of them;

(e) promptly after the same are available, (i) copies of each annual report, proxy or financial statement or other report or communication sent to the stockholders of the Borrower, and copies of all annual, regular, periodic and special reports and registration statements which the Borrower may file or be required to file with the SEC under Section 13 or 15(d) of the Securities Exchange Act of 1934 or to a holder of any Indebtedness owed by the Borrower or any Subsidiary in its capacity as such a holder and not otherwise required to be delivered to the Administrative Agent pursuant hereto and (ii) upon the request of the Administrative Agent, all reports and written information to and from the United States Environmental Protection Agency, or any state or local agency responsible for environmental matters, the United States Occupational Health and Safety Administration, or any state or local agency responsible for health and safety matters, or any successor agencies or authorities concerning environmental, health or safety matters;

(f) promptly, such additional information regarding the business, financial or corporate affairs of the Borrower or any Subsidiary, or compliance with the terms of the Loan Documents, as the Administrative Agent or any Lender may from time to time reasonably request; and

(g) concurrently with the delivery of the financial statements referred to in Section 7.01(a), (i) a certificate of a Responsible Officer of the Borrower listing (A) all registration numbers for all patents, trademarks, service marks, trade names and copyrights awarded to any Loan Party since the last day of the immediately preceding fiscal period and (B) all patent applications, trademark applications, service mark applications, trade names and copyrights awarded to any Loan Party since the last day of the immediately preceding fiscal period and the status of such application, and (ii) attaching the insurance binder or other evidence of insurance for any insurance coverage of the Borrower or any Subsidiary that was renewed, replaced or modified during the period covered by such financial statements and

(h) promptly after the Borrower has notified the Administrative Agent of any intention by the Borrower to treat the

Loans, Letters of Credit and/or Credit-Linked Letters of Credit and related transactions as being a "reportable transaction" (within the meaning of Treasury Regulation Section 1.6011-4), a duly completed copy of IRS Form 8886 or any successor form.

Documents required to be delivered pursuant to Section 7.01(a) or (b) or Section 7.02(e) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Borrower posts such documents, or provides a link thereto on the Borrower's website on the Internet at the website address listed on Schedule 11.02; or (ii) on which such documents are posted on the Borrower's behalf on IntraLinks/IntraAgency or another relevant website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that: (i) the Borrower shall deliver paper copies of such documents to the Administrative Agent or any Lender that requests the Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (ii) the Borrower shall notify (which may be by facsimile or electronic mail) the

Administrative Agent and each Lender of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. Notwithstanding anything contained herein, in every instance the Borrower shall be required to provide paper copies of the Compliance Certificates required by Section 7.02(a) to the Administrative Agent and each of the Lenders. Except for such Compliance Certificates, the Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrower with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

7.03 Notices.

(a) Promptly notify the Administrative Agent and each Lender of the occurrence of any Default.

(b) Promptly notify the Administrative Agent and each Lender of any matter that has resulted or could reasonably be expected to result in a Material Adverse Effect, including (i) breach or non-performance of, or any default under, a Contractual Obligation of the Borrower or any Subsidiary; (ii) any dispute, litigation, investigation, proceeding or suspension between the Borrower or any Subsidiary and any Governmental Authority; or (iii) the commencement of, or any material development in, any litigation or proceeding affecting the Borrower or any Subsidiary, including pursuant to any applicable Environmental Laws.

(c) Promptly notify the Administrative Agent and each Lender of the occurrence of any ERISA Event.

(d) Promptly notify the Administrative Agent and each Lender of any material change in accounting policies or financial reporting practices by the Borrower or any Subsidiary.

Each notice pursuant to this Section 7.03(a) through (d) shall be accompanied by a statement of a Responsible Officer of the Borrower setting forth details of the occurrence referred to therein and stating what action the Borrower has taken and proposes to take with respect thereto. Each notice pursuant to Section 7.03(a) shall describe with particularity any and all provisions of this Agreement and any other Loan Document that have been breached by any Loan Party.

7.04 Payment of Obligations.

Pay and discharge as the same shall become due and payable, all its material obligations and liabilities, including (a) all material tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the Borrower or such Subsidiary; (b) all material lawful claims which, if unpaid, would by law become a Lien upon its Property; and (c) all material Indebtedness, as and when due and payable, but subject to any subordination provisions contained in any instrument or agreement evidencing such Indebtedness.

7.05 Preservation of Existence, Etc.

(a) (i) Preserve, renew and maintain in full force and effect its legal existence under the Laws of the jurisdiction of its organization except in a transaction permitted by Section 8.04 or 8.05 and (ii) preserve, renew and maintain in full force and effect its good standing under the Laws of the jurisdiction

of its organization except in a transaction permitted by Section 8.04 or 8.05 or except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(b) Take all reasonable action to maintain all rights, privileges, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(c) Preserve or renew all of its material registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

7.06 Maintenance of Properties.

(a) Maintain, preserve and protect all of its material Properties and equipment necessary in the operation of its business in good working order and condition, ordinary wear and tear excepted.

(b) Make all necessary repairs thereto and renewals and replacements thereof, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(c) Use the standard of care typical in the industry in the operation and maintenance of its facilities.

7.07 Maintenance of Insurance.

Maintain in full force and effect insurance (including worker's compensation insurance, liability insurance, casualty insurance and business interruption insurance) with financially sound and reputable insurance companies not Affiliates of the Borrower, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Borrower or the applicable Subsidiary operates. The Administrative Agent shall be named as loss payee or mortgagee, as its interest may appear, and/or additional insured with respect to any such insurance providing coverage in respect of any Collateral, and each provider of any such insurance shall agree, by endorsement upon the policy or policies issued by it or by independent instruments furnished to the Administrative Agent, that it will give the Administrative Agent thirty (30) days prior written notice before any such policy or policies shall be altered or canceled.

7.08 Compliance with Laws.

Comply with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or Property, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted; or (b) the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

7.09 Books and Records.

(a) Maintain, in all material respects, proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the Borrower or such Subsidiary, as the case may be.

(b) Maintain such books of record and account in material conformity with all applicable requirements of any Governmental Authority having regulatory jurisdiction over the Borrower or such Subsidiary, as the case may be.

7.10 Inspection Rights.

Permit representatives and independent contractors of the Administrative Agent and each Lender to visit and inspect any of its Properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, all at the expense of the Administrative Agent or such Lender, as the case may be, and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Borrower; provided, however, that when an Event of Default exists the Administrative Agent or any Lender (or any of their respective representatives or independent contractors) may do any of the foregoing at the expense of the Borrower at any time during normal business hours and without advance notice.

7.11 Use of Proceeds.

Use the proceeds of the Credit Extensions to finance working capital,

capital expenditures and other lawful corporate purposes, provided that in no event shall the proceeds of the Credit Extensions be used in contravention of any Law or of any Loan Document.

7.12 Additional Subsidiaries.

Within forty-five (45) days after the acquisition or formation of any Subsidiary:

(a) notify the Administrative Agent thereof in writing, together with (i) jurisdiction of formation, (ii) number of shares of each class of Capital Stock outstanding, (iii) number and percentage of outstanding shares of each class owned (directly or indirectly) by the Borrower or any Subsidiary and (iv) number and effect, if exercised, of all outstanding options, warrants, rights of conversion or purchase and all other similar rights with respect thereto; and

(b) if such Subsidiary is a Domestic Subsidiary, cause such Person to (i) become a Guarantor by executing and delivering to the Administrative Agent a Joinder Agreement or such other documents as the Administrative Agent shall reasonably deem appropriate for such purpose, and (ii) deliver to the Administrative Agent (x) documents of the types referred to in Sections 5.01(f) and (g) and Section 7.15(a) and (b) and (y) favorable opinions of counsel to such Person (which shall cover, among other things, the legality, validity, binding effect and enforceability of the documentation referred to in clause (a)) such that the Administrative Agent shall at all times have received one satisfactory legal opinion for those Loan Parties (I) that own at least 95% of all assets of the Borrower and its Subsidiaries on a consolidated basis and/or (II) that account for at least 95% of revenues of the Borrower and its Subsidiaries on a consolidated basis as of the four fiscal quarter period most recently ended, all in form, content and scope reasonably satisfactory to the Administrative Agent.

7.13 ERISA Compliance.

Do, and cause each of its ERISA Affiliates to do, each of the following: (a) maintain each Plan in compliance in all material respects with the applicable provisions of ERISA, the Internal Revenue Code and other federal or state law; (b) cause each Plan that is qualified under Section 401(a) of the Internal

Revenue Code to maintain such qualification; and (c) make all required contributions to any Plan subject to Section 412 of the Internal Revenue Code.

7.14 Pledged Assets.

Each Loan Party will (i) cause all of its owned and leased real and personal Property other than Excluded Property to be subject at all times to first priority, perfected and, in the case of real Property (whether leased or owned), title insured Liens in favor of the Administrative Agent to secure the Obligations pursuant to the terms and conditions of the Collateral Documents or, with respect to any such Property acquired subsequent to the Closing Date, such other additional security documents as the Administrative Agent shall reasonably request, subject in any case to Permitted Liens and (ii) deliver such other documentation as the Administrative Agent may reasonably request in connection with the foregoing, including, without limitation, appropriate UCC-1 financing statements, real estate title insurance policies, surveys, certified resolutions and other organizational and authorizing documents of such Person, favorable opinions of counsel to such Person (which shall cover, among other things, the legality, validity, binding effect and enforceability of the documentation referred to above and the perfection of the Administrative Agent's Liens thereunder) such that the Administrative Agent shall at all times have received one satisfactory legal opinion for those Loan Parties (x) that own at least 95% of all assets of the Borrower and its Subsidiaries on a consolidated basis and/or (y) that account for at least 95% of revenues of the Borrower and its Subsidiaries on a consolidated basis as of the four fiscal quarter period most recently ended and other items of the types required to be delivered pursuant to Section 5.01(g) and Section 7.15(a) and (b), all in form, content and scope reasonably satisfactory to the Administrative Agent. Without limiting the generality of the above, the Loan Parties will cause (a) 100% of the issued and outstanding Capital Stock of each Domestic Subsidiary and (b) 65% (or such greater percentage that, due to a change in an applicable Law after the date hereof, (1) could not reasonably be expected to cause the undistributed earnings of such Foreign Subsidiary as determined for United States federal income tax purposes to be treated as a deemed dividend to such Foreign Subsidiary's United States parent and (2) could not reasonably be expected to cause any material adverse tax consequences) of the issued and outstanding Capital Stock entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) and 100% of the issued and outstanding Capital Stock not entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) in each Foreign Subsidiary directly owned by the Borrower or any Domestic Subsidiary to be subject at all times to a first priority, perfected Lien in favor of the Administrative Agent pursuant to the terms and conditions of the Collateral Documents or such other

security documents as the Administrative Agent shall reasonably request.

7.15 Post-Closing Deliverables.

(a) Real Property. On or before January 16, 2004, the Administrative Agent shall have received the following, in form and substance reasonably satisfactory to the Administrative Agent:

(i) fully executed and notarized Mortgages encumbering the fee interest and/or leasehold interest of any Loan Party in each of the real properties designated as a Mortgaged Property on Schedule 6.20(a);

(ii) ALTA mortgagee title insurance policies issued by a title insurance company reasonably acceptable to the Administrative Agent with respect to each Mortgaged Property, assuring the Administrative Agent that each of the Mortgages creates a valid and enforceable first priority mortgage lien on the applicable Mortgaged Property, free and clear of all defects and encumbrances except Permitted Liens, which title insurance policies shall otherwise be in form and substance reasonably satisfactory to the Administrative Agent and shall include such endorsements as are reasonably requested by the Administrative Agent;

(iii) evidence as to (A) whether any Mortgaged Property is in an area designated by the Federal Emergency Management Agency as having special flood or mud slide hazards (a "Flood Hazard Property") and (B) if any material Mortgaged Property is a Flood Hazard Property, (I) whether the community in which such Mortgaged Property is located is participating in the National Flood Insurance Program, (II) the applicable Loan Party's written acknowledgment of receipt of written notification from the Administrative Agent (x) as to the fact that such Mortgaged Property is a Flood Hazard Property and (y) as to whether the community in which each such Flood Hazard Property is located is participating in the National Flood Insurance Program and (III) copies of insurance policies or certificates of insurance of the Borrower and its Subsidiaries evidencing flood insurance satisfactory to the Administrative Agent and naming the Administrative Agent as sole loss payee on behalf of the Lenders; and

(iv) (A) with respect to each Mortgaged Property having a fair market value in excess of $1,000,000, a legal opinion of local counsel reasonably satisfactory to the Administrative Agent and (B) with respect to each Mortgage legal opinions of general counsel and outside legal counsel reasonably satisfactory to the Administrative Agent.

(b) Stock of Foreign Subsidiaries. Within sixty (60) days of the Closing Date, the applicable Loan Parties shall (i) pledge to the Administrative Agent the Capital Stock of each Foreign Subsidiary existing on the Closing Date required to be pledged to the Administrative Agent pursuant to Section 7.14, together with stock certificates and undated stock powers executed in blank and (ii) with respect to the Capital Stock pledged to the Administrative Agent pursuant to subclause (b)(i) above, deliver to the Administrative Agent opinions of counsel reasonably satisfactory to the Administrative Agent regarding, among other things, the attachment and perfection of the Administrative Agent's security interest in such Capital Stock.

ARTICLE VIII

NEGATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation hereunder shall remain unpaid or unsatisfied, any Letter of Credit or Credit-Linked Letter of Credit shall remain outstanding or any Lender shall have any Credit-Linked Deposit, no Loan Party shall, nor shall it permit any Subsidiary to, directly or indirectly:

8.01 Liens.

Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than the following:

(a) Liens pursuant to any Loan Document;

(b) Liens existing on the date hereof and listed on Schedule 8.01 and any renewals or extensions thereof, provided that the Property covered thereby is not increased and any renewal or extension of the obligations secured or benefited thereby is permitted by Section 8.03(b);

(c) Liens (other than Liens imposed under ERISA) for taxes, assessments or governmental charges or levies not yet due or

which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(d) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen and suppliers and other Liens imposed by law or pursuant to customary reservations or retentions of title arising in the ordinary course of business, provided that such Liens secure only amounts not yet due and payable or, if due and payable, are unfiled and no other action has been taken to enforce the same or are being contested in good faith by appropriate proceedings for which adequate reserves determined in accordance with GAAP have been established;

(e) pledges or deposits in the ordinary course of business in connection with any insurance and other social security legislation, other than any Lien imposed by ERISA;

(f) deposits to secure the performance of bids, trade contracts and leases (other than Indebtedness), statutory obligations, surety bonds (other than bonds related to judgments or litigation), performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(g) easements, rights-of-way, restrictions and other similar encumbrances affecting real property which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person;

(h) Liens securing judgments for the payment of money (or appeal or other surety bonds relating to such judgments) not in excess of the Threshold Amount (except to the extent covered by independent third-party insurance as to which the insurer has acknowledged in writing its obligation to cover), unless any such judgment remains undischarged for a period of more than thirty (30) consecutive days during which execution is not effectively stayed;

(i) Liens securing Indebtedness permitted under Section 8.03(f); provided that (i) such Liens do not at any time encumber any Property other than the Property financed by such Indebtedness, (ii) the Indebtedness secured thereby does not exceed the cost or fair market value, whichever is lower, of the Property being acquired on the date of acquisition and (iii) such Liens attach to such Property concurrently with or within 120 days after the acquisition thereof;

(j) leases or subleases granted to others not interfering in any material respect with the business of the Borrower or any of its Subsidiaries;

(k) any interest of title of a lessor under, and Liens arising from UCC financing statements (or equivalent filings, registrations or agreements in foreign jurisdictions) relating to, leases or short term rentals permitted by this Agreement;

(l) Liens deemed to exist in connection with Investments in repurchase agreements permitted under Section 8.02;

(m) normal and customary rights of setoff upon deposits of cash in favor of banks or other depository institutions;

(n) Liens of a collection bank arising under Section 4-210 of the Uniform Commercial Code on items in the course of collection;

(o) Liens securing Indebtedness permitted under Section 8.03(h); provided that such Liens shall be limited to specific Property and shall not be a blanket Lien; and

(p) Liens of sellers of goods to the Borrower and any of its Subsidiaries arising under Article 2 of the Uniform Commercial Code or similar provisions of applicable law in the ordinary course of business, covering only the goods sold and securing only the unpaid purchase price for such goods and related expenses.

8.02 Investments.

Make any Investments, except:

(a) Investments held by the Borrower or such Subsidiary in the form of cash or Cash Equivalents;

(b) Investments existing as of the Closing Date and set forth in Schedule 8.02;

(c) Investments in any Person that is a Loan Party prior to giving effect to such Investment;

(d) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from, or of delinquent obligations of, or other disputes with, financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(e) Guarantees permitted by Section 8.03;

(f) Permitted Acquisitions;

(g) 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 in the aggregate at any one time;

(h) 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 exceed $5,000,000 in the aggregate;

(i) deposits made in the ordinary course of business consistent with past practices to secure the performance of leases;

(j) Investments in Foreign Subsidiaries in an amount not to exceed $25,000,000 in the aggregate at any time outstanding; and

(k) any other Investments in an amount not to exceed $10,000,000 in the aggregate at any time outstanding.

8.03 Indebtedness.

Create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness under the Loan Documents;

(b) Indebtedness of the Borrower and its Subsidiaries set forth in Schedule 8.03 (and renewals, refinancings and extensions thereof on terms and conditions not materially less favorable to the applicable debtor(s));

(c) intercompany Indebtedness permitted under Section 8.02;

(d) obligations (contingent or otherwise) of the Borrower or any Subsidiary existing or arising under any Swap Contract, provided that (i) such obligations are (or were) entered into by such Person in the ordinary course of business for the purpose of directly mitigating risks associated with liabilities, commitments, investments, assets, or Property held or reasonably anticipated by such Person, or changes in the value of securities issued by such Person, and not for purposes of speculation or taking a "market view;" and (ii) such Swap Contract does not contain any provision exonerating the non-defaulting party from its obligation to make payments on outstanding transactions to the defaulting party;

(e) obligations of the Borrower under surety bonds provided in the ordinary course of business;

(f) purchase money Indebtedness (including obligations in respect of Capital Leases or Synthetic Leases) hereafter incurred by the Borrower or any of its Subsidiaries to finance the purchase of fixed assets, and renewals, refinancings and extensions thereof, provided that (i) the total of all such Indebtedness for all such Persons taken together shall not exceed an aggregate principal amount of $25,000,000 at any one time outstanding; (ii) such Indebtedness when incurred shall not exceed the purchase price of the asset(s) financed; and (iii) no such Indebtedness shall be refinanced for a principal amount in excess of the principal balance outstanding thereon at the time of such refinancing;

(g) other unsecured Indebtedness in an aggregate principal amount not to exceed $10,000,000 at any one time outstanding;

(h) secured Indebtedness in an aggregate principal amount

not to exceed $5,000,000 at any one time outstanding;

(i) unsecured Indebtedness to a seller incurred in connection with a Permitted Acquisition, provided that (i) such Indebtedness is expressly subordinated in right of payment to the prior payment of the Obligations under this Agreement and the other Loan Documents on terms and conditions reasonably satisfactory to the Administrative Agent, (ii) such Indebtedness contains covenants no more restrictive than the covenants contained in this Agreement and the other Loan Documents and contains standstill provisions reasonably acceptable to the Administrative Agent and (iii) no payments may be made on such Indebtedness if a Default or Event of Default shall have occurred and be continuing or would occur as a result of any such payment;

(j) unsecured Indebtedness of the Borrower under the 2000 Subordinated Documents in an aggregate principal amount of up to $172,500,000;

(k) unsecured Indebtedness of the Borrower under the 2003 Convertible Subordinated Debentures in an aggregate principal amount of up to $270,000,000;

(l) Guarantees with respect to Indebtedness permitted under clauses (a) through (i) of this Section 8.03; and

(m) Guarantees (which Guarantees shall be similarly subordinated) with respect to Indebtedness permitted under clauses (j) and (k) of this Section 8.03.

8.04 Fundamental Changes.

Merge, dissolve, liquidate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person; provided that, notwithstanding the foregoing provisions of this Section 8.04 but subject to the terms of Sections 7.12 and 7.14, (a) the Borrower may merge or consolidate with any of its Subsidiaries provided that the Borrower shall be the continuing or surviving corporation, (b) any Loan Party other than the Borrower may merge or consolidate with any other Loan Party other than the Borrower, (c) any Foreign Subsidiary may be merged or consolidated with or into any Loan Party provided that such Loan Party shall be the continuing or surviving corporation, (d) any Foreign Subsidiary may be merged or consolidated with or into any other Foreign Subsidiary and (e) any Subsidiary of the Borrower may merge with any Person that is not a Loan Party in connection with a Permitted Acquisition provided that, if such Permitted Acquisition involves the Borrower, the Borrower shall be the continuing or surviving corporation.

8.05 Dispositions.

Make any Disposition unless (a) the consideration paid in connection therewith shall be cash or Cash Equivalents paid contemporaneously with consummation of the transaction and shall be in an amount not less than the fair market value of the Property disposed of, (b) if such transaction is a Sale and Leaseback Transaction, such transaction is not prohibited by the terms of Section 8.15, (c) such transaction does not involve the sale or other disposition of a minority equity interest in any Subsidiary, (d) such transaction does not involve a sale or other disposition of receivables other than receivables owned by or attributable to other Property concurrently being disposed of in a transaction otherwise permitted under this Section 8.05, and (e) the aggregate net book value of all of the assets sold or otherwise disposed of by the Borrower and its Subsidiaries in all such transactions in any fiscal year of the Borrower shall not exceed $10,000,000.

Upon a disposition of assets permitted by this Agreement, the Administrative Agent shall promptly deliver to the Borrower, upon the Borrower's request and at the Borrower's expense, such documentation as is reasonably necessary to evidence the Administrative Agent's release of security interest in such assets.

8.06 Restricted Payments.

Declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except that:

(a) each Subsidiary may make Restricted Payments (directly or indirectly) to any Loan Party;

(b) the Borrower and each Subsidiary may declare and make dividend payments or other distributions payable solely in the Capital Stock of such Person; and

(c) subsequent to December 31, 2004, the Borrower may make dividends and purchase, redeem, acquire or retire shares of its

Capital Stock of any class or any warrants or

options to purchase any such shares of its Capital Stock in an aggregate amount not to exceed in any fiscal year an amount equal to twenty five percent (25%) of the sum of (i) Consolidated Net Income for the immediately prior fiscal year plus (ii) the amount of Non-Cash Charges for the immediately prior fiscal year (to the extent such Non-Cash Charges reduced Consolidated Net Income for such fiscal year); provided that no Default or Event of Default exists immediately prior to and after giving effect to any such purchase, redemption, acquisition or retirement.

8.07 Change in Nature of Business.

Engage in any material line of business substantially different from those lines of business conducted by the Borrower and its Subsidiaries on the Closing Date or any business substantially related or incidental thereto (or any reasonable extensions or expansions thereof).

8.08 Transactions with Affiliates and Insiders.

Except as set forth on Schedule 8.08, enter into or permit to exist any transaction or series of transactions with any officer, director or Affiliate of such Person other than (a) advances of working capital to any Loan Party, (b) transfers of cash and assets to any Loan Party, (c) intercompany transactions expressly permitted by Section 8.02, Section 8.03, Section 8.04, Section 8.05 or Section 8.06, (d) normal and reasonable compensation and reimbursement of expenses of officers and directors and (e) except as otherwise specifically limited in this Agreement, other transactions which are entered into in the ordinary course of such Person's business on terms and conditions substantially as favorable to such Person as would be obtainable by it in a comparable arms-length transaction with a Person other than an officer, director or Affiliate.

8.09 Burdensome Agreements.

(a) Enter into, or permit to exist, any Contractual Obligation that encumbers or restricts on the ability of any such Person to (i) pay dividends or make any other distributions to any Loan Party on its Capital Stock or with respect to any other interest or participation in, or measured by, its profits, (ii) pay any Indebtedness or other obligation owed to any Loan Party, (iii) make loans or advances to any Loan Party, (iv) sell, lease or transfer any of its Property to any Loan Party (other than customary consent requirements in Contractual Obligations entered into in the ordinary course of business), (v) pledge its Property pursuant to the Loan Documents or any renewals, refinancings, exchanges, refundings or extension thereof or (vi) act as a Loan Party pursuant to the Loan Documents or any renewals, refinancings, exchanges, refundings or extension thereof, except (in respect of any of the matters referred to in clauses (i)-(v) above) for (1) this Agreement and the other Loan Documents, (2) the 2000 Subordinated Documents, (3) the 2003 Convertible Subordinated Debenture Documents, (4) any document or instrument governing Indebtedness incurred pursuant to Section 8.03(f), provided that any such restriction contained therein relates only to the asset or assets constructed or acquired in connection therewith, (5) any Permitted Lien or any document or instrument governing any Permitted Lien, provided that any such restriction contained therein relates only to the asset or assets subject to such Permitted Lien or (6) customary restrictions and conditions contained in any agreement relating to the sale of any Property permitted under Section 8.05 or the definition of "Disposition" pending the consummation of such sale.

(b) Enter into, or permit to exist, any Contractual Obligation that prohibits or otherwise restricts the existence of any Lien upon any of its Property in favor of the Administrative Agent (for the benefit of the Lenders) for the purpose of securing the Obligations, whether now owned or hereafter acquired, or requiring the grant of any security for any obligation if such Property is given as security for the Obligations, except (i) any document or instrument governing Indebtedness incurred pursuant to Section 8.03(f), provided that any such restriction contained therein relates only to the asset or assets constructed

or acquired in connection therewith, (ii) in connection with any Permitted Lien or any document or instrument governing any Permitted Lien, provided that any such restriction contained therein relates only to the asset or assets subject to such Permitted Lien and (iii) pursuant to customary restrictions and conditions contained in any agreement relating to the sale of any Property permitted under Section 8.05 or the definition of "Disposition", pending the consummation of such sale.

8.10 Use of Proceeds.

Use the proceeds of any Credit Extension, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the FRB) or to extend

credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

8.11 Financial Covenants.

(a) Consolidated Net Worth. Permit Consolidated Net Worth at any time to be less than the sum of (i) $570 million plus (ii) for each fiscal quarter of the Borrower, commencing with the fiscal quarter ending December 31, 2003, an amount equal to 50% of Consolidated Net Income (to the extent positive) for such fiscal quarter plus (iii) without duplication, 100% of all Equity Issuances after the Closing Date minus (iv) the Permitted Charges which are applicable to such period minus (v) without duplication, all Non-Cash Charges which are applicable to such period.

(b) Consolidated Leverage Ratio. Permit the Consolidated Leverage Ratio as of the end of any fiscal quarter of the Borrower to be greater than (i) for any fiscal quarter ending during the period from the Closing Date to and including June 30, 2004, 5.0:1.0, (ii) for any fiscal quarter ending during the period from July 1, 2004 to and including December 31, 2004, 4.5:1.0 and (iii) for any fiscal quarter ending after December 31, 2004, 3.5:1.0.

(c) Consolidated Senior Leverage Ratio. Permit the Consolidated Senior Leverage Ratio as of the end of any fiscal quarter of the Borrower to be greater than 2.0:1.0.

(d) Consolidated Interest Coverage Ratio. Permit the Consolidated Interest Coverage Ratio as of the end of any fiscal quarter of the Borrower to be less than (i) for any fiscal quarter ending during the period from the Closing Date to and including June 30, 2004, 1.5 to 1.0, (ii) for any fiscal quarter ending during the period from July 1, 2004 to and including September 30, 2004, 1.75:1.0, (iii) for any fiscal quarter ending during the period from October 1, 2004 to and including December 31, 2004, 2.0:1.0 and (iv) for any fiscal quarter after December 31, 2004, 2.25:1.0.

(e) Consolidated Asset Coverage Ratio. Permit the Consolidated Asset Coverage Ratio as of the end of any fiscal quarter of the Borrower to be less than 2.5:1.0.

8.12 Prepayment of Other Indebtedness, Etc.

(a) Amend or modify any of the terms of any Indebtedness (including without limitation the 2000 Subordinated Documents and the 2003 Convertible Subordinated Debenture Documents) of the Borrower or any Subsidiary (other than Indebtedness arising under the Loan Documents) if such amendment or modification would add or change any terms in a manner materially adverse to the Lenders, the Borrower or any Subsidiary, including but not limited to shortening the final maturity or average life to maturity, requiring any payment to be made sooner than originally scheduled or increasing the interest rate applicable thereto.

(b) Make (or give any notice with respect thereto) any voluntary or optional payment, prepayment, redemption or acquisition for value of (including without limitation, by way of depositing money or securities with the trustee with respect thereto before due for the purpose of paying when due) or any voluntary or optional refund, refinance or exchange of any Indebtedness (including without limitation the 2000 Subordinated Documents and the 2003 Convertible Subordinated Debenture Documents) of the Borrower or any Subsidiary (other than Indebtedness arising under the Loan Documents).

(c) Permit any Indebtedness of the Borrower or any Subsidiary (other than the Indebtedness arising under the Loan Documents) to be designated or identified as (i) "Designated Senior Debt" under and as defined in the 2000 Subordinated Indenture or (ii) "Designated Senior Indebtedness" under and as defined in the 2003 Subordinated Indenture.

8.13 Organization Documents; Fiscal Year; Legal Name, State of Formation and Form of Entity.

(a) Amend, modify or change its Organization Documents in a manner materially adverse to the Lenders.

(b) Change its fiscal year.

(c) Without providing ten (10) days prior written notice to the Administrative Agent, change its name, state of formation or form of organization.

8.14 Ownership of Subsidiaries.

Notwithstanding any other provisions of this Agreement to the contrary, (i) permit any Person (other than the Borrower or any Wholly Owned Subsidiary of the Borrower) to own any Capital Stock of any Subsidiary of the Borrower, except to qualify directors where required by applicable law or to satisfy other requirements of applicable law with respect to the ownership of Capital Stock of

Foreign Subsidiaries, (ii) permit any Subsidiary of the Borrower to issue or have outstanding any shares of preferred Capital Stock (other than (a) the 485 shares of preferred Capital Stock issued by Allteck Line Contractors, Inc. to the Borrower and (b) the 3,499 shares of preferred Capital Stock issued by Quanta Services of Canada Ltd. to the Borrower) or (iii) create, incur, assume or suffer to exist any Lien on any Capital Stock of any Subsidiary of the Borrower, except for Permitted Liens.

8.15 Sale Leasebacks.

Enter into any Sale and Leaseback Transaction other than the sale and leaseback of trucks and equipment for immaterial amounts in the ordinary course of business.

8.16 Capital Expenditures.

(a) The Borrower and its Subsidiaries will not make Consolidated Capital Expenditures during any fiscal year in excess of an amount equal to 50% of Consolidated EBITDA for the twelve month period ending on the last day of the immediately preceding fiscal year.

(b) In addition to the limits under Section 8.16(a), if the Borrower or any of its Subsidiaries executes an eligible contract, then the Borrower or such Subsidiary may make Consolidated 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, Consolidated Capital Expenditures not made within 12 months after the date of such contract shall be applied against the limits under Section 8.16(a) and (B) the amount of Consolidated Capital Expenditures under this Section 8.16(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 or such Subsidiary shall promptly deliver a copy of such contract to the Administrative Agent, together with a summary of the Consolidated Capital Expenditures required by such contract in form and detail acceptable to the Administrative Agent. As used in this Section 8.16(b), "eligible contract" means, a utility outsourcing contract with quantifiable revenues to the Borrower or such Subsidiary of at least $30,000,000 during any 12 consecutive month period prior to 18 months after execution of such contract.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

9.01 Events of Default.

Any of the following shall constitute an Event of Default:

(a) Non-Payment. The Borrower or any other Loan Party fails to pay (i) when and as required to be paid herein, any amount of principal of any Loan, any L/C Obligation or any Credit-Linked L/C Obligation, or (ii) within three (3) days after the same becomes due, any interest on any Loan, on any L/C Obligation, or on any Credit-Linked L/C Obligation, the shortfall between the rate actually earned on the Credit-Linked Deposit and the Benchmark Rate as required hereunder or any commitment fee or other fee due hereunder, or (iii) within five (5) days after the same becomes due, any other amount payable hereunder or under any other Loan Document; or

(b) Specific Covenants. The Borrower fails to perform or observe any term, covenant or agreement contained in any of Section 7.05(a)(i), 7.10 or 7.11 or Article VIII (other than Sections 8.01 and 8.03); or

(c) Information Covenants. The Borrower fails to perform or observe any term, covenant or agreement contained in any of Section 7.01 or 7.02(a) and such failure continues for five (5) Business Days; or

(d) Other Defaults. Any Loan Party fails to perform or observe any other covenant or agreement (not specified in subsection (a), (b) or (c) above) contained in any Loan Document on its part to be performed or observed and such failure continues for thirty (30) days after the earlier of (i) a Responsible Officer of any Loan Party becoming aware of such failure and (ii) notice thereof to the Borrower from the Administrative Agent, the Required Revolving Lenders or the Required Credit-Linked Lenders; or

(e) Representations and Warranties. Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of the Borrower or any other Loan Party herein, in any other Loan Document, or in any document delivered in connection herewith or therewith shall be incorrect or misleading in any material respect when

made or deemed made; or

(f) Cross-Default. (i) The Borrower or any Subsidiary (A) fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Indebtedness or Guarantee (other than Indebtedness hereunder and Indebtedness under Swap Contracts) having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than the Threshold Amount, or (B) fails to observe or perform any other agreement or condition relating to any such Indebtedness or

Guarantee or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders of such Indebtedness or the beneficiary or beneficiaries of such Guarantee (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to be demanded or to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity, or such Guarantee to become payable or cash collateral in respect thereof to be demanded; or (ii) there occurs under any Swap Contract an Early Termination Date (as defined in such Swap Contract) resulting from (A) any event of default under such Swap Contract as to which the Borrower or any Subsidiary is the Defaulting Party (as defined in such Swap Contract) or (B) any Termination Event (as so defined) under such Swap Contract as to which the Borrower or any Subsidiary is an Affected Party (as so defined) and, in either event, the Swap Termination Value owed by the Borrower or such Subsidiary as a result thereof is greater than the Threshold Amount; or

(g) Insolvency Proceedings, Etc. Any Loan Party or any of its Subsidiaries institutes or consents to the institution of any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its Property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for sixty calendar days; or any proceeding under any Debtor Relief Law relating to any such Person or to all or any material part of its Property is instituted without the consent of such Person and continues undismissed or unstayed for sixty calendar days, or an order for relief is entered in any such proceeding; or

(h) Inability to Pay Debts; Attachment. (i) The Borrower or any Subsidiary becomes unable or admits in writing its inability or fails generally to pay its debts as they become due, or (ii) any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the Property of any such Person and is not released, vacated or fully bonded within thirty days after its issue or levy; or

(i) Judgments. There is entered against the Borrower or any Subsidiary (i) one or more final judgments or orders for the payment of money in an aggregate amount exceeding the Threshold Amount (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage), and any such judgments or orders shall not have been paid, discharged or bonded pending appeal (or the Borrower has not obtained an indemnity against on terms and conditions satisfactory to the Lenders in their reasonable discretion) within thirty (30) days from the entry thereof, or (ii) any one or more non-monetary final judgments that have, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of ten consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect; or

(j) ERISA. (i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of the Borrower under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of the Threshold Amount, or (ii) the Borrower or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any

installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount

in excess of the Threshold Amount; or

(k) Invalidity of Loan Documents. Any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all the Obligations, ceases to be in full force and effect; or any Loan Party or any other Person contests in any manner the validity or enforceability of any Loan Document; or any Loan Party denies that it has any or further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind any Loan Document; or

(l) Change of Control. There occurs any Change of Control; or

(m) 2000 Subordinated Documents. (i) There shall occur an "Event of Default" (or any comparable term) under, and as defined in, the 2000 Subordinated Documents, (ii) any of the Obligations for any reason shall cease to be "Senior Debt" (or any comparable term) under, and as defined in, the 2000 Subordinated Documents, (iii) any Indebtedness other than the Obligations shall constitute "Designated Senior Debt" (or any comparable term) under, and as defined in, the 2000 Subordinated Documents or (iv) the subordination provisions of the 2000 Subordinated Documents shall, in whole or in part, terminate, cease to be effective or cease to be legally valid, binding and enforceable against any holder of the debt evidenced by the 2000 Subordinated Documents; or

(n) 2003 Convertible Subordinated Debentures. (i) There shall occur an "Event of Default" (or any comparable term) under, and as defined in, the 2003 Convertible Subordinated Debentures Documents, (ii) any of the Obligations for any reason shall cease to be "Senior Debt" (or any comparable term) under, and as defined in, the 2003 Convertible Subordinated Debentures Documents, (iii) any Indebtedness other than the Obligations shall constitute "Designated Senior Debt" (or any comparable term) under, and as defined in, the 2003 Convertible Subordinated Debentures Documents or (iv) the subordination provisions of the 2003 Convertible Subordinated Debentures Documents shall, in whole or in part, terminate, cease to be effective or cease to be legally valid, binding and enforceable against any holder of the 2003 Convertible Subordinated Debentures.

9.02 Remedies Upon Event of Default.

(a) If any Event of Default occurs and is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Revolving Lenders, take any or all of the following actions:

(i) declare the commitment of each Lender with a Revolving Commitment to make Revolving Loans and any obligation of the L/C Issuer to make L/C Credit Extensions to be terminated, whereupon such commitments and obligation shall be terminated; and

(ii) require that the Borrower Cash Collateralize the L/C Obligations (in an amount equal to the then applicable Outstanding Amount thereof).

(b) If an Event of Default occurs and is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Credit-Linked Lenders, take any or all of the following actions:

(i) declare the commitment of each Credit-Linked Lender to make Term Loans and any obligation of the Credit-Linked L/C Issuer to make Credit-Linked Credit Extensions to be terminated, whereupon such commitments and obligation shall be terminated; and

(ii) require that the Borrower Cash Collateralize the Credit-Linked L/C Obligations (in an amount equal to the then applicable Outstanding Amount thereof);

(c) If any Event of Default occurs and is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders, take any and all of the following actions:

(i) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower; and

(ii) exercise on behalf of itself and the Lenders all rights and remedies available to it and the Lenders under the Loan Documents or applicable law;

provided, however, that upon the occurrence of an actual or deemed entry of an order for relief with respect to the Borrower under the Bankruptcy Code of the United States, the obligation of each Lender to make Loans and any obligation of the L/C Issuer to make L/C Credit Extensions and any obligation of the Credit-Linked L/C Issuer to make Credit-Linked Credit Extensions shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, and the obligation of the Borrower to Cash Collateralize the L/C Obligations and Credit-Linked L/C Obligations as aforesaid shall automatically become effective, in each case without further act of the Administrative Agent or any Lender.

Furthermore, if any Event of Default has occurred and is continuing, the Administrative Agent shall, at the request of the Required Credit-Linked Lenders, withdraw from the Credit-Linked Deposit Account and distribute to the Credit-Linked Lenders on a pro rata basis an amount equal to the excess of the Aggregate Credit-Linked Commitments over the Outstanding Amount of the Credit-Linked Obligations.

9.03 Application of Funds.

After the exercise of remedies provided for in Section 9.02 (or after the Loans have automatically become immediately due and payable and the L/C Obligations and Credit-Linked L/C Obligations have automatically been required to be Cash Collateralized as set forth in the proviso to Section 9.02), any amounts received on account of the Obligations shall be applied by the Administrative Agent in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including Attorney Costs and amounts payable under Article III) payable to the Administrative Agent in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal and interest) payable to the Lenders (including Attorney Costs and amounts payable under Article III), ratably among them in proportion to the amounts described in this clause Second payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Loans and L/C Borrowings and fees, premiums and scheduled periodic payments, and any interest accrued thereon, due under any Swap Contract between any Loan Party and any Lender, or any Affiliate of a Lender, to the extent such Swap Contract is permitted by Section 8.03(d), ratably among the Lenders (and, in the case of such Swap Contracts, Affiliates of Lenders) in proportion to the respective amounts described in this clause Third held by them;

Fourth, to payment of that portion of the Obligations constituting unpaid principal of the Loans, L/C Borrowings and Credit-Linked L/C Borrowings and breakage, termination or other payments, and any interest accrued thereon, due under any Swap Contract between any Loan Party and any Lender, or any Affiliate of a Lender, to the extent such Swap Contract is permitted by Section 8.03(d), and to Cash Collateralize that portion of L/C Obligations comprised of the aggregate undrawn amount of Letters of Credit and to Cash Collateralize that portion of the Credit-Linked Obligations comprised of the aggregate undrawn amount of Credit-Linked Letters of Credit, ratably among the Lenders (and, in the case of such Swap Contracts, Affiliates of Lenders) in proportion to the respective amounts described in this clause Fourth held by them; and

Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by Law.

Subject to Section 2.03(c), amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to clause Fourth above shall be applied to satisfy drawings under such Letters of Credit, as applicable, as they occur. Subject to Section 2.05(c), amounts used to Cash Collateralize the aggregate undrawn amount of Credit-Linked Letters of Credit pursuant to clause Fourth above shall be applied to satisfy drawings under such Credit-Linked Letters of Credit, as applicable, as they occur. If any amount remains on deposit as Cash Collateral for any Letter of Credit after such Letter of Credit has either been fully drawn or expired, then (i) if any other Obligations (other than Letters of Credit that have been Cash Collateralized) are outstanding, such remaining amount shall be applied to such other Obligations, if any, in the order set forth above or (ii) if all of the Obligations (other than the Letters of Credit that have been Cash Collateralized) have been indefeasibly paid in full, such remaining amount shall be paid to the Borrower or as otherwise required by law. If any amount remains on deposit as Cash Collateral for any Credit-Linked Letter of Credit after such Credit-Linked Letter of Credit has either been fully drawn or expired, then (i) if any other Obligations (other than Credit-Linked Letters of Credit that have

been Cash Collateralized) are outstanding, such remaining amount shall be applied to such other Obligations, if any, in the order set forth above or (ii) if all of the Obligations (other than the Credit-Linked Letters of Credit that have been Cash Collateralized) have been indefeasibly paid in full, such remaining amount shall be paid to the Borrower or as otherwise required by law.

ARTICLE X

ADMINISTRATIVE AGENT

10.01 Appointment and Authorization of Administrative Agent.

(a) Each Lender hereby irrevocably appoints, designates and authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere herein or in any other Loan Document, the Administrative Agent shall not have any duties or responsibilities, except those

expressly set forth herein, nor shall the Administrative Agent have or be deemed to have any fiduciary relationship with any Lender or participant, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent" herein and in the other Loan Documents with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

(b) The L/C Issuer shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and the L/C Issuer shall have all of the benefits and immunities (i) provided to the Administrative Agent in this Article X with respect to any acts taken or omissions suffered by the L/C Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and the applications and agreements for letters of credit pertaining to such Letters of Credit as fully as if the term "Administrative Agent" as used in this Article X and in the definition of "Agent-Related Person" included the L/C Issuer with respect to such acts or omissions, and (ii) as additionally provided herein with respect to the L/C Issuer.

(c) The Credit-Linked L/C Issuer shall act on behalf of the Credit-Linked Lenders with respect to any Credit-Linked Letters of Credit issued by it and the documents associated therewith, and the Credit-Linked L/C Issuer shall have all of the benefits and immunities (i) provided to the Administrative Agent in this Article X with respect to any acts taken or omissions suffered by the Credit-Linked L/C Issuer in connection with Credit-Linked Letters of Credit issued by it or proposed to be issued by it and the applications and agreements for letters of credit pertaining to such Credit-Linked Letters of Credit as fully as if the term "Administrative Agent" as used in this Article X and in the definition of "Agent-Related Person" included the Credit-Linked L/C Issuer with respect to such acts or omissions, and (ii) as additionally provided herein with respect to the Credit-Linked L/C Issuer.

(d) Each Credit-Linked Lender hereby consents to and approves the terms of the Money Market Account Agreement. By execution hereof, the Credit-Linked Lenders authorize and direct the Administrative Agent to enter into the Money Market Account Agreement on behalf of the Credit-Linked Lenders.

10.02 Delegation of Duties.

The Administrative Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel and other consultants or experts concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects in the absence of gross negligence or willful misconduct.

10.03 Liability of Administrative Agent.

No Agent-Related Person shall (a) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct in connection with its duties expressly set forth herein), or (b) be responsible in any manner to any Lender or participant for any recital, statement, representation or warranty made by any Loan Party or any officer thereof, contained herein or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in

connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or

sufficiency of this Agreement or any other Loan Document, or for any failure of any Loan Party or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Lender or participant to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of any Loan Party or any Affiliate thereof.

10.04 Reliance by Administrative Agent.

(a) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, communication, signature, resolution, representation, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, electronic mail message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including statements of counsel to any Loan Party), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under any Loan Document unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Required Lenders (or such greater number of Lenders as may be expressly required hereby in any instance) and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders.

(b) For purposes of determining compliance with the conditions specified in Section 5.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

10.05 Notice of Default.

The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Administrative Agent for the account of the Lenders, unless the Administrative Agent shall have received written notice from a Lender or the Borrower referring to this Agreement, describing such Default and stating that such notice is a "notice of default." The Administrative Agent will notify the Lenders of its receipt of any such notice. The Administrative Agent shall take such action with respect to such Default as may be directed by the Required Lenders in accordance with Article IX; provided, however, that unless and until the Administrative Agent has received any such direction, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default as it shall deem advisable or in the best interest of the Lenders.

10.06 Credit Decision; Disclosure of Information by Administrative Agent.

Each Lender acknowledges that no Agent-Related Person has made any representation or warranty to it, and that no act by the Administrative Agent hereafter taken, including any consent to and acceptance of any assignment or review of the affairs of any Loan Party or any Affiliate thereof, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Lender as to any matter, including whether Agent-Related Persons have disclosed material information in their possession.

