INFRASOURCE SERVICES INC
Form S-1
January 30, 2004

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As filed with the Securities and Exchange Commission on January 30, 2004

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

INFRASOURCE SERVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware	**1623**	**03-0523754**
(State or Other Jurisdiction of Incorporation of Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

**500 West Dutton Mill Road
Aston, Pennsylvania 19014
(610) 619-3000**

(Address, including zip code, and telephone number including area code, of registrant's principal executive offices)

**David R. Helwig
Chief Executive Officer and President
InfraSource Services, Inc.
500 West Dutton Mill Road
Aston, Pennsylvania 19014
(610) 619-3000**

(Name, Address, Including Zip Code, and Telephone Number Including Area Code, of Agent For Service)

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Approximate date of commencement of proposed sale to the public:
From time to time after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box: o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. o

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Proposed maximum aggregate offering price(1)(2)	Amount of registration fee
Common Stock, par value $0.001 per share	$287,500,000	$36,426.25

(1) Includes shares which the underwriters have the option to purchase to cover over-allotments, if any.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) of the Securities Act of 1933, as amended.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. Neither we nor the selling stockholders may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting any offers to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated January 30, 2004.

PROSPECTUS

Shares

InfraSource Services, Inc.

Common Stock

We are offering shares of our common stock in this initial public offering. The selling stockholders included in this prospectus are offering an additional shares of common stock. No public market currently exists for our common stock. We will not receive any of the proceeds from the sale of shares by the selling stockholders.

We will apply to list our common stock on the New York Stock Exchange under the symbol "IFS." We anticipate that the initial public offering price of our common stock will be between $ and $ per share.

Investing in our common stock involves risk. See "Risk Factors" beginning on page 11.

	Per Share	Total
Public Offering Price	$	$
Underwriting Discount	$	$
Proceeds to InfraSource Services, Inc. (before expenses)	$	$
Proceeds to the Selling Stockholders (before expenses)	$	$

The selling stockholders have granted the underwriters a 30-day option to purchase up to additional shares of common stock at the public offering price, less the underwriting discount, to cover over-allotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Lehman Brothers, on behalf of the underwriters, expects to deliver the shares on or about , 2004.

LEHMAN BROTHERS

Sole Book-Running Manager

MERRILL LYNCH & CO.

, 2004

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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information that is different from that contained in this prospectus. This prospectus is not an offer to sell or a solicitation of an offer to buy shares in any jurisdiction where such offer or any sale of shares would be unlawful. The information in this prospectus is complete and accurate only as of the date on the front cover regardless of the time of delivery of this prospectus or of any sale of shares.

We use market data and industry forecasts and projections throughout this prospectus, which we have obtained from market research, publicly available information and industry publications. These sources generally state that the information they provide has been obtained from sources believed to be reliable, but that the accuracy and completeness of the information are not guaranteed. The forecasts and projections are based on industry surveys and the preparers' experience in the industry and there is no assurance that any of the projected amounts will be achieved. Similarly, we believe that the surveys and market research others have performed are reliable, but we have not independently verified this information.

This prospectus refers to brand names, trademarks, service marks and trade names of other companies and organizations, and these brand names, trademarks, service marks and trade names are the property of their respective holders.

Until   , 25 days after the date of this offering, all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary may not contain all of the information that may be important to you. We urge you to read this entire prospectus carefully, including our consolidated financial statements and related notes appearing elsewhere in this prospectus and the "Risk Factors" section, before making an investment decision. All references in this prospectus to "InfraSource Services," "InfraSource," "the Company," "we," "us," "our company" or "our" refer to InfraSource Services, Inc. and its consolidated subsidiaries, except where it is clear that such terms mean only InfraSource Services, Inc. As used in this prospectus, "pro forma consolidated" means that the information presented gives effect to our acquisition of InfraSource Incorporated and certain of its subsidiaries from Exelon Enterprises Company, LLC on September 24, 2003 and our acquisition of Maslonka & Associates, Inc. on January 27, 2004. "Pro forma consolidated as adjusted" as used in this prospectus means that the information presented gives effect to the foregoing acquisitions and the completion of this offering, including the application of the net proceeds as described under "Use of Proceeds," in each case, as if such transaction or transactions, as the case may be, occurred at the beginning of the earliest period presented with respect to statement of operations data and on the applicable date of any balance sheet data. Unless specifically noted otherwise, the financial data presented in this prospectus is the consolidated financial data of our subsidiary, InfraSource Incorporated, as of and for the periods ended prior to our September 24, 2003 acquisition.

InfraSource Services, Inc.

We are one of the largest specialty contractors servicing the utility transmission and distribution infrastructure in the United States based on market share. Our broad range of services includes the design, engineering, procurement, construction, testing, maintenance and leasing of utility infrastructure. The following chart depicts our revenue mix by end market for the period January 1, 2003 through September 23, 2003, on a pro forma consolidated basis:

Our customers rely on us to design, construct and maintain reliable electric, natural gas and other utility infrastructure. We believe we are able to combine our broad geographic footprint, integrated service offerings, skilled workforce and experienced management team to deliver a compelling value proposition to our customers. Our customers primarily include electric power utilities, natural gas utilities, government entities and heavy industrial companies, such as petrochemical, processing and refining businesses. Our representative customers include:

Electric power: Exelon Corporation, Detroit Edison, American Transmission Company, TXU Corporation and Pacific Gas & Electric Co.;

Natural gas: Exelon Corporation, Consumers Energy, Michigan Consolidated Gas Company, the Columbia Gas companies and Missouri Gas Energy; and

Telecommunications and other: Verizon Communications and Merck & Co., Inc.

Our blanket master service agreements and new construction projects provide a balanced mix of recurring and project-based work. The broad range of customers, geographic regions and industries we serve provides us with diversified revenues, and a number of our specialized services generate strong margins. For the period January 1, 2003 through September 23, 2003, on a pro forma consolidated basis, we had revenues of approximately $403.0 million. On an actual basis, revenues for this period were $382.6 million.

Industry Trends

We believe growth in our end markets will benefit from the following principal factors:

Inadequacy of Current Electric Infrastructure. We believe the electric transmission infrastructure in the United States will require significant spending to cure historical underinvestment and to respond to increasing electricity demand. The increase in demand for electricity and growth in electric power generation capacity have outpaced the increase in transmission expenditures. This relative underinvestment in transmission has contributed to the current inadequacy of the electric power grid, which was one of the causal factors in the August 2003 blackouts in the Midwest and Northeast United States and Canada, the rolling blackouts in California in 2001, the power outages in Chicago, Long Island and New Jersey in the summer of 1999 and the increase in the number of emergency relief procedures needed to avoid overloading of transmission lines. In its 2002 *National Transmission Grid Study*, the U.S. Department of Energy emphasized the urgent need to modernize the nation's transmission system.

Increased Outsourcing of Infrastructure Services. Utilities are constantly seeking ways to improve cost efficiencies, driven by pressure from investors, regulators and consumer advocates. We believe that utilities are frequently able to reduce operating costs and increase efficiencies by outsourcing a range of services to third parties. Specialty contractors can often provide services in a more efficient and

cost-effective manner, in part by managing their flexible labor forces across various projects and multiple customers, while utilities generally must employ their labor force full-time. As a result, many utilities are continuing to reduce the size of their labor forces and increase their reliance on third-party service providers.

Favorable Regulatory, Legislative and Political Environment. The Federal Energy Regulatory Commission, or FERC, states in its Strategic Plan FY2004-2008 that its top priority is to "promote a secure, high-quality, environmentally responsible infrastructure." This goal includes objectives to expedite appropriate energy infrastructure development to ensure sufficient energy supplies and provide for timely cost recovery by infrastructure investors. We believe our end markets are well positioned to benefit from initiatives focused on these and related objectives. Examples of recent and proposed actions are:

Transmission Rate Incentives. In January 2003, FERC proposed a new incentive pricing policy to encourage investment in transmission infrastructure and improve grid performance. Specifically, FERC is proposing to increase the allowed return on equity to eligible transmission entities. These proposed incentives, if adopted, should help attract capital from existing owners as well as new entrants seeking to capitalize on the higher rates of return.

More Stringent Reliability Requirements and Enforcement. Some state utility commissions have begun to hold utilities accountable for failing to meet established minimum reliability standards or are considering such measures. In many cases, they are requiring minimum levels of capital spending to upgrade and maintain the electric power transmission and distribution network. FERC is developing an order that will require transmission system operators to publicly report violations of the electric power grid reliability standards.

Facilitation of Infrastructure Investment. The most recent version of the national energy policy act (as considered, but not adopted, by Congress in November 2003) contained several key provisions that we believe would, if included in legislation that is passed, contribute to increased investment in the U.S. electric power grid.

Clarification of Generator Interconnection Policies. In July 2003, FERC issued new standards for interconnection of large power generators to the transmission grid. These standards are intended to facilitate infrastructure development by clarifying interconnection procedures and by reducing interconnection time and cost.

Competitive Strengths

Leadership in Attractive Markets. As a result of our market leadership and reputation for high-quality service, we believe we are well positioned to benefit from anticipated spending by customers in our end markets.

Breadth of Capabilities. We believe that customers in our end markets are increasingly seeking to improve their efficiencies by contracting with fewer service providers that can rapidly and effectively design, construct and maintain their infrastructure, in some cases across multiple geographic regions. We are one of the few utility infrastructure service providers capable of meeting a broad range of service needs in multiple service territories. We believe these capabilities are particularly advantageous because many of our competitors are small, regional firms.

Strong Reputation for Project Execution and Safety. Our reputation as a premier service contractor has been built on an excellent performance record of delivering projects on time, on budget and to customer specifications. Most of our operating companies have been building this reputation for decades. Our strong reputation is reflected in our long-standing relationships with most of our major customers. In addition, the safety record of most of our operating subsidiaries has historically been better than industry averages, which provides us with a competitive advantage in bidding for many projects.

Highly Skilled and Flexible Workforce. We have an experienced and skilled workforce trained to handle technically complex projects, including high-voltage electric power work and specialized subsurface work. In addition, we are generally able to quickly vary the size of our workforce to efficiently staff our projects and to meet the needs of our customers. This provides us with a variable cost structure that permits us to effectively respond to changes in demand for our services. Moreover, our labor force consists of both union and non-union personnel, which enables us to satisfy the varied labor requirements of customers in our end markets.

Financial Strength. Financial strength is often an important consideration for customers in selecting service providers. We believe our diverse revenue base, attractive operating margins and strong cash flow contribute to our financial strength, which provides us with an advantage over many of our competitors. In addition, our financial strength, combined with our reputation and experience, improves our access to surety bonding to support our projects. We believe the consummation of this equity offering will further enhance our financial strength and our access to surety bonding to support our growth in what has become, in recent years, a difficult bonding environment.

Experienced Management Team. We have a strong management team with extensive industry experience. The key members of our senior management team have worked in the utility or contracting industries for most of their careers and average over 20 years of industry experience.

Business Strategy

Capitalize on Favorable Industry Trends in Utility Infrastructure Markets. Large utility customers continue to present growth opportunities for us. We believe we are well positioned to capitalize on growth opportunities resulting primarily from expected increases in spending on utility infrastructure and increased outsourcing by customers in our end markets.

Increase Our Market Share. We intend to leverage our competitive strengths to increase our market share by:

- gaining a greater share of our existing customers' spending for outsourced services we currently provide to them;
- expanding cross-selling of additional services to our existing customers;
- obtaining business from new customers in the territories we currently serve; and
- introducing services to new and existing customers in regions we do not currently serve.

Focus on Specialized Services that Generate High Margins. We intend to continue to increase our focus on technically complex projects where the specialized capabilities of our highly skilled personnel differentiates us from many of our competitors. For example, we have targeted turnkey substation services as a core competency, where our expertise enables us to perform the work efficiently and generate high margins.

Pursue Highly Strategic Acquisitions. We intend to evaluate and pursue acquisition opportunities on a limited basis to bolster our presence in select regional markets or to broaden our service offerings. For example, our acquisition of Maslonka & Associates, Inc., or Maslonka, will enhance our capabilities for large, high-voltage transmission projects and will allow us to cross-sell other services across a broader territory.

Recent Developments

Maslonka Acquisition. On January 27, 2004, we acquired Maslonka & Associates, Inc. The consideration for the Maslonka acquisition consisted of $29.9 million in cash and 199,004 shares of our common stock, which are both subject to a final working capital adjustment and a holdback provision as described under "Management's Discussion and Analysis of Financial Condition and Results of Operations Recent Developments," and the assumption of certain liabilities. Maslonka specializes in the construction and installation of aerial transmission interconnection systems primarily in the Western and Southwestern United States. Maslonka concentrates on projects that involve challenging requirements, including accelerated construction schedules, complex excavation, helicopter-assisted installation, environmental impact mitigation and difficult terrain. In May 2003, Maslonka won its largest project to date, the transmission line portion of one of the largest electric power transmission projects awarded in 2003, the upgrade of Path 15. Path 15 is an 84-mile stretch of electric high-voltage transmission lines in the central valley of California connecting Southern California with Northern California. We believe the Maslonka acquisition will significantly enhance our opportunities to win high-voltage transmission infrastructure projects in multiple service territories. For more information regarding the Maslonka acquisition and the financing thereof, please refer to "Unaudited Pro Forma Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations Recent Developments" and "Certain Relationships and Related Transactions" included elsewhere in this prospectus.

PowerUp Wisconsin. On December 15, 2003, the Public Service Commission of Wisconsin issued an authorization to proceed for the construction of a 210-mile high-voltage transmission line linking Duluth, Minnesota and Wauasau, Wisconsin. We were awarded a contract

relating to the project over three years ago. Our portion of the work had a contract value of approximately $75-90 million, but the

authorization to proceed was not immediately issued. Within days after the August 2003 blackout, the Governor of Wisconsin made a commitment to reform Wisconsin's regulatory process to ensure a reliable, modern transmission system and in December 2003 signed a bill containing legislative changes required to streamline the regulatory review process for siting energy projects. In January 2004, we were authorized to proceed on a portion of this project, and we expect additional project authorizations in early 2004.

Corporate Information

OCM/GFI Power Opportunities Funds, L.P. and OCM Principal Opportunities Fund II, L.P. (together, the "Principal Stockholders"), investment funds managed by GFI Energy Ventures LLC ("GFI") and Oaktree Capital Management, LLC ("Oaktree"), formed our company in May 2003 as a Delaware corporation to acquire InfraSource Incorporated and certain of its subsidiaries from Exelon Enterprises Company, LLC ("Exelon"). The transaction was completed on September 24, 2003. We refer to this acquisition as the "Exelon Transaction." In connection with the Exelon Transaction, we entered into a senior credit facility with a syndicate of lenders, consisting of a $40 million revolving credit facility and a $140 million term loan. In addition, we issued a $29 million subordinated promissory note payable to Exelon, which was increased to $30 million in December 2003 upon completion of our acquisition of an additional entity from Exelon. The proceeds from the term loan and the initial Exelon note, together with equity contributions from the Principal Stockholders and certain members of our management, were used to fund the Exelon Transaction.

For additional information regarding the Exelon Transaction, please refer to "Unaudited Pro Forma Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Certain Relationships and Related Transactions" included elsewhere in this prospectus. After completion of this offering, the Principal Stockholders, together with our management, will beneficially own in the aggregate approximately % of our fully diluted common stock.

Our principal executive offices are located at 500 West Dutton Mill Road, Aston, Pennsylvania 19014. Our telephone number is (610) 619-3000.

The Offering

Issuer	InfraSource Services, Inc.
Total common stock offered	shares
Common stock offered by InfraSource Services, Inc.	shares
Common stock offered by selling stockholders	shares
Underwriters' option to purchase additional shares from the selling stockholders	shares
Common stock outstanding after this offering	shares
Use of proceeds	We estimate that the net proceeds to us from this offering will be approximately $115.2 million. We intend to use the net proceeds from this offering to repay debt and for general corporate purposes. See "Use of Proceeds." We will not receive any of the proceeds from the sale of shares by the selling stockholders.
Proposed New York Stock Exchange symbol	IFS

Except as otherwise indicated, all share information in this prospectus is based on the number of shares outstanding on September 23, 2003 and:

- assumes an initial public offering price of $ per share;
- assumes completion of a for split of our common stock;
- includes shares of common stock issued in the Exelon Transaction;
- includes shares of common stock issued to the sellers in connection with the Maslonka acquisition;
- includes shares of common stock issued to the Principal Stockholders and certain members of our management to fund the majority of the cash portion of the Maslonka acquisition;
- excludes shares of common stock subject to outstanding stock options with a weighted average exercise price of $ per share;
- excludes shares of common stock available for future grant or issuance under our 2004 stock plan; and
- excludes the shares of common stock subject to the option granted to the underwriters to purchase additional shares of common stock in this offering from the selling stockholders to cover over-allotments.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The summary consolidated statement of operations and comprehensive income (loss) data for the years ended December 31, 2000, 2001 and 2002 have been derived from the audited consolidated financial statements of our subsidiary, InfraSource Incorporated, included elsewhere in this prospectus. We were organized on May 30, 2003 and commenced operations and acquired InfraSource Incorporated on September 24, 2003. The summary consolidated statement of operations and comprehensive income (loss) data for the period January 1, 2002 through September 20, 2002 and for the period January 1, 2003 through September 23, 2003 and the summary consolidated balance sheet as of September 23, 2003, are derived from InfraSource Incorporated's unaudited consolidated financial statements included elsewhere in this prospectus, which, in the opinion of our management, include all adjustments necessary to present fairly the data for such periods. InfraSource Incorporated's results for interim periods are not necessarily indicative of InfraSource Incorporated's results for a full year's operations.

The summary pro forma consolidated as adjusted financial data for the year ended December 31, 2002, for the period January 1, 2003 through September 23, 2003, and as of September 23, 2003 have been derived from our unaudited condensed consolidated pro forma financial data included elsewhere in this prospectus. The pro forma as adjusted data for the year ended December 31, 2002 and for the period January 1, 2003 through September 23, 2003 give effect to the Exelon Transaction, the Maslonka acquisition and the completion of this offering, including the application of the net proceeds as described under "Use of Proceeds," as if such events occurred on January 1, 2002. The pro forma as adjusted consolidated balance sheet data as of September 23, 2003, give effect to the Exelon Transaction, the Maslonka acquisition and the completion of this offering, including the application of the net proceeds as described under "Use of Proceeds," as if such events occurred on that date. Our unaudited condensed consolidated pro forma financial data is based on currently available information and is not necessarily indicative of our financial position or results of operations that would have occurred had these transactions taken place on the dates indicated, nor are they necessarily indicative of future results. The pro forma adjustments and the allocation of the purchase prices for the Exelon Transaction and the Maslonka acquisition are preliminary and are based on management's estimates of the fair value of the assets acquired and liabilities assumed. The final allocations of acquisition consideration will be based on management's final valuation analyses supported by appraisals from certain independent valuation firms. Any adjustments based on these final valuations analyses may change the allocations of the acquisition consideration, which could affect the fair value assigned to our assets and liabilities and could result in a change to the unaudited pro forma

condensed consolidated financial data.

You should read the following financial information together with the information under "Selected Consolidated Financial and Other Data," "Unaudited Condensed Consolidated Pro Forma Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and the related notes of InfraSource Services, Inc., InfraSource Incorporated and Maslonka & Associates, Inc. included elsewhere in this prospectus.

SUMMARY CONSOLIDATED FINANCIAL DATA

	Years Ended December 31,			Period January 1 through		Pro Forma Consolidated As Adjusted(1)	
	2000	2001	2002	September 20, 2002	September 23, 2003	Year Ended December 31, 2002	Period January 1 September 23, 2003
				(unaudited)		(unaudited)	
	(in thousands, except share and per share data)						
Consolidated Statement of Operations and Comprehensive Income (Loss) Data:							
Contract revenues earned	$ 452,941	$ 609,327	$ 566,469	$ 413,160	$ 382,627	$ 586,875	$ 402,963
Cost of revenues earned	368,573	502,788	459,706	334,731	330,681	466,153	339,181
Gross profit	84,368	106,539	106,763	78,429	51,946	120,722	63,782
Selling, general and administrative expenses	59,350	70,691	63,237	42,289	49,315	68,323	53,836
Merger related costs(2)					16,242		
Provision for uncollectible accounts	10,049	8,676	7,964	7,766	236	7,964	236
Amortization of intangible assets and goodwill	7,269	16,047				53	33
Income (loss) from operations	7,700	11,125	35,562	28,374	(13,847)	44,382	9,677
Interest income	344	186	1,438	998	1,376	1,470	1,406
Interest expense	(2,071)	(1,896)	(388)	(353)	(27)	(7,934)	(5,577)
Other income (expense)	1,287	976	8,189	4,680	(3,553)	7,838	(3,547)
Income (loss) before income taxes	7,260	10,391	44,801	33,699	(16,051)	45,756	1,958
Income tax expense (benefit)	4,406	7,049	14,564	9,922	(4,774)	14,932	2,486
Net income (loss) from continuing operations(3)	2,854	3,342	30,237	23,777	(11,277)	30,825	(528)
Discontinued operations, net of tax	(843)	(9,386)	(1,574)	(4,685)	(12,316)		
Income (loss) before cumulative effect of a	2,011	(6,044)	28,663	19,092	(23,593)	30,825	(528)

						Pro Forma Consolidated As Adjusted(1)	
change in accounting principle, net of tax							
Cumulative effect of a change in accounting principle, net of tax(4)			(204,100)	(204,100)			
Net income (loss)(3)	$ 2,011	$ (6,044)	$ (175,437)	$ (185,008)	$ (23,593)	$ 30,825	$ (528)
Other comprehensive income (loss), net of tax	(126)						
Comprehensive income (loss)	$ 1,885	$ (6,044)	$ (175,437)	$ (185,008)	$ (23,593)	$ 30,825	$ (528)
Weighted average basic and diluted common shares outstanding	31,716,904	48,154,877	48,085,793	48,155,785	47,585,472		
Basic and diluted income (loss) per share continuing operations	$ 0.09	$ 0.07	$ 0.62	$ 0.50	$ (0.24)		
Basic and diluted (loss) per share discontinued operations	(0.03)	(0.20)	(0.03)	(0.10)	(0.26)		
Basic and diluted (loss) per share cumulative effect of a change in accounting principle			(4.24)	(4.24)			
	$ 0.06	$ (0.13)	$ (3.65)	$ (3.84)	$ (0.50)		
Other Financial Data from Continuing Operations:							
Cash flow provided by operating activities from continuing operations	$ 70,813	$ 60,364	$ 22,474	$ 5,180	$ 17,834		
Capital expenditures, net of disposals	(38,152)	(48,043)	(16,649)	(15,652)	(12,541)		
EBITDA(3)(5)	$ 35,082	$ 56,466	$ 73,239	$ 55,901	$ 3,517	$ 75,713	$ 22,706

	As of September 23, 2003	
	Actual	**Pro Forma Consolidated As Adjusted(1)**
	(unaudited)	
Consolidated Balance Sheet Data:		
Working capital	$ 70,860	$ 90,612
Total assets	388,861	456,924
Total debt	204	80,004
Total shareholders' equity	$ 260,047	$ 244,431

(1) The summary unaudited pro forma consolidated as adjusted financial data give effect to the Exelon Transaction, the Maslonka acquisition and this offering, including the application of the net proceeds as set forth under "Use of Proceeds," as if these transactions occurred on January 1, 2002 for statement of operations data and as of September 23, 2003 for balance sheet data.

(2)

Represents fees and expenses related to the Exelon Transaction, including severance and retention costs and professional service fees.

(3)

Net income (loss) from continuing operations, net income and EBITDA for the year ended December 31, 2002 and for the period January 1, 2003 through September 23, 2003 include certain historical items that, in management's opinion, are not indicative of our core operating performance. We believe it is helpful to an understanding of our business to assess the effects of these items on our results of operations to provide a better means of evaluating our performance from period to period on a more consistent basis. This presentation should not be construed as an indication that similar charges will not recur or that our future results will be unaffected by other charges and gains we consider to be outside the ordinary course of our business. These items are presented below on a pre-tax basis. Our effective tax rates for 2002 and the period January 1, 2003 through September 23, 2003 were 32% and 28%, respectively:

Year ended December 31, 2002:	
Gain on acquisition purchase price settlement(a)	$(5.2) million
Insurance reserve adjustment(b)	$(0.4) million
2002 Total	$(5.6) million
Period January 1, 2003 through September 23, 2003:	
Expenses related to the Exelon Transaction(c)	$16.2 million
Insurance reserve adjustment(b)	$8.6 million
Litigation judgment and related costs(d)	$3.8 million
2003 Total:	$28.6 million

(a) We recognized a gain of $5.2 million relating to an arbitration settlement of a dispute regarding a purchase price adjustment with respect to an acquisition completed in 1999.

(b) Since the formation of InfraSource Incorporated in 1999, we have utilized an actuarial analysis to assist management in estimating the accrual for our self-insured workers' compensation, auto and general liability insurance on an annual basis. In late 2002, we revised our estimate based on available loss data and adjusted our reserve for losses attributable to 2002 and prior periods. In September 2003, we had an updated actuarial analysis performed. As a result of the updated actuarial analysis and an increase in data available for loss history, we revised our estimate and increased our insurance reserve by $8.6 million for losses attributable to periods prior to 2003. For 2002, after giving effect to the portion of the adjustment in 2003 attributable to 2002 and the portion of the adjustment in 2002 attributable to periods prior to 2002, we had a net adjustment of $(0.4) million in 2002.

(c) In connection with our acquisition of InfraSource Incorporated and certain of its subsidiaries on September 24, 2003, we incurred $16.2 million of expenses, including severance and retention costs and professional service fees.

(d) We recognized a $3.8 million charge in connection with a litigation judgment entered against us in January 2004 related to a proposed 1999 acquisition. We intend to appeal this judgment.

(4)

Upon adoption of SFAS No. 142, we recorded a non-cash charge of $204.1 million (net of tax) to reduce the carrying amount of goodwill and other intangibles to their implied fair value. See Note 4 to InfraSource Incorporated's consolidated financial statements included elsewhere in this prospectus.

(5)

EBITDA represents net income (loss) before cumulative effect of a change in accounting principle, net of tax, discontinued operations, net of tax, interest expense, interest income, income tax expense, depreciation and amortization. We present

EBITDA primarily as a supplemental performance measure because we believe it facilitates operating performance comparisons from period to period and company to company by backing out potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and book depreciation of fixed assets (affecting relative depreciation expense). We also use EBITDA (with additional adjustments) in our senior credit facility to measure our compliance with covenants such as interest coverage and debt incurrence, and in evaluating acquisition opportunities. In addition, we believe EBITDA is widely used by financial analysts as a measure of financial performance of other companies in our industry. EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

it does not reflect our cash expenditures for capital expenditures or contractual commitments;

although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA does not reflect cash requirements for such replacements;

it does not reflect changes in, or cash requirements for, our working capital requirements;

it does not reflect the interest expense or the cash requirements necessary to service interest or principal payments, on our indebtedness;

it does not reflect adjustments for earnings or charges resulting from matters we consider not to be indicative of our core operations, as discussed in footnote (3) above; and

other companies, including companies in our industry, may calculate these measures differently than we do, limiting their usefulness as a comparative measure.

Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using EBITDA only supplementally. For more information, see the consolidated financial statements and the related notes of InfraSource Incorporated included elsewhere in this prospectus.

A reconciliation of EBITDA to net income (loss), the most directly comparable GAAP performance measure, is provided below:

	Years Ended December 31,			Period January 1 through		Pro Forma Consolidated As Adjusted	
	2000	2001	2002	September 20, 2002	September 23, 2003	Year Ended December 31, 2002	Period January 1 September 23, 2003
				(unaudited) (in thousands)			
Net income (loss)	$ 2,011	$ (6,044)	$ (175,437)	$ (185,008)	$ (23,593)	$ 30,825	$ (528)
Cumulative effect of a change in accounting principle, net of tax			204,100	204,100			
Discontinued operations, net of tax	843	9,386	1,574	4,685	12,316		
Interest expense	2,071	1,896	388	353	27	7,933	5,577
Interest income	(344)	(186)	(1,438)	(998)	(1,376)	(1,470)	(1,406)
Income tax expense (benefit)	4,406	7,049	14,564	9,922	(4,774)	14,932	2,486
Depreciation	18,826	28,318	29,488	22,847	20,917	23,441	16,544
Amortization of intangible assets and goodwill	7,269	16,047				53	33
EBITDA	$ 35,082	$ 56,466	$ 73,239	$ 55,901	$ 3,517	$ 75,713	$ 22,706

RISK FACTORS

Before deciding to invest in our common stock, you should carefully consider each of the following risk factors and all of the other information set forth in this prospectus. The following risks and the risks described elsewhere in this prospectus, including in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," could materially harm our business, financial

condition, future results and cash flow. If that occurs, the trading price of our common stock could decline, and you could lose all or part of your investment. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business.

Risks Relating to Our Business and Industry

Our results of operations depend on the award of new contracts and the timing of these awards.

A substantial portion of our revenues is derived from project-based work. It is generally very difficult to predict whether and when we will be awarded contracts for these projects, as they frequently involve a lengthy and complex bidding and selection process that is affected by a number of factors, such as market conditions, financing arrangements, competition, governmental approvals and environmental matters. In addition, we expect to have a higher percentage of revenues from large-scale projects going forward. For example, Maslonka's transmission line portion of the Path 15 contract is an approximately $88 million contract that will be performed primarily in 2004. Maslonka's Path 15 contract is expected to conclude in 2005, and there can be no assurance that we will be awarded contracts for other projects to replace the revenues generated from the Path 15 contract. Further, our results of operations and cash flows can fluctuate from period-to-period depending on the timing of our contracts.

A contract award for a project may not result in revenue from the project soon after the award or at all. Certain of these contracts are subject to financing contingencies and, consequently, we are subject to the risk that the customer will not be able to secure the necessary financing for the project. In certain circumstances, customers may require us to provide credit enhancements, including surety bonds, letters of credit and, in rare instances, cash collateral, which we may be unable to satisfactorily obtain or provide. The uncertainty of our contract award timing can also present difficulties in matching workforce size with contract needs. In some cases, we maintain and bear the cost of a ready workforce that is larger than called for under existing contracts in anticipation of future workforce needs for expected contract awards. If an expected contract award is delayed or not received, we could incur costs that could materially and adversely affect our business and results of operations.

Our dependence upon fixed-price and unit-price contracts could materially and adversely affect our business and results of operations.

We currently generate, and expect to continue to generate, the majority of our revenues under fixed-price and, to a lesser extent, unit-price contracts. In addition, we expect that our acquisition of Maslonka will result in an increase in the proportion of our fixed-price contracts, as the majority of Maslonka's business is on a fixed-price basis. Further, we anticipate a shift in our contract mix to more fixed-price based work as we expect current industry trends to result in more large transmission projects. Under fixed-price contracts, we agree to perform the entire project for a fixed price on an agreed upon schedule. We may be unable to recover any cost overruns to the approved contract price. A unit-price contract is essentially a fixed-price contract with the only variable being the number of units of work performed. We must estimate the costs of completing a particular project to bid for fixed-price and unit-price contracts. For example, the costs of labor and materials may vary from the costs we originally estimated, and weather problems, such as those experienced in 2003, can cause delays and add costs that we cannot recover. Further, if any equipment or materials we procure for a project are

defective, we may have to absorb the cost to either repair or replace them and our projects may be delayed as a result. These variations, some of which we cannot control, along with other risks inherent in performing fixed-price and unit-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 on 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 customers often have no obligation to assign work to us and many of our contracts may be terminated on short notice.

Certain of our customers assign work to us under master service agreements. Under these arrangements, our customers generally have no obligation to assign work to us. Most of our contracts, including our master service agreements, may be terminated by our customers on short notice, typically 30 to 90 days, sometimes less. In addition, many of our contracts, including our master service agreements, are open to competitive bidding at the expiration of their terms. Our business and results of operations could be materially and adversely affected if our customers do not assign work to us or if they cancel a significant number of contracts and we cannot replace them with similar projects.

Project delays or cancellations may result in additional costs to us, reductions in revenues or the payment of liquidated damages, which may materially and adversely affect our business and results of operations.

In certain circumstances, we guarantee project completion by a scheduled acceptance date or achievement of certain acceptance and performance testing levels. Failure to meet any of these schedules or performance requirements could result in additional costs or penalties, including liquidated damages, and these amounts could exceed expected project profit margins. Many of our projects involve challenging engineering, procurement and construction phases that may occur over extended time periods, sometimes up to two years. We may encounter difficulties in engineering, equipment and supply delivery, schedule changes, weather-related delays and other factors, some of which are beyond our control, that impact our ability to complete the project in accordance with the original delivery schedule. In addition, we occasionally contract with third-party subcontractors to assist us with the completion of contracts. Any delay by suppliers or by subcontractors in the completion of their portion of the project, or any failure by a subcontractor to satisfactorily complete its portion of the project may result in delays in the overall progress of the project or may cause us to incur additional costs, or both. We also may encounter project delays due to local public opposition against the siting of transmission lines or other facilities, which may include injunctive actions as well as public protests. For example, the construction of the PowerUp Wisconsin transmission line project was delayed for several years due to such factors.

Delays and additional costs may be substantial, and, in some cases we may be required to compensate the project customer for these delays. We may not be able to recover all of these costs. In extreme cases, the above-mentioned factors could cause project cancellations, which could materially and adversely affect our business.

In addition, our project contracts may require that our customers or other parties provide us with design or engineering information or with equipment or materials to be used on a project. In some cases, we may be provided with deficient design or engineering information or equipment or provided with information or equipment later than required by the project schedule. Our customers may also determine, after commencement of the project, to change various elements of the project. Under these circumstances, we generally negotiate with the customer with respect to the amount of additional time required and the compensation to be paid to us. We are subject to the risk that we are unable to obtain, through negotiation, arbitration, litigation or otherwise, adequate amounts to compensate us for the additional work or expenses incurred by us due to customer-requested change orders or failure by

the customer to timely provide items required to be provided by the customer. A failure to obtain adequate compensation for these matters could require us to record an adjustment to amounts of revenue and gross profit that were recognized in prior periods under the percentage of completion accounting method. Any such adjustments, if substantial, could materially and adversely affect our business and results of operations.

Our operating results may vary significantly from period to period.

Portions of our business are subject to seasonal variations. Due to the nature of the work in our business, less work is performed in the winter months and work is hindered during other inclement weather events. Our profitability may also decrease during the winter months or rainy seasons due to the fact that work performed during these periods is more costly to complete. In addition, during periods of peak electricity demand, utilities generally are unable to remove their electric power transmission and distribution equipment from service, decreasing the demand for our services during this period. Our quarterly results also may be materially affected by:

- variations in the margins of, or losses on, projects performed during any particular period;
- increases in construction costs;
- self-insured retentions for workers' compensation and other losses;
- adjustments based on percentage-of-completion accounting;
- regional or general economic conditions;
- the spending patterns of customers;

the timing and volume of work under new and existing agreements;

the completion, termination or expiration of existing agreements or projects;

losses experienced in our operations not otherwise covered by insurance;

asset write-downs under SFAS No. 142 or SFAS No. 144;

establishment of reserves for contingencies such as litigation or environmental risks;

the change in mix of our customers, contracts and business;

the amount of services-only contracts in proportion to those that include procurement of materials;

the terms with the prime contractor when we are the subcontractor;

the timing of acquisitions;

costs that we incur to support growth internally or through acquisitions or otherwise; and

the timing and magnitude of acquisition assimilation costs.

Accordingly, we believe that period-to-period comparisons of our results of operations may not be a fair indicator and should not be relied upon as a measure of future performance. If our operating results fall below the public's or analysts' expectations in some future period or periods, the market price of our common stock will likely fall.

The dollar amount of our backlog, as stated at any given time, is not necessarily indicative of our future revenues.

As of December 31, 2003, our pro forma consolidated backlog was approximately $820.0 million. We expect to fill $409.0 million of this backlog in 2004. We generally classify contracts as "backlog" if

we have been awarded the contract and we have authorization to proceed. Our backlog also includes our estimate of the portion of work to be performed during the relevant period under our master service agreements, which often have two- to three-year terms and revenues under lease commitments. Our backlog may not be realized as revenue or, if realized, may not result in profits. Further, project terminations, suspensions or adjustments in scope may occur with respect to contracts reflected in our backlog or related profits. As backlog is often difficult to determine with certainty, the backlog we obtain in connection with any companies we acquire may not be as large as we believed or may not result in the revenue we expected.

Reductions in backlog due to cancellation by a customer or for other reasons may materially and adversely affect the revenue and profit we actually receive from contracts included in backlog. In the event of project cancellation, we may be reimbursed for certain costs but typically have no contractual right to the total revenues reflected in our backlog (with the exception of contractually committed revenues in connection with our agreement with Exelon). In addition, projects may remain in our backlog for extended periods of time. If we were to experience significant cancellations or delays of projects in our backlog, our business and results of operations could be materially and adversely affected. Backlog is not a measure defined in generally accepted accounting principles and our methodology in determining backlog may not be comparable to the methodology used by other companies in determining their backlog.

Our use of percentage-of-completion accounting could result in a reduction or elimination of previously reported profits.

As is more fully discussed in "Critical Accounting Policies" and in the notes to our consolidated financial statements, all of which are included elsewhere in this prospectus, a significant portion of our revenues is recognized on a percentage-of-completion method of accounting, using the cost-to-cost method. This method is used because management considers expended costs to be the best available measure of progress on these contracts. This accounting method is standard for fixed-price contracts. The percentage-of-completion accounting practice we use results in our recognizing contract revenues and earnings ratably over the contract term in proportion to our incurrence of contract costs. The earnings or losses recognized on individual contracts are based on estimates of contract revenues, costs and profitability. Contract losses are recognized in full when determined, and contract profit estimates are adjusted based on ongoing reviews of contract profitability. Further, a substantial portion of our contracts contain various cost and performance incentives. Penalties are recorded when known or finalized, which is generally during the latter stages of the contract. In addition, we record cost recovery claims when we believe recovery is probable and the amounts can be reasonably estimated. Actual collection of claims could differ from estimated amounts and could result in a reduction or elimination of previously recognized earnings. In certain circumstances, it is possible that such adjustments could be material to our results of operations.

Demand for our services is cyclical and vulnerable to downturns in the industries we serve, which could materially and adversely affect our business and results of operations.

The demand for infrastructure services in the industries we serve has been, and will likely continue to be, cyclical in nature and vulnerable to general downturns in the U.S. economy. A number of other factors, including financial conditions in the industries we serve, could adversely affect our customers and their ability or willingness to fund capital expenditures in the future. For example, telecommunications customers' spending on network construction has been in decline since 2000, and reductions in our revenues in 2003 partially reflect the significant decline in construction activity and new construction awards for power generation projects by independent power producers. Many of these customers encountered financing and liquidity problems, including a number of bankruptcies. Further, the demand for our services to natural gas distribution customers is affected by the level of new

housing construction. In addition, our petrochemical customers' demand has recently been restrained by the impact of high natural gas prices. We are also dependent on the amount of infrastructure services that our customers outsource. During downturns in the economy, our customers may determine to outsource fewer projects resulting in decreased demand for our services. In addition, the historical trend toward outsourcing of infrastructure services may not continue as we expect. These fluctuations in demand for our services could materially and adversely affect our business and results of operations, particularly during economic downturns.

The anticipated investment in electric infrastructure may not be as large as expected, which could adversely affect demand for our services and our operating strategy.

There can be no assurance that increased investment in the electric power grid will materialize. For example, even if Federal energy legislation is passed in the form previously considered by Congress, the provisions may not incentivize increased investments in electric power transmission infrastructure as expected. Further, the industries we serve may undergo change as a result of technological advances or other structural changes that could, in certain cases, reduce the demand for our services or otherwise adversely affect our business. For example, a significant movement toward distributed generation, that is, locating smaller power generation facilities close to areas of electricity consumption, may reduce the demand for transmission services and related spending. If the anticipated investment falls short of expectations, there could be less demand or slower growth in demand for our services and our business and results of operations or growth could be materially and adversely affected.

We derive a significant portion of our revenue from a small group of customers. The loss of one or more of these customers could materially and adversely affect our business and results of operations.

Our top ten customers accounted for approximately 46% of our revenues during 2002 and approximately 45% of our revenues during the period January 1, 2003 through September 23, 2003, which includes work done for those customers as a subcontractor through others. Sales to Exelon Corporation accounted for more than 14.0% of our revenues during the period January 1, 2003 through September 23, 2003. In September 2003, we entered into a volume agreement with Exelon, pursuant to which we are assured a continuing level of business from Exelon through 2006 at approximately the same levels as in 2003, subject to earlier termination under limited circumstances. Revenue under the contract may vary significantly from period-to-period and may be concentrated later in the contract period. We may be unable to renew or replace this agreement on similar terms or at all or sustain our volume of business with Exelon after expiration of the contract.

In addition, consolidation in the end markets we serve may result in the loss of one or more of our customers. The loss of any of our major customers could materially and adversely affect our business and results of operations. We may be unable to maintain our customer relationships, and our customers may reduce the volume of, or cancel purchase orders or other contracts, or develop relationships with our competitors, any of which could adversely affect our business and results of operations. In May 2003, Maslonka was awarded an approximately $88 million transmission line contract, relating to the Path 15 upgrade project, scheduled to be substantially completed in 2004. We expect that the Western Area Power Authority, which manages the Path 15 project, will be a key customer in 2004. We may not be able to replace this contract after its completion.

Adverse events could negatively affect our liquidity position.

Our operations could require us to utilize large sums of working capital, sometimes on short notice and sometimes without the ability to recover these expenditures. Circumstances or events which could create large cash outflows include losses resulting from fixed-price or unit-price contracts, environmental liabilities, litigation risks, cash collateral requirements, unexpected costs or losses resulting from acquisitions, contract initiation or completion delays, political conditions, customer

payment problems and professional and product liability claims, among others. We may not have sufficient liquidity or the credit capacity to meet all of our cash needs if we encounter significant working capital requirements as a result of these or other factors. Insufficient liquidity could place us at a competitive disadvantage compared with competitors with more liquidity and could materially and adversely affect our financial condition and our ability to obtain surety bonds.

A significant portion of our business depends on our ability to provide surety bonds. A reduction in our ability to obtain surety bonds could materially and adversely affect our business and results of operations.

Surety market conditions are currently difficult as a result of significant losses incurred by many sureties in recent periods, both in the construction industry as well as in certain larger corporate bankruptcies. As a result, less bonding capacity is available in the market and terms have become more expensive and restrictive. After the Exelon Transaction, we were required to post letters of credit to support a new surety bond program. Further, under standard terms in the surety market, sureties issue bonds on a project-by-project basis and can decline to issue bonds at any time. Historically, approximately 10% to 20% of our annual volume of business, including a number of our fixed-price contracts, has required bonds. These percentages may increase depending on our mix of contracts. Current or future market conditions, as well as changes in our surety's assessment of our operating and financial risk, could cause our surety providers to decline to issue, or substantially reduce the amount of, bonds for our work and could increase our bonding costs. These actions can be taken on short notice. If our surety providers were to limit or eliminate our access to bonding, our alternatives include seeking bonding capacity from other sureties, finding more business that does not require bonds and posting other forms of collateral for project performance, such as letters of credit or cash. We may be unable to secure these alternatives in a timely manner, on acceptable terms or at all. Accordingly, if we were to experience an interruption or reduction in the availability of bonding capacity, our business and results of operations could be materially and adversely affected.

We are subject to the risks associated with being a government contractor.

We are a provider of services to government agencies, primarily the U.S. Department of Energy's Federal power marketing agencies, such as the Western Area Power Authority and the Bonneville Power Administration, and therefore are exposed to the risks associated with government contracting. For example, a reduction in spending by these government agencies could limit the continued funding of existing contracts with these agencies and could limit our ability to obtain additional contracts, which could materially and adversely affect our business and results of operations. The risks of government contracting also include the risk of civil and criminal fines and penalties for violations of applicable regulations and statutes and the risk of public scrutiny of our performance on high profile sites.

In addition, government customers typically can terminate or modify any of their contracts with us at their convenience, and some of these government contracts are subject to renewal or extension annually. If a government customer terminates a contract or fails to renew or extend a contract, our backlog or revenue may be reduced or we may incur a loss, either of which could impair our financial condition and operating results. A termination due to our unsatisfactory performance could expose us to liability and have a material adverse effect on our ability to compete for future contracts and orders. In cases where we might be a subcontractor, the prime contract under which we would be a subcontractor could be terminated, regardless of the quality of our services as a subcontractor or our relationship with the relevant government agency. Our government customers can also reduce the value of existing contracts, issue modifications to a contract, and control and potentially prohibit the export of our services and associated materials.

In addition, our failure to comply with the terms of one or more of our government contracts, other government agreements, or government regulations and statutes could result in our being suspended or barred from future government contract projects for a significant period of time. Any of these events could materially and adversely affect our business.

Our business growth could outpace the capability of our business structure. If we are unable to manage our growth effectively, our business and results of operations could be materially and adversely affected.

Our systems, procedures and controls may not be adequate to support our operations as they expand. Further, we may not be able to recruit and retain additional managers and executives or procure equipment that may be necessary to support our growth. As a result, we may be unable to enter into new geographic regions. To the extent that we are unable to manage our growth effectively, attract and retain additional qualified management and skilled personnel, procure the proper equipment or obtain adequate surety bonding capacity, our business and results of operations could be materially and adversely affected.

We may be unsuccessful at integrating companies that we acquire or have acquired, which could materially and adversely affect our business.

We have completed several acquisitions and plan to consider strategic acquisitions in the future. We may not be able to successfully integrate our acquired companies, including Maslonka, with our other operations without substantial costs, delays or other operational or financial problems. If we do not implement proper overall business controls, our operating strategy could result in inconsistent operating and financial practices at the companies we acquire or have acquired, and our overall profitability could be adversely affected. Our operating subsidiaries have generally maintained their own procedures and operating systems, although we have imposed or are imposing specific company-wide requirements on our operating subsidiaries in a number of areas as we continue the process of integrating our acquired businesses. We also plan to introduce a company-wide internal audit function to replace the Exelon corporate internal audit function and to enhance our controls and procedures, including those necessary for a public company. However, as we intend to continue to employ a somewhat decentralized management structure, we could experience difficulties maintaining uniform controls and procedures. Integrating our acquired companies involves a number of risks that could materially and adversely affect our business, including:

- failure of acquired companies to achieve the results we expect;
- diversion of our management's attention from operational matters;
- inability to retain key personnel of the acquired companies;
- risks associated with unanticipated events or liabilities; and
- the difficulty of maintaining and establishing uniform standards, controls, procedures and policies, including accounting controls and procedures.

If one of our acquired companies suffers customer dissatisfaction or performance problems, the reputation of that operating company or our entire company could be materially and adversely affected.

Our ability to successfully implement our business strategy is dependent on our ability to retain and attract key management personnel.

Our ability to successfully implement our business strategy depends to a significant degree on the efforts of our senior management team, including the heads of our key operating subsidiaries. Any of our executive officers could determine not to continue in such capacity and we generally do not maintain key person life insurance for our executive officers. We may not be able to replace any of these executives with similarly qualified candidates. We believe that the loss of service of any of these executives could materially and adversely affect our business and results of operations.

Our industry is highly competitive, and we may be unable to compete effectively, which could result in reduced profitability and loss of market share.

Our industry is highly fragmented with numerous small, owner-operated private companies, a few public companies and several large regional companies. In most cases we are bidding against numerous competitors for contract and project awards. We also compete with many of our utility customers that may choose to self-perform their infrastructure work. We compete on the basis of a number of factors, including:

- price and the ability to control project costs;
- safety record;
- history of project execution and the ability to execute large projects;
- the availability of qualified and/or licensed personnel;
- reputation for integrity and quality;
- relationships with customers;
- breadth of service offerings and experience in specialized service offerings;
- geographic presence;
- required time for execution;
- the ability to obtain surety bonding; and
- strength of financial position.

To compete successfully, we may be required to reduce prices, increase our operating costs or take other measures that could materially and adversely affect our results of operations, margins or cash flow. For example, after the downturn in the telecommunications industry, many service providers began offering services in the natural gas infrastructure industry. As a result, we experienced increased competition and related pricing pressures in that area of our business. If we are unable to compete successfully, we may lose market share.

In addition, certain of our competitors may have lower cost structures than we do and may therefore be able to provide their services at lower rates than we offer. In addition, some of our competitors are larger and have greater resources than we do. Our competitors may develop the expertise, experience and resources to provide services that are superior in both price and quality to our services. Additionally, many of our customers self-perform the services we provide, which means we may face competition from our customers as well as third parties. Our existing or prospective customers may not continue to outsource services in the future.

Our business is labor intensive, and we may be unable to attract and retain qualified employees, which could materially and adversely affect our growth strategy and our operations.

Our ability to provide high-quality services on a timely basis, to increase our productivity and profitability and to achieve our desired growth will be limited by our ability to employ, train and retain skilled personnel necessary to meet our operating requirements. We, like many of our competitors, have, from time-to-time, experienced shortages of certain types of qualified personnel. These shortages could preclude us from expanding into new geographic markets. For example, there is currently a shortage of linemen capable of working on and supervising the

construction of high-voltage lines, and linemen are frequently recruited across geographic regions to satisfy demand. The supply of experienced linemen and supervisors may not be sufficient to meet current or expected demand. Further, we may not be able to allocate or hire sufficient project managers for new electric power

transmission projects. As a result, we may not be able to pursue certain projects and we may not be able to maintain an adequate skilled labor force necessary to operate efficiently or to support our growth strategy. In addition, our labor expenses may increase as a result of a shortage in the supply of skilled personnel. Labor shortages and increased labor costs could materially and adversely affect our operations and our ability to implement our growth strategy.

Our projects are subject to numerous hazards that could increase our costs. If an accident occurs, it could materially and adversely affect our business and results of operations.

Hazards related to our activities include electrocutions, fires, natural gas explosions, mechanical failure, transportation accidents and damage to equipment we work on. These hazards can cause personal injury and loss of life, severe damage to or destruction of property and equipment and other consequential damages, including blackouts, and may result in suspension of operations, large damage claims, and, in extreme cases, criminal liability. At any given time, we are subject to multiple workers' compensation and personal injury claims. We maintain substantial loss accruals for workers' compensation claims, and our workers' compensation and insurance costs have been rising for several years notwithstanding our emphasis on safety. Our insurance does not cover all types or amounts of liabilities. Our third-party insurance is subject to large deductibles for which we establish reserves and, accordingly, we effectively self-insure for much of our exposures. In addition, for a variety of reasons such as increases in claims, a weak economy, projected significant increases in medical costs and wages, lost compensation, and reductions in coverage, insurance carriers may be unwilling to provide the current levels of coverage without a significant increase in collateral requirements to cover our deductible obligations. We recently increased the amount of our outstanding letters of credit to support our insurance programs. We may not be able to maintain adequate insurance at reasonable rates or meet collateral requirements. Further, regulatory changes implemented by OSHA could impose additional costs on us.

