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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

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

For the fiscal year ended December 31, 2014

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

Commission file number 001-13831

Quanta Services, Inc.

(Exact name of registrant as specified in its charter)

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

2800 Post Oak Boulevard, Suite 2600

Houston, Texas 77056

(Address of principal executive offices, including zip code)

(713) 629-7600

(Registrant s telephone number, including area code)

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

Title of Each Class	**Name of Exchange on Which Registered**
Common Stock, $.00001 par value	**New York Stock Exchange**

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

Title of Each Class

None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ¨ No x

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

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

As of June 30, 2014 (the last business day of the Registrant s most recently completed second fiscal quarter), the aggregate market value of the Common Stock of the Registrant held by non-affiliates of the Registrant, based on the last sale price of the Common Stock reported by the New York Stock Exchange on such date, was approximately $7.3 billion.

As of February 23, 2015, the number of outstanding shares of Common Stock of the Registrant was 204,133,234. As of the same date, 3,500,000 exchangeable shares of a Canadian subsidiary of the Registrant associated with one share of Series F Preferred Stock of the Registrant were outstanding, 899,858 exchangeable shares of a Canadian subsidiary of the Registrant associated with one share of Series G Preferred Stock of the Registrant were outstanding and an additional 2,926,113 exchangeable shares of certain other Canadian subsidiaries of the Registrant were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant s Definitive Proxy Statement for the 2015 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

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QUANTA SERVICES, INC.

ANNUAL REPORT ON FORM 10-K

For the Year Ended December 31, 2014

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PART I

ITEM 1. *Business*

General

Quanta Services, Inc. (Quanta) is a leading provider of specialty contracting services, offering infrastructure solutions primarily to the electric power and oil and gas industries in the United States, Canada and Australia and select other international markets. The services we provide include the design, installation, upgrade, repair and maintenance of infrastructure within each of the industries we serve, such as electric power transmission and distribution networks, substation facilities, renewable energy facilities, pipeline transmission and distribution systems and facilities, and infrastructure services for the offshore and inland water energy markets. We also own fiber optic telecommunications infrastructure in select markets and license the right to use these point-to-point fiber optic telecommunications facilities to customers.

We report our results under three reportable segments: (1) Electric Power Infrastructure Services, (2) Oil and Gas Infrastructure Services and (3) Fiber Optic Licensing and Other. This structure is generally focused on broad end-user markets for our services. Our consolidated revenues for the year ended December 31, 2014 were approximately $7.85 billion, of which 67% was attributable to the Electric Power Infrastructure Services segment, 31% to the Oil and Gas Infrastructure Services segment and 2% to the Fiber Optic Licensing and Other segment.

We have established a presence throughout the United States, Canada and Australia with a workforce of approximately 24,600 employees as of December 31, 2014, which enables us to quickly, reliably and cost-effectively serve a diversified customer base. We believe our reputation for responsiveness and performance, geographic reach, comprehensive service offering, safety leadership and financial strength have resulted in strong relationships with numerous customers, which include many of the leading companies in the industries we serve. Our ability to deploy services to customers throughout the United States, Canada and Australia as a result of our broad geographic presence and significant scope and scale of services is particularly important to our customers who operate networks that span multiple states or regions. We believe these same factors also position us to continue to take advantage of other international opportunities.

Representative customers include:

Ameren Corporation	Georgia Power
American Electric Power Company, Inc.	Google Inc.
American Transmission Co.	ITC Holdings Corp.
Anchorage Municipal Light & Power	Kinder Morgan, Inc.
ATCO Electric LTD	Labrador Transmission Corporation
Australia Pacific LNG	MidAmerican Energy Company
BC Hydro	National Grid plc
Bird Construction	Northeast Utilities System

Burns & McDonnell	PG&E Corporation
Cenovus Energy Inc.	Piedmont Natural Gas Company, Inc.
CenterPoint Energy, Inc.	PPL EnergyPlus
Central Maine Power Company	Puget Sound Energy
Con Edison Development, Inc.	Rice Energy

ConocoPhillips	SaskPower
Dominion Resources, Inc.	SNC Lavalin
Duke Energy Corporation	Southern California Edison Co.
Enbridge, Inc.	Suncor Energy Inc.
Enterprise Products Partners L.P.	TransCanada Corporation
Exelon Corporation	United States Department of Defense
ExxonMobil Corporation	Williams Companies Inc.
First Energy	Xcel Energy Inc.