Each Lender represents to the Administrative Agent that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, Property, financial and other condition and creditworthiness of the Loan Parties and their respective Subsidiaries, and all applicable bank or other regulatory Laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Borrower hereunder. Each Lender also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, Property, financial

and other condition and creditworthiness of the Borrower and the other Loan Parties. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent herein, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, Property, financial and other condition or creditworthiness of any of the Loan Parties or any of their respective Affiliates which may come into the possession of any Agent-Related Person.

10.07 Indemnification of Administrative Agent.

Whether or not the transactions contemplated hereby are consummated, the Lenders shall indemnify upon demand each Agent-Related Person (to the extent not reimbursed by or on behalf of any Loan Party and without limiting the obligation of any Loan Party to do so), pro rata, and hold harmless each Agent-Related Person from and against any and all Indemnified Liabilities incurred by it; provided, however, that no Lender shall be liable for the payment to any Agent-Related Person of any portion of such Indemnified Liabilities to the extent determined in a final, nonappealable judgment by a court of competent jurisdiction to have resulted from such Agent-Related Person's own gross negligence or willful misconduct; provided, however, that no action taken in accordance with the directions of the Required Lenders shall be deemed to constitute gross negligence or willful misconduct for purposes of this Section. Without limitation of the foregoing, each Lender shall reimburse the Administrative Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Administrative Agent is not reimbursed for such expenses by or on behalf of the Borrower. The undertaking in this Section shall survive termination of the Commitments, the payment of all other Obligations and the resignation of the Administrative Agent.

10.08 Administrative Agent in its Individual Capacity.

Bank of America and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with each of the Loan Parties and their respective Affiliates as though Bank of America were not the Administrative Agent or the L/C Issuer hereunder and without notice to or consent of the Lenders. The Lenders acknowledge that, pursuant to such activities, Bank of America or its Affiliates may receive information regarding any Loan Party or its Affiliates (including information that may be subject to confidentiality obligations in favor of such Loan Party or such Affiliate) and acknowledge that the Administrative Agent shall be under no obligation to provide such information to them. With respect to its Loans, Bank of America shall have the same rights and powers under this Agreement as any other Lender and may exercise such rights and powers as though it

were not the Administrative Agent, the L/C Issuer or the Credit-Linked L/C Issuer, and the terms "Lender" and "Lenders" include Bank of America in its individual capacity.

10.09 Successor Administrative Agent.

The Administrative Agent may resign as Administrative Agent upon thirty days' notice to the Lenders; provided that any such resignation by Bank of America shall also constitute its resignation as L/C Issuer, Credit-Linked L/C Issuer and Swing Line Lender. If the Administrative Agent resigns under this Agreement, the Required Lenders shall appoint from among the Lenders a successor administrative agent for the Lenders, which appointment of such successor administrative agent shall require the consent of the Borrower at all times other than during the existence of an Event of Default (which consent of the Borrower shall not be unreasonably withheld or delayed). If no successor administrative agent is appointed prior to the effective date of the resignation of the Administrative Agent, the Administrative Agent may appoint, after consulting with the Lenders and the Borrower, a successor administrative agent from among the Lenders. Upon the acceptance of its appointment as successor administrative agent hereunder, the Person acting as such successor administrative agent shall succeed to all the rights, powers and duties of the retiring Administrative Agent, L/C Issuer, Credit-Linked L/C Issuer and Swing Line Lender and the respective terms "Administrative Agent", "L/C Issuer", "Credit-Linked L/C Issuer" and "Swing Line Lender" shall mean such successor administrative agent, Letter of Credit issuer, Credit-Linked Letter of Credit issuer and swing line lender, and the retiring Administrative Agent's appointment, powers and duties in such capacities shall be terminated without any other further act or deed on its behalf. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article X and Sections 11.04 and 11.05 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent

under this Agreement. If no successor administrative agent has accepted appointment as Administrative Agent by the date thirty days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and the Lenders shall perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above.

10.10 Administrative Agent May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan, L/C Obligation or Credit-Linked L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Obligations, Credit-Linked L/C Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Sections 2.03(i) and (j), 2.11 and 11.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other Property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.11 and 11.04.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

10.11 Collateral and Guaranty Matters.

The Lenders irrevocably authorize the Administrative Agent, at its option and in its discretion,

(a) to release any Lien on any Collateral granted to or held by the Administrative Agent under any Loan Document (i) upon termination of the Aggregate Revolving Commitments and payment in full of all Obligations (other than contingent indemnification obligations) and the expiration or termination of all Letters of Credit and Credit-Linked Letters of Credit, (ii) that is transferred or to be transferred as part of or in connection with any Disposition permitted hereunder or under any other Loan Document or any Involuntary Disposition, or (iii) as approved in accordance with Section 11.01;

(b) to subordinate any Lien on any Property granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien on such Property that is permitted by Section 8.01(i); and

(c) to release any Guarantor from its obligations under the Guaranty if such Person ceases to be a Subsidiary as a result of a transaction permitted hereunder.

Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release or subordinate its interest in particular types or items of Property, or to release any Guarantor from its obligations under the Guaranty, pursuant to this Section 10.11.

10.12 Other Agents; Arrangers and Managers.

None of the Lenders or other Persons identified on the facing page or signature pages of this Agreement as a "syndication agent," "documentation agent," "co-agent," "book manager," "lead manager," "arranger," "lead arranger"

or "co-arranger" shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than, in the case of such Lenders, those applicable to all Lenders as such. Without limiting the foregoing, none of the Lenders or other Persons so identified shall have or be deemed to have any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on any of the Lenders or other Persons so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

ARTICLE XI

MISCELLANEOUS

11.01 Amendments, Etc.

No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrower or any other Loan Party therefrom, shall be effective unless in writing signed by the Required Lenders and the Borrower or the applicable Loan Party, as the case may be, and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall:

(a) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 9.02) without the written consent of such Lender (it being understood and agreed that a waiver of any condition precedent set forth in Section 5.02 or of any Default or Event of Default or a mandatory reduction in Commitments is not considered an extension or increase in Commitments of any Lender);

(b) postpone any date fixed by this Agreement or any other Loan Document for any payment of principal (excluding mandatory prepayments), interest, fees or other amounts due to the Lenders (or any of them) hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby;

(c) reduce the principal of, or the rate of interest specified herein on, any Loan, L/C Borrowing or Credit-Linked L/C Borrowing, or any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby; provided, however, that only the consent of the Required Lenders shall be necessary to amend the definition of "Default Rate" or to waive any obligation of the Borrower to pay interest at the Default Rate;

(d) change Section 2.13 or Section 9.03 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender directly affected thereby;

(e) change any provision of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder without the written consent of each Lender directly affected thereby;

(f) except in connection with a Disposition permitted under Section 8.05, release all or substantially all of the Collateral without the written consent of each Lender directly affected thereby;

(g) release the Borrower or, except in connection with a merger or consolidation permitted under Section 8.04 or a Disposition permitted under Section 8.05, all or substantially all of the Guarantors, from its or their obligations under the Loan Documents without the written consent of each Lender directly affected thereby; or

(h) without the consent of Lenders (other than Defaulting Lenders) holding in the aggregate at least a majority of the Revolving Commitments (or if the Revolving Commitments have

been terminated, the outstanding Revolving Loans (and participations in any Swing Line Loans and L/C Obligations)), (i) waive any Default or Event of Default for purposes of Section 5.02 for purposes of any Revolving Loan borrowing or L/C Credit Extension and (ii) amend, change, waive, discharge or terminate Section 2.01(a), 2.02, 2.03, 2.05(b)(i) or 2.06 or any term, covenant or agreement contained in Article VIII or Article IX;

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the L/C Issuer in addition to the Lenders required above, affect the rights or duties of the L/C Issuer under this Agreement or any Letter of Credit Application relating to any Letter of Credit issued or to be issued by

it; (ii) no amendment, waiver or consent shall, unless in writing and signed by the Credit-Linked L/C Issuer in addition to the Lenders required above, affect the rights or duties of the Credit-Linked L/C Issuer under this Agreement or any Credit-Linked Letter of Credit Application relating to any Credit-Linked Letter of Credit issued or to be issued by it; (iii) no amendment, waiver or consent shall, unless in writing and signed by the Swing Line Lender in addition to the Lenders required above, affect the rights or duties of the Swing Line Lender under this Agreement; (iv) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document; and (v) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Commitment of such Lender may not be increased or extended without the consent of such Lender.

Notwithstanding the fact that the consent of all the Lenders is required in certain circumstances as set forth above, (x) each Lender is entitled to vote as such Lender sees fit on any bankruptcy reorganization plan that affects the Loans, and each Lender acknowledges that the provisions of Section 1126(c) of the United States Bankruptcy Code supersedes the unanimous consent provisions set forth herein and (y) the Required Lenders shall determine whether or not to allow a Loan Party to use cash collateral in the context of a bankruptcy or insolvency proceeding and such determination shall be binding on all of the Lenders.

11.02 Notices and Other Communications; Facsimile Copies.

(a) General. Unless otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing (including by facsimile transmission). All such written notices shall be mailed, faxed or delivered to the applicable address, facsimile number or (subject to subsection (c) below) electronic mail address, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to the Borrower, the Administrative Agent, the L/C Issuer, the Credit-Linked L/C Issuer or the Swing Line Lender, to the address, facsimile number, electronic mail address or telephone number specified for such Person on Schedule 11.02 or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the other parties; and

(ii) if to any other Lender, to the address, facsimile number, electronic mail address or telephone number specified in its Administrative Questionnaire (which Administrative Questionnaires shall be provided to the Borrower by the Administrative Agent upon request by the Borrower) or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the Borrower, the Administrative Agent, the L/C Issuer, the Credit-Linked L/C Issuer and the Swing Line Lender.

All such notices and other communications shall be deemed to be given or made upon the earlier to occur of (i) actual receipt by the relevant party hereto and (ii) (A) if delivered by hand or by courier, when signed for by or on behalf of the relevant party hereto; (B) if delivered by mail, four Business Days after deposit in the mails, postage prepaid; (C) if delivered by facsimile, when sent and receipt has been confirmed by telephone; and (D) if delivered by electronic mail (which form of delivery is subject to the provisions of subsection (c) below), when delivered; provided, however, that notices and other communications to the Administrative Agent, the L/C Issuer, the Credit-Linked L/C Issuer and the Swing Line Lender pursuant to Article II shall not be effective until actually received by such Person. In no event shall a voicemail message be effective as a notice, communication or confirmation hereunder.

(b) Effectiveness of Facsimile Documents and Signatures. Loan Documents may be transmitted and/or signed by facsimile. The effectiveness of any such documents and signatures shall, subject to applicable Law, have the same force and effect as manually signed originals and shall be binding on all Loan Parties, the Administrative Agent and the Lenders. The Administrative Agent may also require that any such documents and signatures be confirmed by a manually signed original thereof; provided, however, that the failure to request or deliver the same shall not limit the effectiveness of any facsimile document or signature.

(c) Limited Use of Electronic Mail. Electronic mail and internet and intranet websites may be used only to distribute routine communications, such as financial statements and other information as provided in Section 7.02, and to distribute Loan Documents for execution by the parties thereto, and may not be used for any other purpose.

(d) Reliance by Administrative Agent and Lenders. The Administrative Agent and the Lenders shall be entitled to rely and act upon any

notices (including telephonic Loan Notices and Swing Line Loan Notices) purportedly given by or on behalf of the Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as reasonably understood by the recipient, varied from any confirmation thereof. The Borrower shall indemnify each Agent-Related Person and each Lender from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrower. All telephonic notices to and other communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

11.03 No Waiver; Cumulative Remedies.

No failure by any Lender or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

11.04 Attorney Costs, Expenses and Taxes.

The Borrower agrees (a) to pay or reimburse the Administrative Agent for all reasonable costs and expenses incurred in connection with the development, preparation, negotiation and execution of this Agreement and the other Loan Documents and any amendment, waiver, consent or other modification of the provisions hereof and thereof (whether or not the transactions contemplated hereby or thereby are consummated), and the consummation and administration of the transactions contemplated hereby and thereby, including all Attorney Costs and costs and expenses in connection with the use of Intralinks, Inc.

or other similar information transmission systems in connection with this Agreement, and (b) to pay or reimburse the Administrative Agent and each Lender for all reasonable costs and expenses incurred in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or the other Loan Documents (including all such costs and expenses incurred during any "workout" or restructuring in respect of the Obligations and during any legal proceeding, including any proceeding under any Debtor Relief Law), including all Attorney Costs. The foregoing costs and expenses shall include all search, filing, recording, title insurance and appraisal charges and fees and taxes related thereto, and other out-of-pocket expenses incurred by the Administrative Agent and the cost of independent public accountants and other outside experts retained by the Administrative Agent or any Lender. All amounts due under this Section 11.04 shall be payable within twenty (20) days after demand therefor. The agreements in this Section shall survive the termination of the Aggregate Revolving Commitments and repayment of all other Obligations.

11.05 Indemnification by the Borrower.

Whether or not the transactions contemplated hereby are consummated, the Borrower agrees to indemnify and hold harmless each Agent-Related Person, each Lender and their respective Affiliates, directors, officers, employees, counsel, trustees, investment advisors, agents and attorneys-in-fact (collectively the "Indemnitees") from and against any and all liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, reasonable costs, expenses and disbursements (including Attorney Costs) of any kind or nature whatsoever which may at any time be imposed on, incurred by or asserted against any such Indemnitee in any way relating to or arising out of or in connection with (a) the execution, delivery, enforcement, performance or administration of any Loan Document or any other agreement, letter or instrument delivered in connection with the transactions contemplated thereby or the consummation of the transactions contemplated thereby, (b) any Commitment, Loan, Letter of Credit or Credit-Linked Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the L/C Issuer to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit and any refusal by the Credit-Linked L/C Issuer to honor a demand for payment under a Credit-Linked Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Credit-Linked Letter of Credit), (c) any actual or alleged presence or release of Hazardous Materials on or from any property currently or formerly owned or operated by the Borrower, any Subsidiary or any other Loan Party, or any Environmental Liability related in any way to the Borrower, any Subsidiary or any other Loan Party, or (d) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory (including any investigation of, preparation for, or defense of any pending or threatened claim, investigation, litigation or proceeding) and regardless of whether any Indemnitee is a party thereto (all the foregoing, collectively, the "Indemnified Liabilities"); provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such

liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses or disbursements (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) arise out of a dispute solely between two or more Indemnitees not caused by or involving in any way the Borrower or any Subsidiary. No Indemnitee shall be liable for any damages arising from the use by others of any information or other materials obtained through IntraLinks or other similar information transmission systems in connection with this Agreement, nor shall any Indemnitee have any liability for any indirect or consequential damages relating to this Agreement or any other Loan Document or arising out of its activities in connection herewith or therewith (whether before or after the Closing Date). All amounts due under this Section 11.05 shall be payable within twenty (20) days after demand therefor. The agreements in this Section shall survive the resignation of the Administrative Agent, the replacement of

any Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all the other Obligations.

11.06 Payments Set Aside.

To the extent that any payment by or on behalf of any Loan Party is made to the Administrative Agent or any Lender, or the Administrative Agent or any Lender exercises its right of set-off, and such payment or the proceeds of such set-off or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred, and (b) each Lender severally agrees to pay to the Administrative Agent upon demand its applicable share of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect.

11.07 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Indemnitees) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans (including for purposes of this subsection (b), participations in L/C Obligations, Credit-Linked L/C Obligations and in Swing Line Loans) at the time owing to it); provided that (i) except in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund (as defined in subsection (g) of this Section) with respect to a Lender, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than $5,000,000 in the case of an assignment of Revolving Loans and $1,000,000 in the case of an assignment of Term Loans or any Credit-Linked Commitment unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed); (ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans and Commitments assigned, except that this clause (ii) shall not (x) apply to rights in respect of Swing Line Loans or (y) prohibit any Lender from assigning all or a portion of its rights and obligations among separate tranches on a pro rata basis;

(iii) any assignment of a Revolving Commitment must be approved by the

Administrative Agent, the L/C Issuer and the Swing Line Lender unless the Person that is the proposed assignee is itself a Lender (whether or not the proposed assignee would otherwise qualify as an Eligible Assignee); and (iv) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500; provided that (a) no such fee shall be payable in the case of an assignment to another Lender, an Affiliate of a Lender or an Approved Fund with respect to a Lender, and (b) in the case of contemporaneous assignments by a Lender to more than one Approved Fund managed by the same investment adviser (which Approved Funds are not then Lenders hereunder), only a single such $3,500 fee shall be payable for all such contemporaneous assignments. Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 3.01, 3.04, 3.05, 11.04 and 11.05 with respect to facts and circumstances occurring prior to the effective date of such assignment). Upon request, the Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans, L/C Obligations and Credit-Linked L/C Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural person or the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans (including such Lender's participations in L/C Obligations, Credit-Linked L/C Obligations and/or Swing Line Loans) owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in clauses (a) through (g) of the first proviso to Section 11.01 that directly affects such Participant. Subject to subsection (e) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.01, 3.04

and 3.05 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 11.09 as though it were a Lender, provided such Participant agrees to be subject to Section 2.15 as though it were a Lender.

(e) A Participant shall not be entitled to receive any greater payment under Section 3.01, 3.04 or 3.05 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.01 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 11.15 as though it were a Lender.

(f) Any Lender may at any time pledge or assign a security

interest in all or any portion of its rights under this Agreement (including under its Notes, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank and any pledge of obligations owed, or securities issued, by such Lender as collateral security for such obligations or securities, or to any trustee for, or any other representative of, such holders; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) As used herein, the following terms have the following meanings:

"Eligible Assignee" means (a) a Lender; (b) an Affiliate of a Lender; (c) an Approved Fund; and (d) any other Person (other than a natural person) approved by (i) the Administrative Agent, the L/C Issuer and the Swing Line Lender, and (ii) unless an Event of Default has occurred and is continuing, the Borrower (each such approval not to be unreasonably withheld or delayed); provided that notwithstanding the foregoing, "Eligible Assignee" shall not include the Borrower or any of the Borrower's Affiliates or Subsidiaries.

"Fund" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

(h) Notwithstanding anything to the contrary contained herein, if at any time Bank of America assigns all of its Commitment and Loans pursuant to subsection (b) above, Bank of America may, (i) upon thirty (30) days' notice to the Borrower and the Lenders, resign as L/C Issuer and/or Credit-Linked L/C Issuer and/or (ii) upon thirty (30) days' notice to the Borrower, resign as Swing Line Lender. In the event of any such resignation as L/C Issuer, Credit-Linked L/C Issuer or Swing Line Lender, the Borrower shall be entitled to appoint from among the Lenders a successor L/C Issuer, Credit-Linked L/C Issuer or Swing Line Lender hereunder; provided, however, that no failure by the Borrower to appoint any such successor shall affect the resignation of Bank of America as L/C Issuer, Credit-Linked L/C Issuer or Swing Line Lender, as the case may be. If Bank of America resigns as L/C Issuer, it shall retain all the rights and obligations of the L/C Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as L/C Issuer and all L/C Obligations with respect thereto (including the right to require the Lenders to make Base Rate Loans or fund risk participations in Unreimbursed Amounts pursuant to Section 2.03(c)). If Bank of America resigns as Credit-Linked L/C

Issuer, it shall retain all the rights and obligations of the Credit-Linked L/C Issuer hereunder with respect to all Credit-Linked Letters of Credit outstanding as of the effective date of its resignation as Credit-Linked L/C Issuer and all Credit-Linked L/C Obligations with respect thereto (including the right to require the Credit-Linked Lenders to fund risk participations in Credit-Linked Unreimbursed Amounts pursuant to Section 2.06(b)). If Bank of America resigns as Swing Line Lender, it shall retain all the rights of the Swing Line Lender provided for hereunder with respect to Swing Line Loans made by it and outstanding as of the effective date of such resignation, including the right to require the Lenders to make Base Rate Loans or fund risk participations in outstanding Swing Line Loans pursuant to Section 2.04(c).

(i) The Credit-Linked Deposit Account funded by any Credit-Linked Lender pursuant to Section 2.01(b) shall not be released in connection with any assignment of its Credit-Linked Commitment but shall instead be purchased by the relevant assignee and continue to be held for application in accordance with the terms of Section 2.05 in respect of the Credit-Linked Commitment assigned to such assignee.

11.08 Confidentiality.

Each of the Administrative Agent, the L/C Issuer, the Credit-Linked L/C Issuer, the Swing Line Lender and the Lenders agrees to (and to cause its and its Affiliates' directors, officers and employees to) maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential and that the Administrative Agent, any Issuer or any Lender, as applicable, shall be responsible for any violation of this Section 11.08 by such Persons); (b) to the extent required by any regulatory authority having jurisdiction over such Person; (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process; (d) to any other party to this Agreement; (e) to the extent reasonably required in

connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder; (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any Eligible Assignee of or Participant in, or any prospective Eligible Assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any direct or indirect contractual counterparty or prospective counterparty (or such contractual counterparty's or prospective counterparty's professional advisor) to any credit derivative transaction relating to obligations of the Loan Parties; (g) with the prior written consent of the Borrower; (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent or any Lender on a nonconfidential basis from a source other than the Borrower; or (i) to the National Association of Insurance Commissioners or any other similar organization or any nationally recognized rating agency that requires access to information about a Lender's or its Affiliates' investment portfolio in connection with ratings issued with respect to such Lender or its Affiliates (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential). In addition, the Administrative Agent and the Lenders may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry, and service providers to the Administrative Agent and the Lenders in connection with the administration and management of this Agreement, the other Loan Documents, the Commitments, and the Credit Extensions. For the purposes of this Section, "Information" means all information received from or on behalf of any Loan Party or any of its Subsidiaries relating to any Loan Party or any of its Subsidiaries or its business, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by any Loan Party. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person

has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. Notwithstanding anything herein to the contrary, "Information" shall not include, and the Administrative Agent and each Lender may disclose without limitation of any kind, any information with respect to the "tax treatment" and "tax structure" (in each case, within the meaning of Treasury Regulation Section 1.6011-4) of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to the Administrative Agent or such Lender relating to such tax treatment and tax structure; provided that with respect to any document or similar item that in either case contains information concerning the tax treatment or tax structure of the transaction as well as other information, this sentence shall only apply to such portions of the document or similar item that relate to the tax treatment or tax structure of the Loans, Letters of Credit, Credit-Linked Letters of Credit and transactions contemplated hereby.

11.09 Set-off.

In addition to any rights and remedies of the Lenders provided by law, upon the occurrence and during the continuance of any Event of Default, each Lender and any Affiliate of any Lender is authorized at any time and from time to time, without prior notice to the Borrower or any other Loan Party, any such notice being waived by the Borrower (on its own behalf and on behalf of each Loan Party) to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other indebtedness at any time owing by, such Lender to or for the credit or the account of the respective Loan Parties against any and all Obligations owing to such Lender hereunder or under any other Loan Document, now or hereafter existing, irrespective of whether or not the Administrative Agent or such Lender shall have made demand under this Agreement or any other Loan Document and although such Obligations may be contingent or unmatured or denominated in a currency different from that of the applicable deposit or indebtedness. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such set-off and application made by such Lender; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.

11.10 Interest Rate Limitation.

Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the "Maximum Rate"). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrower. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal

parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

11.11 Counterparts.

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.12 Integration.

This Agreement, together with the other Loan Documents, comprises the complete and integrated agreement of the parties on the subject matter hereof and thereof and supersedes all prior agreements,

written or oral, on such subject matter. In the event of any conflict between the provisions of this Agreement and those of any other Loan Document, the provisions of this Agreement shall control; provided that the inclusion of supplemental rights or remedies in favor of the Administrative Agent or the Lenders in any other Loan Document shall not be deemed a conflict with this Agreement. Each Loan Document was drafted with the joint participation of the respective parties thereto and shall be construed neither against nor in favor of any party, but rather in accordance with the fair meaning thereof.

11.13 Survival of Representations and Warranties.

All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default at the time of any Credit Extension, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied or any Letter of Credit or Credit-Linked Letter of Credit shall remain outstanding.

11.14 Severability.

If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

11.15 Tax Forms.

(a) (i) Each Lender that is not a "United States person" within the meaning of Section 7701(a)(30) of the Internal Revenue Code (a "Foreign Lender") shall deliver to the Administrative Agent, prior to receipt of any payment subject to withholding under the Internal Revenue Code (or upon accepting an assignment of an interest herein), two duly signed completed copies of either IRS Form W-8BEN or any successor thereto (relating to such Foreign Lender and entitling it to an exemption from, or reduction of, withholding tax on all payments to be made to such Foreign Lender by the Borrower pursuant to this Agreement) or IRS Form W-8ECI or any successor thereto (relating to all payments to be made to such Foreign Lender by the Borrower pursuant to this Agreement) or such other evidence satisfactory to the Borrower and the Administrative Agent that such Foreign Lender is entitled to an exemption from, or reduction of, U.S. withholding tax, including any exemption pursuant to Section 871(h) or Section 881(c) of the Internal Revenue Code. Thereafter and from time to time, each such Foreign Lender shall (A) promptly submit to the Administrative Agent such additional duly completed and signed copies of one of such forms (or such successor forms as shall be adopted from time to time by the relevant United States taxing authorities) as may then be available under then current United States laws and regulations to avoid, or such evidence as is satisfactory to the Borrower and the Administrative Agent of any available exemption from or reduction of, United States withholding taxes in respect of all payments to be made to such Foreign Lender by the Borrower pursuant to this Agreement, (B) promptly notify the Administrative Agent of any change in circumstances which would modify or render invalid any claimed exemption or reduction, and (C) take such steps as shall not be materially disadvantageous to it, in the reasonable judgment of such Lender,

and as may be reasonably necessary (including the re-designation of its

Lending Office) to avoid any requirement of applicable Laws that the Borrower make any deduction or withholding for taxes from amounts payable to such Foreign Lender.

(ii) Each Foreign Lender, to the extent it does not act or ceases to act for its own account with respect to any portion of any sums paid or payable to such Lender under any of the Loan Documents (for example, in the case of a typical participation by such Lender), shall deliver to the Administrative Agent on the date when such Foreign Lender ceases to act for its own account with respect to any portion of any such sums paid or payable, and at such other times as may be necessary in the determination of the Administrative Agent (in the reasonable exercise of its discretion), (A) two duly signed completed copies of the forms or statements required to be provided by such Lender as set forth above, to establish the portion of any such sums paid or payable with respect to which such Lender acts for its own account that is not subject to U.S. withholding tax, and (B) two duly signed completed copies of IRS Form W-8IMY (or any successor thereto), together with any information such Lender chooses to transmit with such form, and any other certificate or statement of exemption required under the Internal Revenue Code, to establish that such Lender is not acting for its own account with respect to a portion of any such sums payable to such Lender.

(iii) The Borrower shall not be required to pay any additional amount to any Foreign Lender under Section 3.01 or any indemnity payments under Section 3.01(c) (A) with respect to any Taxes required to be deducted or withheld on the basis of the information, certificates or statements of exemption such Lender transmits with an IRS Form W-8IMY pursuant to this Section 11.15(a) or (B) if such Lender shall have failed to satisfy the foregoing provisions of this Section 11.15(a); provided that if such Lender shall have satisfied the requirement of this Section 11.15(a) on the date such Lender became a Lender or ceased to act for its own account with respect to any payment under any of the Loan Documents, nothing in this Section 11.15(a) shall relieve the Borrower of its obligation to pay any amounts pursuant to Section 3.01 in the event that, as a result of any change in any applicable law, treaty or governmental rule, regulation or order, or any change in the interpretation, administration or application thereof, such Lender is no longer properly entitled to deliver forms, certificates or other evidence at a subsequent date establishing the fact that such Lender or other Person for the account of which such Lender receives any sums payable under any of the Loan Documents is not subject to withholding or is subject to withholding at a reduced rate.

(iv) The Administrative Agent may, without reduction, withhold any Taxes required to be deducted and withheld from any payment under any of the Loan Documents with respect to which the Borrower is not required to pay additional amounts under this Section 11.15(a).

(b) Upon the request of the Administrative Agent, each Lender that is a "United States person" within the meaning of Section 7701(a)(30) of the Internal Revenue Code shall deliver to the Administrative Agent two duly signed completed copies of IRS Form W-9. If such Lender fails to deliver such forms, then the Administrative Agent may withhold from any interest payment to such Lender an amount equivalent to the applicable back-up withholding tax imposed by the Internal Revenue Code, without reduction.

(c) If any Governmental Authority asserts that the Administrative Agent did not properly withhold or backup withhold, as the case may be, any tax or other amount from payments made to or for the account of any Lender, such Lender shall indemnify the Administrative Agent therefor, including all penalties and interest, any taxes imposed by any jurisdiction on the amounts payable to the Administrative Agent under this Section, and costs and

expenses (including Attorney Costs) of the Administrative Agent. The obligation of the Lenders under this Section shall survive the termination of the Aggregate Revolving Commitments, repayment of all other Obligations hereunder and the resignation of the Administrative Agent.

11.16 Replacement of Lenders.

Under any circumstances set forth herein providing that the Borrower shall have the right to replace a Lender as a party to this Agreement, the Borrower may, upon notice to such Lender and the Administrative Agent, replace such Lender by causing such Lender to assign its Commitment and outstanding Loans (with the assignment fee to be paid by the Borrower in such instance) pursuant to Section 11.07(b) to one or more other Lenders or Eligible Assignees procured by the Borrower; provided, however, that if the Borrower elects to exercise

such right with respect to any Lender pursuant to Section 3.06(b), it shall be obligated to replace all Lenders that have made similar requests for compensation pursuant to Section 3.01 or 3.04. The Borrower shall (x) pay in full all principal, interest, fees and other amounts owing to such Lender through the date of replacement (including any amounts payable pursuant to Section 3.05), (y) provide appropriate assurances and indemnities (which may include letters of credit) to the L/C Issuer, the Credit-Linked L/C Issuer and the Swing Line Lender as each may reasonably require with respect to any continuing obligation to fund participation interests in any L/C Obligations, Credit-Linked L/C Obligations or any Swing Line Loans then outstanding, and (z) release such Lender from its obligations under the Loan Documents. Any Lender being replaced shall execute and deliver an Assignment and Assumption with respect to such Lender's Commitment and outstanding Loans and participations in L/C Obligations, Credit-Linked L/C Obligations and Swing Line Loans.

11.17 Governing Law.

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, the LAWS OF THE STATE OF NEW YORK applicable to agreements made and to be performed entirely within such State; PROVIDED THAT THE PARTIES HERETO SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK, NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF SUCH STATE, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH PARTY HERETO CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH PARTY HERETO IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF ANY LOAN DOCUMENT OR OTHER DOCUMENT RELATED THERETO. EACH PARTY HERETO WAIVES PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY THE LAW OF SUCH STATE.

11.18 Waiver of Right to Trial by Jury.

EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR

INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO ANY LOAN DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

11.19 Designated Senior Indebtedness.

The Indebtedness evidenced by this Agreement is hereby specifically designated as "Designated Senior Indebtedness" for purposes of the 2000 Subordinated Indenture and the other 2000 Convertible Subordinated Debentures Documents, and the Indebtedness evidenced by this Agreement is hereby specifically designated as "Designated Senior Indebtedness" for purposes of the 2003 Subordinated Indenture and the other 2003 Convertible Subordinated Debentures Documents.

11.20 USA Patriot Act Notice.

Each Lender and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrower in accordance with the Act.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

BORROWER: QUANTA SERVICES, INC.,
a Delaware corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon

Title: Vice President

GUARANTORS: ARBY CONSTRUCTION, INC.
AUSTIN TRENCHER, INC.
CCLC, INC.
CONTI COMMUNICATIONS, INC.
CROCE ELECTRIC COMPANY, INC.
DILLARD SMITH CONSTRUCTION COMPANY
DRIFTWOOD ELECTRICAL CONTRACTORS, INC.
GLOBAL ENERCOM MANAGEMENT, INC.
GOLDEN STATE UTILITY CO.
H.L. CHAPMAN PIPELINE CONSTRUCTION, INC.
HAINES CONSTRUCTION COMPANY
MANUEL BROS., INC.
MEARS GROUP, INC.
NETWORK ELECTRIC COMPANY
NORTH PACIFIC CONSTRUCTION CO., INC.
NORTH SKY COMMUNICATIONS, INC.
PARKSIDE SITE & UTILITY COMPANY
CORPORATION
PARKSIDE UTILITY CONSTRUCTION CORP.
PWR FINANCIAL COMPANY
QPC, INC.
QSI, INC.
QUANTA HOLDINGS, INC.
QUANTA GOVERNMENT SERVICES, INC.
QUANTA LI ACQUISITION, INC.
QUANTA LIV ACQUISITION, INC.
QUANTA LVII ACQUISITION, INC.
QUANTA LVIII ACQUISITION, INC.
QUANTA LIX ACQUISITION, INC.
QUANTA LX ACQUISITION, INC.
QUANTA LXI ACQUISITION, INC.
QUANTA LXII ACQUISITION, INC.
QUANTA LXIII ACQUISITION, INC.
QUANTA LXIV ACQUISITION, INC.
QUANTA LXV ACQUISITION, INC.,
each a Delaware corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

QUANTA LXVI ACQUISITION, INC.
QUANTA LXVII ACQUISITION, INC.
QUANTA LXVIII ACQUISITION, INC.
QUANTA LXIX ACQUISITION, INC.
QUANTA LXX ACQUISITION, INC.
QUANTA LXXI ACQUISITION, INC.
QUANTA LXXII ACQUISITION, INC.
QUANTA LXXIII ACQUISITION, INC.
QUANTA UTILITY INSTALLATION CO., INC.
R.A. WAFFENSMITH & CO., INC.
SOUTHEAST PIPELINE CONSTRUCTION, INC.
SOUTHWESTERN COMMUNICATIONS, INC.
SPALJ CONSTRUCTION COMPANY
SUMTER UTILITIES, INC.
TOM ALLEN CONSTRUCTION COMPANY
TTGP, INC.
TTLP, INC.
TXLP, INC.
UNDERGROUND CONSTRUCTION CO., INC.
VCI TELCOM, INC.
W.C. COMMUNICATIONS, INC.,
each a Delaware corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

ADVANCED TECHNOLOGIES AND
INSTALLATION CORPORATION,
ALLTECK LINE CONTRACTORS (USA), INC.
MUSTANG LINE CONTRACTORS, INC.
POTELCO, INC.,
each a Washington corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

BRADFORD BROTHERS, INC.
TTM, INC.,
each a North Carolina corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

COMMUNICATION MANPOWER, INC.
P.D.G. ELECTRIC COMPANY
TRAWICK CONSTRUCTION
COMPANY, INC., each a
Florida corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

CROWN FIBER COMMUNICATIONS, INC.,
a Virginia corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

ENVIRONMENTAL PROFESSIONAL ASSOCIATES,
LIMITED
W.H.O.M. CORPORATION
each a California corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

FIVE POINTS CONSTRUCTION CO.
MEJIA PERSONNEL SERVICES, INC.
TRANS TECH ACQUISITION, INC.
SOUTHWEST TRENCHING COMPANY, INC.
each a Texas corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

INTERMOUNTAIN ELECTRIC, INC.,
a Colorado corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

IRBY CONSTRUCTION COMPANY,
a Mississippi corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

OLD LESCO CORPORATION, INC.
a South Carolina corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

METRO UNDERGROUND SERVICES, INC.
PROFESSIONAL TELECONCEPTS, INC. (IL)
each an Illinois corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

PAR ELECTRICAL CONTRACTORS, INC.,

a Missouri corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

PROFESSIONAL TELECONCEPTS, INC. (NY),
A New York corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

THE RYAN COMPANY, INC.,
a Massachusetts corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

UTILCO, INC.,
a Georgia corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

QDE, LLC
QUANTA DELAWARE, INC.
QUANTA ASSET MANAGEMENT LLC
each a Delaware limited liability company

By: /s/ Linda Bubacz

Name: Linda Bubacz
Title: President

TOTAL QUALITY MANAGEMENT LLC,
a Delaware limited liability company
COAST TO COAST, LLC,
a California limited liability company

By: Environmental Professional Associates, Limited, Its Member

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

NORTHERN LINE LAYERS, LLC,
a Delaware limited liability company

By: PAR Electrical Contractors, Inc., Its Member

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

DOT 05, LLC
TJADER, L.L.C.
OKAY CONSTRUCTION COMPANY, LLC
each a Delaware limited liability company

By: Spalj Construction Company, Its Member

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

LAKE NORMAN PIPELINE, LLC,
a North Carolina limited liability company

By: Bradford Brothers, Inc.,
Its Member

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

MEARS/CPG, LLC
MEARS ENGINEERING, LLC
MEARS/HDD, LLC
MEARS SERVICES, LLC
each a Michigan limited liability company

By: Mears Group, Inc., The Sole Member of each of the foregoing limited liability companies

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

S.K.S. PIPELINERS, LLC,
a Delaware limited liability company

By: Arby Construction, Inc., Its Member

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

TNS-VA, LLC,
a Delaware limited liability company

By: Professional Teleconcepts, Inc. (NY)
Its Member

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

LINECO LEASING, LLC,
a Washington limited liability company

By: Mustang Line Contractors, Inc.,
Its Member

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

AIRLAN TELECOM SERVICES, L.P.
NORTH HOUSTON POLE LINE, L.P.
LINDSEY ELECTRIC, L.P.
DIGCO UTILITY CONSTRUCTION, L.P.
each a Texas limited partnerships

By: Mejia Personnel Services, Inc.,
Its General Partner

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

QUANTA SERVICES MANAGEMENT PARTNERSHIP, L.P.
QUANTA ASSOCIATES, L.P.
each a Texas limited partnerships

By: QSI, Inc., Its General Partnership

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

TRANS TECH ELECTRIC, L.P.,
a Texas limited partnership

By: TTGP, Inc., Its General Partner

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

PWR NETWORK, LLC,
a Delaware limited liability company

By: PWR Financial Company,
Its Sole Member

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

QUANTA RECEIVABLES, L.P.
a Delaware limited partnership

By: PWR Financial Company,
Its General Partner

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

Q RESOURCES, LLC
a Delaware limited liability company

By: Quanta Holdings, Inc., Its Member

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A.,
as Administrative Agent

By: /s/ Suzanne M. Paul

Name: Suzanne M. Paul
Title: Vice President

LENDERS:

BANK OF AMERICA, N.A.,
as a Lender, L/C Issuer,
Credit-Linked L/C Issuer
and Awing Line Lender

By: /s/ Gary L. Mingle

Name Gary L. Mingle
Title: Senior Vice President

JPMORGAN CHASE,
as Lender

By: /s/ Robert Mendoza

Name: Robert Mendoza
Title: Vice President

KZH PONDVIEW, LLC
as Lender

By: /s/ Dorian Herrera

Name: Dorian Herrera
Title: Authorized Agent

KZH WATERSIDE, LLC,
as Lender

By: /s/ Dorian Herrera

Name: Dorian Herrera
Title: Authorized Agent

KZH SOLEIL, LLC,
as Lender

By: /s/ Dorian Herrera

Name: Dorian Herrera
Title: Authorized Agent

Schedule 1.01(a)

DISPOSITIONS

Any sale, transfer or other disposition of any of the following:

1. Accounts receivable from any of the following account debtors and/or any of their respective affiliates, successors or assigns:

- - WorldCom, Inc.

- - Enron Corporation

- - Adelphia Communications

- - Resource Technology Corp.

2. The turbines held in Borrower's inventory as of the Closing Date.

3. One or more Linemaster(C) Robotic arms.

4. Any interest in underground passageways and all rights and appurtenances appertaining thereto located generally in the City of San Francisco or any interest therein.

5. Any interest in telecommunication lines and all rights and appurtenances appertaining thereto, consisting of fiber optic cable, conduit, pipes, vaults, structures, and associated facilities located on a line in the Utah Department of Transportation right of way generally along Bangerter Highway.

6. Any interest in ducts acquired in connection with the performance of work by Northern Line Layers, Inc. for Metromedia Fiber Networks.

7. Any interest in underground passageways and all rights and appurtenances appertaining thereto located generally (i) between the border dividing the States of Minnesota and Wisconsin and the Cities of St. Paul and Minneapolis and (ii) in the Cities of St. Paul and Minneapolis, or any interest therein.

Schedule 1.01(b)(1)

EXISTING CREDIT-LINKED LETTERS OF CREDIT

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Beneficiary	Amount	Issuance Date	Expiry Date	L/C Number
<S>	<C>	<C>	<C>	<C>
Lumermans Mutual	$62,000,000.00	10/02/00	09/30/04	3029892
Merrill Lynch	$ 3,100,000.00	12/21/01	12/20/03	3044974
Bank of Nova Scotia	$ 4,050,000.00	04/23/02	04/11/04	3048269
Old Republic Ins. Co.	$24,400,000.00	02/26/03	02/28/04	3054499
Total	$93,550,000.00			

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Schedule 1.01(b)(2)

EXISTING LETTERS OF CREDIT

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Beneficiary	Amount	Issuance Date	Expiry Date	L/C Number
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Liberty Mutual	$ 500,529.00	12/13/99	01/02/04	3021358
City of Chicago	$ 100,000.00	12/07/99	12/31/03	3021153
Travelers Insurance	$ 649,000.00	12/13/99	01/02/04	3021320
Travelers Insurance	$1,063,000.00	07/12/00	07/31/04	3027468
Liberty Mutual	$ 637,819.00	03/29/01	03/28/04	3036041
Travelers Insurance	$ 60,000.00	06/06/01	06/06/04	3038333
City of Chicago	$ 100,000.00	10/11/01	12/31/04	3041208

Total $3,110,348.00
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Schedule 1.01(c)

PERMITTED CHARGES

All charges and expenses associated with (i) the Soule, Howell and Greenhalgh arbitrations, (ii) the In re RTC bankruptcy matter, (iii) the Greenblatt litigation and (iv) the IPWR litigation.