If serious accidents or fatalities occur, we may be ineligible to bid on certain projects and could be terminated from existing projects. In addition, if our safety record were to deteriorate, our ability to bid on certain projects could be adversely impacted. The OSHA Recordable rate of certain of our subsidiaries has historically been higher than the industry average. If we cannot improve on these subsidiaries' safety records, our ability to successfully bid on future projects could be adversely affected. Adverse experience with hazards and claims could have a negative effect on our reputation and our prospects for future projects.

During the ordinary course of our business, we may become subject to lawsuits or indemnity claims, which could materially and adversely affect our business and results of operations.

We have in the past been, and may in the future be, named as a defendant in lawsuits, claims and other legal proceedings during the ordinary course of our business. These actions may seek, among other things, compensation for alleged personal injury, workers' compensation, breach of contract, property damage, punitive damages, civil penalties or other losses, consequential damages or injunctive or declaratory relief. In addition, pursuant to our service contracts, we generally indemnify our customers for the services we provide thereunder. Furthermore, our services are integral to the operation and performance of the electric power transmission and distribution infrastructure. As a result, we may become subject to lawsuits or claims for any failure of the systems that we work on, even if our services are not the cause for such failures. In addition, we may incur civil and criminal liabilities to the extent that our services contributed to any property damage or blackout. With respect to such lawsuits, claims, proceedings and indemnities, we have and will accrue reserves when the incurrence of a liability is probable and the amount of loss can be reasonably estimated. In the event that such actions or indemnities are ultimately resolved unfavorably at amounts exceeding our accrued reserves, or at material amounts, the outcome could materially and adversely affect our business and

results of operations. In addition, payments of significant amounts, even if reserved, could adversely affect our liquidity position.

Our unionized workforce could adversely affect our business and results of operations.

A significant percentage of our workforce is covered by collective bargaining agreements. Strikes or work stoppages could occur that would adversely impact our relationships with our customers and could materially and adversely affect our business and results of operations.

In addition, we contribute to several multiemployer pension plans for employees covered by collective bargaining agreements. These plans are not administered by us, and contributions are determined in accordance with provisions of negotiated labor contracts. The Employee Retirement Income Security Act of 1974 ("ERISA"), as amended by the Multiemployer Pension Plan Amendments Act of 1980, imposes certain liabilities upon employers who are contributors to a multiemployer plan in the event of the employer's withdrawal from, or upon termination of, such plan. We do not have information on the net assets and actuarial present value of the multiemployer pension plans' unfunded vested benefits allocable to us, if any, or the amounts, if any, for which we may be contingently liable if we were to withdraw from any of these plans.

The outcome of certain proposed regulatory changes are uncertain and such regulatory changes could adversely affect our results of operations.

Our customers participate in highly regulated industries. At this time, there is uncertainty as to whether the United States Congress will pass comprehensive Federal energy legislation or whether FERC will establish incentive-based ratemaking for all interstate transmission under the control of regional transmission operators. Continued uncertainty may have an adverse effect on our customers and may negatively influence their ability and desire to make capital investments in transmission infrastructure. In addition, many of our telecommunications customers are schools that benefit from the Universal Service "E-rate" program, a program set up by the federal government under the oversight of the Federal Communications Commission ("FCC"). Under the E-rate program, schools and libraries may receive subsidies for certain approved telecommunications services, Internet access and internal connections. However, the FCC recently sought comment from the industry and the public on whether it should provide funding for dark fiber. The organization that administers the E-rate subsidies issued a statement that, pending an FCC determination regarding the regulatory classification of dark fiber, it may not be eligible for E-rate funding beginning July 1, 2004. If this funding for leasing dark fiber is no longer available, it could result in a decrease in the demand for our telecommunications infrastructure services by certain school district customers and could adversely affect our results of operations.

Certain provisions of our corporate governing documents could make an acquisition of our company more difficult.

Certain provisions of our organizational documents and Delaware law could discourage potential acquisition proposals, 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 and bylaws will, upon consummation of this offering, permit us to issue, without any further vote or action by the stockholders, up to shares of preferred stock in one or more series and, with respect to each such series, to fix the number of shares, constituting the series and the designation of the series, the voting powers (if any) of the shares of such series, and the preferences and relative, participating, optional and other special rights, if any, and any qualifications, limitations or restrictions, of the shares of the series. In addition, our certificate of incorporation permits our board of directors to adopt amendments to our bylaws.

Section 203 of the Delaware General Corporation Law also imposes certain restrictions on mergers and other business combinations between us and any holder of 15% or more of our common stock.

Environmental compliance could require significant expenditures, which could materially and adversely affect our business or results of operations.

We are subject to federal, state and local environmental laws and regulations that govern our operation, including the handling, transportation, discharge and disposal of materials into the environment, including into the air, surface and ground water and soil. In that regard, we have incurred and are incurring costs and obligations for correcting environmental noncompliance matters and for remediation at or relating to certain of our properties pursuant to applicable environmental laws. Environmental laws applicable to us could become even more stringent in the future, imposing greater compliance costs and increasing risks and penalties associated with their violation. Should there be an environmental accident or violation, our financial condition or results of operations may be adversely affected. We could be held liable for significant penalties and damages under environmental laws and could also be subject to a revocation of licenses or permits, which could materially and adversely affect our business and results of operations. 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.

Provisions of our credit facility restrict our business operations and may restrict our access to sufficient funding in the future to finance desired growth, which could materially and adversely affect our business.

We have a credit facility with a group of financial institutions secured by substantially all of our assets. The terms of the credit facility contain customary events of default and covenants that limit us from taking certain actions without obtaining the consent of the lenders. The restricted actions include, among other things:

- incurring additional indebtedness;
- creating certain liens;
- entering into any merger, consolidation or amalgamation;
- disposing of material assets or disposal of assets outside the ordinary course of business;
- making capital expenditures in excess of a specified amount;
- declaring or paying dividends;
- making investments in excess of specified amounts; and
- prepaying our other indebtedness.

In addition, our credit facility requires us to achieve certain financial ratios. These restrictions and covenants limit our ability to respond to changing business and economic conditions or to secure additional financing, if needed, and we may be prevented from engaging in transactions that might otherwise be considered beneficial to us, including strategic acquisitions.

A breach of any of these covenants or our inability to comply with the required financial ratios could result in a default under our credit facility. In the event of any default under our credit facility, the lenders thereunder would be entitled to accelerate the repayment of amounts outstanding, plus accrued and unpaid interest, or could proceed to foreclose against our assets. Moreover, these lenders would have the option to terminate any obligation to make further extensions of credit under our credit facility.

We will incur costs as a public company and recently enacted and proposed changes in securities laws and regulations are likely to increase those costs.

Upon the consummation of this offering, we will become a public company and will be subject to disclosure requirements under the Securities Exchange Act of 1934, as amended. Further, the Sarbanes-Oxley Act of 2002 (the "Act") that became law in July 2002, as well as new rules and regulations subsequently implemented by the Securities and Exchange Commission, or SEC, have required and will require changes in some of our corporate governance practices. The Act also requires the SEC to promulgate additional new rules on a variety of subjects. In addition to final rules and rule proposals already made by the SEC, the New York Stock Exchange has made revisions to its requirements for companies that are listed on the New York Stock Exchange. We expect these new rules and regulations to increase our legal and financial compliance costs and to make some activities more difficult, time consuming and costly. We also expect these new rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These new rules and regulations could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee, and qualified executive officers.

War and acts and threats of terrorism may adversely affect our results of operations, our ability to raise capital and our future growth.

We do not fully know the impact that any future terrorist attacks may have on our industry in general and on us in particular. Terrorists could choose to target utility transmission and distribution infrastructure. In addition, any retaliatory military strikes or sustained military campaign may affect our operations in unpredictable ways, such as changes in insurance markets and disruptions of fuel supplies and markets, particularly oil. The continuing military activity in Iraq and other wars may have an adverse effect on the economy in general. A lower level of economic activity might result in a decline in domestic energy consumption and, as a result, the demand for our services, which may adversely affect our revenues or restrict our future growth. Instability in the financial markets as a result of terrorism or war may affect our stock price and our ability to raise capital.

Risks Relating to this Offering

Our controlling stockholders may take actions that conflict with your interests.

Immediately following this offering, % of our common stock will be held by Principal Stockholders, which are funds managed by Oaktree and GFI (% if the underwriters exercise their over-allotment option in full). Oaktree manages one of the funds and jointly manages with GFI the other fund. Because of these holdings, these stockholders, if they choose to act together, will be able to exercise control over all matters requiring stockholder approval, including the election of directors, amendment of our certificate of incorporation and approval of significant corporate transactions, and they will have significant control over our management and policies. The directors elected by these stockholders will be able to significantly influence decisions affecting our capital structure. This control may have the effect of delaying or preventing changes in control or changes in management, or limiting the ability of our other stockholders to approve transactions that they may deem to be in their best interest.

There has been no prior market for our common stock, and an active trading market may not develop.

Prior to this offering, there has been no public market for our common stock. An active trading market may not develop following the closing of this offering or, if developed, may not be sustained. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair

market value and increase the volatility of your shares. An inactive market may also impair our ability to raise capital by selling shares and may impair our ability to acquire other companies or technologies by using our shares as consideration.

The price of our common stock may fluctuate substantially.

The initial public offering price for the shares of our common stock sold in this offering will be determined by negotiation between the representatives of the underwriters and us. This price may not reflect the market price of our common stock following this offering. In addition, the market price of our common stock is likely to be highly volatile and may fluctuate substantially due to many factors, including:

- actual or anticipated fluctuations in our results of operations;
- variance in our financial performance from the expectations of market analysts;
- conditions and trends in the end markets we serve;
- announcements of significant contracts by us or our competitors;
- changes in our pricing policies or the pricing policies of our competitors;
- loss of one or more of our significant customers;

mergers or acquisitions among our customer base;

liquidity of our customers;

legislation;

the commencement or outcome of litigation;

our sale of common stock or other securities in the future, or sales of our common stock by our principal stockholders;

changes in market valuation or earnings of our competitors;

the trading volume of our common stock;

changes in the estimation of the future size and growth rate of our markets; and

general economic conditions.

In addition, the stock market in general, and the New York Stock Exchange and the market for infrastructure service companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of particular companies affected. These broad market and industry factors may materially harm the market price of our common stock, regardless of our operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class-action litigation has often been instituted against that company. Such litigation, if instituted against us, could result in substantial costs and a diversion of management's attention and resources, which could materially harm our financial condition and results of operations.

We currently do not intend to pay dividends on our common stock and, consequently, your only opportunity to achieve a return on your investment is if the price of our common stock appreciates.

We currently do not plan to declare dividends on shares of our common stock in the foreseeable future. Further, the payment of dividends by us is restricted by our credit facility. See "Dividend Policy" for more information. Consequently, your only opportunity to achieve a return on your investment in our company will be if the market price of our common stock appreciates and you sell

your shares at a profit. There is no guarantee that the price of our common stock that will prevail in the market after this offering will ever exceed the price that you pay.

Our management team may invest or spend the proceeds of this offering in ways with which you may not agree or in ways that may not yield a return.

Presently, anticipated uses of the proceeds to us of this offering include repaying approximately $91 million of our outstanding debt and for other general corporate purposes. Other than with respect to repaying our outstanding debt in the manner described in the "Use of Proceeds," we cannot specify with certainty how we will use the net proceeds of this offering. Accordingly, our management will have considerable discretion in the application of these proceeds, and you will not have the opportunity to assess whether these proceeds are being used appropriately. These proceeds may be used for corporate purposes that do not increase our operating results or market value. Until the net proceeds are used, they may be placed in investments that do not produce income or that lose value.

Future sales of our common stock may depress our share price.

After this offering, we will have shares of common stock outstanding. The shares sold in this offering, or shares if the underwriters' over-allotment is exercised in full, will be freely tradable without restriction or further registration under federal securities laws unless purchased by our affiliates. The remaining shares of common stock outstanding after this offering will be available for sale in the public market as follows:

Number of Shares	Date of Availability for Sale
	On the date of this prospectus
	180 days after the date of this prospectus, although all but shares will be subject to certain volume limitations under Rule 144 of the Securities Act

The above table assumes the effectiveness of the lock-up agreements under which our executive officers, directors and holders of our common stock have agreed not to sell or otherwise dispose of their shares of common stock and that we or the representatives of the underwriters have not waived the market stand-off provisions applicable to holders of options to purchase our common stock. Holders of options to purchase shares of our common stock have entered into option agreements with us pursuant to which they have agreed not to sell or otherwise dispose of shares of common stock underlying these options for a period of 180 days after the date of this prospectus without the prior written consent of Lehman Brothers Inc. Lehman Brothers Inc. may, in its sole discretion and at any time without notice, release all or any portion of the securities subject to the lock-up agreements or the market stand-off provisions set forth in our stock option agreements.

Sales of substantial amounts of our common stock in the public market following this offering, or the perception that these sales may occur, could cause the market price of our common stock to decline. After the lock-up agreements pertaining to this offering expire, additional stockholders, including our majority stockholders, will be able to sell their shares in the public market, subject to legal restrictions on transfer. As soon as practicable after the closing of this offering, we also intend to file a registration statement covering shares of our common stock issued or reserved for issuance under our stock option plan. In addition, under our registration rights agreement, some of our stockholders are entitled to registration rights. Subject to the terms of the lock-up agreements, registration of the sale of these shares of our common stock would generally permit their sale into the market immediately after registration. These registration rights of our stockholders could impair our ability to raise capital by depressing the price at which we could sell our common stock. We may also sell

additional shares of common stock in subsequent public offerings, which may adversely affect market prices for our common stock. See "Shares Eligible for Future Sale" for more information.

As a new investor, you will experience substantial dilution in the net tangible book value of your shares.

The initial public offering price of our common stock is considerably more than the net tangible book value per share of our outstanding common stock. Accordingly, investors purchasing shares of common stock in this offering will:

- pay a price per share that substantially exceeds the value of our assets after subtracting liabilities; and
- contribute % of the total amount invested to fund our company, but will own only % of the shares of common stock outstanding after this offering.

To the extent outstanding stock options are exercised, there will be further dilution to new investors. See "Dilution" for more information.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements made in this prospectus are forward-looking statements. These forward-looking statements are based upon our current expectations and projections about future events. When used in this prospectus, the words "believe," "anticipate," "intend," "estimate," "expect, "will," "should," "may" and similar expressions, or the negative of such words and expressions, are intended to identify forward-looking statements, although not all forward-looking statements contain such words or expressions. The forward-looking statements in this prospectus are primarily located in the material set forth under the headings "Prospectus Summary," "Risk Factors," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Overview of Electric Power Transmission and Distribution Infrastructure" and "Business," but are found in other locations as well. These forward-looking statements generally relate to our plans, objectives and expectations for future operations and are based upon management's current estimates and projections of future results or trends. Although we believe that our plans and objectives reflected in or suggested by these forward-looking statements are reasonable, we may not achieve these plans or objectives. You should read this prospectus completely and with the understanding that actual future results may be materially different from what we expect. We will not update forward-looking statements even though our situation may change in the future.

Specific factors that might cause actual results to differ from our expectations or may affect the value of our common stock include, but are not limited to:

- the award of new contracts and the timing of the performance of those contracts;
- the nature of our contracts, particularly our fixed-price and unit-price contracts;
- the failure to meet schedule or performance requirements of our contracts;
- project delays or cancellations;
- infrastructure construction accidents;
- work hindrance due to inclement weather events;
- the effect of our percentage-of-completion accounting policies;
- technological, structural and cyclical changes that could reduce the demand for the services we provide;
- loss of key customers;
- our ability to obtain surety bonds;
- our growth outpacing our business structure;
- our ability to successfully identify, integrate and complete acquisitions;
- our failure to attract and retain qualified personnel;
- significant competition in our industry;
- the presence of competitors with greater financial resources and the impact of competitive products, services and pricing;

- the impact of our unionized workforce on our operations; and
- a change in government laws or regulations.

USE OF PROCEEDS

We estimate that the net proceeds to us from this offering will be approximately $115.2 million based on an assumed initial public offering price of $ per share, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We will not receive any of the proceeds from the sale of shares by the selling stockholders.

We intend to use the net proceeds to us from this offering to repay approximately $91.2 million of outstanding indebtedness and to retain approximately $24.0 million for general corporate purposes. We are required to repay outstanding indebtedness under our senior credit facility in an amount equal to at least 50% of the net proceeds from this offering received by us. In addition, we are required to repay the subordinated promissory note payable to Exelon upon the sale of our common stock by the Principal Stockholders in this offering. The repayment of indebtedness consists of the following:

- approximately $61.2 million to repay a portion of the term loans under our senior credit facility;
- approximately $30.0 million to repay the subordinated promissory note payable to Exelon; and
- interest accrued on this indebtedness through the closing date of this offering.

DIVIDEND POLICY

We currently do not anticipate paying any cash dividends in the foreseeable future. Instead, we anticipate that all of our earnings, if any, in the foreseeable future will be used to repay debt, for working capital, to support our operations and to finance the growth and development of our business. Any future determination relating to dividend policy will be made at the discretion of our board of directors and will depend on a number of factors, including restrictions in our debt instruments, our future earnings, capital requirements, financial condition, future prospects and the General Corporation Law of the State of Delaware, which provides that dividends are only payable out of surplus or current net profits. We are currently restricted from declaring or paying cash dividends pursuant to the terms of our senior credit facility.

CAPITALIZATION

The following table summarizes our capitalization as of September 23, 2003 on:

- an actual basis, reflecting the formation of InfraSource Services, Inc., formerly known as Dearborn Holdings Corporation, for purposes of acquiring InfraSource Incorporated and certain of its subsidiaries from Exelon;
- a pro forma consolidated basis, after giving effect to the Exelon Transaction and the Maslonka acquisition; and
- a pro forma consolidated as adjusted basis, after giving effect to the Exelon Transaction, the Maslonka acquisition and the completion of this offering, including the application of the estimated net proceeds to us from this offering as described

under "Use of Proceeds."

You should read the following table in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Description of Capital Stock" and our consolidated financial statements and related notes appearing elsewhere in this prospectus.

	As of September 23, 2003		
	Actual	**Pro Forma Consolidated**	**Pro Forma Consolidated As Adjusted**
		(unaudited)	
		(in thousands)	
Cash and cash equivalents	$ 0	$ 19,959	
Debt:			
Senior credit facility(1)		140,000	
Subordinated promissory note payable to Exelon(2)		13,676	
Note payable to former owner(3)		1,000	
Capital lease obligations		204	
Total debt		154,880	
Shareholders' equity:			
Common stock, $0.001 par value; authorized 2,500,000 shares, 100 shares issued and outstanding, actual; shares authorized and outstanding, pro forma consolidated; shares authorized and oustanding, pro forma consolidated as adjusted		1	
Additional paid-in capital		144,594	
Accumulated deficit	(40)	(40)	
Total shareholders' equity	(40)	144,555	
Total capitalization	$ (40)	$ 299,435	

(1) Upon consummation of this offering, we expect to have $17.7 million of borrowing availability under our senior credit facility, after giving effect to approximately $22.3 million of letters of credit outstanding as of December 31, 2003. The level of borrowing under our senior credit facility does not reflect changes that may arise due to adjustments to the purchase price for the Exelon Transaction or the Maslonka acquisition.

(2) Represents the note issued in connection with the Exelon Transaction in an aggregate principal amount of $29 million, which was increased to $30 million upon completion of our acquisition of an additional entity from Exelon in December 2003. The estimated fair value of the note at September 24, 2003 was $13.7 million.

(3) Represents the note we assumed in connection with the Maslonka acquisition. See "Unaudited Pro Forma Condensed Consolidated Financial Data" for more information.

DILUTION

At September 23, 2003, the net tangible book value of our common stock was approximately $ million, or approximately $ per share of our common stock. After giving effect to the Exelon Transaction, the Maslonka acquisition and the sale of shares of our common stock in this offering at an assumed initial public offering price of $ per share, and after deducting estimated underwriting discounts and commissions paid by us and the estimated offering expenses of this offering (collectively, the "Transactions"), the pro forma consolidated as adjusted net tangible book value at September 23, 2003 attributable to common stockholders would have been approximately $ million, or approximately $ per share of our common stock. This represents a net increase in pro forma consolidated as adjusted tangible book value of $ per share, and an immediate dilution in pro forma consolidated as adjusted net tangible book value of $ per share to new stockholders. The following table illustrates this per share dilution to new stockholders:

Assumed initial public offering price per share		$
Net tangible book value per share before the Transactions	$	
Net increase in pro forma consolidated as adjusted tangible book value per share attributable to the Transactions		
Pro forma consolidated as adjusted net tangible book value per share after the Transactions		
Dilution in pro forma as adjusted net tangible book value per share to new stockholders		$

The table below summarizes, as of September 23, 2003, on a pro forma consolidated as adjusted basis, the differences for (1) our existing stockholders, (2) stockholders issued shares in connection with the Exelon Transaction, (3) stockholders issued shares in connection with the Maslonka acquisition, (4) management stockholders issued shares upon exercise of options, and (5) investors in this offering, with respect to the number of shares of common stock purchased from us, the total consideration paid and the average price per share paid before deducting fees and expenses.

	Shares Issued		Total Consideration		Average Price Per Share
	Number	Percentage	Amount	Percentage	
	(in thousands, except per share data)				
Existing stockholders					
Stockholders issued shares in Exelon Transaction					
Stockholders issued shares in Maslonka acquisition					
Management stockholders issued shares from exercise of options					
New stockholders in this offering					
Total					

The discussion and tables above exclude shares of our common stock available for future grant or issuance under our stock plans.

INFRASOURCE SERVICES, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL DATA

The following unaudited pro forma condensed consolidated financial data of InfraSource Services, Inc. (formerly known as Dearborn Holdings Corporation) as of September 23, 2003, for the period January 1, 2003 through September 23, 2003 and for the year ended December 31, 2002 have been derived by applying pro forma adjustments attributable to the Exelon Transaction, the Maslonka acquisition and this offering (the "Transactions"), including the application of net proceeds from this offering as set forth under "Use of Proceeds," to the historical financial statements of InfraSource Services, Inc., InfraSource Incorporated and Maslonka & Associates, Inc., included elsewhere in this prospectus. We have based our unaudited pro forma adjustments upon available information and assumptions that we consider reasonable. Our unaudited pro forma condensed consolidated financial data is not necessarily indicative of what our actual financial position or results of operations would have been had the Transactions occurred as of the date or for the periods indicated, nor does it purport to represent our future financial position or results of operations.

The unaudited pro forma condensed consolidated balance sheet data as of September 23, 2003 gives effect to the Transactions as if they were consummated on September 23, 2003. The unaudited pro forma condensed consolidated statement of operations data for the period January 1, 2003 through September 23, 2003 and the year ended December 31, 2002 give effect to the Transactions as if they were consummated on January 1, 2002.

In our unaudited pro forma condensed consolidated financial data, we have accounted for each of the Exelon Transaction and the Maslonka acquisition as a purchase in accordance with SFAS No. 141, "Business Combinations." Under purchase accounting, the total acquisition consideration is allocated to our assets and liabilities based upon preliminary estimates of fair value. The final allocations of acquisition consideration will be based on management's final valuation analyses supported by appraisals from certain independent valuation firms. Any adjustments based on these final valuation analyses may change the allocations of the acquisition consideration, which could affect the fair value assigned to our assets and liabilities and could result in a change to the unaudited pro forma condensed consolidated financial data.

The unaudited pro forma condensed consolidated financial data is presented for information purposes only and should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical financial statements and related notes of InfraSource Services, Inc., InfraSource Incorporated and Maslonka & Associates, Inc., included elsewhere in this prospectus.

InfraSource Services, Inc.
Unaudited Pro Forma Condensed
Consolidated Statement of Operations
For the Period January 1 September 23, 2003
(in thousands, except share and per share data)

	Historical								
	InfraSource Services (fka Dearborn Holdings)	**InfraSource Incorporated**	**Exelon Transaction Adjustments**	**Pro Forma**	**Historical Maslonka**	**Maslonka Acquisition Adjustments**	**Pro Forma Consolidated**	**Offering Adjustments**	**Pro Forma Consolidated As Adjusted**
	(unaudited)(1)	**(unaudited)(1)**	**(2)**		**(1)**	**(3)**		**(4)**	
Contract revenues earned	$	$ 382,627	$	$ 382,627	$ 20,336	$	$ 402,963	$	$ 402,963
Cost of revenues earned		330,681	(5,175)(a)	325,506	13,675		339,181		339,181
Gross profit		51,946	5,175	57,121	6,661		63,782		63,782
Selling, general and administrative expenses	67	49,315	1,950 (b)	51,332	2,403		53,735	101 (h)	53,836
Merger related costs		16,242	(16,242)(c)						
Provision for uncollectible accounts		236		236			236		236
Amortization of intangible assets and goodwill					33		33		33
Income (loss) from operations	(67)	(13,847)	19,467	5,553	4,225		9,778	(101)	9,677
Interest income		1,376		1,376	30		1,406		1,406
Interest expense		(27)	(11,585)(d)	(11,612)	(45)	(19)(f)	(11,676)	6,099 (i)	(5,577)
Other income (expense)		(3,553)		(3,553)	6		(3,547)		(3,547)

	Historical								
Income (loss) before income taxes	(67)	(16,051)	7,882	(8,236)	4,215	(19)	(4,040)	5,998	1,958
Income tax expense (benefit)	(27)	(4,774)	3,232 (e)	(1,569)	1,604	(8)(g)	27	2,459 (j)	2,486
Net income (loss) from continuing operations	$ (40)	$ (11,277)	$ 4,650	$ (6,667)	$ 2,611	$ (11)	$ (4,067)	$ 3,539	$ (528)
Weighted average basic common shares outstanding (5)		47,585,472							
Weighted average diluted common shares outstanding (5)		47,585,472							
Basic (loss) per share continuing operations		$ (0.24)							
Diluted (loss) per share continuing operations		$ (0.24)							

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

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INFRASOURCE SERVICES, INC.
NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE PERIOD JANUARY 1, 2003 THROUGH SEPTEMBER 23, 2003
(in thousands, except share data)

(1) Historical Financial Statements

The historical consolidated statement of operations data of InfraSource Services, Inc. has been derived from the historical unaudited consolidated financial statements of InfraSource Services, Inc. for the period January 1, 2003 through September 23, 2003, included elsewhere in this prospectus. The historical consolidated statement of operations data of InfraSource Incorporated has been derived from the historical unaudited consolidated financial statements of InfraSource Incorporated for the period January 1, 2003 through September 23, 2003, included elsewhere in this prospectus. The historical consolidated statement of operations data of Maslonka & Associates, Inc. has been derived from the historical unaudited financial statements of Maslonka & Associates, Inc. for the nine months ended September 30, 2003, included elsewhere in this prospectus. In the opinion of our management, the historical unaudited income statements of InfraSource Services, Inc. and InfraSource Incorporated for the period January 1, 2003 through September 23, 2003 include all adjustments necessary to present fairly the information set forth therein.

(2) Exelon Transaction

(a) Reflects a $5,175 decrease in depreciation expense for the period resulting from the net effect of changes in the estimated lives and basis of certain fixed assets in conjunction with the Exelon Transaction. The change in the value of assets is a result of the application of SFAS No. 141, which required valuing these assets at fair value. The combined effect of a $7,600 decrease in the basis of certain assets and a concurrent increase in the estimated average useful lives for these assets from 5 to 7 years results in a decrease of approximately $5,625 in depreciation expense for the period. This decrease is partially offset by an increase in depreciation expense of approximately $450 for the period as a result of a $13,700 increase in the basis of assets with average estimated useful lives of 20 years.

(b) Reflects an increase of $1,950 in our insurance premiums to be incurred by us as an independent company after completion of the transaction, based on our 2003 estimate.

(c) Reflects merger related costs of $16,242 relating to the Exelon Transaction incurred by us as of September 23, 2003, including investment banking and attorneys' fees, severance and retention costs and change in control payments.

(d) Represents pro forma adjustments to interest expense for the interim period computed as follows:

Senior credit facility:		
Interest expense on $140,000 variable rate term loan (7.5% at September 23, 2003)	$	7,680
Letter of credit fees under the revolving credit facility based on $15,100 outstanding (3.75% per annum)		425
Commitment fees under the revolving credit facility based on $24,900 availability (0.5% per annum)		93
Amortization of capitalized financing costs of $6,017 over 7 years, the life of the facility		645
Subordinated promissory note payable to Exelon:		
Interest expense on $29,000 note (6% per annum)		1,305
Amortization of $15,324 discount over 8 years, the life of the note		1,437
Increase in interest expense	$	11,585

If variable interest rates were to increase 0.125%, interest expense on our senior credit facility would increase by approximately $131 for the period.

The subordinated promissory note payable to Exelon was increased to $30 million in December 2003 in connection with the acquisition of an additional entity from Exelon.

(e) Represents the income tax expense (benefit) resulting from the foregoing adjustments based on an estimated tax rate of 41%, an assumed statutory rate.

(3) Maslonka Acquisition

(f) Reflects the elimination of interest expense of $45 resulting from the repayment in full of Maslonka's long-term debt and capital leases of $7,455 and the addition of interest expense of $64 on the assumed $1,000 note to seller at an interest rate of 8.5% per annum.

(g) Represents the income tax expense (benefit) resulting from the foregoing adjustment based on an estimated tax rate of 41%, an assumed statutory rate.

(4) Offering

The offering adjustments do not include a loss on extinguishment of the subordinated promissory note payable to Exelon in an amount equal to the difference between the face value and the fair value.

(h) The addition of public filing costs and board of director fees of $101. No adjustment has been made to reflect anticipated costs attributable to operating as a public company.

(i) Represents pro forma adjustments to interest expense for the year computed as follows:

Senior Credit facility:	
Repayment of $61,200 of variable rate term loan (7.5% at September 23, 2003)	$ 3,357
Subordinated promissory note payable to Exelon:	
Repayment in full of $29,000 note (6% rate per annum)	1,305
Amortization of $15,324 discount over 8 years, the life of the note	1,437
Decrease in interest expense	$ 6,099

The subordinated promissory note payable to Exelon was increased to $30 million in December 2003 in connection with the acquisition of an additional entity from Exelon.

(j) Represents the income tax expense (benefit) resulting from the foregoing adjustments based on an estimated tax rate of 41%, an assumed statutory rate.

(5) Basic and Diluted Income (Loss) Per Share

Basic income (loss) per share continuing operations is computed by dividing net income (loss) from continuing operations by the weighted average common shares outstanding during the period. Diluted income (loss) per share continuing operations is computed by dividing net income (loss) from continuing operations by the weighted average diluted shares outstanding during the period.

InfraSource Services, Inc.
Unaudited Pro Forma Condensed
Consolidated Statement of Operations
For the Year Ended December 31, 2002
(in thousands, except share and per share data)

	Historical InfraSource Incorporated	Exelon Transaction Adjustments	Pro Forma	Historical Maslonka	Maslonka Acquisition Adjustments	Pro Forma Consolidated	Offering Adjustments	Pro Forma Consolidated As Adjusted
	(1)	(2)		(1)	(3)		(4)	
Contract revenues earned	$ 566,469	$	$ 566,469	$ 20,406	$	$ 586,875	$	$ 586,875
Cost of revenues earned	459,706	(6,900)(a)	452,806	13,347		466,153		466,153
Gross profit	106,763	6,900	113,663	7,059		120,722		120,722
Selling, general and administrative expenses	63,237	2,600 (b)	65,837	2,351		68,188	135(g)	68,323
Merger related costs								
Provision for uncollectible accounts	7,964		7,964			7,964		7,964

	Historical InfraSource Incorporated	Exelon Transaction Adjustments	Pro Forma	Historical Maslonka	Maslonka Acquisition Adjustments	Pro Forma Consolidated	Offering Adjustments	Pro Forma Consolidated As Adjusted
Amortization of intangible assets and goodwill				53		53		53
Income from operations	35,562	4,300	39,862	4,655		44,517	(135)	44,382
Interest income	1,438		1,438	32		1,470		1,470
Interest expense	(388)	(15,707)(c)	(16,095)	(40)	(45)(e)	(16,180)	8,245(h)	(7,934)
Other income (expense)	8,189		8,189	(351)		7,838		7,838
Income (loss) before income taxes	44,801	(11,407)	33,394	4,296	(45)	37,645	8,110	45,756
Income tax expense (benefit)	14,564	(4,677)(d)	9,887	1,737	(18)(f)	11,606	3,325(i)	14,931
Net income from continuing operations	$ 30,237	$ (6,730)	$ 23,507	$ 2,558	$ (26)	$ 26,039	$ 4,785	$ 30,825
Weighted average basic common shares outstanding (5)	48,085,793							
Weighted average diluted common shares outstanding (5)	48,085,793							
Basic income per share continuing operations	$ 0.62							
Diluted income per share continuing operations	$ 0.62							

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

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INFRASOURCE SERVICES, INC.
NOTES TO UNAUDITED PRO FORMA
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2002
(in thousands, except share data)

(1) Historical Financial Statements

The historical consolidated statement of operations data of InfraSource Incorporated has been derived from the historical audited consolidated financial statements of InfraSource Incorporated for the year ended December 31, 2002, included elsewhere in this prospectus. The historical consolidated statement of operations data of Maslonka & Associates, Inc. has been derived from the historical unaudited financial statements of Maslonka & Associates, Inc. for the year ended December 31, 2002, included elsewhere in this prospectus.

(2) Exelon Transaction

(a) Reflects a $6,900 decrease in depreciation expense for the year resulting from the net effect of changes in the estimated lives and basis of certain fixed assets in conjunction with the Exelon Transaction. The change in the value of assets is a result of the application of SFAS No. 141, which required valuing these assets at fair value. The combined effect of a $7,600 decrease in the basis of certain assets and a concurrent increase in the estimated average useful lives for these assets from 5 to 7 years results in a decrease of approximately $7,500 in depreciation expense for the year. This decrease is partially offset by an increase in depreciation expense of approximately $600 for the year as a result of a $13,700 increase in the basis of assets with average estimated useful lives of 20 years.

(b) Reflects an increase of $2,600 in our insurance premiums to be incurred by us as an independent company after completion of the transaction, based on our 2003 estimate.

(c)

Represents pro forma adjustments to interest expense for the year computed as follows:

Senior credit facility:		
Interest expense on $140,000 variable rate term loan (7.5% at September 23, 2003)	$	10,500
Letter of credit fees under the revolving credit facility based on $15,100 outstanding (3.75% per annum)		567
Commitment fees under the revolving credit facility based on $24,900 availability (0.5% per annum)		125
Amortization of capitalized financing costs of $6,017 over 7 years, the life of the facility		860
Subordinated promissory note payable to Exelon:		
Interest expense on $29,000 note (6% per annum)		1,740
Amortization of $15,324 discount over 8 years, the life of the note		1,915
Increase in interest expense	$	15,707

If variable interest rates were to increase 0.125%, interest expense on our credit facility would increase by approximately $175 per year.

The subordinated promissory note payable to Exelon was increased to $30 million in December 2003 in connection with the acquisition of an additional entity from Exelon.

(d)

Represents the income tax expense (benefit) resulting from the foregoing adjustments based on an estimated tax rate of 41%, an assumed statutory rate.

(3) Maslonka Acquisition

(e)

Reflects the elimination of interest expense of $40 resulting from the repayment in full of Maslonka's long-term debt and capital leases of $7,455 and the addition of interest expense of $85 on the assumed $1,000 note to seller at an interest rate of 8.5% per annum.

(f)

Represents the income tax expense (benefit) resulting from the foregoing adjustment based on an estimated tax rate of 41%, an assumed statutory rate.

(4) Offering

The offering adjustments do not include a loss on extinguishment of the subordinated promissory note payable to Exelon in an amount equal to the difference between the face value and the fair value.

(g)

The addition of public filing costs and board of director fees of $135. No adjustment has been made to reflect anticipated costs attributable to operating as a public company.

(h)

Represents pro forma adjustments to interest expense for the year computed as follows:

Senior credit facility:		
Repayment of $61,200 of variable rate term loan (7.5% at September 23, 2003)	$	4,590
Subordinated promissory note payable to Exelon:		
Repayment in full of $29,000 note (6% per annum)		1,740
Amortization of $15,324 discount over 8 years, the life of the note		1,915
Decrease in interest expense	$	8,245

The subordinated promissory note payable to Exelon was increased to $30 million in December 2003 in connection with the acquisition of an additional entity from Exelon.

(i)

Represents the income tax expense (benefit) resulting from the foregoing adjustments based on an estimated tax rate of 41%, an assumed statutory rate.

(5) Basic and Diluted Income (Loss) Per Share

Basic income (loss) per share continuing operations is computed by dividing net income (loss) from continuing operations by the weighted average common shares outstanding during the period. Diluted income (loss) per share continuing operations is computed by dividing net income (loss) from continuing operations by the weighted average diluted shares outstanding during the period.

InfraSource Services, Inc.
Unaudited Pro Forma Condensed Consolidated Balance Sheet
As of September 23, 2003
(in thousands)

	Historical								
	InfraSource Services (fka Dearborn Holdings)	InfraSource Incorporated	Exelon Transaction Adjustments	Pro Forma	Historical Maslonka	Maslonka Acquisition Adjustments	Pro Forma Consolidated	Offering Adjustments	Pro Forma Consolidated As Adjusted
	(unaudited)(1)	(unaudited)(1)	(2)		(1)	(3)		(4)	
Cash and cash equivalents	$	$ 15,889	$ 1,733 (a)	$ 17,622	$ 2,338	$ (i)	$ 19,959	$ 25,000 (r)	$ 44,959
Contract receivables, net		77,302		77,302	7,213		84,515		84,515
Costs and estimated earnings in excess of billings		43,464		43,464	940		44,404		44,404
Other current assets	27	37,142	(7,633)(b)	29,536	1,117	3,121 (j)	33,774		33,774
Total current assets	27	173,797	(5,900)	167,924	11,607	3,121	182,652	25,000	207,652

	Historical								
Property plant and equipment, net		121,419	6,100 (c)	127,519	5,761		133,280		133,280
Goodwill, net		54,720	8,197 (d)	62,917		38,407 (k)	101,324		101,324
Other assets, net	2,079	38,925	(31,655)(e)	9,349	5,512	(193)(l)	14,667		14,667
Total assets	$ 2,106	$ 388,861	$ (23,258)	$ 367,709	$ 22,881	$ 41,335	$ 431,924	$ 25,000	$ 456,924
Current portion of long-term debt			1,400 (f)	1,400	3,689	(3,689)(m)	1,400		1,400
Accounts payable and accrued expenses	2,079	83,034	2,142 (g)	87,255	1,356	600 (n)	89,211		89,211
Billings in excess of costs and estimated earnings		9,680		9,680	1,460		11,140		11,140
Other current liabilities	67	10,223		10,290	3,761	1,239 (o)	15,290		15,290
Total current liabilities	2,146	102,937	3,542	108,625	10,266	(1,850)	117,041		117,041
Long-term debt, net of current portion			138,600 (f)	138,600	3,675	(3,675)(m)	138,600	(61,200)(r)	77,400
Subordinated promissory note to Exelon			13,676 (f)	13,676			13,676	(13,676)(r)	
Other liabilities		15,348		15,348	1,638	1,066 (p)	18,052		18,052
Total liabilities	2,146	118,285	155,818	276,249	15,579	(4,459)	287,369	(74,876)	212,493
Redeemable stock		10,529	(10,529)(h)		677	(677)(q)			
Shareholders' equity (deficit)	(40)	260,047	(168,547)(h)	91,460	6,624	46,471 (q)	144,555	99,876 (r)	244,431
Total liabilities and shareholders' equity	$ 2,106	$ 388,861	$ (23,258)	$ 367,709	$ 22,881	$ 41,335	$ 431,924	$ 25,000	$ 456,924

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

INFRASOURCE SERVICES, INC.
NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
(in thousands, except share data)

(1) Historical Financial Statements

The historical condensed consolidated balance sheet data of InfraSource Services, Inc. has been derived from the historical unaudited consolidated financial statements of InfraSource Services, Inc. as of September 23, 2003, included elsewhere in this prospectus. The historical consolidated balance sheet data of InfraSource Incorporated has been derived from the historical unaudited consolidated financial statements of InfraSource Incorporated as of September 23, 2003, included elsewhere in this prospectus. The historical consolidated balance sheet data of Maslonka & Associates, Inc. has been derived from the historical unaudited financial statements of Maslonka & Associates, Inc. as of September 30, 2003, included elsewhere in this prospectus. In the opinion of our management, the historical unaudited balance sheets of InfraSource Services, Inc. and InfraSource Incorporated as of September 23, 2003 include all adjustments necessary to present fairly the information set forth therein.

(2) Exelon Transaction

On September 24, 2003, we acquired InfraSource Incorporated from Exelon and minority shareholders for total consideration, including assumed liabilities and financing costs, as follows:

Cash paid to Exelon and minority shareholders	$	223,750
Financing costs		6,017
Transaction costs		2,079
Fair value of the subordinated promissory note issued to Exelon		13,676
Liabilities assumed		120,426
Total consideration	$	365,948

The preliminary allocation of purchase price to the assets acquired is as follows:

Purchase price, including transaction costs and liabilities assumed	$	365,948
Purchase price allocated to:		
Cash and equivalents		15,889
Contract receivables, net		77,302
Costs and estimated earnings in excess of billings		43,464
Other current assets		29,509
Property, plant and equipment		127,519
Other non-current assets		9,348
Goodwill		62,917
Total assets acquired	$	365,948

The final allocation of the purchase price is subject to the completion of independent appraisals of certain property, plant and equipment and final settlement with Exelon of the working capital adjustment to purchase price in accordance with the terms of the acquisition agreement. Any adjustments made as a result of our final valuation analysis could result in a change to the allocation above, which could be material.

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(a) Reflects the net change in cash of $1,733 resulting from the sources and uses of cash from the acquisition:

Sources of cash:		
Borrowings under the credit facility	$	140,000
Equity capital from the Principal Stockholders and management		91,500
	$	231,500
Uses of cash:		
Cash paid to Exelon and minority shareholders	$	223,750
Financing fees		6,017
Residual cash		1,733
	$	231,500

(b)

Reflects the elimination of the current portion of deferred income tax assets of $16,058 that were not acquired, the addition of the estimated receivable from Exelon of $17,504 for the working capital adjustment that reduces the purchase price in accordance with the terms of the acquisition agreement and the elimination of the estimated settlement of amounts due from Exelon and affiliates of $9,079 in accordance with the acquisition agreement.

(c)

Represents a net increase of $6,100 in the basis of InfraSource Incorporated fixed assets resulting from a $13,700 increase in assets with an average estimated useful life of 20 years and a $7,600 decrease in assets with an average estimated useful life of 7 years based on independent appraisals. The change in the value of assets is a result of the application of SFAS No. 141, which required valuing these assets at fair value.

(d)

Represents the elimination of historical goodwill and intangible assets of $54,720 and the recording of the goodwill associated with the Exelon Transaction of $62,917 resulting from the preliminary allocation of the purchase price to the assets acquired. Goodwill arising from the Exelon transaction will not be amortized.

(e)

Reflects the capitalization of financing fees of $6,017 associated with our senior credit facility, amortized over the life of the senior credit facility of 7 years, the elimination of the long-term deferred income tax assets of $35,594 that were not acquired and the reclassification of deferred acquisition costs of InfraSource Services, Inc. of $2,079 to goodwill.

(f)

In connection with our acquisition of InfraSource Incorporated, we entered into the following financing arrangements:

Revolving credit facility maturing in 2009, variable base rate plus 250 basis points or LIBOR plus 350 basis points (6.5% at September 23, 2003)	$	0
Term loan maturing in 2010, variable base rate plus 350 variable basis points or LIBOR plus 450 basis points (7.5% at September 23, 2003)		140,000
Subordinated promissory note payable to Exelon at a face value of $29,000 maturing in 2011 (6% per annum)		13,676
	$	153,676

The face value of the subordinated promissory note payable to Exelon was increased to $30 million in December 2003 in connection with the acquisition of an additional entity from Exelon. Upon

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repayment of this note with proceeds from this offering, we will recognize a loss on the extinguishment of debt in an amount equal to the difference between the face value and the fair value. See Note 4 Offering, below. The above financing arrangements are described more fully in "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources."

(g)

Reflects the estimated settlement amounts due to Exelon of $6,385 for certain tax payables in accordance with the acquisition agreement and the elimination of $8,527 of state income tax contra liability not acquired.

(h)

Represents the elimination of historical redeemable common stock of $10,529 and shareholders' equity of $260,047 and the issuance of shareholders' equity for the Exelon Transaction of $91,500 to the Principal Stockholders and management consisting of 915,000 shares of common stock.

(3) Maslonka Acquisition

On January 27, 2004, we acquired Maslonka for total consideration, including assumed indebtedness and liabilities, as set forth below. Because the amounts included below are presented as if the acquisition occurred as of September 23, 2003, they differ from the amounts included elsewhere in this prospectus, which are presented as of the closing date of the Maslonka acquisition.

Cash paid to sellers	$	24,744
Equity issued to sellers		20,896
Transaction costs		600
Repayment of long-term debt		7,364
Repayment of capital leases		91
Note payable to seller assumed		1,000
Liability to sellers for cash holdback of purchase price		1,100
Liability to a selling shareholder for replacement of a time deposit		5,000
Liabilities assumed		3,420
Total consideration	$	64,215

The preliminary allocation of purchase price to the assets acquired is as follows:

Purchase price, including transaction costs and liabilities assumed	$	64,215
Purchase price allocated to:		
Cash and equivalents		2,338
Contract receivables, net		7,213
Costs and estimated earnings in excess of billings		940
Other current assets		4,237
Property, plant and equipment		5,761
Other non-current assets		5,319
Goodwill		38,407
Total assets acquired	$	64,215

Equity issued to sellers has been valued at the amount set forth in the letter of intent executed in August 2003. We are currently conducting a valuation analysis as of the closing date, which may result in a change to the value of such equity. The final allocation of purchase price is subject to the completion of independent appraisals of certain property, plant and equipment and final settlement of the holdback adjustments to the purchase price in accordance with the term of the acquisition

agreement. Any adjustments made as a result of our final valuation analysis and the holdback adjustments could result in a change to the allocation above, which could be material. See Notes 3(p) and (q) below for information regarding the holdback.

(i) Reflects no net change in cash as a result of the sources and uses of cash of the acquisition.

Sources of cash:		
Proceeds from the issuance of the common equity to the Principal Stockholders and management	$	32,199
Uses of cash:		
Cash paid to sellers	$	24,744
Repayment of long-term debt		7,364

Repayment of capital leases	91
	$ 32,199

(j) Reflects the addition of a current deferred income tax asset of $6,825 resulting from compensation expense on certain equity transactions before the acquisition offset by reclassification of existing current income taxes payable of $3,704 as described in Note 3(o). The equity transactions are described in Note 16 to Maslonka's historical financial statements included elsewhere in this prospectus. We used Maslonka's effective income tax rate of 38.5% in computing the current income tax asset. Pursuant to the terms of the acquisition agreement, we retained the tax benefit generated from a compensation expense to Maslonka arising from the acquisition, as described in such Note 16.

(k) Represents the recording of goodwill of $38,407 resulting from the preliminary allocation of the purchase price to the assets acquired. Goodwill arising from the Maslonka acquisition will not be amortized.

(l) Reflects the elimination of the cash surrender value of an officer's life insurance of $193 that was not acquired.

(m) Reflects the repayment of Maslonka's long-term debt of $7,364 in accordance with the terms of the acquisition agreement.

(n) Reflects the estimated amount of accrued and unpaid transaction costs of $600 at the closing of the acquisition.

(o) Reflects the liability to the selling stockholders of $5,000 for the replacement of a time deposit that supports a performance bond, the repayment of the current portion of capital leases of $57 and the reclassification of an existing current income tax liability of $3,704 to other current assets.

(p) Reflects an $1,100 liability to the sellers for the non-contingent portion of the $6,600 in cash heldback from the purchase price in accordance with the terms of the acquisition agreement and the repayment of the non-current portion of capital leases of $34. The remaining $5,500 of the holdback is contingent on Maslonka's achievement of certain performance targets as well as the satisfaction of any indemnification obligations owed to us (which may also be set-off against all other portions of the holdback). Subject to resolution of the contingencies, the contingent holdback is expected to be paid to the former owners within two years in accordance with the terms of the acquisition agreement. At the time of settlement, the final amount of the holdback due to the former owners will be recorded as a liability and additional goodwill.

(q) Reflects the issuance of $32,199 of common equity to the Principal Stockholders and management, elimination of redeemable stock of $677 and historical shareholders' equity of $6,624, and the issuance of shareholders' equity for the Maslonka acquisition of $20,896 to the sellers, consisting of 208,960 shares of common stock. The equity issued to sellers has been valued at the amount set forth in the letter of intent executed in August 2003. We are currently conducting a valuation analysis as of the closing date, which may result in a change to the value of such equity. In accordance with the terms of the acquisition agreement, 44,000 shares of common stock were held back at closing pursuant to the terms of a holdback. The settlement and payment of the purchase price holdback is subject to Maslonka's achievement of certain performance targets as well as satisfaction of any indemnification obligations owed to us under the acquisition agreement.

(4) Offering

(r) Represents the effects of this offering, the repayment in full of our subordinated promissory note payable to Exelon, the partial repayment of the term loan under our senior credit facility and the application of the estimated net proceeds from this offering to be used for general corporate purposes. See "Use of Proceeds" included elsewhere in this prospectus.