We were organized as a corporation in the state of Delaware in 1997, and since that time we have grown organically and have made strategic acquisitions, expanding our geographic presence and scope of services and developing new capabilities to meet our customers evolving needs.

We believe that our business strategies, along with our competitive and financial strengths, are key elements in differentiating us from our competition and position us to capitalize on future capital spending by our customers. We offer comprehensive and diverse solutions on a broad geographic scale and have a solid base of long-standing customer relationships in each of the industries we serve. We also have an experienced management team, both at the executive level and within our operating units, and various proprietary technologies that enhance our service offerings. Our strategies of expanding the portfolio of services we provide to our existing and potential customer base, increasing our geographic and technological capabilities, promoting best practices and cross-selling our services to our customers, as well as continuing to maintain our financial strength, place us in the position to capitalize on opportunities and trends in the industries we serve and to expand our operations globally. We continue to evaluate potential acquisitions of companies with strong management teams and good reputations and believe that our financial strength and experienced management team is attractive to potential acquisition targets.

We and our customers continue to operate in an uncertain business environment, and although there has been gradual improvement in the economy, our customers continue to face heightened regulatory and environmental requirements as they implement projects to enhance and expand their infrastructure. These economic and regulatory factors have negatively affected the timing of demand for our services in the past and may create uncertainty with regard to anticipated customer spending in future periods. We cannot definitively predict the timing or magnitude of the effect that industry trends may have on our business, particularly in the near-term. However, in recent periods we have experienced an increase in project awards and demand for our services, and many projects that had been negatively impacted by regulatory delays have overcome those challenges and commenced construction.

On December 3, 2012, we sold substantially all of our domestic telecommunications infrastructure services operations and related subsidiaries. Accordingly, we have presented the results of operations, financial position and cash flows of such telecommunications subsidiaries as discontinued operations for all applicable periods presented in this Annual Report on Form 10-K.

Reportable Segments

The following is an overview of the types of services provided by each of our reportable segments and certain of the long-term industry trends impacting each segment.

Electric Power Infrastructure Services Segment

The Electric Power Infrastructure Services segment provides comprehensive network solutions to customers in the electric power industry. Services performed by the Electric Power Infrastructure Services segment generally include the design, installation, upgrade, repair and maintenance of electric power transmission and distribution infrastructure and substation facilities along with other engineering and technical services. This segment also provides emergency restoration services, including the repair of infrastructure damaged by inclement weather, the energized installation, maintenance and upgrade of electric power infrastructure utilizing unique bare hand and hot stick methods and our proprietary robotic arm technologies, and the installation of smart grid technologies on electric power networks. In addition, this segment designs, installs and maintains renewable energy generation facilities, consisting of solar, wind and certain types of natural gas generation facilities, and related switchyards and transmission infrastructure to transport power to demand centers. To a lesser extent, this segment provides services such as the construction of electric power generation facilities, the design, installation, maintenance and repair of commercial and industrial wiring, installation of traffic networks and the installation of cable and control systems for light rail lines.

Several industry trends provide opportunities for growth in demand for the services provided by the Electric Power Infrastructure Services segment, including the need to improve the reliability of aging power infrastructure, the expected long-term increase in demand for electric power and the incorporation of renewable generation and other new power generation sources into the North American power grid. We believe that we are the partner of choice for our electric power and renewable energy customers in need of broad infrastructure expertise, specialty equipment and workforce resources.