Schedule 2.01

COMMITMENTS AND PRO RATA SHARES

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Lender	Revolving Commitment	Pro Rata Share of Revolving Commitment	Credit-Linked Deposit	Pro Rata Share of Credit-Linked Deposit
<S>	<C>	<C>	<C>	<C>
Bank of America, N.A.	$25,000,000	71.428571428%	$145,500,000	97.000000000%
JPMorgan Chase	$10,000,000	28.571428571%		
KZH Waterside LLC			$ 1,000,000	0.666666667%
KZH Pondview LLC			$ 1,000,000	0.666666667%
KZH Soleil LLC			$ 2,500,000	1.666666666%
Total	$35,000,000	100%	$150,000,000	100%

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Schedule 6.10

INSURANCE

(see attached)

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POLICY PERIOD	COVERAGE	LIMITS	DEDUCTIBLES
<S>	<C>	<C>	<C>
03/01/03 - 08/01/05	WORKERS' COMPENSATION	Statutory except Monopolistic	$2,000,000
	EMPLOYER'S LIABILITY	States (OH,WA,WV,ND,WY) $1,000,000 per accident/$1,000,000 policy limit Bodily Injury by Disease	
3/01/03 - 08/01/05	COMMERCIAL GENERAL LIABILITY	$ 750,000 each occurrence * $250,000 self-insured retention	$1,000,000
	Personal and Advertising Injury	$ 750,000 each occurrence * $250,000 self-insured retention	
	Fire Damage Liability	$ 750,000 each occurrence * $250,000 self-insured retention	
	Products/Completed Operations	$ 750,000 each occurrence * $250,000 self-insured retention	
	General Aggregate	$1,750,000 aggregate $20,000,000 policy aggregate	
	Employee Benefits Liability	$1,000,000 each employee & aggregate	
03/01/03 - 08/01/05	AUTO LIABILITY		
	Bodily Injury & Property Damage	$1,000,000 each accident CSL	$1,000,000
03/01/03- 08/01/05	VOLUNTARY FOREIGN WORKERS' COMP.	Statutory State of Hire for U.S. Citizens Statutory Province of Hire for Canadians Statutory Country of Origin for Other Ex-Pats No WC coverage for local nationals	nil
	REPATRIATION LIMIT	$500,000 Policy Limit	nil
	EMPLOYER'S LIABILITY	$1,000,000 each accident for all employees	nil

03/01/03- 08/01/05	FOREIGN GENERAL LIABILITY AND EXCESS AUTO LIABILITY	$1,000,000 each occurrence and aggregate $1,000,000 each accident	nil $ 25,000 or Xs of local policy
08/01/03 - 04 Claims Made Policy	FIRST LAYER UMBRELLA LIABILITY Excess of Employer's, General, Auto, and Aircraft Liability Limits	$35,000,000 each occurrence/aggregate	N/A
08/01/03 - 04	SECOND LAYER UMBRELLA LIABILITY $25MM Excess of $35MM	$25,000,000 each occurrence/aggregate	N/A
08/01/03 - 04	THIRD LAYER UMBRELLA LIABILITY $20MM excess of $60MM	$20,000,000 each occurrence/aggregate	N/A
08/01/03 - 04	FOURTH LAYER UMBRELLA LIABILITY $20MM excess of $80MM	$20,000,000 each occurrence/aggregate	N/A
03/10/03 - 04	AIRCRAFT HULL AND LIABILITY		
	Hull Physical Damage	Various values per schedule	$100/$1,000
	Liability for Owned/Scheduled	$5MM combined single limit	nil
	Liability for Non-Owned	$10MM combined single limit	nil
8/1/03-04	Excess liability for Owned/Scheduled	$5MM excess of $5MM combined single limit	

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POLICY PERIOD	COVERAGE	INSURER	POLICY NUMBER
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03/01/03 - 08/01/05	WORKERS' COMPENSATION	Old Republic	MWC108554 00
		Old Republic	(All states except state fund states)
	EMPLOYER'S LIABILITY		
3/01/03 - 08/01/05	COMMERCIAL GENERAL LIABILITY	Old Republic	MWZX 55734
	Personal and Advertising Injury		
	Fire Damage Liability		
	Products/Completed Operations		
	General Aggregate		
	Employee Benefits Liability		
03/01/03 - 08/01/05	AUTO LIABILITY	Old Republic	MWTB 18597
	Bodily Injury & Property Damage		
03/01/03- 08/01/05	VOLUNTARY FOREIGN WORKERS' COMP.	CE American Insurance Company (ACE)	TBD
	REPATRIATION LIMIT EMPLOYER'S LIABILITY		
03/01/03- 08/01/05	FOREIGN GENERAL LIABILITY AND EXCESS AUTO LIABILITY	CE American Insurance Company (ACE)	TBD
08/01/03 - 04	FIRST LAYER UMBRELLA	AEGIS	X2059A1A02

	LIABILITY Claims Made Policy Excess of Employer's, General, Auto, and Aircraft Liability Limits		
08/01/03 - 04	SECOND LAYER UMBRELLA LIABILITY $25MM Excess of $35MM	Steadfast Ins.	EIG930552101
08/01/03 - 04	THIRD LAYER UMBRELLA LIABILITY $20MM excess of $60MM	Royal Ins. Co.	P2HA021956
08/01/03 - 04	FOURTH LAYER UMBRELLA LIABILITY $20MM excess of $80MM	Liberty Ins.	LQ1-B710181261-013
03/10/03 - 04	AIRCRAFT HULL AND LIABILITY Hull Physical Damage Liability for Owned/Scheduled Liability for Non-Owned	Intercargo Ins. Co. and/or XL Specialty Ins. Co.	NAC 3008292
8/1/03-04	Excess liability for Owned/Scheduled	Clarendon National Ins. Co.	TBD

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<CAPTION>

POLICY PERIOD	COVERAGE	LIMITS	DEDUCTIBLES
<S>	<C>	<C>	<C>
08/01/03-04	PROPERTY		
	CONTRACTOR'S EQUIPMENT	Stated Value per schedules to $25MM	*10% of values damages subject to a $50,000 minimum on all items except cranes, booms & jibs which is subject to to $100,000 minimum, all not to excess $250,000 per occurrence
	Newly Acquired Equipment	Included	
	Unscheduled Items Sublimit	Included	
	Rented Sublimit	$1.5MM per Item	
	Flood	$10MM Aggregate	
	RIGGER'S LIABILITY (UTILCO ONLY)	$250,000	
	INSTALLATION RISK	$25MM per project	$50,000 Per Occur. except:
	Transit	$1.5MM	Flood in Zone A - $250,000
	Temporary Storage	$5MM	Earthquake in CA 5% with $250,000 min.
	Earthquake	$10MM/$20MM aggr.excluding CA and zone 1 areas of ALand NV	Named Storm FL. and Puerto Rico: 5% with $500,000 min.
	Earthquake - State of California and Zone 1 areas of Alaska and Nevada	$10MM aggregate	All Others: 2.5% with $100,000 min.
	Flood	$10MM Per Project/$20MM Aggregate	
	Coastal Named Windstorm	$10MM Per Project/$20MM Aggregate	
	Debris Removal	$1.5MM	
	BUILDINGS & CONTENTS INCL. EDP,	$25MM blanket	$10,000 except:
	Earthquake Sublimit	$10MM Aggregate	Flood - $25,000 with $250,000 In Zone A
	Windstorm	$10MM Aggregate	Earthquake - $25,000 except 5% with $250,000 min.in CA
	Flood	$10MM Aggregate	Named Storm - 2.5% with $100,000 minimum
	Newly Acquired Properties	$5MM	on areas 25 miles from the coast
	Unnamed Locations	$500,000	Except 5% with $500,000 minimum in Florida and Puerto Rico
	Valuable Papers	$1MM	
	Accounts Receivable	$1MM	
	BUSINESS INTERRUPTION	$1MM	
	EXTRA EXPENSE	$500,000	
08/01/01 - 04	COMMERCIAL CRIME Including Employee Theft, Premises, Transit, Depositors Forgery, Computer Theft & Funds Transfer Fraud, Third Parties, and Sub-limits for:	$5MM aggregate	$50,000
	Money Orders/Counterfeit Currency	$1MM	
	Investigative Costs	$50,000	
	Credit Card Forgery	$25,000	

08/01/01 - 04	FIDUCIARY LIABILITY Including all Employer-Sponsored Benefit Plans and their Trustees	$10MM each loss $10MM each policy period	$25,000
02/01/03- 02/01/04	PROFESSIONAL LIABILITY (E&O)	$10MM aggregate	$100,000
02/01/03- 02/01/04	EXCESS PROFESSIONAL LIABILITY	$10MM excess of $10MM	
12/1/03-05	CONTRACTOR'S POLLUTION LIABILITY	$20MM aggregate	$100,000
10/31/03-04	DIRECTORS' AND OFFICERS' LIABILITY Securities Claims Non-securities claims	$35MM aggregate for the policy period	 $1,000,000 $1,000,000
10/31/03-04	EXCESS DIRECTORS' & OFFICERS' LIABILITY	$5M aggregate excess of $35MM	

POLICY PERIOD	COVERAGE	INSURER	POLICY NUMBER
08/01/03-04	PROPERTY CONTRACTOR'S EQUIPMENT Newly Acquired Equipment Unscheduled Items Sublimi Rented Sublimit Flood RIGGER'S LIABILITY (UTILCO ONLY) INSTALLATION RISK Transit Temporary Storage Earthquake Earthquake - State of California and Zone 1 areas of Alaska and Nevada Flood Coastal Named Windstorm Debris Removal BUILDINGS & CONTENTS INCL. EDP, Earthquake Sublimit Windstorm Flood Newly Acquired Properties Unnamed Locations Valuable Papers Accounts Receivable BUSINESS INTERRUPTION EXTRA EXPENSE	Zurich American	MCP 3548287-01
08/01/01 - 04	COMMERCIAL CRIME Including Employee Theft, Premises, Transit, Depositors Forgery, Computer Theft & Funds Transfer Fraud, Third Parties, and Sub-limits for: Money Orders/Counterfeit Currency Investigative Costs Credit Card Forgery	Federal Ins.Co.(Chubb)	8158 55 11
08/01/01 - 04	FIDUCIARY LIABILITY Including all Employer-Sponsored Benefit Plans and their Trustees	Federal Ins.Co.(Chubb)	8158 55 11
02/01/03- 02/01/04	PROFESSIONAL LIABILITY (E&O)	Lexington Ins.Co.(AIG)	2173670
02/01/03- 02/01/04	EXCESS PROFESSIONAL LIABILITY	Greenwich Ins. Co.	XEC 000838602

12/1/03-05	CONTRACTOR'S POLLUTION LIABILITY	Amer. International Spec.Lines Ins.Co. (AISLIC) (AIG)	CPO 6192192
10/31/03-04	DIRECTORS' AND OFFICERS' LIABILITY Securities Claims Non-securities claims	AEGIS	D2059A1A03
10/31/03-04	EXCESS DIRECTORS' & OFFICERS' LIABILITY	Steadfast Insurance	EOG9305521-01

</TABLE>

Schedule 6.13

SUBSIDIARIES

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ISSUER	OWNER	ISSUER'S JURISDICTION OF FORMATION	OUTSTANDING OPTIONS, WARRANTS, RIGHTS OF CONVERSION OR PURCHASE	NO. OF SHARES	% OF OWNERSHIP INTEREST
<S>	<C>	<C>	<C>	<C>	<C>
Advanced Technologies and Installation Corporation	Quanta Services, Inc.	Washington	N/A	1,000	100%
Airlan Telecom Services, L.P.	QDE LLC	Texas	N/A	N/A	98%
Airlan Telecom Services, L.P.	Mejia Personnel Services, Inc.	Texas	N/A	N/A	2%
Allteck Line Contractors (USA), Inc.	Quanta Services, Inc.	Washington	N/A	100	100%
Allteck Line Contractors, Inc.*	Quanta Services, Inc.	British Columbia	N/A	C-100 P-485	100%
Arby Construction, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Austin Trencher, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Bradford Brothers, Incorporated	Quanta Services, Inc.	North Carolina	N/A	1,165	100%
CCLC, Inc.	Conti Communications, Inc.	Delaware	N/A	1,000	100%
Coast to Coast, LLC	Environmental Professional Associates, Limited	California	N/A	N/A	100%

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ISSUER	OWNER	ISSUER'S JURISDICTION OF FORMATION	OUTSTANDING OPTIONS, WARRANTS, RIGHTS OF CONVERSION OR PURCHASE	NO. OF SHARES	% OF OWNERSHIP INTEREST
<S>	<C>	<C>	<C>	<C>	<C>
Communication Manpower, Inc.	Trawick Construction, Inc.	Florida	N/A	1,000	100%

Conti Communications, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Croce Electric Company, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Crown Fiber Communications, Inc.	Quanta Services, Inc.	Virginia	N/A	1,000	100%
Digco Utility Construction, L.P.	QDE LLC	Texas	N/A	N/A	99.9%
Digco Utility Construction, L.P.	Mejia Personnel Services, Inc.	Texas	N/A	N/A	0.1%
Dillard Smith Construction Company	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Dot 05, LLC	Spalj Construction Company	Delaware	N/A	N/A	100%
Driftwood Electrical Contractors, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Environmental Professional Associates, Limited	Quanta Services, Inc.	California	N/A	1,000,000	100%
Five Points Construction Co.	Underground Construction Co., Inc.	Texas	N/A	4,093	100%
Global Enercom Management, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Golden State Utility Co.	Quanta Services, Inc.	Delaware	N/A	1,000	100%

ISSUER	OWNER	ISSUER'S JURISDICTION OF FORMATION	OUTSTANDING OPTIONS, WARRANTS, RIGHTS OF CONVERSION OR PURCHASE	NO. OF SHARES	% OF OWNERSHIP INTEREST
H. L. Chapman Pipeline Construction, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Haines Construction Company	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Intermountain Electric, Inc.	Quanta Services, Inc.	Colorado	N/A	1,000	100%
Irby Construction Company	Quanta Services, Inc.	Mississippi	N/A	1,000	100%
Lake Norman Pipeline, LLC	Bradford Brothers, Inc.	North Carolina	N/A	N/A	100%
Lindsey Electric, L.P.	North Houston Pole Line, L.P.	Texas	N/A	N/A	99.9%
Lindsey Electric, L.P.	Mejia Personnel Services, Inc.	Texas	N/A	N/A	0.1%
Lineco Leasing, LLC	Mustang Line Contractors, Inc.	Washington	N/A	N/A	100%
Manuel Bros., Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%

ISSUER	OWNER	ISSUER'S JURISDICTION OF FORMATION	OUTSTANDING OPTIONS, WARRANTS, RIGHTS OF CONVERSION OR PURCHASE	NO. OF SHARES	% OF OWNERSHIP INTEREST
Mears Canada Corp.*	Mears Group, Inc.	Nova Scotia	N/A	1	100%
Mears Engineering, LLC	Mears Group, Inc.	Michigan	N/A	N/A	100%
Mears Group, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Mears HDD, LLC	Mears Group, Inc.	Michigan	N/A	N/A	100%

ISSUER	OWNER	ISSUER'S JURISDICTION OF FORMATION	OUTSTANDING OPTIONS, WARRANTS, RIGHTS OF CONVERSION OR PURCHASE	NO. OF SHARES	% OF OWNERSHIP INTEREST
Mears Services, LLC	Mears Group, Inc.	Michigan	N/A	N/A	100%
Mears/CPG, LLC	Mears Group, Inc.	Michigan	N/A	N/A	100%
Mearsmex S. de R.L. de C.V.*	Mears Group, Inc.	Mexico	N/A	N/A	90%
Mearsmex S. de R.L. de C.V.*	Mears/HDD, LLC	Mexico	N/A	N/A	10%
Mejia Personnel Services, Inc.	Quanta Services, Inc.	Texas	N/A	1,000	100%
Metro Underground Services, Inc.	Quanta Services, Inc.	Illinois	N/A	1,000	100%
Mustang Line Contractors, Inc.	Quanta Services, Inc.	Washington	N/A	500	100%
Network Electric Company	Quanta Services, Inc.	Delaware	N/A	1,000	100%
North Houston Pole Line, L.P.	QDE LLC	Texas	N/A	N/A	99.9%
North Houston Pole Line, L.P.	Mejia Personnel Services, Inc.	Texas	N/A	N/A	0.1%
North Pacific Construction Co., Inc.,	Quanta Services, Inc.	Delaware	N/A	1,000	100%
North Sky Communications, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Northern Line Layers, LLC	PAR Electrical Contractors, Inc.	Delaware	N/A	N/A	100%
Okay Construction Company, LLC	Spalj Construction Company	Delaware	N/A	N/A	100%

ISSUER	OWNER	ISSUER'S JURISDICTION	OUTSTANDING OPTIONS, WARRANTS, RIGHTS OF CONVERSION	NO. OF	% OF OWNERSHIP

ISSUER	OWNER	JURISDICTION OF FORMATION	OUTSTANDING OPTIONS, WARRANTS, RIGHTS OF CONVERSION OR PURCHASE	NO. OF SHARES	% OF OWNERSHIP INTEREST
<S>	<C>	<C>	<C>	<C>	<C>
Old Lesco Corporation, Inc.	Sumter Utilities, Inc.	South Carolina	N/A	10,000	100%
P.D.G. Electric Co.	Quanta Services, Inc.	Florida	N/A	1,000	100%
PAR Electrical Contractors, Inc.	Quanta Services, Inc.	Missouri	N/A	200	100%
Par Internacional, S. de R.L. de C.V.*	Quanta Services, Inc	Mexico	N/A	N/A	50%
Par Internacional, S. de R.L. de C.V.*	Par Electrical Contractors, Inc.	Mexico	N/A	N/A	50%
Parkside Site and Utility Company Corporation	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Parkside Utility Construction Corp.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Potelco, Inc.	Quanta Services, Inc.	Washington	N/A	2	100%
Professional Teleconcepts, Inc.	Quanta Services, Inc.	Illinois	N/A	100	100%
Professional Teleconcepts, Inc.	Quanta Services, Inc.	New York	N/A	100	100%
PWR Financial Company	Quanta Services, Inc.	Delaware	N/A	1000	100%
PWR Network, LLC	PWR Financial Company	Delaware	N/A	N/A	100%
Q Resources, LLC	Quanta Holdings, Inc.	Delaware	N/A	N/A	100%
QDE LLC	PWR Financial Company	Delaware	N/A	N/A	100%

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ISSUER	OWNER	JURISDICTION OF FORMATION	OUTSTANDING OPTIONS, WARRANTS, RIGHTS OF CONVERSION OR PURCHASE	NO. OF SHARES	% OF OWNERSHIP INTEREST
<S>	<C>	<C>	<C>	<C>	<C>
QPC, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
QSI, Inc.	Quanta Holdings, Inc.	Delaware	N/A	1,000	100%
Quanta Asset Management LLC	QSI, Inc.	Delaware	N/A	N/A	100%
Quanta Associates, L.P.	Quanta Asset Management, LLC	Texas	N/A	N/A	99.9%
Quanta Associates, L.P.	QSI, Inc.	Texas	N/A	N/A	0.1%
Quanta Delaware, Inc.	Quanta Holdings, Inc.	Delaware	N/A	1,000	100%

Quanta Government Services, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Quanta Holdings, Inc.	Quanta Services, Inc.	Delaware	N/A	8,000	100%
Quanta LI Acquisition, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Quanta LIV Acquisition, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Quanta LIX Acquisition, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Quanta LVII Acquisition, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Quanta LVIII Acquisition, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Quanta LX Acquisition, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Quanta LXI Acquisition, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%

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ISSUER	OWNER	ISSUER'S JURISDICTION OF FORMATION	OUTSTANDING OPTIONS, WARRANTS, RIGHTS OF CONVERSION OR PURCHASE	NO. OF SHARES	% OF OWNERSHIP INTEREST
<S>	<C>	<C>	<C>	<C>	<C>
Quanta LXII Acquisition, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Quanta LXIII Acquisition, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Quanta LXIV Acquisition, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Quanta LXIX Acquisition, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Quanta LXV Acquisition, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Quanta LXVI Acquisition, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Quanta LXVII Acquisition, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Quanta LXVIII Acquisition, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Quanta LXX Acquisition, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Quanta LXXI Acquisition, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Quanta LXXII Acquisition, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Quanta LXXIII Acquisition, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Quanta Receivables, L.P.	QDE LLC	Delaware	N/A	N/A	99%
Quanta Receivables, L.P.	PWR Network, LLC	Delaware	N/A	N/A	

1%

Quanta Services Management
Partnership, L.P. Quanta Delaware, Inc. Texas N/A N/A
99%
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ISSUER	OWNER	ISSUER'S JURISDICTION OF FORMATION	OUTSTANDING OPTIONS, WARRANTS, RIGHTS OF CONVERSION OR PURCHASE	NO. OF SHARES	% OF OWNERSHIP INTEREST
<S>	<C>	<C>	<C>	<C>	<C>
Quanta Services Management Partnership, L.P.	QSI, Inc.	Texas	N/A	N/A	1%
Quanta Services of Canada Ltd.*	Quanta Services, Inc.	British Columbia	N/A	C-10 P-3,499	100%
Quanta Utility Installation Company, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
R.A. Waffensmith & Co., Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
S.K.S. Pipeliners, LLC	Arby Construction, Inc.	Delaware	N/A	N/A	100%
Servicios Par Electric, S. de R.L. de C.V.*	Quanta Services, Inc.	Mexico	N/A	N/A	50%
Servicios Par Electric, S. de R.L. de C.V.*	Par Electrical Contractors, Inc.	Mexico	N/A	N/A	50%
Southeast Pipeline Construction, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Southwest Trenching, Inc.	Quanta Services, Inc.	Texas	N/A	1,000	100%
Southwestern Communications, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Spalj Construction Company	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Sumter Utilities, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
The Ryan Company, Inc.	Quanta Services, Inc.	Massachusetts	N/A	1,000	100%
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ISSUER	OWNER	ISSUER'S JURISDICTION OF FORMATION	OUTSTANDING OPTIONS, WARRANTS, RIGHTS OF CONVERSION OR PURCHASE	NO. OF SHARES	% OF OWNERSHIP INTEREST
<S>	<C>	<C>	<C>	<C>	<C>
Tjader, LLC	Spalj Construction Company	Delaware	N/A	N/A	

100%					
TNS-VA, LLC	Professional Teleconcepts, Inc.	Delaware	N/A	N/A	100%
Tom Allen Construction Company	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Total Quality Management Services, LLC	Environmental Professional Associates, Limited	Delaware	N/A	N/A	100%
Trans Tech Acquisition, Inc.	Quanta Services, Inc.	Texas	N/A	1,000	100%
Trans Tech Electric, L.P.	TTGP, Inc.	Texas	N/A	N/A	1%
Trans Tech Electric, L.P.	TTLP, Inc.	Texas	N/A	N/A	99%
Trawick Construction Co., Inc.	Quanta Services, Inc.	Florida	N/A	1,000	100%
TTGP, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
TTLP, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
TTM, Inc.	Quanta Services, Inc.	North Carolina	N/A	1,000	100%
TXLP, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%

ISSUER	OWNER	ISSUER'S JURISDICTION OF FORMATION	OUTSTANDING OPTIONS, WARRANTS, RIGHTS OF CONVERSION OR PURCHASE	NO. OF SHARES	% OF OWNERSHIP INTEREST
<S>	<C>	<C>	<C>	<C>	<C>
Underground Construction Co., Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
Utilco, Inc.	Quanta Services, Inc.	Georgia	N/A	1,000	100%
VCI Telcom, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
W. C. Communications, Inc.	Quanta Services, Inc.	Delaware	N/A	1,000	100%
W.H.O.M. Corporation	Quanta Services, Inc.	California	N/A	1,000	100%

Schedule 6.17

IP RIGHTS

QUANTA SERVICES, INC. - U.S. TRADEMARKS

MARK	REG. NO.	REG. DATE	CLASS	GOODS/SERVICES
<S>	<C>	<C>	<C>	<C>
QUANTA	2,386,136	09/12/2000	37	Electrical contracting and maintenance services, namely installation, repair and maintenance of electric power transmission and distribution

				lines, telecommunication and cable television lines, highway lighting and erection of electric substations, cellular telephone and microwave towers.
QUANTA	2,482,754	08/28/2001	42	Engineering and design services for others in the field of electrical, video, security, fire, voice and data systems.
QUANTA SERVICES	2,410,600	12/05/2000	37	Electrical contracting and maintenance services, namely installation, repair and maintenance of electric power transmission and distribution lines, telecommunication and cable television lines, highway lighting and traffic control systems, construction and erection of electric substations, cellular telephone and microwave towers.
QUANTA SERVICES	2,410,599	12/05/2000	42	Engineering and design services for others in the field of electrical, natural gas, video, security, fire, voice and data systems.

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MARK	REG. NO.	REG. DATE	CLASS	GOODS/SERVICES
<S>	<C>	<C>	<C>	<C>
Lightning Bolts in Fist Design	2,312,485	01/25/2000	37	Electrical contracting and maintenance services, namely installation, repair and maintenance of electric power transmission and distribution lines, telecommunication and cable television lines, highway lighting and erection of electric substations, cellular telephone and microwave towers.
Lightning Bolts in Fist Design	2,322,343	02/22/2000	42	Engineering and design services for others in the field of electrical, video, security, fire, voice and data systems.
PAR ELECTRICAL CONTRACTORS and Lightning Bolts and Fist Design	1,987,917	07/23/1996	37	Engineering contracting services in the field of power transmission and distribution.

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SUBSIDIARIES - U.S. PATENTS

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PATENT	OWNER	U.S. PATENT NO.
<S>	<C>	<C>
POWERTRAIN FOR TRENCHING MACHINE	Austin Trencher, Inc.	5,664,347
UNDERGROUND CABLE ANODE INSTALLMENT SYSTEM	Mears/CPG, Inc.	5,743,675

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SUBSIDIARIES - U.S. TRADEMARKS

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MARK	OWNER	REG. NO.	REG. DATE
<S>	<C>	<C>	<C>
LE LINE EQUIPMENT SALES CO., INC. ELECTRICAL DISTRIBUTORS and Design	Old Lesco Corporation, Inc. (currently held of record in its former name, Line Equipment Sales Co., Inc.)	2,696,981	03/18/03
UC and Design	Underground Construction Co., Inc.	1,248,630	08/16/83

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PATENT APPLICATIONS

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PATENT	APPLICANT	OWNER	APP. NO.	FILING DATE
<S>	<C>	<C>	<C>	<C>

Energized reconductor handling method and apparatus.	Quanta Services, Inc.	Quanta Services, Inc.	60/498,707 08/29/2003

Schedule 6.20(a)

LOCATIONS OF REAL PROPERTY

LOAN PARTY/OWNER/LESSEE	ADDRESS	LEASED OR OWNED
Quanta Services, Inc.	1360 Post Oak Blvd. Ste, 2100, Houston, TX 77056	Leased
Airlan Telecom Installation, L.P.	431 W. Beford - Euless Rd., Hurst, TX 76053	Leased
Arby Construction	3N525 Powis Rd., Chicago, IL 60185	Leased
Arby Construction	11712 Stateville Rd., Charlotte, NC 28078	Leased
Arby Construction	2708 Lefferson Rd., Youngstown, OH 45044	Leased
Arby Construction	1821 Old Bermuda 100, Chester, VA 23836	Leased
Arby Construction	N5473 County Rd. U, DePere, WI 54115	Leased
Arby Construction	Donges Bay & Hwy 45, Germantown, WI 53022	Leased
Arby Construction	3196/3188 Manitowoc Road, Green Bay, WI 54311	Leased
Arby Construction	1215 Hickory Farm Lane, Green Bay, WI - no zip	Leased
Arby Construction	Cormier Avenue, Green Bay, WI 54304	Leased
Arby Construction	1901 Badger, Kaukauna, WI 54130	Leased
Arby Construction	19705-25 W. Lincoln Avenue, New Berlin, WI 53146	Leased
Arby Construction	Hwy 11, Union Grove, WI 53182	Leased
Advanced Technologies and Installation Corporation	20 N. Aviador, Camarillo, CA 93010	Leased
Advanced Technologies and Installation Corporation	4935 Southfront Rd. Ste. F, Livermore, CA 94550	Leased
Advanced Technologies and Installation Corporation	10830 Guilford Road, Ste #303, Annapolis, MD 20701	Leased
Advanced Technologies and Installation Corporation	1340 Ninth Street, Units B&C, 9, Upland, CA 91786	Leased
Advanced Technologies and Installation Corporation	2454 Merrit Drive, Garland, TX 75041	Leased
Advanced Technologies and Installation Corporation	655 N. Glenville, Ste. 155, Richardson, TX 75081	Leased
Advanced Technologies and Installation Corporation	4813 Pacific Hwy East, Fife, WA 98424	Leased
Advanced Technologies and Installation Corporation	4813 Pacific Hwy East, Fife, WA 98424	Subleased

Conti Communications, Inc.	1581 Lester Road, Suite B5, Conyers, GA 30012	Leased
Conti Communications, Inc	5 Johnson Drive, Raritan, NJ 08869	Leased
Croce Electric Company, Inc.	2 Betty Street, Everett, MA 02149	Leased
Croce Electric Company, Inc.	Robin Street, Everett, MA 02149	Leased
Croce Electric Company, Inc.	1703 Plainfield Pike, Johnston, RI 02919	Leased

Croce Electric Company, Inc.	640 Ten Rod Road, Kingston, RI 02881	Leased
Croce Electric Company, Inc.	421 Lincoln Avenue, Warwick, RI 02888	Leased
Crown Fiber Communications, Inc.	2520 Midpark Drive, Montgomery, AL 36109	Leased
Crown Fiber Communications, Inc.	188 Chandalar Place, Pelham, AL 35124	Leased
Crown Fiber Communications, Inc.	1410 General Arts Rd., Conyers, GA 30012	Leased
Crown Fiber Communications, Inc.	3070 Five Forks Trickum Rd., Lilburn, GA 30047	Leased
Crown Fiber Communications, Inc.	5861 Columbus Rd., Macon, GA 31206	Leased
Crown Fiber Communications, Inc.	800 Satellite Blvd., Suwanee, GA 30024	Leased
Crown Fiber Communications, Inc.	1101 Swan Street, Terre Haute, IN 47807	Leased
Crown Fiber Communications, Inc.	4976 West Pine Street, Mt. Airy, NC 27030	Leased
Crown Fiber Communications, Inc.	704 Buffalo Shoals Rd., Statesville, NC 28677	Leased
Crown Fiber Communications, Inc.	24 Cokesbury Rd., Lebanon, NJ 08833	Leased
Crown Fiber Communications, Inc.	399 Eberts Lane, York, PA 17403	Leased
Crown Fiber Communications, Inc.	681 Kershaw Street, Aiken, SC 29801	Leased
Crown Fiber Communications, Inc.	1315 West Avenue, Belton, TX 76513	Leased
Crown Fiber Communications, Inc.	11609 Shannon Drive, Fredericksburg, VA 22408	Leased
Crown Fiber Communications, Inc.	4901 Waller Rd., Richmond, VA 23230	Leased
Crown Fiber Communications, Inc.	RR #1 Box 414 A, Clarksburg, WV 26408	Leased
Dillard Smith Construction Co.	2055 Christian Street, Clanton, AL 35045	Leased
Dillard Smith Construction Co.	548/560 Lake Mirror Rd., College Park, GA 30349	Leased
Dillard Smith Construction Co.	13233 State Route 80, Ashland, KY 41102	Leased
Dillard Smith Construction Co.	4801 East Independence Blvd. #807, Charlotte, NC 28212	Leased
Dillard Smith Construction Co.	4421 Malone Rd., Memphis, TN 38118	Leased
Dillard Smith Construction Co.	1020 West Hwy 11E., New Market, TN 37820	Leased
Driftwood Electrical Contractors, Inc.	4585 US Hwy 27 North, Lancaster, KY 40444	Leased
Driftwood Electrical Contractors, Inc.	3900 Crosby Drive, Lexington, KY 40515	Leased
Driftwood Electrical Contractors, Inc.	201 Hwy 80 West, London, KY 40741	Leased
Driftwood Electrical Contractors, Inc.	358 Fifth Avenue South, Baxter, TN 38544	Leased
Environmental Professional Associates,	1593 Jamacha Rd., El Cajon, CA 92019	Leased Limited

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<S>	<C>	<C>
Environmental Professional Associates	1257 Hassett Avenue, Yuba City, CA 95991	Leased
Environmental Professional Associates	1441/1445 Garden Hwy., Yuba City, CA 95991	Leased
Environmental Professional Associates	501 Silverado Trail, Napa, CA 94558	Leased
Global Enercom Management, Inc.	1500 S. Dairy Ashford, Ste. 240, Houston, TX 77077	Leased
Global Enercom Management, Inc.	2500 Wilcrest Ste. 100, Houston, TX 77042	Leased
Golden State Utility Co.	2851 Bedford Land #156, Chino Hills, CA 91709	Leased
Golden State Utility Co.	3100 Chino Hills Parkway #134, Chino Hills, CA 91709	Leased
Golden State Utility Co.	Diamond Bar, CA - no physical address	Leased
Golden State Utility Co.	14567 Arrow Hwy., Fontana, CA 92335	Leased
Golden State Utility Co.	8766 Fruitridge Road, Sacramento, CA 95826	Owned

Golden State Utility Co.	266 Industrial Road, San Carlos, CA 94070
Leased	
Golden State Utility Co.	390 Martin Avenue, Santa Clara, CA 95950
Leased	
Golden State Utility Co.	10602 E. Mt. View, Selma, CA 93662
Leased	
Golden State Utility Co.	2007 W. Tuolumne Avenue, Turlock, CA 95380
Leased	
Golden State Utility Co.	1209 Commerce Avenue, Woodland, CA 95776
Leased	
H.L. Chapman Pipeline Construction, Inc.	7555 FM 970, Florence, TX 76527
Leased	
H.L. Chapman Pipeline Construction, Inc.	9250 FM 2243, Leander, TX 78641
Leased	
Intermountain Electric, Inc.	701 W. Mississippi Avenue, Denver, CO 80223
Leased	
Intermountain Electric, Inc.	602 S. Lipan Street, Denver, CO 80223
Leased	
Intermountain Electric, Inc.	610 S. Lipan Street, Denver, CO 80223
Leased	
Irby Construction Company	104 Tierra Court, Dauphin Island, AL - no zip
Leased	
Irby Construction Company	1279 Seminola Blvd., Casselberry, FL 32707
Leased	
Irby Construction Company	228 S. Massachussetts, Lakeland, FL 33801
Leased	
Irby Construction Company	Ballground GA - no physical address
Leased	
Irby Construction Company	11010 Florida Blvd., Walker, LA 70785
Leased	
Irby Construction Company	505/511 Beasley Street, Jackson, MS 39201
Leased	
Irby Construction Company	727 S. State Street, Jackson, MS 39201
Leased	
Irby Construction Company	770 E. Silas Brown Street, Jackson, MS 39201
Leased	

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Irby Construction Company	809 S. President Street, Jackson, MS 39201
Leased	
Irby Construction Company	815 S. State Street, Jackson, MS 39201
Leased	
Irby Construction Company	815/817 S. Congress, Jackson, MS 39201
Leased	
Irby Construction Company	823 S. State Street, Jackson, MS 39201
Leased	
Irby Construction Company	839 S. State Street, Jackson, MS 39201
Leased	
Irby Construction Company	900 S. West Street, Jackson, MS 39201
Leased	
Irby Construction Company	901 S. West Street, Jackson, MS 39201
Leased	
Irby Construction Company	530 Old Hwy 49 South, Richland, MS 39218
Leased	
Irby Construction Company	901/903 S. President, Jackson, MS 39201
Leased	
Irby Construction Company	51 S. Buel Street, Eureka, NV 89316
Leased	
Irby Construction Company	5127 Port Entry, San Antonio, TX 78222
Leased	
Manuel Bros. Inc.	908 Taylorville Rd. #104, Grass Valley, CA 95949
Leased	
Manuel Bros. Inc.	480 Roseville Rd., Roseville, CA 95678
Leased	
Manuel Bros. Inc.	3610 Bassett Street, Santa Clara, CA 95054
Leased	
Manuel Bros. Inc.	710 N. George Washington Blvd., Yuba City, CA 95993
Leased	
Mears Group, Inc.	8525 East Pinnacle Peak, Ste. #135, Scotsdale, AZ 85255
Leased	
Mears Group, Inc.	31-B Beta Ct., San Ramon, CA 94583
Leased	
Mears Group, Inc.	2322A 5th Street, Nisku, Alberta, Canada T9E8J1
Leased	
Mears Group, Inc.	901 Ridgeway Avenue, Aurora, IL 60506
Leased	
Mears Group, Inc.	6218 Miller Drive, Edwardsville, IL 62025
Leased	
Mears Group, Inc.	3775 Tosovsky Lane, Edwardsville, IL 62025
Leased	
Mears Group, Inc.	14808 W. 114th Terrace, Lenexa, KS 66215

Leased
Mears Group, Inc. 14809 W. 114th Terrace, Lenexa, KS 66215
Subleased
Mears Group, Inc. 4500 N. Mission, Rosebush, MI 48878
Leased
Mears Group, Inc. 10850 Traverse Hwy., Traverse City, MI 49684
Leased
Mears Group, Inc. 521 N. Belt, #505, Houston, TX - no zip
Leased
Mears Group, Inc. 1855 Cullen, Suite 304/313, Pearland, TX 77581
Leased
Mustang Line Contractors, Inc. 10220 N. Nevada, Ste.260, Spokane, WA 99218
Leased
Mustang Line Contractors, Inc. 1907 McKenzie, Usk, WA 99180
Leased
Network Electric Company 5425 Louie Lane, Reno, NV 89511
Leased
North Houston Pole Line, L.P. 200 Ida Road, Broussard, LA 70518
Leased
North Houston Pole Line, L.P. 481 Fortson Yard B, Shreveport, LA 71107
Leased
North Houston Pole Line, L.P. 3502 S. Highway 6, Elk City, OK 73644
Leased
North Houston Pole Line, L.P. 4616 Oil Patch, Woodward, OK 73801
Leased
North Houston Pole Line, L.P. 1743 South Main, Giddings, TX 78942
Leased
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North Houston Pole Line, L.P. 7202 Irvington Blvd., Houston, TX 77022
Leased
North Houston Pole Line, L.P. 15410 Henry Street, Houston, TX 77060
Leased
North Houston Pole Line, L.P. 1608 Margaret Street, Houston, TX 77093
Leased
North Houston Pole Line, L.P. Margaret/Hardy Street, Houston, TX 77093
Leased
North Houston Pole Line, L.P. Margaret/Skinner Road, Houston, TX 77093
Leased
North Houston Pole Line, L.P. 1210/1224 Normandy Street, Houston, TX 77015
Leased
North Houston Pole Line, L.P. Gregg County Property, Kilgore, TX - no physical add.
Leased
North Houston Pole Line, L.P. 3603 West Hwy 180, Mineral Wells, TX 76067
Leased
North Sky Communications, Inc. 1661 San Marino Drive, Martinez, CA 94954
Leased
North Sky Communications, Inc. 4225 Rose Biggi Way, Beaverton, OR 97005
Leased
North Sky Communications, Inc. 3567 Hwy 101, Gearhart, OR 97138
Leased
North Sky Communications, Inc. 10710/10748 NE Simpson St., Portland, OR 97220
Leased
North Sky Communications, Inc. 1411 Salem Ind. Dr. NE, Salem, OR 97303
Leased
North Sky Communications, Inc. 10540 SW Tualatin Sherwood, Tualatin, OR 97062
Leased
North Sky Communications, Inc. Bainbrdige Island, WA - no physical address
Leased
PAR Electrical Contractors, Inc. 5740 West Buckeye, Phoenix, AZ 85043
Leased
PAR Electrical Contractors, Inc. 2410 Vineyard, Escondido, CA 92029
Leased
PAR Electrical Contractors, Inc. 10771 Almond Avenue, Fontana, CA 92337
Leased
PAR Electrical Contractors, Inc. 5776 Stoneridge Mall, Pleasanton, CA 94588
Leased
PAR Electrical Contractors, Inc. 41593 Winchester Road, Temelula, CA - no zip
Leased
PAR Electrical Contractors, Inc. 1921 W. 11th St., Upland, CA 91786
Leased
PAR Electrical Contractors, Inc. 1416 Midway Road, Vacaville, CA 95688
Leased
PAR Electrical Contractors, Inc. 725 Tower Road, Aurora, CO 80015
Owned
PAR Electrical Contractors, Inc. 27 Iverness Drive East, Englewood, CO 80011
Leased
PAR Electrical Contractors, Inc. 50 Fabrication Drive, Pueblo West, CO 81007
Leased
PAR Electrical Contractors, Inc. 12 Northgate Drive, Windsor Locks, CT 06096
Leased

PAR Electrical Contractors, Inc.	6432 Joliett Road, Countryside, IL 60525
Leased	
PAR Electrical Contractors, Inc.	Lot 1, Green St, Wrentham, MA - no zip
Leased	
PAR Electrical Contractors, Inc.	Route 4, Berwick, ME 03901
Leased	
PAR Electrical Contractors, Inc.	1 Route 236, Kittery, ME 03904
Leased	
PAR Electrical Contractors, Inc.	Platte County, MO - no physical address
Leased	
PAR Electrical Contractors, Inc.	Barton County, MO - no physical address
Owned	
PAR Electrical Contractors, Inc.	6780 Trade Center Ave., Bottrell Subdivision, Billings, MO 59101
Leased	
PAR Electrical Contractors, Inc.	4770 Belleview Ste. 300, Gladstone, MO 64116
Leased	

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PAR Electrical Contractors, Inc.	6840 NW 136th Street, Kansas City, MO 64164
Leased	
PAR Electrical Contractors, Inc.	241 South East 10th Ave., Kansas City, MO 64116
Owned	
PAR Electrical Contractors, Inc.	1440 Iron Street, N. Kansas City, MO 64116
Owned	
PAR Electrical Contractors, Inc.	1801 Iron Street, N. Kansas City, MO 64116
Owned	
PAR Electrical Contractors, Inc.	N. Kansas City, MO 64116
Owned	
PAR Electrical Contractors, Inc.	3401 Tullison Rd., Riverside, MO 64150
Leased	
PAR Electrical Contractors, Inc.	Clark County, Las Vegas, NV - no physical address
Leased	
PAR Electrical Contractors, Inc.	3940 E. Craig Rd. Ste. 101, Las Vegas, NV 89030
Leased	
PAR Electrical Contractors, Inc.	5005 Carey Ave., Las Vegas, NV 89115
Leased	
PAR Electrical Contractors, Inc.	4415 Andrews St., Las Vegas, NV 89030
Leased	
PAR Electrical Contractors, Inc.	1465 W. 4th St., Reno, NV 89503
Leased	
PAR Electrical Contractors, Inc.	2332 RT 9 N, AuSable Forks, NY 12912
Leased	
PAR Electrical Contractors, Inc.	29 Alder Street, Jay, NY 12941
Leased	
PAR Electrical Contractors, Inc.	9 School Street, Jay, NY 12941
Leased	
PAR Electrical Contractors, Inc.	4480 Bradley Road, Cleveland, OH 44109
Leased	
PAR Electrical Contractors, Inc.	9925 E. Admiral PL., Tulsa, OK 74116
Leased	
PAR Electrical Contractors, Inc.	9925 E. Admiral PL., Tulsa, OK 74116
Subleased	
PAR Electrical Contractors, Inc.	2300 S. 3600 W., Salt Lake City, UT 84119
Leased	
Parkside Utility Construction Corp.	123 King Phillip Street, Johnston, RI 02919
Leased	
P.D.G. Electric Co.	4419/4421 12th St. Ct. E, Brandenton, FL 34203
Leased	
P.D.G. Electric Co.	2725 17th Street East, Palmetto, FL 34221
Leased	
Potelco, Inc.	4940 Still Creek Avenue, Burnaby, BC V5C 4E4
Leased	
Potelco, Inc.	9718 197 B Street, Langley, BC V1M 3G3
Leased	
Potelco, Inc.	1661 San Marino Drive, Martinez, CA 94954
Leased	
Potelco, Inc.	508/512 S. Airport Blvd, S. San Francisco, CA 94080
Leased	
Potelco, Inc.	2161 Oakland Rd., San Jose, CA 95131
Leased	
Potelco, Inc.	4225 Rose Biggi Way, Beaverton, OR 97005
Leased	
Potelco, Inc.	3567 Hwy 101, Gearhart, OR 97138
Leased	
Potelco, Inc.	10748 NE Simpston Street, Portland, OR 97220
Leased	
Potelco, Inc.	1411 Salem Ind. Drive NE, Salem, OR 97303
Leased	
Potelco, Inc.	Bainbridge Island, WA - no physical address
Leased	
Potelco, Inc.	13521 E. Trent Avenue, Spokane, WA 99208

Leased
Potelco, Inc. 14103 8th Street East, Sumner, WA 98390
Leased
Professional Teleconcepts Group 5132 State Hwy 12, Norwich, NY 13815
Leased
Professional Teleconcepts Group 22590 Cedar Green Rd., Dulles, VA 20166
Leased
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The Ryan Company, Inc. 8245 Ronson Road, Ste. A, San Diego, CA 92111
Leased
The Ryan Company, Inc. 60/62 Reservoir Park Drive, Rockland, MA 02370
Leased
The Ryan Company, Inc. 25 Constitution Dr, Taunton, MA 02780
Leased
The Ryan Company, Inc. 703 -1/2 West Apache Street, Farmington, NM 87401
Leased
Southeast Pipeline Construction Inc. 245 N. Main, Jasper, GA 30143
Leased
Southeast Pipeline Construction Inc. 2270 Hwy 17, Richmond Hill, GA 31324
Leased
Spalj Construction Company 24 Cook St, Billerica, MA 01821
Leased
Spalj Construction Company 22360 County Rd. 12, Deerwood, MN 56444
Leased
Spalj Construction Company 208 North La Grand Ave., Princeton, MN 55371
Leased
Spalj Construction Company 2021 160th Ave., Princeton, MN 55371
Leased
Spalj Construction Company 541 Industrial Blvd., New Richmond, WI 54017
Leased
Sumter Utilities, Inc. 550 Balmoral Circle N, Jacksonville, FL 32218
Leased
Trans Tech Electric L.P. 1726 W. Cypress, Tampa, FL 33606
Leased
Trans Tech Electric L.P. 4601 Cleveland Ave., South Bend, IN 46628
Leased
Trans Tech Electric L.P. 318 N. Dixon Drive, Cary, NC 27513
Leased
Trawick Construction Co. Rt. 5 Hwy. 55 South, Andalusia, AL 36420
Leased
Trawick Construction Co. 8167 Hwy 231 South, Newton, AL 36360
Leased
Trawick Construction Co. 1555 S. Blvd., Chipley, FL 32428
Leased
Trawick Construction Co. 100 Hwy 196, Glennville, GA 30427
Leased
Trawick Construction Co. 1874 Sylvester Hwy., Moultrie, GA 31768
Leased
TTM, Inc. 6708 Benjamin Rd., Ste 300, Tampa, FL 33634
Leased
TTM, Inc. 1800 Phoenix Blvd., Ste. 208, Atlanta, GA 30349
Leased
TTM, Inc. 6135 Lakeview Rd., Ste. 500, Charlotte, NC 28269
Leased
TTM, Inc. 120 Space Park Drive, Nashville, TN 37211
Leased
Underground Construction Co. Inc. 1221 Airport Blvd., Santa Rosa, CA 95403
Leased
Utilico, Inc. 905 TyTy Omega Road, Tifton, GA 31794
Leased
R.A. Waffensmith & Co., Inc. 3922 E. University Dr. Ste. E-7, Phoenix, AZ 85034
Leased
R.A. Waffensmith & Co., Inc. 8201 East Pacific Place, Units 501/502, Denver, CO 80231
Leased
R.A. Waffensmith & Co., Inc. 15427 E. Fremont Drive, Englewood, CO 80112
Leased
R.A. Waffensmith & Co., Inc. 2809-C Broadbent Parkway NE, Albuquerque, NM 87107
Leased
R.A. Waffensmith & Co., Inc. 8201 S. State St. Bldg. 3, Unit A&B, Midvale, UT 84047
Leased
R.A. Waffensmith & Co., Inc. 8201 S. State St. Bldg. 3, Unit A&B, Midvale, UT 84047
Subleased
W.C. Communications, Inc. 712 & 714 South Date Avenue, Alhambra, CA 91803
Leased
W.C. Communications, Inc. 4032 California Street, Carmichael, CA 95608
Leased
W.C. Communications, Inc. 140 Meyers Street, Chico, CA 95928
Leased
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W.C. Communications, Inc. 571 N. Palm Avenue, Hemet, CA 92543
Leased
W.C. Communications, Inc. 38223 6th Street, Los Angeles, CA 93550
Leased
W.C. Communications, Inc. 24988 Felipe Road, Mission Vlejo, CA 92692
Leased
W.C. Communications, Inc. 5429 Satsuma Avenue N, Hollywood, CA 91601
Leased
W.C. Communications, Inc. 9815 Antelope North Road, Roseville, CA 95747
Leased
W.C. Communications, Inc. 900 W. Los Angeles Avenue, Simi Valley, CA 93065
Leased
W.C. Communications, Inc. 10901 Sherman Way, Sun Valley, CA 91352
Leased
W.C. Communications, Inc. 1921 W. 11th Street, Upland, CA 91786
Leased
W.C. Communications, Inc. 2085 W. 11th Street, Upland, CA 91786
Leased
</TABLE>

Schedule 6.20(b)

LOCATIONS OF TANGIBLE PERSONAL PROPERTY

Alabama
Alaska
Arizona
Arkansas
California
Colorado
Connecticut
Delaware
Washington DC
Florida
Georgia
Hawaii
Idaho
Illinois
Indiana
Iowa
Kansas
Kentucky
Louisiana
Maine
Maryland
Massachusetts
Michigan
Minnesota
Mississippi
Missouri
Montana
Nebraska
Nevada
New Hampshire
New Jersey
New Mexico
New York
North Carolina
North Dakota
Ohio
Oklahoma
Oregon
Pennsylvania
Rhode Island
South Carolina
South Dakota
Tennessee
Texas
Utah
Vermont
Virginia
Washington
West Virginia
Wisconsin
Wyoming

Schedule 6.20(c)

LOCATION OF CHIEF EXECUTIVE OFFICE, ETC.