	Cash	Total Liabilities	Total Equity	Total Liabilities & Equity
Estimated net proceeds from this offering	$ 115,200	$ 0	$ 115,200	$ 115,200
Repayment of subordinated promissory note payable to Exelon and related loss on extinguishment	(29,000)	(13,676)	(15,324)	(29,000)
Repayment of term loan	(61,200)	(61,200)	0	(61,200)
Estimated net proceeds	$ 25,000	$ (74,876)	$ 99,876	$ 25,000

The subordinated promissory note payable to Exelon was increased to $30 million in December 2003 in connection with the acquisition of an additional entity from Exelon.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The consolidated statement of operations and comprehensive income (loss) data for the period June 8, 1999 through December 31, 1999 and the consolidated balance sheet data as of December 31, 1999 are derived from the audited consolidated financial statements of our subsidiary, InfraSource Incorporated, and are not included in this prospectus. InfraSource Incorporated was organized on June 8, 1999, commenced operations on October 15, 1999 with the acquisition of certain businesses, including MRM Technical Group, Inc. ("MRM"), and was acquired by us on September 24, 2003. For purposes of this presentation, the unaudited consolidated statement of operations and other financial data of InfraSource Incorporated's predecessor entity, MRM, are included for the period January 1, 1999 through October 14, 1999. The consolidated statement of operations and comprehensive income (loss) data for the years ended December 31, 2000, 2001 and 2002, and the consolidated balance sheet data as of December 31, 2001 and 2002 are derived from InfraSource Incorporated's audited consolidated financial statements for such periods and dates included elsewhere in this prospectus. The consolidated balance sheet data as of December 31, 2000 are derived from InfraSource Incorporated's audited consolidated financial statements and are not included in this prospectus. The consolidated statement of operations data and comprehensive income (loss) data for the period January 1, 2002 through September 20, 2002 and for the period January 1, 2003 through September 23, 2003 and the consolidated balance sheet data as of September 20, 2002 and September 23, 2003 are derived from InfraSource Incorporated's unaudited consolidated financial statements that also appear elsewhere in this prospectus, which, in the opinion of our management, include all adjustments necessary to present fairly the data for such periods. InfraSource Incorporated's results for interim periods are not necessarily indicative of InfraSource Incorporated's results for a full year's operations. It is important that you read the selected consolidated financial data set forth below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and InfraSource Incorporated's consolidated financial statements and related notes included elsewhere in this prospectus.

SELECTED CONSOLIDATED FINANCIAL DATA

MRM Jan-Oct 1999	InfraSource Jun-Dec 1999	Years Ended December 31,			Period January 1 through	
		2000	2001	2002	September 20, 2002	September 23, 2003
		(in thousands, exept share and per share data)				

						Period January 1 through (unaudited)	
Consolidated Statement of Operations and Comprehensive income (loss) Data:							
Contract revenues earned	$ 117,768	$ 68,047	$ 452,941	$ 609,327	$ 566,469	$ 413,160	$ 382,627
Cost of revenues earned	85,826	48,246	368,573	502,788	459,706	334,731	330,681
Gross profit	31,942	19,801	84,368	106,539	106,763	78,429	51,946
Selling, general and administrative expenses	15,498	12,344	59,350	70,691	63,237	42,289	49,315
Merger related costs(1)							16,242
Provision for uncollectible accounts		209	10,049	8,676	7,964	7,766	236
Amortization of intangible assets and goodwill		1,048	7,269	16,047			
Income (loss) from operations	16,444	6,200	7,700	11,125	35,562	28,374	(13,847)
Interest income	224	60	344	186	1,438	998	1,376
Interest expense	(2,063)	(498)	(2,071)	(1,896)	(388)	(353)	(27)
Other income (expense)		399	1,287	976	8,189	4,680	(3,553)
Income (loss) before income taxes	14,605	6,161	7,260	10,391	44,801	33,699	(16,051)
Income tax expense (benefit)	6,949	2,599	4,406	7,049	14,564	9,922	(4,774)
Net income (loss) from continuing operations	7,656	3,562	2,854	3,342	30,237	23,777	(11,277)
Discontinued operations, net of tax		(326)	(843)	(9,386)	(1,574)	(4,685)	(12,316)
Income (loss) before cumulative effect of a change in accounting principle, net of tax	7,656	3,236	2,011	(6,044)	28,663	19,092	(23,593)
Cumulative effect of a change in accounting principle, net of tax(2)					(204,100)	(204,100)	
Net income (loss)	$ 7,656	$ 3,236	$ 2,011	$ (6,044)	$ (175,437)	$ (185,008)	$ (23,593)
Other comprehensive income (loss), net of tax		51	(126)				
Comprehensive income (loss)	$ 7,656	$ 3,287	$ 1,885	$ (6,044)	$ (175,437)	$ (185,008)	$ (23,593)
Weighted average basic and diluted common shares outstanding			31,716,904	48,154,877	48,085,793	48,155,785	47,585,472
Basic and diluted income (loss) per share continuing operations			$ 0.09	$ 0.07	$ 0.62	$ 0.50	$ (0.24)
Basic and diluted (loss) per share discontinued operations			(0.03)	(0.20)	(0.03)	(0.10)	(0.26)
Basic and diluted (loss) per share cumulative effect of a change in accounting principle					(4.24)	(4.24)	
			$ 0.06	$ (0.13)	$ (3.65)	$ (3.84)	$ (0.50)
Other Financial Data from Continuing Operations:							

						Period January 1 through	
Cash flow provided by operating activities	$ 5,762	$ 14,707	$ 70,813	$ 60,364	$ 22,474	5,180	$ 17,834
Capital expenditures, net of disposals	(6,586)	(7,244)	(38,152)	(48,043)	(16,649)	$ (15,652)	(12,541)
EBITDA (3)			$ 35,082	$ 56,466	$ 73,239	$ 55,901	$ 3,517

	As of December 31,			As of	
	2000	2001	2002	September 20, 2002	September 23, 2003
	(in thousands)				
				(unaudited)	
Consolidated Balance Sheet Data:					
Working capital	$ 100,574	$ 97,546	$ 156,379	$ 139,637	$ 70,860
Total assets	688,628	749,689	511,266	499,027	388,861
Total debt	163	1,046	439	574	204
Total shareholders' equity	$ 519,337	$ 557,474	$ 373,721	$ 372,007	$ 260,047

(1) Represents fees and expenses related to the Exelon Transaction, including severance and retention costs and professional service fees.

(2) Upon adoption of SFAS No. 142, we recorded a non-cash charge of $204.1 million (net of tax) to reduce the carrying amount of goodwill and other intangibles to their implied fair value. See Note 4 to InfraSource Incorporated's consolidated financial statements included elsewhere in this prospectus.

(3) EBITDA represents net income (loss) before cumulative effect of a change in accounting principle, net of tax, discontinued operations, net of tax, interest expense, interest income, income tax expense, depreciation and amortization. We present EBITDA primarily as a supplemental performance measure because we believe it facilitates operating performance comparisons from period to period and company to company by backing out potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the

age and book depreciation of fixed assets (affecting relative depreciation expense). We also use EBITDA (with additional adjustments) in our senior credit facility to measure our compliance with covenants such as interest coverage and debt incurrence, and in evaluating acquisition opportunities. In addition, we believe EBITDA is widely used by financial analysts as a measure of financial performance of other companies in our industry. EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- it does not reflect our cash expenditures for capital expenditures or contractual commitments;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA does not reflect cash requirements for such replacements;
- it does not reflect changes in, or cash requirements for, our working capital requirements;
- it does not reflect the interest expense or the cash requirements necessary to service interest or principal payments, on our indebtedness;
- it does not reflect adjustments for earnings or charges resulting from matters we consider not to be indicative of our core operations, as discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations Non-Core Items;" and

other companies, including companies in our industry, may calculate these measures differently than we do, limiting their usefulness as a comparative measure.

Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using EBITDA only supplementally. For more information, see the consolidated financial statements and the related notes of InfraSource Incorporated included elsewhere in this prospectus.

A reconciliation of EBITDA to net income (loss), the most directly comparable GAAP performance measure, is provided below:

	Years Ended December 31,				Period January 1 through	
	1999	2000	2001	2002	September 20, 2002	September 23, 2003
	(in thousands)					
					(unaudited)	
Net income (loss)	$ 10,892	$ 2,011	$ (6,044)	$ (175,437)	$ (185,008)	$ (23,593)
Cumulative effect of a change in accounting principle, net of tax				204,100	204,100	
Discontinued operations, net of tax	326	843	9,386	1,574	4,685	12,316
Interest expense	2,561	2,071	1,896	388	353	27
Interest income	(284)	(344)	(186)	(1,438)	(998)	(1,376)
Income tax expense (benefit)	9,548	4,406	7,049	14,564	9,922	(4,774)
Depreciation	6,340	18,826	28,318	29,488	22,847	20,917
Amortization of intangible assets and goodwill	1,048	7,269	16,047			
EBITDA	$ 30,431	$ 35,082	$ 56,466	$ 73,239	$ 55,901	$ 3,517

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our results of operations, financial condition and liquidity in conjunction with the consolidated financial statements and the related notes of our subsidiary, Infrasource Incorporated, included elsewhere in this prospectus. Some of the information contained in this discussion and analysis or set forth elsewhere in this prospectus, including information with respect to our plans and strategies for our business, includes forward-looking statements. You should review the "Risk Factors" section of this prospectus for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by these forward-looking statements. Please refer to "Special Note Regarding Forward-Looking Statements" included elsewhere in this prospectus for more information. Unless specifically stated otherwise, references to balances and results of operations in this prospectus are to the continuing operations of InfraSource Incorporated and do not include our discontinued operations discussed below. In addition, information presented with respect to our financial condition and results of operations for periods on and prior to September 23, 2003, are those of Infrasource Incorporated immediately prior to, and do not reflect, the Exelon Transaction. For a discussion of the effect of the Exelon Transaction, please see "Unaudited Condensed Consolidated Pro Forma Financial Data."

Overview

We are one of the largest specialty contractors servicing the utility transmission and distribution infrastructure in the United States based on market share. Our broad range of services includes the design, engineering, procurement, construction, testing, maintenance and leasing of utility infrastructure. Our customers primarily include electric power utilities, natural gas utilities, government entities and heavy industrial companies, such as petrochemical, processing and refining businesses.

Our historical performance is affected by the capital spending of our customers. In the last several years, our business has been impacted by several important trends affecting our end markets.

Electric utilities are key customers and provide us with a diversified variety of projects, including aerial transmission work, substations, in-plant engineering, maintenance and upgrades. In recent years, our business from these customers has been relatively stable despite financial pressures on some utilities. Although some utilities have restrained their overall capital spending, the effects on third-party contractors have been partially offset by an increase in the proportion of work that these customers outsource.

The deregulation of the electric utility industry in the 1990s created opportunities for independent power producers, or IPPs, which constructed or acquired substantial generating capacity that resulted in an increased demand for our services, particularly in providing "turnkey" substations, switching yards and interconnections. In these projects, we would typically engineer, procure materials for, and construct the entire project. These turnkey projects have a substantial impact on our revenues because, when we procure materials for our customers in addition to providing services, the value of those materials results in higher revenues than in a services-only contract. These projects had a strong positive impact on our 2001 and 2002 performance. As a number of large IPPs have been under significant financial stress, IPP spending declined significantly in 2003, with a substantially reduced contribution to our 2003 financial performance.

We provide a variety of electrical design, engineering and construction services to heavy industrial customers, including petrochemical, processing and refining businesses. Higher oil prices have enhanced the financial performance of many of our refinery customers, which has contributed to increased spending and consequently greater demand for our services. By contrast, high natural gas prices have negatively impacted the financial performance of some of

our petrochemical customers, leading to decreases in their capital spending and consequently reduced demand for our services.

During the late 1990s, service contractors like us benefited from rapidly expanding demand for telecommunications infrastructure, as telecommunications providers installed new long-haul optical fiber networks nationwide. This demand peaked in 2000 and declined significantly through 2003 as many of these customers have experienced bankruptcies and have been unable to access capital. Construction of long-haul optical fiber networks was not a meaningful contributor to our 2002 and 2003 financial performance.

The decline in telecommunications spending on fiber-optic network construction led to an overcapacity of contractors serving this market. In response, many of these contractors began competing for opportunities in other industries, such as natural gas distribution infrastructure. This led to increased competition for projects from natural gas utilities, and pricing pressure, resulting in lower gross margins for us, particularly in 2002 and the first half of 2003. We believe some of these new market entrants have begun to exit the natural gas distribution market. In addition, there has been continued strength in the housing construction market. As a result of these factors, we have recently seen improved bidding conditions and profit margins in the latter half of 2003.

In addition to industry trends described above, during 2002 we completed a review of our existing natural gas distribution contracts. As a result of this review, we exited or renegotiated a number of underperforming contracts. This strategy reduced our revenues during 2002 and 2003. Additionally, the effects of extreme adverse weather and losses on certain contracts completed in 2003 contributed to lower gross margins in the first half of the year. As has been common in our industry, we also experienced increases in workers' compensation and insurance expenses in recent years.

Outlook

The statements in this section are based on our current expectations. These statements are forward looking, and actual results may differ materially. Please refer to "Risk Factors" and "Special Note Regarding Forward-Looking Statements" included elsewhere in this prospectus for more information on what may cause our actual results to differ.

Like many companies that provide specialty contracting services, we are subject to market cycles in our end markets that can affect our results of operations. Our customer diversity provides some insulation from these effects. We focus on the elements of the business we can control, including improved bidding, cost control, the margins we accept on projects, collecting receivables, and providing quality service to the

markets we serve. Although other factors may impact us, including some we do not foresee, we believe our 2004 performance will be affected by the following:

- We expect an increase in demand for our electric transmission infrastructure services, as evidenced by the Path 15 contract and our recent receipt of authorization to proceed on a portion of the PowerUp Wisconsin project. This expected increase is due in part to the August 2003 blackout which impacted the Midwest and Northeast United States and Canada and heightened awareness of the need to improve our nation's electric power transmission and distribution infrastructure.

- We expect a shift in our contract mix to more fixed-price contracts as a result of the increase in the proportion of our electric power transmission projects.

- We do not expect any rebound in spending relating to long-haul telecommunications construction or IPP generation capacity.

- We expect continued demand for our services from our natural gas customers, assuming continued strength in the housing construction market.

- We expect that our 2002 initiative to exit underperforming natural gas distribution contracts, largely completed in 2003, together with a somewhat improved competitive landscape, should enable us to increase the margins realized on our natural gas infrastructure services.

- Our insurance premiums are expected to increase by approximately $2.6 million on an annual basis, primarily as a result of being an independent company.

- We expect an increase in our selling, general and administrative expenses related to the costs of operating as a public company, which should be partially offset by the recent streamlining of our corporate services in the second half of 2003, primarily related to overhead reductions made possible because we no longer own the non-acquired subsidiaries.

- We expect that our effective tax rate will increase and will be near statutory levels.

- We expect our depreciation and amortization expenses to be affected by purchase accounting for the Exelon Transaction and the Maslonka acquisition and that annual amortization of identifiable intangible assets will increase. Although we presently expect our depreciation expense for the assets acquired in the Exelon Transaction to decline, the aggregate impact of depreciation and amortization expenses relating to purchase accounting adjustments on our operating results will not be known until such adjustments are finalized.

- The increase in interest expense associated with the debt used to finance the Exelon Transaction will be offset in part by the application of the net proceeds from this offering to repay a portion of our outstanding indebtedness.

- We expect to recognize a one-time loss on extinguishment of debt in connection with the repayment of the subordinated promissory note payable to Exelon in an amount equal to the difference between the face amount and the fair value.

For a discussion of other expected changes resulting from the Exelon Transaction, the Maslonka acquisition and this offering, please refer to "Unaudited Condensed Consolidated Pro Forma Financial Data."

Formation and Recent Developments

OCM/GFI Power Opportunities Fund, L.P. and OCM Principal Opportunities Fund II, L.P., funds managed by Oaktree Capital Management, LLC ("Oaktree") and GFI Energy Ventures LLC ("GFI"), formed our company in May 2003 to acquire InfraSource Incorporated and certain of its subsidiaries from Exelon Enterprises Company, LLC ("Exelon"). InfraSource Incorporated was originally organized in 1999 as a subsidiary of PECO Energy Company. Between 1999 and January 2001, InfraSource Incorporated selectively acquired its operating subsidiaries. In this prospectus, we refer to the funds managed by Oaktree and GFI as our "Principal Stockholders" and the acquisition of Infrasource Incorporated by the investment funds on September 24, 2003 as the "Exelon Transaction."

Certain subsidiaries of InfraSource Incorporated that did not fit our strategic direction were transferred to Exelon immediately prior to the Exelon Transaction and, therefore, were not acquired. These non-acquired subsidiaries, which were principally commercial electrical contractors, are shown as "Discontinued Operations" in the accompanying consolidated financial statements.

In connection with the Exelon Transaction, on September 24, 2003 we entered into a senior secured credit facility with a syndicate of lenders, consisting of a $40 million revolving credit facility and a $140 million term loan. In addition, we entered into a volume agreement with Exelon, pursuant to which we are assured a continuing level of business from Exelon through 2006. Revenue under the

contract may vary significantly from period-to-period and may be concentrated later in the contract period. For additional information relating to the Exelon Transaction and the financing therefor, please refer to " Liquidity and Capital Resources Financing Agreements" below.

On January 27, 2004, we acquired Maslonka & Associates, Inc. The consideration for the Maslonka acquisition consisted of $29.9 million in cash and 199,004 shares of our common stock, which are both subject to a final working capital adjustment and a holdback provision, and the assumption of certain liabilities. Under the terms of the holdback, we withheld $6.6 million in cash payable at closing and 44,000 shares of our common stock issued to the sellers from the consideration payable at closing. We will be able to retain amounts from the holdback to satisfy any indemnification obligations to us. In addition, if Maslonka fails to achieve specified financial targets, we will be entitled to retain a portion of the holdback amount. We expect that the holdback amount, less any amounts retained by us, will be released to the sellers in part in 2005 and the remainder in 2006. After giving effect to the holdback, the amount of cash paid at closing was $23.3 million in cash and 155,004 shares of our common stock were delivered to the sellers. Because our unaudited condensed consolidated pro forma financial data included elsewhere in this prospectus is presented as if the acquisition occurred on September 23, 2003, certain amounts contained therein differ from those set forth in this paragraph, which are presented as of the closing date of the Maslonka acquisition.

We financed the cash portion of the Maslonka acquisition consideration with available cash and the issuance of an aggregate of 272,577 shares of our common stock to the Principal Stockholders and certain members of our management at the per share price paid by the Principal Stockholders in the Exelon Transaction. See further discussion of the Maslonka acquisition in "Prospectus Summary," "Unaudited Condensed Consolidated Pro Forma Financial Data" and "Certain Relationships and Related Transactions."

In connection with the Maslonka acquisition, Maslonka will record a deferred compensation expense of $15.8 million in the aggregate. Of this amount, approximately $0.4 million is expected to be recorded by Maslonka in the fourth quarter of 2003 and approximately $15.4 million is expected to be recorded by Maslonka in the first quarter of 2004 prior to the acquisition. Please refer to Note 16 of Maslonka's consolidated financial statements included elsewhere in this prospectus.

We plan to use a portion of the net proceeds from this offering to repay approximately $61.2 million of term loans outstanding under our senior credit facility and the full $30 million in principal amount of our promissory note payable to Exelon, plus accrued and unpaid interest. The remaining portion of the net proceeds, approximately $24 million, will be available for general corporate purposes. See "Use of Proceeds."

Basis of Reporting

Revenues. We derive our revenues from one reportable segment by providing specialized contracting services. We had consolidated revenues for the period January 1, 2003 through September 23, 2003 of $382.6 million, of which 56% was attributable to electric power customers, including utilities and industrial customers, 28% to natural gas customers, 13% to telecommunications customers, and 3% for ancillary services, such as water and sewer pipeline work primarily for municipal customers. We enter into contracts principally on the basis of competitive bids, the final terms and prices of which we frequently negotiate with the customer, and which are often subject to changes in work scope during execution of the contract. 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 perform the work for a price per unit of work performed (unit-price) or for a fixed amount for the entire project (fixed-price). We also perform services on a cost-plus or time-and-materials basis.

We complete most installation projects within one year, while we frequently provide maintenance and repair work under open-ended, unit-price or cost-plus master service agreements that are generally

renewable in one- to three-year increments. Most of our revenues are derived from contractual services provided to customers, and are reported as earned by the completion of specific components of the contracts. Please see " Critical Accounting Policies Revenue Recognition" below for a discussion of our revenue recognition policy. Our fixed-price contracts often include payment provisions pursuant to which the customer withholds a 5% to 10% retainage from each progress payment, which we record as a receivable, and remits the retainage to us upon completion and approval of our services.

Cost of Services. 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 margins, which are gross profits expressed as a percentage of revenues, are typically higher on projects where labor, rather than materials, constitutes a greater portion of the cost of services. We can generally estimate materials costs more accurately than labor costs, which can vary based upon site conditions, weather, project duration and the degree to which third-party subcontractors are involved on a project. Therefore, to compensate for the potential variability of labor costs, we seek higher margins on labor-intensive projects.

Due to the nature of our work, insurance represents a significant portion of the cost of our services. We have a deductible of $500,000 per occurrence related to workers' compensation, employer's liability, automobile and general liability claims, which we believe is an appropriate balance of insurance cost and risk retention. Our non-union employee-related health care benefit plan is subject to a deductible of $100,000 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. Fluctuations in insurance accruals related to these deductibles could have an impact on operating margins in the period in which such adjustments are made. During 2003, we increased our insurance reserves for periods prior to 2003 by $8.6 million due to a change in estimate resulting from an updated actuarial analysis. Our accruals at September 23, 2003 are based upon known facts and historical trends and management believes such accruals to be adequate. As of January 1, 2004, we have replaced our large deductible non-union health care benefit program with a fully indemnified program at a comparable cost. We regularly evaluate our level of self-insured retentions versus the cost of fully insured policies.

Selling, general and administrative expenses. Selling, general and administrative expenses consist primarily of compensation and related benefits to management, administrative salaries and benefits, marketing, office rent and utilities, communications and professional fees at both the corporate level and the operating units.

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 we believe to be reasonable under the circumstances. Actual results may differ from those estimates. We believe the following to be the most important accounting policies including those that affect our more significant judgments and estimates used in the preparation of our consolidated financial statements:

Revenue Recognition. We typically record revenues from fixed-price contracts on a percentage-of-completion basis, using the cost-to-cost method based on the percentage of total costs incurred to date in proportion to total estimated costs to complete the contract. Changes in job

performance, job conditions and final contract settlements, among others, are factors that influence management's assessment of the total estimated costs to complete these contracts, and therefore management's gross profit recognition. This method is used because management considers expended costs to be the best available measure of progress on these contracts. We regularly review our operating subsidiaries' cost estimates and related revenue recognition. Revenues from master service agreements and maintenance contracts are generally based on unit prices and are recognized as the units are completed. Revenues earned on short-term projects and under contracts providing for substantial performance of services are generally recorded under the completed contract method. Revenues earned pursuant to fiber-optic facility licensing agreements, including initial fees, are recognized ratably over the expected length of the agreements.

Self-Insurance. We are insured for workers' compensation, employer's liability, auto liability and general liability claims, subject to a deductible of $500,000 per occurrence for 2002 and forward, and $250,000 for the years ended December 31, 2001 and December 31, 2000. Our non-union employee-related health care benefit plan was subject to a deductible of $100,000 per claimant per year. We replaced this plan as of January 1, 2004 with a fully indemnified program at a comparable cost. 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. Management utilizes known facts and historical trends, as well as actuarial valuations, in order to determine our self-insurance liabilities.

Current and Long-Term Accounts Receivable, Provision for Doubtful Accounts and Classification of Construction Contract-related Accounts. In accordance with industry practice, the classification of construction contract-related current assets and current liabilities are based on our contract performance cycle, which may exceed one year. Accordingly, retainage receivables, costs and estimated earnings in excess of billings on uncompleted contracts, estimated losses on uncompleted contracts, billings in excess of costs and estimated earnings on uncompleted contracts, which are classified as current, will include certain amounts which may not be collected or liquidated within one year. 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, historical collection experience, 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 telecommunications carriers, filed for bankruptcy in the years ended December 31, 2001 and December 31, 2002, or had 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. Long-lived assets, including fixed assets and intangibles, are reviewed for impairment as events or changes in circumstances occur indicating that the carrying amounts may not be recoverable. Discounted cash flow analyses are used to assess non-amortizable intangible asset impairment, while undiscounted cash flow analyses are used to assess other long-lived impairment. The estimation of future cash flows involves considerable management judgment and is based upon assumptions about expected future operating performance. Assumptions used in these forecasts are consistent with internal planning. However our projections may vary from cash flows eventually realized.

Income Taxes. Income taxes are accounted for using the provision of SFAS No. 109 "Accounting for Income Taxes" ("SFAS No. 109"). Deferred income taxes are provided at the currently enacted income tax rates for the difference between the financial statement and income tax basis of assets and liabilities and carry-forward items. The effective tax rate and the tax bases of assets and liabilities reflect management's estimates of the ultimate outcome of various tax audits and issues. In addition, valuation allowances are established for deferred tax assets where the amount of expected future taxable income from operations does not support the realization of the asset.

Non-Core Items

Our results of operations for the year ended December 31, 2002 and for the period January 1, 2003 through September 23, 2003 include certain historical items that, in management's opinion, are not indicative of our core operating performance. We believe it is helpful to an understanding of our business to assess the effects of these items on our results of operations to provide a better means of evaluating our performance from period to period on a more consistent basis. This presentation should not be construed as an indication that similar charges will not recur or that our future results will be unaffected by other charges and gains we consider to be outside the ordinary course of our business.

These items are presented on a pre-tax basis. Our effective tax rates for 2002 and the period January 1, 2003 through September 23, 2003 were 32% and 28%, respectively:

Year ended December 31, 2002:	
Gain on acquisition purchase price settlement	$(5.2) million
Insurance reserve adjustment	$(0.4) million
2002 Total	$(5.6) million
Period January 1, 2003 through September 23, 2003:	

Expenses related to the Exelon Transaction	$16.2 million
Insurance reserve adjustment	$8.6 million
Litigation judgment and related costs	$3.8 million
2003 Total:	$28.6 million

Gain on acquisition purchase price settlement: We recognized a gain of $5.2 million relating to an arbitration settlement of a dispute regarding a purchase price adjustment with respect to an acquisition completed in 1999.

Insurance reserve adjustment: Since the formation of InfraSource Incorporated in 1999, we have utilized an actuarial analysis to assist management in estimating the accrual for our self-insured workers' compensation, auto and general liability insurance on an annual basis. In late 2002, we revised our estimate based on available loss data and adjusted our reserve for losses attributable to 2002 and prior periods. In September 2003, we had an updated actuarial analysis performed. As a result of the updated actuarial analysis and an increase in data available for loss history, we revised our estimate and increased our insurance reserve by $8.6 million for losses attributable to periods prior to 2003. For 2002, after giving effect to the portion of the adjustment in 2003 attributable to 2002, and the portion of the adjustment in 2002 attributable to periods prior to 2002, we had a net adjustment of $(0.4) million in 2002.

Expenses related to the Exelon Transaction: In connection with our acquisition of InfraSource Incorporated and certain of its subsidiaries on September 24, 2003, we incurred $16.2 million of expenses, including severance and retention costs and professional service fees.

Litigation judgment and related costs: We recognized a $3.8 million charge in connection with a litigation judgment entered against us in January 2004 related to a proposed 1999 acquisition. We intend to appeal this judgment.

Results of Operations

The following table sets forth select statements of operations data expressed as a percentage of revenues for the periods indicated:

	Years Ended December 31,			Period January 1 September 23,	
	2000	2001	2002	2002	2003
				(unaudited)	
	(in thousands, except share and per share data)				
Consolidated Statement of Operations Data:					
Contract revenues earned	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of revenues earned	81.4	82.5	81.2	81.0	86.4
Gross profit	18.6	17.5	18.8	19.0	13.6
Selling, general and administrative expenses	13.1	11.6	11.2	10.2	12.9
Merger related costs	0.0	0.0	0.0	0.0	4.2
Provision for uncollectible accounts	2.2	1.4	1.4	1.9	0.1
Amortization of intangible assets and goodwill	1.6	2.6	0.0	0.0	0.0
Income (loss) from operations	1.7	1.9	6.2	6.9	(3.6)
Interest income	0.1	0.0	0.3	0.2	0.4
Interest expense	(0.5)	(0.3)	(0.1)	(0.1)	(0.0)
Other income (expense)	0.3	0.2	1.4	1.1	(0.9)
Income (loss) before taxes	1.6	1.8	7.8	8.1	(4.1)
Income tax expense (benefit)	1.0	1.2	2.6	2.4	(1.2)

	Years Ended December 31,			Period January 1 September 23,	
Income (loss) from continuing operations	0.6	0.6	5.2	5.7	(2.9)
Discontinued operations, net of tax	(0.2)	(1.5)	(0.3)	(1.1)	(3.2)
Income (loss) before cumulative effect of a change in accounting principle, net of tax	0.4	(0.9)	4.9	4.6	(6.1)
Cumulative effect of a change in accounting principle, net of tax	0.0	0.0	(36.0)	(49.4)	0.0
Net income (loss)	0.4	(0.9)	(31.1)	(44.8)	(6.1)
Other comprehensive (loss), net of tax	0.0	0.0	0.0	0.0	0.0
Comprehensive income (loss)	0.4%	(0.9)%	(31.1)%	(44.8)%	(6.1)%

Period January 1, 2003 through September 23, 2003 compared to the period January 1, 2002 through September 20, 2002

Revenues. Revenues decreased $30.5 million, or 7.4%, to $382.6 million for the period January 1, 2003 through September 23, 2003 compared to $413.2 million for the period January 1, 2002 through September 20, 2002. This decrease was principally attributable to the substantial reduction in IPP power plant construction activities and a planned reduction initiated in 2002 in our volume of natural gas construction by elimination of marginally profitable and unprofitable contracts. Those declines were partially offset by an increase in other electric infrastructure work volumes and an increase in revenues earned from affiliates of $31.0 million due to the transfer of work from one of our discontinued operating subsidiaries to a continuing subsidiary.

Gross profit. Gross profit decreased $26.5 million, or 33.8%, to $51.9 million for the period January 1, 2003 through September 23, 2003 compared to $78.4 million for the period January 1, 2002 through September 20, 2002. This decrease was primarily attributable to the reduction in the IPP construction volume noted above, the increased costs attributable to the effects of extreme adverse weather conditions, and pricing pressure related to the competitive environment for natural gas construction work, offset in part by the performance of our telecommunications leasing operations.

Selling, general and administrative expenses. Selling, general and administrative expenses increased $7.0 million, or 16.6%, to $49.3 million for the period January 1, 2003 through September 23, 2003

compared to $42.3 million for the period January 1, 2002 through September 20, 2002 primarily due to $8.6 million of self-insured costs related to policy periods prior to 2003 due to an updated actuarial analysis.

Merger related costs. We incurred $16.2 million of one-time expenses related to the Exelon Transaction for the period January 1, 2003 through September 23, 2003.

Provision for doubtful accounts. Our provision for doubtful accounts decreased $7.5 million, or 97.0%, to $0.2 million for the period January 1, 2003 through September 23, 2003 compared to $7.8 million for the period January 1, 2002 through September 20, 2002, primarily as a result of our concentrated focus on payment terms and acceptability of customer credit risk and our liquidation of remaining claims against a former telecommunications customer, which resulted in a recovery of $1.4 million. During 2002, we recognized a provision for doubtful accounts related to the bankruptcy filings of several former telecommunications customers and also created a reserve on collections from a general contractor. During 2003, there were no such bankruptcy filings of our customers nor significant collectibility issues with any of our customers.

Other income (expense). Other income (expense) decreased $8.2 million to $(3.6) million for the period January 1, 2003 through September 23, 2003 compared to $4.7 million for the period January 1, 2002 through September 20, 2002. This decrease was primarily due to

the settlement in 2002 of a dispute of $5.2 million related to the purchase of one of our subsidiary companies, and a charge in 2003 of $3.8 million for a legal judgment against us.

Provision (benefit) for income taxes. The benefit for income taxes for the period January 1, 2003 through September 24, 2003 was $(4.8) million, with an effective tax rate of 30%, compared to a provision of $9.9 million for the period January 1, 2002 through September 20, 2002, with an effective tax rate of 29%. The amount in 2002 excludes the tax effect of implementation of SFAS No. 142 effective January 1, 2002. The effective tax rates for fiscal 2002 and 2003 result primarily from additional valuation allowances recorded during 2003 reflecting the possibility of non-utilization of certain deferred net operating loss assets in certain states. These net operating losses arose in part during fiscal 2000 and 2001, and also in part in connection with our implementation of SFAS No. 142 effective January 1, 2002. The effective tax rate for 2002 reflects the reversal of previously recorded valuation allowances against certain net operating loss and other deferred tax assets, based upon our operating performance in 2002 and related expected future taxable income levels.

Net income (loss) from continuing operations. As a result of the factors discussed above, we recorded a net loss from continuing operations of $(11.3) million for the period January 1, 2003 through September 23, 2003 compared to net income from continuing operations of $23.8 million for the period January 1, 2002 through September 20, 2002.

Discontinued operations, net of tax. Discontinued operations include the operating results of the InfraSource Incorporated subsidiaries that were not acquired in the Exelon Transaction. All prior historical periods have been reclassified consistent with this discontinued operations presentation (see Notes 1 and 2 to the InfraSource Incorporated consolidated financial statements included elsewhere herein). The net loss related to discontinued operations for the period January 1, 2003 through September 23, 2003 was $(12.3) million compared to a loss of $(4.7) million for the prior period. The increase in the net loss was primarily attributable to a 25% decrease in revenues at one of the discontinued businesses as we ceased bidding new work and also significantly reduced operating margins experienced by that business as a result of losses incurred on several fixed price commercial electric construction contracts. Overall revenues and gross profit levels for discontinued operations for the period January 1, 2003 through September 23, 2003 as compared to the period January 1, 2002 through September 20, 2002 decreased by $96.2 million and $21.3 million, or by 40% and 92%,

respectively. The decline in gross margin was offset by a reduction of selling, general and administrative expenses of $5.5 million, or 22.9%, and an increase in the benefit for taxes of $5.1 million.

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 $204.1 million to reduce the carrying value of the goodwill of our reporting units to its implied fair value as of January 1, 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, net of tax. See Note 4 to InfraSource Incorporated's consolidated financial statements included elsewhere in this prospectus for a discussion of assumptions and estimates used to determine the impairment charge.

Net income (loss). We recorded a net loss of $(23.6) million for the period January 1, 2003 through September 23 2003 compared to a net loss of $(185.0) million for the period January 1, 2002 through September 20, 2002.

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

Revenues. Revenues decreased $42.9 million, or 7.0%, to $566.5 million for the year ended December 31, 2002 compared to $609.3 million for the year ended December 31, 2001. This decrease was attributable primarily to a reduction in telecommunications revenue, due in part to the continued decrease in capital spending by telecommunications customers, the inability of certain of those customers to raise new capital, bankruptcies in that sector and the overall downturn in the national economy. This decline also reflects a planned reduction initiated in 2002 of marginally profitable and unprofitable natural gas contracts. This decrease was partially offset by an increase in services to electric power customers primarily due to substation projects associated with the construction of IPP power plants by private developers.

Gross profit. Gross profit increased $0.2 million, or 0.2%, to $106.8 million for the year ended December 31, 2002 compared to $106.5 million for the year ended December 31, 2001. The increase in gross margin as a percentage of revenues resulted primarily from the increased volume and profitability of electric power projects, including construction of substations for IPPs and our telecommunications leasing operations, offset by a reduction in margins for our natural gas customers resulting from increased competition from other contractors and a decline in the volume of telecommunications work.

Selling, general and administrative expenses. Selling, general and administrative expenses decreased $7.5 million, or 10.5%, to $63.2 million for the year ended December 31, 2002 compared to $70.7 million for the year ended December 31, 2001. During the year ended

December 31, 2002, we made a concerted effort to reduce our selling, general and administrative expenses by eliminating unprofitable and marginally profitable work as well as the related overhead, which was partially offset by an increase of self-insured costs related to policy periods prior to and including 2002.

Provision for doubtful accounts. Provision for doubtful accounts decreased by $0.7 million, or 8.2%, to $8.0 million for the year ended December 31, 2002 compared to $8.7 million for the year ended December 31, 2001. The provision for 2002 and 2001 related primarily to the bankruptcy filings and financial difficulties of certain telecommunications customers.

Other income (expense). Other income (expense) increased $7.2 million to $8.2 million for the year ended December 31, 2002 compared to $1.0 million for the year ended December 31, 2001. This increase was primarily due to a gain on the settlement of a $5.2 million dispute related to the purchase of one of our subsidiary companies.

Amortization of intangible assets and goodwill. Upon adoption of SFAS 142 as of January 1, 2002, we ceased the amortization of goodwill. We recorded amortization expense of $16.0 million for the year ended December 31, 2001.

Provision for income taxes. Income tax expense, excluding tax benefits recognized in connection with the implementation of SFAS No. 142 effective January 1, 2002, was $14.6 million for the year ended December 31, 2002, with an effective tax rate of 33%, compared to a provision for income taxes of $7.0 million for the year ended December 31, 2001, with an effective tax rate of 68%. As described above, the lower effective tax rate in 2002 results primarily from the reversal of previously-recorded valuation allowances against certain net operating loss and other deferred tax assets, based upon our operating performance in 2002 and related expected future taxable income levels. The effective tax rate for fiscal 2001 reflects the impact of non-deductible goodwill amortization related to certain stock-based acquisitions, in addition to certain valuation allowances recorded, reflecting the possibility of non-utilization of certain deferred net operating loss tax assets in certain states, based upon our performance in 2001 and related future expected taxable income levels.

Net income (loss) from continuing operations. As a result of the factors discussed above, we recorded net income from continuing operations of $30.2 million for the year ended December 31, 2002 compared to net income from continuing operations of $3.3 million for the prior period.

Discontinued operations. Discontinued operations include the operating results of the InfraSource Incorporated subsidiaries that were not acquired in the Exelon Transaction. All prior historical periods have been reclassified consistent with this discontinued operations presentation (see Notes 1 and 2 to the InfraSource Incorporated consolidated financial statements included elsewhere herein). The net loss related to discontinued operations for the year ended December 31, 2002 of $(1.6) million compared to a loss of $(9.4) million for the year ended December 31, 2001. The net loss for fiscal 2001 included approximately $6.3 million in bad debt charges for uncollectible accounts receivable, primarily attributable to disputed charges for one significant commercial electric services project and to telecommunications customer-related financial difficulties. Fiscal 2001 also included $3.0 million in goodwill amortization expense, as compared to none in fiscal 2002 as a result of the implementation of SFAS No. 142 effective January 1, 2002. In addition, operating revenues and gross profit increased by $21.3 million and $5.1 million, respectively, to $331.5 million and $34.4 million, respectively. These increases reflected slightly improved operating margins in 2002 due to improved service mix and cost efficiencies.

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 $204.1 million to reduce the carrying value of the goodwill of our reporting units to its implied fair value as of January 1, 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. See Note 4 to InfraSource Incorporated's consolidated financial statements included elsewhere in this prospectus for a discussion of assumptions and estimates used to determine the impairment charge.

Net income (loss). We recorded a net loss of ($175.4) million for the year ended December 31, 2002 compared to a net loss of ($6.0) million for the year ended December 31, 2001, primarily due to impairments of goodwill recorded pursuant to SFAS No. 142 and other items described above.

Year ended December 31, 2001 compared to the year ended December 31, 2000

Revenues. Revenues increased $156.4 million, or 34.5%, to $609.3 million for the year ended December 31, 2001 compared to $452.9 million for the year ended December 31, 2000. This increase was attributable to a full year of contributed revenues in 2001 of $243.7 million for those companies acquired in 2000, see pro forma consolidated results of operations in Note 4 to the accompanying consolidated financial statements. This increase was partially offset by decreased revenues of $69.7 million from telecommunications customers due, in part, to the inability of certain of those customers to raise new capital and the overall downturn in the national economy.

Gross profit. Gross profit increased $22.2 million, or 26.3%, to $106.5 million for the year ended December 31, 2001 compared to $84.4 million for the year ended December 31, 2000. Gross margin as a percentage of revenues decreased primarily from lower margins on work performed for telecommunications and natural gas customers due to increased pricing pressures, lower asset utilization and the economic factors noted above, partially offset by higher margins received on work performed for electric power customers as the IPP construction market expanded.

Selling, general and administrative expenses. Selling, general and administrative expenses increased $11.3 million, or 19.1%, to $70.7 million for the year ended December 31, 2001 compared to $59.4 million for the year ended December 31, 2000. The increase was attributable to the companies we acquired subsequent to December 31, 1999, offset by reductions related to the combination of some of the acquired businesses.

Provision for doubtful accounts. Provision for doubtful accounts decreased by $1.4 million, or 13.7%, to $8.7 million for the year ended December 31, 2001 compared to $10.0 million for the year ended December 31, 2000.

Amortization of intangible assets and goodwill. Amortization of intangible assets and goodwill increased $8.8 million, or 121%, to $16.0 million for the year ended December 31, 2001 compared to $7.3 million for the year ended December 31, 2000 due to the full year effect of goodwill amortization relating to acquisitions consummated during 2000 and 2001 as more fully described in Note 4 to the accompanying consolidated financial statements.

Provision for income taxes. The provision for income taxes was $7.0 million for the year ended December 31, 2001, with an effective tax rate of 68% compared to $4.4 million for the year ended December 31, 2000, with an effective tax rate of 61%. The effective tax rates for fiscal 2001 and 2000 reflect the impact of non-deductible goodwill amortization related to certain stock-based acquisitions. In addition, fiscal 2001 reflects certain valuation allowances recorded against certain net operating loss and other deferred tax assets, based upon the possibility of insufficient future taxable income levels necessary for realization of these assets.

Net income from continuing operations. Net income from continuing operations increased $0.5 million, or 17.1%, to $3.3 million for the year ended December 31, 2001 compared to $2.9 million for the year ended December 31, 2000.

Discontinued operations. Discontinued operations include the operating results of the InfraSource Incorporated subsidiaries that were not acquired in the Exelon Transaction. All prior historical periods have been reclassified consistent with this discontinued operations presentation (see Notes 1 and 2 to InfraSource Incorporated's consolidated financial statements included elsewhere herein). The net loss from discontinued operations for the year ended December 31, 2001 of $(9.4) million compared to a loss of $(0.8) million for the year ended December 31, 2000 is attributable primarily to $6.3 million in bad debt charges for uncollectible accounts receivable, primarily attributable to disputed charges for one significant commercial electric construction project and to telecommunications customer-related financial difficulties, as previously described. In addition, goodwill amortization increased by

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$1.0 million in fiscal 2001 as compared to fiscal 2000, due to the full year effect of amortization for subsidiaries which had been acquired during 2000. Revenues increased by $66.9 million, to $310.2 million in fiscal 2001, due primarily to growth in our commercial electric construction business of $51.0 million and the full year effect of 2000 acquisitions, which increased revenue by $28.2 million. However, gross profit decreased by $9.2 million during the same period, due to losses incurred on several commercial electric service contracts and to more competitive overall industry margins. This decrease was partially offset by lower selling, general and administrative costs in 2001 as compared to 2000, attributable to cost reductions in response to decreased gross profit margins.

Net income (loss). We recorded a net loss of ($6.0) million for the year ended December 31, 2001 compared to net income of $2.0 million for the year ended December 31, 2000, primarily due to the impacts from discontinued operations as described above.

Liquidity and Capital Resources

Historical

Prior to the Exelon Transaction, we historically financed our capital and operating needs with cash on hand, cash from operations and borrowings from Exelon, our former parent. As of September 23, 2003, immediately prior to the Exelon Transaction, we had cash and cash equivalents of $15.9 million, working capital of $70.9 million, no long-term debt and $15.9 million of letters of credit that were provided by Exelon. As of September 20, 2002, we had cash and cash equivalents of $4.6 million.

Our working capital needs are influenced by the seasonality of our business. We experience a need for additional working capital during the spring when we increase our level of outdoor construction in weather-affected regions of the country. Conversely, we convert working capital assets to cash during the winter months.

Cash from operating activities from continuing operations. During the period January 1, 2003 through September 23, 2003, net cash provided by operating activities was $17.8 million compared to cash provided by operating activities of $5.2 million for the period January 1, 2002 through September 20, 2002. The primary source of operating cash for the period January 1, 2003 through September 23, 2003 was changes in non-working capital balance sheet items including deferred revenues related to licensing activities of $9.2 million. Changes in working capital balances were largely seasonal and were not otherwise a large driver of cash flow for the period primarily because of the accrued merger related expenses related to the Exelon Transaction on our balance sheet at September 23, 2003 of approximately $13.3 million.

Cash from investing activities from continuing operations. During the period January 1, 2003 through September 23, 2003, net cash used by financing activities was $12.5 million compared to cash used by financing activities of $13.5 million for the period January 1, 2002 through September 20, 2002. The primary use of cash for the period January 1, 2003 through September 23, 2003, was purchases of equipment of $16.4 million compared to $17.1 million January 1, 2002 through September 20, 2002, offset by proceeds from the sale of equipment of $3.8 million and $1.5 million in the respective periods. Additionally, in the period January 1, 2002 through September 20, 2002, we received proceeds of $4.0 million from the settlement of a purchase price dispute related to one of our acquired subsidiaries.

Cash from financing activities from continuing operations. During the period January 1, 2003 through September 23, 2003, net cash used in financing activities was $10.2 million compared to cash used in financing activities of $0.9 million for the period January 1, 2002 through September 20, 2002. The primary use of cash for the period January 1, 2003 through September 23, 2003, was $10.0 million for the redemption of minority shareholders in conjunction with the Exelon Transaction.

Cash provided by discontinued operations during the period January 1, 2003 through September 23, 2003 was $1.6 million compared to cash used by discontinued operations of $0.7 million for the period January 1, 2002 through September 20, 2002.

Capital Expenditures

We expect capital expenditures to range from $20.0 million to $30.0 million in 2004, which could vary depending on the expected award and timing of commencement of several large electric power transmission projects. We intend to fund those expenditures primarily from operating cash flow. We have reduced our capital expenditures over the past two years in order to increase the utilization rates of our equipment.

Income Taxes

We have deferred tax assets of $51.7 million as of September 23, 2003 which arose primarily from the $285.9 million pre-tax SFAS No. 142 write down of goodwill which occurred effective as of January 1, 2002. In order to assess the ability to realize those deferred tax assets, we analyze the expected future taxable income necessary to utilize the benefits, and establish selective valuation reserves where appropriate. As a result of the Exelon Transaction, all deferred tax assets will be eliminated in purchase accounting as the benefits were retained by Exelon. See also "Unaudited Condensed Consolidated Pro Forma Financial Data."

Financing Agreements

On September 24, 2003, in connection with the Exelon Transaction, we issued a $29.0 million subordinated promissory note payable to Exelon that bore interest at an annual rate of 6% and matures in 2011. The amount of the Exelon note was increased to $30.0 million in December 2003 upon completion of our acquisition of an additional entity from Exelon. On September 24, 2003, we also entered into a senior credit facility consisting of a $40.0 million revolving credit facility, which matures in 2009, and a $140.0 million term loan, which matures in 2010. The term loan has mandatory principal amortization of approximately $1.4 million each year until 2009. The revolving credit facility provides both revolving credit loans and letters of credit up to $25.0 million. The senior credit facility is secured by a lien on substantially all of our assets. As of September 24, 2003, immediately after consummation of the Exelon Transaction, we had $15.1 million of letters of credit outstanding, and $24.9 million of borrowing availability under the revolving credit facility. The level of borrowing under our senior credit

facility does not reflect changes that may arise due to adjustments to the purchase price for the Exelon Transaction or Maslonka acquisition. We expect to continue to utilize a significant portion of our letter of credit availability under our revolving credit facility, which will reduce our available borrowing capacity thereunder. We intend to use a portion of the net proceeds from this offering to repay the Exelon note and approximately $61.2 million of the term loan.

In anticipation of the Maslonka acquisition, we amended our credit facility on January 22, 2004 to permit the acquisition and to obtain additional liquidity and operating flexibility in connection therewith, including expanding our capacity for making capital expenditures. As a result of the amendment, the commitment of the banks under the revolving credit facility was increased by $10.0 million to $50.0 million, and the amount available for letters of credit was increased by $10.0 million to $35.0 million. Within 10 business days of consummation of this offering, these increases will terminate, and our revolving credit facility commitment and availability for letters of credit will return to their prior levels of $40.0 million and $25.0 million, respectively. For a discussion of our use of these letters of credit please see "Off-Balance Sheet Arrangements" below.

Loans under the revolving credit facility bear interest, at our option, at a base rate (the greater of the prime interest rate or the federal funds rate plus 0.50%) or LIBOR plus a spread of between

2.50% and 3.50% based upon our current leverage ratio. We are required to pay an annual non-utilization fee equal to 0.50% of the unused portion of the facilities. The term loan bears interest at our option, at the bank's prime interest rate or LIBOR plus a spread of 4.50%. In addition, we pay an annual agent fee of $100,000.

Our senior credit facility requires us to hedge the interest rate risk for one half of the principal of the term loan. We satisfied this requirement by entering into an interest rate swap where we pay a fixed rate of 2.395% in exchange for three month LIBOR until October 10, 2006. We also purchased a 4.00% interest rate cap which matures October 10, 2006 on $20.0 million of term loan principal.

Our senior credit facility contains certain restrictive covenants, including minimum levels of net worth, interest coverage, fixed charge coverage and leverage ratios, among other restrictions. We are required to prepay loans outstanding with a percentage of excess free cash flow generated each year and the proceeds of asset sales, additional indebtedness and the sale of common stock in an initial or subsequent public offerings. The senior credit facility also places restrictions on us with regard to subsidiary indebtedness, sales of assets, liens, investments, type of business conducted, and mergers and acquisitions, among other restrictions.

Post-Offering

We expect to incur greater administrative costs as a result of operating as a public company but also expect to have access to capital markets that were not available to us before this offering. We expect to fund our future cash requirements with cash from operations, cash on hand (primarily from the net proceeds of this offering) and our revolving credit facility.

We anticipate that our cash flow from operations and our senior credit facility will provide sufficient cash to enable us to meet our working capital needs, debt service requirements and planned capital expenditures for property and equipment. However, deterioration in the markets we serve, material changes in our customers' revenues or cash flows or adverse weather conditions could negatively impact our revenues and cash flows. These factors, coupled with restrictive covenants under our senior credit facility, may negatively impact our ability to meet these needs.

