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QUANTA SERVICES INC
Form DEFA14A
February 25, 2002

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant |
Filed by a party other than the Registrant |

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as Permitted by Rule
14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

QUANTA SERVICES, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
 Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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| (1) | Title of each class of securities to which transaction applies:
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pursuant to Exchange Act Rule 0-11 (set forth the amount on
which the filing fee is calculated and state how it was
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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act
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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

EXPLANATORY NOTE

Quanta Services, Inc., a Delaware corporation ("Quanta Services"), is filing the materials contained in this Schedule 14A with the Securities and Exchange Commission on February 25, 2002 in connection with the solicitation of proxies for electing the board of directors of Quanta Services at the 2002 annual meeting of Quanta Services' stockholders.

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[QUANTA SERVICES, INC. LOGO]

1360 Post Oak Boulevard
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Telephone: (713) 629-7600
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NYSE: PWR

February 25, 2002

Dear Quanta stockholder:

As you may already know, UtiliCorp United Inc. - Quanta's largest stockholder - has announced that it intends to try to take control of Quanta in a proxy contest at Quanta's 2002 annual stockholder meeting.

WE URGE YOU: DON'T LET UTILICORP STEAL YOUR COMPANY

With this proxy contest, we believe UtiliCorp is trying to steal control of Quanta without offering you and our other stockholders appropriate benefits or protections. Furthermore, UtiliCorp has said that, if its directors are elected, they will "promote business objectives, goals, and values that are reflective of those of UtiliCorp."1 In short, UtiliCorp has PROMISED YOU NOTHING of real value in return for taking control of a company that YOU OWN.

WHY IS UTILICORP ATTEMPTING TO TAKE CONTROL OF QUANTA?

Simply put, WITHOUT OFFERING YOU ANYTHING, UtiliCorp is trying to achieve its own self-serving accounting and financial agenda. UtiliCorp has provided

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guidance to Wall Street that its earnings will grow 10% in 2002 and THEY HAVE ADMITTED² that about half of that growth target is dependent on their ability to include Quanta's earnings as their own. If UtiliCorp can't take control of Quanta, we believe UtiliCorp will most likely fail to achieve the earnings expectations they have given Wall Street.

While taking control of Quanta to achieve this accounting gimmickry would help UtiliCorp, WE BELIEVE IT WOULD DISADVANTAGE YOU AND EVERY OTHER QUANTA STOCKHOLDER. REMEMBER, OUR STOCKHOLDERS EXCLUDING UTILICORP OWN SHARES REPRESENTING MORE THAN 60% OF THE VOTING POWER OF QUANTA.

DO YOU REALLY THINK YOU CAN TRUST UTILICORP'S HANDPICKED DIRECTORS TO LOOK OUT FOR YOUR BEST INTERESTS?

- o Six of UtiliCorp's nine proposed nominees are current executives of UtiliCorp or an entity it controls. All six are currently on UtiliCorp's payroll.
- o Two of the nine - including UtiliCorp's president and CEO - are already designated by UtiliCorp to Quanta's Board. Another of the nominees is a partner in a law firm that does work for UtiliCorp.
- o Seven of the proposed nominees don't own any Quanta stock.

1 Amendment No. 20 to UtiliCorp's Schedule 13D filing regarding Quanta dated February 8, 2002.

2 UtiliCorp chief financial officer Daniel J. Streek during UtiliCorp's February 7, 2002 Fourth Quarter 2001 Earnings Conference Call.

- o Two of the nominees were named defendants along with UtiliCorp in a shareholder lawsuit involving a company that UtiliCorp recently took public and then repurchased at a lower price.

WHOSE INTERESTS DO YOU THINK UTILICORP'S NOMINEES ARE OUT TO SERVE?

REPLACING THE CURRENT BOARD COULD SIGNIFICANTLY DAMAGE QUANTA'S BUSINESS

Some of Quanta's existing board members and many of our senior management came to Quanta when we acquired their companies, and they are still responsible for the day-to-day operations of those businesses within Quanta. In fact, two of these board members are responsible for a total of almost \$700 million, or approximately 34.7%, of Quanta's 2001 revenue. By contrast, the members of the UtiliCorp slate as a group have virtually no operating experience in our business. It's also worth considering that our "strategic" relationship with UtiliCorp accounted for less than two percent of Quanta's revenues in 2001. Furthermore, if UtiliCorp takes control of Quanta, our relationships with over 50 major utility companies, some of whom compete with UtiliCorp, would be jeopardized. These customers collectively accounted for about \$835 million, or 40 percent, of Quanta's 2001 revenue. There are no assurances that these customers would stay if UtiliCorp steals control of the Company.