<TABLE>
<CAPTION>

Loan Party	Jurisdiction of Incorporation	Chief Executive Office	TAX ID Organization ID
<S>	<C>	<C>	<C> <C>
Advanced Technologies and Installation Corporation 601 330 655	Washington	655 Glennville Richardson, TX 75081	91-1528002
Airlan Telecom Services, L.P. 137554-10	Texas	431 West Bedford-Euless Road, Ste. F Hurst, TX 76053	75-2899094
Allteck Line Contractors (USA), Inc. 601 955 593	Washington	4940 Still Creek Avenue Burnaby, British Columbia Canada V5C 4E4	98-0198185
Arby Construction Company, Inc. 3051554	Delaware	19705 W. Lincoln Avenue New Berlin, WI 53146	76-0605516
Austin Trencher, Inc. 3011775	Delaware	9250 FM 2243 Leander, TX 78641	76-0598342
Bradford Brothers, Incorporated 14630	North Carolina	11712 Statesville Road Huntersville, NC 28078	56-0867769
CCLC, Inc. 3177733	Delaware	5 Johnson Drive, Ste. 4 Raritan, NJ 08869	74-2947665
Coast to Coast, LLC 101996198021	California	1441 Garden Highway Yuba City, CA 95991	68-0386826
Communication Manpower, Inc. P96000016106	Florida	1555 South Blvd. Chipley, FL 32428	59-3371172
Conti Communications, Inc. 3051549	Delaware	5 Johnson Drive, Ste. 4 Raritan, NJ 08869	76-0605511
Croce Electric Company, Inc. 3051556	Delaware	2 Betty Street Everett, MA 02149	76-0605518
Crown Fiber Communications, Inc. 0386581-3	Virginia	800 Satellite Blvd. Suwanee, GA 30024	54-1612812
Digco Utility Construction, L.P. 3074649	Delaware	1608 Margaret Street Houston, TX 77093	76-0612176
Dillard Smith Construction Company 2958382	Delaware	4001 Industry Dr. Chattanooga, TN 37416	76-0589264
Dot 05, LLC 3398043	Delaware	22360 County Road 12	N/A

		Deerwood, MN 56444	
Driftwood Electrical Contractors, Inc. 2958408	Delaware	2004 Stanford road Lancaster, KY 40444	76-0589278
Environmental Professional Associates, Limited 1686969	California	1441 Garden Highway Yuba City, CA 95991	68-0248659
Five Points Construction Co. 554558-00	Texas	5145 Industrial Way Benicia, CA 94510	94-2738636

Schedule 6.20(c)

LOCATION OF CHIEF EXECUTIVE OFFICE, ETC.

Loan Party	Jurisdiction of Incorporation	Chief Executive Office	TAX ID Organization ID
Global Enercom Management, Inc. 3011772	Delaware	2500 Wilcrest Dr., Ste. 100 Houston, TX 77042	76-0598339
Golden State Utility Co. 2880189	Delaware	2007 West Tuolomne Rd. Turlock, CA 95380	76-0567490
H.L. Chapman Pipeline Construction, Inc. 3011774	Delaware	9250 FM 2243 Leander, TX 78641	76-0598341
Haines Construction Company 3051569	Delaware	200 Ida Road Broussard, LA 70518	76-0605500
Intermountain Electric, Inc. 19871509304	Colorado	602 South Lipan Street Denver, CO 80223	84-0906573
Irby Construction Company 1015306	Mississippi	817 S. State Street Jackson, MS 39201	64-0902002
Lake Norman Pipeline, LLC C-0459956	North Carolina	11712 Statesville Road Huntersville, NC 28078	N/A
Lindsey Electric, L.P. 800040851	Texas	1608 Margaret Street Houston, TX 77093	02-0557008
Lineco Leasing, LLC 601 782 819	Washington	10220 N. Nevada, Ste. 260 Spokane, WA 99218	91-1798246
Manuel Bros., Inc. 2923002	Delaware	908 Taylorville Road, Ste. 104	76-0577087

		Grass Valley, CA 95949		
Mears Engineering, LLC B38842	Michigan	4500 N. Mission Road Rosebush, MI 48878	N/A	
Mears Group, Inc. 3074660	Delaware	4500 N. Mission Road Rosebush, MI 48878	76-0612167	
Mears Services, LLC B40-214	Michigan	4500 N. Mission Road Rosebush, MI 48878	N/A	
Mears/CPG, LLC B 40-215	Michigan	4500 N. Mission Road Rosebush, MI 48878	N/A	
Mears/HDD, LLC B40366	Michigan	4500 N. Mission Road Rosebush, MI 48878	N/A	
Mejia Personnel Services, Inc. 1339640	Texas	431 West Bedford-Euless Road, Ste. F Hurst, TX 76053	75-2575734	
Metro Underground Services, Inc. 5915-971-2	Illinois	901 Ridgeway Avenue Aurora, IL 60506	36-4125701	
Mustang Line Contractors, Inc. 601 760 127	Washington	10220 N. Nevada, Ste. 260 Spokane, WA 99218	91-1755825	

Schedule 6.20(c)

LOCATION OF CHIEF EXECUTIVE OFFICE, ETC.

Loan Party	Jurisdiction of Incorporation	Chief Executive Office	TAX ID	Organization ID
Network Electric Company	Delaware	5425 Louis Lane Reno, NV 89511	76-0598345	3011791
North Houston Pole Line, L.P.	Texas	1608 Margaret Street Houston, TX 77093	74-1675857	28182800
North Pacific Construction Co., Inc.	Delaware	2007 West Tuolomne Rd. Turlock, CA 95380	76-0577088	2917475
North Sky Communications, Inc.	Delaware	120 N.E. 136th Avenue Vancouver, WA 98684	76-0605490	3051560
Northern Line Layers, LLC	Delaware	4770 North Belleview Avenue, Ste. 300 Kansas City, MO 64116	76-0589263	2958377
Okay Construction Company, LLC	Delaware	208 Rum River Drive Princeton, MN 55371	76-0612169	3074659
Old Lesco Corporation, Inc.	South Carolina	1890 Milford Street Charleston, SC 29405	57-0507185	20301301-8
P.D.G. Electric Co.	Florida	4421 12th Street Court East Bradenton, FL 34203	59-1709471	512916
PAR Electrical Contractors, Inc.	Missouri	4770 North Belleview Avenue,	44-0591890	

83692

		Ste. 300 Kansas City, MO 64116	
Parkside Site and Utility Company	Delaware	123 King Phillip Street	76-0612181
3074661			
Corporation		Johnston, RI 02919	
Parkside Utility Construction Corp.	Delaware	123 King Phillip Street	76-0612160
3074662			
		Johnston, RI 02919	
Potelco, Inc.	Washington	14103 8th Street East	91-0784248
278 047 572			
		Sumner, WA 98390	
Professional Teleconcepts, Inc.	Illinois	Route 12 South	36-3785874
5655-232-4			
		Norwich, NY 13815	
Professional Teleconcepts, Inc.	New York	Route 12 South	16-1246233
72042			
		Norwich, NY 13815	
PWR Financial Company	Delaware	1360 Post Oak Blvd., Ste. 2100	76-0700118
3473374			
		Houston, TX 77056	
PWR Network, LLC	Delaware	1360 Post Oak Blvd., Ste. 2100	N/A
3474134			
		Houston, TX 77056	
Q Resources, LLC	Delaware	1360 Post Oak Blvd., Ste. 2100	N/A
3473371			
		Houston, TX 77056	
QDE, LLC	Delaware	300 Delaware Avenue, Suite 900	N/A
3471430			
		Wilmington, Delaware 19801	

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Schedule 6.20(c)

LOCATION OF CHIEF EXECUTIVE OFFICE, ETC.

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Loan Party	Jurisdiction of Incorporation	Chief Executive Office	TAX ID Organization ID
<S>	<C>	<C>	<C>
QPC, Inc.	Delaware	1360 Post Oak Blvd., Ste. 2100	76-0612164
3074663			
		Houston, TX 77056	
QSI, Inc.	Delaware	1360 Post Oak Blvd., Ste. 2100	76-0574731
2911792			
		Houston, TX 77056	
Quanta Asset Management LLC	Delaware	300 Delaware Avenue, Suite 900	N/A
3471361			
		Wilmington, Delaware 19801	
Quanta Associates, L.P.	Texas	1360 Post Oak Blvd., Ste. 2100	73-1628097
800040556			
		Houston, TX 77056	
Quanta Delaware, Inc.	Delaware	300 Delaware Avenue, Suite 900	51-6508285
2914990			
		Wilmington, Delaware 19801	
Quanta Government Services, Inc.	Delaware	1360 Post Oak Blvd., Ste. 2100	73-1684943
3051571			
		Houston, TX 77056	
Quanta Holdings, Inc.	Delaware	1360 Post Oak Blvd., Ste. 2100	76-0700191
3475346			
		Houston, TX 77056	
Quanta LI Acquisition, Inc.	Delaware	1360 Post Oak Blvd., Ste. 2100	76-0612166
3074669			
		Houston, TX 77056	
Quanta LIV Acquisition, Inc.	Delaware	1360 Post Oak Blvd., Ste. 2100	76-0612162
3074670			
		Houston, TX 77056	
Quanta LIX Acquisition, Inc.	Delaware	1360 Post Oak Blvd., Ste. 2100	76-0644273
3233259			
		Houston, TX 77056	
Quanta LVII Acquisition, Inc.	Delaware	1360 Post Oak Blvd., Ste. 2100	76-0612165
3074664			
		Houston, TX 77056	
Quanta LVIII Acquisition, Inc.	Delaware	1360 Post Oak Blvd., Ste. 2100	N/A
3074672			
		Houston, TX 77056	
Quanta LX Acquisition, Inc.	Delaware	1360 Post Oak Blvd., Ste. 2100	76-0644271
3233298			
		Houston, TX 77056	
Quanta LXI Acquisition, Inc.	Delaware	1360 Post Oak Blvd., Ste. 2100	76-0644272

3233297			
		Houston, TX 77056	
Quanta LXII Acquisition, Inc.	Delaware	1360 Post Oak Blvd., Ste. 2100	76-0644265
3233302			
		Houston, TX 77056	
Quanta LXIII Acquisition, Inc.	Delaware	1360 Post Oak Blvd., Ste. 2100	76-0644260
3233305			
		Houston, TX 77056	
Quanta LXIV Acquisition, Inc.	Delaware	1360 Post Oak Blvd., Ste. 2100	76-0644258
3233306			
		Houston, TX 77056	
Quanta LXIX Acquisition, Inc.	Delaware	1360 Post Oak Blvd., Ste. 2100	76-0644257
3233334			
		Houston, TX 77056	

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Schedule 6.20(c)

LOCATION OF CHIEF EXECUTIVE OFFICE, ETC.

<TABLE>
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Loan Party	Jurisdiction of Incorporation	Chief Executive Office	TAX ID Organization ID
<S>	<C>	<C>	<C>
Quanta LXV Acquisition, Inc.	Delaware	1360 Post Oak Blvd., Ste. 2100	76-0644263
3233310			
		Houston, TX 77056	
Quanta LXVI Acquisition, Inc.	Delaware	1360 Post Oak Blvd., Ste. 2100	76-0644270
3233317			
		Houston, TX 77056	
Quanta LXVII Acquisition, Inc.	Delaware	1360 Post Oak Blvd., Ste. 2100	76-0644266
3233326			
		Houston, TX 77056	
Quanta LXVIII Acquisition, Inc.	Delaware	1360 Post Oak Blvd., Ste. 2100	76-0644255
3233335			
		Houston, TX 77056	
Quanta LXX Acquisition, Inc.	Delaware	1360 Post Oak Blvd., Ste. 2100	76-0644269
3233337			
		Houston, TX 77056	
Quanta LXXI Acquisition, Inc.	Delaware	1360 Post Oak Blvd., Ste. 2100	76-0644259
3233344			
		Houston, TX 77056	
Quanta LXXII Acquisition, Inc.	Delaware	1360 Post Oak Blvd., Ste. 2100	76-0644264
3233341			
		Houston, TX 77056	
Quanta LXXIII Acquisition, Inc.	Delaware	1360 Post Oak Blvd., Ste. 2100	76-0644261
3233347			
		Houston, TX 77056	
Quanta Receivables, L.P.	Delaware	1360 Post Oak Blvd., Ste. 2100	76-0700119
3474142			
		Houston, TX 77056	
Quanta Services, Inc.	Delaware	1360 Post Oak Blvd., Ste. 2100	74-2851603
2786882			
		Houston, TX 77056	
Quanta Services Management Partnership,	Texas	1360 Post Oak Blvd., Ste. 2100	76-0574732
110116-10			
L.P.		Houston, TX 77056	
Quanta Utility Installation Company, Inc	Delaware	1360 Post Oak Blvd., Ste. 2100	76-0592449
2987930			
		Houston, TX 77056	
R.A. Waffensmith & Co., Inc.	Delaware	2042 N. Kelty Rd.	76-0589266
2958387			
		Franktown, CO 80116	
S.K.S. Pipeliners, LLC	Delaware	19705 W. Lincoln Avenue	76-0605517
3051555			
		New Berlin, WI 53146	
Southeast Pipeline Construction, Inc.	Delaware	245 N. Main Street	76-0612175
3074650			
		Jasper, GA 30143	
Southwest Trenching, Inc.	Texas	1608 Margaret Street	76-0106600
706733			
		Houston, TX 77093	
Southwestern Communications, Inc.	Delaware	15427 E. Fremont Drive	76-0612171
3074653			
		Englewood, CO 80112	
Spalj Construction Company	Delaware	22360 County Road 12	76-0567489
2880741			
		Deerwood, MN 56444	

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Schedule 6.20(c)

LOCATION OF CHIEF EXECUTIVE OFFICE, ETC.

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Loan Party	Jurisdiction of Incorporation	Chief Executive Office	TAX ID Organization ID
<S>	<C>	<C>	<C>
Sumter Utilities, Inc.	Delaware	1151 North Pike West Sumter, SC 29153	76-0577089 2921852
The Ryan Company, Inc.	Massachusetts	25 Constitution Drive Taunton, MA 02780	04-2387367 704294
Tjader, LLC	Delaware	541 Industrial Blvd. New Richmond, WI 54017	76-0654709 3255806
TNS-VA, LLC	Delaware	Route 12 South Norwich, NY 13815	N/A 3420551
Tom Allen Construction Company	Delaware	3775 Tosovsky Lane Edwardsville, IL 62025	76-0589277 2958406
Total Quality Management Services, LLC	Delaware	1441 Garden Highway Yuba City, CA 95991	48-1278515 3562559
Trans Tech Acquisition, Inc.	Texas	1360 Post Oak Blvd., Ste. 2100 Houston, TX 77056	74-2983032 1606979
Trans Tech Electric, L.P.	Texas	4601 Cleveland Rd. South Bend, IN 46628	35-1553093 146606-10
Trawick Construction Co.	Florida	1555 South Blvd. Chipley, FL 32428	59-0907078 240496
TTGP, Inc.	Delaware	1360 Post Oak Blvd., Ste. 2100 Houston, TX 77056	76-0644267 3233374
TTLP, Inc.	Delaware	1360 Post Oak Blvd., Ste. 2100 Houston, TX 77056	76-0644262 3233400
TTM, Inc.	North Carolina	6135 Lakeview Road, Ste. 500 Charlotte, NC 28269	56-1356956 C-0400614
TXLP, Inc,	Delaware	1360 Post Oak Blvd., Ste. 2100 Houston, TX 77056	76-0605507 3051548
Underground Construction Co., Inc.	Delaware	5145 Industrial Way Benicia, CA 94510	76-0575471 2915129
Utilco, Inc.	Georgia	905 Omega-Ty Ty Road Tifton, GA 31794	58-1435985 J104501
VCI Telcom, Inc.	Delaware	1921 West Eleventh Street Upland, CA 91786	76-0589274 2958392
W.C. Communications, Inc.	Delaware	1921 West Eleventh Street Upland, CA 91786	76-0598348 3011796
W.H.O.M. Corporation	California	1441 Garden Highway Yuba City, CA 95991	77-0219510 1426029

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Schedule 8.01

LIENS EXISTING ON THE CLOSING DATE

1. Liens to secure obligations of the Borrower under surety bonds provided in the ordinary course of business; and

2. All of the following:

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COMPANY	SECURED PARTY	JURISDICTION	TYPE OF FILING	FILING INFORMATION

PAR Electrical Contractors, Inc.	Alcan Aluminum Corporation	Missouri Secretary of State	Original	#20020113972J filed 10/15/02
Quanta Services, Inc.	Altec Capital Services, LLC	Texas Secretary of State	Original	#99-250408 filed 12/20/99
Quanta Services, Inc.	Altec Capital Services, LLC	Texas Secretary of State	Original	#99-250409 filed 12/20/99
Quanta Services, Inc.	Altec Capital Services, LLC	Texas Secretary of State	Original	#99-250550 filed 12/20/99
Quanta Services, Inc.	Altec Capital Services, LLC	Texas Secretary of State	Original	#00-479356 filed 4/19/00
Quanta Services, Inc.	Altec Capital Services, LLC	Texas Secretary of State	Original	#00-479357 filed 4/19/00
Quanta Services, Inc.	Altec Capital Services, LLC	Texas Secretary of State	Original	#02-0021801387 filed 3/7/02
Crown Fiber Communications, Inc.	Altec Capital Services, LLC	Coffee Co., GA	Original	#034-2001-000359 filed 2/16/01
PAR Electrical Contractors, Inc.	Associates Commercial Corporation	Illinois Secretary of State	Original	#4252584 filed 8/17/00
PAR Electrical Contractors, Inc.	Associates Commercial Corporation	Missouri Secretary of State	Original	#4077122 filed 8/14/00
Dillard Smith Construction Company	Associates First Capital Corporation	Delaware Secretary of State	Original	#20574701 filed 2/11/02
Dillard Smith Construction Company	Associates First Capital Corporation	Tennessee Secretary of State	Original	#302-005150 filed 2/5/02
Dillard Smith Construction Company	Associates First Capital Corporation	Tennessee Secretary of State	Original	#302-015479 filed 3/26/02
Mears HDD, LLC	Bank One Michigan	Michigan Secretary of State	Original	#D613308 filed 1/27/00
Mears/CPG, Inc.	Bank One, Michigan	Michigan Secretary of State	Original	#D613309 filed 1/27/00
PAR Electrical Contractors, Inc.	BCL Capital	Nevada Secretary of State	Original	#0108999 filed 6/19/01
Coast to Coast, LLC	Bee Tee Engine Sales, Inc.	California Secretary of State	Original	#009560104 filed 3/29/00
Sumter Utilities, Inc.	Blanchard Machinery Company	South Carolina Secretary of State	Original	#1501324 filed 10/4/02
Sumter Utilities, Inc.	Blanchard Machinery Company	South Carolina Secretary of State	Original	#1408088 filed 5/16/03

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COMPANY	SECURED PARTY	JURISDICTION	TYPE OF FILING	FILING INFORMATION
Sumter Utilities, Inc.	Blanchard Machinery Company	South Carolina Secretary of State	Original	#0910232 filed 4/7/03
Sumter Utilities, Inc.	Blanchard Machinery Company	South Carolina Secretary of State	Original	#1205188 filed 1/22/02
Sumter Utilities, Inc.	Blanchard Machinery Company	South Carolina Secretary of State	Original	#110616C filed 3/9/01
Sumter Utilities, Inc.	Blanchard Machinery Company	South Carolina Secretary of State	Original	#1408179 filed 5/16/03

Bradford Brothers, Inc. 3/17/03	Briggs Construction Equipment, Inc.	North Carolina Secretary of State	Original ********** Amendment	#20030025813F filed ********** #20030088548K filed 9/2/03
Bradford Brothers, Incorporated 3/10/03	Briggs Construction Equipment, Inc.	North Carolina Secretary of State	Original	#20030023411H filed
Trawick Construction Company Inc. 5/9/01	Canon Financial Services, Inc.	Florida Secretary of State	Original	#200100101846 0 filed
PAR Electrical Contractors, Inc. 8/21/01	Canyon State Oil Company	Arizona Secretary of State	Original	#20011186461-4 filed
Bradford Brothers, Inc. 7/31/03	Carter Machinery Co., Inc.	North Carolina Secretary of State	Original	#20030077097G filed
Bradford Brothers, Inc. 9/21/01	Carter Machinery Company, Inc.	North Carolina Secretary of State	Original	#20010524852C filed
Bradford Brothers, Inc. 4/2/02	Carter Machinery Company, Inc.	North Carolina Secretary of State	Original	#20020038512C filed
Bradford Brothers, Incorporated 8/6/01	Carter Machinery Company, Inc.	North Carolina Secretary of State	Original	#20010508233E filed
Bradford Brothers, Incorporated 8/6/01	Carter Machinery Company, Inc.	North Carolina Secretary of State	Original	#20010508065G filed
Bradford Brothers, Inc. 8/5/02	Carter Machinery Equipment, Inc.	North Carolina Secretary of State	Original	#20020085382C filed
Bradford Brothers, Inc. 9/9/02	Carter Machinery, Inc.	North Carolina Secretary of State	Original	#200200974999L filed
Golden State Utility Co. 5/31/01	Case Corporation	California Secretary of State	Original	#200115160788 filed
Quanta Services, Inc. 3/7/02	Case Credit Corporation	Texas Secretary of State	Original	#02-0021793064 filed
Quanta Services, Inc. 4/29/02	Case Credit Corporation	Texas Secretary of State	Original	#02-0028228286 filed
Quanta Services, Inc. 6/20/02	Case Credit Corporation	Texas Secretary of State	Original	#02-0034501823 filed
Quanta Services, Inc. 10/15/03	Case Credit Corporation	Texas Secretary of State	Original	#04-0044924047 filed
Bradford Brothers, Inc. 8/22/03	Case Credit Corporation	North Carolina Secretary of State	Original	#20030085019K filed
Bradford Brothers, Inc. 8/22/03	Case Credit Corporation	North Carolina Secretary of State	Original	#20030085020A filed
Golden State Utility Co. 5/31/01	Case Credit Corporation	California Secretary of State	Original	#200115260347 filed
Potelco, Inc. 1/8/2001	Case Credit Corporation	Washington Secretary of State	Original	#20010080073 filed
Potelco, Inc. 1/8/2001	Case Credit	Washington Secretary	Original	#20010080074 filed

	Corporation	of State		
Potelco, Inc. 1/8/01	Case Credit	Washington Secretary	Original	#20010080075 filed
	Corporation	of State		
Potelco, Inc. 1/8/01	Case Credit	Washington Secretary	Original	#20010080078 filed
	Corporation	of State		

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COMPANY	SECURED PARTY	JURISDICTION	TYPE OF FILING	FILING INFORMATION
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Potelco, Inc. 7/18/01	Case Credit	Washington Secretary	Original	#20011990085 filed
	Corporation	of State		
Trawick Construction Company, Inc. 9/5/03	Case Credit	Florida Secretary of	Original	#200304881315 filed
	Corporation	State		
Dillard Smith Construction Company	Caterpillar Financial Services	Tennessee Secretary of State	Original	#993-020411 filed 4/19/99
Haines Construction Company	Caterpillar Financial Services Corporation	Delaware Secretary of State	Original	#10910302 filed 8/31/01
Irby Construction Co 1/3/03	Caterpillar Financial	Mississippi Secretary	Original	#20030001397G filed
	Services Corporation	of State		
Irby Construction Company 1/7/03	Caterpillar Financial	Mississippi Secretary	Original	#20030004640M filed
	Services Corporation	of State		
Irby Construction Company 1/7/03	Caterpillar Financial	Mississippi Secretary	Original	#20030004799F filed
	Services Corporation	of State		
Irby Construction Company 1/3/03	Caterpillar Financial	Mississippi Secretary	Original	#20030001414G filed
	Services Corporation	of State		
Irby Construction Company 1/3/03	Caterpillar Financial	Mississippi Secretary	Original	#20030001417K filed
	Services Corporation	of State		
Irby Construction Company 1/3/03	Caterpillar Financial	Mississippi Secretary	Original	#20030001665E filed
	Services Corporation	of State		
Irby Construction Company	Caterpillar Financial Services Corporation	Mississippi Secretary of State	Original	#01581338 filed 12/28/01
Irby Construction Company	Caterpillar Financial Services Corporation	Mississippi Secretary of State	Original	#01579042 filed 12/19/01
Irby Construction Company	Caterpillar Financial Services Corporation	Mississippi Secretary of State	Original	#01579433 filed 12/19/01
Irby Construction Company	Caterpillar Financial Services Corporation	Mississippi Secretary of State	Original	#01579435 filed 12/19/01
Irby Construction Company	Caterpillar Financial Services Corporation	Mississippi Secretary of State	Original	#01579434 filed 12/19/01
Irby Construction Company	Caterpillar Financial Services Corporation	Mississippi Secretary of State	Original	#01579432 filed 12/19/01
Irby Construction Company	Caterpillar Financial Services Corporation	Hinds County, Mississippi	Original	#398368 filed 12/19/01
Irby Construction Company	Caterpillar Financial Services Corporation	Hinds County, Mississippi	Original	#398404 filed 12/20/01
Irby Construction Company	Caterpillar Financial Services Corporation	Hinds County, Mississippi	Original	#398405 filed 12/20/01
Irby Construction Company	Caterpillar Financial Services Corporation	Hinds County, Mississippi	Original	#398406 filed 12/20/01

Irby Construction Company	Caterpillar Financial Services Corporation	Hinds County, Mississippi	Original	#398658 filed 12/28/01
Underground Construction Co., Inc.	Caterpillar Financial Services Corporation	California Secretary of State	Original	#9918160445 filed 6/25/99
Underground Construction Co., Inc.	Caterpillar Financial Services Corporation	California Secretary of State	Original	#0029761451 filed 10/12/00
Quanta Services, Inc.	CBL Capital Corporation	Delaware Secretary of State	Original	#31379869 filed 5/6/03
Irby Construction Company	CBL Capital Corporation	Mississippi Secretary of State	Original	#01561840 filed 10/4/01

COMPANY	SECURED PARTY	JURISDICTION	TYPE OF FILING	FILING INFORMATION
Mustang Contractors, Inc.	CBL Capital Corporation	Washington Secretary of State	Original	#200313202676 filed 5/7/03
P.D.G. Electric Company	CBL Capital Corporation	Florida Secretary of State	Original	#200303898281 filed 5/6/03
Potelco, Inc.	CBL Capital Corporation	Washington Secretary of State	Original	#200313202669 filed 5/7/03
Dillard Smith Construction Company	CCA Financial, LLC	Delaware Secretary of State	Original	#32903626 filed 11/5/03
Dillard Smith Construction Company	Cecil I. Walker Machinery Co.	North Carolina Secretary of State	Original	#20000021026 filed 2/28/00
Dillard Smith Construction Company	Cecil I. Walker Machinery Co.	North Carolina Secretary of State	Original	#20000021025 filed 2/28/00
Dillard Smith Construction Company	Cecil I. Walker Machinery Co.	North Carolina Secretary of State	Original	#20000021024 filed 2/28/00
Dillard Smith Construction Company	Cecil I. Walker Machinery Co.	North Carolina Secretary of State	Original	#20000021023 filed 2/28/00
Dillard Smith Construction Company	Cecil I. Walker Machinery Co.	Mecklenburg County, North Carolina	Original	#200001772 filed 2/29/00
Dillard Smith Construction Company	Cecil I. Walker Machinery Company	Mecklenburg County, North Carolina	Original	#200001773 filed 2/29/00
Bradford Brothers, Inc. d/b/a Edwards Pipeline Company	Charlotte Tractor Company	North Carolina Secretary of State	Original	#20030084776J filed 8/21/03
Bradford Brothers, Inc. d/b/a Edwards Pipeline Company	Charlotte Tractor Company	North Carolina Secretary of State	Original	#20030084777K filed 8/21/03
R.A. Waffensmith & Co., Inc.	Clarity Credit Corporation	Colorado Secretary of State	Original	#20012019935 M filed 3/14/01
Trawick Construction Co. Inc.	Coastal Machinery Co	Florida Secretary of State	Original	#990000268432 filed 11/29/99
PAR Electrical Contractors, Inc.	Colorado Machinery	Colorado Secretary of State	Original	#2003F074233 filed 7/9/03
PAR Electrical Contractors, Inc.	Construction Machinery, Inc.	Nevada Secretary of State	Original	#0102750 filed 2/26/01

Golden State Utility Co. 4/2/99	Continental Resources Inc.	California Secretary of State	Original	#199910260248 filed
Golden State Utility Co. 1/25/00	Continental Resources Inc.	California Secretary of State	Original	#200003160553 filed
The Ryan Company, Inc. 7/12/02	David C. Varisco	Plymouth County Superior Court, Massachusetts	Civil Trial-Misc. Contract	Case 01 204624 filed
Golden State Utility Co. 3/5/99	Danielson Construction, Inc.	California Secretary of State	Original	#199907460676 filed
P.D.G. Electric Company 5/10/02	Deere Credit Inc.	Florida Secretary of State	Original	#20020110832X filed
P.D.G. Electric Company 4/29/02	Deere Credit Inc.	Florida Secretary of State	Original	#200200997511 filed

COMPANY INFORMATION	SECURED PARTY	JURISDICTION	TYPE OF FILING	FILING
P.D.G. Electric Company 5/27/03	Deere Credit, Inc.	Florida Secretary of State	Original	#200304059399 filed
P.D.G. Electric Company 5/15/02	Deere Credit, Inc.	Florida Secretary of State	Original	#200201141777 filed
P.D.G. Electric Company 5/10/02	Deere Credit, Inc.	Florida Secretary of State	Original	#20020110832X filed
P.D.G. Electric Company 4/29/02	Deere Credit, Inc.	Florida Secretary of State	Original	#200200997511 filed
P.D.G. Electric Company 5/15/02	Deere Credit, Inc.	Florida Secretary of State	Original	#200201141777 filed
R.A. Waffensmith & Co., Inc. 6/5/00	Deere Credit, Inc.	Colorado Secretary of State	Original	#20002051097 C filed
Croce Electric Company, Inc. 7/28/98	Eastern Bank	Massachusetts Secretary of State	Original ********** continuation	#98567217 filed ********** #200321326870 filed 6/9/03
Manuel Bros., Inc. 2/22/99	Empire Equipment Co. L.P.	California Secretary of State	Original	#9906360115 filed
H.L. Chapman Pipeline Construction, Inc. 3/6/91	Financial Federal Credit	Texas Secretary of State	Original ********** continuation 1/18/96 ********** partial release 3/11/96 ********** partial release 1/9/97 ********** partial release 10/2/97 ********** partial release	#91-040865 filed ********** #96-607331 filed ********** #96-630825 filed ********** #97-603526 filed ********** #97-720533 filed ********** 00-882398 filed

11/22/00				
			**********	**********
			amendment/	#01-618611 filed
2/20/01				
			continuation	
H.L. Chapman Pipeline	Financial Federal	Texas Secretary of	Original	#90-014793 filed
1/22/90				
Construction, Inc.	Credit Inc.	State	**********	**********
			continuation	#94-741823 filed
11/28/94				
			**********	**********
			amendment/	#99-760713 filed
11/1/99				
			continuation	
H.L. Chapman Pipeline	Financial Federal	Texas Secretary of	Original	#90-201028 filed
9/19/90				
Construction, Inc.	Credit Inc.	State	**********	**********
			partial release	#90-749892 filed
12/19/90				
			**********	**********
			amendment	91-057117 filed
4/11/91				
			**********	**********
			continuation	#95-680038 filed
7/3/95				
			**********	**********
			continuation	#00-825272 filed
6/26/00				
H.L. Chapman Pipeline	Financial Federal	Texas Secretary of	Original	#90-260928 filed
12/17/90				
Construction, Inc.	Credit Inc.	State	**********	**********
			continuation	#95-705959 filed
9/6/95				
			**********	**********
			amendment/	#00-879442 filed
11/13/00				
			continuation	
H.L. Chapman Pipeline	Financial Federal	Texas Secretary of	Original	#91-097076 filed
5/20/91				
	Credit Inc.	State	**********	**********

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Construction, Inc.			continuation	#96-640689 filed
4/1/96				
			**********	**********
			amendment/	#01-633771 filed
3/20/01				
			continuation	
H.L. Chapman Pipeline	Financial Federal	Texas Secretary of	Original	#91-151410 filed
8/2/91				
Construction, Inc.	Credit Inc.	State	**********	**********
			continuation	#96-665890 filed
5/28/96				
			**********	**********
			continuation	#01-676388 filed
6/28/01				
H.L. Chapman Pipeline	Financial Federal	Texas Secretary of	Original	#92-048966 filed
3/12/92				
Construction, Inc.	Credit Inc.	State	**********	**********
			partial release	#92-697348 filed
7/20/92				
			**********	**********
			continuation	#96-746185 filed
12/11/96				
			**********	**********
			amendment/	#02-00192088 filed
2/13/02				
			continuation	
			**********	**********
			not specified	#02-00192131 filed
2/13/02				

H.L. Chapman Pipeline Construction, Inc. 6/4/92	Financial Federal Credit Inc.	Texas Secretary of State	Original ********** continuation	#92-111933 filed ********** #97-629405 filed 3/7/97
			********** continuation	********** #02-00302313 filed 5/16/02
H.L. Chapman Pipeline Construction, Inc. 11/5/92	Financial Federal Credit Inc.	Texas Secretary of State	Original ********** amendment	#92-218473 filed ********** #93-616359 filed 2/4/93
			********** amendment	********** #93-750976 filed 11/29/93
			********** amendment	********** #94-738630 filed 11/1/94
			********** amendment	********** #95-642755 filed 4/6/95
			********** amendment	********** #96-603215 filed 1/8/96
			********** continuation	********** #97-703017 filed 8/22/97
			********** continuation	********** #03-00055390 filed 10/21/03
H.L. Chapman Pipeline Construction, Inc. 2/4/93	Financial Federal Credit Inc.	Texas Secretary of State	Original ********** continuation	#93-023618 filed ********** #97-749975 filed 12/12/97
			********** amendment/ continuation	********** #03-0015606 filed 2/3/03
H.L. Chapman Pipeline Construction, Inc. 6/17/93	Financial Federal Credit Inc.	Texas Secretary of State	Original ********** amendment	#93-119077 filed ********** #93-753700 filed 12/6/93
			********** partial release	********** #97-603527 filed 6/9/97
			********** continuation	********** #98-647866 filed 4/13/98
			********** amendment/ continuation	********** #03-00300801 filed 6/5/03

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COMPANY INFORMATION	SECURED PARTY	JURISDICTION	TYPE OF FILING	FILING
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H.L. Chapman Pipeline Construction, Inc. 3/28/94	Financial Federal Credit Inc.	Texas Secretary of State	Original ********** continuation	#94-057315 filed ********** #99-615790 filed 2/4/99
H.L. Chapman Pipeline Construction, Inc. 4/4/94	Financial Federal Credit Inc.	Texas Secretary of State	Original ********** continuation	#94-064058 filed ********** #99-621359 filed 2/16/99
H.L. Chapman Pipeline 9/19/94	Financial Federal	Texas Secretary of	Original	#94-183260 filed

Construction, Inc.	Credit Inc.	State	**********	**********
			Partial release	#96-630824 filed 3/11/96
			**********	**********
			partial release	#97-603528 filed 1/9/97
			**********	**********
			partial release	#97-720535 filed 10/2/97
			**********	**********
			continuation	#99-709787 filed 6/28/99
			**********	**********
			release	#00-882400 filed 11/22/00
H.L. Chapman Pipeline	Financial Federal	Texas Secretary of	Original	#95-068112 filed 4/6/95
Construction, Inc.	Credit Inc.	State	**********	**********
			amendment/	#00-781120 filed 3/15/00
			continuation	
H.L. Chapman Pipeline	Financial Federal	Texas Secretary of	Original	#96-004227 filed 1/5/96
Construction, Inc.	Credit Inc.	State	*********	**********
			partial release	#96-630823 filed 3/11/96
			**********	**********
			partial release	#97-603530 filed 1/9/97
			**********	**********
			partial release	#97-720537 filed 10/2/97
			**********	**********
			amendment/	#00-876658 filed 11/6/00
			continuation	
			*********	**********
			release	#00-882385 filed 11/22/00
H.L. Chapman Pipeline	Financial Federal	Texas Secretary of	Original	#96-004228 filed 1/5/96
Construction, Inc.	Credit Inc.	State	**********	**********
			amendment	#96-616650 filed 2/8/96
			**********	**********
			partial release	#96-630822 filed 3/11/96
			**********	**********
			partial release	#97-603531 filed 1/9/97
			**********	**********
			partial release	#97-720534 filed 10/2/97
			**********	**********
			amendment/	#00-876657 filed 11/6/00
			continuation	**********
			**********	#00-882386 filed 11/22/00
			partial release	
H.L. Chapman Pipeline	Financial Federal	Texas Secretary of	Original	#96-004565 filed 1/8/96
Construction, Inc.	Credit Inc.	State	*********	**********
			amendment/	#00-879466 filed 11/13/00
			continuation	
H.L. Chapman	Financial Federal	Texas Secretary of	Original	#96-067668 filed

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Pipeline	Credit Inc.	State	**********	4/8/96
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Construction, Inc.			partial release	#97-603532 filed

1/9/97				
			**********	**********
			amendment	#97-612662 filed
1/30/97				
			**********	**********
			partial release	#97-638368 filed
3/26/97				
			**********	**********
			amendment	#97-685713 filed
7/14/97				
			**********	**********
			partial release	#97-720538 filed
10/2/97				
			**********	**********
			partial release	#00-882394 filed
11/22/00				
			**********	**********
			continuation	#01-631145 filed
3/20/01				
H.L. Chapman Pipeline	Financial Federal	Texas Secretary of	Original	#96-138508 filed
1/15/96				
Construction, Inc.	Credit Inc.	State	**********	**********
			partial release	#97-603533 filed
1/9/97				
			**********	**********
			partial release	#97-720530 filed
10/2/97				
			**********	**********
			partial release	#00-882387 filed
11/22/00				
			**********	**********
			continuation	#01-664474 filed
6/1/01				
H.L. Chapman Pipeline	Financial Federal	Texas Secretary of	Original	#96-190254 filed
9/25/96				
Construction, Inc.	Credit Inc.	State	**********	**********
			partial release	#97-603525 filed
1/9/97				
			**********	**********
			partial release	#97-720531 filed
10/2/97				
			**********	**********
			partial release	#00-882388 filed
11/22/00				
			**********	**********
			continuation	#01-685940 filed
7/30/01				
			**********	**********
			not specified	#02-00169098 filed
1/24/02				
H.L. Chapman Pipeline	Financial Federal	Texas Secretary of	Original	#97-014641 filed
1/27/97				
Construction, Inc.	Credit Inc.	State	**********	**********
			partial release	#97-720532 filed
10/2/97				
			**********	
**********				
			partial release	#00-882399 filed
11/22/00				
			**********	**********
			continuation	#02-00150210 filed
1/9/02				
			**********	**********
			not specified	#02-00169100
H.L. Chapman Pipeline	Financial Federal	Texas Secretary of	Original	#97-014642 filed
1/27/97				
Construction, Inc.	Credit Inc.	State	**********	**********
			partial release	#97-720528 filed
10/2/97				
			**********	**********
			partial release	#00-882389 filed
11/22/00				
			**********	**********
			continuation	#02-00150213 filed
1/9/02				
			**********	**********
			not specified	#02-00169099 filed
1/24/02				
H.L. Chapman Pipeline	Financial Federal	Texas Secretary of	Original	#97-147864 filed
7/14/97				

Construction, Inc.	Credit Inc.	State	********** partial release	********** #97-720529 filed 10/2/97

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			********** partial release	********** #00-882390 filed 11/22/00
			********** continuation	********** #02-00304839 filed 5/17/02
H.L. Chapman Pipeline Construction, Inc.	Financial Federal Credit Inc.	Texas Secretary of State	Original ********** partial release	#97-197334 filed 9/22/97 ********** #00-882395 filed 11/22/00
			********** continuation	********** #02-00415048 filed 8/22/02
H.L. Chapman Pipeline Construction, Inc.	Financial Federal Credit Inc.	Texas Secretary of State	Original ********** partial release	#98-012311 filed 1/20/98 ********** #00-882392 filed 11/22/00 **********
			********** continuation	#03-00127374 filed 1/3/03
H.L. Chapman Pipeline Construction, Inc.	Financial Federal Credit Inc.	Texas Secretary of State	Original ********** partial release	#98-118420 filed 6/9/98 ********** #00-882393 filed 11/22/00
			********** amendment/ continuation	********** #03-00288448 filed 5/23/03
H.L. Chapman Pipeline Construction, Inc.	Financial Federal Credit Inc.	Texas Secretary of State	Original ********** partial release	#98-177666 filed 9/1/98 ********** #00-882391 filed 11/22/00
			********** amendment/ continuation	********** #03-00393607 filed 8/25/03
H.L. Chapman Pipeline Construction, Inc.	Financial Federal Credit Inc.	Texas Secretary of State	Original ********** partial release	#99-079072 filed 4/20/99 ********** #00-882397 filed 11/22/00
Mears /CPG Inc	FirstBank	Michigan Secretary of State	Original ********** Continuation	#D330575 filed 1/26/98 ********** #2002031404-9 filed 12/4/02 - continuation
Mears/HDD, LLC	FirstBank	Michigan Secretary of State	Original ********** Continuation	#D211493 filed 3/21/97 ********** #D870862 filed 2/5/02 - continuing #D211493 filed 3/21/97
Mears/HDD, LLC	FirstBank	Michigan Secretary of State	Original	#D494923 filed 3/25/99

Mears/HDD, LLC 4/22/99	FirstBank	Michigan Secretary of State	Original	#D507420 filed
R.A. Waffensmith & Co., Inc. 9/3/02	Fleet Business Credit, LLC	Colorado Secretary of State	Original	#20022092857 M filed
Dillard Smith Construction Company 6/3/02	Fleet Capital Corporation	Delaware Secretary of State	Original	#21637374 filed
Potelco, Inc. 11/6/02	GE Capital	Washington Secretary of State	Original	#200231157249 filed
Potelco, Inc. 7/15/03	GE Capital	Washington Secretary of State	Original	#200319704389 filed
Quanta Services, Inc. 8/29/01	Gelco Corporation dba GE Capital Fleet Services	Delaware Secretary of State	Original	#11055958 filed
Quanta Services, Inc. 10/3/01	Gelco Corporation	Delaware Secretary	Original	#11297659 filed

COMPANY	SECURED PARTY	JURISDICTION	TYPE OF FILING	FILING INFORMATION
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Quanta Services, Inc.	Gelco Corporation dba GE Capital Fleet Services	Delaware Secretary of State	Original	#11417786 filed 10/17/01
Environmental Professional Associates Limited	Gelco Corporation dba GE Capital Fleet Services	California Secretary of State	Original	#0221760133 filed 8/1/02
PAR Electrical Contractors, Inc. 8/28/01	Gelco Corporation dba GE Capital Fleet Services	Missouri Secretary of State	Original	#20018019481B filed
PAR Electrical Contractors, Inc. 9/14/01	Gelco Corporation dba GE Capital Fleet Services	Missouri Secretary of State	Original	#20018032601B filed
PAR Electrical Contractors, Inc. 10/17/01	Gelco Corporation dba GE Capital Fleet Services	Missouri Secretary of State	Original	#20018048045G filed
Dillard Smith Construction Company	General Electric Capital Corporation	Delaware Secretary of State	In Lieu - original filed in TN	#20351779 filed 1/16/02
Dillard Smith Construction Company	General Electric Capital Corporation	Tennessee Secretary of State	Original ********** continuation	#948576 filed 1/13/92 ********** #962-028009 filed 7/16/96
Dillard Smith Construction Company	General Electric Capital Corporation	Tennessee Secretary of State	Original ********** continuation	#940339253 filed 8/8/94 ********** #992-011995 filed 3/4/99
Dillard Smith Construction Company	General Electric Capital Corporation	Tennessee Secretary of State	Original ********** continuation	#940352051 filed 9/16/94 ********** #993-015913 filed 3/25/99
Dillard Smith Construction Company	General Electric Capital Corporation	Tennessee Secretary of State	Original ********** Continuation	#950404170 filed 3/2/95 ********** #992-054619 filed 11/23/99

Dillard Smith Construction Company	General Electric Capital Corporation	Tennessee Secretary of State	Original ********** continuation	#950412960 filed 3/27/95 ********** #992-054620 filed 11/23/99
Dillard Smith Construction Company	General Electric Capital Corporation	Tennessee Secretary of State	Original ********** continuation	#950426691 filed 5/3/95 ********** #993-067328 filed 12/28/99
Dillard Smith Construction Company	General Electric Capital Corporation	Tennessee Secretary of State	Original ********** continuation	#950472918 filed 9/20/95 ********** #300-027117 filed 5/4/00
PAR Electrical Contractors, Inc.	General Electric Capital Corporation	Colorado Secretary of State	Original ********** continuation	#962025742 C filed 4/5/96 ********** #962077815 C filed 10/16/96
PAR Electrical Contractors, Inc.	General Electric Capital Corporation	Colorado Secretary of State	Original ********** continuation	#962035594 C filed 5/8/96 ********** #962077814 C filed 10/16/96
PAR Electrical Contractors, Inc.	General Electric Capital Corporation	Colorado Secretary of State	Original ********** continuation	#962038759 C filed 5/20/96 ********** #962077816 filed 10/16/96
PAR Electrical Contractors, Inc.	General Electric Capital Corporation	Colorado Secretary of State	Original ********** continuation	#962041284 C filed 5/29/96 ********** #962077817 C filed 10/16/96
PAR Electrical Contractors, Inc.	General Electric Capital Corporation	Colorado Secretary	Original	#962045340 C filed 6/12/96