Contractual Obligations and Other Commitments

As of September 23, 2003, our future contractual obligations, including payments under capital leases, were as follows (in thousands), see Notes 3 and 16 to InfraSource Incorporated's consolidated financial statements included elsewhere in this prospectus:

	Payment Due by Period						
Contractual Obligations	**2003**	**2004**	**2005**	**2006**	**2007**	**Thereafter**	**Total**
Capital Lease Obligations	$ 64	$ 128	$ 12	$ 0	$ 0	$ 0	$ 204
Contingent Earnout (1)	0	0	0	2,365	0	0	2,365
Total	$ 64	$ 128	$ 12	$ 2,365	$ 0	$ 0	$ 2,569

(1) See discussion below in Contingent Earnout Payments and Purchase Price Adjustments

	Amount of Commitment Expiration Per Period						
Other Commercial Commitments	2003	2004	2005	2006	2007	Thereafter	Total
Operating Leases	$ 546	$ 1,919	$ 1,352	$ 822	$ 229	$ 188	$ 5,056

Contingent Earnout Payments and Purchase Price Adjustments

We have an obligation to pay an "earnout" pursuant to a Stock Purchase Agreement, dated as of November 15, 2000, among InfraSource, Blair Park Services, Inc., Sunesys, Inc. and the shareholders named therein. As of September 23, 2003, a $2.4 million liability is included in deferred revenues and other in InfraSource Incorporated's consolidated financial statements included elsewhere in this prospectus. This amount will increase if these businesses continue to perform successfully.

Pursuant to the terms of the Maslonka acquisition agreement, the consideration paid at the closing of the Maslonka acquisition was subject to a holdback provision. Under the terms of the holdback, we withheld $6.6 million in cash payable at closing and 44,000 shares of the common stock we issued to the sellers at closing. If Maslonka fails to achieve specified financial targets, we will be entitled to retain a portion of the holdback amount. We will also be entitled to retain amounts under the holdback to satisfy any indemnification obligations owed to us under the acquisition agreement. We expect that the holdback amount, less any amounts retained by us, will be released to the sellers in part in 2005 and the remainder in 2006. We will pay accrued interest on the cash portion of the holdback amount released to the sellers, and the sellers will be entitled to exercise voting rights in respect of the shares of common stock subject to the holdback provision. In addition, the purchase price for the Maslonka acquisition is subject to a final working capital adjustment, which will be determined in 2004.

At closing of the Maslonka acquisition, Maslonka had an outstanding letter of credit collateralized with a $5.0 million time deposit account provided by the Maslonka stockholders, which we acquired in the acquisition. Within six months after the closing date of the Maslonka acquisition, we are required to reimburse the Maslonka stockholders an aggregate amount of approximately $5.0 million.

As a condition of the Exelon Transaction, we agreed to a working capital adjustment to the purchase price, based on certain thresholds. We expect to receive approximately $10.8 million as a result of this adjustment in the first quarter of 2004.

Off-Balance Sheet Arrangements

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 variable interest entities, and we do not guarantee the work or obligations of third parties.

Operating Leases. We enter into non-cancelable operating leases for many of our facilities, 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 generally have no further obligation to the lessor. We may decide to cancel or terminate a lease before the end of its term, in which case we are typically liable to the lessor for the remaining lease payments under the term of the lease.

We have guaranteed a residual value on certain equipment operating leases. We guarantee the difference between this residual value and the fair market value of the underlying asset at the date of termination of the leases. At September 23, 2003, the maximum guaranteed residual value is minimal. 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 payments will not be required.

Letters of Credit. Some customers require us to post letters of credit to guarantee performance under our contracts and to ensure payment to our subcontractors and vendors under those contracts. Certain of our vendors also require letters of credit to ensure reimbursement for amounts they are

disbursing on behalf of us, such as to beneficiaries under our self-funded insurance programs, which constitute a significant portion of our outstanding letters of credit. Such letters of credit are issued under our revolving credit facility. 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.

At December 31, 2003, we had $22.3 million in letters of credit outstanding under our senior credit facility, primarily to secure obligations under our casualty insurance program. We expect to continue to utilize a significant portion of our letter of credit availability to maintain our insurance availability and cost structure. Although not actual borrowings, letters of credit do reflect potential liabilities under our senior credit facility and therefore are treated as a use of borrowing capacity thereunder, reducing our borrowing availability for other purposes. These are irrevocable stand-by letters of credit with maturities expiring at various times throughout 2004. Upon maturity, we expected that the majority of these letters of credit will be renewed for subsequent one-year periods.

Surety Guaranties. Consistent with industry practice, many customers, particularly in connection with fixed-price new construction contracts, 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 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 $161.8 million, $91.0 million of which were for the unacquired subsidiaries that were transferred to Exelon prior to the Exelon Transaction, and for which we are indemnified by Exelon. We expect that our bonding needs will increase with the acquisition of Maslonka, as its business has historically required performance bonds on most of its contracts. We expect that the increase in shareholders' equity on our balance sheet and our tangible net worth as a result of this offering will have a positive effect on our ability to obtain and control the cost of our future bonding needs.

Concentration of Credit Risk

We selectively grant credit, generally without collateral, to our customers. Consequently, we are subject to potential credit risk related to changes in business and economic factors throughout the United States. However, we generally are entitled to payment for work performed and 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. We believe we do not have any significant current exposure to collection of receivables from customers. Certain of our utility customers are experiencing challenges in the current business climate. These economic conditions expose us to increased risk related to collectibility of receivables for services we have performed. One customer, Exelon, accounted for $53.5 million, or 14.0%, of revenues for the period January 1, 2003 through September 23, 2003. At December 31, 2000, we had accounts receivable from one customer that represented $18.4 million, or approximately 13.0% of total accounts receivables. At September 23, 2003, another customer represented $9.9 million, or approximately 13% of the total accounts receivable. No customers represented 10% or more of accounts receivables or revenues as of, or for, any other periods.

Litigation

As of September 24, 2003, we had accrued a liability of $3.8 million relating to an adverse judgment in connection with pending litigation. Please see "Business Legal Proceedings" for further information on this and other litigation matters.

Employment Agreements

Certain management employment agreements contained "change-in-control" provisions which were triggered by the Exelon Transaction. Those costs of $2.6 million related to the "change-in-control" provisions are accrued and included as a component of merger related costs in the accompanying InfraSource Incorporated consolidated financial statements as of September 23, 2003 and for the period January 1, 2003 through September 23, 2003. We entered into new employment agreements with certain management employees, as of September 24, 2003, which, in exchange for non-competition agreements, provide that, if we terminate the employee's employment without cause (as defined in the new

employment agreements), the employee terminates employment for good reason (as defined in the new 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. We have the right to extend certain of those non-competition periods in exchange for increased severance payments at our option.

Related Party Transactions

In the normal course of business, we from time to time enter into transactions with related parties. Prior to the Exelon Transaction, these transactions typically took the form of network services work for Exelon or facility leases with prior owners all of the terms of which were negotiated on an "arms-length" basis and were subject to review by various state and federal regulatory bodies. Since that time, we have entered into transactions with our Principal Stockholders. See "Certain Relationships and Related Transactions" and Note 11 to InfraSource Incorporated's consolidated financial statements included elsewhere in this prospectus for more information.

Seasonality and Cyclicality

Our results of operations can be subject to seasonal variations. During the winter months, demand for new projects and new maintenance service arrangements is typically lower in some geographic areas due to reduced construction activity, especially for services to natural gas distribution customers. Our working capital needs generally follow these seasonal patterns. During the winter months, we typically experience lower gross and operating margins as a result. 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 evidenced by the recent declines in spending in the telecommunications and independent power generation sectors. As a result, our volume of business may be adversely affected by declines in new projects in various geographic regions or industries in the United States. The financial condition of our customers and their access to capital, variations in the margins of projects performed during any particular quarter, the timing and magnitude of acquisition assimilation costs, regional economic conditions and timing of acquisitions may also materially affect quarterly results. Accordingly, our operating results in any particular quarter may not be indicative of the results that can be expected for any other quarter or for the entire year.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk primarily related to potential adverse changes in interest rates as discussed below. We have not historically used derivative financial instruments for trading or to speculate on changes in interest rates or commodity prices. As of September 23, 2003, we had no derivative contracts outstanding, and we are not exposed to any significant market risks, foreign currency exchange risk or interest rate risk from the use of derivative financial instruments.

The sensitivity analysis below, which illustrates our hypothetical potential market risk exposure, estimates 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 September 24, 2003, our $140.0 million term loan facility was subject to floating interest rates. On October 10, 2003 we entered into an interest rate swap on a $70.0 million notional amount where we pay a fixed rate of 2.395% in exchange for three month LIBOR until October 10, 2006. We also purchased a 4.00% interest rate cap that matures October 10, 2006 on $20.0 million of term loan principal. After those transactions, we had $70.0 million of our term loans subject to some floating 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. The detrimental effect on our pre-tax earnings of a hypothetical 50 basis point increase in interest rates would be approximately $350,000. That detrimental effect on our pre-tax earnings would be $44,000 on a pro forma consolidated as adjusted basis after utilizing a portion of the proceeds of this offering to pay down our term loans. As of September 24, 2003, we had no borrowings under our revolving credit facility.

Inflation

Due to relatively low levels of inflation experienced during the periods ended September 23, 2003, December 31, 2000, 2001 and 2002, inflation did not have a significant effect on our results.

New Accounting Pronouncements

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS No. 145 requires that gains and losses from extinguishment of debt be classified as extraordinary items only if they meet the criteria in APB Opinion No. 30. The provisions of APB Opinion No. 30 distinguish transactions that are part of an entity's recurring operations from those that are unusual and infrequent and meet the criteria for classification as an extraordinary item. SFAS No. 145 is effective for us beginning January 1, 2003. The initial adoption of this new standard did not have a material impact on our results of operations or financial position.

In July 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities, such as restructurings, involuntarily terminating employees and consolidating facilities initiated after December 31, 2002. The initial adoption of this new standard did not have a material impact on our results of operations or financial position.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation Transition and Disclosure an amendment of FASB Statement No. 123." SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value-based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both interim and annual financial statements about the method of

accounting for stock-based employee compensation and the effect of the method used on reported results. The transition guidance and annual disclosure provisions of SFAS No. 148 are effective for financial statements issued for fiscal years ending after December 15, 2002. The interim disclosure provisions are effective for financial reports containing financial statements for interim periods beginning after December 15, 2002. We have adopted the disclosure provisions of SFAS No. 148 in the accompanying consolidated financial statements.

In 2003 the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" ("SFAS No. 149"). SFAS 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under FAS 133. The amendments set forth in FAS 149 improve financial reporting by requiring that contracts with comparable characteristics be accounted for similarly. FAS 149 is generally effective for contracts entered into or modified after June 30, 2003 (with a few exceptions) and for hedging relationships designated after June 30, 2003. The initial adoption of this new standard did not have a material impact on our results of operations or financial position.

In May 2003, the FASB issued SFAS No. 150*, "*Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity", which establishes standards on how an issuer classified and measures certain financial instruments with characteristics of both debt and equity. SFAS No. 150 is effective for financial instruments entered or modified after May 31, 2003 and is effective for all other financial instruments as 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 as of September 23, 2003.

In November 2002, the FASB issued FASB Interpretation No. 45 (FIN 45), "Guarantor's Accounting and Disclosure Requirements for Guarantees Including Indirect Guarantees of Indebtedness of Others," which clarifies the disclosures that are to be made by a guarantor in its interim and annual financial statements regarding obligations under certain guarantees issued. FIN 45 requires a guarantor to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions of FIN 45 are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. The disclosure requirements of FIN 45 are effective for financial statements of interim or annual reports for fiscal years ending after December 15, 2002, which we have adopted. The initial adoption of this new standard did not have a material impact on our results of operations or financial position.

In January 2003, the FASB issued FIN 46, *Consolidation of Variable Interest Entities*, that addresses conditions when an entity should be consolidated based upon variable interests rather than voting interests. Variable interests are ownership interests or contractual relationships that enable the holder to share in the financial risks and rewards resulting from the activities of a Variable Interest Entity (VIE). A VIE is a corporation, partnership, trust, or any other legal structure used for business purposes that either does not have equity investors with voting rights or has equity investors that do not provide sufficient financial resources for the entity to support its activities. In order to apply FIN 46, InfraSource must evaluate every entity with which it is involved through variable interests to determine whether the entity is a VIE and, if it is, whether or not InfraSource is the primary beneficiary of the entity. The primary beneficiary of a VIE is the entity that receives the majority of the entity's expected losses, residual returns, or both. As a result, FIN 46 could result in consolidation of an entity that InfraSource is associated

with other than by (and even in the absence of) a voting ownership interest. This interpretation applies immediately to variable interest entities created after January 31, 2003, and to variable interest entities in which an enterprise obtains an interest after that date. It applies in the first fiscal year or interim period beginning after June 15, 2003, to variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. The adoption of this new standard did not have a material impact on our results of operations or financial position.

OVERVIEW OF ELECTRIC POWER TRANSMISSION AND DISTRIBUTION INFRASTRUCTURE

For the period January 1, 2003 through September 23, 2003, on a pro forma consolidated basis, 58.4% of our revenues were derived from providing services to the electric power transmission and distribution end market consisting primarily of utility and industrial customers. In light of the significant public and political attention currently focused on the U.S. electric power transmission and distribution system, we have included below an overview of the electric infrastructure system and evidence of the current inadequacies of the system.

Electric Infrastructure System

The electric infrastructure system in the United States is comprised of three distinct functions: generation, transmission and distribution. More than 5,000 power plants across the country generate electricity, which is transmitted to end customers through a patchwork of more than 150,000 miles of high-voltage transmission power lines and more than one million miles of lower voltage distribution power lines. Transmission power lines carry the electricity over long distances at high voltages. Distribution power lines provide electricity to end users over shorter distances at lower voltage. Within this transmission and distribution network are approximately 60,000 high-voltage substations, generally required every 50 to 75 miles, which monitor, control, stabilize and modify voltage levels throughout the network.

The original transmission and distribution network was not designed or intended to share significant capacity between utilities or across state lines. Rather, the system was constructed over the past hundred years by vertically integrated utilities that produced and transmitted electricity locally. In the mid-1990's, mandates to deregulate the electric utility industry enabled the emergence of wholesale power markets. As a result, significantly more electricity is now being transported over longer distances, resulting in high transmission utilization and operation closer to capacity limits.

Electricity consumption in the United States increased 103% between 1975 and 2001 (measured in kilowatt hours), driven by population growth, economic expansion and the proliferation of electrical devices. When adjusted for inflation, annual transmission expenditures decreased approximately 35% between 1975 and 2001. The level of investment in transmission infrastructure has also lagged investment in new power generation capacity which has increased 73% (measured in megawatts) during the same 26-year period. As a result of the increasing demand and production of electricity without corresponding investment in electric transmission assets, transmission capacity has declined significantly relative to peak demand.

Growing Evidence that Current Transmission and Distribution Infrastructure is Inadequate

Despite significant historical spending on electric power transmission and distribution infrastructure in the United States, the infrastructure is in an increasing state of distress as evidenced by the recent power outages, an increase in the number of emergency relief procedures needed to avoid power delivery failures and the existence of numerous transmission constraints.

Recent Power Outages

August 2003 Blackout. On August 14, 2003, approximately 50 million people in large parts of the Midwest and Northeast United States and Canada experienced the largest blackout in North American history. One of the contributing factors identified in the November 2003 interim report by the U.S.-Canada Power System Outage Task Force was overloading of transmission lines. The task force also noted that the transmission system as a whole is being operated closer to the edge of reliability than it was just a few years ago.

2001 California Rolling Blackouts. In early 2001, transmission constraints contributed to rotating power outages in California. In May 2001, President Bush announced a national energy policy, which included a specific recommendation to relieve a transmission bottleneck along an 84-mile stretch of electric transmission lines connecting Northern and Southern California known as Path 15. The Path 15 upgrade consists of a number of major transmission projects with combined projected costs in excess of $300 million.

Summer of 1999 Power Outages. In the summer of 1999, major power outages occurred in numerous areas of the country. In the January 2000 Interim Report of the U.S. Department of Energy's Power Outage Study Team, the U.S. Department of Energy identified inadequate substation and transmission and distribution line infrastructure as among the key contributing factors to the power outages in Chicago, Long Island and New Jersey.

Increase in Number of Relief Procedures

Transmission system operators manage line congestion to avoid power delivery failures through, among other things, a set of approved transmission loading relief ("TLR") procedures. TLRs are designed to rebalance the physical flow of power over the transmission network to avoid delivery failure. The increasing need for TLRs indicates that the system is under greater stress because it is being operated closer to, or in some cases beyond, its limits.

Historical Transmission Loading Relief Log

Source: North American Electric Reliability Council (NERC). Data reflects total number of "Level 2 or Higher TLR Logs" from 1998 (the first full year NERC began logging TLR calls) through 2003. A Level 2 TLR requires that a transmission operator limit electricity transactions to current levels.

Identified Transmission Constraints

In 2002, the *National Transmission Grid Study* by the U.S. Department of Energy highlighted the urgent need to modernize the U.S. transmission system and eliminate transmission constraints, or bottlenecks. Bottlenecks are created when power to be delivered over a path exceeds the available transmission capacity on that path. Bottlenecks can be effectively eliminated through a number of measures, including by adding or upgrading transmission lines.

Transmission Bottlenecks

Source: U.S. Department of Energy and Electric Reliability Council of Texas, Inc.

BUSINESS

General

We are one of the largest specialty contractors servicing the utility transmission and distribution infrastructure in the United States based on market share. Our broad range of services includes the design, engineering, procurement, construction, testing, maintenance and leasing of utility infrastructure. Our customers primarily include electric power utilities, natural gas utilities, government entities and heavy industrial companies, such as petrochemical, processing and refining businesses.

Our customers rely on us to design, construct and maintain reliable electric, natural gas and other utility infrastructure. We believe we are able to combine our broad geographic footprint, integrated service offerings, skilled workforce and experienced management team to deliver a compelling value proposition to our customers.

Our blanket master service agreements and new construction projects provide a balanced mix of recurring and project-based work. The broad range of customers, geographic regions and industries we serve provides us with diversified revenues, and a number of our specialized services that generate strong margins. For the period January 1, 2003 through September 23, 2003, on a pro forma consolidated basis, we had revenues of approximately $403.0 million. On an actual basis, revenues for this period were $382.6 million.

Industry Trends

We believe that growth in our end markets will benefit from the following principal factors:

Inadequacy of Current Electric Infrastructure. We believe the electric infrastructure in the United States will require significant spending to cure historical underinvestment and to respond to increasing electricity demand. The increase in demand for electricity and growth in electric power generation capacity have outpaced the increase in transmission expenditures. This relative underinvestment has contributed to the current inadequacy of the electric power grid, which was one of the causal factors in the August 2003 blackout in the Midwest and Northeast United States and Canada, the rolling blackouts in California in 2001, the power outages in Chicago, Long Island and New Jersey in the summer of 1999, and the increase in the number of emergency relief procedures needed to avoid overloading of transmission lines. In its 2002 *National Transmission Grid Study*, the U.S. Department of Energy emphasized the urgent need to modernize the nation's transmission system.

Increased Outsourcing of Infrastructure Services. Utilities are constantly seeking ways to improve cost efficiencies, driven by pressure from investors, regulators and consumer advocates. We believe that utilities are frequently able to reduce operating costs and increase efficiencies by outsourcing a range of services to third parties. Outsourcing by utilities to third-party contractors has historically been focused on capital projects (generally construction projects) and to a lesser extent, engineering, procurement, operations and maintenance work. We believe outsourcing trends are being driven by reduced and aging utility workforces.

Reduced utility workforces. Utilities have reduced their internal workforces by an estimated 30% over the past 10 years.

Aging utility workforces. The age of the average utility worker has increased. According to a 2003 study by the American Public Power Association, among the positions that will experience the most retirements during the next five years are supervisors of transmission line construction and maintenance.

Contractors can often provide services in a more efficient and cost-effective manner, in part by managing their labor force across various projects and multiple customers, while utilities must generally employ their labor force full-time. Service providers are also able to deploy their equipment and

resources over a larger geographic footprint than utilities. Further, unlike internal crews, contractors have a direct incentive to manage projects with an emphasis on cost-effectiveness, quality and customer satisfaction. As a result, many utilities are continuing to reduce their workforces and increase reliance on third-party service providers to perform infrastructure services.

Favorable Regulatory, Legislative and Political Environment. To ensure that infrastructure development keeps pace with and helps promote market development, and in response to several recent high-profile failures, federal and state governments are now prioritizing efforts to upgrade, expand, and maintain the nation's electric power grid. For example, FERC states in its Strategic Plan FY2004-2008 that its top priority is to "promote a secure, high-quality, environmentally responsible infrastructure." This goal includes objectives to expedite appropriate energy infrastructure development to ensure sufficient energy supplies and provide for timely cost recovery by infrastructure investors.

We believe our end markets are well positioned to benefit from initiatives focused on these and related objectives. Examples of recent and proposed actions are:

Transmission Rate Incentives. In January 2003, FERC proposed a transmission incentive pricing policy that would offer a higher rate of return on investment for all transmission owners who participate in a FERC-approved regional transmission organization, or RTO, with an additional return if the transmission owner also meets certain independence requirements (*i.e.*, it is a separate, independent transmission company, or ITC). Under the proposal, FERC would increase a transmission owner's rate of return on transmission investment by 50 basis points if the transmission owner joins an RTO. If the transmission owner also is an ITC, it would be eligible for an additional incentive equivalent to 150 basis points (for a total of 200 points). In addition, FERC would increase the rate of return on investment in new transmission facilities by 100 basis points, if the expansion or upgrade is undertaken pursuant to an RTO's transmission planning process. In order to accelerate movement to RTO participation and independent asset ownership, FERC is proposing a December 31, 2004 deadline for companies to qualify for the first two incentives noted above. Benefits will be received until December 31, 2012 for RTO participation and December 31, 2022 for independent ownership. While these proposed rate incentives are designed to encourage transmission owners to transfer control or ownership of their transmission facilities to independent, FERC-approved transmission operators, for all transmission owners who do qualify, the proposal would also serve to encourage additional investment in transmission due to the availability of a higher rate of return.

More Stringent Reliability Requirements and Enforcement. Some state utility commissions have begun to hold utilities accountable for failing to meet established minimum reliability standards or are considering such measures. In many cases, they are requiring minimum levels of capital spending to upgrade and maintain the electric power transmission and distribution network. FERC is developing an order that will require transmission system operators to publicly report violations of the electric power grid reliability standards. Although the standards are established and overseen by the North American Electric Reliability Council, FERC is "exploring" its authority to assure infrastructure reliability and is considering a "trust but verify" approach to industry compliance.

Facilitation of Infrastructure Investment. The most recent version of the national energy policy act (as considered, but not adopted, by Congress in November 2003) contained several key provisions that we believe would, if included in legislation that is passed, contribute to increased investment in the U.S. electric power grid. These include:

- directing FERC to establish incentive-based rate structures and cost allocation schemes for capital investment in transmission facilities, to ensure reliability and reduce congestion. Such rulemaking is also to include incentives for joining RTOs, including a maximum 15-year accelerated depreciation schedule for new transmission facilities in RTOs;

- granting transmission siting authority to FERC in certain geographic areas and circumstances found by the Secretary of Energy to be experiencing congestion that adversely affects consumers;

- requiring the U.S. Department of Energy, upon request, to coordinate permitting processes within designated transmission corridors in order to better facilitate the development of transmission projects across geographic regions;

- allowing transmission owners greater flexibility to propose pricing plans to cover the cost of system expansion or upgrades, including plans that require participant funding (*i.e.* funding by the entity that requests a new interconnection or additional transmission service); and

- making reliability rules for transmission service mandatory, and subject to ultimate FERC authority.

Clarification of Generator Interconnection Policies. In July 2003, FERC issued new standards for interconnection of large power generators to the transmission grid. These standards are intended to facilitate infrastructure development by clarifying interconnection procedures and by reducing interconnection time and cost. The ruling sets standard interconnection procedures to be followed by generators and transmission providers and clarifies interconnection cost allocation when the transmission provider is not independent. Also in July, FERC proposed a notice of proposed rulemaking that would clarify and expedite interconnection procedures for small generators.

Competitive Strengths

Leadership in Attractive Markets. As a result of our market leadership and reputation for high-quality service, we believe we are well positioned to benefit from anticipated spending by customers in our markets.

Breadth of Capabilities. We believe that customers in our end markets are increasingly seeking to improve their efficiencies by contracting with fewer service providers that can rapidly and effectively design, construct and maintain their infrastructure, in some cases across multiple geographic regions. We are one of the few utility infrastructure service providers capable of meeting a broad range of service needs in multiple service territories. We believe these capabilities are particularly advantageous because many of our competitors are small, regional firms.

Strong Reputation for Project Execution and Safety. Our reputation as a premier service contractor has been built on an excellent performance record of delivering projects on time, on budget and to customer specifications. Most of our operating companies have been building this reputation for decades. Our strong reputation is reflected in long-standing relationships with most of our major customers. In addition, the safety record of most of our operating subsidiaries has historically been better than industry averages, which provides us with a competitive advantage in bidding for many projects.

Highly Skilled and Flexible Workforce. We have an experienced and skilled workforce trained to handle technically complex projects, including high-voltage electric power work and specialized subsurface work. In addition, we are generally able to quickly vary the size of our workforce to efficiently staff our projects and to meet the needs of our customers. This provides us with a variable cost structure to effectively respond to changes in demand for our services. Moreover, our labor force consists of both union and non-union personnel, which enables us to satisfy the varied labor requirements of customers in our end markets.

Financial Strength. Financial strength is often an important consideration for many customers in selecting infrastructure service providers. We believe our diverse revenue base, attractive operating

margins and strong cash flow generation contribute to our financial strength, which provides us with an advantage over many of our competitors. In addition, our financial strength, combined with our reputation and experience, improves our access to surety bonding to support our projects. We believe the consummation of this equity offering will further enhance our financial strength and our access to surety bonding to support our growth in what has become, in recent years, a difficult bonding environment.

Experienced Management Team. We have a strong management team with extensive industry experience. The key members of our senior management team have worked in the utility or contracting industries for most of their careers and average over 20 years of industry experience.

Business Strategy

Capitalize on Favorable Industry Trends in Utility Infrastructure Markets. Large utility customers continue to present growth opportunities for us. We believe we are well positioned to capitalize on growth opportunities resulting primarily from expected increases in spending on utility infrastructure and increased outsourcing by customers in our end markets.

Increase Our Market Share. We intend to leverage our competitive strengths to increase our market share by:

- gaining a greater share of our existing customers' spending for outsourced services we currently provide to them;
- expanding cross-selling of additional services to our existing customers;

obtaining business from new customers in the territories we currently serve; and

introducing services to new and existing customers in regions we do not currently serve.

Focus on Specialized Services that Generate High Margins. We intend to continue to increase our focus on technically complex projects where the specialized capabilities of our highly skilled personnel differentiates us from many of our competitors. For example, we have targeted turnkey substation services as a core competency, where our expertise enables us to perform the work efficiently and generate high margins.

Pursue Highly Strategic Acquisitions. We intend to evaluate and pursue acquisition opportunities on a limited basis to bolster our presence in select regional markets or to broaden our service offerings. For example, our Maslonka acquisition will enhance our capabilities for large, high-voltage transmission projects and will allow us to cross-sell other services across a broader territory.

End Markets Overview

We provide infrastructure services primarily to the following end markets:

Electric Infrastructure. We primarily focus on the construction and maintenance of electric transmission and, to a lesser extent, distribution systems. Electric transmission refers to power lines and associated substations through which electricity is transmitted over long distances at high voltages. Electric distribution refers to lower voltage power lines that provide electricity to end users over shorter distances. We believe long-term demand for our services will be driven by the continuous need to maintain transmission and distribution infrastructure. We also believe the growth in demand for our services will be driven by the need to correct the inadequacy of the transmission system, increased outsourcing by our customers and favorable legislative developments.

Natural Gas Infrastructure. The services we provide to natural gas customers primarily involve construction and maintenance of natural gas distribution and, to a lesser extent, transmission infrastructure. Natural gas distribution refers to low pressure lines that carry natural gas from higher pressure pipelines to end users. Baseline spending is sustained by on-going replacement of aging infrastructure, often mandated by state utilities commissions, and new residential construction. We believe the growth in demand for our services will be driven by increased outsourcing by customers in our end markets and an increased share of natural gas usage in residential markets.

Telecommunications Infrastructure. We provide indefeasible right of use and access to dark fiber and infrastructure services encompassing design, construction and leasing to third parties' "last-mile" and point-to-point fiber connections. We also provide telecommunications infrastructure construction and maintenance services primarily to regional Bell operating companies and other telecommunications customers. We believe that long-term growth will be driven by increasing bandwidth requirements.

Services

Our comprehensive range of services includes the design, engineering, procurement, construction, maintenance and repair of utility infrastructure. The following provides an overview of the infrastructure we target for our services we provide:

high-voltage electric power transmission lines;

high-voltage electric power substations;

lower voltage electric power distribution lines;

electrical wiring and instrumentation inside power generation plants (including work for environmental control systems for clean air compliance);

natural gas distribution lines;

- natural gas transmission infrastructure (including pumping stations);
- telecommunications duct and cable; and
- joint-trench operations (co-locating electric power, natural gas, telecommunications, cable and/or other utilities).

In addition to the above contracting services, we also:

- provide ancillary field services such as project management, permitting, materials management, work scheduling and customer interface management;
- lease last mile, point-to-point telecommunications infrastructure in select markets; and
- refurbish, remanufacture and modify select aging electric substation equipment.

In addition to Path 15 and PowerUp Wisconsin projects, which are described more fully in Prospectus Summary Recent Developments, the following describes certain of our significant projects and services that our customers have outsourced to us.

- We are rebuilding five different transmission lines in the upper Midwest that our customer has deemed most critical to regional reliability. Our scope of work for these projects includes engineering, procurement and construction. We were involved early in the program to determine the schedule, method and order of construction.
- We recently completed a turnkey contract to engineer, construct and test the electrical facilities required to connect a new power generating station within an oil refinery in the Northeast to the existing transmission grid. Our scope of responsibility included new switching stations as well as interconnecting transmission lines.
- We were awarded three different turnkey substation contracts in Texas, each interconnected to function as a single system for a power generation facility, a petrochemical plant and a utility. We coordinated a complex schedule to modify the existing plant electrical systems, built the transmission line and built two new switching stations for completion on the same date.
- We provided the design, procurement, work management, construction and maintenance service relating to our customer's new and replacement underground gas and electric requirements throughout their southeastern Michigan service area.
- We provide turnkey design, project management, scheduling, call center, inventory procurement and management, joint utility coordination and construction services for our customer's underground new residential gas and electric distribution requirements in the Philadelphia metropolitan area. We also provide joint-trench services, which entail the co-locating of electric, gas, telecommunications, cable and/or other utilities.
- We designed, engineered, constructed and leased private high bandwidth fiber-optic lines for a Philadelphia metropolitan school district to interconnect disparate locations for voice, video and data services.

Types of Contracts

We provide services under blanket master service agreements, or MSAs, on a project-by-project basis. MSAs are typically two- to three-years in duration. Under our blanket MSAs, our customers generally agree to use us to provide certain services in a specified geographic region. However, most of our contracts, including MSAs, may be terminated by our customers on short notice, typically 30 to 90 days, sometimes less. Further, although our customers assign work to us under the MSAs, our customers often have no obligation to assign work to us and are not required to use us exclusively, in some cases subject to our right of first refusal. In addition, many of our contracts, including our MSAs, are opened to public bid at the expiration of their terms and generally attract numerous bidders. Work performed under MSAs is typically billed on a unit-price or time-and-materials basis.

Under fixed-price contracts, we agree to perform the contract for a fixed-price on an agreed schedule. We often do, but sometimes may be unable to fully recover any cost overruns to the approved contract price. A unit-price contract is essentially a fixed-price contract with the only variable being the number of units of work performed. In our transmission and distribution contracts, units are generally measured by distance of infrastructure installed. We must estimate the costs of completing a particular project to bid for fixed-price and unit-price contracts. Under our time-and-materials contracts, we are paid for labor at negotiated hourly billing rates and for other expenses, including materials, as incurred. Our project-by-project contracts tend to be fixed-price.

We are also party to licensing agreements where we agree to construct and lease fiber-optic telecommunications facilities, typically with lease terms from five to twenty-five years, including certain renewal options. Under these licensing agreements, our customers lease a portion of the capacity of a fiber-optic facility, with the facility owned and maintained by us. In addition, we are paid a recurring monthly rental fee and sometimes are paid an upfront non-recurring fee, often as an installation fee.

Marketing and Customers

Most of our marketing is conducted regionally and our sales and marketing efforts are primarily the responsibility of the management of our operating subsidiaries. In addition, our centralized business development group coordinates, promotes and markets our services for prospective large national accounts and projects that require services from multiple operating subsidiaries. For example, we have had success in the past in selling our natural gas distribution services to existing long-term electric power customers. We plan to continue to cross-sell the complementary areas within our broad range of service offerings to deliver increased value to our existing customers.

Our customers primarily include electric power utilities, natural gas utilities, government entities, and heavy industrial companies, such as petrochemical, processing and refining businesses. A representative sample of our customer base includes:

Electric power: Exelon Corporation, Detroit Edison, American Transmission Company, TXU Corporation and Pacific Gas & Electric Co.;

Natural gas: Exelon Corporation, Consumers Energy, Michigan Consolidated Gas Company, the Columbia Gas companies and Missouri Gas Energy; and

Telecommunications and other: Verizon Communications and Merck & Co., Inc.

Our top ten customers accounted for approximately 46% of our revenues during 2002 and approximately 45% of our revenues during the period January 1, 2003 through September 23, 2003, which includes work done for those customers as a subcontractor through others. Sales to Exelon Corporation accounted for more than 14.0% of our revenues during the period January 1, 2003 through September 23, 2003. The Path 15 transmission line project, which is part of a $300 million project managed by the U.S. Department of Energy's Western Area Power Authority, is scheduled to be substantially completed in 2004. We expect that the Western Area Power Authority will be a key customer in 2004.

Materials and Independent Contractors

Our clients supply the majority of the materials and supplies necessary to carry out our contracted work. We do, however, from time to time, obtain materials and supplies for our own account from independent third-party providers. We do not manufacture any significant amount of materials or supplies for resale. We are not dependent on any one supplier for any materials or supplies that we obtain for our own account. We are not presently experiencing, nor do we anticipate experiencing, any difficulties in procuring an adequate amount of materials and supplies.

We occasionally use subcontractors to perform portions of our contracts and to manage work flow. These independent contractors typically are sole proprietorships or small business entities. Independent contractors typically provide their own employees, vehicles, tools and insurance coverage. We are not dependent on any single independent contractor. Our contracts with our subcontractors typically contain provisions limiting our obligation to pay the subcontractor if our client has not paid us and to hold our subcontractors liable for their portion of the work. We typically require surety bonding from our subcontractors on projects for which we supply surety bonds to our customers.

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 and wire pullers and tensioners. The total size of our fleet is approximately 4,000 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 present operations. It is an element of our strategy to move our fleet from region-to-region as our projects require. We have pledged our owned equipment as collateral under our senior credit facility and, in certain instances, under our surety general agreement of indemnity.

Backlog

Backlog represents the amount of revenue that we expect to realize from work to be performed on uncompleted contracts, including new contracts on which work has not yet begun. We generally classify contracts as "backlog" if we have been awarded the contract and we have authorization to proceed. We include in backlog amounts under our volume agreement with Exelon only to the extent that we have an operating agreement in place covering specific services. See Note 11 to InfraSource Incorporated's consolidated financial statements included elsewhere in this prospectus. Our backlog also includes our estimate of work to be performed under MSAs, which often have two to three year terms and revenues under lease commitments. Further, 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 minimal notice. On a pro forma consolidated basis, our backlog at December 31, 2002 was approximately $576.0 million and at December 31, 2003 was approximately $820.0 million. We expect to fill approximately $409.0 million of our December 31, 2003 backlog in 2004. Backlog is not a measure defined in generally accepted accounting principles and our methodology in determining backlog may not be comparable to the methodology used by other companies in determining their backlog.

Competition

The end markets in which we operate are highly fragmented and competitive. Many of our competitors are small, owner-operated companies that typically operate in a limited geographic area. Several of our competitors, particularly for large projects that require considerable resources, are large regional or national companies focused on providing services to larger utilities. We also effectively compete with many of our utility customers that may choose to self-perform their infrastructure work. In the future, competition may be encountered from new market entrants. Competitive factors in the end markets in which we operate include:

- price;
- history of project execution (*e.g.*, safety record, cost control, timing and experience);
- reputation and relationships with customers;
- geographic presence and breadth of service offerings;
- the availability of qualified and/or licensed personnel; and
- strength of financial position and the ability to obtain surety bonding.

Please refer to "Risk Factors Our industry is highly competitive, and we may be unable to compete effectively, which could result in reduced profitability and loss of market share" for further information.

Training, Quality Assurance and Safety

Performance of our services requires the use of heavy equipment and exposure to potentially dangerous conditions. We are committed to a policy of operating safely and prudently and our safety record reflects this focus. We require that employees complete the prescribed training program of the operating subsidiary for which they work in addition to those required by the National Electrical Contractors Association, or NECA, the International Brotherhood of Electrical Workers, or IBEW, and Office of Pipeline Safety Operator Qualification 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 subsidiary requires additional training, depending upon the sophistication and technical requirements of each particular job. In addition, certain of our employees maintain Department of Transportation Commercial Drivers Licenses and Operator Qualifications as required by their job functions. The OSHA Recordable rate of most of our operating subsidiaries has historically been less than the industry rate. However, the OSHA Recordable rate of certain of our subsidiaries has historically been higher than the industry average. As is common in our industry, we have regularly been and will continue to be subject to claims by employees, customers and third parties for property damage and personal injuries.

Risk Management and Insurance

We are committed to ensuring that our employees perform their work safely. We regularly communicate with our employees to promote safety and to instill safe work habits. We have agreements to insure us for workers' compensation, employer's liability, auto liability and general liability, subject to a deductible of $500,000 per occurrence. Our workers' compensation and insurance expenses have been increasing for several years, notwithstanding our improving safety record. Because of this deductible and the rising cost of insurance, we have a direct incentive to minimize claims. The nature and frequency of employee claims directly affects our operating performance. Because of the physical and sometimes dangerous nature of our business, we maintain substantial loss accruals for workers' compensation claims. The accruals are based upon known facts and historical trends and management believes such accruals to be adequate. In addition, many of our customer contracts require us to maintain specific insurance coverage. Our insurers require us to maintain letters of credit to cover our deductible payment obligations, and the required support level increased in 2003. As of January 1, 2004, we have replaced our $100,000 deductible non-union health care benefit program with a fully indemnified program.

Regulation

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

- state-by-state licensing 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;
- pipeline safety laws and federal regulations;
- telecommunications licensing requirements; and
- special bidding and procurement requirements on government projects.

Many state and local regulations governing electrical construction require permits and licenses to be held by individuals who have passed an examination or met other requirements.

Environmental Matters

We are committed to the protection of the environment and train our employees to perform their duties accordingly. We are subject to numerous federal, state and local environmental laws and regulations governing our operations, including the handling, transportation and disposal of nonhazardous and hazardous substances and wastes, as well as emissions and discharges into the environment, including discharges to air, surface water and groundwater. We also are subject to laws and regulations that impose liability and cleanup responsibility for releases of hazardous substances into the environment. Under certain of these laws and regulations, such liabilities can be imposed for cleanup of previously owned or operated properties, or properties to which substances or wastes were sent by current or former operations at our facilities, regardless of whether we directly caused the contamination or violated any law at the time of discharge or disposal. The presence of contamination from such substances or wastes could interfere with ongoing operations, adversely affect our ability to sell or lease our properties, or to use them as collateral for financing.

From time to time, we have incurred and are incurring costs and obligations for correcting environmental noncompliance matters and for remediation at or relating to certain of our properties. We believe we have complied with, or are currently complying with, our environmental obligations to date and that such liabilities will not have a material adverse effect on our business or financial performance. For a number of these matters, we have obtained indemnification or covenants from third parties (including predecessors or lessors) for such cleanup and other obligations and liabilities that we believe are adequate to cover such obligations and liabilities. However, such third-party indemnities or covenants may not cover all our costs, and such unanticipated obligations or liabilities, or future obligations and liabilities may have a material adverse effect on our business operations or financial condition.

Performance Bonds and Letters of Credit

Certain of our contracts require performance bonds or other means of financial assurance to secure contractual performance. Surety market conditions are currently difficult as a result of significant losses incurred by many sureties in recent periods, both in the construction industry as well as in certain larger corporate bankruptcies. As a result, less bonding capacity is available in the market and terms have become more restrictive. In September 2003, we entered into a new bonding program, which we believe should be sufficient for normal operations. Our bonding program is secured by a $2.5 million letter of credit and subject to minimum tangible net worth and debt to equity tests. We will attempt to obtain additional unsecured bonding capacity for business opportunities arising above the current program. We believe that the consummation of this equity offering will further enhance our access to surety bonding.

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. We also post letters of credit to support our surety bond program and customers may require us to post letters of credit to guarantee performance under certain of our contracts. We had $15.1 million in letters of credit outstanding as of September 24, 2003 under our senior credit facility, primarily to secure obligations under our casualty insurance program and support our surety bond program. We pay a fee on the outstanding letters of credit at a per annum rate of 3.50%, subject to subsequent adjustment, and a fronting fee of 0.25% per annum on the undrawn and unexpired amount of each letter of credit. Such letters of credit are generally issued under our senior credit facility. Our senior credit facility provides a $25 million sub-limit for letters of credit under our $40 million revolving facility. Although not actual borrowings, letters of credit do reflect potential liabilities under our credit facility and therefore are treated as a use of borrowing capacity under our credit facility, reducing our borrowing availability for other purposes. In addition, Maslonka has a $5.0 million letter of credit outstanding which is collateralized with a $5.0 million time deposit account provided by the Maslonka stockholders.

Within six months following the Maslonka acquisition, we are required to pay $5.0 million to the Maslonka stockholders, and we will acquire the time deposit account.

Employees

At September 24, 2003, we employed approximately 3,000 persons, of which approximately 2,000 were unionized. At September 30, 2003, Maslonka employed approximately 100 persons, none of which was unionized.

Our number of employees, particularly the number of general laborers, fluctuates depending upon the number and size of the projects and contracts undertaken by us at a particular time. For example in 2003, our number of employees ranged from approximately 2,700 to 3,200. We have contracts with numerous unions including the NECA and the IBEW, among others. We believe that our relationships with our employees and union representatives are good.

Properties

Our headquarters are located in Delaware County, Pennsylvania. As of September 24, 2003, we owned 17 facilities and leased 68 properties. We have pledged our owned properties as collateral under our senior credit facility. After giving effect to the Maslonka acquisition, we owned 20 facilities and leased 71 properties as of September 24, 2003. Most of our properties are used as offices or fleet operations. We believe that our facilities are adequate for our current operations.

Legal Proceedings

On February 7, 2003, Rahsanne Bickmann filed suit in the Travis County District Court in Texas State Court against Maslonka and one employee alleging, among other things, gross negligence and seeking approximately $24.0 million in actual and compensatory damages. The claim arose out of an automobile accident that took place on December 1, 2002 on an interstate highway in Texas and resulted in death. This lawsuit is currently pending before the Travis County District Court.

In January 2004, a judgment was entered against us in the amount of $3.8 million. The judgment upheld allegations by the plaintiff related to a proposed 1999 business acquisition that was never consummated. We intend to appeal this judgment.

From time to time, we are a party to various other lawsuits, claims and other legal proceedings that arise in the ordinary course of our 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 believe any of these proceedings, individually or in the aggregate, would be expected to have a material adverse effect on our results of operations, or of cash flows, or on our financial condition.

MANAGEMENT

The following table sets forth certain information regarding our directors and executive officers as of January 30, 2004.

Name	Age	Position(s)
David R. Helwig	52	Chief Executive Officer and President, Director
Terence R. Montgomery	40	Chief Financial Officer and Senior Vice President
Henry E. Jackson	58	President, Dashiell Corporation and Dacon Corporation
Stephen J. Reiten	54	President and Chief Operating Officer, MJ Electric, Inc.
Paul M. Daily	47	President and Chief Executive Officer, InfraSource Underground Services, Inc.
Lawrence P. Coleman	46	President, Blair Park Services, Inc. and Sunesys, Inc.
John R. Marshall	54	Director, Chairman of the Board
John A. Brayman	57	Director
Christopher S. Brothers	38	Director
Michael P. Harmon	34	Director
Ian A. Schapiro	46	Director

David R. Helwig has been the Chief Executive Officer of InfraSource Services since September 2003 and became a member of our board of directors in October 2003. Mr. Helwig also serves as President of InfraSource Incorporated, a position he has held since April 2002 and as Chief Executive Officer of InfraSource Incorporated, a position he has held since September 2003. Prior to joining InfraSource Services, Mr. Helwig served as President and as Chief Operating Officer of InfraSource Incorporated from April 2002 to September 2003 and as Executive Vice President of Commonwealth Edison from October 2000 through April 2002. Prior to his role as Executive Vice President of Commonwealth

Edison, Mr. Helwig was the Senior Vice President of Exelon Corporation and Commonwealth Edison Nuclear Generation Groups from January 1998 through October 2000. Prior to joining Exelon Corporation and Commonwealth Edison, Mr. Helwig served as General Manager of the General Electric Nuclear Energy global services business from 1997 through 1998. Mr. Helwig also served in various positions for PECO Energy during the previous 23 years of his career. Mr. Helwig received a M.S. in Mechanical Engineering from the University of Pennsylvania and a B.S. in Mechanical Engineering from the University of Delaware and attended Duke University Advanced Management Program.

Terence R. Montgomery has been the Chief Financial Officer and Senior Vice President of InfraSource Services since September 2003. Mr. Montgomery joined InfraSource Incorporated in January 2000 and became its Chief Financial Officer in July 2001. Prior to his role as Chief Financial Officer, Mr. Montgomery served as Senior Vice President of Corporate Development at InfraSource Incorporated and Manager of Corporate Development at PECO Energy from April 1999 to January 2000. Prior to joining InfraSource Incorporated and PECO Energy, Mr. Montgomery was the Chief Financial Officer for Reading Energy Holdings, Inc. Mr. Montgomery started his career with Ernst & Young progressing to Audit Manager. Mr. Montgomery received a B.S. in Accounting from the Pennsylvania State University. Mr. Montgomery is a certified public accountant.

Henry E. Jackson joined InfraSource Incorporated as part of Dashiell Corporation and Dacon Corporation, which were acquired by InfraSource Incorporated in June 2000. Mr. Jackson joined Dashiell in 1970 and has served as its President since 1979. Prior to Dashiell, Mr. Jackson served in the U.S. Army. Mr. Jackson holds a B.B.A. from Sam Houston State University, Huntsville.

Stephen J. Reiten joined InfraSource Incorporated as part of M.J. Electric, Inc., which was acquired by InfraSource Incorporated in December 2000. Mr. Reiten was named as M.J. Electric, Inc.'s President in January 2002 and served as its Chief Operating Officer since 2001. From 1999 to 2001,

Mr. Reiten served as M.J. Electric, Inc.'s Director of Special Projects. From 1994 to 1998, Mr. Reiten served as President of Uihlein Electric, and from 1991 to 1994, Mr Reiten served as M.J. Electric, Inc.'s Operational Vice President. Prior to employment with M.J. Electric, Inc., Mr. Reiten was President of Paul Electric Service from 1979 through 1991. Paul Electric Service was acquired by M.J. Electric, Inc. in 1991. Mr. Reiten received a B.B.A. from St. Norbert College.

Paul M. Daily joined InfraSource Incorporated in December 2002 as the President and Chief Executive Officer of InfraSource Underground Services, Inc. Prior to joining InfraSource Incorporated, Mr. Daily served as Corporate Senior Vice President of Construction at Tyco Infrastructure Services from June 2000 through November 2002. Prior to employment with Tyco Infrastructure Services, from February 1987 through May 2000, Mr. Daily served in various positions with the Wilbros Group, an independent contractor serving the oil and gas industry, culminating in the position of Vice President of Planning & Development. Mr. Daily began his career by serving for 10 years in the U.S. Army, focusing on program management, construction and logistics, after graduating from the United States Military Academy at West Point.

Lawrence P. Coleman joined InfraSource Incorporated as part of Blair Park Services, Inc. and Sunesys, Inc., which were acquired by InfraSource Incorporated in January 2001. Mr. Coleman served as Vice President of Blair Park when he joined in 1987 until being named President in January 2001. Mr. Coleman was named President of Sunesys in January 2001. Prior to his position as President, Mr. Coleman served as Vice President and General Manager of Engineering/Business Development. Before joining Blair Park in 1987, Mr. Coleman was at Atlantic Energy (now Connectiv). Previous to Atlantic Energy, Mr. Coleman held various engineering positions with U.S. Steel Corporation and Haines & Kibblehouse, Inc. Mr. Coleman received a bachelor's degree in Civil Engineering from Drexel University.

John R. Marshall became a member and chairman of our board of directors in December 2003. Since July 2002, Mr. Marshall has been Senior Vice President of Customer Service at the Tennessee Valley Authority, a federal power corporation serving the wholesale electricity needs of 158 municipal and cooperative power distribution companies across seven southeastern states. Prior to joining the Tennessee Valley Authority in 2002, Mr. Marshall was the President of Duquesne Light Company in Pittsburgh, Pennsylvania, from August 1999 through October 2001. Prior to that, Mr. Marshall spent 23 years at Entergy Corporation in various positions in nuclear and fossil power generation, transmission, distribution, customer service and information services. Mr. Marshall holds a B.S. in Electrical Engineering from the University of Arkansas and attended Harvard Business School's Advanced Management Program.

John A. Brayman became a member of our board of directors in December 2003. Since 1998, Mr. Brayman has provided executive leadership consulting services. From 1994 to 1998, Mr. Brayman served as President of Entergy Technology Holding Company. Mr. Brayman served on the board of directors of Utiliquest Holdings Corp. prior to the sale of that company to Dycom Inc. in late 2003 and was a member of the Kidney Cancer Association Board of Directors from 1996 until 2003. He is a magna cum laude graduate of Western Michigan University.

Christopher S. Brothers became a member of our board of directors in May 2003. Mr. Brothers is a Managing Director of Oaktree, a private equity investment management firm that invests in a wide range of public and private securities. Prior to joining Oaktree in 1996, Mr. Brothers worked at the New York headquarters of Salomon Brothers Inc., where he served as a Vice President in the Mergers and Acquisitions group. Prior to 1992, Mr. Brothers was a Manager in the Valuation Services group of Price Waterhouse. Mr. Brothers also serves on the boards of directors of APW Ltd., Cherokee International, National Mobile Television, Inc., Power Measurement, Inc. and Xantrex Technology, Inc.

