Quanta Services, Inc. is a leading provider of specialized contracting services, delivering end-to-end network solutions to the electric power, natural gas, telecommunications and broadband cable television industries. We provide a comprehensive range of services on a nationwide basis, including the design, installation, maintenance and repair of virtually every type of network infrastructure.
To Our Stockholders:

Tough conditions reveal a tougher company.

You often can’t tell what an organization is made of until you watch it deal with adversity. With the sagging economy and ongoing decline in the telecommunications markets, Quanta Services faced one of the biggest challenges in its history last year. Although 2001 was filled with obstacles, our financial results and our organizational efforts speak powerfully of the value and strength of the organization we have created.

WE INCREASED REVENUES
to $2.01 billion from $1.79 billion in 2000.

WE INCREASED CASH FLOW FROM OPERATIONS
to a record $210 million.

WE MAINTAINED A DIVERSE MIX OF CUSTOMERS,
involved in a diverse range of industries,
requiring a diverse set of services.

WE SHIFTED ASSETS TO SUPPORT CUSTOMER DEMAND
and increased resource utilization.

WE WERE PROACTIVE
in our business development efforts, and reached out to existing and potential customers with a new regional management structure, a new marketing campaign and an industry-oriented service portfolio.
Far from losing money in a challenging year, we produced $272 million in EBITDA and reduced our debt by $79 million in the fourth quarter. In short, we did not simply survive 2001; we emerged as a much stronger company, one that is extremely well-positioned to deliver enhanced value for our customers and stockholders alike.

Staying right in the right-of-way.
Quanta was founded with the vision of becoming the premier outsourcing partner for the electric power industry. As we assembled the resources to provide electric contracting solutions, major economic forces in multiple markets (including communications, computing and Internet-related services) continued to converge in a high-stakes race to discover and deliver new services. This convergence happened on our job sites across the nation — the rights-of-way over which electric power, natural gas, and voice and data communications flow from generator to provider to consumer. Quanta enjoyed the upside of the resulting boom in telecommunications, and inevitably was affected by the downside as funding cooled over the past eighteen months.

In 2001, Quanta refined its focus on operations and acquisitions to maximize assets, leverage opportunities and meet demands. We cross-trained our telecommunications experts to compete for electric transmission and distribution work. We led the outsourcing trend with the initiation of our agreement with Puget Sound Energy, and are building on the success of that work. In addition, we acquired companies that complement our expertise, including an electric power contractor that increased our presence and opportunities in the Texas market.

The value of our business model continues to be augmented by market forces. Just as deregulation and the resulting increased competition have led electric utilities and power companies to focus on core strengths and outsource network projects, the decline in funding for telecommunications is having the same effect. Faced with diminished financial resources and a shrinking workforce, telecommunications companies are focusing on core capabilities, and are beginning to consider the increased efficiencies and overall benefits of outsourcing the design, installation and maintenance of their networks.

Here’s what we’re doing in 2002:

Electric power Delivering on the promise of our outsourcing solutions, demonstrating the cost-effectiveness of this approach to a broader range of utilities and power companies, and continuing to provide value and unsurpassed knowledge to address industry trends.

Natural gas Taking advantage of increased regulatory scrutiny and concern over the integrity of existing pipelines to highlight our expertise in such areas as corrosion testing and preventive maintenance.

Telecommunications Focusing on segments likely to recover more quickly than the industry as a whole, and remaining in a position to capitalize when funding begins to return. We will pay close attention to the quality of these contracts, monitoring margins and favoring stable, blue chip customers.

Broadband cable television Identifying and pursuing opportunities with the fastest-growing, best-financed companies in the business. We will continue to expand our service offerings to meet the industry’s evolving needs.

Specialized services Leveraging our capabilities to provide diverse services to companies involved in transportation management, highway construction and related industries while exploiting cross-selling opportunities.