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Contractors, Inc.	Capital Corporation	of State	********** continuation	********** #962077818 C filed 10/16/96
PAR Electrical Contractors, Inc.	General Electric Capital Corporation	Colorado Secretary of State	Original ********** continuation	#962049900 C filed 7/1/96 ********** #962077819 C filed 10/16/96
PAR Electrical Contractors, Inc.	General Electric Capital Corporation	Missouri Secretary of State	Original	#2661332 filed 5/7/96
PAR Electrical Contractors, Inc.	General Electric Capital Corporation	Missouri Secretary of State	Original	#2665609 filed 5/20/96
PAR Electrical Contractors, Inc.	General Electric Capital Corporation	Clay Co., Missouri	Original ********** Amendment ********** Continuation	#H162660 filed 5/7/96 ********** #A-H162660 filed 7/24/96 ********** #C-H162660 filed 2/26/01
PAR Electrical Contractors, Inc.	General Electric Capital Corporation	Clay Co., Missouri	Original ********** Continuation	#H162741 filed 5/20/96 ********** #C-H162741 filed 2/26/01
Quanta Services Management Partnership, L.P.	General Electric Capital Corporation	Texas Secretary of State	Original	#02-0015485611 filed 1/14/02
Quanta Management Services Partnership, L.P.	General Electric Capital Corporation	Texas Secretary of State	Original ********** Amendment	#02-0015489251 filed 1/14/02 ********** #03-00164595 filed

2/6/03				
Quanta Services Management Partnership, L.P.	General Electric Capital Corporation	Texas Secretary of State	Original	#02-0021106123 filed - 3/4/02
Quanta Services Management Partnership, L.P.	General Electric Capital Corporation	Texas Secretary of State	Original	#02-0029005836 filed 5/7/02
Quanta Services Management Partnership, L.P.	General Electric Capital Corporation	Texas Secretary of State	Original	#02-0029006857 filed 5/7/02
Quanta Services Management Partnership, L.P.	General Electric Capital Corporation	Texas Secretary of State	Original ********** Amendment	#02-0033105145 filed 6/11/02 ********** #03-00165874 filed 2/7/03
Quanta Services Management Partnership, L.P.	General Electric Capital Corporation	Texas Secretary of State	Original ********** Amendment	#02-0033105367filed 6/11/02 ********** #03-00283607 filed 5/20/03
Quanta Services Management Partnership, L.P.	General Electric Capital Corporation	Texas Secretary of State	Original	#02-0034805971 filed 6/25/02
Quanta Services Management Partnership, L.P.	General Electric Capital Corporation	Texas Secretary of State	Original	#03-0000354358 filed 9/5/02
PAR Electrical Contractors, Inc.	Hawthorne Machinery Co.	California Secretary of State	Original	#0009660608 filed 3/31/00
H.L. Chapman Pipeline Construction, Inc.	Holt Texas Ltd., dba Holt Company of Texas	Delaware Secretary of State	Original	#11791818 filed 11/21/01
Irby Construction Company	IBM Credit Corporation	Hinds County, Mississippi	Original	#372718 filed 11/16/98
Potelco, Inc.	IOS Capital, LLC	Washington Secretary of State	Original	#200325363938 filed 9/9/03
Mears Services, LLC	Irwin Union Bank	Michigan Secretary	Original	#D691550 filed 9/6/00

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Mears/ CPG, LLC	Irwin Union Bank and Trust Company	Michigan Secretary of State	Original	#D674193 filed 7/13/00
Bradford Brothers, Inc.	J.W. Burress, Inc.	North Carolina Secretary of State	Original	#20010503538I filed 7/24/01
Bradford Brothers, Inc.	J.W. Burress, Inc.	North Carolina Secretary of State	Original	#20010506576H filed 7/9/01
Northern Line Layers, LLC	JCB Finance LLC	Delaware Secretary of State	Original	#22029555 filed 8/1/02
Quanta Services, Inc.	Key Equipment Finance, a Division of Key Corporate Capital	Delaware Secretary of State	Original	#20112304 filed 12/10/01
PAR Electrical Contractors, Inc.	Kirby-Smith Machinery Inc.	Oklahoma Co., OK	Original	#0009820 filed 2/20/01
H.L. Chapman Pipeline	Komatsu Financial L.P.	Delaware Secretary of	In Lieu-	#20861348 filed 3/13/02

Construction, Inc.		State	original filed in TX	
H.L. Chapman Pipeline Construction, Inc.	Komatsu Financial LP	Texas Secretary of State	Original	#01-003074 filed 1/5/01
Sumter Utilities, Inc.	Kubota Credit Corporation U.S.A.	South Carolina Secretary of State	Original	#1044516 filed 5/29/03
Sumter Utilities, Inc.	Kubota Credit Corporation U.S.A.	South Carolina Secretary of State	Original	#1010530 filed 4/30/03
Sumter Utilities, Inc.	Kubota Credit Corporation U.S.A.	South Carolina Secretary of State	Original	#1010438 filed 4/30/03
Sumter Utilities, Inc.	Kubota Credit Corporation U.S.A.	South Carolina Secretary of State	Original	#1010290 filed 4/30/03
The Ryan Company, Inc.	LaChance Financial Services, Inc. Assigned to: GE Capital Colonial Pacific	Massachusetts Secretary of State	Original	#00739745 filed 8/25/00
Mustang Line Contractors, Inc.	Les Schwab Tire Center of Boise, Inc.	Washington Secretary of State	Original	#200214971572 filed 5/28/02
Intermountain Electric	Liebert North America Corporation	Colorado Secretary of State	Original	#20012112389 filed 12/5/01
Arby Construction, Inc.	Miller-Bradford & Risberg, Inc.	Wisconsin Department of Financial Institutions	Original	#01947279 filed 4/18/00
Arby Construction, Inc.	Miller-Bradford & Riseberg, Inc.	Wisconsin Department of Financial Institutions	Original	#010006840725 filed 10/22/01
R.A. Waffensmith & Co., Inc.	Minnwest Capital Corporation	Colorado Secretary of State	Original	#20022085210 M filed 8/9/02
Quanta Services, Inc.	Mirex	Texas Secretary of State	Original	#02-0032952528 filed 6/7/02
Sumter Utilities, Inc.	Navistar Financial Corp.	South Carolina Secretary of State	Original	#105127A filed 10/23/01
Spalj Construction Company	New Holland Credit Company	Minnesota Secretary of State	Original	#2227706 filed 5/15/00

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Spalj Construction Company	New Holland Credit Company	Minnesota Secretary of State	Original	#2236567 filed 6/15/00
Manuel Bros., Inc.	Nikon Inc., Instrument Group	California Secretary of State	Original	#0023560499 filed 8/21/00
Golden State Utility Co.	Nixon-Egli Equipment Company of Southern California, Inc.	California Secretary of State	Original	#200004860682 filed 2/14/00
Spalj Construction Company	NMHG Financial Services, Inc.	Minnesota Secretary of State	Original	#2271895 filed 11/2/00
The Ryan Company, Inc.	Peterson Tractor Co.	Massachusetts Secretary of State	Original	#200208423380 filed 1/18/02
PAR Electrical Contractors, Inc.	Portable Tool	Missouri Secretary of State	Original	#3079400 filed 9/27/99

PAR Electrical Contractors, Inc.	Portable Tool Sales & Service, Inc. Assigned to Associates Commercial Corporation	Clay Co., Missouri	Original ********** Amendment	#H170564 filed 9/24/99 ********** #A-H170564 filed 11/29/99
PAR Electrical Contractors, Inc.	Portable Tool Sales and Service, Inc.	Illinois Secretary of State	Original	#4099025 filed 9/24/99
PAR Electrical Contractors, Inc.	Portable Tool Sales and Service, Inc.	Missouri Secretary of State	Original	#3092172 filed 11/8/99
PAR Electrical Contractors, Inc.	Rasmussen Equipment Co.	Colorado Secretary of State	Original	#20012002964 filed 1/11/01
PAR Electrical Contractors, Inc.	Redburn Tire Co.	Nevada Secretary of State	Original	#0009471 filed 6/20/00
Dillard Smith Construction Company	Ringhaver Equipment Company	Florida Secretary of State	Original	#200100114112 filed 5/23/01
Dillard Smith Construction Company	Ringhaver Equipment Company	Florida Secretary of State	Original	#200100125788 filed 6/8/01
PAR Electrical Contractors, Inc.	River City Petroleum, Inc.	Nevada Secretary of State	Original	#2001012642-8 filed 12/5/01
Mears/CPG Inc.	Roland Machinery Company	Michigan Secretary of State	Original	#D479404 filed 2/17/99
Mears/CPG, Inc.	Roland Machinery Company	Michigan Secretary of State	Original	#D527988 filed 6/8/99
Mears/CPG, Inc.	Roland Machinery Company	Michigan Secretary of State	Original	#D627375 filed 3/6/00
Mears/CPG, LLC	Roland Machinery Company	Michigan Secretary of State	Original	#D627376 filed 3/6/00
Mears/CPG, LLC	Roland Machinery Company	Michigan Secretary of State	Original	#D658629 filed 5/26/00
Dillard Smith Construction Company	Rudd Equipment Co.	Mecklenburg County, North Carolina	Original	#199906939 filed 7/19/99
Dillard Smith Construction Company	Rudd Equipment Company	North Carolina Secretary of State	Original	#19990052830 filed 6/1/99

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Dillard Smith Construction Company	Rudd Equipment Company	Mecklenburg County, North Carolina	Original	#199906627 filed 7/8/99
Trans Tech Electric, L.P.	Rudd Equipment Company	Texas Secretary of State	Original	#03-0034559392 filed 7/15/03
H.L. Chapman Pipeline Construction, Inc.	Safeco Credit Company, Inc.	Delaware Secretary of State	In Lieu	#30271703 filed 1/14/03
H.L. Chapman Pipeline Construction, Inc.	SAFECO Credit Company, Inc.	Texas Secretary of State	Original	#99-065291 filed 4/2/99
H.L. Chapman Pipeline Construction, Inc.	SAFECO Credit Company, Inc.	Texas Secretary of State	Original	#99-067291 filed 4/5/99
Irby Construction Company	Scott Construction Equipment Co of LA, LLC/Powerline Division Assigned to: Contractors Finance Co	Mississippi Secretary of State	Original	#01351753 filed 7/9/99

Irby Construction Co	Scott Construction Equipment Co of LA, LLC/Powerline Division Assigned to: Contractors Finance Co	Mississippi Secretary of State	Original	#01287274 filed 1/21/99
Irby Construction Co	Scott Construction Equipment Co of LA, LLC/Powerline Division Assigned to: Contractors Finance Co	Mississippi Secretary of State	Original	#01287279 filed 1/21/99
Irby Construction Co	Scott Construction Equipment Co of LA, LLC/Powerline Division Assigned to: Contractors Finance Co	Mississippi Secretary of State	Original	#01353785 filed 8/13/99
Irby Construction Co	Scott Construction Equipment Co of LA, LLC/Powerline Division Assigned to: Contractors Finance Co	Mississippi Secretary of State	Original	#01351751 filed 7/9/99
Irby Construction Co	Scott Construction Equipment Co of LA, LLC/Powerline Division Assigned to: Contractors Finance Co	Mississippi Secretary of State	Original	#01351754 filed 7/9/99

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Irby Construction Co	Scott Construction Equipment Co of LA, LLC/Powerline Division Assigned to: Contractors Finance Co	Mississippi Secretary of State	Original	#01342472 filed 7/9/99
Irby Construction Co	Scott Construction Equipment Co of LA, LLC/Powerline Division Assigned to: Contractors Finance Co	Mississippi Secretary of State	Original	#01342473 filed 7/9/99
Irby Construction Co	Scott Construction Equipment Co of LA, LLC/Powerline Division Assigned to: Contractors Finance Co	Mississippi Secretary of State	Original	#01342471 filed 7/9/99
Irby Construction Co	Scott Construction Equipment Co of LA, LLC/Powerline Division Assigned to: Contractors Finance Co	Mississippi Secretary of State	Original	#01287276 filed 1/21/99
Irby Construction Company	Scott Truck & Tractor Co. of LA, Inc. Powerline & Utility Division	Hinds County, Mississippi	Original	#372088 filed 10/19/98
Irby Construction Company	Scott Truck & Tractor Co. of LA, Inc. Powerline & Utility Division	Hinds County, Mississippi	Original	#372087 filed 10/19/98
Irby Construction Company	Scott Truck & Tractor Co. of LA, Inc. Powerline & Utility Division	Hinds County, Mississippi	Original	#372089 filed 10/19/98
Irby Construction Company	Scott Truck & Tractor Co. of LA, Inc. Powerline & Utility Division	Hinds County, Mississippi	Original	#372092 filed 10/19/98
Irby Construction Company	Scott Truck & Tractor Co. of LA, Inc. Powerline & Utility	Hinds County, Mississippi	Original	#372090 filed 10/19/98

	Division			
Irby Construction Company	Scott Truck & Tractor Co. of LA, Inc. Powerline & Utility Division	Hinds County, Mississippi	Original	#372091 filed 10/19/98

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Irby Construction Company	Scott Truck & Tractor Co. of LA, Inc. Powerline & Utility Division	Hinds County, Mississippi	Original	#374788 filed 1/21/99
Irby Construction Company	Scott Truck & Tractor Co. of LA, Inc. Powerline & Utility Division	Hinds County, Mississippi	Original	#374789 filed 1/21/99
Irby Construction Company	Scott Truck & Tractor Co. of LA, Inc. Powerline & Utility Division	Hinds County, Mississippi	Original	#374790 filed 1/21/99
Irby Construction Company	Scott Truck & Tractor Co. of LA, Inc. Powerline & Utility Division	Hinds County, Mississippi	Original	#378760 filed 7/9/99
Irby Construction Company	Scott Truck & Tractor Co. of LA, Inc. Powerline & Utility Division	Hinds County, Mississippi	Original	#378761 filed 7/9/99
Irby Construction Company	Scott Truck & Tractor Co. of LA, Inc. Powerline & Utility Division	Hinds County, Mississippi	Original	#379880 filed 8/18/99
Irby Construction Company	Southeastern Crane Inc.	Florida Secretary of State	Original	#990000213563 filed 9/17/99
PAR Electrical Contractors, Inc.	Steelcase Financial Services, Inc.	Missouri Secretary of State	Original	#20018069813E filed 12/28/01
Crown Fiber Communications, Inc.	Textron Financial Corporation	Barrow Co., GA	Original	#007-99-003034 filed 3/22/99
P.D.G. Electric Company	The CIT Group/Equipment Financing, Inc.	Florida Secretary of State	Original	#980000255345 filed 11/16/98
PAR Electrical Contractors, Inc.	The CIT Group/Equipment Financing, Inc.	California Secretary of State	Original	#0127060381 filed 9/26/01
PAR Electrical Contractors, Inc.	The CIT Group/Equipment Financing, Inc.	Missouri Secretary of State	Original	#4010681 filed 1/31/00
Trawick Construction Company, Incorporated	Thompson Tractor Co., Inc.	Florida Secretary of State	Original	#990000025443 filed 2/4/99
Trawick Construction Company, Incorporated	Thompson Tractor Co., Inc.	Florida Secretary of State	Original	#98-0000264433 filed 11/30/98
The Ryan Company, Inc.	Tom Gowney Equipment, Inc.	Massachusetts Secretary of State	Original	#200213672140 filed 7/29/02
H.L. Chapman Pipeline Construction, Inc.	Trencor, Inc.	Texas Secretary of State	Original	#00-436961 filed 2/22/00

Croce Electric Company, Inc.	Trinity Capital Corporation	Massachusetts Secretary of State	Original	#01768453 filed 1/4/01
The Ryan Company, 6/25/01	Tyler Equipment	Massachusetts	Original	#200103470830 filed

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Spalj Construction Company	U.S. Bancorp	Delaware Secretary of State	Original	#11664346 filed 11/13/01
Dillard Smith Construction Company	U.S. Bancorp Equipment Finance, Inc.	Delaware Secretary of State	Original	#32506783 filed 9/26/03
Coast to Coast & Howard O Brown & Mary Kathleen Brown 4/19/99 - #94089846 filed	U.S. Small Business Administration	California Secretary of State	Original ********** Continuation	#94089846 filed 5/9/94 ********** #99111C0068 filed continuation of 5/9/94
PAR Electrical Contractors, Inc. 3/26/02	Union Distributing of Tucson	Arizona Secretary of State	Original	#20021210191-2 filed
PAR Electrical Contractors, Inc. 5/28/03	Union Distributing of Tucson	Arizona Secretary of State	Original	#20031263520-4 filed
Intermountain Electric Inc. 7/25/00	Universal Tractor Co	Colorado Secretary of State	Original	#20002067174 filed
Intermountain Electric 7/25/00	Universal Tractor Co.	Colorado Secretary of State	Original	#20002067173 filed
PAR Electrical Contractors, Inc. 1/24/03	US Bancorp	Missouri Secretary of State	Original	#20030008109E filed
Potelco, Inc. 9/24/02	US Bancorp	Washington Secretary of State	Original	#200226830942 filed
R.A. Waffensmith & Co., Inc. 5/19/03	US Bancorp	Colorado Secretary of State	Original	#20032053445 M filed
H.L. Chapman Pipeline Construction, Inc.	Vermeer Equipment of Texas, Inc.	Texas Secretary of State	Original	#00-576707 filed 8/31/00
Trawick Construction Company 6/19/00	Vermeer Sales & Service, Inc.	Florida Secretary of State	Original	#200000141496 filed
Trawick Construction Co., Inc. 6/19/00	Vermeer Sales & Service, Inc.	Florida Secretary of State	Original	#200000141496 filed
Trawick Construction Company 6/1/00	Vermeer Sales & Service, Inc.	Florida Secretary of State	Original	#200000127141 filed
Trawick Construction Co., Inc. 8/4/99	Vermeer Sales & Service, Inc.	Florida Secretary of State	Original	#990000177313 filed
H.L. Chapman Pipeline Construction, Inc.	Waukesha-Pearce Industries, Inc.	Texas Secretary of State	Original	#99-028902 filed 2/10/99
3/16/99	Assigned to: Komatsu Financial Limited		********** assignment	********** #99-664542 filed

Dillard Smith Construction Company	Wayne Supply Company	Tennessee Secretary of State	Original	#101-019882 filed 3/13/01
Dillard Smith Construction Company	Wayne Supply Company	Tennessee Secretary of State	Original	#200-43087 filed 12/1/00
Dillard Smith Construction Company	Wayne Supply Company	Tennessee Secretary of State	Original	#201-046652 filed 1/4/01
Potelco, Inc. 8/26/02	Wells Fargo Bank Northwest, N.A.	Washington Secretary of State	Original	#200223849091 filed

<TABLE>
<CAPTION>

COMPANY	SECURED PARTY	JURISDICTION	TYPE OF FILING	FILING INFORMATION
<S>	<C>	<C>	<C>	<C>
Potelco, Inc. 1/31/00	Western Power & Equipment Corp. Assignee: Case Credit Corporation	Washington Secretary of State	Original	#20000310097 filed
Dillard Smith Construction Company	Whayne Supply Company	Delaware Secretary of State	Original	#11479216 filed 10/22/01
Dillard Smith Construction Company	Whayne Supply Company	Delaware Secretary of State	Original	#11751051 filed 11/19/01
Dillard Smith Construction Company	Whayne Supply Company	Kentucky Secretary of State	Original	#1606150 filed 12/23/00
Dillard Smith Construction Company	Whayne Supply Company	Kentucky Secretary of State	Original	#1606772 filed 2/22/02
Dillard Smith Construction Company	Whayne Supply Company	Tennessee Secretary of State	Original	#983-609385 filed 10/9/98
Dillard Smith 10/21/98 Construction Company	Whayne Supply Company	Tennessee Secretary of State	Original	#983-610133 filed
Dillard Smith Construction Company	Whayne Supply Company	Tennessee Secretary of State	Original	#992-000714 filed 1/6/99
Dillard Smith Construction Company	Whayne Supply Company	Tennessee Secretary of State	Original	#992-001783 filed 1/15/99
Dillard Smith Construction Company	Whayne Supply Company	Tennessee Secretary of State	Original	#992-023809 filed 5/24/99
Dillard Smith Construction Company	Whayne Supply Company	Tennessee Secretary of State	Original	#992-023810 filed 5/24/99
Dillard Smith Construction Company	Whayne Supply Company	Tennessee Secretary of State	Original	#992-029789 filed 6/28/99
Dillard Smith Construction Company	Whayne Supply Company	Tennessee Secretary of State	Original	#993-020628 filed 4/20/99
Dillard Smith Construction Company	Whayne Supply Company	Tennessee Secretary of State	Original	#993-027729 filed 5/18/99
Dillard Smith Construction Company	Whayne Supply Company	Tennessee Secretary of State	Original	#993-027730 filed 5/18/99
Potelco, Inc. 3/13/03	Wiliams Scotsman, Inc.	Washington Secretary of State	Original	#200307621674 filed
Potelco, Inc. 10/15/02	William Scotsman Mobile Offices Assigned to:	California Secretary of State	Original **********	#0228960952 filed **********

</TABLE>

<TABLE>
<CAPTION>

COMPANY	SECURED PARTY	JURISDICTION	TYPE OF FILING	FILING INFORMATION
<S>	<C>	<C>	<C>	<C>
			assignment	#03218C0300 filed 7/31/03
	Tatonka Capital Corporation			
The Ryan Company, Inc.	William Scotsman	Massachusetts	Original	#200208218580 filed 1/10/02
	Mobile Offices	Secretary of State		
Mears/CPG Inc.	Wolverine Tractor & Equipment Co.	Michigan Secretary of State	Original	#D489334 filed 3/11/99
Mears/CPG Inc.	Wolverine Tractor & Equipment Co.	Michigan Secretary of State	Original	#D489332 filed 3/11/99
Mears/CPG Inc.	Wolverine Tractor & Equipment Co.	Michigan Secretary of State	Original	#D489333 filed 3/11/99
Mears/CPG, Inc.	Wolverine Tractor & Equipment Co.	Michigan Secretary of State	Original	#D489831 filed 3/12/99
Mears/CPG, Inc.	Wolverine Tractor & Equipment Co.	Michigan Secretary of State	Original	#D489832 filed 3/12/99
Mears/CPG, Inc.	Wolverine Tractor & Equipment Co.	Michigan Secretary of State	Original	#D489833 filed 3/12/99
Mears/CPG, Inc.	Wolverine Tractor & Equipment Co.	Michigan Secretary of State	Original	#D490063 filed 3/12/99
Mears/CPG, Inc.	Wolverine Tractor & Equipment Co.	Michigan Secretary of State	Original	#D490064 filed 3/12/99
Mears/CPG, Inc.	Wolverine Tractor & Equipment Co.	Michigan Secretary of State	Original	#D490065 filed 3/12/99
Quanta Services, Inc.	Yokohama Tire Corporation	Texas Secretary of State	Original	#00-579046 filed 9/5/00

</TABLE>

Schedule 8.02

INVESTMENTS EXISTING ON THE CLOSING DATE

All Investments existing on the Closing Date in:

- Pivotel, LLC, a Delaware limited liability company (or any of its successors or assigns);

- MLM Services, L.L.C., an Oklahoma limited liability company (or any of its successors or assigns); and

- Foreign Subsidiaries existing on or prior to the Closing Date, including, without limitation, Investments in Allteck Line Contractors, Inc., a British Columbia corporation (or any of its successors or assigns) (including, without limitation, pursuant to that certain letter of credit no. 3048269 for the benefit of Bank of Nova Scotia in the amount of $4,050,000), Mears Canada Corp., a Nova Scotia corporation (or any of its successors or assigns) and Mearsmex S. de R.L. de C.V., a sociedad de responsabilidad limitada de capital variable organized under the laws of Mexico (or any of its successors or assigns).

Schedule 8.03

INDEBTEDNESS EXISTING ON THE CLOSING DATE

<TABLE>
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CREDITOR NAME	DEBTOR	MATURITY DATE	AMOUNT OUTSTANDING AS OF OCTOBER 31, 2003
<S>	<C>	<C>	<C>
Bank of Nova Scotia	Potelco, Inc.	Revolver	

$2,137,173.66
Bill Jones North Houston Pole Line Corp. Dec-03
7,500.00
Bill Jones North Houston Pole Line Corp. Dec-03
2,333.34
Case North Houston Pole Line Corp. Nov-06
120,945.73
Case North Houston Pole Line Corp. Feb-04
52,836.76
Case North Houston Pole Line Corp. Jun-04
34,857.25
Case North Houston Pole Line Corp. Nov-04
33,716.00
Case North Houston Pole Line Corp. Apr-04
14,080.03
Case Credit Potelco, Inc. Jun-04
87,462.27
Case Credit Potelco, Inc. Dec-03
9,782.70
Case Credit Potelco, Inc. Dec-03
9,198.76
Case Credit Potelco, Inc. Dec-03
9,198.76
Case Credit Potelco, Inc. Dec-03
7,188.80
Case Credit Potelco, Inc. Feb-04
12,405.10
Case Credit Potelco, Inc. Apr-04
7,507.61
Case Credit Potelco, Inc. Apr-04
5,729.95
Case Credit Potelco, Inc. Apr-04
5,729.95
Case Credit Potelco, Inc. Apr-04
5,729.95
Case Credit Potelco, Inc. Apr-04
5,729.95
Case Credit Potelco, Inc. Apr-04
5,729.95
Case Credit Potelco, Inc. Apr-04
5,729.95
Case Credit Potelco, Inc. Apr-04
5,729.95
Case Credit Corp. Golden State Utility Co. May-06
34,314.50
Case Credit Corp. Golden State Utility Co. May-06
30,921.14
Case Credit Corporation Trawick Construction Co. Aug-04
38,100.86
Cat Financial North Houston Pole Line Corp. Apr-06
205,226.231
Caterpillar Underground Construction Co., Inc. Oct-05
159,711.18
Caterpillar Underground Construction Co., Inc. May-04
17,317.47
Caterpillar Sumter Utilities, Inc. Jan-04
4,090.61
Caterpillar Sumter Utilities, Inc. Jan-04
2,863.48
Caterpillar Finance IRBY Construction Co. Dec-03
38,722.75
CitiCapital North Houston Pole Line Corp. Feb-04
24,204.18
Citicapital Dillard Smith Construction Co. Mar-05
19,680.32
Citicapital Dillard Smith Construction Co. Jan-05
17,865.00
FirstBank Mears Group, Inc. Mar-04
57,186.53
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- ----------
(1) Amount oustanding as of November 2003

<TABLE>
<S> <C> <C> <C>
FirstBank Mears Group, Inc. Apr-04
16,281.96
Ford Motor Sumter Utilities, Inc. Dec-03
464.96
Ford Motor Credit The Ryan Co., Inc. Aug-05
13,435.98
Ford Motor Credit Company Environmental Professional Assocs. Jun-04
4,120.09

GE Capital	Sumter Utilities, Inc.	Dec-04	34,971.77
GE Capital	Sumter Utilities, Inc.	Oct-04	26,139.37
GE Capital	Sumter Utilities, Inc.	Jan-05	12,878.47
GE Capital	Sumter Utilities, Inc.	Jan-04	11,563.59
GE Capital	Sumter Utilities, Inc.	Dec-03	7,587.86
GE Capital	Sumter Utilities, Inc.	Dec-03	6,094.99
GE Capital	Arby Construction, Inc.	Dec-04	2,918.16
GMAC	Haines Construction Co.	Jan-05	13,709.76
HSBC	Sumter Utilities, Inc.	Jul-04	24,654.98
Information Leasing	Mears Group, Inc.	Mar-04	54,450.74
Irwin Union	Mears Group, Inc.	Jun-05	541,842.73
Irwin Union	Mears Group, Inc.	Aug-04	232,116.67
Irwin Union	Mears Group, Inc.	Apr-05	79,015.76
John Deere	Utilco, Inc.	Mar-05	18,963.08
Komatsu Financial	Chapman Construction Group	Jan-05	72,931.40
Kubota	Sumter Utilities, Inc.	Apr-03	243,297.30
Kubota	Sumter Utilities, Inc.	Apr-03	22,014.17
Lineco	Mustang Line Contractors, Inc.	Oct-04	146,157.40
Lineco	Mustang Line Contractors, Inc.	Sep-04	107,245.61
Lineco	Mustang Line Contractors, Inc.	Nov-03	14,153.21
Navistar	Sumter Utilities, Inc.	May-06	142,428.75
Navistar	Sumter Utilities, Inc.	Jun-06	141,760.15
Navistar	Sumter Utilities, Inc.	Nov-05	127,474.24
Navistar	Sumter Utilities, Inc.	Aug-06	103,335.88
Navistar	Sumter Utilities, Inc.	Dec-05	91,721.97
Navistar	Sumter Utilities, Inc.	Nov-06	86,147.74
Navistar	Sumter Utilities, Inc.	Feb-06	71,130.72
Navistar	Sumter Utilities, Inc.	Jan-06	59,974.97
Navistar	Sumter Utilities, Inc.	Nov-05	48,519.43
Navistar	Sumter Utilities, Inc.	Sep-06	40,753.94
Navistar	Sumter Utilities, Inc.	Oct-06	38,932.24
Navistar	Sumter Utilities, Inc.	Jun-06	36,768.01
Navistar	Sumter Utilities, Inc.	May-06	35,775.79
Navistar	Sumter Utilities, Inc.	Sep-06	31,209.00
Navistar	Sumter Utilities, Inc.	Jun-06	29,325.60
Navistar	Sumter Utilities, Inc.	Jul-04	19,701.78
New Holland Credit	Spalj Construction Co.	May-05	8,904.45
New Holland Credit	Spalj Construction Co.	Apr-05	8,485.10
Steelcase Financial	Par Electrical Contractors, Inc.	Feb-05	60,236.12
United Leasing Associates	Arby Construction, Inc.	Dec-04	3,108.65
United Leasing Associates	Arby Construction, Inc.	Dec-04	2,470.68
United Leasing Associates	Arby Construction, Inc.	Dec-04	1,259.68

</TABLE>

<TABLE>
<S> <C> <C> <C>
United Leasing Associates Arby Construction, Inc. Dec-04
1,097.03
US Bancorp Par Electrical Contractors, Inc. Jul-04
115,281.50
US Bancorp Par Electrical Contractors, Inc. Dec-03
27,141.51
Wm Dillard Smith Dillard Smith Construction Co. Apr-07
189,059.40
WS Leasing Potelco, Inc. Apr-04
3,586.08

Total:
$6,469,101.09
</TABLE>

Schedule 8.08
TRANSACTIONS WITH AFFILIATES AND INSIDERS

- - In February 2000, Borrower submitted a written notice to Gary A. Tucci, a member of Borrower's board of directors and an officer of Potelco, Inc., a Loan Party ("Potelco"), seeking indemnification from him for certain accounts receivable losses sustained by Borrower in connection with its acquisition of Potelco. The total amount outstanding as a result of this indemnification claim as of the Closing Date is $144,104. As of the Closing Date, Borrower is negotiating the settlement of this claim with Mr. Tucci.

- - From time to time, Borrower or a Subsidiary may enter into agreements to the extent permitted by this Agreement (other than this Section 8.08) with and/or take a minority ownership position in companies owned or controlled by family members of officers of such Person for purposes of obtaining benefits available in connection with governmental programs, organizations or incentives (including, by way of illustration and without limitation, such programs or incentives relating to small businesses or transactions with women- or minority-owned businesses).

- - From time to time and as part of the arms-length negotiation of the acquisition of Subsidiaries, Borrower or its Subsidiaries may have entered into transactions with certain officers of its Subsidiaries (including, by way of illustration and without limitation, leases or rental agreements with such officers) that, when taken outside the context of the acquisition as a whole, may not be viewed as being substantially as favorable to Borrower as would be obtainable by it in an arms-length transaction with a different third-party.

Schedule 11.02
CERTAIN ADDRESSES FOR NOTICE

1. Address for all Loan Parties:
Quanta Services, Inc.
1360 Post Oak Blvd., Suite 2100
Houston, Texas 77056
Attention: Chief Financial Officer
Telephone: (713) 629-7600
Facsimile: (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
Facsimile: (713) 629-7676
With a copy to:
Quanta Services, Inc.
1360 Post Oak Blvd., Suite 2100
Houston, Texas 77056
Attention: Treasurer
Telephone: (713) 629-7600
Facsimile: (713) 629-7676

2. Address for Administrative Agent:
For payments and Requests for Credit Extensions:
Bank of America, N.A.
Bank of America Plaza
901 Main St.
Dallas, TX 75202
Mail Code: TX1-492-14-14
Attention: Monica Barnes
Telephone: (214) 209-9289

Facsimile: (214) 290-9442
Electronic Mail: monica.t.barnes@bankofamerica.com
For all other Notices as Agent:
Bank of America, N.A.
Agency Management
231 South LaSalle Street
Chicago, Illinois 60604
Mail Code: IL1-231-08-30
Attention: Rosanne Parsill
Telephone: (312) 923-1639
Facsimile: (877) 206-8429
Electronic Mail: rosanne.parsill@bankofamerica.com
For all other Notices as Lender:

3. Address for L/C Issuer and Credit L/C Issuer:
Bank of America, N.A.
Trade Operations - Los Angeles
333 S. Beaudry Avenue, 23rd Floor
Los Angeles, CA 90017-1466

Mail Code: CA9-703-19-23
Attention: Sandra Leon
Telephone: (213) 345-5231
Facsimile: (213) 345-0265
Email: sandra.leon@bankofamerica.com

4. Address for Swing Line Lender:
Bank of America, N.A.
Bank of America Plaza
901 Main St.
Dallas, TX 75202
Mail Code: TX1-492-14-14
Attention: Monica Barnes
Telephone: (214) 209-9289
Facsimile: (214) 290-9442
Electronic Mail: monica.t.barnes@bankofamerica.com

Exhibit A

FORM OF LETTER OF CREDIT TRANSFER NOTICE

Date: _____, 200__

To: Bank of America, N.A., as Administrative Agent

Re: Credit Agreement (as amended, modified, supplemented and extended from time to time, the "Credit Agreement") dated as of December ___, 2003 among Quanta Services, Inc., a Delaware corporation (the "Borrower"), the Guarantors identified therein, the Lenders identified therein, and Bank of America, N.A., as Administrative Agent, L/C Issuer, Credit-Linked L/C Issuer Swing Line Lender. Capitalized terms used but not otherwise defined herein have the meanings provided in the Credit Agreement.

Ladies and Gentlemen:

The undersigned hereby requests:

1. Transfer of Letter of Credit no. _____ issued pursuant to Section 2.03 to a Credit-Linked Letter of Credit issued pursuant to Section 2.05.

2. On _____, 200__ (which is a Business Day).

3. In the amount of _____.

With respect to such transfer of Letter of Credit no. _____ to a Credit-Linked Letter of Credit, the Borrower hereby represents and warrants that (i) such request complies with the requirements of Section 2.05(a)(vi) of the Credit Agreement and (ii) each of the conditions set forth in Section 5.02 of the Credit Agreement have been satisfied on and as of the date of such transfer of Letters of Credit.

QUANTA SERVICES, INC.,
a Delaware corporation

By: _____
Name:
Title:

Exhibit B

FORM OF LOAN NOTICE

Date: _____, 200__

To: Bank of America, N.A., as Administrative Agent

Re: Credit Agreement (as amended, modified, supplemented and extended from time to time, the "Credit Agreement") dated as of December ___, 2003 among Quanta Services, Inc., a Delaware corporation (the "Borrower"), the Guarantors identified therein, the Lenders identified therein, and Bank of America, N.A., as Administrative Agent, L/C Issuer, Credit-Linked L/C Issuer and Swing Line Lender. Capitalized terms used but not otherwise defined herein have the meanings provided in the Credit Agreement.

Ladies and Gentlemen:

The undersigned hereby requests (select one):

[ ] A Borrowing of Revolving Loans

[ ] A Borrowing of Term Loans

[ ] A conversion or continuation of Revolving Loans or Term Loans

1. On _____, 200__ (which is a Business Day).

2. In the amount of $_____.

3. Comprised of _____ (Type of Loan requested).

4. For Eurodollar Rate Loans: with an Interest Period of _____ months.

With respect to any borrowing or any conversion or continuation requested herein, the Borrower hereby represents and warrants that (i) in the case of a borrowing of Revolving Loans, such request complies with the requirements of the proviso to the first sentence of Section 2.01(a) of the Credit Agreement, (ii) in the case of a borrowing of Term Loans, such request complies with the requirements of the proviso of the first sentence of Section 2.06(a)(i) of the Credit Agreement and (iii) in the case of a borrowing or any conversion or continuation, each of the conditions set forth in Section 5.02 of the Credit Agreement have been satisfied on and as of the date of such borrowing or such conversion or continuation.

QUANTA SERVICES, INC.,
a Delaware corporation

By: _____
Name:
Title:

Exhibit C

FORM OF REQUEST FOR CREDIT-LINKED DEPOSIT

Date: _____, 200__

To: Bank of America, N.A., as Administrative Agent

Re: Credit Agreement (as amended, modified, supplemented and extended from time to time, the "Credit Agreement") dated as of December ___, 2003 among Quanta Services, Inc., a Delaware corporation (the "Borrower"), the Guarantors identified therein, the Lenders identified therein, and Bank of America, N.A., as Administrative Agent, L/C Issuer, Credit-Linked L/C Issuer and Swing Line Lender. Capitalized terms used but not otherwise defined herein have the meanings provided in the Credit Agreement.

Ladies and Gentlemen:

The undersigned hereby notifies the Administrative Agent that it will repay on _____, 200_ (which is a Business Day) Term Loans in the outstanding principal amount of $_____ by paying Dollars to the Administrative Agent for deposit in the Credit-Linked Deposit Account.

QUANTA SERVICES, INC.,
a Delaware corporation

By: _____
Name:
Title:

Exhibit D

FORM OF SWING LINE LOAN NOTICE

Date: _____, 200__

To: Bank of America, N.A., as Swing Line Lender

Cc: Bank of America, N.A., as Administrative Agent

Re: Credit Agreement (as amended, modified, supplemented and extended from time to time, the "Credit Agreement") dated as of December ___, 2003 among Quanta Services, Inc., a Delaware corporation (the "Borrower"), the Guarantors identified therein, the Lenders identified therein, and Bank of America, N.A., as Administrative Agent, L/C Issuer, Credit-Linked L/C Issuer and Swing Line Lender. Capitalized terms used but not otherwise defined herein have the meanings provided in the Credit Agreement.

Ladies and Gentlemen:

The undersigned hereby requests a Swing Line Loan:

1. On _____ , 200__ (a Business Day).

2. In the amount of $_____.

With respect to such Borrowing of Swing Line Loans, the Borrower hereby represents and warrants that (i) such request complies with the requirements of the proviso to the first sentence of Section 2.04(a) of the Credit Agreement and (ii) each of the conditions set forth in Section 5.02 of the Credit Agreement have been satisfied on and as of the date of such Borrowing of Swing Line Loans.

QUANTA SERVICES, INC.,
a Delaware corporation

By: _____
Name:
Title:

Exhibit E-1

FORM OF REVOLVING NOTE

December __, 2003

FOR VALUE RECEIVED, the undersigned (the "Borrower"), hereby promises to pay to _____ or registered assigns (the "Lender"), in accordance with the provisions of the Credit Agreement (as hereinafter defined), the principal amount of each Revolving Loan from time to time made by the Lender to the Borrower under that certain Credit Agreement (as amended, modified, supplemented and extended from time to time, the "Credit Agreement") dated as of December __, 2003 among the Borrower, the Guarantors identified therein, the Lenders identified therein and Bank of America, N.A., as Administrative Agent, L/C Issuer, Credit-Linked L/C Issuer and Swing Line Lender. Capitalized terms used but not otherwise defined herein have the meanings provided in the Credit Agreement.

The Borrower promises to pay interest on the unpaid principal amount of each Revolving Loan from the date of such Revolving Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Credit Agreement. All payments of principal and interest shall be made to the Administrative Agent for the account of the Lender in Dollars in immediately available funds at the Administrative Agent's Office. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Credit Agreement.

This Note is one of the Notes referred to in the Credit Agreement, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. Upon the occurrence and continuation of one or more of the Events of Default specified in the Credit Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable all as provided in the Credit Agreement. Revolving Loans made by the Lender shall be evidenced by one or more loan accounts or records maintained by the Lender in the ordinary course of business. The Lender may also attach schedules to this Note and endorse thereon the date, amount and maturity of its Revolving Loans and payments with respect thereto.

The Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and nonpayment of this Note.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

QUANTA SERVICES, INC.,
a Delaware corporation

By: _____
Name:
Title:

Exhibit E-2

FORM OF SWING LINE NOTE

December __, 2003

FOR VALUE RECEIVED, the undersigned (the "Borrower"), hereby promises to pay to BANK OF AMERICA, N.A. or registered assigns (the "Swing Line Lender"), in accordance with the provisions of the Credit Agreement (as hereinafter defined), the principal amount of each Swing Line Loan from time to time made by the Swing Line Lender to the Borrower under that certain Credit Agreement (as amended, modified, supplemented and extended from time to time, the "Credit Agreement") dated as of December __, 2003 among the Borrower, the Guarantors identified therein, the Lenders identified therein and Bank of America, N.A., as Administrative Agent, L/C Issuer, Credit-Linked L/C Issuer and Swing Line Lender. Capitalized terms used but not otherwise defined herein have the meanings provided in the Credit Agreement.

The Borrower promises to pay interest on the unpaid principal amount of each Swing Line Loan from the date of such Swing Line Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Credit Agreement. All payments of principal and interest shall be made to the Administrative Agent for the account of the Swing Line Lender in Dollars in immediately available funds at the Administrative Agent's Office. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Credit Agreement.

This Note is one of the Notes referred to in the Credit Agreement, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. Upon the occurrence and continuation of one or more of the Events of Default specified in the Credit Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable all as provided in the Credit Agreement. Swing Line Loans made by the Swing Line Lender shall be evidenced by one or more loan accounts or records maintained by the Lender in the ordinary course of business. The Swing Line Lender may also attach schedules to this Note and endorse thereon the date, amount and maturity of its Swing Line Loans and payments with respect thereto.

The Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and nonpayment of this Note.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

QUANTA SERVICES, INC.,
a Delaware corporation

By: _____
Name:
Title:

Exhibit E-3

FORM OF CREDIT-LINKED NOTE

December __, 2003

FOR VALUE RECEIVED, the undersigned (the "Borrower"), hereby promises to pay to _____ or registered assigns (the "Lender"), in accordance with the provisions of the Credit Agreement (as hereinafter defined), the principal amount of each Term Loan from time to time made by the Lender to the Borrower under that certain Credit Agreement (as amended, modified, supplemented and extended from time to time, the "Credit Agreement") dated as of December __, 2003 among the Borrower, the Guarantors identified therein, the Lenders identified therein and Bank of America, N.A., as Administrative Agent, L/C Issuer, Credit-Linked L/C Issuer and Swing Line Lender. Capitalized terms used but not otherwise defined herein have the meanings provided in the Credit Agreement.

The Borrower promises to pay interest on the unpaid principal amount of (a) each Credit-Linked L/C Advance from the date of such Credit-Linked L/C Advance until

such principal amount is paid in full and (b) each Term Loan from the date of such Term Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Credit Agreement. All payments of principal and interest shall be made to the Administrative Agent for the account of the Lender in Dollars in immediately available funds at the Administrative Agent's Office. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Credit Agreement.

This Note is one of the Notes referred to in the Credit Agreement, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. Upon the occurrence and continuation of one or more of the Events of Default specified in the Credit Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable all as provided in the Credit Agreement. Credit-Linked L/C Advances and Term Loans made by the Lender shall be evidenced by one or more loan accounts or records maintained by the Lender in the ordinary course of business. The Lender may also attach schedules to this Note and endorse thereon the date, amount and maturity of its Credit-Linked L/C Advances and Term Loans and payments with respect thereto.

The Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and nonpayment of this Note.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

QUANTA SERVICES, INC.,
a Delaware corporation

By: _____
Name:
Title:

Exhibit F

FORM OF COMPLIANCE CERTIFICATE

Financial Statement Date: _____, 200__

To: Bank of America, N.A., as Administrative Agent

Re: Credit Agreement (as amended, modified, supplemented and extended from time to time, the "Credit Agreement") dated as of December __, 2003 among Quanta Services, Inc., a Delaware corporation (the "Borrower"), the Guarantors identified therein, the Lenders identified therein, and Bank of America, N.A., as Administrative Agent, L/C Issuer, Credit-Linked L/C Issuer and Swing Line Lender. Capitalized terms used but not otherwise defined herein have the meanings provided in the Credit Agreement.

Ladies and Gentlemen:

The undersigned Responsible Officer hereby certifies as of the date hereof that [he/she] is the _____ of the Borrower, and that, in [his/her] capacity as such, [he/she] is authorized to execute and deliver this Certificate to the Administrative Agent on the behalf of the Borrower, and that:

[Use following paragraph 1 for fiscal year-end financial statements:]

[1. Attached hereto as Schedule 1 are the year-end audited financial statements required by Section 7.01(a) of the Credit Agreement for the fiscal year of the Borrower ended as of the above date, together with the report and opinion of an independent certified public accountant required by such section.]

[Use following paragraph 1 for fiscal quarter-end financial statements:]

[1. Attached hereto as Schedule 1 are the unaudited financial statements required by Section 7.01(b) of the Credit Agreement for the fiscal quarter of the Borrower ended as of the above date. Such financial statements fairly present the financial condition, results of operations and cash flows of the Borrower and its Subsidiaries in accordance with GAAP as at such date and for such period, subject only to normal year-end audit adjustments and the absence of footnotes.]

2. The undersigned has reviewed and is familiar with the terms of the Credit Agreement and has made, or has caused to be made, a detailed review of the transactions and condition (financial or otherwise) of the Borrower during the accounting period covered by the attached financial statements.

3. A review of the activities of the Borrower during such fiscal period has been made under the supervision of the undersigned with a view to

determining whether during such fiscal period the Borrower performed and observed all its Obligations under the Loan Documents, and

[select one:]

[to the best knowledge of the undersigned during such fiscal period, the Borrower performed and observed each covenant and condition of the Loan Documents applicable to it.]