Michael P. Harmon became a member of our board of directors in May 2003. Mr. Harmon is currently a Senior Vice President of Oaktree and has been a member of its principal investments group

since joining Oaktree in 1997. From 1992 through 1995, Mr. Harmon served as a senior consultant in the Corporate Recovery Consulting Group of Price Waterhouse. Prior to that, he was an analyst in the distressed credits group at Society Corporation. Mr. Harmon holds a B.A. in Economics from McGill University and an M.B.A. from Harvard Business School. Mr. Harmon also serves on the board of directors of APW, Ltd., Cebridge Connections, LLC, Chart Industries, Inc. and Millennium Rail Holdings, LLC.

Ian A. Schapiro became a member of our board of directors in May 2003. Mr. Schapiro became a founding principal of GFI Energy Ventures in June 1995. From November 1985 to June 1995 he was a partner of Venture Associates and of Arthur Andersen & Co. following that firm's acquisition of Venture Associates. From 1984 to 1985, Mr. Schapiro was Chief Financial Officer of a technology company, and before that, a commercial banker with The Bank of California whose portfolio was concentrated in the energy sector. Mr. Schapiro also serves on the board of directors of Cherokee International Corporation and Elgar Holdings, Inc.

Board Composition

Our board of directors consists of seven members. Our board of directors is elected annually, and each director holds office for a one-year term. In addition, in order to ensure compliance with the independence requirements of the New York Stock Exchange, the composition of the board of directors may change prior to and following the offering. It is our intention to be in full and timely compliance with all applicable rules of the New York Stock Exchange and applicable law, including with respect to the independence of our directors. We intend to rely on the "controlled company" exception to the board of directors and committee composition requirements under the rules of the New York Stock Exchange. The "controlled company" exception does not modify the independence requirements for the audit committee, and we intend to comply with the requirements of the Sarbanes-Oxley Act of 2002 and the New York Stock Exchange rules which require that our audit committee be composed of at least three independent directors.

Board Committees

Our board of directors has the authority to appoint committees to perform certain management and administration functions. Our board of directors currently has an audit committee, a compensation committee and a nominating and corporate governance committee.

The audit committee selects, on behalf of our board of directors, an independent public accounting firm to be engaged to audit our financial statements, discusses with the independent auditors their independence, reviews and discusses the audited financial statements with the independent auditors and management and recommends to our board of directors whether the audited financials should be included in our Annual Reports on Form 10-K to be filed with the SEC. Mr. Schapiro is the chairman of our audit committee and the other member of our audit committee is Mr. Marshall. We currently have a vacancy on our audit committee. Our board of directors intends to replace Mr. Schapiro with an independent director and to appoint new independent directors to the audit committee. The audit committee will consist of three members, all of whom will be independent directors within one year following the consummation of this offering.

The compensation committee reviews and either approves, on behalf of our board of directors, or recommends to the board of directors for approval (1) the annual salaries and other compensation of our executive officers and (2) individual stock and stock option grants. The compensation committee also provides assistance and recommendations with respect to our compensation policies and practices and assists with the administration of our compensation plans. Mr. Brayman is the chairman of our compensation committee, and the other members of our compensation committee are Messrs. Brothers and Helwig.

The nominating and corporate governance committee assists our board of directors in fulfilling its responsibilities by identifying and approving individuals qualified to serve as members of our board of directors, selecting director nominees for our annual meetings of stockholders, evaluating the performance of our board of directors, and developing and recommending to our board of directors corporate governance guidelines and oversight with respect to corporate governance and ethical conduct. Mr. Harmon is the chairman of our nominating and corporate governance committee, and the other members of our nominating and corporate governance committee are Messrs. Marshall and Schapiro.

Compensation Committee Interlocks and Insider Participation

Mr. Brothers and Mr. Helwig each served as officers of our company in 2003. Mr. Helwig currently serves as our president and chief executive officer, and Mr. Brothers resigned as an officer in October 2003. Mr. Brayman was not an officer or employee of our company during 2003. We do not expect that any of our executive officers will serve as a director or member of the compensation committee of another entity, one of whose executive officers serves on our board of directors or compensation committee.

Compensation of Directors

For the year ended December 31, 2003, the individuals serving on the board of directors who were not our employees did not receive any compensation so long as they were affiliated with, or had a financial interest in, us.

After consummation of this offering, we intend to pay our non-employee directors an annual retainer of $25,000 as fees related to their service on our board of directors and an additional annual retainer of $5,000 for each committee on which they serve as a member. Any non-employee director who also serves as chairman of the board will receive an annual retainer of $75,000 in lieu of the foregoing retainers.

We intend to promptly reimburse all directors for reasonable expenses incurred to attend meetings of our board of directors or committees. In addition, non-employee directors are eligible to receive an option grant to purchase 915 shares under our 2003 Omnibus Stock Incentive Plan, which following the offering, we will replace with our 2004 Omnibus Stock Incentive Plan. A non-employee director who serves as chairman of the board is eligible to receive a grant of an option for 1,830 shares under the same plan.

Executive Compensation

The following table sets forth all compensation received during the year ended December 31, 2003 by our Chief Executive Officer and our four other most highly compensated executives whose total compensation exceeded $100,000 in such fiscal year. These five officers are referred to as the "named executive officers" in this prospectus. The compensation described in this table does not include medical, group life insurance, or other benefits which are available generally to all of our salaried employees.

Summary Compensation Table

Name and Principal Position(s)	Year	Salary ($)	Bonus ($)(1)	Other Annual Compensation ($)(2)	Securities Underlying Options (#)	All Other Compensation($)
David R. Helwig *Chief Executive Officer and President*	2003	387,600	225,000(3)	168,013(4)	22,875	6,000(5)
Terence R. Montgomery *Chief Financial Officer and Senior Vice President*	2003	225,000	147,500(3)	92,307(4)	10,523	663,621(6)
Henry E. Jackson *President, Dashiell Corporation and Dacon Corporation*	2003	197,948	350,000(7)	9,768	7,778	6,000(5)

Name and Principal Position(s)	Year	Salary ($)	Bonus ($)(1)	Other Annual Compensation ($)(2)	Securities Underlying Options (#)	All Other Compensation($)
Stephen J. Reiten *President and Chief Operating Officer, MJ Electric, Inc.*	2003	190,000	273,750(8)		7,778	20,000(9)
Paul M. Daily *President and Chief Executive Officer, InfraSource Underground Services, Inc.*	2003	220,000	112,500(3)	54,199(4)	9,608(10)	5,542(5)

(1) Does not include bonuses for 2003, as such amounts have not yet been finally determined.

(2) For each named executive officer, other than Messrs. Helwig, Montgomery and Daily, the aggregate dollar amount of perquisites or other personal benefits did not exceed the lesser of (a) $50,000 and (b) 10% of the total salary and bonus reported by such named executive officer for such fiscal year.

(3) Represents payment of 75% of the signing bonuses received in connection with the Exelon Transaction as set forth in each named executive officer's management agreement. The remaining 25% is payable in accordance with the terms of the applicable agreement at expiration. Amounts for Mr. Montgomery also include an additional cash bonus of $35,000.

(4) Represents amounts to be reimbursed for the payment of taxes incurred in connection with payments relating to the Exelon Transaction.

(5) Represents matching 401(k) plan contributions.

(6) Represents matching 401(k) plan contribution of $6,000 and a change in control payment of $657,621 received in connection with the Exelon Transaction.

(7) Represents a retention payment of $200,000 and a payment of $150,000 for 75% of Mr. Jackson's signing bonus received in connection with the Exelon Transaction.

(8) Represents a retention payment of $150,000 and a payment of $123,750 for 75% of Mr. Reiten's signing bonus received in connection with the Exelon Transaction.

(9) Represents matching 401(k) plan contribution of $6,000 and a profit sharing contribution of $14,000.

(10) This amount does not reflect the amendment to cancel 1,168 shares subject to Mr. Daily's time-based option.

Option Grants in the Last Fiscal Year

The following table sets forth information regarding stock options we granted during the fiscal year ended December 31, 2003 to the named executive officers. Potential realizable values are net of exercise price before taxes, and are based on the assumption that our common stock appreciates at the annual rate shown, compounded annually, from the date of grant until the expiration of the ten-year term. These numbers are calculated based on SEC requirements and do not reflect our projection or estimate of future stock price growth.

	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term	
Name	Number of Securities Underlying Options Granted(1)	Percent of Total Options Granted to Employees During the Fiscal Year Ended December 31, 2003	Exercise Price Per Share	Expiration Date	5%	10%
David R. Helwig	22,875(2)	26.18%	$ 100.00	09/24/2013	$ 1,438,596	$ 3,645,686
Terence R. Montgomery	10,523(3)(4)	12.04%	$ 100.00	09/24/2013	$ 661,786	$ 1,677,095
Henry E. Jackson	7,778(3)(5)	8.90%	$ 100.00	09/24/2013	$ 489,154	$ 1,239,613
Stephen J. Reiten	7,778(3)(5)	8.90%	$ 100.00	09/24/2013	$ 489,154	$ 1,239,613
Paul M. Daily	9,608(3)(6)(7)	10.99%	$ 100.00	09/24/2013	$ 604,242	$ 1,531,268

(1)
The options granted to each of the named executive officers below may be exercised prior to vesting, subject to the named executive officer entering into a restricted stock purchase agreement with us.

(2)
5,490 of the shares subject to Mr. Helwig's options vest upon the earlier of attainment of the performance goals set forth in his option agreement or seven years from the date of grant; provided that in the event of a change of control, Mr. Helwig's options may become immediately vested with respect to all or a portion of the option shares. The remaining 17,385 shares subject to Mr. Helwig's options vest in four equal installments on each anniversary of the date of grant, subject to the change of control provisions described in the immediately preceding sentence.

(3)
3,203 of the shares subject to each of Messrs. Montgomery, Jackson and Reiten's options vest upon the earlier of attainment of the performance goals set forth in their option agreements or seven years from the date of grant; provided that in the event of a change of control, these options may become immediately vested with respect to all or a portion of the option shares.

(4)
The remaining 7,320 shares subject to Mr. Montgomery's options vest in four equal installments on each anniversary of the date of grant, subject to the change of control provisions described for Mr. Helwig in note (2) above.

(5)
The remaining 4,575 shares subject to each of Messrs. Jackson and Reiten's options vest in four equal installments on each anniversary of the date of grant, subject to the change of control provisions described for Mr. Helwig in note (2) above.

(6)
The remaining 6,405 shares subject to Mr. Daily's options vest in four equal installments on each anniversary of the date of grant, subject to the change of control provisions described for Mr. Helwig in note (2) above.

(7)

This amount does not reflect the amendment to cancel 1,168 shares subject to the time-based option described in footnote 6 above agreed to by Mr. Daily on January 27, 2004.

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year End Option Values

The following table sets forth information on unexercised options to purchase our common stock granted to the named executive officers and held by them as of December 31, 2003. No options were exercised during fiscal year 2003.

Name	Shares Acquired on Exercise	Value Realized	Number of Securities Underlying Unexercised Options at December 31, 2003		Value of Unexercised In-The-Money Options at December 31, 2003(1)	
			Vested	Unvested	Vested	Unvested
David R. Helwig(2)			0	22,875		
Terence R. Montgomery(3)			0	10,523		
Henry E. Jackson			0	7,778		
Stephen J. Reiten			0	7,778		
Paul M. Daily(4)			0	9,608(5)		

(1) There was no public trading market for our common stock as of December 31, 2003. Accordingly, these values have been calculated based on our board of directors' determination of the fair market value of the underlying shares as of December 31, 2003 of $ per share, less the applicable exercise price per share, multiplied by the underlying shares.

(2) Subsequent to December 31, 2003, Mr. Helwig acquired 17,500 shares of our common stock pursuant to the exercise of options and entered into a restricted stock purchase agreement with us.

(3) Subsequent to December 31, 2003, Mr. Montgomery acquired 2,000 shares of our common stock pursuant to the exercise of options and entered into a restricted stock purchase agreement with us.

(4) Subsequent to December 31, 2003, Mr. Daily acquired 250 shares of our common stock pursuant to the exercise of options and entered into a restricted stock purchase agreement with us.

(5) This amount does not reflect the amendment to cancel 1,168 shares subject to Mr. Daily's time-based option.

Stock Option Plans

2003 Omnibus Stock Incentive Plan. The 2003 Omnibus Stock Incentive Plan was adopted by our board of directors on September 23, 2003 and approved by our stockholders on September 23, 2003, which was subsequently amended, for the benefit of our officers, directors, employees, consultants and advisors. This plan provides for the grant of stock options and restricted stock. An award may consist of one arrangement or benefit or two or more of them in tandem or in the alternative. An aggregate of 96,500 shares of common stock is reserved for issuance under this plan. As of December 31, 2003, we had granted options to purchase an aggregate of 90,118 shares of common stock under this plan. We will not be granting awards pursuant to this plan following the offering.

In the event of any merger, reorganization, consolidation, recapitalization, stock dividend or other change in corporate structure affecting our common stock, an equitable substitution or proportionate adjustment shall be made in (i) the aggregate number of shares reserved for

issuance under this plan, (ii) the kind, number and option price of shares subject to outstanding options granted under this plan, and (iii) the kind, number and purchase price of shares subject to outstanding awards of restricted stock as may be determined in good faith by the administrator of the plan. The administrator may make such other substitutions or adjustments as may be determined in good faith and may provide for the cancellation of any outstanding awards and payment in cash or other property therefor.

2004 Omnibus Stock Incentive Plan. The 2004 Omnibus Stock Incentive Plan was adopted by our board of directors on , 2004, and approved by our stockholders on , 2004, for the benefit of our officers, directors, employees, consultants and advisors. An aggregate of shares of common stock is reserved for issuance under this plan, plus an annual increase to be added automatically on the first day of our fiscal year (beginning in 2005) equal to the lesser of (i) shares or (ii) of the number of outstanding shares on the last day of the immediately preceding fiscal year. This plan provides for the issuance of stock-based incentive awards, including stock options, stock appreciation rights, restricted stock, deferred stock, and performance shares. An award may consist of one arrangement or benefit or two or more of them in tandem or in the alternative. Under this plan, awards covering no more than shares may be granted to any participant in any one year.

This plan will initially be administered by our board of directors, although it may be administered by either our board of directors or any committee of our board of directors (the board or committee being sometimes referred to as the "plan administrator"). The plan administrator may interpret this plan and may prescribe, amend and rescind rules and make all other determinations necessary or desirable for the administration of this plan. This plan permits the plan administrator to select the officers, directors, key employees, advisors and consultants (including directors who are also employees) who will receive awards, to determine the terms and conditions of those awards, including but not limited to the exercise price, the number of shares subject to awards, the term of the awards, the vesting schedule applicable to awards, and to amend the terms and conditions of outstanding awards, including, but not limited to reducing the exercise price of such awards, extending the exercise period of such awards and accelerating the vesting schedule of such awards.

We may issue two types of stock options under this plan: incentive stock options ("ISOs"), which are intended to qualify under the Code, and non-qualified stock options ("NSOs"). The option price of each ISO granted under this plan must be at least equal to the fair market value of a share of common stock on the date the ISO is granted.

In connection with this offering, each of our non-employee directors will receive an initial grant of options to purchase shares of common stock at an exercise price equal to . Each of our non-employee directors elected to the board of directors for the first time thereafter will receive, upon such election, an initial grant of options to purchase shares of common stock at fair market value on the date of grant. In addition, each of our non-employee directors will receive an annual grant of options to purchase shares for each year during such director's term. All of the foregoing options will have a 10 year term and will vest over a year period. The foregoing awards of options will be granted automatically under this plan.

Stock appreciation rights ("SARs") may be granted under this plan either alone or in conjunction with all or part of any stock option granted under this plan. A SAR granted under this plan entitles its holder to receive, at the time of exercise, an amount per share equal to the excess of the fair market value (at the date of exercise) of a share of common stock over a specified price fixed by the plan administrator.

Restricted stock, deferred stock and performance shares may be granted under this plan. The plan administrator will determine the purchase price, performance period and performance goals, if any, with respect to the grant of restricted stock, deferred stock and performance shares. Participants with restricted stock and preferred shares generally have all of the rights of a stockholder. With respect to deferred stock, during the deferral period, subject to the terms and conditions imposed by the plan administrator, the deferred stock units may be credited with dividend equivalent rights. If the performance goals and other restrictions are not attained, the participant will forfeit his or her shares of restricted stock, deferred stock and/or performance shares.

In the event of a merger, consolidation, reorganization, recapitalization, stock dividend or other change in corporate structure affecting the number of issued shares of common stock, the plan administrator may make an equitable substitution or proportionate adjustment in the number and type of shares authorized by this plan, the number and type of shares covered by, or with respect to which payments are measured under, outstanding awards and the exercise prices. In addition, the plan administrator, in its discretion, may terminate all awards with payment of cash or in-kind consideration.

The terms of this plan provide that the plan administrator may amend, suspend or terminate this plan at any time, provided, however, that some amendments require approval of our stockholders. Further, no action may be taken which adversely affects any rights under outstanding awards without the holder's consent.

2004 Employee Stock Purchase Plan. In , 2004, the board of directors adopted and our stockholders approved our 2004 Employee Stock Purchase Plan (the "Purchase Plan") which allows eligible employees to purchase our common stock at a discount from fair market value. A total of shares of common stock has been reserved for issuance under the Purchase Plan, plus an annual increase to be added automatically on the first day of our fiscal year (beginning 2005) equal to the lesser of (i) shares or (ii) of the number of outstanding shares on the last day of the immediately preceding fiscal year.

The Purchase Plan will be administered by our board of directors, or a specifically designated committee of the board of directors (this board or committee is sometimes referred to as the "plan administrator"). The plan administrator may interpret the Purchase Plan and, subject to its provisions, may prescribe, amend and rescind rules and make all other determinations necessary or desirable for the administration of the Purchase Plan.

The Purchase Plan contains six-month offering periods that commence on the first trading day on or after and of each year and end on the last trading day prior to the commencement of the next offering period; provided, however, that the first offering period under the Purchase Plan will commence upon the completion of the Offering and end on the trading on or before .

Employees are eligible to participate if they are employed by us or any participating subsidiary for at least 20 hours per week and more than five months in any calendar year. However, an employee may not be granted the right to purchase stock under the Purchase Plan if the employee (i) immediately after the grant would own stock possessing 5% or more of the total combined voting power or value of all classes of our capital stock, or (ii) holds rights to purchase stock under any of our employee stock purchase plans that together accrue at a rate which exceeds $25,000 worth of stock for each calendar year. The Purchase Plan permits each employee to purchase common stock through payroll deductions of up to % of the employee's "compensation." Compensation is defined as the employee's base salary, exclusive of any bonus, fee, overtime pay, severance pay, expenses or other special emolument or any credit or benefit under any of our employee plans. The maximum number of shares an employee may purchase during a single offering period is shares.

Amounts deducted and accumulated by the employee are used to purchase shares of common stock at the end of each offering period. The price of the common stock offered under the Purchase Plan is an amount equal to 85% of the lower of the fair market value of the common stock at the beginning or at the end of each offering period. Employees may end their participation in the Purchase Plan at any time during an offering period, in which event, any amounts withheld through payroll deductions and not otherwise used to purchase shares will be returned to them. Participation ends automatically upon termination of employment with us.

Rights granted under the Purchase Plan are not transferable by an employee other than by will or the laws of descent and distribution. The Purchase Plan provides that, in the event of a merger,

consolidation, reorganization, recapitalization, stock dividend or other change in corporate structure affecting the number of issued shares of our common stock, the plan administrator will conclusively determine the appropriate equitable adjustments. The Purchase Plan will terminate in 2014. Our board of directors has the authority to amend or terminate the Purchase Plan, except that no amendment or termination may adversely affect any outstanding rights under the Purchase Plan.

InfraSource Incorporated Deferred Compensation Plan. We sponsor the InfraSource Incorporated Deferred Compensation Plan, a non-tax-qualified plan in which employees may participate if such employees are: (i) employed by InfraSource Incorporated at a director level or above, (ii) employed by a subsidiary corporation at a Vice President level or above or (iii) employed by a subsidiary corporation below the Vice President level if strong evidence exists that the employee is included in the subsidiary's senior management team. The Deferred Compensation Plan allows participants to elect to make pre-tax deferrals of up to 75% of their annual base salary and 100% of their bonuses in coordination with amounts contributed to the qualified 401(k) plan. In addition, each participant may elect to defer an excess amount equal to any amount distributed or paid to the participant from our 401(k) plan during the calendar year to correct a failure to satisfy the nondiscrimination requirements of the Code. The Deferred Compensation Plan allows us to make matching contributions with respect to participants who elect to defer a portion of their annual base salary. A participant's interest in his matching contributions vest in accordance with the vesting schedule set forth in our 401(k) plan. A participant's deferrals and matching contributions, if any, are credited to a bookkeeping account and accrue earnings and losses as if held in certain investments selected by the participant. Amounts credited to a participant's account will be distributed upon the earlier of the participant's (i) retirement or (ii) separation from service, provided, however, if the separation of service occurs prior to the participant's attainment of age 65, the distribution may be delayed until the participant has attained 65 if the participant has timely elected to so

defer such payment. Our Deferred Compensation Plan is unfunded, and participants are unsecured general creditors of InfraSource Incorporated as to their accounts.

Employment Agreements

We have entered into employment agreements with each of Messrs. Helwig, Montgomery, Jackson, Reiten and Daily. Each of the agreements became effective on September 24, 2003 and provide for each officer's at-will employment that may be terminated at any time for any reason at our or the officer's option.

Under each officer's agreement, each is entitled to (i) an annual base salary that is reviewed annually and (ii) a signing bonus. Mr. Helwig is entitled to receive a base salary of $387,600 and a signing bonus of $300,000; Mr. Montgomery is entitled to receive a base salary of $225,000 and a signing bonus of $150,000; Mr. Reiten is entitled to receive a base salary of $190,000 and a signing bonus of $165,000; Mr. Daily is entitled to receive a base salary of $220,000 and a signing bonus of $150,000; and Mr. Jackson is entitled to receive a base salary of $250,000 and a signing bonus of $200,000. Seventy-five percent of the signing bonus for each officer has already been paid in cash or shares of our common stock, as elected by the officer, and the remaining 25% of the signing bonus will be paid if the officer is employed by us on September 23, 2005. For those officers who elected to have their signing bonus paid in shares, we agreed to reimburse them in respect of the taxes incurred on the initial signing bonus shares and as well as any taxes on the tax reimbursement. In addition, each officer is entitled to participate in our Annual Incentive Compensation Program and has been granted an option to purchase shares of our common stock.

In the event the officer's employment is terminated by us for cause or terminated by the officer without good reason, he will be entitled to receive his accrued base salary and benefits through the termination date. In the event the officer's employment is terminated as a result of the officer's death or disability, the officer or his estate will be entitled to receive his accrued base salary and benefits

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through the date of termination and any prorated share (based on the period of actual employment) of any bonus under the Annual Incentive Compensation Program that the officer would have been entitled to had he worked the full year during which the termination occurred.

In the event the officer's employment is terminated on or prior to September 24, 2005, by the officer for good reason or by us for any reason other than the officer's death or disability or other than for cause, in exchange for a release as to any and all claims the officer may have against us and agreement not to compete until the second anniversary of the date of his employment termination, the officer will be entitled to the following severance benefits: (i) any unpaid portion of the officer's signing bonus, (ii) an amount equal to the prorated share of his bonus under the Annual Incentive Compensation Program, (iii) an amount equal to two times the sum of his base salary at the time of termination and target bonus under the Annual Incentive Compensation Program for the year in which such termination occurred, not to exceed $550,000 in the aggregate ($800,000 for Mr. Helwig), and (iv) medical and health insurance benefits for up to twenty-four months. The officer will also be entitled, in exchange for a release as to any and all claims the officer may have against us and an agreement not to compete until the second anniversary of the date of his employment termination, to such severance benefits if, in connection with a change of control transaction or within two years thereafter, the officer's employment is terminated by the officer for good reason or by us for any reason other than the officer's death or disability or other than for cause.

In the event the officer's employment is terminated following September 24, 2005 by the officer for good reason or by us for any reason other than the officer's death or disability or other than for cause, in exchange for a release as to any and all claims the officer may have against us and an agreement not to compete until the second anniversary of the date of his employment termination, the officer will be entitled to the following severance benefits: (i) an amount equal to the prorated share of his bonus under the Annual Incentive Compensation Program, (ii) an amount equal to two times the sum of his base salary at the time of termination and (iii) medical and health insurance benefits for up to twenty-four months.

Each of the officers' employment agreements contains confidentiality, non-competition and non-solicitation provisions effective through the term of the agreement and for a period of two years thereafter if the officer is entitled to severance benefits described above. In addition, in the event the officer's employment is terminated on or prior to September 24, 2005, by the officer for good reason, he agrees to be bound by the non-competition provisions for a period of one year in exchange for up to one year's health and insurance coverage. Following the anniversary of the termination date, we may elect to extend the non-competition period for an additional year by (i) paying the officer the difference between his base salary at the time his termination and the option spread value of his vested shares at the time of his termination and (ii) providing health and insurance coverage for up to an additional year. In the event the officer's employment is terminated following September 24, 2005, by the officer for good reason, we may elect to extend the non-competition period for up to two years by (i) paying the officer the difference between two times his base salary at the time his termination and the option spread value of the vested shares at the time of his termination and (ii) providing health and insurance coverage for up to an additional two years.

On January 27, 2004, Mr. Daily entered into an amendment to cancel 1,168 shares subject to his time-based option agreement.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Exelon Transaction

In May 2003, our Principal Stockholders, which are investment funds managed by Oaktree and GFI, formed our company to acquire InfraSource Incorporated and certain of its subsidiaries from Exelon Enterprises Company, LLC. The transaction was completed on September 24, 2003. The acquisition was financed with:

- borrowings of $140 million by InfraSource Incorporated under our senior credit facility;
- equity issuances by us of 907,125 shares of our common stock at a per share purchase price of $100, for an aggregate purchase price of $90.7 million, to our Principal Stockholders;
- equity issuances by us of 7,875 shares of our common stock at a per share purchase price of $100, for an aggregate purchase price of $787,500, to three of our executive officers, David R. Helwig, Terence R. Montgomery and Paul M. Daily; and
- the issuance by us of a $29 million subordinated promissory note, payable to Exelon.

In December 2003, the subordinated promissory note payable to Exelon was increased to $30 million upon completion of our acquisition of an additional entity from Exelon.

For a discussion of related party transactions prior to the Exelon Transaction, see Note 11 to InfraSource Incorporated's consolidated financial statements contained elsewhere in this prospectus.

Stockholders' Agreement

In September 2003, we and certain holders of our common stock became parties to a stockholders' agreement. Upon closing of the Maslonka transaction, the Maslonka sellers were added as parties. This stockholders' agreement gives our Principal Stockholders a right of first refusal if any existing stockholder proposes to transfer its common stock. Upon the closing of this offering, most of the provisions of the stockholders' agreement, including those providing for the right of first refusal, will automatically terminate.

Volume Agreement

In September 2003, in connection with the Exelon Transaction, we entered into a volume agreement with Exelon Enterprises Company, LLC, pursuant to which we are assured a continuing level of business from Exelon through 2006, at approximately the same levels as in 2003. Exelon may terminate this volume agreement in the event any contract pursuant to which we provide services to Exelon and its affiliates is terminated due to a material breach by us.

Registration Rights Agreement

We intend to enter into a registration rights agreement with our Principal Stockholders and the sellers in the Maslonka acquisition. Subject to certain conditions, the registration rights agreement will require us to register their shares with the Securities and Exchange Commission so that those shares may be publicly resold or to include their shares in any registration statement we file. The sellers in the Maslonka acquisition will not be entitled to demand registration rights. The underwriters of any underwritten offering will have the right to limit the number of shares to be included in the filed registration statement. In addition, we will pay all expenses (other than underwriting discounts and commissions) on behalf of any selling stockholder participating in a demand or piggyback registration pursuant to the registration right agreement, including expenses of the selling stockholders participating in this offering.

Maslonka Acquisition Financing

On January 27, 2004, we acquired Maslonka. We financed a majority of the cash portion of the Maslonka acquisition consideration with:

- available cash;
- equity issuances by us of 272,577 shares of our common stock at a per share purchase price of $100, for an aggregate purchase price of $27.2 million, to our Principal Stockholders; and
- equity issuances by us of 1,717 shares of our common stock at a per share price of $100, for an aggregate purchase price of $0.17 million, to two of our executive officers, David R. Helwig and Paul M. Daily.

Maslonka Performance Bond

In connection with the Maslonka acquisition, our Principal Stockholders secured the issuance of $10.0 million letters of credit. These letters of credit were provided as credit support to enable Maslonka to secure a performance bond on a new project award. After consummation of the Maslonka acquisition, we will cause the letters of credit to be terminated. We have agreed to pay an aggregate fee of $200,000 to the Principal Stockholders for providing this security.

Maslonka Lease

We lease our Maslonka headquarters in Mesa, Arizona and our Maslonka Texas field office in San Angelo, Texas from EC Source, LLC, which is wholly-owned by Martin Maslonka. Our leases for these two properties will run through February 2009, subject to a five-year renewal option. Pursuant to these leases, we will incur total annual lease payments of $168,000.

Maslonka Promissory Note

Maslonka is the issuer of a $1.0 million installment promissory note in favor of Martin Maslonka. The promissory note bears interest at an annual rate of 8.5%, and interest is payable in equal monthly payments of $7,083. The promissory note matures on June 30, 2006.

Coleman Properties Lease

We lease office and warehouse space from Coleman Properties of which Lawrence Coleman, President of Blair Park Services, Inc. and Sunesys, Inc., and his brother are general partners. Our annual lease payments are approximately $86,000.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table shows information with respect to the beneficial ownership of our common stock as of December 31, 2003, and as adjusted to reflect the sale of common stock being offered in this offering, for:

- each person, or group of affiliated persons, known to us to own beneficially 5% or more of our outstanding common stock;
- each of our directors;

each our named executive officers;

all of our directors and officers as a group; and

each selling stockholder.

Percentage ownership before the offering is based on 915,000 shares of common stock outstanding as of December 31, 2003, subject to the assumptions set forth below. Percentage ownership after the offering is based on shares of common stock outstanding immediately after the closing of this offering. Beneficial ownership is determined in accordance with the rules of the SEC. Except as indicated by footnote and subject to community property laws where applicable, to our knowledge, the persons named in the table below have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options held by that person that are exercisable as of December 31, 2003, or will become exercisable within 60 days thereafter are deemed outstanding, while such shares are not deemed outstanding for purposes of computing percentage ownership of any other person.

Name of Beneficial Owner(1)	Shares Beneficially Owned Prior to Offering		Maximum Number of Shares Offered in this Offering	Percentage Ownership After this Offering	Maximum Number of Shares being Sold in the Over-Allotment Option, if Any	Shares Beneficially Owned After the Offering if the Underwriters' Over-Allotment Option is Exercised in Full	
	Number of Shares	Percent				Number of Shares	Percentage Ownership
Selling stockholders:							
OCM/GFI Power Opportunities Funds, L.P.	453,563	49.6%					
OCM Principal Opportunities Fund II, L.P.	453,562	49.6%					
Greater than 5% Stockholders, Directors and Named Executive Officers:							
Oaktree Capital Management, LLC(2)(3)(4)	907,125	99.2%					
GFI Energy Ventures LLC(5)(6)(7)	453,563	49.6%					
Christopher S. Brothers(4)(8)	907,125	99.2%					
Ian A. Schapiro(7)(9)	453,563	49.6%					
Michael P. Harmon(4)(10)	907,125	99.2%					
David R. Helwig(11)	27,875	3.0%					
Terence R. Montgomery(12)	12,648	1.4%					
Paul M. Daily(13)(14)	10,358	1.1%					
Henry E. Jackson(15)	7,778	*					
Stephen J. Reiten(16)	7,778	*					
John R. Marshall(17)	1,830	*					
John A. Brayman(18)	915	*					
All executive officers and directors as a group (11 persons)(19)	915,000	100%					

* Represents beneficial ownership of less than 1% of the outstanding shares of common stock.

(1) Unless otherwise indicated, the address for each of the individuals listed below is: c/o InfraSource Services, Inc., 500 West Dutton Mill Road, Aston, Pennsylvania 19014.

(2)

Includes: (i) 453,562 shares of common stock owned by OCM/GFI Power Opportunities Fund, L.P. ("Power Fund"), (ii) 453,562 shares of common stock owned by OCM Principal Opportunities Fund, L.P. ("POF"). Excludes (i) 135,430 shares of common stock issued to Power Fund to fund a portion of the cash consideration in the Maslonka acquisition and (ii) 135,430 shares of common stock issued to POF to fund a portion of the cash consideration in the Maslonka acquisition.

(3)

Oaktree is the co-general partner of Power Fund and the general partner of POF. By virtue of its relationship to POF and Power Fund, Oaktree may be deemed to have or share beneficial ownership of shares owned by Power Fund and POF. Oaktree expressly disclaims beneficial ownership of such common stock held by POF and Power.

(4)

c/o Oaktree Capital Management, LLC, 333 South Grand Avenue, Los Angeles, California 90071.

(5)

Includes 453,563 shares of common stock owned by Power Fund. Excludes 135,430 shares of common stock issued to Power Fund to fund a portion of the cash consideration in the Maslonka acquisition.

(6)

GFI is the co-general partner of Power Fund. By virtue of its relationship to Power Fund, GFI may be deemed to have or share beneficial ownership of shares owned by Power Fund. GFI expressly disclaims beneficial ownership of such common stock held by Power.

(7)

c/o GFI Energy Ventures, LLC, 11611 San Vicente Boulevard, Suite 710, Los Angeles, California 90049.

(8)

By virtue of being a Managing Director of Oaktree, Mr. Brothers may be deemed to have or share beneficial ownership of shares of our common stock beneficially owned by Oaktree. Mr. Brothers expressly disclaims beneficial ownership of such common stock, expect to the extent of his pecuniary interest therein.

(9)

By virtue of being a founding principal of GFI, Mr. Schapiro may be deemed to have or share beneficial ownership of shares of our common stock beneficially owned by FGI. Mr. Schapiro expressly disclaims beneficial ownership of such common stock, except to the extent of his direct pecuniary interest therein.

(10)

By virtue of being a Senior Vice President of Oaktree, Mr. Harmon may be deemed to have or share beneficial ownership of shares of our common stock beneficially owned by Oaktree. Mr. Harmon expressly disclaims beneficial ownership of such common stock, except to the extent of his direct pecuniary interest therein.

(11)

Includes (i) 22,875 shares of common stock subject to options that may be exercised prior to vesting and (ii) 5,000 shares of common stock owned by Mr. Helwig. Subsequent to December 31, 2003, Mr. Helwig acquired 17,500 shares of our common stock pursuant to the exercise of options, which shares of common stock are subject to repurchase. Excludes 1,493 shares of common stock issued to Mr. Helwig to fund a portion of the cash consideration in the Maslonka acquisition.

(12)

Includes (i) 10,523 shares of common stock subject to options that may be exercised prior to vesting and (ii) 2,125 shares of common stock owned by Mr. Montgomery. Subsequent to December 31, 2003, Mr. Montgomery acquired 2,000 shares of our common stock pursuant to the exercise of options, which shares of common stock are subject to repurchase.

(13)

Includes (i) 9,608 shares of common stock subject to options that may be exercised prior to vesting and (ii) 750 shares of common stock owned by Mr. Daily. Subsequent to December 31, 2003, Mr. Daily acquired 250 shares of our common stock pursuant to the exercise of options, which shares of common stock are subject to repurchase. Excludes 224 shares of common stock issued to Mr. Daily to fund a portion of the cash consideration in the Maslonka acquisition.

(14)

This amount does not reflect the amendment to cancel 1,168 shares subject to Mr. Daily's time-based options.

(15)

Includes 7,778 shares of common stock subject to options that may be exercised prior to vesting.

(16)

Includes 7,778 shares of common stock subject to options that may be exercised prior to vesting.

(17)

Includes 1,830 shares of common stock subject to options that may be exercised prior to vesting.

(18)

Includes 915 shares of common stock subject to options that may be exercised prior to vesting.

(19) Excludes:

(i) 135,430 shares of common stock issued to Power Fund to fund a portion of the cash consideration in the Maslonka acquisition, for which each of Messrs. Brothers, Harmon and Schapiro expressly disclaims beneficial ownership;

(ii) 135,430 shares of common stock issued to POF to fund a portion of the cash consideration in the Maslonka acquisition, for which each of Messrs. Brothers and Harmon expressly disclaims beneficial ownership;

(iii) 1,493 shares of common stock issued to Mr. Helwig to fund a portion of the cash consideration in the Maslonka acquisition;

(iv) 224 shares of common stock issued to Mr. Daily to fund a portion of the cash consideration in the Maslonka acquisition;

(v) 41,583 shares of common stock subject to options that may be exercised prior to vesting; and

(vi) 19,750 shares of common stock issued pursuant to the exercise of options, which shares of common stock are subject to repurchase.

DESCRIPTION OF CAPITAL STOCK

The following is a description of our capital stock and the material provisions of our certificate of incorporation, bylaws and other agreements to which we and our stockholders are parties, in each case upon the closing of this offering. The following is only a summary and is qualified by applicable law and by the provisions of the certificate of incorporation, bylaws and other agreements, copies of which are available as set forth under the caption entitled "Where You Can Find More Information."

General

As of December 31, 2003, shares of our common stock were issued and outstanding, and there were approximately five holders of our common stock. Following this offering, our certificate of incorporation will provide that our authorized capital stock will consist of an aggregate of shares of common stock, par value $0.001 per share, and shares of preferred stock, par value $0.001 per share, and we will have an aggregate of shares of common stock issued and outstanding and no shares of preferred stock issued and outstanding. Each such outstanding share of our common stock will be validly issued, fully paid and non-assessable. In addition, at such time, shares of our common stock will be reserved for issuance upon exercise of outstanding options.

Common Stock

Voting. The holders of our common stock are entitled to one vote for each outstanding share of common stock owned by that stockholder on every matter properly submitted to the stockholders for their vote. Stockholders are not entitled to vote cumulatively for the election of directors.

Dividend Rights. Subject to the dividend rights of the holders of any outstanding series of preferred stock, holders of our common stock are entitled to receive ratably such dividends and other distributions of cash or any other right or property as may be declared by our board of directors out of our assets or funds legally available for such dividends or distributions.

Liquidation Rights. In the event of any voluntary or involuntary liquidation, dissolution or winding up of our affairs, holders of our common stock would be entitled to share ratably in our assets that are legally available for distribution to stockholders after payment of liabilities. If we have any preferred stock outstanding at such time, holders of the preferred stock may be entitled to distribution and/or liquidation preferences. In either such case, we must pay the applicable distribution to the holders of our preferred stock before we may pay distributions to the holders of our common stock.

Conversion, Redemption and Preemptive Rights. Holders of our common stock have no conversion, redemption, preemptive, subscription or similar rights.

Preferred Stock

Following this offering, our certificate of incorporation will authorize our board of directors, subject to limitations prescribed by law, to issue up to shares of preferred stock in one or more series without further stockholder approval. The board will have discretion to determine the rights, preferences, privileges and restrictions of, including, without limitation, voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences of, and to fix the number of shares of, each series of our preferred stock. Accordingly, our board of directors could authorize the issuance of shares of preferred stock with terms and conditions that could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our common stock or otherwise be in their best interest.

Limitations on Directors' Liability

Our certificate of incorporation and bylaws contain provisions indemnifying our directors and officers to the fullest extent permitted by law. Prior to the completion of this offering, we intend to enter into indemnification agreements with each of our directors which may, in some cases, be broader than the specific indemnification provisions contained under Delaware law.

In addition, as permitted by Delaware law, our certificate of incorporation provides that no director will be liable to us or our stockholders for monetary damages for breach of certain fiduciary duties as a director. The effect of this provision is to restrict our rights and the rights of our stockholders in derivative suits to recover monetary damages against a director for breach of certain fiduciary duties as a director, except that a director will be personally liable for:

- any breach of his or her duty of loyalty to us or our stockholders;
- acts or omissions not in good faith which involve intentional misconduct or a knowing violation of law;
- the payment of dividends or the redemption or purchase of stock in violation of Delaware law; or
- any transaction from which the director derived an improper personal benefit.

This provision does not affect a director's liability under the federal securities laws.

To the extent that our directors, officers and controlling persons are indemnified under the provisions contained in our certificate of incorporation, Delaware law or contractual arrangements against liabilities arising under the Securities Act, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Provisions of Our Certificate of Incorporation and Bylaws and Delaware Law that May Have an Anti-Takeover Effect

Certificate of Incorporation and Bylaws

Certain provisions in the our certificate of incorporation and bylaws summarized below may be deemed to have an anti-takeover effect and may delay, deter or prevent a tender offer or takeover attempt that a stockholder might consider to be in its best interests, including attempts that might result in a premium being paid over the market price for the shares held by stockholders.

Following the completion of this offering, our certificate of incorporation and bylaws will contain provisions that will permit us to issue, without any further vote or action by the stockholders, up to shares of preferred stock in one or more series and, with respect to each such series, to fix the number of shares constituting the series and the designation of the series, the voting powers (if any) of the shares of the series, and the preferences and relative, participating, optional and other special rights, if any, and any qualifications, limitations or restrictions, of the shares of such series.

The foregoing proposed provisions of our certificate of incorporation and bylaws could discourage potential acquisition proposals and could delay or prevent a change in control. These provisions are intended to enhance the likelihood of continuity and stability in the composition of the board of directors and in the policies formulated by the board of directors and to discourage certain types of transactions that may involve an actual or threatened change of control. These provisions are designed to reduce our vulnerability to an unsolicited acquisition proposal. The provisions also are intended to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and, as a consequence, they also may inhibit fluctuations in the market price of our common stock that could result from actual or

rumored takeover attempts. Such provisions also may have the effect of preventing changes in our management.

Delaware Takeover Statute

We are subject to Section 203 of the Delaware General Corporation Law, which, subject to certain exceptions, prohibits a Delaware corporation from engaging in any "business combination" (as defined below) with any "interested stockholder" (as defined below) for a period of three years following the date that such stockholder became an interested stockholder, unless: (1) prior to such date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder; (2) on consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned (x) by persons who are directors and also officers and (y) by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or (3) on or subsequent to such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66$^{2}/_{3}$% of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 of the Delaware General Corporation Law defines "business combination" to include: (1) any merger or consolidation involving the corporation and the interested stockholder; (2) any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder; (3) subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder; (4) any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or (5) the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation. In general, Section 203 defines an "interested stockholder" as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by such entity or person.

The New York Stock Exchange

We will apply to list our common stock on the New York Stock Exchange under the symbol "IFS".

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is LaSalle Bank National Association.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock, and a significant public market for our common stock may not develop or be sustained after this offering. Future sales of significant amounts of our common stock, including shares of our outstanding common stock and shares of our common stock issued upon exercise of outstanding options, in the public market after this offering could adversely affect the prevailing market price of our common stock and could impair our future ability to raise capital through the sale of our equity securities.

Sale of Restricted Shares and Lock-Up Agreements

Upon the closing of this offering, we will have outstanding shares of common stock based upon our shares outstanding as of September 24, 2003.

Of these shares, the shares of common stock sold in this offering will be freely tradable without restriction under the Securities Act, unless purchased by affiliates of our company, as that term is defined in Rule 144 under the Securities Act.

The remaining shares of common stock were issued and sold by us in private transactions, and are eligible for public sale if registered under the Securities Act or sold in accordance with Rules 144, 144(k) or 701 of the Securities Act. However, of these remaining shares of common stock are held by officers, directors, and existing stockholders who are subject to lock-up agreements for a period of 180 days after the date of this prospectus under which all holders of our common stock have agreed not to sell or otherwise dispose of their shares of common stock. The representatives of the underwriters may, in their sole discretion and at any time without notice, release all or any portion of the securities subject to the lock-up agreements.

As of the date of this prospectus, up to of the remaining shares may be eligible for sale in the public market. Beginning 180 days after the date of this prospectus, of these remaining shares will be eligible for sale in the public market, although all but shares will be subject to certain volume limitations under Rule 144.

Rule 144

In general, Rule 144 allows a stockholder (or stockholders where shares are aggregated) who has beneficially owned shares of our common stock for at least one year and who files a Form 144 with the SEC to sell within any three month period commencing 90 days after the date of this prospectus a number of those shares that does not exceed the greater of:

1% of the number of shares of common stock then outstanding, which will equal approximately shares immediately after this offering; or

the average weekly trading volume of the common stock during the four calendar weeks preceding the filing of the Form 144 with respect to such sale.

Sales under Rule 144, however, are subject to specific manner of sale provisions, notice requirements, and the availability of current public information about our company. We cannot estimate the number of shares of common stock our existing stockholders will sell under Rule 144, as this will depend on the market price for our common stock, the personal circumstances of the stockholders, and other factors.

Rule 144(k)

Under Rule 144(k), in general, a stockholder who has beneficially owned shares of our common stock for at least two years and who is not deemed to have been an affiliate of our company at any time during the immediately preceding 90 days may sell shares without complying with the manner of

sale provisions, notice requirements, public information requirements, or volume limitations of Rule 144. Affiliates of our company, however, must always sell pursuant to Rule 144, even after the otherwise applicable Rule 144(k) holding periods have been satisfied.

Rule 701

Rule 701 generally allows a stockholder who purchased shares of our common stock pursuant to a written compensatory plan or contract and who is not deemed to have been an affiliate of our company during the immediately preceding 90 days to sell these shares in reliance upon Rule 144, but without being required to comply with the public information, holding period, volume limitation, or notice provisions of Rule 144. Rule 701 also permits affiliates of our company to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required to wait until 90 days after the date of this prospectus before selling such shares pursuant to Rule 701.

As of September 24, 2003, no shares of our outstanding common stock had been issued in reliance on Rule 701 as a result of exercises of stock options.

Options

In addition to the shares of common stock outstanding, immediately after this offering, as of September 24, 2003, there were outstanding options to purchase shares of our common stock. As soon as practicable after the closing of this offering, we intend to file a registration statement on Form S-8 under the Securities Act covering shares of our common stock issued or reserved for issuance under our 2004 Omnibus Stock Incentive Plan and our 2004 Employee Stock Purchase Plan. Accordingly, shares of our common stock registered under such registration statement will be available for sale in the open market upon exercise by the holders, subject to vesting restrictions with us, contractual lock-up restrictions, and/or market stand-off provisions applicable to each option agreement that prohibit the sale or other disposition of the shares of common stock underlying the options for a period of 180 days after the date of this prospectus without the prior written consent from us or our underwriters.

UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following is a summary of the material United States federal income tax consequences of the purchase, ownership, and disposition of our common stock by an investor that, for United States federal income tax purposes, is not a "United States person" as defined below (a "Non-U.S. Holder"). This summary is based upon United States federal income tax law in effect on the date of this prospectus, which is subject to change or different interpretations, possibly with retroactive effect. This summary does not discuss all aspects of United States federal income taxation which may be important to particular investors in light of their individual investment circumstances, such as common stock held by investors subject to special tax rules (e.g., financial institutions, insurance companies, broker-dealers, and domestic and foreign tax-exempt organizations (including private foundations)) or to persons that will hold our common stock as part of a straddle, hedge, conversion, constructive sale, or other integrated security transaction for United States federal income tax purposes or that have a functional currency other than the United States dollar, all of whom may be subject to tax rules that differ significantly from those summarized below. In addition, this summary does not discuss any (1) United States federal income tax consequences to a Non-U.S. Holder that (A) is engaged in the conduct of a United States trade or business, (B) is a nonresident alien individual who is (or deemed to be) present in the United States for 183 or more days during the taxable year, or (C) owns actually and/or constructively more than 5% of the fair market value of our common stock and (2) state, local, or non-United States tax considerations. This summary assumes that investors will hold our common stock as a "capital asset" (generally, property held for investment) under the Internal Revenue Code of 1986, as amended. Each prospective investor is urged to consult his tax advisor regarding the United States federal, state, local, and non-United States income and other tax considerations of an investment in our common stock, including as a result of changes to United States federal income tax law after the date of this prospectus.

For purposes of this summary, a "United States person" is, for United States federal income tax purposes, (1) an individual who is a citizen or resident of the United States, (2) a corporation, partnership, or other entity created in, or organized under the law of, the United States or any state or political subdivision thereof, (3) an estate the income of which is includible in gross income for United States federal income tax purposes regardless of its source, or (4) a trust (A) the administration of which is subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust or (B) that was in existence on August 20, 1996, was treated as a United States person on the previous day, and elected to continue to be so treated.

If a partnership holds our common stock, the tax treatment of a partner in such partnership will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our common stock, you should consult your tax advisor regarding the tax consequences of the purchase, ownership, and disposition of our common stock.

Dividends

Dividends paid to a Non-U.S. Holder generally will be subject to United States federal withholding tax at a 30% rate subject to reduction or complete exemption under an applicable income tax treaty if the Non-U.S. Holder provides a United States Internal Revenue Service (the "IRS") Form W-8BEN (or a suitable substitute form) certifying that it is entitled to such treaty benefits.

Sale or Other Disposition of Common Stock

Upon a sale or other disposition of our common stock, a Non-U.S. Holder will generally not be subject to United States federal income tax.

Information Reporting and Backup Withholding

In general, backup withholding will not apply to dividends paid to a Non-United States Holder and to proceeds from the disposition of our common stock paid to a Non-U.S. Holder if the holder has provided the required certification that it is a Non-U.S. Holder and neither we nor our paying agents have actual knowledge or reason to know that the holder is a United States person. Generally, we must report to the IRS the amount of dividends paid, the name and the address of the recipient, and the amount, if any, of tax withheld. Copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under the provisions of an applicable income tax treaty. These information reporting requirements apply even if no tax was required to be withheld. Any amounts over withheld under the backup withholding rules from a payment to a Non-U.S. Holder will be refunded, or credited against the holder's United States federal income tax liability, if any, provided that certain required information is provided to the IRS.

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UNDERWRITING

Under the terms of an underwriting agreement, which is filed as an exhibit to the registration statement relating to this prospectus, each of the underwriters named below, for whom Lehman Brothers Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated are acting as representatives, have severally agreed to purchase from us and the selling stockholders the respective number of shares of common stock shown opposite their names below:

Underwriter	Number of Shares
Lehman Brothers Inc.	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Total	

The underwriting agreement provides that the underwriters' obligations to purchase shares of common stock depends on the satisfaction of the conditions contained in the underwriting agreement, including:

- the obligation to purchase all of the shares of common stock offered hereby, if any of the shares are purchased;
- the representations and warranties made by us and the selling stockholders to the underwriters are true;
- there is no material change in the financial markets; and
- we deliver customary closing documents to the underwriters.