Single source.
Cross-selling.
Best practices.
The services that Quanta provides address vital markets, because continued economic progress demands fast, reliable and cost-effective delivery of energy and communications products and services. To deliver these services, we have assembled the only team with the resources and expertise to provide the entire range of contracting
services to build and maintain network infrastructures on a nationwide basis. We have built this team by acquiring some of the country's most experienced and successful contractors. Then we let them do what they do best while providing additional resources, presenting new opportunities and helping to expand their geographic reach.

We completed a number of efforts in 2001 to improve our integration and operations:

- In early 2001, we enhanced our executive team with the addition of Peter T. Dameris, Chief Operating Officer.
- We added strategic expertise to our Board with the appointment of Terrence Dunn, Louis Golm and Jerry Langdon as independent directors.
- We created a regional management structure that is organized geographically to maximize synergies and leverage opportunities across our operating units.
- We supplemented this regional structure with industry panels to share expertise and anticipate developments that will affect our customers and our business.

These strategic efforts reinforce our position as the single source for all the expertise involved in network services, regardless of what commodity is flowing along the right-of-way, regardless of what company is selling it, and regardless of where the provider or consumer is located. In addition, these activities are facilitating internal communication and coordination, cross-selling, and the sharing of best practices among our operating units.

**The maturity to make smart business decisions.**

The challenging conditions of 2001 demanded a mature set of business skills. Faced with decreased funding, telecommunications companies delayed projects and payments. In response, we maximized our margins by becoming far more selective in the projects we pursued and the customers we sought. We focused our acquisition program on companies that would complement and extend our electrical power expertise. Taking advantage of our regional organization and industry panels, we shared best practices among our operating companies, helping those previously focused on telecommunications to expand their electrical power expertise. To communicate more clearly and powerfully with our customers, we launched a new marketing campaign, a new logo and a new web site.

Despite the adverse economic climate, we have continued to reduce our debt and produce positive cash flow. We remain well-capitalized to manage our acquisition and development plans. And we continue to expand the capabilities of our team in every important dimension — financial, operational, marketing, technological and human resources.

**We’re not waiting for the economy.**

As you can see, Quanta is not waiting around for the telecommunications market to recover, or for economic conditions to improve. In fact, our successes of the past year have galvanized our conviction in the value of this company.

Our efforts remain focused on continuing to implement the vision we had when we started the company — maximizing our opportunities, increasing stockholder value, and achieving long-term growth.

For our customers, our employees and our stockholders, what we have achieved in the past year is far more enduring than stellar financial results. Our performance and ability to withstand 2001’s difficult challenges validate our business model and organizational expertise. They prove that Quanta is a company with the management, financial and technological resources to capitalize enormously on the future of the electric power, natural gas, telecommunications and broadband cable television industries.

Sincerely,

**The Power of One**

It conveys the fact that Quanta has all the equipment, expertise and manpower to design, install, repair and maintain network infrastructure — for any company, in any geographic region, from start to finish. No other organization in this country can make that claim.

John R. Colson
Chief Executive Officer
With a complete range of capabilities assembled to serve vital growing markets using the best available talent, Quanta has built a business that will more than survive economic downturns and industry hiccups. We have built a company that will grow by offering unique and powerful solutions to a diverse group of customers.

We offer a single source for all the contracting services required to design, install, repair or maintain any type of transmission network. No matter what product or service is flowing through the right-of-way. No matter the scope of the project or the size of the workforce. No matter where in the U.S. the network is located.

The Power of One
Designing, installing, repairing and maintaining nationwide network infrastructures requires enormous resources. It takes a wide variety of specialized equipment, vast technological expertise, extensive experience with the electric power grid, specialized knowledge of telecommunications and broadband facilities, and familiarity with the unique maintenance challenges affecting gas pipelines. And it absolutely demands the workforce to complete large-scale projects on schedule, while maintaining readiness to respond to emergency outages.