Demand for electricity in North America is expected to grow over the long term. North America s electric power grid was not designed or constructed to serve today s power needs and is not adequate to serve the power needs of the future. The electric power grid is aging, continues to deteriorate and lacks redundancy. The increasing demand for electricity, coupled with the aging infrastructure, has affected and will continue to affect reliability, requiring utilities to upgrade and expand their existing transmission and distribution systems. Current federal legislation also requires the power industry to meet federal reliability standards for its transmission and distribution systems. These system upgrades are resulting in increased spending and increased demand for our services in the near-term, and we expect this will continue over the long-term as well.

As demand for power grows, the need for new power generation facilities will grow as well. The future development of new traditional power generation facilities, as well as renewable energy sources such as solar, wind and certain types of natural gas generation facilities, will require new or expanded transmission infrastructure to transport power to demand centers. Renewable energy in particular often requires significant transmission infrastructure due to the remote location of renewable sources of energy. As a result, we anticipate that future development of new power generation will lead to increased demand over the long-term for our electric transmission design and construction services as well as our substation engineering and installation services.

The significant improvement in access to natural gas resources from unconventional shale formations in the United States and Canada, driven by technological advancements, has dramatically increased the near- and long-term supply of natural gas in North America. This increase in supply has also resulted in low natural gas prices for the past several years and the anticipation that natural gas prices will remain at lower levels going forward. As a result, it is anticipated that the amount of electricity generated by natural gas powered plants will increase and the majority of new fossil fuel generation facilities built in North America for the foreseeable future will be fueled by natural gas. Further, the Environmental Protection Agency (EPA) has implemented certain emissions regulations that are resulting in the development of natural gas generation facilities to replace coal generation plants that are being retired in order to comply with the new regulations. These dynamics are anticipated to result in the need for new transmission and substation infrastructure to be built in North America to interconnect new natural gas fired generation facilities. It is also anticipated that modifications to and reengineering of existing transmission and substation infrastructure will be required when existing coal generation facilities are retired or shut down.

We consider renewable energy, including solar, wind and certain types of natural gas generation facilities, to be an ongoing opportunity for our engineering, project management and installation services. Concerns about greenhouse gas emissions, as well as the goal of reducing reliance on power generation from fossil fuels, are creating the need for more renewable energy sources. Renewable portfolio standards (RPS), which mandate that renewable energy constitute a specified percentage of a utility s power generation by a specified date, exist in many states. We believe that our comprehensive services, industry knowledge and experience in the design, installation and maintenance of renewable energy facilities will enable us to support our customers renewable energy efforts. Further, we have the financial strength to selectively provide financing solutions to customers in a modest but strategic way to help facilitate the development of renewable energy and other projects and also potentially create construction backlog for us.

Certain legislative and regulatory actions may also increase demand for our electric power infrastructure services. For example, in July 2011, the Federal Energy Regulatory Commission (FERC) issued Order No. 1000, which establishes transmission planning and cost allocation requirements for public utility transmission providers that are intended to facilitate multi-state electric transmission lines. The order requires planning for transmission to occur on both a local and regional basis and to take into account transmission needs driven by public policy requirements. It also provides rules for cost allocation across areas so that transmission costs are paid for by the beneficiaries of the infrastructure to be developed. The order also removes certain rights of first refusal from FERC-approved tariffs and agreements, which is intended to encourage a more competitive marketplace for transmission infrastructure development and allow development to occur more quickly. We believe that certain legislative and regulatory actions, such as FERC Order No. 1000, which was affirmed by FERC in May 2012, with the issuance of FERC Order No. 1000-A, could have a favorable impact on the development of transmission infrastructure over the medium- and long-term, and as a result, increase demand for our electric transmission services.

Oil and Gas Infrastructure Services Segment

The Oil and Gas Infrastructure Services segment provides comprehensive infrastructure solutions to customers involved in the development and transportation of natural gas, oil and other pipeline products. Services performed by the Oil and Gas Infrastructure Services segment generally include the design, installation, repair and maintenance of pipeline transmission and distribution systems, gathering systems, production systems and compressor and pump stations, as well as related trenching, directional boring and automatic welding services. In addition, this segment s services include pipeline protection, integrity testing, rehabilitation and replacement and fabrication of pipeline support systems and related structures and facilities. We also serve the offshore and inland water energy markets, primarily providing services to oil and gas exploration platforms, including mechanical installation (or hook-ups), electrical and instrumentation, pre-commissioning and commissioning, coatings, fabrication, pipeline construction, integrity services and marine asset repair. To a lesser extent, this segment designs, installs and maintains fueling systems as well as water and sewer infrastructure.