Commissions and Expenses

The following table summarizes the underwriting discounts and commissions we and the selling stockholders will pay to the underwriters. These amounts are shown assuming both no exercise and full exercise of the underwriters' overallotment option to purchase additional shares. The underwriting fee is the difference between the initial price to the public and the amount the underwriters pay to us and the selling stockholders for the shares.

	No Exercise	Full Exercise

	No Exercise	Full Exercise
Per share	$	$
Total		

The representatives of the underwriters have advised us that the underwriters propose to offer shares of common stock directly to the public at the public offering price on the cover of this prospectus and to selected dealers, who may include the underwriters, at such offering price less a selling concession not in excess of $ per share. The underwriters may allow, and the selected dealers may re-allow, a discount from the concession not in excess of $ per share to other dealers. After the offering, the representatives may change the public offering price and other offering terms.

We estimate that the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately $, all of which are payable by us.

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Over-Allotment Option

The selling stockholders have granted to the underwriters an option to purchase up to an aggregate of shares at the public offering price less underwriting discounts shown on the cover page of this prospectus. The underwriters may exercise this option at any time, and from time to time, until 30 days after the date of the underwriting agreement. The option may be exercised to cover over-allotments, if any, made in connection with the offering. To the extent that this option is exercised, each underwriter will be obligated, subject to certain conditions, to purchase its pro rata portion of these additional shares based on the underwriter's percentage underwriting commitment in the offering as indicated in the preceding table.

Lock-Up Agreements

We have agreed that, without the prior written consent of Lehman Brothers Inc., we will not, directly or indirectly, offer, sell or dispose of any common stock or any securities which may be convertible into or exchanged for common stock (other than in connection with this offering and shares issued pursuant to employee benefit plans, qualified stock option plans or other employee compensation plans or pursuant to currently outstanding options, warrants or rights) for a period of 180 days from the date of this prospectus. All of our executive officers and directors, certain other officers and all current holders of our common stock, have agreed under lock-up agreements not to, without the prior written consent of Lehman Brothers Inc., directly or indirectly, offer, sell or otherwise dispose of any common stock or any securities which may be converted into or exchanged or exercised for any common stock for a period of 180 days from the date of this prospectus.

Indemnification

We and the selling stockholders have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act and to contribute to payments that the underwriters may be required to make for these liabilities.

Offering Price Determination

Prior to this offering, there has been no public market for our common stock. The initial public offering price will be determined by negotiation between us and the underwriters. The factors that the representatives will consider in determining the public offering price include:

- the prevailing market conditions;
- the prospects for the industry in which we compete;
- an overall assessment of our management;
- estimates of our business potential and earning prospects; and

the consideration of these factors in relation to market valuation of companies in related businesses.

Stabilization, Short Positions and Penalty Bids

The representatives may engage in over-allotment, stabilizing transactions, syndicate covering transactions, and penalty bids or purchasers for the purpose of pegging, fixing or maintaining the price of the common stock, in accordance with Regulation M under the Securities Exchange Act of 1934:

Over-allotment involves sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short

position, the number of shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriters may close out any short position by either exercising their over-allotment option and/or purchasing shares in the open market.

Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum;

Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. If the underwriters sell more shares than could be covered by the over-allotment option, a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result, the price of the common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on the New York Stock Exchange or otherwise and, if commenced, may be discontinued at any time.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the common stock. In addition, neither we nor any of the underwriters make representation that the representatives will engage in these stabilizing transactions or that any transaction, once commenced, will not be discontinued without notice.

Discretionary Sales

The underwriters have informed us that they do not intend to confirm sales to discretionary accounts that exceed 5% of the total number of shares offered by them.

Electronic Distribution

A prospectus in electronic format may be made available on the Internet sites or through other online services maintained by one or more of the underwriters and/or selling group members participating in this offering, or by their affiliates. In those cases, prospective investors may view

offering terms online and, depending upon the particular underwriter or selling group member, prospective investors may be allowed to place orders online. The underwriters may agree with us to allocate a specific number of shares for sale to online brokerage account holders. Any such allocation for online distributions will be made by the representatives on the same basis as other allocations.

Other than the prospectus in electronic format, the information on any underwriter's or selling group member's web site and any information contained in any other web site maintained by an underwriter or selling group member is not part of the prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or any underwriter or

selling group member in its capacity as underwriter or selling group member and should not be relied upon by investors.

Stamp Taxes

If you purchase shares of common stock offered in this prospectus, you may be required to pay stamp taxes and other charges under the laws and practices of the country of purchase, in addition to the offering price listed on the cover page of this prospectus.

Relationships

In connection with the Exelon Transaction, Merrill Lynch, Pierce, Fenner & Smith Incorporated performed advisory services and rendered a fairness opinion to Exelon and received customary fees and expenses. The underwriters may in the future perform investment banking and advisory services for us from time to time for which they may in the future receive customary fees and expenses. The underwriters may, from time to time, engage in transactions with or perform services for us in the ordinary course of their business.

Affiliates of Lehman Brothers Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated act as lenders under our senior credit facility. The respective commitments of these affiliates will terminate 10 business days after consummation of this offering, and they will no longer act as lenders thereunder.

Canadian Sales

This prospectus is not, and under no circumstances is to be construed as, an advertisement or a public offering of shares in Canada or any province or territory thereof. Any offer or sale of shares in Canada will be made only under an exemption from the requirements to file a prospectus supplement or prospectus with the relevant Canadian securities regulators and only by a dealer registered in accordance with local provincial securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made.

LEGAL MATTERS

The validity of the shares of common stock offered hereby will be passed upon for us and the selling stockholders by Skadden, Arps, Slate, Meagher & Flom LLP, Los Angeles, California, and for the underwriters by Latham & Watkins LLP, Los Angeles, California. Skadden, Arps, Slate, Meagher & Flom LLP has from time to time represented certain of the underwriters, Oaktree and GFI on unrelated matters. Latham & Watkins LLP represents Oaktree and certain of its affiliates from time to time on unrelated matters.

EXPERTS

The consolidated financial statements of InfraSource Incorporated as of December 31, 2002 and 2001 and for each of the three years in the period ended December 31, 2002 included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting. The financial statements of Maslonka & Associates, Inc. as of December 31, 2002 and the year then ended included in this prospectus have been so included in the reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting. The

financial statements of InfraSource Services, Inc., as of September 23, 2003 and for the period from May 30, 2003 through September 23, 2003 included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 (including the exhibits, schedules, and amendments to the registration statement) under the Securities Act with respect to the shares of common stock offered by this prospectus. This prospectus does not contain all the information set forth in the registration statement. For further information with respect to us and the shares of common stock to be sold in this offering, we refer you to the registration statement. Statements contained in this prospectus as to the contents of any contract, agreement or other document to which we make reference are not necessarily complete. In each instance, we refer you to the copy of such contract, agreement or other document filed as an exhibit to the registration statement, each such statement being qualified in all respects by the more complete description of the matter involved.

Upon completion of this offering, we will become subject to the reporting and information requirements of the Securities Exchange Act of 1934, as amended, and, as a result, will file periodic and current reports, proxy statements, and other information with the SEC. You may read and copy this information at the Public Reference Room of the SEC located at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. Copies of all or any part of the registration statement may be obtained from the SEC's offices upon payment of fees prescribed by the SEC. The SEC maintains an Internet site that contains periodic and current reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of the SEC's website is http://www.sec.gov.

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Report of Independent Auditors

To the Shareholders and Board of Directors
of InfraSource Services, Inc.:

In our opinion, the accompanying consolidated balance sheet and the related consolidated statement of operations, shareholders' deficit and cash flows present fairly, in all material respects, the financial position of InfraSource Services, Inc. (formerly known as Dearborn Holdings Corporation) and its subsidiary as of September 23, 2003, and the results of their operations and cash flows for the period May 30, 2003 (date of inception) to September 23, 2003 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 audit. We conducted our audit 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 audit provides a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Philadelphia, PA
January 28, 2004

INFRASOURCE SERVICES, INC. AND SUBSIDIARY
Consolidated Balance Sheet
As of September 23, 2003
(in thousands, except share amounts)

ASSETS

Current assets:

Income taxes receivable	$	27
Total current assets		27
Deferred acquisition costs (Note 2)		2,079
Total assets	$	2,106
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accrued acquisition costs	$	2,079
Due to Parent		67
Total current liabilities		2,146
Other liabilities		
Total liabilities		2,146
Commitments and contingencies		
Shareholders' equity (deficit):		
Common stock, $.0001 par value; authorized 2,500,000 shares, 100 shares issued and outstanding (Note 1)		
Additional paid-in capital (Note 1)		
Accumulated deficit		(40)
Total shareholders' deficit		(40)
Total liabilities and shareholders' deficit	$	2,106

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

INFRASOURCE SERVICES, INC. AND SUBSIDIARY
Consolidated Statement of Operations
For the Period from May 30, 2003 (date of inception) to September 23, 2003
(in thousands)

Organization costs	$	8
Selling, general and administrative expenses		59
Loss before income taxes		(67)
Income tax benefit		27
Net loss	$	(40)

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

INFRASOURCE SERVICES, INC. AND SUBSIDIARY
Consolidated Statement of Shareholders' Deficit
For the Period from May 30, 2003 (date of inception) to September 23, 2003
(in thousands, except share amounts)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total
	Shares	Amount			
Balance as of May 30, 2003 (date of inception)		$	$	$	$
Common Stock issued to Parent	100				
Net loss				(40)	(40)
Balance as of September 23, 2003	100	$	$	$ (40)	$ (40)

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

INFRASOURCE SERVICES, INC. AND SUBSIDIARY
Consolidated Statement of Cash Flows
For the Period from May 30, 2003 (date of inception) to September 23, 2003
(in thousands)

Cash flows from operating activities:	
Net loss	$ (40)
Adjustments to reconcile net loss to net cash flows from operating activities:	
Changes in assets and liabilities:	
Deferred acquisition costs	(2,079)
Income taxes receivable	(27)
Due to Parent	67
Accrued acquisition costs	2,079
Net cash flows from operating activities	
Cash flows from investing activities:	
Net cash flows from investing activities	
Cash flows from financing activities:	
Net cash flows from financing activities	
Net change in cash and cash equivalents	
Cash and cash equivalents, at beginning of period	
Cash and cash equivalents, at end of period	$

Supplemental Cash Flow Information:	
Cash Paid During the Period for:	
Interest	$
Taxes	$

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

INFRASOURCE SERVICES, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements
For the Period from May 30, 2003 (date of inception) to September 23, 2003
(in thousands, except share amounts)

1. Summary of Significant Accounting Policies

Organization: InfraSource Services, Inc. (formerly Dearborn Holdings Corporation) and its wholly owned subsidiary, Dearborn Merger Sub, Inc. (collectively, the "Company") were organized May 30, 2003 as Delaware corporations. In June 2003, OCM/GFI Power Opportunities Fund, L.P. and OCM Principal Opportunities Fund, L.P. (collectively, the "Parent"), both Delaware limited partnerships, each acquired fifty shares of the common stock of the Company at a nominal purchase price. As more-fully described in Note 2, on September 24, 2003 the Company acquired all of the voting interests of InfraSource, Incorporated and subsidiaries (collectively, "InfraSource"), a specialty contractor servicing the utility transmission and distribution infrastructure industry in the United States pursuant to a merger transaction (the "Merger").

Description of Business: The Company was organized to invest in businesses operating in the utility transmission and distribution infrastructure industry. The Company's activities for the period May 30 to September 23, 2003 related to those necessary to effectuate the Merger, which occurred on September 24, 2003 (Note 2).

Principles of Consolidation: The Company's fiscal year end is December 31. The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. There were no intercompany transactions for the period May 30 to September 23, 2003.

Deferred acquisition costs: As of September 23, 2003, the Company has incurred $2,079 in professional fees, filing fees and other costs directly related to the Merger, which occurred on September 24, 2003 (Note 2). In accordance with generally accepted accounting principles, these costs represent deferred assets as of September 23, 2003. Upon consummation of the Merger, these deferred costs are included in the determination of purchase price consideration in the accounting for the Merger, which will be recorded by the Company in the fiscal quarter ended December 31, 2003.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. These estimates include those utilized to estimate certain costs incurred in connection with the Merger and related accrued liabilities, which are included in the accompanying consolidated balance sheet in deferred acquisition costs and accrued acquisition costs, respectively, as of September 23, 2003. Actual results could differ from those estimates.

2. Subsequent Events

Merger Transaction:

On September 24, 2003, the Company acquired InfraSource pursuant to an Agreement and Plan of Merger dated June 17, 2003. In connection with the Merger, the Company acquired all of the voting interests of InfraSource for total purchase price consideration of approximately $253 million, excluding financing costs, professional fees and liabilities assumed. Pursuant to the Merger, InfraSource entered into a new term loan and revolving credit facility (the "Credit Facility") providing for term loans of $140 million and additional revolving credit of up to $40 million. In addition, the Company issued a long-term subordinated note payable (the "subordinated note payable") to Exelon Enterprises, LLC ("Exelon"), the former majority owner of InfraSource, for $29 million. The proceeds of the term loans and the subordinated note, together with the issuance of 915,000 shares of Company common stock

valued at approximately $92 million, were used to finance the redemption of all then-outstanding shares of InfraSource, Inc. common stock. The fair market value of the Company's common stock issued in connection with the Merger was determined based upon an independent valuation.

The Credit Facility contains customary financial covenants, including requirements for compliance with certain financial liquidity ratios and minimum tangible net worth and earnings levels, and requires annual principal repayments of approximately $1,400, with the remaining outstanding balance due upon maturity on September 30, 2010. The Credit Agreement bears interest at variable rates based upon the prime rate or the Federal funds effective rate, and also requires InfraSource to reduce variable interest rate risk through an interest rate swap contract covering approximately 50% of the term loan balance. As of September 24, 2003, immediately subsequent to the Merger, InfraSource was in compliance with all terms and conditions of the Credit Agreement.

The subordinated note payable matures on September 30, 2011, and is subject to a fixed interest rate of 4% through September 24, 2008, increasing to 6% from September 25, 2008 through maturity, if the Company pays interest costs in cash. The Company has the option to pay such interest expenses in kind throughout the term of the subordinated note payable. Should the Company elect to pay interest expense in kind, the applicable fixed interest rates are 6% through September 24, 2008, increasing to 8% from September 25, 2008 through maturity. The subordinated note payable does not require principal repayments prior to maturity; however, the subordinated note payable requires accelerated principal repayment upon the occurrence of certain events, including completion of an initial public offering by the Company. Due to its terms, the subordinated note payable will be recorded by the Company at a discounted amount, reflective of estimated fair market value based upon applicable market rates for similar securities, with the related note discount amortized as an adjustment to the Company's interest expense throughout the term of the subordinated note payable. The Company currently estimates the note discount at inception at approximately $15,324, resulting in an initial carrying value of $13,676, net of discount, for the subordinated note payable upon consummation of the Merger.

The accounting related to the Merger will be recorded in the fiscal quarter ended December 31, 2003. As a result of the Merger, the Company also incurred approximately $8 million in related expenses on a pretax basis, including approximately $6 million of debt issuance costs which will be amortized over the lives of the respective debt instruments, and approximately $2 million in professional fees and filing costs. Preliminary goodwill recorded in connection with the Merger, which is subject to future adjustment based upon the outcome of certain estimates and contingencies, including the valuation of certain fixed and intangible assets acquired and the finalization of purchase price contingencies, totaled approximately $63 million. The purchase price is subject to adjustment based upon the determination of adjusted working capital as of September 23, 2003, as defined in the Merger Agreement. In accordance with the terms of the Merger Agreement, this contingent purchase price adjustment could ultimately result in additional amounts due either to the Company or to Exelon. The Company currently estimates that this adjustment will result in a purchase price decrease of approximately $11 million. This contingency is expected to be resolved during the fiscal quarter ended March 31, 2004.

The preliminary aggregate purchase price for InfraSource is as follows:

Cash paid to Exelon and minority shareholders	$	223,750
Estimated fair market value of subordinated note payable issued to Exelon, net of discount of $15,324		13,676
Financing costs		6,017
Professional fees and other transaction costs		2,079
Liabilities assumed:		
Accounts payable		15,243
Accrued compensation and benefits		26,769
Accrued liabilities		34,638
Billings in excess of costs		9,680
Deferred revenues		25,367
Other liabilities		8,729
Total purchase price consideration	$	365,948

The purchase price of the assets acquired and liabilities assumed in the InfraSource acquisition were initially allocated as follows:

Cash and cash equivalents	$	15,889
Contract receivables, net		77,302
Costs and estimated earnings in excess of billings		43,464

Other current assets	29,018
Property and equipment	127,519
Other non-current assets	29,509
Goodwill	62,917
Total assets acquired	$ 365,948

Change in Company Name:

In January 2004, the Company changed its legal name to InfraSource Services, Inc.

Business Acquisition:

On January 27, 2004, the Company acquired a complementary infrastructure services business for total purchase price consideration of approximately $61 million, inclusive of certain indebtedness repaid by the Company and excluding liabilities assumed. In connection with this acquisition, the Company paid approximately $34 million in cash, including repayment of existing indebtedness of the acquired business. In addition, the Company issued 199,004 shares of common stock to the former owners of the acquired business, which were valued at approximately $20 million, subject to an independent valuation to be obtained by the Company. The acquisition was financed primarily with the proceeds from the issuance of approximately $27 million of common stock to the Parent. Approximately $11 million of the purchase price is deferred and is contingent upon the satisfaction of certain conditions included in the purchase agreement, including certain financial performance conditions. Of this contingent amount, approximately $6 million is reflected in the initial purchase price determination, as this amount is considered presently determinable. These amounts, subject to resolution of these contingencies, are expected to be paid to the former owners within two years of the acquisition date, in cash or in common stock, in accordance with the acquisition agreement.

The preliminary aggregate purchase price for this business acquisition is as follows:

Cash paid to sellers	$ 23,251
Common stock issued to sellers	19,901
Transaction costs	600
Repayment of long-term debt	10,293
Note payable to seller assumed	1,000
Liability to sellers for cash holdback of purchase price	1,100
Liability to a selling shareholder for replacement of a time deposit	5,000
Liabilities assumed:	
Accounts payable	7,399
Accrued liabilities	2,263
Billings in excess of costs	2,475
Current income taxes payable	3,536
Total purchase price consideration	$ 76,818

The preliminary allocation of purchase price consideration to assets acquired is as follows:

Cash and cash equivalents	$ 5,271
Contract receivables, net	12,638
Costs and estimated earnings in excess of billings	71
Other current assets	606
Property and equipment	5,839
Deposits	5,319
Deferred income tax assets, net	5,477
Goodwill	41,597

Total assets acquired	$	76,818

Report of Independent Auditors

To the Shareholders and Board of Directors
of InfraSource Incorporated:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations and comprehensive income (loss), shareholders' equity and cash flows present fairly, in all material respects, the financial position of InfraSource Incorporated and its subsidiaries as of December 31, 2001 and 2002, and the results of their operations and cash flows for each of the three years in the period ended December 31, 2002 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 audits 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.

As discussed in Note 1 to the consolidated financial statements, InfraSource Incorporated and subsidiaries changed its method of accounting for goodwill effective January 1, 2002.

PricewaterhouseCoopers LLP
Philadelphia, PA
May 13, 2003, except for
Note 2, for which the date
is September 23, 2003

INFRASOURCE INCORPORATED AND SUBSIDIARIES
Consolidated Balance Sheets
(in thousands, except share data)

	As of December 31,		As of September 23, 2003
	2001	2002	(Unaudited)
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 13,864	$ 20,784	$ 15,889
Contract receivables, net	81,020	85,033	69,516
Contract receivables due from affiliates, net	2,050	5,718	7,786
Costs and estimated earnings in excess of billings	19,916	24,730	43,464
Inventories, net	9,929	8,112	10,703
Deferred income taxes	9,032	5,579	16,058
Customer note receivable (Note 5)	3,265	469	
Other current assets	13,109	2,353	1,302
Due from affiliates, net		703	9,079

	As of December 31,		
State income taxes receivable	1,241	4,960	
Current assets discontinued operations (Note 2)	100,923	108,339	
Total current assets	254,349	266,780	173,797
Property and equipment, net	145,844	130,099	121,419
Goodwill, net	284,239	52,350	54,720
Intangible assets, net	1,088		
Deferred income taxes, net of current portion		38,540	35,594
Other assets, net	2,510	3,114	3,331
Non-current assets discontinued operations (Note 2)	61,659	20,383	
Total assets	$ 749,689	$ 511,266	$ 388,861
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current portion of capital lease obligation	$ 612	$ 347	$ 64
Accounts payable	18,210	19,036	15,243
Accrued compensation and benefits	11,745	16,947	26,769
Accrued liabilities	11,419	20,833	34,638
Accrued taxes due to affiliate	4,515	2,537	6,384
Billings in excess of costs and estimated earnings	21,609	13,732	9,680
Due to affiliates, net	37,598		
Deferred revenues and other	9,813	10,088	10,159
Current liabilities discontinued operations (Note 2)	41,282	26,881	
Total current liabilities	156,803	110,401	102,937
Capital lease obligations, net of current portion	434	92	140
Deferred income taxes	14,252		
Deferred revenues and other	4,216	6,083	15,208
Non-current liabilities discontinued operations (Note 2)	2,158	557	
Total liabilities	177,863	117,133	118,285
Commitments and contingencies			
Redeemable common stock, $.0001 par value; 2,749,861 2,289,709 and 1,353,009, shares issued and outstanding at December 31, 2001 and 2002 and September 23, 2003, respectively	14,602	20,471	10,529
Deferred compensation	(250)	(59)	
Shareholders' equity:			
Preferred stock, $.0001 par value; authorized 20,000,000 shares; 0, 0 and 1 shares issued and outstanding at December 31, 2001 and 2002 and September 23, 2003, respectively			
Common stock. $.0001 par value; authorized 150,000,000 shares; 45,743,217 45,828,373 and 46,765,073 shares issued at December 31, 2001 and 2002 and September 23, 2003, respectively; 45,615,615 shares outstanding at December 31, 2001 and 2002 and September 23, 2003	4	4	4
Treasury stock	(1,328)	(1,784)	(8,782)
Additional paid-in capital	540,671	540,681	457,523
Retained earnings (deficit)	18,202	(165,105)	(188,698)
Accumulated other comprehensive (loss)	(75)	(75)	
Total shareholders' equity	557,474	373,721	260,047
Total liabilities and shareholders' equity	$ 749,689	$ 511,266	$ 388,861

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

INFRASOURCE INCORPORATED AND SUBSIDIARY
Consolidated Statements of Operations and Comprehensive Income (Loss)
(in thousands, except share amounts)

	For the Year Ended December 31,			For the Period January 1 to	
	2000	2001	2002	September 20, 2002	September 23, 2003
				(Unaudited)	(Unaudited)
Contract revenues earned	$ 449,455	$ 581,379	$ 533,744	$ 390,685	$ 329,150
Contract revenues earned from affiliates	3,486	27,948	32,725	22,475	53,477
Total contract revenues earned	452,941	609,327	566,469	413,160	382,627
Cost of revenues earned	368,573	502,788	459,706	334,731	330,681
Gross profit	84,368	106,539	106,763	78,429	51,946
Selling, general and administrative expenses	59,350	70,691	63,237	42,289	49,315
Merger related costs (Note 18)					16,242
Provision for uncollectible accounts	10,049	8,676	7,964	7,766	236
Amortization of intangible assets and goodwill	7,269	16,047			
Income (loss) from operations	7,700	11,125	35,562	28,374	(13,847)
Interest income	344	186	1,438	998	1,376
Interest (expense)	(2,071)	(1,896)	(388)	(353)	(27)
Other income (expense)	1,287	976	8,189	4,680	(3,553)
Income (loss) before income taxes	7,260	10,391	44,801	33,699	(16,051)
Income tax expense (benefit)	4,406	7,049	14,564	9,922	(4,774)
Income (loss) from continuing operations	2,854	3,342	30,237	23,777	(11,277)
Discontinued operations, net of tax (Note 2)	(843)	(9,386)	(1,574)	(4,685)	(12,316)
Income (loss) before cumulative effect of a change in accounting principle, net of tax	2,011	(6,044)	28,663	19,092	(23,593)
Cumulative effect of a change in accounting principle, net of tax benefit of $81,832 (Notes 1 and 4)			(204,100)	(204,100)	
Net income (loss)	$ 2,011	$ (6,044)	$ (175,437)	$ (185,008)	$ (23,593)
Other comprehensive (loss), net of income tax benefit of $249	(126)				
Comprehensive income (loss)	$ 1,885	$ (6,044)	$ (175,437)	$ (185,008)	$ (23,593)
Basic earnings (loss) per common share:					

				For the Period January 1 to	
Weighted average basic common shares outstanding	31,716,904	48,154,877	48,085,793	48,155,785	47,585,472
Basic income (loss) per share continuing operations	$ 0.09	$ 0.07	$ 0.62	$ 0.50	$ (0.24)
Basic income (loss) per share discontinued operations	(0.03)	(0.20)	(0.03)	(0.10)	(0.26)
Basic income (loss) per share cumulative effect of a change in accounting principle (Note 1)			(4.24)	(4.24)	
	$ 0.06	$ (0.13)	$ (3.65)	$ (3.84)	$ (0.50)
Diluted earnings (loss) per common share:					
Weighted average diluted common shares outstanding	31,716,904	48,154,877	48,085,793	48,155,785	47,585,472
Diluted income (loss) per share continuing operations	$ 0.09	$ 0.07	$ 0.62	$ 0.50	$ (0.24)
Diluted income (loss) per share discontinued operations	(0.03)	(0.20)	(0.03)	(0.10)	(0.26)
Diluted income (loss) per share cumulative effect of a change in accounting principle (Note 1)			(4.24)	(4.24)	
	$ 0.06	$ (0.13)	$ (3.65)	$ (3.84)	$ (0.50)

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

INFRASOURCE INCORPORATED AND SUBSIDIARIES
Consolidated Statements of Shareholders' Equity
(in thousands, except share amounts)

	Preferred Stock		Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings (Deficit)	Total
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as of January 1, 2000		$	24,536,437	$ 2		$	$ 264,752	$ 51	$ 3,237	$ 268,041
Common Stock issued to Parent			18,720,975	2			244,505			244,507
Redeemable Stock Revaluation									4,903	4,903
Foreign currency translation adjustment, net of tax								(126)		(126)
Net income									2,011	2,011
Balance as of December 31, 2000		$	43,257,412	$ 4		$	$ 509,257	$ (75)	$ 10,151	$ 519,336
Common Stock issued to Parent			2,358,203				29,713			29,713
Redeemable Stock Revaluation									14,095	14,095

	Preferred Stock		Common Stock		Treasury Stock			Accumulated Other Comprehensive Loss		
Treasury Stock			127,602		(127,602)	(1,328)	1,701			373
Net loss									(6,044)	(6,044)
Balance as of December 31, 2001		$	45,743,217	$ 4	(127,602)	$ (1,328)	$ 540,671	$ (75)	$ 18,202	$ 557,474
Redeemable Stock Revaluation									(7,870)	(7,870)
Treasury Stock			85,156		(85,156)	(456)	10			(446)
Net loss									(175,437)	(175,437)
Balance as of December 31, 2002		$	45,828,373	$ 4	(212,758)	$ (1,784)	$ 540,681	$ (75)	$ (165,105)	$ 373,721
Treasury Stock (unaudited)			936,700		(936,700)	(6,998)	6,987			(11)
Contribution from Parent (unaudited)							2,954			2,954
Issuance of Preferred Stock (unaudited)	1						4,100			4,100
Foreign currency translation adjustment, net of tax (unaudited)								75		75
Distribution of net assets of Non-Acquired Group to Parent (Note 2) (unaudited)							(97,199)			(97,199)
Net loss (unaudited)									(23,593)	(23,593)
Balance as of September 23, 2003 (unaudited)	1	$	46,765,073	$ 4	(1,149,458)	$ (8,782)	$ 457,523	$	$ (188,698)	$ 260,047

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

INFRASOURCE INCORPORATED AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(in thousands)

	For the Year ended December 31, 2000	For the Year ended December 31, 2001	For the Year ended December 31, 2002	For the Period January 1, 2002 through September 20, 2002	For the Period January 1, 2003 through September 23, 2003
				(Unaudited)	
Cash flows from operating activities:					
Net income (loss) from continuing operations	$ 2,854	$ 3,342	$ 30,237	$ 23,777	$ (11,277)
Adjustments to reconcile net income (loss) from continuing operations to net cash flows provided by operating activities:					
Depreciation	18,826	28,318	29,488	22,847	20,917
Amortization of goodwill and intangible assets	7,269	16,047			
Provision for uncollectible accounts	10,049	8,676	7,964	7,766	236
Loss (gain) on sale of assets	79	102	1,075	547	(479)
Loss on impairment of assets	314		1,886	1,736	640

	For the Year ended December 31, 2000	For the Year ended December 31, 2001	For the Year ended December 31, 2002	For the Period January 1, 2002 through September 20, 2002	For the Period January 1, 2003 through September 23, 2003
Deferred income taxes	3,237	4,606	14,040	12,779	(7,533)
Amortization of deferred compensation	631	253	191	131	59
Gain on resolution of purchase price dispute			(5,219)	(5,219)	
Changes in assets and liabilities, net of effects from acquisitions:					
Contract receivables	(44,679)	36,907	(10,987)	(26,607)	15,281
Contract receivables from affiliates	(4,820)	2,770	(4,658)	990	(2,068)
Costs and estimated earnings in excess of billings on uncompleted contracts, net	(800)	31,319	(12,691)	(14,800)	(22,788)
Inventories	2,503	(2,807)	1,817	(768)	(2,591)
Due to/from affiliates, net	74,234	(45,364)	(54,571)	(29,102)	(9,552)
Other current assets	(744)	(4,802)	8,019	5,899	1,520
Accounts payable and accrued expenses	724	(18,580)	14,739	1,791	21,310
Other, net	1,136	(423)	1,144	3,413	14,159
Net cash flows provided by operating activities from continuing operations	70,813	60,364	22,474	5,180	17,834
Net cash flows provided by (used in) operating activities from discontinued operations	(16,008)	3,436	2,852	(880)	(2,484)
Net cash flows provided by operating activities	54,805	63,800	25,326	4,300	15,350
Cash flows from investing activities:					
Payments for businesses acquired, net of cash acquired	(215,317)	(28,749)			
Payments for deferred purchase obligations		(1,604)	(384)	(372)	
Investments in discontinuing operations			(1,500)	(1,500)	
Proceeds from purchase price settlement			4,042	4,042	
Proceeds from sales of equipment	2,701	2,971	5,361	1,454	3,833
Additions to property, plant and equipment	(40,853)	(51,014)	(22,010)	(17,106)	(16,374)
Net cash flows used in investing activities from continuing operations	(253,469)	(78,396)	(14,491)	(13,482)	(12,541)
Net cash flows provided by (used in) investing activities from discontinued operations	(5,002)	(4,172)	(274)	(606)	4,995
Net cash flows used in investing activities	(258,471)	(82,568)	(14,765)	(14,088)	(7,546)
Cash flows from financing activities:					
Repayment of debt	(21,527)				
Net borrowings (repayments) under capital lease obligations	(2,991)	732	(607)	(472)	(236)
Proceeds from sale of common stock	209,116	29,713			
Purchase of treasury stock		(1,328)	(456)	(459)	(6,998)
Redemption of redeemable stock					(2,954)
Net cash flows provided by (used in) financing activities from continuing operations	184,598	29,117	(1,063)	(931)	(10,188)
Net cash flows provided by (used in) financing activities from discontinued operations	12,371	858	402	777	(936)

	For the Year ended December 31, 2000	For the Year ended December 31, 2001	For the Year ended December 31, 2002	For the Period January 1, 2002 through September 20, 2002	For the Period January 1, 2003 through September 23, 2003
Net cash flows provided by (used in) financing activities	196,969	29,975	(661)	(154)	(11,124)
Effect of exchange rate changes on cash	(126)				
Net increase (decrease) in cash and cash equivalents	(6,823)	11,207	9,900	(9,942)	(3,320)
Cash and cash equivalents transferred to (provided by) discontinued operations	8,639	(122)	(2,980)	709	(1,575)
Cash and cash equivalents, at beginning of period	963	2,779	13,864	13,864	20,784
Cash and cash equivalents, at end of period	$ 2,779	$ 13,864	$ 20,784	$ 4,631	$ 15,889

Supplemental Cash Flow Information:					
Cash paid during the period for:					
Interest	$ 1,440	$ 239	$ 1,128	$ 774	$ 129
Taxes	$ 4,923	$ 3,607	$ 9,784	$ 2,256	$ 3,336
Supplemental Disclosure of Non-Cash Investing and Financing Activities:					
Redeemable common stock issued for acquisitions and contingent purchase price obligations	$ 18,407	$ 4,650	$	$	
Redemption and cancellation of redeemable comon stock	$	$	$ 1,991	$ 1,991	$
Contribution receivable from Parent	$	$	$	$	$ 2,954
Issuance of preferred stock	$	$	$	$	$ 4,100
Revaluation of redeemable common stock	$ 4,903	$ 14,095	$ (7,870)	$	$
Distribution of net assets of Non-Acquired Group to Parent (Note 2)	$	$	$	$	$ 97,199

The InfraSource Group purchased all of the voting

interests of certain businesses for $31,596 and $224,198 in 2001 and 2000, respectively (Note 3). In conjunction with these acquisitions, assets acquired and liabilities assumed were as follows:

Fair value of assets acquired	$	268,622	$	40,772
Cash paid for acquisitions	$	(215,317)	$	(28,749)
Liabilities assumed	$	53,305	$	12,023

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

INFRASOURCE INCORPORATED AND SUBSIDIARIES
Notes to Consolidated Financial Statements
For the years ended December 31, 2000, 2001 and 2002 and
For the periods January 1, 2002 through September 20, 2002 (unaudited) and
January 1, 2003 through September 23, 2003 (unaudited)
(in thousands, except share data)

1. Summary of Significant Accounting Policies

Basis of Presentation: The accompanying financial statements reflect the financial position, results of operations and cash flows of InfraSource Incorporated and each of its wholly owned subsidiaries (the "Company") as of December 31, 2001 and 2002, and September 23, 2003 (unaudited), and for the years ended December 31, 2000, 2001 and 2002 and the periods January 1, 2002 through September 20, 2002 (unaudited) and January 1, 2003 through September 23, 2003 (unaudited). InfraSource Incorporated and certain of its wholly owned subsidiaries (collectively, the "InfraSource Group") were acquired by InfraSource Services, Inc. (formerly known as Dearborn Holdings Corporation, "Holdings") in a merger transaction (the "Merger") consummated on September 24, 2003 (see Note 18 Subsequent Events). The InfraSource Group is reflected as continuing operations in these consolidated financial statements. Subsidiaries of InfraSource Incorporated which were not acquired in the Merger (the "Non-Acquired Group") were distributed to the Company's parent, Exelon Enterprises Company LLC ("Enterprises"), a wholly owned subsidiary of Exelon Corporation (collectively, "Exelon", or the "Parent") prior to the Merger. These subsidiaries are reflected as discontinued operations in the accompanying financial statements, for all periods presented (see Note 2).

The InfraSource Group comprises InfraSource Incorporated and the following InfraSource Incorporated subsidiaries, which are reflected in these consolidated financial statements as continuing operations (see Note 3 for discussion of subsidiaries acquired during the years ended December 31, 2000 and 2001, respectively):

Dashiell Holdings Corporation and subsidiaries
M.J. Electric, Inc.
Electric Services, Inc.
MRM Technical Group, Inc. and subsidiaries
Trinity Industries, Inc.
C.A. Chowns Communications, Inc.
Blair Park Services, Inc.
Sunesys, Inc.
Sunesys of Virginia, Inc.
InfraSource Corporate Services, Inc.
OSP Consultants, Inc. and subsidiaries

The Non-Acquired Group comprises the following InfraSource Incorporated subsidiaries, which are reflected in these consolidated financial statements as discontinued operations:

Fischbach and Moore, Inc.
Fischbach and Moore Electric, Inc.
Syracuse Merit Electric, Inc.
VSI Group, Inc.
PACE Engineering, Inc.
InfraSource Integrated Services, Inc.

Substantially all outstanding amounts among InfraSource Incorporated and its acquired and non-acquired subsidiaries were settled in full pursuant to Board of Director-approved capital contributions during fiscal 2003, prior to the Merger. InfraSource Incorporated also sponsors and

maintains group insurance and certain employee benefit plans, including a stock option plan (see Note 15) and a medical plan in which these subsidiaries participate, with related plan costs charged to Company subsidiaries. InfraSource Incorporated is issuer of InfraSource Incorporated common stock, redeemable common stock (see Note 12) and preferred stock (see Note 14), each of which are included in the accounts of the InfraSource Group in the accompanying consolidated financial statements. Pursuant to the Merger (Note 18), all outstanding common and preferred stock were redeemed, and all outstanding common stock options were canceled for nominal consideration.

Interim Unaudited Consolidated Financial Information: The accompanying consolidated financial statements for the interim periods January 1, 2002 through September 20, 2002 and January 1, 2003 through September 23, 2003, respectively, are unaudited. In the opinion of management, these consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements included herein and include all adjustments, consisting of only normal recurring adjustments, necessary to present fairly the Company's financial position, results of operations and cash flows. The data disclosed in the notes to the consolidated financial statements for such interim periods is also unaudited.

Organization: The Company (formerly named Exelon Infrastructure Services, Inc.) was organized June 8, 1999 as a Delaware corporation and as a subsidiary of PECO Energy Company ("PECO"). In June 1999, PECO acquired one share of the common stock of the Company at a nominal purchase price.

On October 20, 2000, Exelon became the parent corporation of InfraSource as a result of the completion of the transactions contemplated by an Agreement and Plan of Exchange and Merger, as amended, among PECO, Unicom Corporation and Exelon. The merger was accounted for using the purchase method of accounting, with PECO as the acquiring company. In connection with this merger, a restructuring was effected January 1, 2001 as a result of which the Company became a subsidiary of Enterprises. Immediately prior to the Merger (Note 18), Enterprises owned approximately 97% of outstanding Company stock. The remaining outstanding common stock prior to the Merger was held by Company management and employees. All amounts due to Exelon, Enterprises, PECO or other affiliated companies in the accompanying financial statements are classified as due to/(from) affiliates (Note 11). Trade receivables due from Exelon and its affiliates in the ordinary course of business are included in contract receivables due from affiliates in the accompanying balance sheets (Note 11).

Description of Business: The Company operates in one reportable segment as a specialty contractor. The Company is a specialty contractor servicing the utility transmission and distribution infrastructure in the United States. Our broad range of services includes the design, engineering, procurement, construction, testing, maintenance and leasing of utility infrastructure. Our customers primarily include electric power utilities, natural gas utilities, government entities and heavy industrial companies, such as petrochemical, processing and refining businesses. Each of these services is provided by various Company subsidiaries, which provide management with monthly financial statements. All of the Company's subsidiaries have been aggregated into one reportable segment due to their similar customer bases, products and production methods, and distribution methods.

The Company operates in multiple service territories throughout the United States and does not have significant operations or assets in countries outside of the United States.

Principles of Consolidation: The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries (see "*Basis of Presentation").*

Interim periods: The Company's unaudited interim periods for fiscal 2002 and 2003 ended on September 20, 2002 and September 23, 2003, respectively.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates include those utilized to determine revenues and profit on long-term construction contracts. Actual results could differ from those estimates.

Revenue Recognition: Revenues from services provided to customers are generally reported as earned and are generally recognized when the services are performed. Unbilled revenues represent amounts earned and recognized in the period for which billings are issued in a subsequent period and are included in contract receivables.

Revenues from fixed price contracts are typically recorded on a percentage-of-completion basis, using the cost-to-cost method based on the percentage of total costs incurred to date in proportion to total estimated costs to complete the contract. Changes in job performance, job conditions and final contract settlements, among others, are factors that influence the assessment of the total estimated costs to complete these contracts. This method is used because management considers expended costs to be the best available measure of progress on these contracts.

Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs and depreciation costs. Costs of installation or manufacturing include all direct material and labor costs and indirect costs related to the manufacturing process, such as indirect labor, supplies, tools and repairs. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions, and final contract settlements may result in revisions to costs and income and are recognized in the period in which the revisions are determined.

Revenues from master service agreements ("MSA"s) and maintenance contracts are generally based on unit prices and are recognized as the units are completed ("units of production" method). Revenues earned on short-term projects and under contracts providing for substantial performance of services are generally recorded under the completed contract method. Revenues earned pursuant to fiber-optic facility licensing agreements, including initial fees are recognized ratably over the expected length of the agreements.

In accordance with industry practice, the classification of construction contract-related current assets and current liabilities are based on the Company's contract performance cycle, which may exceed one year. Accordingly, retainage receivables, costs and estimated earnings in excess of billings on uncompleted contracts, estimated losses on uncompleted contracts, billings in excess of costs and estimated earnings on uncompleted contracts, which are classified as current, will include certain amounts which may not be collected or liquidated within one year. Costs and estimated earnings in excess of billings primarily relates to revenues for completed but unbilled units under unit based contracts, as well as unbilled revenues recognized under the percentage-of-completion method for non-unit based contracts. For those contracts in which billings exceed contract revenues recognized to date, such excesses are included in the caption billings in excess of costs and estimated earnings.

Cash and Cash Equivalents: Cash and cash equivalents include instruments with original maturities of three months or less. Cash and cash equivalents are stated at cost, which approximates market value.

Inventories: Inventories are stated at the lower of cost or market, as determined by the first-in, first-out method. Inventories consist primarily of materials and supplies used in operations.

Other Current Assets: Other current assets comprise prepaid insurance, prepaid taxes and prepaid expenses. These costs are expensed ratably over the related periods of benefit.

Property and Equipment: Property and equipment are stated at cost. Depreciation is generally provided on a straight-line basis over the estimated useful lives of the assets, which principally range from three to seven years for furniture, vehicles, machinery and equipment and 30 to 40 years for buildings. For certain assets, the Company utilizes other methods of depreciation, including accelerated and units of production methods, as these methods more accurately reflect related cost recovery related to these assets. For small tools used in the completion of services, depreciation is based on the composite group remaining life method of depreciation, with straight-line composite rates determined on the basis of equal life groups for certain categories of tools acquired in a given period. Under this method, normal asset retirements, net of salvage value, are charged to accumulated depreciation. Assets under capital leases and leasehold improvements are amortized over the lesser of the lease term or the asset's estimated useful life. Major modifications which extend the useful life of the assets are capitalized and amortized

over the adjusted remaining useful life of the assets. When assets are retired or disposed of, the cost and accumulated depreciation thereon are removed and any resultant gains or losses are recognized in current operations.

Goodwill and Intangible Assets: Assets acquired and liabilities assumed in connection with business combinations accounted for under the purchase method are recorded at their respective fair values. Deferred taxes have been recorded to the extent of the difference between the fair value and the tax basis of the assets acquired and liabilities assumed as part of the stock acquisitions. The excess of the purchase price over the fair value of net assets acquired, including the recognition of applicable deferred taxes, consists of non-compete agreements and goodwill and are amortized on a straight-line basis over the estimated useful lives of the assets which range from three to 20 years. Effective

January 1, 2002, pursuant to Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142"), goodwill recorded is no longer subject to amortization (see *"New Accounting Pronouncements").* Upon implementation of SFAS No. 142, the Company recognized an impairment charge of $204,100 (see Note 4) in 2002.

Accounting for the Impairment of Long-Lived Assets: The Company accounts for impairment of long-lived assets in accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS No. 144 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the book value of the asset may not be recoverable. The Company evaluates at each balance sheet date whether events and circumstances have occurred that indicate possible impairment. No such impairment has been recorded as of December 31, 2001 and 2002. As a result of the adoption of SFAS No. 142, the Company performs a test for potential impairment of recorded goodwill, annually or more frequently if events or circumstances indicate that goodwill impairment may exist (see "*New Accounting Pronouncements").*

Income Taxes: The Company accounts for income taxes using the provision of SFAS No. 109, "Accounting for Income Taxes" ("SFAS No. 109"). Deferred income taxes are provided at the currently enacted income tax rates for the difference between the financial statement and income tax bases of assets and liabilities and carryforward items. The Company is included in the consolidated Federal income tax return of Exelon (see *Organization*) for the years ended December 31, 2000, 2001 and 2002 and January 1, 2003 through September 23, 2003.

Comprehensive Income (Loss): Comprehensive income (loss) includes all changes in equity during a period except those resulting from investments by and distributions to shareholders. Comprehensive income (loss) related to foreign currency translation adjustments, net of tax effect, is reflected in the accompanying consolidated statements of operations and comprehensive income (loss) for the year ended December 31, 2000. For the years ended December 31, 2001 and 2002, there were no changes in other comprehensive income. During the period January 1, 2003 through September 23, 2003, the Company recognized an expense of $75 associated with this foreign currency translation adjustment, due to non-recoverability from foreign operations. This expense is included in selling, general and administrative expenses for the period January 1, 2003 through September 23, 2003.

Stock Option Plan: In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation Transition and Disclosure" ("SFAS No. 148"). This standard amends the transition and disclosure requirements of SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123"). Effective January 1, 2003, the Company, as required, adopted the provisions of SFAS No. 148. As permitted by SFAS No. 148, the Company accounts for employee stock options in accordance with Accounting Principles Board of Opinion No. 25 (APB 25), "Accounting for Stock Issued to Employees." Under APB 25, the Company recognizes no compensation expense related to employee stock options, as no options are granted at a price below the market price on the day of the grant. The Company currently does not intend to transition to the use of a fair value method for accounting for stock-based compensation, and as more-fully described in Notes 15 and 18, all of the

Company's outstanding common stock options were cancelled for nominal consideration as of September 18, 2003, in anticipation of the Merger. No stock options were outstanding as of September 23, 2003.

The Company granted no stock options during the year ended December 31, 2002 or during the period January 1, 2003 through September 23, 2003. The Company granted a total of 384,705 stock options during the year ended December 31, 2001 (Note 15). Had the Company applied the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation, it would have recognized estimated compensation expense of $2,764 for the year ended December 31, 2001, attributable to options granted during fiscal 2000. As no options were granted during the year ended December 31, 2002 and the period January 1, 2003 through September 23, 2003, no compensation

expense would have been recognized during these periods had the Company applied the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation. The weighted-average fair value of options granted during the year ended December 31, 2001 was estimated as $7.18 per stock option granted. The fair value of each option grant at grant date is estimated using the Black-Scholes option-pricing model.

The following table illustrates the effect on net earnings and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation granted in fiscal 2001:

	Year Ended December 31,		Period January 1 to September 23, 2003
	2001	2002	
Net loss, as reported	$ (6,044)	$ (175,437)	$ (23,593)
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(550)	(500)	(413)
Pro forma net loss	$ (6,594)	$ (175,987)	$ (24,006)
Basic and diluted earnings (loss) per share:			
Basic and diluted loss per share as reported	$ (0.13)	$ (3.65)	$ (0.50)
Basic and diluted loss per share pro forma	$ (0.14)	$ (3.66)	$ (0.51)

The following weighted average assumptions were used for grants during the year ended December 31, 2000:

Risk-free interest rate	5.52%
Expected life (in years)	10
Expected volatility	35.0%
Expected dividend yield	0%

Derivatives: In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," ("SFAS No. 133") to establish accounting and reporting standards for derivatives. The standard requires recognizing all

derivatives as either assets or liabilities on the balance sheet at their fair value and specifies the accounting for changes in fair value depending upon the intended use of the derivative. SFAS No. 133, as amended, is effective for fiscal years beginning after June 15, 2000. The Company adopted SFAS No. 133 in the first quarter of 2001. As of September 23, 2003, the Company did not hold any derivative instruments or engage in any hedging activities.

Earnings Per Share: Earnings per share is calculated in accordance with SFAS No. 128, "Earnings Per Share". Basic earnings per share includes only the weighted average number of common shares outstanding during the period. Diluted earnings per share includes the weighted average number of common shares and the dilutive effect of stock options and other potentially dilutive securities outstanding during the period, when such instruments are dilutive. The Company has excluded the effects of outstanding stock options for all periods presented, as the inclusion of these stock options in determining diluted earnings per share would be anti-dilutive (see Note 15). The Company had no other potentially-dilutive securities outstanding during any of the periods presented.

Multi-employer Benefit Plans: Certain of the Company's subsidiaries utilize unionized labor in certain geographies, and as such are required to make contractor contributions to the multi-employer retirement plans of certain unions. Were the Company to cease participation in these unions, a liability could potentially be assessed related to any underfunding of these plans. The amount of any such assessment, were such an assessment to be made, is not subject to reasonable estimation. However, the Company has never received any such assessments, and does not consider future assessments to be likely.

New Accounting Pronouncements: In 2002, the FASB issued SFAS No. 145, "Rescission of FASB statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections as of April 2002" ("SFAS No. 145"). During 2002, the FASB also issued SFAS 146, "Accounting for Exit or Disposal Activities" ("SFAS No. 146) and SFAS 148, "Accounting for Stock-Based Compensation Transition and Disclosure an amendment of FASB Statement No. 123" ("SFAS No.148") and Financial Interpretation No. (FIN) 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"). During 2003, the FASB issued SFAS 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" ("SFAS No. 149"), FIN 46, "Consolidation of Variable Interest Entities" ("FIN 46"), and SFAS 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" ("SFAS No. 150"). Each of these pronouncements is more-fully described below.

In April, 2002, the FASB issued SFAS No.145. SFAS No. 145 rescinds both FASB Statement No. 4 ("SFAS 4"), *Reporting Gains and Losses from Extinguishment of Debt*, and the amendment to SFAS 4, FASB Statement No. 64, *Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements*. SFAS No.145 is effective for transactions occurring after May 15, 2002. The initial adoption of this new standard did not have a material impact on the Company's financial statements.

In July 2002, the FASB issued SFAS No. 146. FAS No. 146 addresses significant issues regarding the recognition, measurement, and reporting of costs that are associated with exit and disposal activities, including restructuring activities that are currently accounted for under EITF 94-3. The provision of this Statement are effective for disposal activities initiated after December 31, 2002, with early application encouraged. The requirements of this will be reflected in any exit or disposal initiatives after its effective date. The initial adoption of this new standard did not have a material impact on the Company's financial statements.