We ask: DO YOU REALLY THINK IT IS IN YOUR BEST INTERESTS TO VOTE OUT OUR CURRENT DIRECTORS WHO ARE UNAFFILIATED WITH UTILICORP? DO YOU WANT TO GIVE CONTROL OF YOUR COMPANY TO UTILICORP'S HANDPICKED NOMINEES WHO WOULD BE PLEDGED TO "PROMOTE" UTILICORP'S OBJECTIVES?

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QUANTA'S PERFORMANCE IS STRONG

While the economic environment has been challenging, Quanta's operating performance has generally surpassed that of its competitors over the last two years and Quanta recently reported record cash flow in the fourth quarter of 2001. We believe Quanta is well positioned to perform strongly as the economy recovers. Consider the following:

"Quality 4Q results and improving balance sheet strengthen management's case for independence in the imminent proxy fight with UtiliCorp."

- Evan Smith, Sanders Morris Harris Equity
Research Report, February 14, 2002 (3)

"We think current management is best suited to run Quanta and believe Stockholders should support them in the upcoming proxy battle [with UtiliCorp.]"

- Carl Palitti, Gerard Klauer Mattison Equity
Research Report, February 15, 2002 (3)

3 Consent of author or publication for inclusion in proxy solicitation materials was neither sought nor obtained.

"We like [Quanta] management's focus on 1) cash generation 2) gross margin improvement/stabilization, 3) better productivity."

- Chris Gutek, Morgan Stanley Equity Research
Report, February 15, 2002 (3)

YOUR BOARD INTENDS TO FIGHT FOR YOUR RIGHTS

Members of your Board who are unaffiliated with UtiliCorp and members of our management, all of whom have substantial personal investments in Quanta, are aligned with the interests of the broader group of stockholders. They are committed first and foremost to building stockholder value and, to that end, regularly evaluate all of Quanta's alternatives. One key point is clear to us: allowing UtiliCorp to take control of your company - WITHOUT OFFERING YOU APPROPRIATE BENEFITS OR PROTECTIONS IN RETURN - is NOT in your best interests and will place UtiliCorp in a position to pursue its own particular agenda at your expense.

In due course, we will set a date for our annual stockholder meeting and send out our proxy materials seeking your vote. These materials contain important information for you to consider. In the meantime, if you have any questions about this process, you can call us or MacKenzie Partners, Inc., our proxy solicitor, toll free at 800-322-2885.

Our goal in the coming months is to continue Quanta's good performance and to get out the vote against UtiliCorp. DON'T LET UTILICORP STRONG ARM QUANTA OR YOU TO ACHIEVE UTILICORP'S OWN ACCOUNTING GIMMICKRY. We hope that we will be able to count on your support.

Very truly yours,

By: /s/ Vincent D. Foster
Vincent D. Foster
Chairman

By: /s/ John R. Colson
John R. Colson
Chief Executive Officer

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| If you have any questions, please contact: |
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| proxy@mackenziepartners.com |
| (800) 322-2885 (TOLL FREE) |
| (212) 929-5500 (call collect) |
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IMPORTANT INFORMATION

Quanta Services, Inc. plans to file a proxy statement with the Securities and Exchange Commission relating to Quanta's solicitation of proxies from its stockholders with respect to the Quanta Services, Inc. 2002 annual meeting of stockholders. QUANTA SERVICES, INC. ADVISES SECURITY HOLDERS TO READ ITS PROXY STATEMENT WHEN IT BECOMES AVAILABLE, BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION. Quanta's proxy statement and other relevant documents will be available for free at www.sec.gov. You may also obtain a free copy of Quanta's proxy statement, when it becomes available, by writing to Quanta Services, Inc. at 1360 Post Oak Boulevard, Suite 2100, Houston, Texas 77056 or by contacting MacKenzie Partners, Inc., toll free at 1-800-322-2885. Detailed information regarding the names, affiliation and interests of individuals who may be deemed participants in the solicitation of proxies of Quanta's stockholders is available in the soliciting materials on Schedule 14A filed by Quanta with the SEC.

This letter contains various forward-looking statements and information, including management's expectations regarding the future performance of Quanta. Although the company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Such statements are subject to certain risks, uncertainties and assumptions including, among other matters, future growth in the electric utility and telecommunications outsourcing industry and the ability of Quanta to complete acquisitions and to effectively integrate the operations of acquired companies, as well as general risks related to the industries in which Quanta, its customers and its suppliers operate. Should one or more of these risks materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those expected. For a discussion of the risks, investors are urged to refer to the company's reports filed under the Securities Exchange Act of 1934, as amended.