We believe there are growth opportunities in this segment, primarily in the installation and maintenance of natural gas, natural gas byproducts and oil mainline pipelines and related services for gathering systems and pipeline integrity. In particular, we believe the existing pipeline and gathering system infrastructure in North America is insufficient to support the increasing development of new sources of natural gas, oil and other liquids, from the unconventional shale formations and Canadian oil sands. We anticipate it will take a number of years to build this infrastructure and believe this need will increase demand for our services over time.

Ongoing development of unconventional shale formations throughout North America has resulted in a significant increase in the continent s natural gas supply as compared to several years ago. We believe the abundant natural gas supply, combined with lower gas prices, will stimulate demand for increased natural gas usage in the future. As one of the cleanest-burning fossil fuels for power generation, low-cost natural gas supports the U.S. goals of energy independence from foreign energy sources and a cleaner environment. The U.S. Energy Information Administration has stated that the number of natural gas-fired power plants built will increase significantly over the next two decades. Also, power generation from renewable energy sources continues to increase and become a larger percentage of the overall power generation mix. We also believe natural gas will be the fuel of choice to provide backup power generation during times when renewable energy sources are not available. Additionally, the acceptance of nuclear energy as a means of meeting the growing demand for energy in North America remains uncertain. We believe these factors will result in increasing development of natural gas power generation to meet North America s future energy needs, which will in turn result in increased demand for natural gas production and the need for additional pipeline infrastructure to connect natural gas supplies to demand centers, increasing the demand for our services.

The abundance, low price and long-term supply of North American natural gas is also resulting in efforts to develop liquefied natural gas (LNG) export facilities in the United States and Canada, which could provide pipeline and related facilities development opportunities for us. Natural gas prices in various international markets are significantly higher than North American natural gas prices, making the economics of exporting North American natural gas to international markets attractive. Although a number of LNG export facilities are in various stages of planning, permitting and development in the United States and Canada, and it is unlikely that all of them will be developed, we believe our comprehensive service offerings and broad geographic presence will enable us to competitively pursue these opportunities as they develop.

We also believe there are significant mainline pipeline opportunities in Australia driven by the production of coal seam gas for LNG export. A number of LNG export facilities are under construction and proposed for development, and pipelines and related infrastructure will be required to serve these facilities. In addition, unconventional shale formations in Australia are in the early stages of exploration and development and will require construction of significant gathering, mainline pipe and related infrastructure. Through an acquisition in Australia in 2013, we further expanded our presence in this region and competitively positioned ourselves to meet Australia s increasing infrastructure needs.

Additional pipeline infrastructure is also needed for the transportation of crude oil and other liquids from unconventional shale formations in the United States and Canada. Heavy crude oil from the Canadian oil sands is being developed and requires pipelines to be built to take the product to refineries, many of which are in the coastal region along the Gulf of Mexico, and to the east and west coasts of Canada for export to foreign markets. Canadian oil sands and shale formations in certain parts of the United States and Canada contain significant reserves, and the economics of producing these reserves depend on the price of oil. Oil prices have declined significantly over the past several months. The recent decline in oil prices has created uncertainty with respect to the demand for our oil and gas infrastructure services in the near term, and it is also uncertain if, or for how long, oil prices will remain at lower levels. Over time, we expect that, as the current oversupply of global oil corrects and global demand for oil increases, oil prices could recover from current levels. We believe that, at a minimum, medium and long term production of oil from North American unconventional shale formations and the Canadian oil sands will continue, which will create demand for our infrastructure services over time.