In 2003 the FASB issued SFAS No. 149, which amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. The amendments set forth in SFAS 149 improve financial reporting by requiring that contracts with comparable characteristics be accounted for similarly. SFAS No. 149 is generally effective for contracts entered into or modified after June 30, 2003 (with a few exceptions) and for hedging relationships designated after June 30, 2003. The initial adoption of this new standard did not have a material impact on the Company's financial statements.

In May 2003, the FASB issued SFAS No. 150*, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*, which establishes standards on how an issuer classified and measures certain financial instruments with characteristics of both debt and equity. SFAS No. 150 is effective for financial instruments entered or modified after May 31, 2003 and is effective for all other financial instruments as of the first interim period beginning after June 15, 2003. The adoption of SFAS No. 150 did not have a material impact on the Company's results of operations or financial position as of September 30, 2003.

In November 2002, the FASB issued Financial Interpretation No. (FIN) 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*. This Interpretation provides the disclosures to be made by a guarantor in annual financial statements about obligations under certain guarantees. The Interpretation also clarified that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation. The initial recognition and measurement requirements are effective prospectively for guarantees issued or modified after December 31, 2002. However, the disclosure requirements of the interpretation are effective for December 31, 2002. As of September 23, 2003, the Company has provided no formal guarantees other than guarantees of the Company's own performance with respect to certain operating contracts. Pursuant to a joint venture construction agreement in effect at September 23, 2003, a Non-Acquired Group (discontinued operations) entity has indemnified its joint venture partner against any operating losses related to the construction project (Note 2). The initial adoption of this new standard did not have a material impact on the Company's financial statements.

In January 2003, the FASB issued Financial Interpretation No. (FIN) 46, *Consolidation of Variable Interest Entities*, that addresses conditions when an entity should be consolidated based upon variable interests rather than voting interests. Variable interests are ownership interests or contractual relationships that enable the holder to share in the financial risks and rewards resulting from the activities of a Variable Interest Entity (VIE). A VIE is a corporation, partnership, trust, or any other

legal structure used for business purposes that either does not have equity investors with voting rights or has equity investors that do not provide sufficient financial resources for the entity to support its activities. In order to apply FIN 46, InfraSource must evaluate every entity with which it is involved through variable interests to determine whether the entity is a VIE and, if it is, whether or not InfraSource is the primary

beneficiary of the entity. The primary beneficiary of a VIE is the entity that receives the majority of the entity's expected losses, residual returns, or both. As a result, FIN 46 could result in consolidation of an entity that InfraSource is associated with other than by (and even in the absence of) a voting ownership interest. This interpretation applies immediately to variable interest entities created after January 31, 2003, and to variable interest entities in which an enterprise obtains an interest after that date. It applies in the first fiscal year or interim period beginning after June 15, 2003, to variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. The adoption of this new standard did not have a material impact on the Company's financial statements.

Warranty Costs: For certain contracts, the Company warrants labor for new installations and construction and servicing of existing infrastructure. An accrual for warranty costs is recorded based upon management's estimate of future costs.

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 for certain benefits to their union employees. These agreements expire at various times.

Self-Insurance: The Company is insured for workers' compensation, employer's liability, auto liability and general liability claims, subject to stop loss of $250 for 2000 and 2001 and $500 for 2002 and 2003 per accident or occurrence. Losses up to the stop loss amounts are accrued based upon the Company's estimates of the ultimate liability for claims incurred and an estimate of claims incurred but not reported. The accruals are based upon known facts and historical trends and management believes such accruals to be adequate. At December 31, 2000, 2001 and 2002 and September 23, 2003, the amounts accrued for self-insured claims by the InfraSource Group were $3,349, $8,451, $11,160 and $19,186 respectively. During the period January 1, 2003 through September 23, 2003, the InfraSource Group recorded an increase of $8,585 to its estimated claims liability related to periods 2002 and prior, based upon changes in actuarial estimates related to incurred claims losses for these periods.

Reclassifications: Certain amounts in the accompanying statements have been reclassified for comparative purposes.

2. Discontinued Operations

The remaining assets and liabilities of the Non-Acquired Group subsidiaries were not included in the consolidated balance sheets, as they were distributed to Exelon immediately prior to the Merger. Therefore the financial position, results of operations and cash flows of these subsidiaries are presented as discontinued operations through September 23, 2003, with all prior periods reclassified in accordance

with this presentation. Prior period results include results from the dates of acquisition by the Company of subsidiaries included in the Non-Acquired Group.

The following table presents the balance sheet and statement of operations information for the Non-Acquired Group (discontinued operations) of InfraSource Incorporated:

	December 31, 2001	December 31, 2002
Cash and cash equivalents	$	$ 323
Contract receivables, net	71,328	69,702
Property and equipment, net	9,223	8,002
Goodwill and intangible assets, net	52,360	
Other, net	29,671	50,695
Total assets	$ 162,582	$ 128,722
Accounts payable and other liabilities	$ 35,354	$ 18,041
Billings in excess of costs and estimated earnings	8,086	9,397
Total liabilities	43,440	27,438

	December 31, 2001	December 31, 2002
Net assets	$ 119,142	$ 101,284

	Year Ended December 31, 2000	Year Ended December 31, 2001	Year Ended December 31, 2002	Period January 1, 2003 through September 23, 2003	Period January 1, 2002 through September 20, 2002
				(unaudited)	(unaudited)
Contract revenues earned	$ 243,261	$ 310,159	$ 331,461	$ 141,792	$ 237,996
Cost of revenues earned	204,711	280,813	297,023	140,513	215,462
Gross profit	38,550	29,346	34,438	1,279	22,534
Selling, general and administrative expenses	36,730	34,556	34,145	18,446	23,927
Provision for uncollectible accounts	858	6,297	(218)	322	1,280
Amortization of intangible assets and goodwill	2,009	3,018			
Income (loss) from operations	(1,047)	(14,525)	511	(17,489)	(2,673)
Net interest expense and Other income (expense)	(205)	(814)	(1,544)	(1,330)	(3,434)
Loss before income taxes	(1,252)	(15,339)	(1,033)	(18,819)	(6,107)
Income tax expense (benefit)	(409)	(5,953)	541	(6,503)	(1,422)
Net loss from discontinued operations	$ (843)	$ (9,386)	$ (1,574)	$ (12,316)	$ (4,685)
Basic and diluted loss per common share:					
Weighted average basic and diluted common shares outstanding	31,716,904	48,154,877	48,085,793	47,585,472	48,155,785
Basic and diluted loss per common share	$ (0.03)	$ (0.20)	$ (0.03)	$ (0.26)	$ (0.10)

Accounting Policies of Discontinued Operations: The accounting policies of the Non-Acquired Group (discontinued operations) are generally the same as those for the Company as a whole (see Note 1).

Investments in joint ventures, which exist solely for the Non-Acquired Group, are predominantly accounted for by the equity method. In addition, an investment in a joint venture through a Non-Acquired Group (discontinued operations) entity is accounted for by the proportionate accounting method, with the Non-Acquired Group's proportionate share of construction joint-venture revenue, cost of revenue and gross profit (loss) is included within discontinued operations, net of tax effects. Pursuant to a joint venture construction agreement in effect at September 23, 2003, a Non-Acquired Group (discontinued operations) entity has indemnified its joint venture partner against any operating losses related to the construction project.

The Non-Acquired Group incurred interest expense of $526, $1,056, $1,852 and $1,108 for the years ended December 31, 2000, 2001 and 2002, and for the period January 1, 2003 through September 23, 2003, respectively, in connection with borrowings from the Company's cash pooling system (Note 11). Interest expense charged to Non-Acquired Group entities was based upon average outstanding borrowings for these periods.

At the date of its purchase in fiscal 2000, one of the Non-Acquired Group entities had 11 affirmative claims against third parties related to completed projects, and was the subject of 11 unrelated claims against it by third parties. These claims were recorded at their estimated fair value at the acquisition date of this subsidiary, and remaining claim amounts are included in contracts receivable of the Non-Acquired Group. The Company and the former owners of this purchased subsidiary entered into an agreement related to the realization of these assets by the Company. Proceeds derived from the total assets acquired of this subsidiary in excess of $10,100 are to be refunded to the previous owners. At December 31, 2002, and at September 23, 2003, there are five remaining affirmative claims against third parties and two remaining defensive claims against the Company by third parties. Recorded net claims receivable assets of $6,981, included in current assets-discontinued operations in the accompanying consolidated balance sheet as of December 31, 2002, reflect the collection of amounts in connection with settled affirmative claims, payments made on defensive claims and revaluation of estimated amounts to be collected with respect to affirmative claims. The Company does not expect that ultimate settlement of remaining claims will result in net proceeds in excess of the recorded amount, and therefore no liability to the previous owners has been recorded in the accompanying consolidated financial statements as of December 31, 2002. The Non-Acquired Group recorded no additional revaluation adjustments for the period January 1, 2003 through September 23, 2003.

Dispositions: During fiscal 2003, prior to the Merger, the Company sold substantially all of the assets of two Non-Acquired Group entities, to separate unaffiliated purchasers. As more-fully described in Note 18, the remaining assets and liabilities of all Non-Acquired Group subsidiaries were distributed to Exelon in September 2003, immediately prior to the Merger. Additional information with respect to the sale transactions is provided below.

On May 1, 2003, the Company consummated the sale of substantially all of the assets of Syracuse Merit Electric, Inc., a wholly owned subsidiary and provider of electrical construction services, to an unaffiliated purchaser. The Company received aggregate cash consideration of $1,800, in addition to the assumption of certain facility leases and other liabilities by the purchaser, and recorded a loss upon sale of approximately $370, which is included in discontinued operations in the accompanying statement of operations and comprehensive income for the period January 1, 2003 through September 23, 2003. The sale agreement requires additional purchase price adjustments if specific financial targets related to completion of existing contracts are met. Additional contingent payment adjustments in connection with this sale have not been included in the initial determination of loss on sale since the certainty of such contingent consideration, if any, was not determinable as of September 23, 2003. The Company's rights and obligations pursuant to this sale agreement, including those related to potential contingent purchase price adjustments, were transferred to Exelon immediately prior to the Merger.

On June 25, 2003, the Company consummated the sale of substantially all of the assets of VSI Group, Inc., a wholly owned subsidiary and provider of metering services, to an unaffiliated purchaser. The Company received aggregate cash consideration of $829, in addition to the assumption of certain automotive and facility leases and other liabilities by the purchaser, and recorded a loss upon sale of approximately $452, which is included in discontinued operations in the accompanying statement of operations and comprehensive income for the period January 1, 2003 through September 23, 2003. The sale agreement requires additional purchase price adjustments if specific financial targets related to profitability of certain contracts are met over a three-year period subsequent to the sale date. Additional contingent payment adjustments in connection with this sale have not been included in the initial determination of loss on sale since the certainty of such contingent consideration, if any, was not determinable as of September 23, 2003. The Company's rights and obligations pursuant to this sale agreement, including those related to potential contingent purchase price adjustments, were transferred to Exelon immediately prior to the Merger.

3. Acquisitions

During 2001, the Company completed the acquisition of two complementary infrastructure service businesses, Blair Park Services, Inc. and Sunesys, Inc. (collectively, "Blair Park"), in exchange for net purchase price compensation of $31,596. These businesses were under common ownership at the date of acquisition. The Company purchased substantially all of the net assets and all of the voting interests of Blair Park and recorded the transaction using the purchase method of accounting. Blair Park is reflected in the accompanying consolidated statements of operations and comprehensive income (loss) beginning January 31, 2001, the acquisition date.

During 2000, the Company completed the acquisitions of four complementary infrastructure service businesses which are included in the InfraSource Group (the "2000 Acquisitions") in exchange for aggregate net purchase price compensation of $224,198. The Company purchased substantially all of the net assets of two of these businesses and the outstanding common stock of two businesses, each in transactions recorded using the purchase method of accounting. The Company acquired all of the voting interests of each acquired business. These acquired businesses are reflected in the accompanying

consolidated statements of operations and comprehensive income (loss) within continuing operations beginning with the respective dates of acquisition, as follows:

Company	Acquisition Date
Asset Acquisitions:	
Dashiell Holdings Corporation	June 7, 2000
M.J. Electric, Inc. (MJE)	December 7, 2000
Stock Acquisitions:	
Electric Services, Inc.	November 15, 2000
Michigan Trenching Service, Inc.	May 31, 2000

The aggregate purchase price for Blair Park and for the 2000 Acquisitions is as follows:

	2000	2001
Cash Paid (net of cash acquired)	$ 211,250	$ 28,749
Deferred purchase price obligations	3,411	
Redeemable common stock	9,537	2,847
	$ 224,198	$ 31,596

The purchase price of the assets acquired and liabilities assumed in the Blair Park acquisition and the 2000 Acquisitions were initially allocated as follows:

	2000	2001
Accounts receivable	$ 42,451	$ 6,538
Costs and profits in excess of billings on uncompleted contracts, net	8,059	3,307
Inventory	6,010	445
Other current assets	2,025	58
Property and equipment	13,314	10,999
Goodwill	189,978	19,420
Intangible assets	1,400	
Other assets	1,318	5
Billings in excess	(11,989)	
External line of credit	(1,725)	
Capital lease obligations		(152)
Accounts payable and accrued expenses	(24,151)	(2,772)
Deferred revenues	(1,423)	
Other liabilities	(1,069)	(6,252)
	$ 224,198	$ 31,596

The Company has certain purchase agreements that require additional purchase price adjustments if specific financial targets and non-financial conditions are met, or if certain working capital or other amounts exceed or fall below specified targets as of the acquisition dates. At December 31, 2001, an aggregate amount of $1,094 remained outstanding related to these obligations. During 2002, this liability was settled for total cash consideration of $500. During the period January 1, 2003 through September 23, 2003, the Company recorded a liability for additional contingent purchase price due to the former owners of Blair Park in the amount of $2,369. This amount represents the minimum liability due to the former owners pursuant to the terms of the Blair Park purchase agreement, determined based upon the net present value of contract-related future cash flows for certain fiber-optic facilities acquired. Under this agreement, net present values in excess of specified thresholds accrue in favor of the former owners over the five-year period subsequent to the Blair Park acquisition, while net present values below specified thresholds would result in amounts accrued in favor of the Company. The amount ultimately due to the former owners in fiscal 2006 is subject to future adjustment, based upon annual valuations of these facilities at December 31, 2004 and 2005, respectively, and may ultimately exceed the minimum amount owed as of September 23, 2003. The agreement does not contain a maximum limit related to this

contingent purchase price.

In connection with the acquisition of OSP Consultants, Inc. ("OSP"), the Company entered into an agreement with the former owners of OSP whereby the Company was indemnified against any future losses which may occur at a joint venture acquired as part of the acquisition. The Company has recorded this joint venture at its estimated fair value at the date of acquisition. In December 2001, this joint venture was dissolved resulting in liquidation of the Company's investment in the joint venture. The Company was required to make a capital contribution of $1,472 in connection with the dissolution. All amounts due from former shareholders of OSP in connection with this joint venture were settled during 2002.

During 2000, the Company recorded an adjustment to the initial purchase price allocations for MRM, to reflect the fair value of fixed assets acquired. A fixed asset valuation increase of $5,176 was recorded with a corresponding adjustment to goodwill. In addition during 2000, MRM purchased the fixed assets of another company for cash of $4,067, which resulted in an addition to goodwill of $181.

The following unaudited pro forma consolidated results of operations of the InfraSource Group give effect to each of the acquisitions as if they occurred on January 1, 2000 and 2001, respectively.

	Year ended December 31, 2000 As Reported	Pro forma results for the year ended December 31, 2000	Year ended December 31, 2001 As Reported	Pro forma results for the year ended December 31, 2001
		(unaudited)		(unaudited)
Net revenues from continuing operations	$ 452,941	$ 662,473	$ 609,327	$ 611,049
Net income (loss)	$ 2,011	$ 18,859	$ (6,044)	$ (6,336)
Earnings Per Shara Data:				
Basic earnings (loss) per share	$ 0.06	$ 0.59	$ (0.13)	$ (0.13)
Diluted earnings (loss) per share	$ 0.06	$ 0.59	$ (0.13)	$ (0.13)

The above pro forma information is not necessarily indicative of the results of operations that would have occurred had the 2000 and 2001 acquisitions been made as of January 1, 2000 and 2001, or of the results that may occur in the future.

4. Goodwill and Intangible Assets

Goodwill and intangible assets for the InfraSource Group consist of the following:

	December 31, 2001	December 31, 2002	September 23, 2003
			(unaudited)
Goodwill	$ 307,444	$ 308,075	$ 310,445
Less: accumulated amortization	23,205	255,725	255,725
	$ 284,239	$ 52,350	$ 54,720

	December 31, 2001	December 31, 2002	September 23, 2003
			(unaudited)

	December 31, 2001	December 31, 2002	September 23, 2003
Intangible assets	$ 2,250	$ 2,250	$ 2,250
Less: accumulated amortization	1,162	2,250	2,250
	$ 1,088	$ 0	$ 0

The InfraSource Group amortized intangible assets, consisting of certain non-compete agreements with former owners, on a straight-line basis over the three-year life of these agreements. Prior to the implementation of SFAS No. 142, the InfraSource Group generally amortized goodwill on a straight-line basis over an estimated twenty-year life. SFAS No. 142, which was adopted by the Company as required effective January 1, 2002, establishes new accounting and reporting standards for goodwill and intangible assets. Under SFAS No. 142, goodwill recorded by the Company is no longer subject to amortization. Beginning in 2002, goodwill is subject to an assessment for impairment using a two-step fair value-based test, the first step of which will be performed at least annually, or more frequently if events or circumstances exist which indicate that goodwill may be impaired. The first step compares the fair value of a reporting unit to its carrying amount, including goodwill. If the carrying amount of the reporting unit exceeds its fair value, the second step is then performed. The second step compares the carrying amount of the reporting unit's goodwill to the fair value of the goodwill. If the fair value of the goodwill is less than the carrying amount, an impairment loss would be recorded as a reduction to goodwill and a corresponding charge to operating expense, except upon initial adoption (the transitional test), when the loss is to be reflected as a cumulative effect of a change in accounting principle. In the accompanying consolidated balance sheet of the Company as of December 31, 2002, goodwill totaled $52,350, net of accumulated amortization (see Note 3). This remaining goodwill pertains entirely to the InfraSource Group (continuing operations) in the accompanying consolidated balance sheets.

The Company completed its transitional test as required under SFAS No. 142 during the first quarter of 2002. Due primarily to a significant economic downturn in the telecommunications industry, including related telecommunications construction services, beginning in late 2000, combined with operating performance below pre-acquisition levels for several acquired businesses, operating profits and cash flows for each of the Company's reporting units were lower than expected in 2000 and 2001. Based on these trends, the Company's earnings and related cash flow forecasts were revised, resulting in a goodwill impairment loss of $204,100, net of related income tax benefit of $81,832, which is reflected in the accompanying consolidated statement of operations for the year ended December 31, 2002 as a cumulative effect of a change in accounting principle. The fair values of the Company's reporting units were estimated using the expected present value of future cash flows, incorporating generally accepted valuation techniques. As of December 31, 2001, using the expected value of undiscounted cash flows for the Company's reporting units, no impairments were identified pursuant to the provisions of SFAS No. 121.

The following table sets forth the Company's net income for 2000 and 2001 adjusted to exclude amortization expense related to goodwill that is no longer being amortized:

	For the Year Ended December 31, 2000	For the Year Ended December 31, 2001	For the Year Ended December 31, 2002
Reported income before cumulative effect of a change in accounting principle	$ 2,011	$ (6,044)	$ 28,663
Cumulative effect of a change in accounting principle, net of tax benefit			(204,100)
Reported net income	2,011	(6,044)	(175,437)
Goodwill amortization continuing operations	7,269	16,047	
Adjusted net income	$ 9,280	$ 10,003	$ (175,437)

	For the Year Ended December 31, 2000	For the Year Ended December 31, 2001	For the Year Ended December 31, 2002
Earnings Per Shara Data:			
Reported basic and diluted earnings (loss) per share	$ 0.06	$ (0.13)	$ (3.65)
Exclusion of goodwill amortization	0.23	0.34	
Adjusted basic and diluted earnings (loss) per share	$ 0.29	$ 0.21	$ (3.65)

During 2002, the InfraSource Group recorded additional goodwill of $631 in connection with contingent purchase price obligations related to two subsidiaries.

5. Contract and Note Receivables

Contract receivables for the InfraSource Group consist of the following:

	December 31, 2001	December 31, 2002	September 23, 2003
			(unaudited)
Contract receivables	$ 85,306	$ 79,914	$ 67,521
Contract receivables due from affiliates	2,050	5,718	7,786
Retainage	14,118	10,580	10,076
	101,474	96,212	85,383
Less: allowance for doubtful accounts	18,404	5,461	8,081
	$ 83,070	$ 90,751	$ 77,302

During 2001, the InfraSource Group reached an agreement with a single customer who experienced financial difficulties whereby all outstanding contract receivables were repaid through a

combination of cash, issuance of common stock and issuance of a secured note receivable from the customer, requiring equal weekly repayments of $54. Pursuant to the terms of the agreement, the InfraSource Group subsequently sold the common stock for cash proceeds during December 2001. As of December 31, 2001 the unpaid balance of the customer note receivable was $3,265 (net of a related allowance of $1,736), and is included in the accompanying consolidated balance sheet. In March 2002, six months after consummation of a substantial refinancing transaction, the customer defaulted on its debt agreements, including the note receivable due to the InfraSource Group. In May 2002, the customer filed for Chapter 11 bankruptcy protection. As of December 31, 2002 the unpaid balance of the customer note receivable was $469 (net of a related allowance of $3,880), and is included in the accompanying consolidated balance sheet. In July 2003, the InfraSource Group sold the customer note receivable for $1,914 and recorded a gain of $1,445.

At September 23, 2003, the InfraSource Group has outstanding receivables of $7,533 in connection with an infrastructure project for which certain amounts are currently in dispute. Total outstanding receivables for all projects for this customer amounted to $9,926 at September 23, 2003 (Note 10). The InfraSource Group and its counsel are vigorously seeking collection of all amounts due, and management expects this matter to be resolved in fiscal 2004.

6. Construction Contracts

Balances relating to amounts earned on construction contracts of the InfraSource Group are as follows:

	December 31, 2001	December 31, 2002	September 23, 2003
			(unaudited)
Costs incurred on contracts	$ 706,026	$ 830,167	$ 440,781
Estimated earnings	93,012	133,759	46,294
	799,038	963,926	487,075
Billings to date	800,731	952,928	453,291
Net costs and estimated earnings in excess of billings	$ (1,693)	$ 10,998	$ 33,784

	December 31, 2001	December 31, 2002	September 23, 2003
			(unaudited)
These amounts are included in the accompanying consolidated balance sheets under the following captions:			
Costs and estimated earnings in excess of billings	$ 19,916	$ 24,730	$ 43,464
Billings in excess of costs and estimated earnings	(21,609)	(13,732)	(9,680)
	$ (1,693)	$ 10,998	$ 33,784

7. Property and Equipment

The components of property and equipment for the InfraSource Group are as follows:

	December 31, 2001	December 31, 2002	September 23, 2003
			(unaudited)
Land and buildings	$ 6,432	$ 10,795	$ 10,889
Machinery and equipment	110,250	111,148	97,368
Vehicles	68,519	71,329	72,757
Office equipment and furniture	7,926	10,274	7,483
Equipment and other	2,118	1,257	22,648
Leasehold improvements	964	985	1,028
	196,209	205,788	212,173

	December 31, 2001	December 31, 2002	September 23, 2003
Less: accumulated depreciation	50,365	75,689	90,754
	$ 145,844	$ 130,099	$ 121,419

InfraSource Group depreciation expense, including depreciation of property under capital leases, is $18,826, $28,318, $29,488 and $20,917 for the years ended December 31, 2000, 2001 and 2002 and for the period January 1, 2003 through September 23, 2003.

8. Financing Arrangements

As of December 31, 2000, 2001 and 2002 and September 23, 2003, the Company had no debt outstanding to third parties. The Company has not historically maintained an outside credit facility.

9. Income Taxes

As described in Note 1, income taxes as reflected in the accompanying consolidated financial statements reflect the income tax accounts and related provision for income taxes for the Company as an independent entity. Income taxes related to the InfraSource Group are reflected in continuing operations. Income taxes relating to the Non-Acquired Group are reflected within discontinued operations, as summarized in Note 2. InfraSource and each of its subsidiaries are included in the consolidated Federal income tax return of Exelon for the years ended December 31, 2000, 2001 and 2002 and for the period January 1, 2003 through September 23, 2003. Deferred tax assets and liabilities are recognized for expected future tax consequences of transactions that are included in the financial statements and tax returns during different reporting periods. Under this method, deferred tax liabilities and assets are determined based upon the differences between financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. A valuation allowance is recorded against a deferred tax asset when it is determined to be more likely than not, that the asset will not be realized.

The components of income tax expense for the InfraSource Group, excluding the cumulative effect of a change in accounting principle, are as follows:

	December 31, 2000	December 31, 2001	December 31, 2002	September 20, 2002	September 23, 2003
				(unaudited)	(unaudited)
Current:					
Federal	$ 2,583	$ 1,989	$ (375)	$ (2,057)	$ 848
State	427	298	679	98	1,921
	3,010	2,287	304	(1,959)	2,769
Deferred:					
Federal	963	3,371	15,702	13,711	(6,902)
State	433	1,391	(1,442)	(1,830)	(641)
	1,396	4,762	14,260	11,881	(7,543)
	$ 4,406	$ 7,049	$ 14,564	$ 9,922	$ (4,774)

As described in Note 1, the implementation of SFAS No. 142 as of January 1, 2002 resulted in a tax benefit of $63,541 related to the InfraSource Group (continuing operations). As the future tax deductions associated with this benefit are principally long term in nature, these benefits are reflected in the accompanying consolidated balance sheet in non-current deferred tax assets at December 31, 2001 and 2002 and

September 23, 2003. The tax benefit related to discontinued operations was $18,291.

The components of net deferred tax assets (liabilities) for the InfraSource Group are as follows:

	December 31, 2001	December 31, 2002	September 23, 2003
			(unaudited)
Reserves	$ 8,145	$ 4,899	$ 10,152
Accrued expenses	555	1,018	772
Loss in joint venture	1,241		
Goodwill and intangibles		62,065	56,871
Other			2,182
Deferred tax assets	9,941	67,982	69,977
Fixed assets	$ (11,637)	$ (16,756)	$ (12,459)
Grant income	(649)	(649)	(649)
Net valuation allowance	(1,921)	(5,002)	(5,217)
Goodwill and intangibles	(891)		
Other	(63)	(1,456)	
Deferred tax liabilities	$ (15,161)	$ (23,863)	$ (18,325)
Net deferred tax asset (liability)	$ (5,220)	$ 44,119	$ 51,652

	December 31, 2001	December 31, 2002	September 23, 2003
			(unaudited)
Included in the accompanying consolidated balance sheets under the following captions:			
Current deferred income taxes	$ 9,032	$ 5,579	$ 16,058
Non current deferred income taxes	(14,252)	38,540	35,594
	$ (5,220)	$ 44,119	$ 51,652

The valuation allowance of $1,921 at December 31, 2001 was recorded due to the possibility of non-utilization of net operating losses in certain states. The valuation allowances of $5,210 and $5,002 recorded at December 31, 2002 and September 23, 2003, respectively, reflect the possibility of non-utilization of additional net operating losses in certain states arising primarily in connection with the loss upon implementation of SFAS No. 142 on January 1, 2002. Additional valuation allowances of $3,022 had been initially established upon SFAS No. 142 implementation in 2002. These valuation allowances were subsequently reversed during 2002 due to changes in current and anticipated future levels of taxable income and in estimated state income tax apportionment.

As of September 23, 2003, the InfraSource Group had an aggregate amount of $2,153 of state net operating loss (NOL) carryforwards available to reduce future taxable income, which expire at various dates between 2004 and 2023. In connection with the Merger (Note 18), the Company's deferred tax assets and liabilities were retained by Exelon pursuant to joint election by the Company and Exelon under section 338(h)(10) of the Federal tax code. Therefore, the Company's deferred tax assets and liabilities, including the NOL carryforwards, will be eliminated in the accounting for the Merger during the fiscal quarter ended December 31, 2003.

The reconciliation of the expected income tax (benefit) expense excluding the cumulative effect of a change in accounting principle (computed by applying the federal statutory tax rate to income before taxes) to actual income tax expense for the InfraSource Group is as follows:

	December 31, 2000	December 31, 2001	December 31, 2002	September 20, 2002	September 23, 2003
				(unaudited)	(unaudited)
Expected federal income tax (benefit) provision at statutory rate	$ 2,541	$ 3,637	$ 15,681	$ 11,795	$ (5,619)
State income taxes, net of federal income tax (benefit) provision	559	547	2,192	1,792	(650)
Non-deductible amortization of excess cost of net assets acquired	873	1,098	27	27	
Non-deductible meals and entertainment	366	485	681	539	340
Change in valuation allowance		822	(4,311)	(4,268)	915
Other	67	460	294	37	240
	$ 4,406	$ 7,049	$ 14,564	$ 9,922	$ (4,774)

10. Concentration of Credit Risk

Financial instruments which may potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and contract receivables. The Company maintains substantially all of its cash investments with what it believes to be high credit quality financial institutions. Concentration of credit risk with respect to contract receivables is limited due to the diverse nature of work and clients served by the Company. As a policy, the Company does not collateralize its receivables; however, if collectibility becomes questionable, appropriate liens may be filed.

The InfraSource Group had no customers for the years ended December 31, 2000, 2001 and 2002 from whom revenues earned were greater than 10% of total InfraSource Group revenues. For the period January 1, 2003 through September 23, 2003, revenues earned from Exelon represented $53,477

(see Note 11), or approximately 14% of total InfraSource Group revenues, with no other customer representing 10% or more of earned revenues for the period.

The InfraSource Group had no accounts receivable related to a single customer at December 31, 2001 and 2002, that represented 10% or more of accounts receivable, while one customer represented $9,926, or approximately 13% of accounts receivable at September 23, 2003. At December 31, 2000, another customer had accounts receivable that represented $18,403, or approximately 13% respectively, of total accounts receivable. This customer experienced significant financial difficulties, as more-fully described in Note 5.

11. Related Party Transactions

On October 6, 1999, the Company entered into a services agreement ("Services Agreement") with Exelon for Exelon to provide certain services to the Company, including contracting for employees, financial and accounting services, payroll services, office and equipment leases and other administrative and support services. The scope of these services was reduced each year of the agreement. This agreement was effective for a period of 12 months commencing in October of each year and was renewable at both parties discretion. The InfraSource Group, through InfraSource Corporate Services, Inc., was charged $8,112, $1,565, $1,291 and $1,156 for these services for the years ended December 31, 2000, 2001 and 2002 and for the period January 1, 2003 through September 23, 2003, respectively, including $492, $526, $598 and $0, respectively, for leasing of the Company's corporate headquarters. Pursuant to the Merger (Note 18), this Services Agreement will be terminated.

As more-fully described in Note 1, the Company is included in the consolidated Federal income tax return of Exelon (see *Organization*) for the years ended December 31, 2000, 2001 and 2002 and for the short period Federal tax return for the period January 1, 2003 through September 23, 2003. The Company records income tax expense on a separate company basis. Included in accrued taxes due to affiliate in the

accompanying unaudited consolidated balance sheet as of September 23, 2003 are Federal income taxes payable to Exelon from the InfraSource Group totaling approximately $6,384, which amount will be eliminated as a result of the Merger (Note 18).

The InfraSource Group has several service contracts with Exelon and performs work for various services including utility construction and maintenance, telecommunications services and infrastructure services on an outsourced basis to business and residential customers. Certain operating assets and liabilities of the Non-Acquired Group, including certain operating agreements (the "Operating Agreements") with Exelon, were transferred to the InfraSource Group as of January 1, 2003, with operating results related to the Operating Agreements reflected in the accompanying consolidated statement of operations beginning with the date of transfer. Under the Operating Agreements, the Company performs infrastructure services on an outsourced basis to business and residential customers. Each operating agreement has an annual term commencing on November 1 and ending on December 31 of the following year, which automatically renews each year unless formally terminated by Exelon. The services are charged to Exelon at a rate that is intended to approximate market value. InfraSource Group revenues charged to Exelon for the period January 1, 2003 through September 23,

2003 under these contracts were $24,991. For the years ended December 31, 2001 and 2002, revenues recorded by the Non-Acquired Group pursuant to these contracts were $34,807 and $25,858, respectively. These Operating Agreements remained in place following the Merger (Note 18).

In addition to the Operating Agreements, revenues for the InfraSource Group related to contracts with Exelon were $3,486, $27,948, $32,725 and $28,486 for the years ended December 31, 2000, 2001 and 2002, and for the period January 1, 2003 through September 23, 2003, respectively. Accounts receivable related to all revenues due from Exelon were $4,820, $2,050, $5,718 and $7,786 at December 31, 2000, 2001 and 2002, and at September 23, 2003,respectively, and are recorded in contract receivables due from affiliates, net in the accompanying consolidated balance sheets.

In connection with the acquisition of OSP, the Company entered into indemnification agreements related to certain pre-acquisition liabilities. As of December 31, 2001 the Company had a receivable due from shareholders of $1,657 related to these indemnified items. These amounts were fully settled during 2002, in connection with a purchase price settlement with the former owners of OSP.

All Company subsidiaries participate in a centralized cash pooling system, whereby the Company's subsidiaries lend funds to or borrow funds from the Company in an amount equivalent to their end of day bank account balance. Excess funds in the cash pooling account are automatically swept into an overnight investment account. When the cash pool cannot cover total company cash requirements, funds are borrowed from Exelon. Interest expense for the InfraSource Group related to these borrowings was $2,071, $1,896, $388 and $27 for the years ended December 31, 2000, 2001 and 2002, and the period January 1, 2003 through September 23, 2003, respectively. The Company earns interest on the funds invested in the overnight investment account and pays interest on amounts borrowed from Exelon, if any. Interest income earned by the InfraSource Group through the centralized cash pooling system was $344, $186, $1,438 and $1,376 for the years ended December 31, 2000, 2001 and 2002, and for the period January 1, 2003 through September 23, 2003, respectively.

The InfraSource Group has historically provided funds available to the Non-Acquired Group through this cash pooling system. As more-fully described in Note 18, substantially all outstanding amounts among InfraSource Incorporated and its acquired and non-acquired subsidiaries were settled in full pursuant to Board of Director-approved capital contributions during fiscal 2003, as the Non-Acquired Group subsidiaries were distributed to Exelon immediately prior to the Merger. Amounts due (to) from the Non-Acquired Group are included in due (to) from affiliates in the accompanying consolidated balance sheet as of September 23, 2003.

When the Company commenced operations, Exelon contributed $25,000 to the Company to provide initial working capital for the Company and its subsidiaries and to fund the Company's obligation to pay deferred purchase price obligations. Exelon continued to fund additional working capital to the Company and its subsidiaries through advances. For the years ended December 31, 2002, 2001 and 2000, advances totaled $27,500, $56,200 and $78,423, respectively. No advances were made to the Company during the period January 1, 2003 through September 23, 2003. There were no advances outstanding due to Exelon at December 31, 2002 and September 23, 2003. The total of advances outstanding due to Exelon at December 31, 2000 and 2001 were $48,423 and $30,000, respectively.

Amounts due (to) from affiliates for the InfraSource Group in the accompanying consolidated balance sheets are as follows:

	December 31, 2001	December 31, 2002	September 23, 2003
			(unaudited)
Amount due under Services Agreement	$ (8,197)	$ (6,659)	$ (325)
Amount due under Operating Agreements	902	362	
Advances to Parent		7,000	
Due from Parent preferred stock purchase and other			9,404
Interest due on loans	(303)		
Working capital loans	(30,000)		
	$ (37,598)	$ 703	$ 9,079

12. Redeemable Common Stock and Treasury Stock

In connection with the acquisitions described in Note 3, the including acquisitions of Non-Acquired Group subsidiaries, 225,970 and 251,469 shares of redeemable common stock were issued at $12.60 per share in 2001 and 2000 respectively. Also in connection with these acquisitions. 635,002 shares of common stock were issued at $14.00 per share in 2000. Additionally during 2001, the Company issued 11,209 shares at $14.00, 12,125 shares at $12.60, 50,176 shares at $12.00 and 109,060 shares at $11.75 in connection with certain acquisitions because certain specified earnings targets were met or certain specified stock bonuses were paid. All shares were valued at the Company's estimated fair value at the dates of issuance and were subject to agreements that provided certain registration rights with respect to the common stock. Additionally, the Stock Restriction Agreements provided that stockholders had the right to require the Company to purchase, and the Company had the right to require each stockholder to sell, specified percentages of the stockholder's shares, at fair market value, at dates subsequent to August 31, 2003.

Further, upon termination of employment, the Company has the right to repurchase any or all shares held by employee stockholders. As a result, the carrying value of these shares is adjusted to fair market value at each reporting period, with the corresponding accretion or decretion being recorded as a component of retained earnings. The adjustments of $(4,903), $(14,095) and $7,869 as of December 31, 2000, 2001 and 2002, respectively, in the fair value of the redeemable common stock relate to the 2,877,463 shares issued during 1999, 2000 and 2001 for acquisitions and adjusted retained earnings at the time of each revaluation of the common stock, performed by an independent valuation expert. The Company's policy is to repurchase outstanding shares of redeemable common stock issued to employees upon termination of employment. Shares of redeemable common stock are repurchased at fair market value as of the redemption date, and are recorded as treasury stock at this value in the accompanying consolidated balance sheet. Shares of treasury stock are not subject to statutory restrictions, and the Company has no stock repurchase commitments other than those pursuant to the Stock Restriction Agreements previously described.

During 2002, 374,996 shares of redeemable stock, valued at $1,991 based upon a fair value per share of $5.31, were cancelled in connection with a settlement with former owners of OSP. During 2001 and 2002, the Company repurchased 127,602 and 85,156, respectively, shares of redeemable stock from employees who were terminated for a total fair value of $1,328 and $456.

During the period January 1, 2003 through September 23, 2003, the Company redeemed shares of redeemable stock at a fair value of $9,943. All remaining outstanding redeemable common stock as of September 23, 2003 was subsequently redeemed, and all treasury stock was cancelled in connection with the Merger (Note 18). Activity related to shares of redeemable common stock for the years ended December 31, 2000, 2001 and 2002, and for the period January 1, 2003 through September 23, 2003 is as follows:

	Shares Outstanding
Balance as of December 31, 2000	2,452,223
Redeemable common stock issued	425,240
Repurchased shares from terminated employees	(127,602)
Balance as of December 31, 2001	2,749,861
Shares cancelled in connection with purchase price settlement	(374,996)

	Shares Outstanding
Repurchased shares from terminated employees	(85,156)
Balance as of December 31, 2002	2,289,709
Repurchased shares from terminated employees	(936,700)
Balance as of September 23, 2003	1,353,009

Deferred Compensation: During the period from June 8, 1999 to December 31, 1999, the Company granted 157,600 shares of restricted common stock to certain executives, in conjunction with compensation agreements. There was no trading market for the restricted common stock at the grant dates. For financial statement purposes, a fair value for the common stock was determined by the Board of Directors to be $12.00 per share during the period these shares were granted. Accordingly, the Company has recorded deferred compensation expense in the amount of $1,891 based on the shares granted times the grant price. This amount will be recognized as compensation expense over the vesting period of three years, on a straight-line basis. The shares are subject to the same Stock Restriction Agreements discussed above. During 2001, an additional 16,700 shares were issued at $7.50, the estimated fair value at the date of issuance. The Company recorded deferred compensation expense in the amount of $125. In December 2001, one of the executives resigned. Based on the terms of the termination agreement, the remaining shares granted to the executive were immediately vested. Therefore, the Company recorded additional compensation expense of $118 related to these shares. At December 31, 2000, 2001 and 2002, the unamortized portion of deferred compensation is $1,129, $250 and $59, respectively. At September 23, 2003 all deferred compensation has been fully amortized. Compensation expense recognized during the years ended December 31, 2000, 2001, 2002 and the

period January 1, 2003 through September 23, 2003 under this plan was $631, $253, $191 and $59, respectively.

13. Common Stock

At inception, the Board of Directors authorized 150,000,000 shares of common stock with a par value of $.0001 per share. Common shares outstanding as of September 23, 2003 were redeemed in connection with the subsequent Merger, as more fully discussed in Note 18.

14. Preferred Stock

At inception, the Board of Directors authorized 20,000,000 shares of preferred stock with a par value of $.0001 per share. No shares were issued through December 31, 2002. On September 23, 2003 in anticipation of the Merger (Note 18), the Company issued one share of preferred stock to Exelon for $4,100. In connection with the Merger, on September 24, 2003 Exelon exchanged this share of preferred stock, along with other consideration included in the Merger Agreement including certain indemnifications provided by Exelon along with a volume agreement (Note 18) for a $29 million subordinated note issued by Holdings.

15. Benefit Plans

The Company and certain of its subsidiaries have union affiliations. Certain field employees are members of local unions. Wages and benefits paid to these employees are established by negotiated contracts.

Retirement Plans: The Company has a defined contribution plan benefiting all subsidiaries, qualifying under section 401(k) of the Internal Revenue Code, for the majority of all office and supervisory employees. During 2002, all subsidiaries transferred to this plan. The plan allows eligible employees to contribute up to 15% of the pre-tax base compensation. Matching contributions made by the Company are 50% of pre-tax contribution up to 6% of the employees' annual compensation. Additionally, some of the subsidiaries maintain profit sharing plans for certain employees. The InfraSource Group's expense related to its defined contribution and profit sharing plans for the years ended December 31, 2000, 2001, 2002 and for the period January 1, 2003 through September 23, 2003 was $1,456, $1,033, $1,844 and $1,711, respectively. The Company and its subsidiaries also provide for payments made to various retirement plans for construction employees under the terms of union agreements and for other benefits of former employees.

Prior to joining the Company's defined contribution plan in 2002, certain of the Company's subsidiaries maintained defined contribution plans, qualifying under section 401(k) of the Internal Revenue Code, for substantially all office and supervisory employees. The plans allowed

eligible employees to contribute up to 15% of the pre-tax base compensation. The matching contribution depended on the plan and ranged from discretionary to 50% of pre-tax contribution up to 4% of the employees' annual salary. The Company's expense for the year ended December 31, 2000 and 2001 was $380 and $829, respectively.

INFRASOURCE INCORPORATED AND SUBSIDIARIES
Notes to Consolidated Financial Statements
For the years ended December 31, 2000, 2001 and 2002 and
For the periods January 1, 2002 through September 20, 2002 (unaudited) and
January 1, 2003 through September 23, 2003 (unaudited)
(in thousands, except share data)

Stock Option Plan: The Company's Long Term Incentive Plan (the "LTIP") was adopted in 1999 to allow the grant of stock options and other cash or stock awards or rights to designated key employees of the Company and its subsidiaries. Awards under the LTIP may be grants of incentive stock options, nonqualified stock options, restricted stock, stock appreciation rights, performance units, performance shares, phantom stock and dividend equivalents. At any time, the number of shares outstanding under the LTIP cannot exceed 16,000,000 shares of common stock.

Under the terms of the company's incentive stock option plans, officers and certain other key employees may be granted options to purchase the company's common stock at no less than 100% of the fair market value on the date of the grant. The options generally vest over 3 years and have a maximum term of 10 years. Under certain terms of the option agreement and subsequent to October 2002, the option holder has the right to put the exercised shares back to the Company at fair market value. Accordingly, there was no compensation expense recorded at the date of the grant. No options had been exercised at September 23, 2003.

The following table summarizes information for the options outstanding and exercisable at September 23, 2003:

	Options	Wtd. Avg. Exercise Price per share	Options Exercisable	Wtd. Avg. Exercise price per share
Balance, December 31, 2000	1,034,660	$ 13.74	45,233	$ 12.00
Granted	384,705	12.42		
Exercised				
Cancelled	69,855	13.96		
Balance, December 31, 2001	1,349,510	$ 13.35	335,835	$ 13.46
Granted				
Exercised				
Cancelled	307,310	12.91		
Balance, December 31, 2002	1,042,200	$ 13.48	497,861	$ 13.49
Granted				
Exercised				
Cancelled	1,042,200	13.48		
Balance, September 23, 2003				

		Stock Options Outstanding			Exercisable Options	
Year	Grant Price per share	Shares	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Shares Exercisable	Weighted Average Exercise Price per share

	Stock Options Outstanding	Exercisable Options
September 23, 2003		

In anticipation of the Merger (Note 18), as of September 8, 2003, all outstanding common stock options were canceled for nominal consideration, and no stock options are outstanding as of September 23, 2003.

16. Commitments and Contingencies

The Company and its subsidiaries are parties to various legal proceedings and claims. The Company has accrued in the accompanying consolidated balance sheets the estimated costs associated with these legal proceedings and claims. Although the outcome of these matters cannot be predicted with certainty, the Company believes that the ultimate disposition will not have a material adverse effect on the Company's financial position, results of operations or liquidity.

The Company is obligated under capital leases for office space and equipment and also rents office space and equipment under non-cancelable operating leases, certain of which contain purchase option terms. Future minimum lease commitments for all non-cancelable leases of the InfraSource Group as of September 23, 2003 are as follows:

	Capital Leases	Operating Leases	Total
For the three months Ending December 31, 2003	$ 64	$ 546	$ 610
For the twelve months Ending December 31, 2004	128	1,919	2,047
2005	12	1,352	1,364
2006		822	822
2007		229	229
Thereafter		188	188
Total minimum lease payments	$ 204	$ 5,056	$ 5,260
Less: Amounts due within one year	$ 64		
	$ 140		

Rent expense incurred by the InfraSource Group was $2,615, $7,371, $3,996 and $5,733 for the years ended December 31, 2000, 2001 and 2002 and the period January 1, 2003 through September 23, 2003, respectively. See Note 11 for information regarding leasing transaction with affiliates.

The InfraSource Group also constructs and leases fiber-optic telecommunications facilities to its customers pursuant to licensing agreements, typically with lease terms from five to twenty-five years, including certain renewal options. Under these agreements, customers lease a portion of the capacity of a fiber-optic facility, with the facility owned and maintained by the InfraSource Group. The book value of fiber-optic facilities of the InfraSource Group is $34,220, net of accumulated depreciation of $2,281 as of September 23, 2003 and is included in property and equipment, net of accumulated depreciation,

in the accompanying consolidated balance sheet. Minimum future rentals related to fiber-optic facility licensing agreements as of September 23, 2003 are as follows:

For the three months Ending December 31, 2003	$ 6,780
For the twelve months Ending December 31, 2004	17,845
2005	13,202

2006		11,340
2007		8,253
Thereafter		20,195
Fixed noncancelable minimum lease rentals	$	77,615

17. Fair Value of Financial Instruments

The following disclosure of the estimated fair value of financial instruments is made in accordance with the requirements of SFAS No. 107, "Disclosure About Fair Value of Financial Instruments." The estimated fair value amounts have been determined by the Company using available market information and valuation methodologies described below. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein may not be indicative of the amounts that the Company could realize in a current market exchange. The use of different market assumptions or valuation methodologies may have a material effect on the estimated fair value amounts.

The carrying amounts of cash and cash equivalents approximate fair value due to the short-term nature of these instruments. The carrying amount of the revolving credit facilities with Exelon and capital lease obligations approximate fair value because they bear interest rates currently available to the Company for debt with similar terms and remaining maturities.

18. Subsequent Events (Unaudited)

Merger Transaction:

On September 24, 2003, Holdings, an affiliate of Oaktree Capital Management, LLC and GFI Energy Ventures, LLC, acquired the InfraSource Group pursuant to an Agreement and Plan of Merger dated June 17, 2003. In connection with the Merger, Holdings acquired all of the voting interests of the InfraSource Group for total purchase price consideration of approximately $253 million. Pursuant to the Merger, the InfraSource Group entered into the Credit Facility (Note 8) providing for term loans of $140 million and additional revolving credit of up to $40 million. In addition, the InfraSource Group issued a long-term subordinated note payable to Enterprises for $29 million, which was increased to $30 million in December 2003 upon completion of the acquisition by Holdings of an additional entity from Exelon. The proceeds of the term loans and the subordinated note, together with the purchase of approximately $92 million of newly issued Holdings common stock, were used to finance the redemption of all then-outstanding shares of InfraSource Incorporated common stock. The Credit

Facility contains customary financial covenants, including requirements for compliance with certain financial liquidity ratios and minimum tangible net worth and earnings levels. The Credit Agreement also requires the InfraSource Group to reduce variable interest rate risk through an interest rate swap contract covering approximately 50% of the term loan balance. As of September 24, 2003, immediately subsequent to the Merger, the InfraSource Group was in compliance with all terms and conditions of the credit Agreement.

The accounting related to the Merger will be recorded in the fiscal quarter ended December 31, 2003. As a result of the Merger, Holdings also incurred approximately $8 million in related expenses on a pretax basis, including approximately $6 million of debt issuance costs which will be amortized over the lives of the respective debt instruments, and approximately $2 million in professional fees and filing costs. Preliminary goodwill recorded in connection with the Merger, which is subject to future adjustment based upon the outcome of certain estimates and contingencies, including the valuation of certain fixed and intangible assets acquired and the finalization of purchase price contingencies, totaled approximately $67 million. Prior to consummation of the Merger, the InfraSource Group incurred approximately $16 million of expenses related to the Merger, including approximately $10 million of employee retention, severance and incentive costs, and approximately $6 million of advisory fees, legal, accounting and other professional costs. These amounts are separately reflected in the accompanying statement of operations and comprehensive income for the period January 1, 2003 through September 23, 2003.

Also in connection with the Merger, the InfraSource Group entered into a volume agreement with Exelon, pursuant to which we are assured a continuing level of business from Exelon through 2006, at approximately the same levels as in 2003.

In addition, benefit plans generally continued for the employees of the InfraSource Group after the Merger.

Acquisition:

On January 27, 2004, the Company acquired a complementary infrastructure services business for total purchase price consideration of approximately $61 million, inclusive of certain indebtedness repaid by the Company and excluding liabilities assumed. In connection with this acquisition, the Company paid approximately $34 million in cash, including repayment of existing indebtedness of the acquired business. In addition, Holdings issued 199,004 shares of common stock to the former owners of the acquired business, which were valued at approximately $20 million, subject to an independent valuation to be obtained by the Company. The acquisition was financed primarily with the proceeds from the issuance of approximately $27 million of Holdings common stock. Approximately $11 million of the purchase price is deferred and is contingent upon the satisfaction of certain conditions included in the purchase agreement, including certain financial performance conditions. Of this contingent amount, approximately $6 million is reflected in the initial purchase price determination, as this amount is considered presently determinable. These amounts, subject to resolution of these contingencies, are

expected to be paid to the former owners within two years of the acquisition date, in cash or in common stock, in accordance with the acquisition agreement.