In the breadth of its services, the depth of its expertise and the extent of its geographic coverage, Quanta is unmatched by any company in the United States.
Transmission network infrastructure — the system of wires, pipes, cable and supporting structures that carry electric power, natural gas, and voice and data communications — has assumed growing importance in the last few years. Lives and livelihoods are increasingly dependent on reliable and efficient networks. Meanwhile, powerful economic forces continue to fuel these markets: deregulation, the Internet, wireless communications, the need for bandwidth capacity, and the threats to “business as usual” posed by aging transmission and distribution systems.

What all this means is that, in addition to its complete range of services, Quanta has fundamental market forces at its back.

Energy and communications are keys to economic progress
The right people and skills to handle any network project

Our model from the outset has been to recruit and retain the most experienced contractors in the business. Our operating units possess extensive technological expertise, excellent and long-standing relationships with customers, and deeply experienced management. They represent our largest repository of intellectual capital. We supplement their businesses by adding financial and administrative resources, cross-training and cross-selling opportunities, geographic reach and a management structure that is strategically aligned to deliver a comprehensive range of services for a diverse range of customers.

Quanta’s talented, experienced and knowledgeable workforce ensures our long-term success.
Locations

QUANTA SERVICES, INC.
1360 Post Oak Boulevard, Suite 2100
Houston, Texas 77056-3023
Tel: 713.629.7600
Fax: 713.629.7676

QUANTA OPERATING UNITS

Advanced Technologies and Installation Corp.
Fife, Washington
Tel: 253.517.2000

Airlan Telecom Services, L.P.
Hurst, Texas
Tel: 817.268.3333

Allteck Line Contractors, Inc.
Burnaby, British Columbia
Canada
Tel: 604.294.8151

Arby Construction, Inc.
New Berlin, Wisconsin
Tel: 262.549.1919

Bradford Brothers, Inc.
Huntersville, North Carolina
Tel: 704.875.1341

Comuptapole, Inc.
Pleasanton, California
Tel: 925.847.8630

Conti Communications
Raritan, New Jersey
Tel: 908.927.0939

Croce Electric Company, Inc.
East Providence, Rhode Island
Tel: 401.351.6681

Crown Fiber Communications, Inc.
Suwanee, Georgia
Tel: 770.271.0005

Dillard Smith Construction Company
Knoxville, Tennessee
Tel: 423.894.4336

Driftwood Electric Contractors, Inc.
Lancaster, Kentucky
Tel: 606.365.3172

Edwards Pipeline Company, Inc.
Denver, Colorado
Tel: 704.483.0900

Environmental Professional Associates, Limited
Yuba City, California
Tel: 530.790.7270