[or:]

[the following covenants or conditions have not been performed or observed and the following is a list of each such Default and its nature and status:]

4. The representations and warranties of the Loan Parties contained in the Credit Agreement or any other Loan Document, are true and correct on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and except that for purposes of this Compliance Certificate, the representations and warranties contained in subsections (a) and (b) of Section 6.05 of the Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 7.01 of the Credit Agreement, including the statements in connection with which this Compliance Certificate is delivered.

5. The financial covenant analyses and information set forth on Schedule 2 hereto are true and accurate on and as of the date of this Certificate.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of _____, 200__.

QUANTA SERVICES, INC.,
a Delaware corporation

By: _____
Name:
Title:

SCHEDULE 2
TO COMPLIANCE CERTIFICATE

<TABLE>

<S>	<C>
1. Consolidated Net Worth	
(c) Actual Consolidated Net Worth	$_____
(d) Beginning Consolidated Net Worth	$570,000,000
(e) 50% of Consolidated Net Income	$_____
(f) Equity Issuances	$_____
(g) Permitted Charges	$_____
(h) Non-Cash Charges	$_____
(i) [(c) - (d) - (e)]	$_____
(j) Minimum Consolidated Net Worth [(a) + (b) + (f)]	$_____
2. Consolidated Leverage Ratio	
(a) Consolidated Funded Indebtedness $	
(b) unrestricted cash and Cash Equivalents in excess of $25 million	$_____
(c) [(a) - (b)]	$_____
(d) Consolidated EBITDA	$_____
(e) Consolidated Leverage Ratio [(c) / (d)]	_____:1.0
3. Consolidated Senior Leverage Ratio	
(a) Consolidated Funded Indebtedness (other than Subordinated Indebtedness)	$_____
(b) unrestricted cash and Cash Equivalents in excess of $25 million	$_____

(c) [(a) - (b)] $_____

(d) Consolidated EBITDA $_____

(e) Consolidated Senior Leverage Ratio
[(c) / (d)] _____:1.0
</TABLE>

<TABLE>
<S> <C>
4. Consolidated Interest Coverage Ratio

(a) Consolidated EBIT $

(b) Consolidated Interest Expense $_____

(c) interest expense attributable to capital loan costs and fees paid in connection with issuance of letters of credit $_____

(d) [(b) + (c)] $

(e) Consolidated Interest Coverage Ratio
[(a) / (d)] _____:1.0

5. Consolidated Asset Coverage Ratio

(a) Consolidated Net Accounts $_____

(b) Consolidated Net PP&E $_____

(c) Consolidated Net Assets
[(a) + (b)] $_____

(d) Consolidated Funded Indebtedness (other than Subordinated Indebtedness) $_____

(e) unrestricted cash and Cash Equivalents in excess of $25,000,000 $_____

(f) [(d) - (e)] $_____

(g) Consolidated Asset Coverage Ratio
[(c) / (f)] _____:1.0
</TABLE>

Exhibit G

FORM OF ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (this "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [Insert name of Assignor] (the "Assignor") and [Insert name of Assignee] (the "Assignee"). Capitalized terms used but not defined herein have the meanings provided in the Credit Agreement identified below, receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including, without limitation, Letters of Credit, Credit-Linked Letters of Credit, Guarantees and Swing Line Loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as, the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment

and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____

2. Assignee: _____ [and is an Affiliate/Approved Fund of [identify Lender]]

3. Borrower: Quanta Services, Inc., a Delaware corporation

4. Administrative Agent: Bank of America, N.A., as the administrative agent under the Credit Agreement

5. Credit Agreement: The Credit Agreement dated as of December __, 2003 by and among the Borrower, the Guarantors, the Lenders parties thereto, and Bank of America, N.A., as Administrative Agent, L/C Issuer, Credit-Linked L/C Issuer and Swing Line Lender

6. Assigned Interest:

<TABLE>
<CAPTION>

Facility Assigned(2)	Aggregate Amount of Commitment/Loans for all Lenders	Amount of Commitment/Loans Assigned(3)	Percentage Assigned of Commitment/Loans(4)
<S>	<C>	<C>	<C>

</TABLE>

7. Trade Date: _____(5)

8. Effective Date: _____(6)

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR: [NAME OF ASSIGNOR]

By: _____
Name:
Title:

ASSIGNEE: [NAME OF ASSIGNEE]

By: _____
Name:
Title:

[Consented to and](7) Accepted:

BANK OF AMERICA, N.A., as Administrative Agent

By: _____
Name:
Title:

[Consented to:](8)

QUANTA SERVICES, INC.

By: _____
Name:

- ----------

(2) Fill in the appropriate terminology for the types of facilities under the Credit Agreement that are being assigned under this Assignment (e.g. "Revolving Commitment" and "Credit-Linked Loan Commitment")

(3) Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

(4) Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

(5) To be completed if the Assignor and the Assignee intend that the minimum assignment amount is to be determined as of the Trade Date.

(6) To be inserted by Administrative Agent and shall be the effective date of recordation of transfer in the register therefor.

(7) To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.

(8) To be added only if the consent of the Borrower is required by the terms of the Credit Agreement.

Title:

[Consented to:] (9)

BANK OF AMERICA, N.A., as L/C Issuer, Credit-Linked L/C Issuer and Swing Line Lender

By: _____
Name:
Title:

- ----------

(9) To be added only if the consent of the Swing Line Lender, L/C Issuer and Credit-Linked L/C Issuer is required by the terms of the Credit Agreement.

Annex 1 to Assignment and Assumption

STANDARD TERMS AND CONDITIONS

1. Representations and Warranties.

1.1. Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all requirements of an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 7.01 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a Foreign Lender, attached hereto is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed

by, and construed in accordance with, the law of the State of New York.

Exhibit H

FORM OF JOINDER AGREEMENT

THIS JOINDER AGREEMENT (the "Agreement") dated as of _____, 200__ is by and between _____, a _____ (the "New Subsidiary"), and Bank of America, N.A., in its capacity as Administrative Agent under that certain Credit Agreement (as amended, modified, supplemented and extended from time to time, the "Credit Agreement") dated as of December __, 2003 among Quanta Services, Inc., a Delaware corporation (the "Borrower"), the Guarantors identified therein, the Lenders identified therein and Bank of America, N.A., as Administrative Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

The Loan Parties are required by Section 7.12 of the Credit Agreement to cause the New Subsidiary to become a "Guarantor" thereunder. Accordingly, the New Subsidiary hereby agrees as follows with the Administrative Agent, for the benefit of the Lenders:

1. The New Subsidiary hereby acknowledges, agrees and confirms that, by its execution of this Agreement, the New Subsidiary will be deemed to be a party to the Credit Agreement and a "Guarantor" for all purposes of the Credit Agreement, and shall have all of the obligations of a Guarantor thereunder as if it had executed the Credit Agreement. The New Subsidiary hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions applicable to the Guarantors contained in the Credit Agreement. Without limiting the generality of the foregoing terms of this paragraph 1, the New Subsidiary hereby jointly and severally together with the other Guarantors, guarantees to each Lender and the Administrative Agent, as provided in Article IV of the Credit Agreement, the prompt payment and performance of the Obligations in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration or otherwise) strictly in accordance with the terms thereof.

2. The New Subsidiary hereby acknowledges, agrees and confirms that, by its execution of this Agreement, the New Subsidiary will be deemed to be a party to the Security Agreement and a "Grantor" for all purposes of the Security Agreement, and shall have all the obligations of a Grantor thereunder as if it had executed the Security Agreement. The New Subsidiary hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions contained in the Security Agreement. Without limiting generality of the foregoing terms of this paragraph 2, the New Subsidiary hereby grants to the Administrative Agent, for the benefit of the Lenders, a continuing security interest in, and a right of set off against, any and all right, title and interest of the New Subsidiary in and to the Collateral (as defined in the Security Agreement) of the New Subsidiary to secure the prompt payment and performance in full when due, whether by lapse of time, acceleration, mandatory prepayment or otherwise, of the Secured Obligations (as defined in the Security Agreement).

3. The New Subsidiary hereby acknowledges, agrees and confirms that, by its execution of this Agreement, the New Subsidiary will be deemed to be a party to the Pledge Agreement and a "Pledgor" for all purposes of the Pledge Agreement, and shall have all the obligations of a Pledgor thereunder as if it had executed the Pledge Agreement. The New Subsidiary hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions contained in the Pledge Agreement. Without limiting generality of the foregoing terms of this paragraph 3, the New Subsidiary hereby grants, pledges and assigns to the Administrative Agent, for the benefit of the Lenders, a continuing security interest in, and a right of set off against, any and all right, title and interest of the New Subsidiary in and to the Capital Stock identified on Schedule 7 hereto and all other Pledge Collateral (as defined in the Pledge Agreement) of the New Subsidiary to secure the prompt payment and performance in

full when due, whether by lapse of time, acceleration, mandatory prepayment or otherwise, of the Secured Obligations (as defined in the Pledge Agreement).

4. The Subsidiary hereby represents and warrants to the Administrative Agent that:

(a) The New Subsidiary's exact legal name and state of formation are as set forth on the signature pages hereto.

(b) The New Subsidiary's chief executive office is located at the location set forth on Schedule 1 hereto. The New Subsidiariy's taxpayer identification number and organization number are set forth on Schedule 1 hereto.

(c) Other than as set forth on Schedule 2 hereto, the New Subsidiary has not changed its legal name, changed its state of

formation, been party to a merger, consolidation or other change in structure or used any tradename in the five years preceding the date hereof.

(d) Schedule 3 hereto includes all Copyrights, Copyright Licenses, Patents, Patent Licenses, Trademarks and Trademark Licenses owned by the New Subsidiary in its own name, or to which the New Subsidiary is a party, as of the date hereof. None of the Copyrights, Patents and Trademarks of the New Subsidiary set forth in Schedule 4 hereto is the subject of any licensing or franchise agreement, except as set forth on Schedule 4 hereto.

(e) Schedule 4 hereto includes all Commercial Tort Claims before any Governmental Authority by or in favor of the New Subsidiary.

(f) Schedule 5 hereto lists all real property located in the United States that is owned or leased by the New Subsidiary as of the date hereof.

(g) Schedule 6 hereto lists all locations in the United States of tangible personal property that is owned or leased by the New Subsidiary as of the date hereof.

(h) Schedule 7 hereto includes all Subsidiaries of the New Subsidiary, including number of shares of outstanding Capital Stock, the certificate number(s) of the certificates evidencing such Capital Stock and the percentage of such Capital Stock owned by the New Subsidiary.

5. The address of the New Subsidiary for purposes of all notices and other communications is the address designated for all Loan Parties on Schedule 11.02 to the Credit Agreement or such other address as the New Subsidiary may from time to time notify the Administrative Agent in writing.

6. The New Subsidiary hereby waives acceptance by the Administrative Agent and the Lenders of the guaranty by the New Subsidiary under Article IV of the Credit Agreement upon the execution of this Agreement by the New Subsidiary.

7. This Agreement may be executed in multiple counterparts, each of which shall constitute an original but all of which when taken together shall constitute one contract.

8. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the New Subsidiary has caused this Joinder Agreement to be duly executed by its authorized officer, and the Administrative Agent, for the benefit of the Lenders, has caused the same to be accepted by its authorized officer, as of the day and year first above written.

[NEW SUBSIDIARY]

By: _____
Name:
Title:

Acknowledged and accepted:

BANK OF AMERICA, N.A., as Administrative Agent

By: _____
Name:
Title:

Schedule 1

Location of Chief Executive Office;
Taxpayer Identification Number; Organizational Number

Schedule 2

Changes in Legal Name or State of Formation;
Mergers, Consolidations and other Changes in Structure; Tradenames

Schedule 3

IP Rights

Schedule 4

Commercial Tort Claims

Schedule 5

Real Property Locations

Schedule 6

Tangible Personal Property Locations

Schedule 7

Pledged Stock

Exhibit I

BANK OF AMERICA, N.A.

MONEY MARKET ACCOUNT AGREEMENT

Account No. [_____] December __, 2003

1. The amount deposited in this Bank of America, N.A. (the "Bank"), Money Market Account (the "Account") by Bank of America, N.A., as Administrative Agent under that certain Credit Agreement dated as of November __, 2003 (the "Administrative Agent"), on November __, 2003 (the "Initial Deposit Date") is One Hundred Fifty Million Dollars ($150,000,000.00). The Bank will designate the Account on its official records as the "Bank of America, N.A. as Administration Agent Quanta Services, Inc. Credit Linked Deposit Account".

2. The Account shall bear interest during each Interest Period (as defined below) at an interest rate per annum at a rate equal to the LIBO Rate (as defined below) minus fifteen (15) basis points until the Account balance is reduced to zero ($0) (the "Closure Date"). The Bank will accrue interest on the closing balance of the Account daily on the basis of a 360-day year.

"Interest Period" means the period commencing on the Initial Deposit Date or the end of the immediately preceding Interest Period, as applicable, and ending on the date three months thereafter; provided that:

(i) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(ii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) notwithstanding clauses (i) and (ii) above, the final Interest Period shall be the period commencing on the end of the immediately preceding Interest Period and ending on the Closure Date (the "Final Interest Period").

"LIBO Rate" means

(i) for any Interest Period other than the Final Interest Period:

(a) the rate per annum equal to the rate determined by the Bank to be the offered rate that appears on the page of the Telerate screen (or any successor thereto) that displays an average British Bankers Association Interest Settlement

Rate for deposits in Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period,

or

(b) if the rate referenced in the preceding clause (a) does not appear on such page or service or such page or service shall not be available, the rate per annum equal to the rate determined by the Bank to be the offered rate on such other page or other service that displays an average British Bankers Association Interest Settlement Rate for deposits in Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or

(c) if the rates referenced in the preceding clauses (a) and (b) are not available, the rate per annum determined by the Bank as the rate of interest at which deposits in Dollars for delivery on the first day of such Interest Period in same day funds in the approximate amount of the Account, being made or continued and with a term equivalent to such Interest Period would be offered by the Bank's London Branch to major banks in the London interbank eurodollar market at their request at approximately 4:00 p.m. (London time) two Business Days prior to the first day of such Interest Period, and

(ii) for the Final Interest Period, the rate per annum determined by the Bank as provided in clause (a), (b), or (c) above, as applicable, based upon the assumption at the date of determination that such Interest Period will end on the date three months after the start thereof (taking into account the conventions set forth in clauses (i) and (ii) in the definition of "Interest Period" above).

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in New York or Dallas are authorized to close under applicable law or are in fact closed and a day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

"Dollar", "Dollars" and "$" mean lawful money of the United States of America.

3. The Bank agrees to pay interest quarterly in arrears on the first Business Day following the end of each Interest Period to the bank account designated in writing by the Administrative Agent.

4. The Bank reserves the right to require the Administrative Agent to give seven days' advance written notice of any withdrawal or transfer from the Account.

5. The Administrative Agent may make up to six withdrawals or transfers from the Account by telephone during each calendar month. During each calendar month the Administrative Agent also may make transfers from the Account to another account of the Administrative Agent at the Bank or withdrawals (i.e., payments directly to the Administrative Agent) when such transfers or withdrawals are made by written request of the Administrative Agent mailed or delivered by messenger or made in person to the Bank.

6. For each permitted withdrawal or transfer from the Account, the Bank will pay to the Administrative Agent the amount requested up to the amount of the balance of the

Account. Any accrued interest on such amount from and including the immediately preceding quarterly interest payment date to but not including the relevant withdrawal or transfer date will be paid by the Bank to the Administrative Agent on the next quarterly interest payment date or the Closure Date, as the case may be.

7. The Bank represents that (a) this Account creates a debtor-creditor relationship between the Bank and the Administrative Agent, (b) it treats the amount deposited in the Account as a deposit liability on its balance sheet, (c) the terms on which the Account is made available are substantially similar to terms made available to other institutional Bank customers for deposit accounts of the same type, and (d) it classifies the Account as a "savings account"

under Regulation D of the Board of Governors of the Federal Reserve System.

8. The Bank agrees not to close the Account until the Closure Date.

9. All notices required hereunder shall be personally delivered or sent by first class mail, postage prepaid, or by overnight courier, to the addresses on the signature page attached hereto, or sent by facsimile to the fax numbers listed on the signature page, provided by telephone to the telephone numbers listed on the signature page, or to such other addresses as the Bank and the Administrative Agent may specify from time to time in writing. Notices and other communications shall be effective (i) if mailed, upon the earlier of receipt or five (5) days after deposit in the U.S. mail, first class, postage prepaid, (ii) if telecopied, when transmitted, (iii) if telephoned, when the telephonic message is received "live" by an authorized recipient at the telephone number, or (iv) if hand-delivered, by courier or otherwise (including telegram, lettergram or mailgram), when delivered. From time to time, Administrative Agent will designate one or more authorized signers on the Account by execution and delivery of signature cards to the Bank.

BANK OF AMERICA, N.A., as the Bank

By: _____
Name:
Title:

Attention:
Telecopier No.:
Telephone No.:

Accepted and Agreed:

BANK OF AMERICA, N.A., as Administrative Agent

By: _____
Name:
Title:

Attention:
Telecopier No.:
Telephone No.:

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement") dated as of December 19, 2003 is by and among the parties identified as "Debtors" on the signature pages attached hereto and such other parties as may become Debtors hereunder (each a "Debtor" and collectively, the "Debtors"), and Bank of America, N.A., as Administrative Agent, for the ratable benefit of the Lenders (the "Administrative Agent").

RECITALS:

A. Quanta Services, Inc., a Delaware corporation (the "Borrower"), the Guarantors identified therein, the Lenders identified therein, and the Administrative Agent have entered into that certain Credit Agreement dated as of the date hereof (as amended, modified, supplemented or restated from time to time, the "Credit Agreement").

B. This Agreement is required under the terms of the Credit Agreement.

NOW, THEREFORE, in consideration of the premises and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions.

(a) Unless otherwise defined herein, capitalized terms have the same meaning given them in the Credit Agreement.

(b) The following terms shall have the meanings assigned thereto in the Uniform Commercial Code in effect in the State of New York on the date hereof: Accession, Account, Chattel Paper, Commercial Tort Claim, Consumer Goods, Deposit Account, Document, Equipment, Farm Products, Fixtures, General Intangible, Goods, Instrument, Inventory, Investment Property, Letter-of-Credit Right, Proceeds, Software, Standing Timber, Supporting Obligation and Tangible Chattel Paper.

(c) As used herein, the following terms shall have the meaning set forth below:

"Cash Collateral" is defined in Section 2.1(i).

"Collateral" is defined in the last paragraph of Section 2.1.

"Collateral Proceeds" is defined in last paragraph of Section 2.1.

"Collateral Termination Date" means the first date on which no Loan or Credit Extension is outstanding under the Credit Agreement, the Commitments have been permanently terminated, and no other Obligations are due and payable thereunder or under any other Loan Document.

"Copyright License" means any written agreement, naming any Debtor as licensor, granting any right under any Copyright.

"Copyrights" means (a) all registered United States copyrights in all Works, now existing or hereafter created or acquired, all registrations and recordings thereof, and all applications in connection

therewith, including, without limitation, registrations, recordings and applications in the United States Copyright Office, and (b) all renewals thereof.

"Excluded Items" is defined in the last paragraph of Section 2.1.

"Money Market Account" means the "Account" as defined in the Money Market Account Agreement.

"Patent License" means any agreement, whether written or oral, providing for the grant by or to a Debtor of any right to manufacture, use or sell any invention covered by a Patent.

"Patents" means (a) all letters patent of the United States or any other country and all reissues and extensions thereof, and (b) all applications for letters patent of the United States or any other country and all divisions, continuations and continuations-in-part thereof.

"Secured Obligations" is defined in Section 2.2.

"Trademark License" means any agreement, written or oral, providing for the grant by or to a Debtor of any right to use any Trademark.

"Trademarks" means (a) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service

marks, logos and other source or business identifiers, and the goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any state thereof or any other country or any political subdivision thereof, or otherwise and (b) all renewals thereof.

"UCC" means the Uniform Commercial Code.

"Works" means any work that is subject to copyright protection pursuant to Title 17 of the United States Code.

SECTION 2. Security Interest.

2.1 Grant of Security Interest. Subject to the terms of this Agreement and to secure the Secured Obligations, each the Debtors hereby pledges, assigns grants, conveys and transfers to the Administrative Agent, for the benefit of the holders of the Secured Obligations, a security interest in, and a right to set off against, any and all of its right, title and interest in, to and under the following, whether now owned, acquired or arising hereafter:

(a) all Equipment, Goods and Inventory, and (whether or not included in such definitions) all tangible personal property, now owned or hereafter acquired by such Debtor, including, without limitation, (i) all research, storage or office equipment, computer hardware and software, machinery, chattels, tools, parts, machine tools, furniture, furnishings, fixtures and supplies, of every nature, wherever located, and (ii) all conditions, accessories and improvements to any equipment and all substitutions therefor and all accessories, parts and equipment which may be attached to or which are necessary for the operation and use of any equipment, personal property or fixtures, together with all accessions thereto;

(b) all Accounts, cash and currency, all Chattel Paper, those Commercial Tort Claims identified on Schedule 2.1(b) attached hereto, all Documents, all Instruments, all Investment Property, all Letter of Credit Rights, all Supporting Obligations and the Money Market Account;

(c) all rights of such Debtor under or arising out of present or future leases or contracts relating to any equipment;

(d) all General Intangibles (including Deposit Accounts) and all rights of such Debtor in, to and under all Patents, Patent Licenses, Trademarks, Trademark Licenses, trade names, Copyrights, Copyright Licenses, Software, techniques, processes, formulas, know-how or other intellectual property, and licenses thereof;

(e) all rights of such Debtor in, to and under all permits, authorizations, approvals, registrations, licenses, approvals, certificates of convenience or necessity, franchises, immunities, easements, consents, grants, ordinances or other rights granted by any governmental authority;

(f) all rights of such Debtor in and to all books, records, writings, databases (electronic or otherwise), information and other property relating to, used or useful in connection with, or evidencing, embodying, incorporating or referring to, any of the foregoing;

(g) all rights of such Debtor in, to or under (i) all sales orders, sales contracts, purchase orders, purchase contracts, operating agreements, management agreements, service agreements, development agreements, consulting agreements and leases, and (ii) all other contract rights, General Intangibles and, to the extent they can lawfully be conveyed or assigned, under express or implied warranties from providers of goods or services;

(h) all rights of such Debtor in, to and under all products, Accessions, rents, issues, profits, returns, income and Proceeds of any and all Collateral and to the extent not otherwise included, all rights of such Debtor in, to and under all payments under insurance or any indemnity, warranty or guaranty payable by reason of any loss or damage to any Collateral or otherwise with respect to any of the Collateral; and

(i) all rights of such Debtor in, to and under all moneys and securities deposited with the Administrative Agent pursuant to

any term of this Agreement or any other Loan Document to be held by the Administrative Agent hereunder or thereunder (collectively "Cash Collateral").

All of the foregoing property, whether now owned or hereafter acquired, other than the Excluded Items, is hereinafter collectively referred to as the "Collateral"; Collateral described in clauses (h) and (i) may be referred to herein as "Collateral Proceeds"). To have and to hold all and singular the Collateral by the Administrative Agent for the benefit of the holders of the Secured Obligations, in trust for the benefit and security of the Administrative Agent for the benefit of the holders of the Secured Obligations and for the uses and purposes, and subject to the terms and provisions, set forth in this Agreement and in the Credit Agreement. Any term of this Agreement to the contrary notwithstanding, the Collateral does not include any of the Excluded Items. The term "Excluded Items" means and includes all properties or assets described above, whether now owned or hereafter arising or acquired by such Debtor, which by their terms or by reason of applicable law would become void or voidable if a security interest therein were granted hereunder by such Debtor or which cannot be granted, conveyed, mortgaged, transferred or assigned by this Agreement or in which a security interest cannot effectively be granted hereunder.

2.2 Secured Obligations. The Collateral shall secure the following obligations, indebtedness and liabilities, without duplication (all such obligations, indebtedness and liabilities being hereinafter sometimes called the "Secured Obligations"):

(a) all of the obligations of the Loan Parties to the Lenders (including the L/C Issuer, the Credit-Linked L/C Issuer and the Swing Line Lender) and the Administrative Agent under the Credit Agreement and the other Loan Documents (including, but not limited to, any interest accruing after the commencement by or against any Loan Party of a proceeding under any Debtor Relief Laws, regardless of whether such interest is an allowed claim under such proceeding), whether now existing or hereafter arising, due or to become due, direct or indirect, absolute or contingent, howsoever evidenced, created, held or acquired, whether primary, secondary, direct, contingent, or joint and several, as such obligations may be amended, modified, increased, extended, renewed or replaced from time to time;

(b) all of the obligations owing by the Loan Parties under any Swap Contract with any Lender or any Affiliate of a Lender, whether now existing or hereafter arising;

(c) all indemnity obligations of the Loan Parties under the Credit Agreement; and

(d) all costs and expenses incurred in connection with enforcement and collection of the foregoing obligations, including reasonable attorneys' fees.

SECTION 3. Representations and Warranties. Each Debtor represents and warrants to the Administrative Agent for the benefit of the holders of the Secured Obligations, that so long as any of the Secured Obligations remain outstanding and until all of the commitments relating thereto have been terminated:

3.1 Title. Each of the Debtors owns or, with respect to Collateral acquired after the date hereof, the Debtors will own, legally and beneficially, the Collateral free and clear of any Lien, security interest, pledge, claim, or other encumbrance or any right or option on the part of any third person to purchase or otherwise acquire the Collateral or any part thereof; except for the security interest granted hereunder and Permitted Liens. Each of the Debtors has the unrestricted right to pledge the Collateral as contemplated hereby. No effective financing statement, mortgage, or other instrument similar in effect covering all or any part of the Collateral is on file in any recording office, except for (i) protective filings under true leases, (ii) filings filed in favor of the Administrative Agent for the benefit of the holders of the Secured Obligations relating to this Agreement, and (iii) filings, if any, with respect to Permitted Liens.

3.2 Organization and Authority. Neither the execution, delivery or performance by the Debtors of this Agreement nor compliance by them with the terms and provisions hereof, nor the consummation of the transactions contemplated herein, will (i) contravene any applicable provision of any law, statute, rule or regulation, or any order, writ, injunction or decree of any court or governmental instrumentality; or (ii) conflict with or result in any breach of any term, covenant condition or other provision of, or constitute a default under, or (other than pursuant to the Collateral Documents) result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of any Debtor under the terms of any contractual obligation to which any Debtor is a party or by which it or any of

its properties or assets are bound or to which it may be subject.

3.3 Location of any Debtors. As of the date hereof, (i) the principal place of business and chief executive office of each of the Debtors, and the place where each of the Debtors keeps its books and records, is located at the address set forth opposite the name of such Debtor on Schedule 6.20(c) to the Credit Agreement and (ii) other than as set forth in Schedule 3.3 attached hereto and made a part hereof, no Debtor has been a party to a merger, consolidation or other change in structure or used any tradename in the prior five years.

3.4 Perfected Security Interest. This Agreement has been duly authorized, executed and delivered by each of the Debtors. This Agreement creates in favor of the Administrative Agent, for the benefit of the holders of Secured Obligations, a security interest in the Collateral which will be perfected

upon the filing of financing statements under the UCC, subject only to Permitted Liens, to the extent such security interests can be perfected by such filings pursuant to the UCC.

3.5 No Consents. No consent of, or notice to, any other Person and no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the grant by any of the Debtors of the Liens granted hereby (excluding any notices required in connection with Liens against any accounts or accounts receivable from any governmental entity) or for the execution, delivery or performance of this Agreement by any of the Debtors, other than the filing of financing statements as provided in Section 3.4 above and except for such other consents, notices or filings that have been obtained or made or that as of the date hereof are not required to have been obtained or made and may be obtained or made, as the case may be, when necessary.

SECTION 4. Covenants. Each Debtor covenants and agrees that so long as any of the Secured Obligations remain outstanding and until all of the commitments relating thereto have been terminated such Debtor shall:

4.1 Encumbrances. Except as permitted by the Credit Agreement, none of the Debtors shall create, permit, or suffer to exist, and each of the Debtors shall defend the Collateral against, any Lien on the Collateral except the pledge and security interest of the Administrative Agent hereunder except for Permitted Liens, and shall defend the Debtors' rights in the Collateral and the Administrative Agent's security interest in the Collateral against the claims of all persons and entities (other than any person or entity claiming by, through or under the Administrative Agent or any obligee of the Secured Obligations).

4.2 Sale of Collateral. None of the Debtors shall sell, assign, or otherwise dispose of the Collateral or any part thereof except as permitted by the Credit Agreement.

4.3 Perfection of Security Interest. Each Debtor shall execute and deliver to the Administrative Agent such agreements, assignments or instruments (including affidavits, notices, reaffirmations and amendments and restatements of existing documents, as the Administrative Agent may reasonably request) and do all such other things as the Administrative Agent may reasonably deem necessary (i) to assure to the Administrative Agent the effectiveness and priority of its security interests hereunder, including (A) such instruments as the Administrative Agent may from time to time reasonably request in order to perfect and maintain the security interests granted hereunder in accordance with the UCC, (B) with regard to Copyrights, a Notice of Grant of Security Interest in Copyrights for filing with the United States Copyright Office in the form of Schedule 4.3 attached hereto, (C) with regard to Patents, a Notice of Grant of Security Interest in Patents for filing with the United States Patent and Trademark Office in the form of Schedule 4.3 attached hereto and (D) with regard to Trademarks registered with the United States Patent and Trademark Office and all applications for Trademarks filed with the United States Patent and Trademark Office, a Notice of Grant of Security Interest in Trademarks for filing with the United States Patent and Trademark Office in the form of Schedule 4.3 attached hereto, (ii) to consummate the transactions contemplated hereby and (iii) to otherwise protect and assure the Administrative Agent of its rights and interests hereunder. To that end, each Debtor authorizes the Administrative Agent to file one or more financing statements (with collateral descriptions broader, including without limitation "all assets" and/or "all personal property" collateral descriptions, and/or less specific than the description of the Collateral contained herein) disclosing the Administrative Agent's security interest in any or all of the Collateral of such Debtor without such Debtor's signature thereon, and further each Debtor also hereby irrevocably makes, constitutes and appoints the Administrative Agent, its nominee or any other Person whom the Administrative Agent may designate, as such Debtor's attorney-in-fact with full power and for the limited purpose to sign in the name of such Debtor any such financing statements (including renewal statements), amendments and supplements, notices or any similar documents that in the

Administrative Agent's reasonable discretion would be necessary or appropriate in order to perfect and maintain perfection of the security interests granted hereunder, such power, being coupled with an interest, being and remaining irrevocable so long as the Secured Obligations remain unpaid and until the commitments relating thereto shall have been terminated. Each Debtor hereby agrees that a

carbon, photographic or other reproduction of this Agreement or any such financing statement is sufficient for filing as a financing statement by the Administrative Agent without notice thereof to such Debtor wherever the Administrative Agent may in its sole discretion desire to file the same. In the event for any reason the law of any jurisdiction other than New York becomes or is applicable to the Collateral of any Debtor or any part thereof, or to any of the Secured Obligations, such Debtor agrees to execute and deliver all such instruments and to do all such other things as the Administrative Agent reasonably deems necessary to preserve, protect and enforce the security interests of the Administrative Agent granted hereunder under the law of such other jurisdiction (and, if a Debtor shall fail to do so promptly upon the request of the Administrative Agent, then the Administrative Agent may execute any and all such requested documents on behalf of such Debtor pursuant to the power of attorney granted hereinabove). If any Collateral is in the possession or control of a Debtor's agents and the Administrative Agent so requests, such Debtor agrees to notify such agents in writing of the Administrative Agent's security interest therein and, upon the Administrative Agent's request, instruct them to hold all such Collateral for the account of the holders of the Secured Obligations and subject to the Administrative Agent's instructions.

4.4 Instruments/Tangible Chattel Paper/Documents. If any amount payable under and constituting Collateral shall be or become evidenced by any Instrument or Tangible Chattel Paper, or if any property constituting Collateral shall be stored or shipped subject to a Document, (i) ensure that such Instrument, Tangible Chattel Paper or Document is either in the possession of such Debtor at all times or, if requested by the Administrative Agent, is immediately delivered to the Administrative Agent, duly endorsed in a manner satisfactory to the Administrative Agent and (ii) ensure that any Collateral consisting of Tangible Chattel Paper is marked with a legend acceptable to the Administrative Agent indicating the Administrative Agent's security interest in such Tangible Chattel Paper.

4.5 Control. Execute and deliver all agreements, assignments, instruments or other documents as the Administrative Agent shall reasonably request for the purpose of obtaining and maintaining control within the meaning of the UCC with respect to any Collateral consisting of Deposit Accounts, Investment Property, Letter-of-Credit Rights and Electronic Chattel Paper.

4.6 Notification. Each of the Debtors shall promptly after it has knowledge thereof, notify the Administrative Agent of (i) any Lien upon or claim made or threatened against the Collateral other than Permitted Liens, (ii) any change in its principal place of business, its chief executive office or the place where its books and records are maintained, (iii) any change in its name, state of incorporation or organization, its type of entity or its taxpayer identification number and (iv) a merger, consolidation or similar change in structure.

4.7 Commercial Tort Claims.

(a) Promptly notify the Administrative Agent in writing of the initiation of any Commercial Tort Claim before any Governmental Authority by or in favor of such Debtor or any of its Subsidiaries seeking damages in excess of $500,000.

(b) Execute and deliver such statements, documents and notices and do and cause to be done all such things as the Administrative Agent may reasonably deem necessary, appropriate or convenient, or as are required by law, to create, perfect and maintain the Administrative Agent's security interest in any Commercial Tort Claim.

4.8 Books and Records. Each of the Debtors shall mark its books and records to reflect the security interest of the Administrative Agent for the benefit of the holders of the Secured Obligations under this Agreement.

4.9 Receipt after Default. If any Collateral is received by any of the Debtors during the continuance of an Event of Default, such Debtor shall pay over to the Administrative Agent all such

Collateral on the day received, including the cash and checks endorsed by such Debtor evidencing the Collateral. None of the Debtors shall commingle the Collateral with any other finds, proceeds or monies of any of the Debtors, and shall keep such proceeds separate and apart from any other funds, proceeds or monies of any of the Debtors and shall hold the Collateral in trust for the

Administrative Agent until same shall be paid over to the Administrative Agent as agreed to herein.

4.10 Insurance. Each of the Debtors shall, at their own expense (jointly and severally), maintain insurance with respect to the Collateral as required by the Credit Agreement. All insurance proceeds with respect to any of the Collateral shall be subject to the security interest of the Administrative Agent hereunder.

SECTION 5. Rights of The Administrative Agent and Debtors.

5.1 Power of Attorney. Each of the Debtors hereby irrevocably and with the power of substitution constitutes and appoints the Administrative Agent on behalf of the holders of the Secured Obligations and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead and in the name of such Debtor or in its own name, from time to time in the Administrative Agent's discretion during the continuance of an Event of Default and prior to the Collateral Termination Date, to take any and all action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, hereby gives the Administrative Agent the power and right on behalf of such Debtor and in its own name to do any of the following after the occurrence and during the continuance of an Event of Default and to the extent permitted by applicable laws, without notice to or the consent of the Debtor:

(a) to demand, sue for, collect, or receive in the name of such Debtor or in its own name, any money or property at any time payable or receivable on account of or in exchange for any of the Collateral and, in connection therewith, endorse checks, notes, drafts, acceptances, money orders, or any other instruments for the payment of money under the Collateral;

(b) to pay or discharge taxes, liens, security interests, or other encumbrances (other than Permitted Liens) levied or placed on or threatened against the Collateral;

(c) (i) to direct any parties liable for any payment under any of the Collateral to make payment of any and all monies due and to become due thereunder directly to the Administrative Agent or as the Administrative Agent shall direct; (ii) to receive payment of and receipt for any and all monies, claims, and other amounts due and to become due at any time in respect of or arising out of any Collateral; (iii) to sign and endorse any drafts, assignments, proxies, stock powers, verifications, notices, and other documents relating to the Collateral; (iv) to commence and prosecute any suit; actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral; (v) to defend any suit, action, or proceeding brought against the Debtor with respect to any Collateral; (vi) to settle, compromise, or adjust any suit, action, or proceeding described in clause (v) above and, in connection therewith, to give such discharges or releases as the Administrative Agent may deem appropriate; (vii) to exchange any of the Collateral for other property upon any merger, consolidation, reorganization, recapitalization, or other readjustment of the issuer thereof and, in connection therewith, deposit any of the Collateral with any committee, depositary, transfer agent, registrar, or other designated agency upon such terms as the Administrative Agent may determine; (viii) to add or release any guarantor, endorser, surety, or other party to any of the Collateral or the Secured Obligations; (ix) to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as

though the Administrative Agent were the absolute owner thereof for all purposes, and to do, at the Administrative Agent's option and the Debtors' expense (jointly and severally), at any time, or from time to time, all acts and things which the Administrative Agent deems necessary to protect, preserve, or realize upon the Collateral and the Administrative Agent's security interest; (x) to execute and deliver all assignments, conveyances, statements, financing statements, renewal financing statements, security and pledge agreements, affidavits, notices and other agreements, instruments and documents that the Administrative Agent may reasonably deem appropriate in order to perfect and maintain the security interests and liens granted in this Agreement and in order to fully consummate all of the transactions contemplated herein; and (xi) to vote for a shareholder

resolution, or to sign an instrument in writing, sanctioning the transfer of any or all of the Collateral into the name of the Administrative Agent or one or more of the holders of the Secured Obligations or into the name of any transferee to whom the Collateral or any part thereof may be sold pursuant to Section 6.2 hereof.

This power of attorney is a power coupled with an interest and shall be irrevocable. The Administrative Agent shall be under no duty to exercise or withhold the exercise of any of the rights, powers, privileges, and options expressly or implicitly granted to the Administrative Agent in this Agreement, and shall not be liable for any failure to do so or any delay in doing so. The Administrative Agent shall not be liable for any act or omission or for any error of judgment or any mistake of fact or law in its individual capacity or in its capacity as attorney-in-fact except acts or omissions constituting or resulting from its willful misconduct or gross negligence. This power of attorney is conferred on the Administrative Agent solely to protect, preserve, and realize upon its security interest in the Collateral.

5.2 Performance by The Administrative Agent of the Debtors' Secured Obligations. On failure of any Debtor to perform any of the covenants and agreements contained herein, the Administrative Agent may, at its sole option and in its sole discretion, upon notice to the Debtors, perform the same and in so doing may expend such sums as the Administrative Agent may reasonably deem advisable in the performance thereof, including, without limitation, the payment of any insurance premiums, the payment of any taxes, a payment to obtain a release of a Lien or potential Lien, expenditures made in defending against any adverse claim and all other expenditures that the Administrative Agent may reasonably make for the protection of the security hereof or that it may be compelled to make by operation of law. All such sums and amounts so expended shall be repayable by the Debtors on a joint and several basis (subject to Section 7.16 hereof) promptly upon timely notice thereof and demand therefor, shall constitute additional Secured Obligations and shall bear interest from the date said amounts are expended at the Default Rate. No such performance of any covenant or agreement by the Administrative Agent on behalf of any Debtor, and no such advance or expenditure therefor, shall relieve the Debtors of any default under the terms of this Security Agreement, the other Loan Documents or any other documents relating to the Secured Obligations. The Administrative Agent may make any payment hereby authorized in accordance with any bill, statement or estimate procured from the appropriate public office or holder of the claim to be discharged without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax assessment, sale, forfeiture, tax lien, title or claim except to the extent such payment is being contested in good faith by a Debtor in appropriate proceedings and against which adequate reserves are being maintained in accordance with GAAP.

5.3 The Administrative Agent's Duty of Care. Other than the exercise of reasonable care in the physical custody of the Collateral while held by the Administrative Agent hereunder, the Administrative Agent shall have no responsibility for or obligation or duty with respect to all or any part of the Collateral or any matter or proceeding arising out of or relating thereto, including, without limitation, any obligation or duty to collect any sums due in respect thereof or to protect or preserve any rights against prior parties or any other rights pertaining thereto, it being understood and agreed that the Debtors shall be responsible for preservation of all rights in the Collateral. Without limiting the

generality of the foregoing, the Administrative Agent shall be conclusively deemed to have exercised reasonable care in the custody of the Collateral if the Administrative Agent takes such action, for purposes of preserving rights in the Collateral, as any of the Debtors may reasonably request in writing, but no failure or omission or delay by the Administrative Agent in complying with any such request by such Debtor, and no refusal by the Administrative Agent to comply with any such request by such Debtor, shall of itself be deemed to be a failure to exercise reasonable care.

5.4 Rights of Debtors; Debtors Remain Liable.

(a) Any term of this Agreement to the contrary notwithstanding, until written notice shall be given to any of the Debtors that the Administrative Agent is exercising its rights under this Section 5, such Debtor shall have the right, subject to the prohibitions contained in the Credit Agreement to possess, retain, enjoy and use the Collateral, to give consents, waivers or notifications with respect to the Collateral, to exercise its rights, powers and privileges under the Collateral, to agree to any modification of any of the terms of the Collateral, to dispose of any of the Collateral (it being agreed that the Lien of this Agreement shall attach to the proceeds thereof), and otherwise to act with respect to the Collateral in the ordinary course of business, in each case other than with respect to any Cash Collateral held by the Administrative Agent.

(b) Anything herein to the contrary notwithstanding, (i) each of the Debtors shall remain liable under the contracts and agreements included in

the Collateral to the extent set forth therein (and subject to any defenses thereto), to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (ii) the exercise by the Administrative Agent of any of the rights hereunder shall not release any of the Debtors from any of its duties or obligations under the contracts and agreements included in the Collateral, and (iii) the Administrative Agent shall not have any obligation or liability under the contracts and agreements included in the Collateral solely by reason of this Agreement, nor shall the Administrative Agent be obligated to perform any of the obligations or duties of the Debtors thereunder or to take any action to collect or enforce any claim for payment assigned hereunder, in each case, solely by reason of this Agreement.

SECTION 6. Events of Default and Remedies.

6.1 Events of Default. The Debtors shall be in default under this Agreement upon the occurrence of and during the continuation of any of the events or conditions defined as Events of Default in the Credit Agreement (an "Event of Default").

6.2 Rights and Remedies. Prior to the Collateral Termination Date, upon the occurrence of an Event of Default and so long as the same shall be continuing, the Administrative Agent shall have the following rights and remedies to the extent not prohibited by applicable laws:

(a) In addition to all other rights and remedies granted to the Administrative Agent in this Agreement and in any other instrument or agreement securing, evidencing, or relating to the Secured Obligations, the Administrative Agent shall have all of the rights and remedies of a secured party under the UCC of the jurisdiction applicable to the affected Collateral. Without limiting the generality of the foregoing, the Administrative Agent may (i) without demand or notice to the Debtors, collect, receive, or take possession of the Collateral or any part thereof, (ii) sell or otherwise dispose of the Collateral, or any part thereof, in one or more parcels at public or private sale or sales, at the Administrative Agent's offices or elsewhere, for cash, on credit, or for future delivery without assumption of any credit risk, and/or (iii) bid and become a purchaser at any such sale free of any right or equity of redemption in any of the Debtors, which right or equity is hereby expressly waived and released by all of the Debtors. Upon the request of the Administrative Agent, any of the Debtors shall assemble the Collateral and make it

available to the Administrative Agent at any place designated by the Administrative Agent that is reasonably convenient to such Debtor and the Administrative Agent. Each of the Debtors agrees that the Administrative Agent shall not be obligated to give more than ten (10) days' prior written notice of the time and place of any public sale or of the time after which any private sale may take place and that such notice shall constitute reasonable notice of such matters. Each of the Debtors shall be liable, jointly and severally, for all reasonable expenses of retaking, holding, preparing for sale, or the like, and all reasonable attorneys' fees and other reasonable expenses incurred by the Administrative Agent in connection with the collection of the Secured Obligations and the enforcement of the Administrative Agent's rights under this Agreement, in each case during the continuance of an Event of Default, all of which expenses and fees shall constitute additional Secured Obligations secured by this Agreement. The Administrative Agent may apply the Collateral against the Secured Obligations then due and payable in such order and manner as it shall elect in its sole discretion. Each of the Debtors shall remain liable for any deficiency (subject to Section 7.16 hereof) together with interest thereon at the Default Rate if the proceeds of any sale or disposition of the Collateral are insufficient to pay the Secured Obligations. Each of the Debtors waives all rights of marshaling in respect of the Collateral.

(b) The Administrative Agent may cause any or all of the Collateral held by it to be transferred into the name of the Administrative Agent or the name or names of the Administrative Agent's nominee or nominees (in each case as pledgee hereunder).

6.3 Access. In addition to the rights and remedies hereunder, upon the occurrence of an Event of Default and during the continuation thereof, the Administrative Agent shall have the right to enter and remain upon the various premises of the Debtors without cost or charge to the Administrative Agent, and use the same, together with materials, supplies, books and records of the Debtors for the purpose of collecting and liquidating the Collateral, or for

preparing for sale and conducting the sale of the Collateral, whether by foreclosure, auction or otherwise. In addition, the Administrative Agent may remove Collateral, or any part thereof, from such premises and/or any records with respect thereto, in order to effectively collect or liquidate such Collateral.

6.4 Nonexclusive Nature of Remedies. Failure by the Administrative Agent or the holders of the Secured Obligations to exercise any right, remedy or option under this Agreement, any other Loan Document, any other documents relating to the Secured Obligations, or as provided by law, or any delay by the Administrative Agent or the holders of the Secured Obligations in exercising the same, shall not operate as a waiver of any such right, remedy or option. No waiver hereunder shall be effective unless it is in writing, signed by the party against whom such waiver is sought to be enforced and then only to the extent specifically stated, which in the case of the Administrative Agent or the holders of the Secured Obligations shall only be granted as provided herein. To the extent permitted by law, neither the Administrative Agent, the holders of the Secured Obligations, nor any party acting as attorney for the Administrative Agent or the holders of the Secured Obligations, shall be liable hereunder for any acts or omissions or for any error of judgment or mistake of fact or law other than their gross negligence or willful misconduct hereunder. The rights and remedies of the Administrative Agent and the holders of the Secured Obligations under this Agreement shall be cumulative and not exclusive of any other right or remedy that the Administrative Agent or the holders of the Secured Obligations may have.