The preliminary aggregate purchase price for this business acquisition is as follows:

Cash paid to sellers	$	23,251
Common stock issued to sellers		19,901
Transaction costs		600
Repayment of long-term debt		10,293
Note payable to seller assumed		1,000
Liability to sellers for cash holdback of purchase price		1,100
Liability to a selling shareholder for replacement of a time deposit		5,000
Liabilities assumed:		
Accounts payable		7,399
Accrued liabilities		2,263
Billings in excess of costs		2,475
Current income taxes payable		3,536
Total purchase price consideration	$	76,818

The preliminary allocation of purchase price consideration to assets acquired is as follows:

Cash and cash equivalents	$	5,271
Contract receivables, net		12,638
Costs and estimated earnings in excess of billings		71
Other current assets		606
Property and equipment		5,839
Deposits		5,319
Deferred income tax assets, net		5,477
Goodwill		41,597
Total assets acquired	$	76,818

Litigation:

In January 2004, a judgment was issued against the Company, as defendant in a litigation matter, in the amount of $3,785. The judgment upheld allegations by the plaintiff related to a proposed 1999 business acquisition which was never consummated. The Company intends to appeal this judgment. However, due to the existence of the judgment and the uncertainty of a successful appeal, the Company considers ultimate payment of this judgment probable, and has recorded the judgment amount as other income (expense) in the accompanying unaudited consolidated statement of operations and comprehensive income (loss) for the period January 1, 2003 through September 23, 2003. The related liability is included in accrued expenses in the accompanying unaudited balance sheet as of September 23, 2003. The timing of ultimate resolution for this matter, including the Company's expected appeal motions, is not presently determinable.

Report of Independent Accountants

To the Board of Directors and Shareholders
of Maslonka & Associates, Inc.

In our opinion, the accompanying balance sheet and the related statements of income, stockholders' equity and of cash flows present fairly, in all material respects, the financial position of Maslonka & Associates, Inc. (the "Company") at December 31, 2002, and the results of its operations and its cash flows for the year 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 audit. We conducted our audit 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 audit provides a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Phoenix, Arizona
April 30, 2003

Maslonka & Associates, Inc.
Balance Sheets

	December 31, 2002	September 30, 2003
		(unaudited)
Assets		
Current assets		
Cash and cash equivalents	$ 425,240	$ 2,337,570
Marketable securities	117,249	309,179
Contracts receivable	6,106,782	7,212,789
Costs and estimated earnings in excess of billings on contracts in process	26,000	940,460
Prepaid expenses and other current assets	98,563	411,392
Income tax receivable		396,096
Total current assets	6,773,834	11,607,486
Property and equipment, net	5,435,753	5,760,744
Refundable deposits	95,991	318,866
Time deposit		5,000,000
Cash surrender value of officer's life insurance	211,630	193,415
Total assets	$ 12,517,208	$ 22,880,511
Liabilities, Mandatorily Redeemable Preferred Stock, and Stockholders' Equity		
Current liabilities		

	December 31, 2002	September 30, 2003
Cash overdraft	$ 8,636	$
Bank line of credit	250,000	
Current portion of long-term debt	619,240	3,689,181
Current portion of capitalized lease obligations	74,970	56,410
Accounts payable	977,779	1,026,061
Accrued liabilities	513,698	329,499
Billings in excess of costs and estimated earnings on contracts in process	313,448	1,460,386
Income taxes payable	558,454	
Deferred income tax liability		3,704,286
Total current liabilities	3,316,225	10,265,823
Long-term debt, net of current portion	2,215,587	3,675,196
Note payable to stockholder		1,000,000
Long-term capitalized lease obligations, net of current portion	72,847	34,122
Deferred income taxes	2,161,688	603,711
Total liabilities	7,766,347	15,578,852
Commitments and contingencies (Note 9)		
Mandatorily redeemable preferred stock, $1,000 par value, 400 shares authorized, $1,000 per share, 400 shares issued and outstanding (aggregate liquidation preference of $609,000 and $677,250 at December 31, 2002 and September 30, 2003)	609,000	677,250
Stockholders' equity		
Common stock, $1.00 par value, 100,000,000 shares authorized, 133,900 shares issued and outstanding	133,900	133,900
Advances to stockholders	(661,739)	(765,214)
Retained earnings	4,672,557	7,215,535
Accumulated other comprehensive (loss) income	(2,857)	40,188
Total stockholders' equity	4,141,861	6,624,409
Total liabilities, mandatorily redeemable preferred stock and stockholders' equity	$ 12,517,208	$ 22,880,511

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

Maslonka & Associates, Inc.
Statements of Income

	For the year ended December 31, 2002	For the nine months ended September 30, 2003
		(unaudited)
Revenues from construction operations	$ 20,406,249	$ 20,336,270
Cost of services	13,376,158	13,694,128

	For the year ended December 31, 2002	For the nine months ended September 30, 2003
Gross profit	7,030,091	6,642,142
Operating expenses		
General and administrative	2,375,195	2,416,993
Income from operations	4,654,896	4,225,149
Other income (expense)		
Impairment loss on securities	(312,980)	
Interest income	31,663	29,879
Interest expense	(40,313)	(45,122)
Other (expenses) income	(37,953)	5,563
	(359,583)	(9,680)
Income before income taxes	4,295,313	4,215,469
Provision for income taxes	1,737,149	1,604,242
Net income	$ 2,558,164	$ 2,611,227

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

Maslonka & Associates, Inc.
Statements of Stockholders' Equity

	Common Stock					
	Shares	Amount	Advances to Stockholders'	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2001	133,900	$ 133,900	$ (146,470)	$ 2,193,393	$	$ 2,180,823
Net income				2,558,164		2,558,164
Unrealized loss on securities, net of taxes of $2,197					(2,857)	(2,857)
Total comprehensive income						2,555,307
Accretion of mandatorily redeemable preferred stock				(79,000)		(79,000)
Advances to stockholders, net			(515,269)			(515,269)
Balance, December 31, 2002	133,900	133,900	(661,739)	4,672,557	(2,857)	4,141,861
Net income (unaudited)				2,611,227		2,611,227
Unrealized gain on securities, net of taxes of $19,378 (unaudited)					43,045	43,045
Total comprehensive income (unaudited)						2,654,272

	Common Stock				Accumulated Other Comprehensive Income (Loss)	
Accretion of mandatorily redeemable preferred stock (unaudited)				(68,249)		(68,249)
Advances to stockholders, net (unaudited)			(103,475)			(103,475)
Balance, September 30, 2003 (unaudited)	133,900	$ 133,900	$ (765,214)	$ 7,215,535	$ 40,188	$ 6,624,409

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

Maslonka & Associates, Inc.
Statements of Cash Flows

	For the year ended December 31, 2002	For the nine months ended September 30, 2003
		(unaudited)
Cash flows from operating activities		
Net income	$ 2,558,164	$ 2,611,227
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	906,095	835,605
Loss (gain) on disposal of equipment	7,203	(4,741)
Impairment loss on securities	312,980	
Deferred income taxes	1,201,512	2,148,506
Changes in operating assets and liabilities		
Contracts receivable	(3,877,915)	(1,106,007)
Costs and estimated earnings in excess of billings on contracts in process	731,194	(914,460)
Prepaid expenses and other current assets	178,225	(312,829)
Refundable deposits	(12,030)	(222,875)
Accounts payable	733,132	48,282
Accrued liabilities	310,827	(210,828)
Billings in excess of costs and estimated earnings on contracts in process	313,448	1,146,938
Income taxes receivable		(391,042)
Income taxes payable	363,537	(558,454)
Net cash provided by operating activities	3,726,372	3,069,322
Cash flows from investing activities		
Purchase of property and equipment	(3,419,664)	(1,171,539)
Sale of property and equipment		15,685
Purchase of investments	(435,283)	(5,177,418)
Sale of investments		47,911
Cash surrender value of officer's life insurance	(211,630)	18,215

	For the year ended December 31, 2002	For the nine months ended September 30, 2003
Net cash used in investing activities	(4,066,577)	(6,267,146)
Cash flows from financial activities		
Cash overdraft	8,636	(8,636)
Payments on revolving line of credit		(250,000)
Proceeds from long-term debt	2,175,274	7,500,000
Payments on long-term debt and capital leases	(1,100,159)	(2,027,735)
Advances to stockholders, net	(515,269)	(103,475)
Net cash provided by financing activities	568,482	5,110,154
Net increase in cash and cash equivalents	228,277	1,912,330
Cash and cash equivalents, beginning of period	196,963	425,240
Cash and cash equivalents, end of period	$ 425,240	$ 2,337,570
Supplemental cash flow information		
Cash paid for interest	$ 249,515	$ 138,838
Cash paid for income taxes	$ 172,429	$ 761,507
Noncash investing and financing activities		
Property and equipment acquired by capitalized lease obligation	$ 124,441	$
Unrealized gain (loss) on investment in available-for-sale marketable securities	$ (2,857)	$ 43,045

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

Maslonka & Associates, Inc.
Notes to Financial Statements
(Information as of September 30, 2003 and
for the nine months ended September 30, 2003 is unaudited)

1. Nature of Business

Maslonka & Associates, Inc., (the "Company") is an Arizona corporation organized in 1994 that conducts its business throughout the United States. The Company is a service provider to the power and communications infrastructure industries. All of the Company's revenues are generated from construction, maintenance and consulting contracts.

2. Summary of Significant Accounting Policies

Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Interim Financial Information

The interim financial information as of September 30, 2003 and for the nine months ended September 30, 2003 is unaudited but has been prepared on a basis consistent with the audited financial statements and includes all adjustments, consisting only of normal recurring adjustments, which in the opinion of management, are necessary for a fair presentation of its financial position at such date and its results of operations and cash flows for that period. Operating results for the nine-month period ended September 30, 2003 are not necessarily indicative of results that may be expected for future periods.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Marketable Securities

The Company accounts for its investments using Statement of Financial Accounting Standards No. 115, *Accounting for Certain Investments in Debt and Equity Securities* ("SFAS No. 115"). This standard requires that certain debt and equity securities be adjusted to market value at the end of each accounting period. Unrealized market value gains and losses are charged to earnings if securities are traded for short-term profit. Otherwise, such unrealized gains and losses are charged to a separate component of stockholders' equity.

Management determines the proper classifications of investments in obligations with fixed maturities and marketable equity securities at the time of purchase and reevaluates such designations at each balance sheet date. At December 31, 2002 and September 30, 2003, all securities were designated as available for sale. Accordingly, these securities are stated at fair value, with unrealized gains and losses, net of related taxes, reported in a separate component of stockholders' equity. Realized gains and losses on securities available for sale are included in other income (expense) and, when applicable, are reported as a reclassification adjustment, net of tax, in other comprehensive income. Gains and

losses on the sale of available for sale securities are determined using the specific-identification method. Declines in fair value on individual available for sale securities below their cost that are other than temporary result in write-downs of the individual securities to their fair value. For the year ended December 31, 2002, write-downs of $312,980 are included in earnings as losses for other than temporary impairment of available for sale securities.

Recognition of Revenue and Costs

Revenues and costs from long-term construction contracts are recognized on the percentage-of-completion method, measured by the percentage of contract costs incurred to date to total estimated contract costs. This method is used because management considers expended costs to be the best available measure of progress on these contracts.

Contract costs include all direct material and labor costs, subcontract costs and other indirect job costs related to contract performance, such as indirect labor, taxes, supplies, tools, repairs and depreciation costs. General and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions, and final contract settlements may result in revisions to costs and income and are recognized in the period in which the revisions are determined. Profit incentives are included in revenues when their realization is reasonably assured. An amount equal to contract costs attributable to claims is included in revenues when realization is probable and the amount can be reliably estimated.

The asset, costs and estimated earnings in excess of billings on contracts in process, represents revenues recognized in excess of amounts billed. The liability, billings in excess of costs and estimated earnings on contracts in process, represents billings in excess of revenues recognized.

Property, Equipment and Depreciation

Property and equipment are stated at cost with deprecation computed by the straight-line method over their estimated useful lives of three to fifteen years. Repairs and maintenance are charged to expense as incurred while renewals and betterments are capitalized. When assets are sold or retired, the cost of the asset and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reported in operations.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets, including property, equipment and intangibles, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company estimates the future cash flows expected to result from the asset, and if the sum of the expected undiscounted future cash flows is less than the carrying amount of the long-lived asset, the Company recognizes an impairment loss by reducing the depreciated cost of the long-lived asset to its estimated fair value.

Stock Based Compensation

The Company measures compensation expense relating to employee stock awards in accordance with Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees*, and

related interpretations ("APB No. 25"). The Company measures compensation expense relating to nonemployee stock awards in accordance with Statement of Financial Accounting Standards No. 123, *Accounting for Stock Based Compensation* ("SFAS No. 123").

The Company has adopted the disclosure only provisions permitted by SFAS No. 123, *Accounting for Stock Based Compensation*, with respect to its stock option plan. Accordingly, since all options are issued with exercise prices greater than or equal to the market price on the grant date, no compensation cost has been recognized for the stock option plan.

The weighted average fair value of options granted in 2002 and during the nine months ended September 30, 2003 (unaudited) was $23.28 and $33.77, respectively. The fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions for grants in 2002: dividend yield of 0 percent, expected volatility of 0 percent, expected life of 5 years and a risk free interest rate of 3.98 percent; and for grants in 2003: dividend yield of 0 percent, expected volatility of 0 percent, expected life of 5 years and a weighted average risk free interest rate of 2.98 percent for the nine months ended September 30, 2003 (unaudited).

For purposes of proforma disclosures the estimated fair value of stock options is amortized to expense over the vesting period of the options. The proforma information required under SFAS No. 123 for 2002 and for the nine months ended September 30, 2003 is as follows:

	2002	2003
		(unaudited)
Net income as reported	$ 2,558,164	$ 2,611,227
Stock compensation expense, net of tax	(44,268)	(94,164)
Net income proforma	$ 2,513,896	$ 2,517,063

Income Taxes

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes* ("SFAS No. 109"), which requires an asset and liability approach to financial accounting and reporting for income taxes. The difference between the financial statement and tax bases of asset and liabilities is determined annually.

Deferred income tax assets and liabilities are computed for differences between financial statement and tax bases of assets and liabilities for those differences that have future tax consequences using the currently enacted tax laws and rates that apply to the years in which the differences are expected to affect taxable income. Deferred income taxes relate primarily to temporary differences resulting from use of the completed contract method of accounting for construction contracts. Valuation allowances are established, if necessary, to adjust the deferred tax assets and liabilities to the amounts that will more likely than not be realized. Provision for income taxes is comprised of the current tax payable or refundable for the period plus or minus the net change in the deferred tax assets and liabilities.

Comprehensive Income

The Company has adopted Statement of Financial Accounting Standards No. 130, *Reporting Comprehensive Income* ("SFAS No. 130"). Comprehensive income is comprised of net income (loss)

and all changes to stockholders' equity, except those due to investments by stockholders, changes in paid-in capital and distributions to owners.

Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts, which, at times throughout the year, may substantially exceed federally insured limits. The Company has not experienced any losses in such accounts.

Insurance Coverage

The Company maintains insurance coverage for certain losses relating to workers' compensation claims, employee medical benefits and general and auto liability claims.

3. Marketable Securities

Marketable securities consist of securities available for sale including highly liquid mutual funds and equity securities. The mutual funds consist of investments in equity securities. Investments in such funds are not insured.

Securities available for sale at December 31, 2002 and September 30, 2003 consist of the following:

	December 31, 2002	September 30, 2003
		(unaudited)
Aggregate cost	$ 435,283	$ 251,810
Unrealized (loss) gain	(5,054)	57,369
Impairment loss	(312,980)	
Aggregate fair value	$ 117,249	$ 309,179

There were no net realized gains (losses) from the sale of securities available for sale for the year ended December 31, 2002 or for the nine months ended September 30, 2003.

4. Contracts Receivable

Contracts receivable consist of the following:

	December 31, 2002	September 30, 2003
		(unaudited)
Contracts in progress	$ 5,348,044	$ 4,532,532
Retentions	758,738	2,680,257
	$ 6,106,782	$ 7,212,789

5. Contracts

Costs incurred to date, estimated earnings, and related progress billings on contracts in progress at December 31, 2002 and September 30, 2003 are as follows:

	December 31, 2002	September 30, 2003
		(unaudited)
Costs incurred on uncompleted contracts to date	$ 14,407,384	$ 19,114,338
Estimated earnings to date	5,304,614	11,239,038
	19,711,998	30,353,376
Less progress billings to date	19,999,446	30,873,302
	$ (287,448)	$ (519,926)

The net billings in excess of costs and estimated earnings on contracts in progress are included in the accompanying balance sheet under the following captions:

	December 31, 2002	September 30, 2003
		(unaudited)
Costs and estimated earnings in excess of billings on contracts in process	$ 26,000	$ 940,460
Billings in excess of costs and estimated earnings on contracts in process	(313,448)	(1,460,386)
	$ (287,448)	$ (519,926)

6. Property and Equipment

Property and equipment consists of the following:

	December 31, 2002	September 30, 2003
		(unaudited)
Land and buildings	$ 25,677	$ 92,572
Construction equipment	3,884,265	4,369,782
Trucks and trailers	2,489,260	2,524,793
Computer and office equipment	135,154	290,941
Specialized tools	634,202	707,179
Leasehold improvements	52,114	358,965
	7,220,672	8,344,232
Less accumulated depreciation	(1,784,919)	(2,583,488)
	$ 5,435,753	$ 5,760,744

At December 31, 2002 and September 30, 2003 (unaudited), property and equipment included $259,834 and $259,834, respectively, of machinery and equipment and computer equipment under capitalized lease obligations, and related accumulated amortization of $76,159 and $109,596.

7. Bank Line of Credit

During 2002, the Company entered into a revolving line of credit facility with a bank which provided for borrowings up to $1,000,000, required interest-only monthly payments at prime plus 2 percent, and matured April 8, 2003. The revolving line of credit is subject to various restrictive covenants, including a debt to equity ratio of less than 1.75 to 1, and financial requirements. At December 31, 2002, the Company was in compliance with these covenants and financial requirements. During 2003, the maturity date was extended to June 30, 2003 and the line was repaid at maturity.

On June 30, 2003, the Company entered into a revolving line of credit facility with a bank which initially provides for borrowings up to $5,000,000, requires interest-only payments at prime plus 0.5 percent, and matures June 28, 2004. Upon completion of a major contract the borrowing limit reduces to $3,000,000. At the Company's option, provided that no event of default exists, the Company may extend the scheduled maturity date to December 30, 2004. The revolving line of credit is subject to various restrictive covenants including minimum performance requirements on the Company's major contract. After completion of the major contract the Company must maintain a debt to equity ratio of less than 1.75 to 1. At September 30, 2003, the Company was in compliance with these covenants.

At December 31, 2002 and September 30, 2003, outstanding borrowings under the revolving line of credit total $250,000 and $0, respectively.

The Company has entered into a letter of credit in the amount of $5,000,000 and is required to maintain cash collateral for the same amount.

8. Long-Term Debt

	December 31, 2002	September 30, 2003
		(unaudited)
Note payable with a bank requiring monthly installments of $11,677, including interest at 6.21%, maturing September 2007, collateralized by related equipment and personally guaranteed by corporate officers.	$ 573,714	$
Note payable with a bank requiring monthly installments of $21,306, including interest at 7.75%, maturing 2007, collateralized by related equipment and personally guaranteed by corporate officers.	951,191	
Note payable with a bank requiring monthly installments of $23,805, including interest at 9.88%, maturing April 2006, collateralized by related equipment and personally guaranteed by corporate officers.	806,240	
Note payable with a bank requiring monthly installments of $12,051, including interest at 7.7%, maturing January 2007, collateralized by related equipment and personally guaranteed by corporate officers.	503,682	
Note payable with a bank requiring monthly installments of $40,765, including interest at 5.5%, maturing June 2008, collateralized by related equipment and personally guaranteed by corporate officers.(1)		2,364,377
8.5% note payable to an officer and shareholder of the Company requiring monthly interest-only payments of $7,083 until June 2006, at which point the entire principal balance becomes due and payable.		1,000,000

	December 31, 2002	September 30, 2003
Note payable with an investment group requiring monthly interest installments at 12.5%. After a $500,000 mandatory principal repayment on January 15, 2004, quarterly principal repayments of $900,000 begin on April 15, 2004. This note is subordinate to the Company's bank note.		5,000,000
Total long-term debt	2,834,827	8,364,377
Less current portion	(619,240)	(3,689,181)
Long-term debt, net of current portion	$ 2,215,587	$ 4,675,196

(1) On June 30, 2003, the Company refinanced four existing term loans, creating a new term loan with an original principal balance of $2,445,907, requiring monthly installments of $40,765, including interest at 5.5%, maturing in June 2008.

Maturities of long-term debt are as follows:

	December 31, 2002	September 30, 2003
		(unaudited)
2003	$ 619,240	$
2004	672,618	3,689,181
2005	730,931	2,289,181
2006	597,622	1,489,181
2007	214,416	489,181
2008		407,653
Total	$ 2,834,827	$ 8,364,377

9. Commitments and Contingencies

Leases

The Company has capital and operating leases for office space, machinery and equipment and office equipment. Terms of the lease agreements are from 12 to 48 months as of December 31, 2002 and from 12 to 120 months as of September 30, 2003, require aggregate monthly payments of $39,726 at December 31, 2002 and $79,487 per month as of September 30, 2003, and expire at various dates through 2006 (December 31, 2002) and 2013 (September 30, 2003). Total rent expense on operating leases was $395,782 for the year ended December 31, 2002 and $466,168 for the nine months ended September 30, 2003.

At December 31, 2002, minimum annual rentals under all leases are as follows:

	Capital Leases	Operating Leases

	Capital Leases	Operating Leases
2003	$ 84,175	$ 459,254
2004	55,321	284,321
2005	21,394	181,970
2006		62,748
2007		
Total minimum lease payments	160,890	$ 988,293
Less amounts representing interest	(13,073)	
Present value of net minimum lease payments	147,817	
Less current maturities	(74,970)	
Long-term portion	$ 72,847	

At September 30, 2003, minimum annual rentals under all leases (unaudited) are as follows:

	Capital Leases	Operating Leases
2004	$ 61,031	$ 763,709
2005	34,963	742,799
2006		524,916
2007		324,864
2008 and thereafter		1,203,465
Total minimum lease payments	95,994	$ 3,559,753
Less amounts representing interest	(5,462)	
Present value of net minimum lease payments	90,532	
Less current maturities	(56,410)	
Long-term portion	$ 34,122	

Legal Matters

The Company is a party to litigation related to a fatal automobile accident occurring on December 1, 2002. The cases are pending in a state court in Texas, and are currently in the discovery phase. From time to time the Company is also the subject of other litigation in the ordinary course of business. Any liability under this litigation is expected to be covered in whole or in part by insurance. Although the amount of any liability with respect to such claims and litigation over and above the Company's insurance coverage cannot currently be determined, in the opinion of management such liability is not expected to have a material adverse effect on the Company's financial condition, results of operations or cash flows.

10. Income Taxes

The provision for income taxes consisted of the following for the year ended December 31, 2002 and for the nine months ended September 30, 2003:

	December 31, 2002	September 30, 2003
		(unaudited)
Current:		
Federal	$ 404,939	$ (331,353)
State	132,895	(191,336)
Deferred:		
Federal	1,019,418	1,804,985
State	179,897	321,946
	$ 1,737,149	$ 1,604,242

The following is a reconciliation of the income tax provision for the year ended December 31, 2002 and for the nine months ended September 30, 2003 to the provision for income taxes computed at the statutory income tax rate:

	December 31, 2002	September 30, 2003
		(unaudited)
Provision for income taxes at the federal statutory rate	$ 1,460,406	$ 1,433,259
State taxes, net of federal benefit	267,608	130,609
Nondeductible expenses	16,170	21,072
Other	(7,035)	19,302
Total deferred tax assets	$ 1,737,149	$ 1,604,242

Deferred tax assets and liabilities consist of the following:

	December 31, 2002	September 30, 2003
		(unaudited)
Deferred tax assets		
Nondeductible impairment loss on investments	$ 121,614	$ 125,192
Unrealized loss on investments	2,197	
Total deferred tax assets	$ 123,811	$ 125,192
Deferred tax liabilities		
Completed contract adjustment	$ (1,838,759)	$ (3,687,105)
Accelerated depreciation of property and equipment	(446,740)	(728,903)
Unrealized gain on investments		(17,181)
Total deferred tax liabilities	(2,285,499)	(4,433,189)
Net deferred tax liabilities	$ (2,161,688)	$ (4,307,997)

	December 31, 2002	September 30, 2003

The net deferred tax liabilities are comprised of the following:

	December 31, 2002	September 30, 2003
		(unaudited)
Current deferred tax liabilities	$	$ (3,704,286)
Noncurrent deferred tax liabilities	(2,161,688)	(603,711)
	$ (2,161,688)	$ (4,307,997)

11. Common and Preferred Stock

The Company has authorized 100,000,000 shares of its $1 par value common stock, and 400 shares of its $1,000 par value preferred stock.

During 2000, the Company sold 400 shares of its $1,000 par value preferred stock ("Preferred") resulting in gross proceeds of $400,000. The holder of the Preferred shall have no voting power, except in the event of failure of the Company to comply with the provisions of the Preferred certificate.

The Preferred shares, or any portion, shall be redeemable at any time by the Company according to the following formula: year one (2000) $1,150 per share, year two (2001) $1,325 per share, year three (2002) $1,522.50 per share, year four (2003) $1,750 per share, year five (2004) and after at the face amount increased at a compounded annual rate of 18 percent from the date of issuance.

Commencing on January 1, 2004, and for a period of 120 days thereafter, the holder of the Preferred shares may compel the purchase by the Company of any such Preferred shares then outstanding at the sum of $1,750 per share.

If during the period beginning on January 1, 2000 and ending on December 31, 2003, the Company or any of its common stockholders enter into negotiations that result in the transfer of over 50 percent of the common stock of the Company, or transfer of substantially all of the operating assets of the Company to an unrelated third party, then as a result of the commencement of such negotiations, the holder shall have the option (but not obligation) to convert each share of Preferred outstanding as of the date negotiations begin into .00025 percent of the then outstanding common shares of the Company as of the date of the conversion. See Note 16 for subsequent events.

If negotiations commence within a period of 365 days following the redemption of some or all of the Preferred, then the holder of the redeemed Preferred shall have the right, but not the obligation, to purchase common shares attributable to such redeemed Preferred Stock Shares according to the formula (.00025 percent) above for an amount equal to the redemption proceeds received by the preferred shareholder plus interest measured from the date of redemption through the date of purchase of such common shares computed at the rate of 15 percent per annum.

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company, the holder of the Preferred shall be entitled to receive an amount equal to the redemption value of the then outstanding shares determined by the Redemption Value.

The Preferred certificate requires compliance with certain positive covenants such as maintaining a ratio of current assets to current liabilities of at least 1.25 to 1, net worth of at least $450,000 and certain negative covenants, which prohibit issuance of any other stock which shall have a preference or equality over the Preferred shares, payment of any dividends, loans except in the ordinary course of the Company's business, sale or transfer of stock between current shareholders or others, and various other restrictions.

In the event of default which remains uncorrected for a period of 30 days, the holder, at the holder's option, may cause the Company to redeem all of the Preferred. In the event the Company does not redeem the Preferred, the holder shall have the right to require the dissolution or liquidation of the Company.

The Company was in default of certain covenants as of December 31, 2002 and September 30, 2003, however, the holder provided waivers for all violations.

12. Stock Option Plan

On January 1, 2001, the Company adopted the 2001 Stock Option Plan (the "Plan"). The Plan allows for issuance of up to 75,000,000 shares of the Company's common stock. At December 31, 2002 and September 30, 2003, the Company has 74,682,000 and 74,650,500 shares, respectively, available for future grants. Options granted under the Plan must be granted at the fair market value of such shares on the date of grant and shall automatically terminate on the tenth anniversary of the option grant date. The options vest 12.5 percent quarterly over two years. Options immediately vest if the Company is sold, dissolved, or reorganized at or above certain specified levels based on the date of such event.

Summary information related to the Plan is as follows:

	Options	Price Per Share	Weighted Average Exercise Price
Options outstanding at December 31, 2001	250,000	$ 14.00	$ 14.00
Granted	68,000	23.28	23.00
Exercised			
Canceled			
Options outstanding at December 31, 2002	318,000	14.00-23.28	15.98
Granted (unaudited)	31,500	31.60-38.81	33.77
Exercised (unaudited)			
Canceled (unaudited)			
Options outstanding at September 30, 2003 (unaudited)	349,500	$ 14.00-38.81	$ 17.59

The following table summarizes information about stock-based employee compensation grants outstanding and exercisable at December 31, 2002:

	Outstanding Options			Exercisable Options		
Exercise Price	**Number Shares**	**Weighted Average Contractual Life (in years)**	**Weighted Average Exercise Price**	**Number Shares**	**Weighted Average Contractual Life (in years)**	**Weighted Average Exercise Price**
$14.00	250,000	7.25	$ 14.00	218,750	7.25	$ 14.00
$23.28	68,000	8.75	$ 23.28	8,500	8.75	$ 23.28
Totals	318,000			227,250		

13. Related Party Transactions

The Company had advances to officers of $661,739 and $765,214 as of December 31, 2002 and September 30, 2003 (unaudited), respectively. Advances to officers are made under the terms and

conditions of various loan agreements and are collateralized by all the officers' common stock and option grants in the Company.

The Company has renewable yearly agreements to rent properties from the president of the Company for a combined monthly amount of approximately $11,250 per month (at December 31, 2002) and $16,500 per month (at September 30, 2003). The related-party rent expense for the year ended December 31, 2002 and for the nine months ended September 30, 2003 was $104,315 and $122,250, respectively.

14. Major Customers

Due to the nature of the Company's business, it contracts with customers on a nonrecurring basis. The Company's top three customers represent 49.0 percent, 25.2 percent and 17.5 percent of total revenue for fiscal year 2002 and, 97.1 percent, 0 percent and 0 percent, respectively, of contracts receivable at December 31, 2002. For the nine months ended September 30, 2003, the Company's top three customers represented 57.6 percent, 31.2 percent and 5.8 percent of total revenue and 57.2 percent, 38.9 percent and 2.0 percent, respectively of contracts receivable at September 30, 2003 (unaudited).

15. Recent Accounting Pronouncements

In January 2003, the FASB issued FIN 46, *Consolidation of Variable Interest Entities an interpretation of ARB No. 51* ("FIN 46"). FIN 46 addresses consolidation by business enterprises of variable interest entities, which have one or both of the following characteristics: (i) the equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support from other parties, which is provided through other interests that will absorb some or all of the expected losses of the entity, and (ii) the equity investors lack an essential characteristic of a controlling financial interest. FIN 46 is effective for the Company's fiscal year ending December 31, 2004. The Company does not expect the adoption of FIN 46 to have a material impact on its financial condition and results of operations.

In April 2003, the FASB issued SFAS No. 149, *Amendment of Statement No. 133 on Derivative Instruments and Hedging Activities* ("SFAS 149"). SFAS 149 is effective for contracts entered into or modified after September 30, 2003 and for hedging relationships designated after September 30, 2003. SFAS 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. SFAS 149 amends SFAS 133 for decisions made as part of the Derivatives Implementation Group process that effectively required amendments to SFAS 133, in connection with other FASB projects dealing with financial instruments and in connection with implementation issues raised in relation to the application of the definition of a derivative. The Company adopted SFAS 149 on July 1, 2003, which did not have an impact on the Company's financial condition and results of operations.

In May 2003, the FASB issued SFAS No. 150, *Certain Financial Instruments withCharacteristics of Both Liabilities and Equity* ("SFAS 150"). SFAS 150 established standards for how a company clarifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires a company to classify such instruments as liabilities, whereas they previously may have been classified as equity. SFAS 150 is effective for all financial instruments entered into or modified after May 31, 2003, and other provisions are effective beginning July 1, 2003.

16. Subsequent Events (Unaudited)

On January 27, 2004, the Company was acquired by InfraSource Incorporated, a Delaware corporation and wholly owned subsidiary of InfraSource Services, Inc. for total consideration consisting of $29.9 million in cash, 199,004 shares of common of InfraSource Services, Inc. and the assumption of certain of the Company's liabilities.

In December 2003, the Company entered into various agreements resulting in a modification to its capital structure, including the following:

The Company entered into a Redemption Agreement to purchase and redeem 45,490 common shares held by a minority shareholder, and the shareholder renounced all right, title and interest in and to the options held by the shareholder to acquire an additional 4,417 common shares, for total consideration of $4,886,819, as evidenced by a note payable by the Corporation to the

shareholder. The note accrues interest at a rate of six percent per annum. All outstanding principal and accrued and unpaid interest is due and payable on December 31, 2005, or immediately prior to the closing of a transaction involving the sale or transfer of a majority of the ownership of the Company (a "Transaction"). Of the total consideration paid, approximately $433,000 relates to the options and will be recorded as compensation expense in the fourth quarter of 2003.

The Company entered into Option Exchange Agreements with four minority shareholders and one common stock option holder (collectively the "Participants"). Under the terms of this agreement, the Participants exchanged all of their common stock options for an aggregate of 52,486 shares of restricted common stock ("Restricted Shares") of the Company. The Restricted Shares are subject to various restrictions (the "Restrictions") including forfeiting all right, title and interest to and in the Restricted Shares if the Participant's employment by the Company terminates prior to December 31, 2005. Notwithstanding the Restrictions, if the Participant is an employee of the Company upon closing of the Transaction with InfraSource, the Restriction shall terminate in connection with and immediately prior to the closing of the Transaction, and the Participants shall participate in the Transaction. The total value of Restricted Shares issued was approximately $15,408,000 and will be recorded as deferred compensation and amortized to compensation expense over the period the restriction lapses on December 31, 2005. Any deferred compensation remaining if and when the Transaction with InfraSource closes will be recognized as expense at that time. Amortization of the deferred compensation expense in the fourth quarter 2003 will be approximately $423,000.

The Company entered into Option Buy-Out Agreements with 15 common share option holders ("Optionees"), whereby the Optionee terminates and sells to the Company all of their rights to acquire any equity or interest of any nature in the Company. Payments made to Optionees under these agreements total approximately $1,887,000 and will be recorded as compensation expense in the fourth quarter of 2003.

On December 12, 2003, the Company paid all amounts outstanding under its $5,000,000 secured loan agreement with an investment group. To facilitate this repayment, the Company borrowed $3,100,000 on its line of credit facility.

Shares

InfraSource Services, Inc.

Common Stock

PROSPECTUS

, 2004

LEHMAN BROTHERS

MERRILL LYNCH & CO.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

The following table sets forth the various expenses, other than the underwriting discounts and commissions, payable by us in connection with the sale and distribution of the securities being registered. All amounts shown are estimates, except the Securities and Exchange Commission registration fee, the National Association of Securities Dealers, Inc. filing fee and the New York Stock Exchange application fee.

SEC registration fee	$	36,427
NASD filing fee	$	29,250
New York Stock Exchange application fee	$	*
Accounting fees and expenses	$	*
Legal fees and expenses	$	*
Printing and engraving expenses	$	*
Transfer agent fees and expenses	$	*
Blue sky fees and expenses	$	*
Miscellaneous fees and expenses	$	*
Total	$	*

*
To be filed by amendment.

Item 14. Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any threatened, pending or completed actions, suits or proceedings in which such person is made a party by reason of such person being or having been a director, officer, employee or agent to InfraSource Services, Inc. The Delaware General Corporation Law provides that Section 145 is not exclusive of other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

Section 102(b)(7) of the Delaware General Corporation Law permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability for any breach of the director's duty of loyalty to the corporation or its stockholders, for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, for unlawful payments of dividends or unlawful stock repurchases, redemptions or other distributions, or for any transaction from which the director derived an improper personal benefit.

Article Sixth of InfraSource Services, Inc.'s certificate of incorporation provides that a director of InfraSource Services, Inc. shall not be liable to InfraSource Services, Inc. or its stockholders for monetary damages for breach of fiduciary duty as a director to the fullest extent permitted by Delaware law. In addition, Article Seventh of InfraSource Services, Inc.'s certificate of incorporation provides that InfraSource Services shall indemnify its directors and officers to the fullest extent permitted by Delaware law, including the right to be paid by InfraSource Services, Inc. the expenses incurred in defending or otherwise participating in any proceeding in advance of its final disposition.

Prior to the completion of this offering, we intend to enter into indemnification agreements with our directors and officers. The indemnification agreements provide indemnification to our directors and officers under certain circumstances for acts or omissions which may not be covered by directors' and officers' liability insurance, and may, in some cases, be broader than the specific indemnification provisions contained under Delaware law. We have also obtained directors' and officers' liability insurance, which insures against liabilities that our directors or officers may incur in such capacities.

Item 15. Recent Sales of Unregistered Securities

In September 2003, in connection with the Exelon Transaction, we issued and sold 907,125 shares of our common stock at a per share purchase price of $100 for an aggregate purchase price of $90.7 million to OCM/GFI Power Opportunities Fund, L.P., 453,563 shares and OCM Principal Opportunities Fund II, L.P., 453,562 shares. These shares of common stock were issued in a transaction exempt from the registration requirements of the Securities Act in reliance on Section 4(2) of the Securities Act.

In September 2003, in connection with the Exelon Transaction, we issued a $29 million subordinated unsecured promissory note payable to Exelon Enterprises Company LLC, which was increased to $30 million in December 2003 upon completion of our acquisition of an additional entity from Exelon. The note was issued in a transaction exempt from the registration requirements of the Securities Act in reliance on Section 4(2) of the Securities Act.

In September 2003, we issued and sold 7,875 shares of our common stock at a per share purchase price of $100 for an aggregate purchase price of $787,500 to three of our executive officers: David R. Helwig, 5,000 shares, Terence R. Montgomery, 2,125 shares and Paul M. Daily, 750 shares. These shares of common stock were issued in a transaction exempt from the registration requirements of the Securities Act in reliance on Section 4(2) of the Securities Act.

Since September 24, 2003, we have granted options to directors and employees to purchase an aggregate of 91,655 shares of common stock under our 2003 Omnibus Stock Incentive Plan, net of canceled grants, of which 19,750 options have been exercised at a price of $100 per share. These options were granted in transactions exempt from the registration requirements of the Securities Act in reliance on Section (4)(2) of and Rule 701 promulgated under the Securities Act.

In January 2004, in connection with the Maslonka acquisition, we issued and sold an aggregate of 272,577 shares of our common stock at a per share purchase of $100 for an aggregate purchase price of $27.3 million to OCM/GFI Power Opportunities Fund, L.P., 135,430 shares, OCM Principal Opportunities Fund II, L.P., 135,430 shares and certain members of our management, 1,717 shares. These shares of common stock were issued in a transaction exempt from the registration requirements of the Securities Act in reliance on Section 4(2) of the Securities Act.

In January 2004, we issued 199,004 shares of our common stock to the Maslonka stockholders as part of the consideration in the Maslonka acquisition. These shares of common stock were issued in a transaction exempt from the registration requirements of the Securities Act in reliance on Section 4(2) of the Securities Act.

In January 2004, we issued and sold to David R. Helwig, 17,500 shares of our common stock at a per share price of $100, pursuant to the exercise of options granted pursuant to an exemption from registration under Section 4(2) of the Securities Act.

In January 2004, we issued and sold to Terence R. Montgomery, 2,000 shares of our common stock at a per share price of $100, pursuant to Mr. Montgomery's exercise of options granted pursuant to an exemption from registration under Section 4(2) of the Securities Act.

In January 2004, we issued and sold to Paul M. Daily, 250 shares of our common stock at a per share price of $100, pursuant to Mr. Daily's exercise of options granted pursuant to an exemption from registration under Section 4(2) of the Securities Act.

Item 16. Exhibits and Financial Statement Schedules

Exhibit No.	Document
1.1	Form of Underwriting Agreement.*
2.1	Agreement and Plan of Merger, dated as of June 17, 2003, by and among InfraSource Services, Inc. (f/k/a Dearborn Holdings Corporation), Exelon Enterprises Company, LLC, InfraSource Incorporated and Dearborn Merger Sub, Inc.
2.2	Agreement and Plan of Merger by and among Dearborn Holdings Corporation, InfraSource Incorporated, MAI Acquisition, Inc., Maslonka & Associates, Inc., Martin Maslonka, Mark C. Maslonka, Jon Maslonka, Justin Campbell, Joseph Gabbard, Sidney N. Strauss and Thomas B. Tilford, dated as of January 16, 2004.**
3.1	Amended and Restated Certificate of Incorporation of InfraSource Services, Inc.*
3.2	Amended and Restated By-Laws of InfraSource Services, Inc.
4.1	Stockholders Agreement, dated as of September 24, 2003, by and among InfraSource Services, Inc. (f/k/a the Dearborn Holdings Corporation) and its Security Holders party thereto.

Exhibit No.	Document
4.2	Registration Rights Agreement, dated as of , by and among InfraSource Services Inc., OCM/GFI Power Opportunities Funds, L.P., OCM Principal Opportunities Fund II, L.P., Martin Maslonka, Thomas B. Tilford, Mark C. Maslonka, Justin Campbell, Joseph Gabbard, Sidney Strauss and Jon Maslonka.*
5.1	Opinion of Skadden, Arps, Slate, Meagher & Flom LLP, related to the shares of common stock being sold in the initial public offering.*
10.1	Form of Officer and Director Indemnification Agreement.*
10.2	Credit Agreement, dated September 24, 2003, made by InfraSource Services, Inc. (f/k/a Dearborn Holdings Corporation), InfraSource Incorporated in favor of LaSalle Bank National Association.
10.3	First Amendment, dated as of January 22, 2004, to the Credit Agreement, dated as of September 24, 2003, among InfraSource Services, Inc. (f/k/a Dearborn Holdings Corporation), InfraSource Incorporated in favor of LaSalle Bank National Association.*
10.4	Volume Agreement, dated as of September 24, 2003, between InfraSource Services, Inc. (f/k/a Dearborn Holdings Corporation) and Exelon Enterprises Company, LLC.**
10.5	2003 Omnibus Stock Incentive Plan.
10.6	2004 Omnibus Stock Incentive Plan.*
10.7	2004 Employee Stock Purchase Plan.*
10.8	InfraSource Incorporated Deferred Compensation Plan.*
10.9	Management Agreement, dated September 24, 2003, by and among David Helwig, InfraSource Services, Inc. (f/k/a Dearborn Holdings Corporation) and InfraSource Incorporated.*
10.10	Management Agreement, dated September 24, 2003, by and among Terence R. Montgomery, InfraSource Services, Inc. (f/k/a Dearborn Holdings Corporation) and InfraSource Incorporated.*
10.11	Management Agreement, dated September 24, 2003, by and among Henry E. Jackson, InfraSource Services, Inc. (f/k/a Dearborn Holdings Corporation) and InfraSource Incorporated.*
10.12	Management Agreement, dated September 24, 2003, by and among Stephen J. Reiten, InfraSource Services, Inc. (f/k/a Dearborn Holdings Corporation) and InfraSource Incorporated.*

10.13	Management Agreement, dated September 24, 2003, by and among Paul M. Daily, InfraSource Services, Inc. (f/k/a Dearborn Holdings Corporation) and InfraSource Incorporated.*
10.14	Amendment to Non-Qualified Time-Based Stock Option Agreement, dated January 27, 2004, by and between Paul Daily and InfraSource Services, Inc.*
10.15	Form of Subscription Agreement.*
21.1	List of Subsidiaries.
23.1	Consent of PricewaterhouseCoopers LLP, Independent Auditors.
23.2	Consent of PricewaterhouseCoopers LLP, Independent Auditors.
23.3	Consent of PricewaterhouseCoopers LLP, Independent Auditors.
23.4	Consent of Skadden, Arps, Slate, Meagher & Flom LLP (contained in Exhibit 5.1).*
24.1	Power of Attorney (included on signature page of the Registration Statement).

*
To be filed by subsequent amendment.

**
Portions of this exhibit have been omitted pursuant to a request for confidential treatment. The omitted portions have been separately filed with the Securities and Exchange Commission.

InfraSource Services agrees to furnish copies of the Schedules and Exhibits referenced in this agreement to the Securities and Exchange Commission upon request.

Item 17. Undertakings

(a)

The undersigned Registrant hereby undertakes to provide to the underwriters at the closing certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, and controlling persons of the Registrant pursuant to the provisions described in "Item 14 Indemnification of Directors and Officers" above, or otherwise, the Registrant has been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification by the Registrant against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer, or controlling person of the Registrant in the successful defense of any action, suit, or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(c) The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, InfraSource Services, Inc. has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Aston, State of Pennsylvania, on January 30, 2004.

InfraSource Services, Inc.

By: /s/ DAVID R. HELWIG

David R. Helwig
Chief Executive Officer and President

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David R. Helwig and Terence R. Montgomery, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any or all amendments (including post-effective amendments) to this registration statement (and any registration statement filed pursuant to Rule 462 under the Securities Act of 1933, as amended, for the offering which this registration statement relates) and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Signature	Title	Date

Signature	Title	Date
/s/ DAVID R. HELWIG David R. Helwig	Chief Executive Officer, President and Director (Principal Executive Offier)	January 30, 2004
/s/ TERENCE R. MONTGOMERY Terence R. Montgomery	Chief Financial Officer (Principal Financial and Accounting Officer)	January 30, 2004
/s/ JOHN R. MARSHALL John R. Marshall	Director and Chairman of the Board	January 30, 2004
/s/ JOHN BRAYMAN John Brayman	Director	January 30, 2004
/s/ CHRISTOPHER S. BROTHERS Christopher S. Brothers	Director	January 30, 2004
/s/ MICHAEL P. HARMON Michael P. Harmon	Director	January 30, 2004
/s/ IAN A. SCHAPIRO Ian A. Schapiro	Director	January 30, 2004

EXHIBIT INDEX

Exhibit No.	Document
1.1	Form of Underwriting Agreement.*
2.1	Agreement and Plan of Merger, dated as of June 17, 2003, by and among InfraSource Services, Inc. (f/k/a Dearborn Holdings Corporation), Exelon Enterprises Company, LLC, InfraSource Incorporated and Dearborn Merger Sub, Inc.
2.2	Agreement and Plan of Merger by and among Dearborn Holdings Corporation, InfraSource Incorporated, MAI Acquisition, Inc., Maslonka & Associates, Inc., Martin Maslonka, Mark C. Maslonka, Jon Maslonka, Justin Campbell, Joseph Gabbard, Sidney N. Strauss and Thomas B. Tilford, dated as of January 16, 2004.**
3.1	Amended and Restated Certificate of Incorporation of InfraSource Services, Inc.*
3.2	Amended and Restated By-Laws of InfraSource Services, Inc.
4.1	Stockholders Agreement, dated as of September 24, 2003, by and among InfraSource Services, Inc. (f/k/a the Dearborn Holdings Corporation) and its Security Holders party thereto.
4.2	Registration Rights Agreement, dated as of _______________, by and among InfraSource Services, Inc. OCM Principal Opportunities Fund II, L.P., OCM/GFI Power Opportunities Funds, L.P., Martin Maslonka, Thomas B. Tilford, Mark C. Maslonka, Justin Campbell, Joseph Gabbard, Sidney Strauss,

Exhibit No.	Document
	and Jon Maslonka.*
5.1	Opinion of Skadden, Arps, Slate, Meagher & Flom LLP, related to the shares of common stock being sold in the initial public offering.*
10.1	Form of Officer and Director Indemnification Agreement.*
10.2	Credit Agreement, dated September 24, 2003, made by InfraSource Services, Inc. (f/k/a Dearborn Holdings Corporation), InfraSource Incorporated in favor of LaSalle Bank National Association.
10.3	First Amendment, dated as of January 22, 2004, to the Credit Agreement, dated as of September 24, 2003, among InfraSource Services, Inc. (f/k/a the Dearborn Holdings Corporation), InfraSource Incorporated in favor of LaSalle Bank National Association.*
10.4	Volume Agreement, dated as of September 24, 2003, between InfraSource Services, Inc. (f/k/a Dearborn Holdings Corporation) and Exelon Enterprises Company, LLC.**
10.5	2003 Omnibus Stock Incentive Plan.
10.6	2004 Omnibus Stock Incentive Plan.*
10.7	2004 Employee Stock Purchase Plan.*
10.8	InfraSource Incorporated Deferred Compensation Plan.*
10.9	Management Agreement, dated September 24, 2003, by and among David Helwig, InfraSource Services, Inc. (f/k/a Dearborn Holdings Corporation) and InfraSource Incorporated.*
10.10	Management Agreement, dated September 24, 2003, by and among Terence R. Montgomery, InfraSource Services, Inc. (f/k/a Dearborn Holdings Corporation) and InfraSource Incorporated.*
10.11	Management Agreement, dated September 24, 2003, by and among Henry E. Jackson, InfraSource Services, Inc. (f/k/a Dearborn Holdings Corporation) and InfraSource Incorporated.*
10.12	Management Agreement, dated September 24, 2003, by and among Stephen J. Reiten, InfraSource Services, Inc. (f/k/a Dearborn Holdings Corporation) and InfraSource Incorporated.*
10.13	Management Agreement, dated September 24, 2003, by and among Paul M. Daily, InfraSource Services, Inc. (f/k/a Dearborn Holdings Corporation) and InfraSource Incorporated.*
10.14	Amendment to Non-Qualified Time-Based Stock Option Agreement, dated January 27, 2004, by and between Paul Daily and InfraSource Services, Inc.*
10.15	Form of Subscription Agreement.*
21.1	List of Subsidiaries.
23.1	Consent of PricewaterhouseCoopers LLP, Independent Auditors.
23.2	Consent of PricewaterhouseCoopers LLP, Independent Auditors.
23.3	Consent of PricewaterhouseCoopers LLP, Independent Auditors.
23.4	Consent of Skadden, Arps, Slate, Meagher & Flom LLP (contained in Exhibit 5.1).*
24.1	Power of Attorney (included on signature page of the Registration Statement).

* To be filed by subsequent amendment.

** Portions of this exhibit have been omitted pursuant to a request for confidential treatment. The omitted portions have been separately filed with the Securities and Exchange Commission.

InfraSource Services agrees to furnish copies of the Schedules and Exhibits referenced in this agreement to the Securities and Exchange Commission upon request.

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