GEM Engineering Co., Inc.
Houston, Texas
Tel: 713.339.1550

Golden State Utility Co., Inc.
Turlock, California
Tel: 209.634.4981

H. L. Chapman Companies
Leander, Texas
Tel: 512.259.7662

Haines Construction Company
Woodward, Oklahoma
Tel: 580.256.2205

Harker & Harker, Inc.
Reno, Nevada
Tel: 775.329.0407

Intermountain Electric, Inc.
Denver, Colorado
Tel: 303.733.7248

IRBY Construction Company
Jackson, Mississippi
Tel: 601.709.4729

Logical Link
Hurst, Texas
Tel: 817.268.3333

Manuel Bros., Inc.
Grass Valley, California
Tel: 530.272.4213

Mears Group, Inc.
Rosebush, Michigan
Tel: 989.433.2929

Netcom Management Group, Inc.
Phoenix, Arizona
Tel: 602.470.4070

Network Communications Services, Inc.
Durante, California
Tel: 626.357.3494

Network Electric Company
Reno, Nevada
Tel: 775.850.9100

North Houston Pole Line, Inc.
Houston, Texas
Tel: 713.691.3616

North Sky Communications
Vancouver, Washington
Tel: 360.254.6920

Northern Line Layers, Inc.
Billings, Montana
Tel: 406.652.1759

P.D.G. Electric Company
Bradenton, Florida
Tel: 941.756.1311

Pac West Construction, Inc.
Santa Ana, California
Tel: 714.430.6020

PAR Electrical Contractors, Inc.
Kansas City, Missouri
Tel: 816.474.9340

Parkside Utility Construction Co., Inc.
Lodi, California
Tel: 209.634.4981

Potelco, Inc.
Sumner, Washington
Tel: 253.863.0484

Professional Technology, Inc.
Norwich, New York
Tel: 607.336.1689

R.A. Waffensmith & Company, Inc.
Franktown, Colorado
Tel: 303.688.1995

Ranger Directional, Inc.
Broussard, Louisiana
Tel: 337.837.5447

Riggin & Diggin Construction, Inc.
Asheville, North Carolina
Tel: 704.647.8198

Seaward Corporation
Kittery, New Hampshire
Tel: 207.439.5900

Southeast Pipeline
Jasper, Georgia
Tel: 706.692.9112

Spiral Construction Company
Deerwood, Minnesota
Tel: 218.546.6022

Sumter Utilities, Inc.
Charleston, South Carolina
Tel: 803.469.8585

Sumco Equipment Sales Co., Inc.
Charleston, South Carolina
Tel: 843.722.3306

Telecom Network Specialists, Inc.
File, Washington
Tel: 253.517.2000

The Ryan Company, Inc.
Rockland, Massachusetts
Tel: 781.878.2800

Tom Allen Construction Company
Edwardsville, Illinois
Tel: 618.656.3059

TRANS TECH Electric, LP
South Bend, Indiana
Tel: 574.272.9673

Trawick Construction Company, Inc.
Chipley, Florida
Tel: 850.638.0429

TTM, Inc.
Charlotte, North Carolina
Tel: 704.335.1624

TVS Systems, Inc.
Midvale, Utah
Tel: 801.256.0100

Underground Construction Co., Inc.
Benguela, California
Tel: 707.746.8800

Utilco, Inc.
Tifton, Georgia
Tel: 229.386.2089

VCI Telecom, Inc.
Upland, California
Tel: 909.946.0905

West Coast Communications, Inc.
Upland, California
Tel: 909.949.1350

For more information, visit our website: www.quantaservices.com
## Selected Financial Data

**IN THOUSANDS, EXCEPT PER SHARE INFORMATION**

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>YEAR ENDED DECEMBER 31,</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>$2,014,877</td>
<td>$1,793,301</td>
</tr>
<tr>
<td>Cost of services</td>
<td>1,601,039</td>
<td>1,379,204</td>
</tr>
<tr>
<td>Gross profit</td>
<td>413,838</td>
<td>414,097</td>
</tr>
<tr>
<td>Selling, general &amp; administrative expenses</td>
<td>194,575</td>
<td>172,130</td>
</tr>
<tr>
<td>Goodwill amortization</td>
<td>25,998</td>
<td>19,805</td>
</tr>
<tr>
<td>Income from operations</td>
<td>193,265</td>
<td>222,162</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(36,072)</td>
<td>(25,708)</td>
</tr>
<tr>
<td>Other, net</td>
<td>(227)</td>
<td>2,597</td>
</tr>
<tr>
<td>Income before income tax provision</td>
<td>156,966</td>
<td>199,051</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>71,200</td>
<td>93,328</td>
</tr>
<tr>
<td>Net income</td>
<td>85,766</td>
<td>105,723</td>
</tr>
<tr>
<td>Dividends on preferred stock</td>
<td>930</td>
<td>930</td>
</tr>
<tr>
<td>Net income attributable to common stock</td>
<td>$84,836</td>
<td>$104,793</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>$1.11</td>
<td>$1.50</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>$1.10</td>
<td>$1.42</td>
</tr>
<tr>
<td>Diluted earnings per share before special charges*</td>
<td>$1.27</td>
<td>$1.72</td>
</tr>
<tr>
<td>Shares used in computing earnings per share:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>77,256</td>
<td>70,452</td>
</tr>
<tr>
<td>Diluted</td>
<td>78,238</td>
<td>76,583</td>
</tr>
</tbody>
</table>