6.5 Retention of Collateral. To the extent permitted under applicable law, in addition to the rights and remedies hereunder, upon the occurrence of an Event of Default, the Administrative Agent may, after providing the notices required by Sections 9-620 and 9-621 of the UCC or otherwise complying with the requirements of applicable law of the relevant jurisdiction, accept or retain all or any portion of the Collateral in satisfaction of the Secured Obligations. Unless and until the Administrative Agent shall have provided

such notices, however, the Administrative Agent shall not be deemed to have accepted or retained any Collateral in satisfaction of any Secured Obligations for any reason.

6.6 Application of Proceeds. Upon the occurrence and during the continuation of an Event of Default, any payments in respect of the Secured Obligations and any proceeds of the Collateral, when received by the Administrative Agent or any of the holders of the Secured Obligations in cash or its equivalent, will be applied in reduction of the Secured Obligations in the order set forth in the Credit Agreement.

SECTION 7. Miscellaneous.

7.1 No Waiver, Cumulative Remedies. No failure on the part of the Administrative Agent on behalf of the holders of the Secured Obligations to exercise and no delay in exercising, and no course of dealing with respect to, any right, power, privilege or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, privilege or remedy under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power, privilege or remedy. To the fullest extent permitted by applicable laws, the rights, powers, privilege and remedies provided for in this Agreement are cumulative and not exclusive of any rights and remedies provided by law. The Administrative Agent may exercise any right, power, privilege or remedy under this Agreement or under applicable law against any Debtor without enforcing any rights, powers, privileges or remedies against any other Debtor under this Agreement or otherwise, each of the Debtors expressly waiving any rights or requirements that the Administrative Agent or any Lender first enforce any right, power, privilege or remedy against the Borrower, any other Debtor or any other Collateral for the Secured Obligations.

7.2 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of each Debtor and the Administrative Agent and their respective heirs, successors, and assigns, except that none of the Debtors may assign any of its rights or obligations under this Agreement without the prior written consent of the Required Lenders under the Credit Agreement except to the extent permitted by the Credit Agreement. To the fullest extent permitted by law, each Debtor hereby releases the Administrative Agent and each holder of the Secured Obligations, and their respective successors and assigns, from any liability for any act or omission relating to this Agreement or the Collateral, except for any liability arising from the gross negligence or willful misconduct of the Administrative Agent or such holder, or their respective officers, employees or agents.

7.3 Notices. All notices required or permitted to be given under this Agreement shall be given as provided in Section 11.02 of the Credit Agreement.

7.4 Governing Law; Submission to Jurisdiction; Waiver of Jury

Trial; Arbitration.

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE; PROVIDED THAT THE PARTIES HERETO SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK, NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF SUCH STATE, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH DEBTOR AND THE ADMINISTRATIVE AGENT, ON BEHALF OF ITSELF AND EACH LENDER, CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH DEBTOR AND THE

ADMINISTRATIVE AGENT, ON BEHALF OF ITSELF AND EACH LENDER, IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR OTHER DOCUMENT RELATED THERETO. EACH DEBTOR AND THE ADMINISTRATIVE AGENT, ON BEHALF OF ITSELF AND EACH LENDER, WAIVES PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY THE LAW OF SUCH STATE.

7.5 Waiver of Right to Trial by Jury.

EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

7.6 Headings. The headings, captions, and arrangements used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

7.7 Survival of Representations and Warranties. All representations and warranties made in this Agreement or in any certificate delivered pursuant hereto shall survive the execution and delivery of this Agreement, and no investigation by the Administrative Agent or any Lender shall affect the representations and warranties or the right of the Administrative Agent or any Lender to rely upon them.

7.8 Amendments and Waivers. This Agreement and the provisions hereof may not be amended, waived, modified, changed, discharged or terminated except as set forth in Section 11.01 of the Credit Agreement.

7.9 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

7.10 Severability. Any provision of this Agreement which 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 of this Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

7.11 Construction. The Debtors and the Administrative Agent acknowledge that each of them has had the benefit of legal counsel of its own choice and has been afforded an opportunity to review this Agreement with its legal counsel and that this Agreement shall be construed as if jointly drafted by the Debtors and the Administrative Agent.

7.12 Secured Obligations Absolute. The obligations of the Debtors under this Agreement shall be absolute and unconditional and shall not be released, discharged, reduced, or in any way impaired by any circumstance whatsoever, including, without limitation, any amendment, modification, extension, or renewal of this Agreement, the Secured Obligations, or any document or instrument evidencing, securing, or otherwise relating to the Secured Obligations, or any release, subordination, or impairment of collateral, or any waiver, consent, extension, indulgence, compromise, settlement, or other action or inaction in respect of this Agreement, the Secured Obligations, or any document or instrument evidencing, securing, or otherwise relating to the Secured Obligations, or any exercise or failure to exercise any right remedy,

power, or privilege in respect of the Secured Obligations.

7.13 Termination. On the Collateral Termination Date, the Liens created hereby shall terminate, and the Administrative Agent, at the request and expense of each Debtor, forthwith will execute and deliver to such Debtor a proper instrument or instruments acknowledging the satisfaction and termination of the Liens created hereby and will duly assign, transfer and deliver to such Debtor (without recourse and without any representation or warranty), such of the Collateral as may be in the possession of the Lender and as has not theretofore been sold or otherwise applied pursuant to this Agreement or the Credit Agreement. Upon such release and redelivery, this Agreement shall terminate.

7.14 ENTIRE AGREEMENT. THIS AGREEMENT, TOGETHER WITH THE OTHER LOAN DOCUMENTS, EMBODIES THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDES ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF.

7.15 Other Security. To the extent that any of the Secured Obligations are now or hereafter secured by property other than the Collateral (including, without limitation, real and other personal property owned by a Debtor), or by a guarantee, endorsement or property of any other Person in favor of the Administrative Agent on behalf of the holders of the Secured Obligations, then the Administrative Agent shall have the right to proceed against such other property, guarantee or endorsement upon the occurrence and during the continuance of any Event of Default, and the Administrative Agent shall have the right, in its sole discretion, to determine which rights, security, liens, security interests or remedies the Administrative Agent shall at any time pursue, relinquish, subordinate, modify or take with respect thereto, without in any way modifying or affecting any of them or the Secured Obligations or any of the rights of the Administrative Agent or the holders of the Secured Obligations under this Agreement, under any of the other Loan Documents or under any other document relating to the Secured Obligations.

7.16 Joint and Several Obligations of Debtors.

(a) Each of the Debtors is accepting joint and several liability hereunder in consideration of the financial accommodation to be provided by the holders of the Secured Obligations, for the mutual benefit, directly and indirectly, of each of the Debtors and in consideration of the undertakings of each of the Debtors to accept joint and several liability for the obligations of each of them.

(b) Each of the Debtors jointly and severally hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other Debtors with respect to the payment and performance of all of the Secured Obligations arising under this Agreement, the other Loan Documents and any other documents relating to the Secured Obligations, it being the intention of the parties hereto that all the Secured Obligations shall be the joint and several obligations of each of the Debtors without preferences or distinction among them.

(c) Notwithstanding any provision to the contrary contained herein, in any other of the Loan Documents or in any other documents relating to the Secured Obligations, the obligations of each Guarantor under the Credit Agreement, the other Loan Documents and the documents relating to the Secured

Obligations shall be limited to an aggregate amount equal to the largest amount that would not render such obligations subject to avoidance under Section 548 of the United States Bankruptcy Code or any comparable provisions of any applicable state law.

[Signatures on immediately following pages]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first written above.

DEBTORS: QUANTA SERVICES, INC.,
a Delaware corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

ARBY CONSTRUCTION, INC.
AUSTIN TRENCHER, INC.
CCLC, INC.
CONTI COMMUNICATIONS, INC.
CROCE ELECTRIC COMPANY, INC.
DILLARD SMITH CONSTRUCTION COMPANY

DRIFTWOOD ELECTRICAL CONTRACTORS, INC.
GLOBAL ENERCOM MANAGEMENT, INC.
GOLDEN STATE UTILITY CO.
H.L. CHAPMAN PIPELINE CONSTRUCTION, INC.
HAINES CONSTRUCTION COMPANY
MANUEL BROS., INC.
MEARS GROUP, INC.
NETWORK ELECTRIC COMPANY
NORTH PACIFIC CONSTRUCTION CO., INC.
NORTH SKY COMMUNICATIONS, INC.
PARKSIDE SITE & UTILITY COMPANY CORPORATION
PARKSIDE UTILITY CONSTRUCTION CORP.
PWR FINANCIAL COMPANY
QPC, INC.
QSI, INC.
QUANTA HOLDINGS, INC.
QUANTA GOVERNMENT SERVICES, INC.
QUANTA LI ACQUISITION, INC.
QUANTA LIV ACQUISITION, INC.
QUANTA LVII ACQUISITION, INC.
QUANTA LVIII ACQUISITION, INC.
QUANTA LIX ACQUISITION, INC.
QUANTA LX ACQUISITION, INC.
QUANTA LXI ACQUISITION, INC.
QUANTA LXII ACQUISITION, INC.
QUANTA LXIII ACQUISITION, INC.
QUANTA LXIV ACQUISITION, INC.
QUANTA LXV ACQUISITION, INC.,
each a Delaware corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

QUANTA LXVI ACQUISITION, INC.
QUANTA LXVII ACQUISITION, INC.
QUANTA LXVIII ACQUISITION, INC.
QUANTA LXIX ACQUISITION, INC.
QUANTA LXX ACQUISITION, INC.
QUANTA LXXI ACQUISITION, INC.
QUANTA LXXII ACQUISITION, INC.
QUANTA LXXIII ACQUISITION, INC.
QUANTA UTILITY INSTALLATION CO., INC.
R.A. WAFFENSMITH & CO., INC.
SOUTHEAST PIPELINE CONSTRUCTION, INC.
SOUTHWESTERN COMMUNICATIONS, INC.
SPALJ CONSTRUCTION COMPANY
SUMTER UTILITIES, INC.
TOM ALLEN CONSTRUCTION COMPANY
TTGP, INC.
TTLP, INC.
TXLP, INC.
UNDERGROUND CONSTRUCTION CO., INC.
VCI TELCOM, INC.
W.C. COMMUNICATIONS, INC.,
each a Delaware corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

ADVANCED TECHNOLOGIES AND INSTALLATION
CORPORATION,
ALLTECK LINE CONTRACTORS (USA), INC.
MUSTANG LINE CONTRACTORS, INC.
POTELCO, INC.,
each a Washington corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

BRADFORD BROTHERS, INC.
TTM, INC.,
each a North Carolina corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

COMMUNICATION MANPOWER, INC.
P.D.G. ELECTRIC COMPANY
TRAWICK CONSTRUCTION COMPANY, INC.,
each a Florida corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

CROWN FIBER COMMUNICATIONS, INC.,
a Virginia corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

ENVIRONMENTAL PROFESSIONAL ASSOCIATES,
LIMITED
W.H.O.M. CORPORATION
each a California corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

FIVE POINTS CONSTRUCTION CO.
MEJIA PERSONNEL SERVICES, INC.
TRANS TECH ACQUISITION, INC.
SOUTHWEST TRENCHING COMPANY, INC.
each a Texas corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

INTERMOUNTAIN ELECTRIC, INC.,
a Colorado corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

IRBY CONSTRUCTION COMPANY,
a Mississippi corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

OLD LESCO CORPORATION, INC.
a South Carolina corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

METRO UNDERGROUND SERVICES, INC.
PROFESSIONAL TELECONCEPTS, INC. (IL)
each an Illinois corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

PAR ELECTRICAL CONTRACTORS, INC.,
a Missouri corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

PROFESSIONAL TELECONCEPTS, INC. (NY),
A New York corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

THE RYAN COMPANY, INC.,
a Massachusetts corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

UTILCO, INC.,
a Georgia corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

QDE, LLC
QUANTA DELAWARE, INC.
QUANTA ASSET MANAGEMENT LLC
each a Delaware limited liability company

By: /s/ Linda Bubacz

Name: Linda Bubacz
Title: President

TOTAL QUALITY MANAGEMENT LLC, a Delaware
limited liability company
COAST TO COAST, LLC,
a California limited liability company

By: Environmental Professional Associates,
Limited, Its Member

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

NORTHERN LINE LAYERS, LLC,
a Delaware limited liability company

By: PAR Electrical Contractors, Inc.,
Its Member

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

DOT 05, LLC
TJADER, L.L.C.
OKAY CONSTRUCTION COMPANY, LLC
each a Delaware limited liability company

By: Spalj Construction Company,
Its Member

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

LAKE NORMAN PIPELINE, LLC,
a North Carolina limited liability company

By: Bradford Brothers, Inc.,
Its Member

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

MEARS/CPG, LLC
MEARS ENGINEERING, LLC
MEARS/HDD, LLC
MEARS SERVICES, LLC
each a Michigan limited liability company

By: Mears Group, Inc., The Sole Member of each of the foregoing limited liability companies

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

S.K.S. PIPELINERS, LLC,
a Delaware limited liability company

By: Arby Construction, Inc., Its Member

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

TNS-VA, LLC,
a Delaware limited liability company

By: Professional Teleconcepts, Inc. (NY)
Its Member

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

LINECO LEASING, LLC,
a Washington limited liability company

By: Mustang Line Contractors, Inc.,
Its Member

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

AIRLAN TELECOM SERVICES, L.P.
NORTH HOUSTON POLE LINE, L.P.
LINDSEY ELECTRIC, L.P.
DIGCO UTILITY CONSTRUCTION, L.P.
each a Texas limited partnerships

By: Mejia Personnel Services, Inc.,
Its General Partner

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

QUANTA SERVICES MANAGEMENT PARTNERSHIP, L.P.
QUANTA ASSOCIATES, L.P.
each a Texas limited partnerships

By: QSI, Inc., Its General Partnership

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

TRANS TECH ELECTRIC, L.P.,
a Texas limited partnership

By: TTGP, Inc., Its General Partner

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

PWR NETWORK, LLC,
a Delaware limited liability company

By: PWR Financial Company, Its Sole Member

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

QUANTA RECEIVABLES, L.P.
a Delaware limited partnership

By: PWR Financial Company, Its General Partner

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

Q RESOURCES, LLC
a Delaware limited liability company

By: Quanta Holdings, Inc., Its Member

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

Accepted and agreed to as of the date first above written.

Bank of America, N.A., as Administrative Agent

By: /s/ Suzanne M. Paul

Name: Suzanne M. Paul
Title: Vice President

SCHEDULE 2.1(b)

Commercial Tort Claims

None.

SCHEDULE 3.3

SCHEDULE 3.3

<TABLE>
<CAPTION>

ENTITY	FORMER NAME(S)	COMPANIES MERGED INTO OR ACQUIRED BY SUCH ENTITY
<S>	<C>	<C>
Advanced Technologies and Installation Corporation		Telecom Network Specialists, Inc. JT Communications, Inc.
Airlan Telecom Services, L.P.	Airlan Telecom Services, LLC	
Allteck Line Contractors (USA), Inc.		
Allteck Line Contractors, Inc.		
Arby Construction, Inc.	Quanta XXXVII Acquisition, Inc.	Denny Anderson, Inc. f/k/a Fox Utility Service
Austin Trencher, Inc.	Quanta XIV Acquisition, Inc.	
Bradford Brothers, Inc.		Edwards Pipeline Company, Inc. Wade D. Taylor, Inc.
CCLC, Inc.		
Coast to Coast, LLC		
Communication Manpower, Inc.		
Conti Communications, Inc.	Quanta XXXIV Acquisition, Inc.	
Croce Electric Company, Inc.	Quanta XXXIX Acquisition, Inc.	
Crown Fiber Communications, Inc.		Fiber Technology, Inc. Myers Cable, Inc. Quanta XXIV Acquisition, Inc. T.H Cable Construction, Inc. World CATV Communications, Inc. World Fiber, Inc. Choice Optics Communications, Inc.

		DeltaComm, Inc. Marlboro Cablevision
Constructors, Inc.		
		Sycamore Shoals Communications,
Inc.		
Digco Utility Construction, L.P.	Digco Utility Construction, Inc.	Ranger Field Services, Inc. f/k/a Ranger
Directional,		
	Quanta XLII Acquisition, Inc.	Inc. Charlie Hill Road Boring, Inc. Brown Engineering, LLC
Dillard Smith Construction Company	Quanta III Acquisition, Inc.	

</TABLE>

[BORROWER]
SECURITY AGREEMENT

<TABLE>
<CAPTION>

ENTITY	FORMER NAME(S)	COMPANIES MERGED INTO OR ACQUIRED BY SUCH ENTITY
<S>	<C>	<C>
Dot 05, LLC		
Driftwood Electrical Contractors, Inc.	Quanta X Acquisition, Inc.	Maddux Underground Communication, Inc. The 27 Digging Company, Inc.
Environmental Professional Associates, Limited		Computapole, Inc. PROVCO Tip Top Arborists, Inc.
Five Points Construction Co.		
Global Enercom Management., Inc.	GEM Engineering Co., Inc. Quanta XI Acquisition, Inc.	
Golden State Utility Co.	GSU Acquisition, Inc.	Wesley C. Sanders d/b/a W.C. Sanders
Construction		
		Company
H.L. Chapman Pipeline Construction, Inc.	Quanta XIII Acquisition, Inc.	DB Utilities, Inc. H.L. Chapman Leasing Co., Inc. Sullivan Welding, inc.
Haines Construction Company	Quanta XXIX Acquisition, Inc.	Brown Engineering and Testing, Inc.
Intermountain Electric, Inc.		Grand Electric Company I.E. Holdings, Inc.
Irby Construction Company		Utilities Construction & Technology
Solutions, LLC		
Lake Norman Pipeline, LLC	Edwards Pipeline Company, LLC	
Lindsey Electric, L.P.	Lindsey Electric, Inc.	
Old LESCO Corporation	Line Equipment Sales Co., Inc.	
Lineco Leasing, LLC		
Manuel Bros., Inc.	Smith Acquisition DE, Inc.	Renaissance Construction Co., Inc. Renaissance Construction of Nevada,
Inc.		
		Renaissance Construction of Utah, Inc. Western Directional , Inc.
Mears Canada Corp.		
Mears Engineering, LLC		
Mears Group, Inc.	Quanta L Acquisition, Inc.	Conceco Engineering, Inc. High Potential Engineering, Inc High Potential Products, Inc. Specialty Drilling Technology, Inc.
Mears Services, LLC		
Mears/CPG, LLC		
Mears/HDD, LLC		
Mearsmex S. de R. L. de C. V.		
Mejia Personnel Services, Inc.		Quanta LV Acquisition, Inc.

</TABLE>

<TABLE>
<CAPTION>

ENTITY	FORMER NAME(S)	COMPANIES MERGED INTO OR ACQUIRED BY SUCH ENTITY
<S>	<C>	<C>
Metro Underground Services, Inc.	Subsite Services, Inc.	
Mustang Line Contractors, Inc.		
Network Electric Company	Quanta XVII Acquisition, Inc.	Network Equipment, LLC
North Houston Pole Line, L.P.	North Houston Pole Line Corp.	Service Corporation of the Southwest
North Pacific Construction Co., Inc.	NPCC Acquisition, Inc.	
North Sky Communications, Inc.	Quanta XXIII Acquisition, Inc.	Sky Antenna Systems Inc.
		North Pacific Utility Contractors, Inc.
Northern Line Layers, LLC	Northern Line Layers, Inc.	Bonneville Construction Co.
	Quanta II Acquisition, Inc.	Great Western Enterprises, Inc.

		NetCom Management Group, Inc. TVS Systems, Inc.
Okay Construction Company, LLC	Okay Construction Co., Inc. Quanta XLVIII Acquisition, Inc.	
P.D.G. Electric Company		Quanta VIII Acquisition, Inc. Total Cable Communications, Inc.
PAR Electrical Contractors, Inc.		Allmat, Inc. Harker & Harker, Inc. M&M Line Construction, Inc. Martin's Equipment Rentals, Inc. Pinnacle Construction of Kansas, Inc. Riggin & Diggin Line Construction, Inc. Seaward Corporation Taylor Built, Inc. Union Power Construction Company
Par Internacional, S. de R.L. de C.V.		
Parkside Site & Utility Company Corporation	Quanta LII Acquisition, Inc.	
Parkside Utility Construction Corp.	Quanta LIII Acquisition, Inc.	Utility Systems, Inc.
Potelco, Inc.		Kingston Constructors, Inc. Kingston Contracting, Inc. Kuenzi Construction, Inc. NorAm Telecommunications, Inc. PowerLink Corporation
Professional Teleconcepts, Inc.		
Professional Teleconcepts, Inc.		
PWR Financial Company		
PWR Network, LLC		
Q Resources, LLC		

ENTITY	FORMER NAME(S)	COMPANIES MERGED INTO OR ACQUIRED BY SUCH ENTITY
QDE LLC		
QPC, Inc.	Quanta LVI Acquisition, Inc.	
QSI, Inc.		
Quanta Asset Management LLC		
Quanta Associates, L.P.		
Quanta Delaware, Inc.		
Quanta Government Services, Inc.	Quanta XXXI Acquisition, Inc.	
Quanta Holdings, Inc.		
Quanta LI Acquisition, Inc.		
Quanta LIV Acquisition, Inc.		
Quanta LIX Acquisition, Inc.		
Quanta LVII Acquisition, Inc.		
Quanta LVIII Acquisition, Inc.		
Quanta LX Acquisition, Inc.		
Quanta LXI Acquisition, Inc.		
Quanta LXII Acquisition, Inc.		
Quanta LXIII Acquisition, Inc.		
Quanta LXIV Acquisition, Inc.		
Quanta LXIX Acquisition, Inc.		
Quanta LXV Acquisition, Inc.		
Quanta LXVI Acquisition, Inc.		
Quanta LXVII Acquisition, Inc.		
Quanta LXVIII Acquisition, Inc.		
Quanta LXX Acquisition, Inc.		
Quanta LXXI Acquisition, Inc.		
Quanta LXXII Acquisition, Inc.		
Quanta LXXIII Acquisition, Inc.		
Quanta Receivables, L.P.		
Quanta Services Management Partnership, L.P.		
Quanta Services of Canada Ltd.		
Quanta Utility Installation Company, Inc.		
R.A. Waffensmith & Co., Inc.	Quanta V Acquisition, Inc.	Kodiak Underground Services MC Underground, LLC On Line Construction, Inc. T&S Trenching TSI, Inc.
S.K.S. Pipeliners, LLC	S.K.S. Pipeliners, Inc.	

<TABLE>
<CAPTION>

ENTITY	FORMER NAME(S)	COMPANIES MERGED INTO OR ACQUIRED BY SUCH ENTITY
<S>	<C>	<C>
	Quanta XXXVIII Acquisition, Inc.	
Servicios Par Electric, S. de R.L. de C.V.		
Southeast Pipeline Construction, Inc.		
Southwest Trenching Company, Inc.		
Southwestern Communications, Inc.	Quanta XLVI Acquisition, Inc.	
Spalj Construction Company	Spalj Acquisition, Inc.	Dot 05, LLC Edward Smith d/b/a Smith Contracting Spancon of Deerwood, Inc. Thorstad Brothers Tiling Tjader & Highstrom, Inc. Wilson Roadbores, Inc.
Sumter Utilities, Inc.	Sumter Builders, Inc. Sumter Acquisition, Inc.	Utilities Construction Co., Inc.
The Ryan Company, Inc.	Quanta I Acquisition, Inc.	Eastern Communications, Inc.
Tjader, L.L.C.		
TNS-VA, LLC		
Tom Allen Construction Company	Quanta IX Acquisition, Inc.	
Total Quality Management Services, LLC		
Trans Tech Acquisition, Inc.		
Trans Tech Electric, L.P.	Trans Tech Conversion Corporation	
Trawick Construction Company, Inc.		Gulf Telephone Company J & P Splicing, Inc.
TTGP, Inc.	Quanta LXXV Acquisition, Inc.	
TTLP, Inc.	Quanta LXXIV Acquisition, Inc.	
TTM, Inc.		Quanta XII Acquisition, Inc.
TXLP, Inc.	Quanta XXXIII Acquisition, Inc.	
Underground Construction Co., Inc.	Underground Acquisition, Inc.	Hudson & Poncetta, Inc.
Utilco, Inc.	Utilco Constructors, Inc.	Quanta XIX Acquisition, Inc.
VCI Telcom, Inc.	Quanta VI Acquisition, Inc.	Valverde Communications, Inc.
W.C. Communications, Inc.	Quanta XX Acquisition, Inc.	Network Communications Services, Inc. Pac West Construction, Inc.
W.H.O.M. Corporation		

</TABLE>

SCHEDULE 4.3

NOTICE

OF

GRANT OF SECURITY INTEREST

IN

COPYRIGHTS

United States Copyright Office

Ladies and Gentlemen:

Please be advised that pursuant to the Security Agreement dated as of December 19, 2003 (as the same may be amended, modified, extended or restated from time to time, the "Security Agreement") by and among the Debtors party thereto (each a "Debtor" and collectively, the "Debtors") and Bank of America, N.A., as Administrative Agent (the "Administrative Agent") for the holders of the Secured Obligations referenced therein, the undersigned Debtor has granted a continuing security interest in and continuing lien upon, the copyrights and copyright applications shown on Schedule 1 attached hereto to the Administrative Agent for the ratable benefit of the holders of the Secured Obligations.

The undersigned Debtor and the Administrative Agent, on behalf of the holders of the Secured Obligations, hereby acknowledge and agree that the security interest in the copyrights and copyright applications set forth on Schedule 1 attached hereto (i) may only be terminated in accordance with the terms of the Security Agreement and (ii) is not to be construed as an assignment of any copyright or copyright application.

Very truly yours,

_____
[Debtor]

By:_____

Name:
Title:

Acknowledged and Accepted:

BANK OF AMERICA, N.A., as Administrative Agent

By: _____
Name:
Title:

SCHEDULE 4.3

NOTICE

OF

GRANT OF SECURITY INTEREST

IN

PATENTS

United States Patent and Trademark Office

Ladies and Gentlemen:

Please be advised that pursuant to the Security Agreement dated as of December 19, 2003 (the "Security Agreement") by and among the Debtors party thereto (each a "Debtor" and collectively, the "Debtors") and Bank of America, N.A., as Administrative Agent (the "Administrative Agent") for the holders of the Secured Obligations referenced therein, the undersigned Debtor has granted a continuing security interest in and continuing lien upon, the patents and patent applications set forth on Schedule 1 attached hereto to the Administrative Agent for the ratable benefit of the holders of the Secured Obligations.

The undersigned Debtor and the Administrative Agent, on behalf of the holders of the Secured Obligations, hereby acknowledge and agree that the security interest in the patents and patent applications set forth on Schedule 1 attached hereto (i) may only be terminated in accordance with the terms of the Security Agreement and (ii) is not to be construed as an assignment of any patent or patent application.

Very truly yours,

_____
[Debtor]

By:_____
Name:
Title:

Acknowledged and Accepted:

BANK OF AMERICA, N.A., as Administrative Agent

By: _____
Name:
Title:

SCHEDULE 4.3

NOTICE

OF

GRANT OF SECURITY INTEREST

IN

TRADEMARKS

United States Patent and Trademark Office

Ladies and Gentlemen:

Please be advised that pursuant to the Security Agreement dated as of December 19, 2003 (the "Security Agreement") by and among the Debtors party thereto (each a "Debtor" and collectively, the "Debtors") and Bank of America, N.A., as Administrative Agent (the "Administrative Agent") for the holders of the Secured Obligations referenced therein, the undersigned Debtor has granted a

continuing security interest in and continuing lien upon, the trademarks and trademark applications set forth on Schedule 1 attached hereto to the Administrative Agent for the ratable benefit of the holders of the Secured Obligations.

The undersigned Debtor and the Administrative Agent, on behalf of the holders of the Secured Obligations, hereby acknowledge and agree that the security interest in the trademarks and trademark applications set forth on Schedule 1 attached hereto (i) may only be terminated in accordance with the terms of the Security Agreement and (ii) is not to be construed as an assignment of any trademark or trademark application.

Very truly yours,

_____
[Debtor]

By:_____
Name:
Title:

Acknowledged and Accepted:

BANK OF AMERICA, N.A., as Administrative Agent

By: _____
Name:
Title:

PLEDGE AGREEMENT

THIS PLEDGE AGREEMENT (this "Agreement") dated as of December 19, 2003 is by and among the parties identified as "Pledgors" on the signature pages attached hereto and such other parties as may become Pledgors hereunder (each a "Pledgor" and collectively the "Pledgors") and Bank of America, N.A., as Administrative Agent (in such capacity, the "Administrative Agent"), for the ratable benefit of the Lenders.

RECITALS:

A. Quanta Services, Inc., a Delaware corporation (the "Borrower"), the Guarantors identified therein, the Lenders identified therein, and the Administrative Agent have entered into that certain Credit Agreement dated as of the date hereof (as amended, modified, supplemented or restated from time to time, the "Credit Agreement").

B. This Agreement is required under the terms of the Credit Agreement.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. DEFINITIONS. Unless otherwise defined herein, capitalized terms have the same meaning assigned to such terms in the Credit Agreement. As used in this Agreement:

"Collateral" is defined in Section 2.1.

"Collateral Proceeds" is defined in Section 2.1(f).

"Collateral Termination Date" means the first date on which no Loan or Credit Extension is outstanding under the Credit Agreement, the Commitments have been permanently terminated, and no other Obligations are due and payable thereunder or under any other Loan Document.

"Event of Default" is defined in Section 6.1.

"Pledged Shares" is defined in Section 2.1(a).

"Secured Obligations" is defined in Section 2.2.

"UCC" means the Uniform Commercial Code.

"Voting Stock" is defined in Section 2.1.

SECTION 2. SECURITY INTEREST AND PLEDGE.

2.1 Security Interest and Pledge. Subject to the terms of this Agreement and to secure the Secured Obligations, each Pledgor hereby pledges, assigns, grants, conveys and transfers to the Administrative Agent for the ratable benefit of the holders of the Secured Obligations a continuing first priority security interest in, and a right of set-off against, any and all of such Pledgor's rights, title and interest in, to and under the following property, whether now existing or owned, acquired or arising hereafter (collectively, the "Collateral"):

(a) all of shares of Capital Stock in the Persons listed on the attached Schedule 2.1(a) and any other entities which hereafter become Subsidiaries of such Pledgor or any of its Subsidiaries in which such Pledgor has an ownership interest (collectively, the "Companies"), and the certificates or instruments, if any, representing such Capital Stock and all options and other rights, contractual or otherwise, with respect thereto (collectively, the "Pledged Shares");

(b) any other shares of Capital Stock hereafter pledged to the Administrative Agent pursuant to this Agreement;

(c) all "investment property" as such term is defined in Section 9-102(a)(49) of the UCC with respect thereto;

(d) any "security entitlement" as such term is defined in Section 8-102(a)(17) of the UCC with respect thereto;

(e) all books and records relating to the foregoing; and

(f) all Accessions and Proceeds (as each is defined in the UCC) of the foregoing, including, without limitation, all distributions (cash, stock, or

otherwise), dividends, stock dividends, securities, cash, instruments, rights to subscribe, purchase, or sell, and other property, rights, and interest that such Pledgor is at any time entitled to receive or is otherwise distributed in respect of, or in exchange for, any or all of the Collateral, and without affecting the obligations of such Pledgor under any provision of the Credit Agreement, in the event of any consolidation or merger in which such Pledgor is not the surviving corporation, all shares of each class or Capital Stock of the successor entity formed by or resulting from such consolidation or merger (all of the foregoing described in this clause (f), the "Collateral Proceeds");

provided, that in no event shall the Administrative Agent's security interest encumber capital stock or membership interests of any of the Companies which is a "controlled foreign corporation" (within the meaning of the Internal Revenue Code) representing more than sixty-five percent (65%) of the combined voting power of all classes of stock or membership interests entitled to vote (the "Voting Stock") of any such entity.

Without limiting the generality of the foregoing, it is hereby specifically understood and agreed that a Pledgor may from time to time hereafter deliver additional Capital Stock to the Administrative Agent as collateral security for the Secured Obligations. Upon delivery to the Administrative Agent, such additional Capital Stock shall be deemed to be part of the Collateral of such Pledgor and shall be subject to the terms of this Pledge Agreement whether or not Schedule 2.1(a) is amended to refer to such additional Capital Stock.

2.2 Secured Obligations. The Collateral shall secure (subject to Section 7.14 hereof) the following obligations, indebtedness and liabilities, without duplication (all such obligations, indebtedness and liabilities being hereinafter sometimes called the "Secured Obligations"):

(a) all of the obligations of the Loan Parties to the Lenders (including the L/C Issuer, the Credit-Linked L/C Issuer and the Swing Line Lender) and the Administrative Agent under the Credit Agreement and the other Loan Documents (including, but not limited to, any interest accruing after the commencement by or against any Loan Party of a proceeding under any

Debtor Relief Laws, regardless of whether such interest is an allowed claim under such proceeding), whether now existing or hereafter arising, due or to become due, direct or indirect, absolute or contingent, howsoever evidenced, created, held or acquired, whether primary, secondary, direct, contingent, or joint and several, as such obligations may be amended, modified, increased, extended, renewed or replaced from time to time;

(b) all of the obligations owing by the Loan Parties under any Swap Contract with any Lender or any Affiliate of a Lender, whether now existing or hereafter arising;

(c) all indemnity obligations of the Loan Parties under the Credit Agreement; and

(d) all costs and expenses incurred in connection with enforcement and collection of the foregoing obligations, including reasonable attorneys' fees.

2.3 Delivery of the Collateral. Each Pledgor hereby agrees that:

(a) Delivery of Certificates. Each Pledgor shall deliver to the Administrative Agent (i) simultaneously with or prior to the execution and delivery of this Pledge Agreement, all certificates representing the Pledged Shares of such Pledgor and (ii) promptly upon the receipt thereof by or on behalf of a Pledgor, all other certificates and instruments constituting Collateral of a Pledgor. Prior to such delivery to the Administrative Agent, all such certificates and instruments constituting Collateral of a Pledgor shall be held in trust by such Pledgor for the benefit of the Administrative Agent pursuant hereto. All such certificates shall be delivered in suitable form for transfer by delivery or shall be accompanied by duly executed instruments of transfer or assignment in blank, substantially in the form provided in Schedule 2.3(a) attached hereto.

(b) Financing Statements. Each Pledgor authorizes the Administrative Agent to file one or more financing statements

(with collateral descriptions broader, including without limitation "all assets" and/or "all personal property" collateral descriptions, and/or less specific than the description of the Collateral contained herein) disclosing the Administrative Agent's security interest in the Collateral. Each Pledgor agrees to execute and deliver to the Administrative Agent such financing statements and other filings as may be reasonably requested by the Administrative Agent in order to perfect and protect the security interest created hereby in the Collateral of such Pledgor.

SECTION 3. REPRESENTATIONS AND WARRANTIES. Each Pledgor represents and warrants to the Administrative Agent for the benefit of the holders of the Secured Obligations, that so long as any of the Secured Obligations remain outstanding and until all of the commitments relating thereto have been terminated:

3.1 Title. Such Pledgor owns or, with respect to Collateral acquired after the date hereof, such Pledgor will own, legally and beneficially, the Collateral free and clear of any Lien, security interest, pledge, claim, or other encumbrance or any right or option on the part of any third person to purchase or otherwise acquire the Collateral or any part thereof, except for the security interest granted hereunder and Permitted Liens. Such Pledgor has the unrestricted right to pledge the Collateral as contemplated hereby, and there exists no "adverse claim" within the meaning of Section 8-102 of the UCC with respect to the Collateral.

3.2 Organization and Authority. Neither the execution, delivery or performance by such Pledgor of this Agreement nor compliance by it with the terms and provisions hereof, nor the

consummation of the transactions contemplated herein, will (i) contravene any applicable provision of any law, statute, rule or regulation, or any order, writ, injunction or decree of any court or governmental instrumentality; or (ii) conflict with or result in any breach of any term, covenant, condition or other provision of, or constitute a default under, or (other than pursuant to the Collateral Documents) result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of such Pledgor under the terms of any contractual obligation to which such Pledgor is a party or by which it or any of its properties or assets are bound or to which it may be subject.

3.3 First Priority Perfected Security Interest. This Agreement has been duly authorized, executed and delivered by such Pledgor. This Agreement creates a valid security interest in favor of the Administrative Agent for the benefit of the Lenders in the Collateral. The taking of possession by the Administrative Agent of the certificates representing the Pledged Shares and all other certificates and instruments constituting Collateral will perfect and establish the first priority of the Administrative Agent's security interest in the Pledged Shares consisting of certificated securities and, when properly perfected by filing or registration, in all other Collateral represented by such Pledged Shares and instruments securing the Secured Obligations. Except as set forth in this Section 3.3 and except as may be required by applicable foreign laws affecting the pledge of Capital Stock of Foreign Subsidiaries, no action is necessary to perfect or otherwise protect such security interest.

3.4 Partnership and Membership Interests. Except as previously disclosed to the Administrative Agent, none of the Pledged Shares consisting of partnership or limited liability company interests (i) is dealt in or traded on a securities exchange or in a securities market, (ii) by its terms expressly provides that it is a security governed by Article 8 of the UCC, (iii) is an investment company security, (iv) is held in a securities account or (v) constitutes a Security or a Financial Asset (as each is defined in the UCC).

3.5 No Consent. No consent of, or notice to, any other Person and no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the grant by such Pledgor of the Liens granted hereby or for the execution, delivery or performance of this Agreement by such Pledgor, other than the filing of financing statements and the filing of an investment act notice in connection with the stock of any Company organized in Canada and except for such other consents, notices or filings that have been obtained or made or that as of the date hereof are not required to have been obtained or made and may be obtained or made, as the case may be, when necessary.

SECTION 4. COVENANTS. Each Pledgor covenants and agrees that so long as any of the Secured Obligations remain outstanding and until all of the commitments relating thereto have been terminated such Pledgor shall:

4.1 Encumbrances. Except as permitted by the Credit Agreement, each Pledgor shall not create, permit, or suffer to exist, and shall defend the Collateral against, any Lien on the Collateral except the pledge and security interest of the Administrative Agent hereunder and except for Permitted Liens, and shall warrant and defend title to and ownership of the Collateral of such

Pledgor at its own expense against the claims and demands of all other parties claiming an interest therein and defend such Pledgor's rights in the Collateral and the Administrative Agent's security interest in the Collateral against the claims of all persons and entities (other than any person or entity claiming by, through or under the Administrative Agent or any obligee of the Secured Obligations).

4.2 Sale of Collateral. No Pledgor shall sell, assign, or otherwise dispose of the Collateral or any part thereof except as permitted by the Credit Agreement.

4.3 Dividends. If any Pledgor shall become entitled to receive or shall receive any distribution (including, without limitation, any dividend or distribution in connection with any reclassification, increase, or reduction of capital or issued in connection with any reorganization), option or rights constituting Collateral, whether as an addition to, in substitution of, or in exchange for any Collateral or otherwise, such Pledgor agrees to accept the same as the Administrative Agent's agent and to hold the same in trust for the Administrative Agent and to deliver the same (to the extent in form capable of delivery) promptly to the Administrative Agent in the exact form received, with the appropriate endorsement of such Pledgor when necessary, to be held by the Administrative Agent, as additional Collateral for the Secured Obligations, subject to the terms hereof. Any sums paid upon or in respect of the Collateral upon the liquidation or dissolution of the issuer thereof in violation of the Credit Agreement shall be paid over to the Administrative Agent to be held by it as additional Collateral for the Secured Obligations subject to the terms hereof except as otherwise provided in the Credit Agreement; and in case any distribution shall be made on or in respect of the Collateral while a Default or an Event of Default shall be continuing or any property shall be distributed while a Default or an Event of Default shall be continuing upon or with respect to the Collateral pursuant to any recapitalization or reclassification of the capital of the issuer thereof or pursuant to any reorganization of the issuer thereof, the property so distributed shall be delivered to the Administrative Agent to be held by it, as additional Collateral for the Secured Obligations, subject to the terms hereof. All sums of money and property so paid or distributed in respect of the Collateral that are received by such Pledgor shall, until paid or delivered to the Administrative Agent, be held by such Pledgor in trust as additional security for the Secured Obligations, provided that except to the extent that such sums of money or property have theretofore been applied against the Secured Obligations in accordance with the Credit Agreement, such sums of money or property shall forthwith be delivered to such Pledgor at such time as no Default or Event of Default shall be continuing under the Credit Agreement.

4.4 Further Assurances. At any time and from time to time, upon the request of the Administrative Agent, and at the sole expense of such Pledgor, such Pledgor shall promptly execute and deliver all such further instruments and documents and take such further action as the Administrative Agent may deem reasonably necessary or desirable to (a) preserve and perfect its security interest in the Collateral; (b) enable the Administrative Agent to exercise and enforce its rights and remedies hereunder in respect of the Collateral of such Pledgor; and (c) carry out the provisions and purposes of this Agreement, including, without limitation, (i) the execution and filing of such financing statements as the Administrative Agent may require and (ii) upon the occurrence and during the continuance of an Event of Default, if requested by the Administrative Agent, delivering to the Administrative Agent irrevocable proxies in respect of the Collateral of such Pledgor.

4.5 Inspection Rights. Upon reasonable notice from the Administrative Agent, each Pledgor shall permit the Administrative Agent and its representatives to examine, inspect, and copy such Pledgor's books and records concerning ownership of the Collateral at any reasonable time during normal business hours and as often as the Administrative Agent may desire.

4.6 Books and Records. Each Pledgor shall mark its books and records (and shall cause the issuer of the Pledged Shares to mark its books and records) to reflect the security interest of the Administrative Agent for the benefit of the holders of the Secured Obligations under this Agreement.

4.7 Receipt after Default. If any Collateral is received by any Pledgor during the continuance of an Event of Default, Pledgor shall pay over to the Administrative Agent all such Collateral on the day received, including the cash and checks endorsed by such Pledgor evidencing the Collateral. Such Pledgor shall not commingle the Collateral with any other funds, proceeds or monies of such Pledgor, and

shall keep such proceeds separate and apart from any other funds, proceeds or monies of such Pledgor and shall hold the Collateral in trust for the Administrative Agent until same shall be paid over to the Administrative Agent as agreed to herein.

4.8 Pledge of Shares of Controlled Foreign Corporation.

(a) In the event that the Collateral hereunder would, but for this Section 4.8(a), represent more than sixty-five percent (65%) of the Voting Stock of a Company which is a controlled foreign corporation, then the number of shares of Voting Stock of such Company in excess of such sixty-five percent (65%) automatically shall be released from the Lien of, and the terms and provisions of, this Agreement.

(b) In the event that the Collateral hereunder represents less than sixty-five percent (65%) of the Voting Stock of any Company which is a controlled foreign corporation (or, if less, 100% of the Voting Stock of such Company owned by Pledgor), then such Pledgor will promptly pledge additional capital stock to increase the number of shares pledged hereunder to such sixty-five percent (65%) (or, if less, 100% of the Voting Stock of such Company owned by such Pledgor).

4.9 Amendments. Not make or consent to any amendment or other modification or waiver with respect to any of the Collateral of such Pledgor or enter into any agreement or allow to exist any restriction with respect to any of the Collateral of such Pledgor that is prohibited under the Credit Agreement or any other Loan Document.

4.10 Compliance with Securities Laws. File all reports and other information now or hereafter required to be filed by such Pledgor with the United States Securities and Exchange Commission and any other state, federal or foreign agency in connection with such Pledgor's ownership of the Collateral of such Pledgor.

4.11 Issuance or Acquisition of Capital Stock. Not, without executing and delivering, or causing to be executed and delivered, to the Administrative Agent such agreements, documents and instruments as the Administrative Agent may reasonably request for the purpose of perfecting its security interest therein, issue or acquire any Capital Stock constituting Collateral consisting of an interest in a partnership or a limited liability company that (i) is dealt in or traded on a securities exchange or in a securities market, (ii) by its terms expressly provides that it is a security governed by Article 8 of the UCC, (iii) is an investment company security, (iv) is held in a securities account or (v) constitutes a Security or a Financial Asset (as each is defined in the UCC).

SECTION 5. RIGHTS OF THE ADMINISTRATIVE AGENT AND PLEDGOR.

5.1 Power of Attorney. Each Pledgor hereby irrevocably and with the power of substitution constitutes and appoints the Administrative Agent on behalf of the holders of the Secured Obligations and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead and in the name of each Pledgor or in its own name, from time to time in the Administrative Agent's discretion during the continuance of an Event of Default and prior to the Collateral Termination Date, to take any and all action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, hereby gives the Administrative Agent the power and right on behalf of the Pledgors and in its own name to do any of the following after the occurrence and during the continuance of an Event of Default and to the extent permitted by applicable laws, without notice to or the consent of the Pledgors:

(a) to demand, sue for, collect, or receive in the name of each Pledgor or in its own name, any money or property at any time payable or receivable on account of or in exchange for any of the Collateral and, in connection therewith, endorse checks, notes, drafts, acceptances, money orders, or any other instruments for the payment of money under the Collateral;

(b) to pay or discharge taxes, liens, security interests, or other encumbrances (other than Permitted Liens) levied or placed on or threatened against the Collateral;

(c) (i) to direct any parties liable for any payment under any of the Collateral to make payment of any and all monies due and to become due thereunder directly to the Administrative Agent or as the Administrative Agent shall direct, (ii) to receive payment of and receipt for any and all monies, claims, and other amounts due and to become due at any time in respect of or arising out of any Collateral; (iii) to sign and endorse any drafts,

assignments, proxies, stock powers, verifications, notices, and other documents relating to the Collateral; (iv) to commence and prosecute any suit, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral; (v) to defend any suit, action, or proceeding brought against any Pledgor with respect to any Collateral; (vi) to settle, compromise, or adjust any suit, action, or proceeding described in clause (v) above and, in connection therewith, to give such discharges or releases as the Administrative Agent may deem appropriate; (vii) to exchange any of the Collateral for other property upon any merger, consolidation, reorganization, recapitalization, or other readjustment of the issuer thereof and, in connection therewith, deposit any of the Collateral with any committee, depositary, transfer agent, registrar, or other designated agency upon such terms as the Administrative Agent may determine; (viii) to add or release any guarantor, endorser, surety, or other party to any of the Collateral or the Secured Obligations; (ix) to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Administrative Agent were the absolute owner thereof for all purposes, and to do, at the Administrative Agent's option and such Pledgor's expense, at any time, or from time to time, all acts and things which the Administrative Agent deems necessary to protect, preserve, or realize upon the Collateral and the Administrative Agent's security interest; (x) to execute and deliver all assignments, conveyances, statements, financing statements, renewal financing statements, security and pledge agreements, affidavits, notices and other agreements, instruments and documents that the Administrative Agent may reasonably deem appropriate in order to perfect and maintain the security interests and liens granted in this Agreement and in order to fully consummate all of the transactions contemplated herein; and (xi) to vote for a shareholder resolution, or to sign an instrument in writing, sanctioning the transfer of any or all of the Collateral into the name of the Administrative Agent or one or more of the holders of the Secured Obligations or into the name of any transferee to whom the Collateral or any part thereof may be sold pursuant to Section 6.2 hereof.

This power of attorney is a power coupled with an interest and shall be irrevocable. The Administrative Agent shall be under no duty to exercise or withhold the exercise of any of the rights, powers, privileges,

and options expressly or implicitly granted to the Administrative Agent in this Agreement, and shall not be liable for any failure to do so or any delay in doing so. The Administrative Agent shall not be liable for any act or omission or for any error of judgment or any mistake of fact or law in its individual capacity or in its capacity as attorney-in-fact except acts or omissions constituting or resulting from its willful misconduct or gross negligence. This power of attorney is conferred on the Administrative Agent solely to protect, preserve, and realize upon its security interest in the Collateral.

5.2 Voting Rights. Until written notice shall be given to the Pledgors in accordance with Section 6.2(d) that the Administrative Agent has exercised its rights under Section 6.2(d) to vote the Collateral (provided, however, if the Administrative Agent is prevented from providing such notice as a result of Section 362 of the United States Bankruptcy Code or similar law the Pledgors shall be entitled to exercise such rights so long as no Event of Default shall have occurred and be continuing), a Pledgor shall be entitled to exercise any and all voting and other rights relating or pertaining to the Collateral or any part thereof and the Administrative Agent shall execute and deliver (or cause to be executed and delivered) to such Pledgor all such proxies and other instruments as such Pledgor may reasonably request for the purpose of enabling such Pledgor to exercise the voting and other rights which it is entitled to exercise pursuant to this sentence).

5.3 Collateral Proceeds. Until written notice shall be given to the Pledgors in accordance with Section 6.2(d) that the Administrative Agent has exercised its rights under Section 6.2(d) to vote the Collateral, each Pledgor shall be entitled to receive and collect for its own use all Collateral Proceeds.

5.4 Performance by the Administrative Agent of the Pledgors' Obligations. If an Event of Default has occurred and is continuing or if a Pledgor fails to perform or comply with any of its agreements contained herein, the Administrative Agent may perform or cause performance of or compliance with such agreement and in so doing may expend such sums as the Administrative Agent may reasonably deem advisable in the performance thereof. All such expenses of the Administrative Agent so expended, together with interest thereon at the rate of interest provided in the Credit Agreement, shall be payable by the Pledgors on a joint and several basis to the Administrative Agent on demand and shall constitute Secured Obligations secured by this Agreement.

5.5 The Administrative Agent's Duty of Care. Other than the exercise of reasonable care in the physical custody of the Collateral while held by the Administrative Agent hereunder, the Administrative Agent shall have no responsibility for or obligation or duty with respect to all or any part of the Collateral or any matter or proceeding arising out of or relating thereto, including, without limitation, any obligation or duty to collect any sums due in respect thereof or to protect or preserve any rights against prior parties or any other rights pertaining thereto, it being understood and agreed that Pledgor shall be responsible for preservation of all rights in the Collateral. Without limiting the generality of the foregoing, the Administrative Agent shall be conclusively deemed to have exercised reasonable care in the custody of the Collateral if the Administrative Agent takes such action, for purposes of preserving rights in the Collateral, as Pledgor may reasonably request in writing, but no failure or omission or delay by the Administrative Agent in complying with any such request by Pledgor, and no refusal by the Administrative Agent to comply with any such request by Pledgor, shall of itself be deemed to be a failure to exercise reasonable care.

SECTION 6. EVENTS OF DEFAULT AND REMEDIES.

6.1 Events of Default. The Pledgors shall be in default under this Agreement upon the occurrence of and during the continuation of any of the events or conditions defined as Events of Default in the Credit Agreement (an "Event of Default").

6.2 Rights and Remedies. Prior to the Collateral Termination Date, upon the occurrence of an Event of Default and so long as the same shall be continuing, the Administrative Agent shall have the following rights and remedies to the extent not prohibited by applicable laws:

(a) In addition to all other rights and remedies granted to the Administrative Agent in this Agreement and in any other instrument or agreement securing, evidencing, or relating to the Secured Obligations, the Administrative Agent shall have all of the rights and remedies of a secured party under the UCC of the jurisdiction applicable to the affected Collateral. Without limiting the generality of the foregoing, the Administrative Agent may (i) without demand or notice to the Pledgors, collect, receive, or take possession of the Collateral or any part thereof, (ii) sell or otherwise dispose of the Collateral, or any part thereof, in one or more parcels at public or private sale or sales, at the Administrative Agent's offices or elsewhere, for cash, on credit, or for future delivery without assumption of any credit risk, and/or (iii) bid and become a purchaser at any such sale free of any right or equity of redemption in any of the Pledgors, which right or equity is hereby expressly waived and released by all of the Pledgors. Upon the request of the Administrative Agent, any of the Pledgors shall assemble the Collateral and make it available to the Administrative Agent at any place designated by the Administrative Agent that is reasonably convenient to such Pledgor and the Administrative Agent. Each of the Pledgors agrees that the Administrative Agent shall not be obligated to give more than ten (10) days' prior written notice of the time and place of any public sale or of the time after which any private sale may take place and that such notice shall constitute reasonable notice of such matters. Each of the Pledgors shall be liable, jointly and severally, for all reasonable expenses of retaking, holding, preparing for sale, or the like, and all reasonable attorneys' fees and other reasonable expenses incurred by the Administrative Agent in connection with the collection of the Secured Obligations and the enforcement of the Administrative Agent's rights under this Agreement, in each case during the continuance of an Event of Default, all of which

expenses and fees shall constitute additional Secured Obligations secured by this Agreement. The Administrative Agent may apply the Collateral against the Secured Obligations then due and payable in such order and manner as it shall elect in its sole discretion. Each of the Pledgors shall remain liable for any deficiency (subject to Section 7.16 hereof) together with interest thereon at the Default Rate if the proceeds of any sale or disposition of the Collateral are insufficient to pay the Secured Obligations. Each of the Pledgors waives all rights of marshaling in respect of the Collateral.

(b) The Administrative Agent may cause any or all of the Collateral held by it to be transferred into the name of the Administrative Agent or the name or names of the Administrative Agent's nominee or nominees (in each case as pledgee hereunder).

(c) The Administrative Agent shall be entitled to receive all dividends and cash distributions payable in respect of the Collateral. Pledgor shall execute notice letters, in form and substance satisfactory to the Administrative Agent (as and when requested by the Administrative Agent), notifying the Company or Companies of the fact of this Agreement and directing the Company or Companies to make payment directly to the Administrative Agent of all of the distributions which are due and owing to Pledgor by the Company or Companies,

and directing the Company or Companies to accompany each transmission of such distributions to the Administrative Agent with a report in such form as the Administrative Agent may reasonably require in order to identify (i) the type of distribution being made, and (ii) the calculations made by the Company or Companies to determine the amount of the distribution distributed to the Administrative Agent.

(d) The Administrative Agent shall have the right, but shall not be obligated to, exercise or cause to be exercised all voting rights and powers in respect of the Collateral, and Pledgor shall deliver to the Administrative Agent, if requested by the Administrative Agent, irrevocable proxies with respect to the Collateral in form satisfactory to the Administrative Agent.

Because of applicable securities laws, including without limitation, the Securities Act of 1933, as amended, and other applicable state securities laws, there may be legal restrictions or limitations affecting attempts of the Administrative Agent to dispose of the Collateral in the enforcement of its rights and remedies hereunder, the Administrative Agent is hereby authorized by the Pledgors, but not obligated, upon the occurrence and during the continuance of an Event of Default, to the extent permitted by applicable law, to sell all or any part of the Collateral at private sale, subject to investment letters or in any other manner which will not require the Collateral or any part thereof, to be registered in accordance with the Securities Act of 1933, as amended, or the rules and regulations promulgated thereunder, or any other applicable securities law or regulation. The Pledgors specifically agree that under these circumstances, such a sale is a commercially reasonable method of disposition of the Collateral. The Administrative Agent is also hereby authorized by the Pledgors, but not obligated, to take such actions, give such notices, obtain such rulings and consents, and do such other things as the Administrative Agent may deem appropriate in the event of such a sale or disposition of any of the Collateral. The Pledgors acknowledge that the Administrative Agent may, in its reasonable discretion, approach a restricted number of potential purchasers and that a sale under such circumstances may yield a lower price for the Collateral or any part or parts thereof than would otherwise be obtainable if the same were registered and sold in the open market, the Pledgors agrees that such private sale shall constitute a commercially reasonable method of disposing of the Collateral in view of the time, expense, and potential liability to the parties of such transactions of registration of the Collateral in accordance with applicable securities laws.

6.3 Application of Proceeds. Upon the occurrence and during the continuation of an Event of Default, any payments in respect of the Secured Obligations and any proceeds of the Collateral, when received by the Administrative Agent or any of the holders of the Secured Obligations in cash or its equivalent, will be applied in reduction of the Secured Obligations in the order set forth in the Credit Agreement.

SECTION 7. MISCELLANEOUS.

7.1 No Waiver; Cumulative Remedies. No failure on the part of the Administrative Agent to exercise and no delay in exercising, and no course of dealing with respect to, any right, power, privilege or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, privilege or remedy under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power, privilege or remedy. To the fullest extent permitted by applicable laws, the rights, powers, privileges and remedies provided for in this Agreement are cumulative and not exclusive of any rights, powers, privileges and remedies provided by law. The Administrative Agent may exercise any right, power, privilege or remedy under this Agreement or under applicable law against any Pledgor without enforcing any rights, powers, privileges or remedies against any other Pledgor under this Agreement or otherwise, each of the Pledgors expressly waiving any rights

or requirements that the Administrative Agent or any Lender first enforce any right, power, privilege or remedy against the Borrower, any other Pledgor or any other Collateral for the Secured Obligations.

7.2 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of each Pledgor and the Administrative Agent for the benefit of the holders of the Secured Obligations and their respective heirs, successors, and assigns, except that none of the Pledgors may assign any of its rights or obligations under this Agreement without the prior written consent of the Required Lenders under the Credit Agreement except to the extent permitted by the Credit Agreement. To the fullest extent permitted by law, each Pledgor hereby releases the Administrative Agent and each holder of the Secured Obligations, and their respective successors and assigns, from any liability for any act or omission relating to this Agreement or the Collateral, except for any liability arising from the gross negligence or willful misconduct of the Administrative Agent or such holder, or their respective officers, employees or agents.

7.3 Notices. All notices required or permitted to be given under this Agreement shall be given as provided in Section 11.02 of the Credit Agreement.

7.4 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial; Arbitration.

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, the LAWS OF THE STATE OF NEW YORK applicable to agreements made and to be performed entirely within such State; PROVIDED THAT THE PARTIES HERETO SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK, NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF SUCH STATE, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH PLEDGOR AND THE ADMINISTRATIVE Agent, ON BEHALF OF ITSELF AND EACH LENDER, CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH PLEDGOR AND THE ADMINISTRATIVE Agent, ON BEHALF OF ITSELF AND EACH LENDER, IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR OTHER DOCUMENT RELATED THERETO. EACH PLEDGOR AND THE ADMINISTRATIVE Agent, ON BEHALF OF ITSELF AND EACH LENDER, WAIVES PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY THE LAW OF SUCH STATE.

7.5 Waiver of Right to Trial by Jury.

EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR

OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

7.6 Headings. The headings, captions, and arrangements used in this Agreement are for convenience only and shall not affect the interpretation

of this Agreement.

7.7 Survival of Representations and Warranties. All representations and warranties made in this Agreement or in any certificate delivered pursuant hereto shall survive the execution and delivery of this Agreement, and no investigation by the Administrative Agent or any Lender shall affect the representations and warranties or the right of the Administrative Agent or any Lender to rely upon them.

7.8 Amendments and Waivers. This Agreement and the provisions hereof may not be amended, waived, modified, changed, discharged or terminated except as set forth in Section 11.01 of the Credit Agreement.

7.9 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

7.10 Severability. Any provision of this Agreement which 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 of this Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

7.11 Construction. The Pledgors and the Administrative Agent acknowledge that each of them has had the benefit of legal counsel of its own choice and has been afforded an opportunity to review this Agreement with its legal counsel and that this Agreement shall be construed as if jointly drafted by the Pledgors and the Administrative Agent.

7.12 Secured Obligations Absolute. The obligations of the Pledgors under this Agreement shall be absolute and unconditional and shall not be released, discharged, reduced, or in any way impaired by any circumstance whatsoever, including, without limitation, any amendment, modification, extension, or renewal of this Agreement, the Secured Obligations, or any document or instrument evidencing, securing, or otherwise relating to the Secured Obligations, or any release, subordination, or impairment of collateral, or any waiver, consent, extension, indulgence, compromise, settlement, or other action or inaction in respect of this Agreement, the Secured Obligations, or any document or instrument evidencing, securing, or otherwise relating to the Secured Obligations, or any exercise or failure to exercise any right remedy, power, or privilege in respect of the Secured Obligations.

7.13 Termination. On the Collateral Termination Date, the Liens created hereby shall terminate, and the Administrative Agent, at the request and expense of each Pledgor, forthwith will execute and deliver to such Pledgor a proper instrument or instruments acknowledging the satisfaction and termination of the Liens created hereby and will duly assign, transfer and deliver to such Pledgor (without recourse and without any representation or warranty), such of the Collateral as may be in the possession of the Lender and as has not theretofore been sold or otherwise applied pursuant to this Agreement or the Credit Agreement. Upon such release and redelivery, this Agreement shall terminate.

7.14 ENTIRE AGREEMENT. THIS AGREEMENT, TOGETHER WITH THE OTHER LOAN DOCUMENTS, EMBODIES THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDES ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF.

7.15 Other Security. To the extent that any of the Secured Obligations are now or hereafter secured by property other than the Collateral (including, without limitation, real and other personal property owned by a Pledgor), or by a guarantee, endorsement or property of any other Person in favor of the Administrative Agent on behalf of the holders of the Secured Obligations, then the Administrative Agent shall have the right to proceed against such other property, guarantee or endorsement upon the occurrence and during the continuance of any Event of Default, and the Administrative Agent shall have the right, in its sole discretion, to determine which rights, security, liens, security interests or remedies the Administrative Agent shall at any time pursue, relinquish, subordinate, modify or take with respect thereto, without in any way modifying or affecting any of them or the Secured Obligations or any of the rights of the Administrative Agent or the holders of the Secured Obligations under this Agreement, under any of the other Loan Documents or under any other document relating to the Secured Obligations.

7.16 Joint and Several Obligations of Pledgors.

(a) Each of the Pledgors is accepting joint and several liability hereunder in consideration of the financial accommodation to be provided by the holders of the Secured Obligations, for the mutual benefit, directly and indirectly, of each of the Pledgors and in consideration of the undertakings of each of the Pledgors to accept joint and several liability for the obligations of each of them.

(b) Each of the Pledgors jointly and severally hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other Pledgors with respect to the payment and performance of all of the Secured Obligations arising under this Agreement, the other Loan Documents and any other documents relating to the Secured Obligations, it being the intention of the parties hereto that all the Secured Obligations shall be the joint and several obligations of each of the Pledgors without preferences or distinction among them.

(c) Notwithstanding any provision to the contrary contained herein, in any other of the Loan Documents or in any other documents relating to the Secured Obligations, the obligations of each Guarantor under the Credit Agreement, the other Loan Documents and the documents relating to the Secured Obligations shall be limited to an aggregate amount equal to the largest amount that would not render such obligations subject to avoidance under Section 548 of the United States Bankruptcy Code or any comparable provisions of any applicable state law.

[Signatures on immediately following page.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first written above.

PLEDGOR: QUANTA SERVICES, INC.,
a Delaware corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

ARBY CONSTRUCTION, INC.
AUSTIN TRENCHER, INC.
CCLC, INC.
CONTI COMMUNICATIONS, INC.
CROCE ELECTRIC COMPANY, INC.
DILLARD SMITH CONSTRUCTION COMPANY
DRIFTWOOD ELECTRICAL CONTRACTORS, INC.
GLOBAL ENERCOM MANAGEMENT, INC.
GOLDEN STATE UTILITY CO.
H.L. CHAPMAN PIPELINE CONSTRUCTION, INC.
HAINES CONSTRUCTION COMPANY
MANUEL BROS., INC.
MEARS GROUP, INC.
NETWORK ELECTRIC COMPANY
NORTH PACIFIC CONSTRUCTION CO., INC.
NORTH SKY COMMUNICATIONS, INC.
PARKSIDE SITE & UTILITY COMPANY CORPORATION
PARKSIDE UTILITY CONSTRUCTION CORP.
PWR FINANCIAL COMPANY
QPC, INC.
QSI, INC.
QUANTA HOLDINGS, INC.
QUANTA GOVERNMENT SERVICES, INC.
QUANTA LI ACQUISITION, INC.
QUANTA LIV ACQUISITION, INC.
QUANTA LVII ACQUISITION, INC.
QUANTA LVIII ACQUISITION, INC.
QUANTA LIX ACQUISITION, INC.
QUANTA LX ACQUISITION, INC.
QUANTA LXI ACQUISITION, INC.
QUANTA LXII ACQUISITION, INC.
QUANTA LXIII ACQUISITION, INC.
QUANTA LXIV ACQUISITION, INC.
QUANTA LXV ACQUISITION, INC.,
each a Delaware corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

QUANTA LXVI ACQUISITION, INC.
QUANTA LXVII ACQUISITION, INC.
QUANTA LXVIII ACQUISITION, INC.
QUANTA LXIX ACQUISITION, INC.
QUANTA LXX ACQUISITION, INC.
QUANTA LXXI ACQUISITION, INC.
QUANTA LXXII ACQUISITION, INC.
QUANTA LXXIII ACQUISITION, INC.

QUANTA UTILITY INSTALLATION CO., INC.
R.A. WAFFENSMITH & CO., INC.
SOUTHEAST PIPELINE CONSTRUCTION, INC.
SOUTHWESTERN COMMUNICATIONS, INC.
SPALJ CONSTRUCTION COMPANY
SUMTER UTILITIES, INC.
TOM ALLEN CONSTRUCTION COMPANY
TTGP, INC.
TTLP, INC.
TXLP, INC.
UNDERGROUND CONSTRUCTION CO., INC.
VCI TELCOM, INC.
W.C. COMMUNICATIONS, INC.,
each a Delaware corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

ADVANCED TECHNOLOGIES AND INSTALLATION
CORPORATION,
ALLTECK LINE CONTRACTORS (USA), INC.
MUSTANG LINE CONTRACTORS, INC.
POTELCO, INC.,
each a Washington corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

BRADFORD BROTHERS, INC.
TTM, INC.,
each a North Carolina corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

COMMUNICATION MANPOWER, INC.
P.D.G. ELECTRIC COMPANY
TRAWICK CONSTRUCTION COMPANY, INC.,
each a Florida corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

CROWN FIBER COMMUNICATIONS, INC.,
a Virginia corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

ENVIRONMENTAL PROFESSIONAL ASSOCIATES,
LIMITED
W.H.O.M. CORPORATION
each a California corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

FIVE POINTS CONSTRUCTION CO.
MEJIA PERSONNEL SERVICES, INC.
TRANS TECH ACQUISITION, INC.
SOUTHWEST TRENCHING COMPANY, INC.
each a Texas corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

INTERMOUNTAIN ELECTRIC, INC.,
a Colorado corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

IRBY CONSTRUCTION COMPANY,
a Mississippi corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

OLD LESCO CORPORATION, INC.
a South Carolina corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

METRO UNDERGROUND SERVICES, INC.
PROFESSIONAL TELECONCEPTS, INC. (IL)
each an Illinois corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

PAR ELECTRICAL CONTRACTORS, INC.,
a Missouri corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

PROFESSIONAL TELECONCEPTS, INC. (NY),
A New York corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

THE RYAN COMPANY, INC.,
a Massachusetts corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

UTILCO, INC.,
a Georgia corporation

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

QDE, LLC
QUANTA DELAWARE, INC.
QUANTA ASSET MANAGEMENT LLC
each a Delaware limited liability company

By: /s/ Linda Bubacz

Name: Linda Bubacz
Title: President

TOTAL QUALITY MANAGEMENT
LLC, a Delaware limited
liability company COAST TO
COAST, LLC, a California
limited liability company

By: Environmental Professional Associates,
Limited, Its Member

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

NORTHERN LINE LAYERS, LLC,
a Delaware limited liability company

By: PAR Electrical Contractors, Inc.,
Its Member

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

DOT 05, LLC
TJADER, L.L.C.
OKAY CONSTRUCTION COMPANY, LLC
each a Delaware limited liability company

By: Spalj Construction Company,
Its Member

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

LAKE NORMAN PIPELINE, LLC,
a North Carolina limited liability company

By: Bradford Brothers, Inc.,
Its Member

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

MEARS/CPG, LLC
MEARS ENGINEERING, LLC
MEARS/HDD, LLC
MEARS SERVICES, LLC
each a Michigan limited liability company

By: Mears Group, Inc., The Sole Member of
each of the foregoing limited liability
companies

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

S.K.S. PIPELINERS, LLC, a
Delaware limited liability
company

By: Arby Construction, Inc., Its Member

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

TNS-VA, LLC,
a Delaware limited liability company

By: Professional Teleconcepts, Inc. (NY)
Its Member

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

LINECO LEASING, LLC,
a Washington limited liability company

By: Mustang Line Contractors, Inc.,

Its Member

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

AIRLAN TELECOM SERVICES, L.P.
NORTH HOUSTON POLE LINE, L.P.
LINDSEY ELECTRIC, L.P.
DIGCO UTILITY CONSTRUCTION, L.P.
each a Texas limited partnerships

By: Mejia Personnel Services, Inc.,
Its General Partner

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

QUANTA SERVICES MANAGEMENT PARTNERSHIP, L.P.
QUANTA ASSOCIATES, L.P.
each a Texas limited partnerships

By: QSI, Inc., Its General Partnership

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

TRANS TECH ELECTRIC, L.P.,
a Texas limited partnership

By: TTGP, Inc., Its General Partner

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

PWR NETWORK, LLC,
a Delaware limited liability company

By: PWR Financial Company,
Its Sole Member

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

QUANTA RECEIVABLES, L.P.
a Delaware limited partnership

By: PWR Financial Company, Its General Partner

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

Q RESOURCES, LLC
a Delaware limited liability company

By: Quanta Holdings, Inc., Its Member

By: /s/ Dana A. Gordon

Name: Dana A. Gordon
Title: Vice President

Accepted and agreed to as of the date first above written.

Bank of America, N.A., as Administrative Agent

By: /s/ Suzanne M. Paul

Name: Suzanne M. Paul
Title: Vice President

SCHEDULE 2.1(a)

<TABLE>
<CAPTION>

ISSUER	OWNER	CERT NO.	ISSUER'S JURISDICTION OF FORMATION	NO. OF SHARES	% OF OWNERSHIP INTEREST
<S>	<C>	<C>	<C>	<C>	<C>
Advanced Technologies and Installation Corporation	Quanta Services, Inc.	7	Washington	1,000	100%
Airlan Telecom Services, L.P.	QDE LLC	N/A	Texas	N/A	98%
Airlan Telecom Services, L.P.	Mejia Personnel Services, Inc.	N/A	Texas	N/A	2%
Allteck Line Contractors (USA), Inc.	Quanta Services, Inc.	2	Washington	100	100%
Allteck Line Contractors, Inc.*	Quanta Services, Inc.	1C 1P	British Columbia	C-100 P-485	100%
Arby Construction, Inc.	Quanta Services, Inc.	2	Delaware	1,000	100%
Austin Trencher, Inc.	Quanta Services, Inc.	2	Delaware	1,000	100%
Bradford Brothers, Incorporated	Quanta Services, Inc.	21	North Carolina	1,165	100%
CCLC, Inc.	Conti Communications, Inc.	1	Delaware	1,000	100%
Coast to Coast, LLC	Environmental Professional Associates, Limited	N/A	California	N/A	100%
Communication Manpower, Inc.	Trawick Construction, Inc.	20	Florida	1,000	100%

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ISSUER	OWNER	CERT NO.	ISSUER'S JURISDICTION OF FORMATION	NO. OF SHARES	% OF OWNERSHIP INTEREST
<S>	<C>	<C>	<C>	<C>	<C>
Conti Communications, Inc.	Quanta Services, Inc.	2	Delaware	1,000	100%
Croce Electric Company, Inc.	Quanta Services, Inc.	2	Delaware	1,000	100%
Crown Fiber Communications, Inc.	Quanta Services, Inc.	5	Virginia	1,000	100%
Digco Utility Construction, L.P.	QDE LLC	N/A	Texas	N/A	99.9%
Digco Utility Construction, L.P.	Mejia Personnel Services, Inc.	N/A	Texas	N/A	0.1%
Dillard Smith Construction Company	Quanta Services, Inc.	2	Delaware	1,000	100%
Dot 05, LLC	Spalj Construction Company	N/A	Delaware	N/A	100%
Driftwood Electrical Contractors, Inc.	Quanta Services, Inc.	2	Delaware	1,000	100%
Environmental Professional Associates, Limited	Quanta Services, Inc.	18	California	1,000,000	100%
Five Points Construction Co.	Underground Construction Co., Inc.	37	Texas	4,093	100%
Global Enercom Management, Inc.	Quanta Services, Inc.	3	Delaware	1,000	100%
Golden State Utility Co.	Quanta Services, Inc.	2	Delaware	1,000	100%

H. L. Chapman Pipeline Construction, Inc.	Quanta Services, Inc.	2	Delaware	1,000	100%
Haines Construction Company	Quanta Services, Inc.	2	Delaware	1,000	100%
Intermountain Electric, Inc.	Quanta Services, Inc.	6	Colorado	1,000	100%
Irby Construction Company	Quanta Services, Inc.	2	Mississippi	1,000	100%

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ISSUER	OWNER	CERT NO.	ISSUER'S JURISDICTION OF FORMATION	NO. OF SHARES	% OF OWNERSHIP INTEREST
<S>	<C>	<C>	<C>	<C>	<C>
Lake Norman Pipeline, LLC	Bradford Brothers, Inc.	N/A	North Carolina	N/A	100%
Lindsey Electric, L.P.	North Houston Pole Line, L.P.	N/A	Texas	N/A	99.9%
Lindsey Electric, L.P.	Mejia Personnel Services,Inc.	N/A	Texas	N/A	0.1%
Lineco Leasing, LLC	Mustang Line Contractors, Inc.	N/A	Washington	N/A	100%
Manuel Bros., Inc.	Quanta Services, Inc.	2	Delaware	1,000	100%
Mears Canada Corp.*	Mears Group, Inc.	2	Nova Scotia	1	100%
Mears Engineering, LLC	Mears Group, Inc.	N/A	Michigan	N/A	100%
Mears Group, Inc.	Quanta Services, Inc.	2	Delaware	1,000	100%
Mears HDD, LLC	Mears Group, Inc.	N/A	Michigan	N/A	100%
Mears Services, LLC	Mears Group, Inc.	N/A	Michigan	N/A	100%
Mears/CPG, LLC	Mears Group, Inc.	N/A	Michigan	N/A	100%
Mearsmex S. de R.L. de C.V.*	Mears Group, Inc.	N/A	Mexico	N/A	90%
Mearsmex S. de R.L. de C.V.*	Mears/HDD, LLC	N/A	Mexico	N/A	10%
Mejia Personnel Services, Inc.	Quanta Services, Inc.	4	Texas	1,000	100%
Metro Underground Services, Inc.	Quanta Services, Inc.	7	Illinois	1,000	100%
Mustang Line Contractors, Inc.	Quanta Services, Inc.	13	Washington	500	100%

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ISSUER	OWNER	CERT NO.	ISSUER'S JURISDICTION OF FORMATION	NO. OF SHARES	% OF OWNERSHIP INTEREST
<S>	<C>	<C>	<C>	<C>	<C>
Network Electric Company	Quanta Services, Inc.	2	Delaware	1,000	100%
North Houston Pole Line, L.P.	QDE LLC	N/A	Texas	N/A	99.9%
North Houston Pole Line, L.P.	Mejia Personnel Services, Inc.	N/A	Texas	N/A	0.1%
North Pacific Construction Co., Inc.,	Quanta Services, Inc.	2	Delaware	1,000	100%
North Sky Communications, Inc.	Quanta Services, Inc.	2	Delaware	1,000	

100%					
Northern Line Layers, LLC	PAR Electrical Contractors, Inc.	N/A	Delaware	N/A	
100%					
Okay Construction Company, LLC	Spalj Construction Company	N/A	Delaware	N/A	
100%					
Old Lesco Corporation, Inc.	Sumter Utilities, Inc.	9	South Carolina	10,000	
100%					
P.D.G. Electric Co.	Quanta Services, Inc.	8	Florida	1,000	
100%					
PAR Electrical Contractors, Inc.	Quanta Services, Inc.	100	Missouri	200	
100%					
Par Internacional, S. de R.L. de C.V.*	Quanta Services, Inc.	N/A	Mexico	N/A	
50%					
Par Internacional, S. de R.L. de C.V.*	PAR Electrical Contractors, Inc.	N/A	Mexico	N/A	
50%					
Parkside Site and Utility Company Corporation	Quanta Services, Inc.	2	Delaware	1,000	
100%					
Parkside Utility Construction Corp.	Quanta Services, Inc.	2	Delaware	1,000	
100%					
Potelco, Inc.	Quanta Services, Inc.	100	Washington	2	
100%					

ISSUER	OWNER	CERT NO.	ISSUER'S JURISDICTION OF FORMATION	NO. OF SHARES	% OF OWNERSHIP INTEREST
<S>	<C>	<C>	<C>	<C>	<C>
Professional Teleconcepts, Inc.	Quanta Services, Inc.	11	Illinois	100	100%
Professional Teleconcepts, Inc.	Quanta Services, Inc.	11	New York	100	100%
PWR Financial Company	Quanta Services, Inc.	1	Delaware	1000	100%
PWR Network, LLC	PWR Financial Company	N/A	Delaware	N/A	100%
Q Resources, LLC	Quanta Holdings, Inc.	N/A	Delaware	N/A	100%
QDE LLC	PWR Financial Company	N/A	Delaware	N/A	100%
QPC, Inc.	Quanta Services, Inc.	2	Delaware	1,000	100%
QSI, Inc.	Quanta Holdings, Inc.	2	Delaware	1,000	100%
Quanta Asset Management LLC	QSI, Inc.	N/A	Delaware	N/A	100%
Quanta Associates, L.P.	Quanta Asset Management, LLC	N/A	Texas	N/A	99.9%
Quanta Associates, L.P.	QSI, Inc.	N/A	Texas	N/A	0.1%
Quanta Delaware, Inc.	Quanta Holdings, Inc.	2	Delaware	1,000	100%
Quanta Government Services, Inc.	Quanta Services, Inc.	1	Delaware	1,000	100%
Quanta Holdings, Inc.	Quanta Services, Inc.	1	Delaware	8,000	100%
Quanta LI Acquisition, Inc.	Quanta Services, Inc.	1	Delaware	1,000	100%
Quanta LIV Acquisition, Inc.	Quanta Services, Inc.	1	Delaware	1,000	100%
Quanta LIX Acquisition, Inc.	Quanta Services, Inc.	1	Delaware	1,000	100%

ISSUER	OWNER	CERT NO.	ISSUER'S JURISDICTION OF FORMATION	NO. OF SHARES	% OF OWNERSHIP

ISSUER	OWNER	CERT NO.	JURISDICTION OF FORMATION	NO. OF SHARES	% OF OWNERSHIP INTEREST
Quanta LVII Acquisition, Inc.	Quanta Services, Inc.	1	Delaware	1,000	100%
Quanta LVIII Acquisition, Inc.	Quanta Services, Inc.	1	Delaware	1,000	100%
Quanta LX Acquisition, Inc.	Quanta Services, Inc.	1	Delaware	1,000	100%
Quanta LXI Acquisition, Inc.	Quanta Services, Inc.	1	Delaware	1,000	100%
Quanta LXII Acquisition, Inc.	Quanta Services, Inc.	1	Delaware	1,000	100%
Quanta LXIII Acquisition, Inc.	Quanta Services, Inc.	1	Delaware	1,000	100%
Quanta LXIV Acquisition, Inc.	Quanta Services, Inc.	1	Delaware	1,000	100%
Quanta LXIX Acquisition, Inc.	Quanta Services, Inc.	1	Delaware	1,000	100%
Quanta LXV Acquisition, Inc.	Quanta Services, Inc.	1	Delaware	1,000	100%
Quanta LXVI Acquisition, Inc.	Quanta Services, Inc.	1	Delaware	1,000	100%
Quanta LXVII Acquisition, Inc.	Quanta Services, Inc.	1	Delaware	1,000	100%
Quanta LXVIII Acquisition, Inc.	Quanta Services, Inc.	1	Delaware	1,000	100%
Quanta LXX Acquisition, Inc.	Quanta Services, Inc.	1	Delaware	1,000	100%
Quanta LXXI Acquisition, Inc.	Quanta Services, Inc.	1	Delaware	1,000	100%
Quanta LXXII Acquisition, Inc.	Quanta Services, Inc.	1	Delaware	1,000	100%
Quanta LXXIII Acquisition, Inc.	Quanta Services, Inc.	1	Delaware	1,000	100%
Quanta Receivables, L.P.	QDE LLC	N/A	Delaware	N/A	99%

ISSUER	OWNER	CERT NO.	JURISDICTION OF FORMATION	NO. OF SHARES	% OF OWNERSHIP INTEREST
Quanta Receivables, L.P.	PWR Network, LLC	N/A	Delaware	N/A	1%
Quanta Services Management Partnership, L.P.	Quanta Delaware, Inc.	N/A	Texas	N/A	99%
Quanta Services Management Partnership, L.P.	QSI, Inc.	N/A	Texas	N/A	1%
Quanta Services of Canada Ltd.*	Quanta Services, Inc.	C-2 P-2	British Columbia	C-10 P-3,499	100%
Quanta Utility Installation Company, Inc.	Quanta Services, Inc.	2	Delaware	1,000	100%
R.A. Waffensmith & Co., Inc.	Quanta Services, Inc.	2	Delaware	1,000	100%
S.K.S. Pipeliners, LLC	Arby Construction, Inc.	N/A	Delaware	N/A	100%
Servicios Par Electric, S. de R.L. de C.V.*	Quanta Services, Inc.	N/A	Mexico	N/A	50%
Servicios Par Electric, S. de R.L. de C.V.*	PAR Electrical Contractors, Inc.	N/A	Mexico	N/A	50%
Southeast Pipeline Construction, Inc.	Quanta Services, Inc.	2	Delaware	1,000	100%
Southwest Trenching, Inc.	Quanta Services, Inc.	2	Texas	1,000	100%
Southwestern Communications, Inc.	Quanta Services, Inc.	2	Delaware	1,000	100%
Spalj Construction Company	Quanta Services, Inc.	2	Delaware	1,000	100%
Sumter Utilities, Inc.	Quanta Services, Inc.	3	Delaware	1,000	100%

The Ryan Company, Inc.	Quanta Services, Inc.	19	Massachusetts	1,000	100%
Tjader, LLC	Spalj Construction Company	N/A	Delaware	N/A	100%

ISSUER	OWNER	CERT NO.	ISSUER'S JURISDICTION OF FORMATION	NO. OF SHARES	% OF OWNERSHIP INTEREST
TNS-VA, LLC	Professional Teleconcepts, Inc.	N/A	Delaware	N/A	100%
Tom Allen Construction Company	Quanta Services, Inc.	2	Delaware	1,000	100%
Total Quality Management Services, LLC	Environmental Professional Associates, Limited	N/A	Delaware	N/A	100%
Trans Tech Acquisition, Inc.	Quanta Services, Inc.	1	Texas	1,000	100%
Trans Tech Electric, L.P.	TTGP, Inc.	N/A	Texas	N/A	1%
Trans Tech Electric, L.P.	TTLP, Inc.	N/A	Texas	N/A	99%
Trawick Construction Company, Inc.	Quanta Services, Inc.	53	Florida	1,000	100%
TTGP, Inc.	Quanta Services, Inc.	2	Delaware	1,000	100%
TTLP, Inc.	Quanta Services, Inc.	2	Delaware	1,000	100%
TTM, Inc.	Quanta Services, Inc.	9	North Carolina	1,000	100%
TXLP, Inc.	Quanta Services, Inc.	2	Delaware	1,000	100%
Underground Construction Co., Inc.	Quanta Services, Inc.	2	Delaware	1,000	100%
Utilco, Inc.	Quanta Services, Inc.	12	Georgia	1,000	100%
VCI Telcom, Inc.	Quanta Services, Inc.	2	Delaware	1,000	100%

ISSUER	OWNER	CERT NO.	ISSUER'S JURISDICTION OF FORMATION	NO. OF SHARES	% OF OWNERSHIP INTEREST
W. C. Communications, Inc.	Quanta Services, Inc.	2	Delaware	1,000	100%
W.H.O.M. Corporation	Quanta Services, Inc.	14	California	1,000	100%

SCHEDULE 2.3(a)

Form of Irrevocable Stock Power

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers to

the following shares of capital stock of _____, a _____ corporation:

Number of Shares Certificate Number

and irrevocably appoints _____ its agent and attorney-in-fact to transfer all or any part of such capital stock and to take all necessary and appropriate action to effect any such transfer. The agent and attorney-in-fact may substitute and appoint one or more persons to act for him.

[HOLDER]

By: _____
Name:
Title:

EXHIBIT 21.1

SUBSIDIARY	STATE OF INCORPORATION
Advanced Technologies and Installation Corporation	Washington
Airlan Telecom Services, L.P.	Texas
Allteck Line Contractors (USA), Inc.	Washington
Allteck Line Contractors, Inc.	British Columbia
Arby Construction, Inc.	Delaware
Austin Trencher, Inc.	Delaware
Bradford Brothers, Inc.	North Carolina
CCLC, Inc.	Delaware
Coast to Coast, LLC	California
Communication Manpower, Inc.	Florida
Conti Communications, Inc.	Delaware
Croce Electric Company, Inc.	Delaware
Crown Fiber Communications, Inc.	Virginia
Choice Optics Communications	
DeltaComm	
Fiber Technology	
Marlboro Cablevision	
World Fiber	
Digco Utility Construction, L.P.	Texas
Dillard Smith Construction Company	Delaware
Driftwood Electrical Contractors, Inc.	Delaware
Maddux Communications	
Environmental Professional Associates, Limited	California
Provco	
Five Points Construction Co.	Texas
Global Enercom Management, Inc.	Delaware
Golden State Utility Co.	Delaware
H.L. Chapman Pipeline Construction, Inc.	Delaware
DB Utilities	
Intermountain Electric, Inc.	Colorado
Grand Electric	
Irby Construction Company	Mississippi
Lindsey Electric, L.P.	Texas
Manuel Bros., Inc.	Delaware
Renaissance Construction	
Western Directional	
Mears Canada Corp.	Nova Scotia
Mears Engineering, LLC	Michigan
Mears Group, Inc.	Delaware
Mears Services, LLC	Michigan
Mears/CPG, LLC	Michigan
Mears/HDD, LLC	Michigan
Mearsmex de R.L. de C.V.	Mexico
Mejia Personnel Services, Inc.	Texas
Metro Underground Services, Inc.	Illinois
Mustang Line Contractors, Inc.	Washington
Network Electric Company	Delaware
North Houston Pole Line, L.P.	Delaware
North Houston Pole Line Corp.	
North Pacific Construction Co., Inc.	Texas
North Sky Communications, Inc.	Delaware
Northern Line Layers, LLC	Delaware
Okay Construction Company, LLC	Delaware
P.D.G. Electric Co.	Florida
PAR Electrical Contractors, Inc.	Missouri
Harker & Harker	
Par Infrared Consultants	
Riggin & Diggin Line Construction	
Union Power Construction Company	
Par Internacional, S. de R.L. de C.V.	Mexico
Parkside Site and Utility Company Corporation	Delaware
Parkside Utility Construction Corp.	Delaware
Potelco, Inc.	Washington
Kingston Constructors	
Kingston Constructors DBA Talking Signs	

Services	
Kuenzi Construction	
NorAm Telecommunications	
Professional Teleconcepts, Inc.	Illinois
Professional Teleconcepts, Inc.	New York
PWR Financial Company	Delaware
PWR Network, LLC	Delaware
Q Resources, LLC	Delaware
QDE LLC	Delaware
QPC, Inc.	Delaware
QSI, Inc.	Delaware
Quanta Asset Management LLC	Delaware
Quanta Associates, L.P.	Texas
Quanta Delaware, Inc.	Delaware
Quanta Government Services, Inc.	Delaware
Quanta Government Solutions, Inc.	Delaware
Quanta Holdings, Inc.	Delaware
Quanta LIV Acquisition, Inc.	Delaware
Quanta LIX Acquisition, Inc.	Delaware
Quanta LVII Acquisition, Inc.	Delaware
Quanta LVIII Acquisition, Inc.	Delaware
Quanta LX Acquisition, Inc.	Delaware
Quanta LXI Acquisition, Inc.	Delaware
Quanta LXII Acquisition, Inc.	Delaware
Quanta LXIII Acquisition, Inc.	Delaware
Quanta LXIV Acquisition, Inc.	Delaware
Quanta LXIX Acquisition, Inc.	Delaware
Quanta LXV Acquisition, Inc.	Delaware
Quanta LXVI Acquisition, Inc.	Delaware

SUBSIDIARY	STATE OF INCORPORATION
Quanta LXVII Acquisition, Inc.	Delaware
Quanta LXVIII Acquisition, Inc.	Delaware
Quanta LXX Acquisition, Inc.	Delaware
Quanta LXXI Acquisition, Inc.	Delaware
Quanta LXXII Acquisition, Inc.	Delaware
Quanta LXXIII Acquisition, Inc.	Delaware
Quanta Receivables, L.P.	Delaware
Quanta Services Management Partnership, L.P.	Texas
Quanta Services of Canada Ltd.	British Columbia
Quanta Utility Installation Co., Inc.	Delaware
R.A. Waffensmith & Co., Inc.	Delaware
S.K.S. Pipeliners, LLC	Delaware
Servicios Par Electric, S. de R.L. de C.V.	Mexico
Southeast Pipeline Construction, Inc.	Delaware
Southwestern Communications, Inc.	Delaware
NetCom Management Group, Inc.	
TVS Systems	
Spalj Construction Company	Delaware
Dot 05 Optical Communications	
Span-Con of Deerwood	
Tjader & Highstrom	
Wilson Roadbores	
Sumter Utilities, Inc.	Delaware
The Ryan Company, Inc.	Massachusetts
Eastern Communications	
Tjader, L.L.C.	Delaware
TNS-VA, LLC	Delaware
Tom Allen Construction Company	Delaware
Total Quality Management Services, LLC	Delaware
Trans Tech Acquisition, Inc.	Texas
Trans Tech Electric, L.P.	Texas
Trawick Construction Co.	Florida
TTGP, Inc.	Delaware
TTLP, Inc.	Delaware
TTM, Inc.	North Carolina
TXLP, Inc.	Delaware
Underground Construction Co., Inc.	Delaware
VCI Telcom, Inc.	Delaware
W.C. Communications, Inc.	Delaware
W.H.O.M. Corporation	California

EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-47069, 333-56849, 333-86375, 333-102448, 333-103570 and 333-105997) and Form S-3 (File Nos. 333-81419, 333-90961, 333-39744, 333-111738) of Quanta Services, Inc. of our report dated March 10, 2004, relating to the consolidated financial statements, which appears in this Form 10-K.

PRICEWATERHOUSECOOPERS LLP

Houston, Texas

March 10, 2004

Exhibit 31.1

I, John R. Colson, certify that:

1. I have reviewed this annual report on Form 10-K 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: March 11, 2004

/s/ John R. Colson

John R. Colson
Chief Executive Officer

Exhibit 31.2

I, James H. Haddox, certify that:

1. I have reviewed this annual report on Form 10-K 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: March 11, 2004

/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

I, John R. Colson, as Chief Executive Officer of Quanta Services, Inc. (the "Company"), certify, pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the accompanying Form 10-K report of the Company for the period ending December 31, 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: March 11, 2004

/s/ John R. Colson

John R. Colson
Chief Executive Officer

Exhibit 32.2

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, James H. Haddox, as Chief Financial Officer of Quanta Services, Inc. (the "Company"), certify, pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the accompanying Form 10-K report of the Company for the period ending December 31, 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: March 11, 2004

/s/ James H. Haddox

James H. Haddox
Chief Financial Officer