### Revenues (in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>$2,014.9</td>
</tr>
<tr>
<td>2000</td>
<td>$1,793.3</td>
</tr>
<tr>
<td>1999</td>
<td>$925.7</td>
</tr>
<tr>
<td>1998</td>
<td>$319.3</td>
</tr>
<tr>
<td>1997</td>
<td>$80.0</td>
</tr>
</tbody>
</table>

### Earnings per Share**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>$1.27</td>
</tr>
<tr>
<td>2000</td>
<td>$1.72</td>
</tr>
<tr>
<td>1999</td>
<td>$1.13</td>
</tr>
<tr>
<td>1998</td>
<td>$0.60</td>
</tr>
<tr>
<td>1997</td>
<td>$0.29</td>
</tr>
</tbody>
</table>

### Cash Flow from Operations (in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>$210.0</td>
</tr>
<tr>
<td>2000</td>
<td>$45.4</td>
</tr>
<tr>
<td>1999</td>
<td>$46.3</td>
</tr>
<tr>
<td>1998</td>
<td>$8.2</td>
</tr>
<tr>
<td>1997</td>
<td>$5.3</td>
</tr>
</tbody>
</table>

* See Management’s Discussion and Analysis in the Form 10-K for further description of special charges.
** Diluted earnings per share before special charges
DIRECTORS

James R. Ball 1, 2, 3
Private Investor

John R. Colson
Chief Executive Officer, Quanta Services, Inc.

Terrence P. Dunn 3
President and Chief Executive Officer, J.E. Dunn Construction

Vincent D. Foster 2, 3
Chairman, Quanta Services, Inc.
Managing Director, Main Street Equity Ventures II, LP

Louis C. Golm 2, 3
Private Investor

Robert K. Green
President and Chief Executive Officer, Aquila, Inc.

Jerry J. Langdon 1, 2
President, El Paso Gas Texas Pipeline L.P.

Gary A. Tucci
Senior Vice President, Quanta Services, Inc.
President, Potelco, Inc.

John R. Wilson
Senior Vice President, Quanta Services, Inc.
President, PAR Electrical Contractors, Inc.

TRANSFER AGENT
American Stock Transfer & Trust Co.
59 Maiden Lane, Plaza Level
New York, New York  10038
718.921.8200

AUDITORS
Arthur Andersen LLP
711 Louisiana Street, Suite 1300
Houston, Texas  77002-2786
713.237.2323

INVESTOR RELATIONS
James H. Haddox
Quanta Services, Inc.
713.629.7600
713.629.7676  Fax

Kenneth S. Dennard
Easterly Investor Relations
713.529.6600
713.529.9989 Fax
kdennard@easterly.com

www.quantaservices.com

1  Audit Committee
2  Compensation Committee
3  Nominating Committee

*Officers subject to the reporting requirements of Section 16 of the Securities Exchange Act of 1934

OFFICERS

John R. Colson*
Chief Executive Officer

James H. Haddox*
Chief Financial Officer

Peter T. Dameris*
Executive Vice President and Chief Operating Officer

Elliott C. Robbins*
Senior Vice President-Operations

Dana A. Gordon*
Vice President, Secretary and General Counsel

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

James F. O’Neil III*
Vice President-Operations Integration

Nicholas M. Grindstaff*
Treasurer

Luke T. Spalj*
Senior Vice President

Gary A. Tucci*
Regional Vice President

John R. Wilson*
Senior Vice President

Fred M. Haag*
Senior Vice President

Gary W. Smith*
Senior Vice President

Donald G. Bottrell
Regional Vice President

J. R. Spalj
Regional Vice President

Eric P. Burrell
Regional Vice President

Lynn E. Barr
Regional Vice President

Sam Bowen
Regional Vice President

Stephen K. Cassetta
Vice President-Operations

Richard W. Greene
Vice President-Business Development

Kenneth W. Trawick
Vice President-Enterprise Initiatives

Hobart B. Pillsbury
Vice President-Information Technology