We believe there are meaningful long-term opportunities for us to penetrate the offshore and inland water energy markets in providing various infrastructure design, installation and maintenance services primarily to the Gulf of Mexico region but also in select international markets. The offshore service opportunities we see are very similar to what we perform onshore in this segment, and several of our existing onshore customers who also have offshore assets have expressed interest in our ability to provide offshore services. Demand for offshore energy infrastructure services is similar to that on land, including the need for engineering, construction and maintenance services for new and existing offshore exploration and production platforms. In addition, the majority of the thousands of miles of marine based pipelines and related production facilities are approaching or are beyond the end of their useful lives. We see this as an opportunity to leverage our onshore pipeline integrity services and technology to the offshore market s aging infrastructure. Further, we believe new regulations and the more stringent enforcement of existing regulations administered by the Bureau of Safety and Environmental Enforcement may create opportunities for offshore energy infrastructure construction, repair and replacement services.

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As a result of recent significant pipeline incidents in the United States, federal and state regulatory agencies are implementing new pipeline safety rules and increasing enforcement activities. The U.S. Department of Transportation has implemented significant regulatory legislation through the Pipeline and Hazardous Materials Safety Administration relating to pipeline integrity requirements. Testing is expected to become more frequent, extensive and invasive, and more information will be available regarding the condition of the United States pipeline infrastructure. As a result, we anticipate a significant increase in spending allocated to pipeline integrity testing, rehabilitation and replacement services, and an increase in demand for the related services we provide over the coming years. We expect companies will increasingly seek out service providers that can provide a turnkey management solution. We believe we are one of the few companies in North America that offers a complete solution for pipeline companies and gas utilities as they focus on testing, rehabilitating and replacing their pipeline infrastructure.

Fiber Optic Licensing and Other Segment

The Fiber Optic Licensing and Other segment designs, procures, constructs, maintains and owns fiber optic telecommunications infrastructure in select markets and licenses the right to use these point-to-point fiber optic telecommunications facilities to our customers pursuant to licensing agreements, typically with terms from five to twenty-five years, inclusive of certain renewal options. Under those agreements, customers are provided the right to use a portion of the capacity of a fiber optic network, with the network owned and maintained by us. We are also expanding our service offerings to provide lit services, with Quanta providing network management services to customers as well as owning the electronic equipment necessary to make the fiber optic network operational. We believe market opportunities exist for lit services that will enable us to leverage capacities of our dark fiber networks, as well as providing other attractive growth opportunities. The Fiber Optic Licensing and Other segment provides services to communication carriers, as well as education, financial services, healthcare and other business enterprises with high bandwidth telecommunication needs. The telecommunication services provided through this segment are subject to regulation by the Federal Communications Commission and certain state public utility commissions. The Fiber Optic Licensing and Other segment also provides various telecommunication infrastructure services on a limited and ancillary basis, primarily to our customers in the electric power industry.

The growth opportunities in our Fiber Optic Licensing and Other segment include the continued investment in our dark fiber networks to serve customers within existing markets and to expand into new geographic regions, as well as the expansion into lit services. We see opportunities for lit services for customers in multiple institutional sectors, including communications carriers as well as education, financial services, healthcare and other business enterprises. These growth opportunities exist in both the markets we currently serve, by expanding our existing network to add new customers, and expansion into new markets through the build-out of new networks. This expected growth will require significant capital expenditures to support our network expansion efforts.

Financial Information about Geographic Areas

We operate primarily in the United States; however, we derived $1.89 billion, $1.31 billion and $861.5 million of our revenues from foreign operations during the years ended December 31, 2014, 2013 and 2012, respectively. Of our foreign revenues, approximately 82%, 86% and 96% were earned in Canada during the years ended December 31, 2014, 2013 and 2012, respectively. In addition, we held property and equipment in the amount of $372.9 million and $196.8 million in foreign countries, primarily Canada, as of December 31, 2014 and 2013.

Our business, financial condition and results of operations in foreign countries may be adversely impacted by monetary and fiscal policies, currency fluctuations, regulatory requirements and other political, social and economic developments or instability. Refer to Item 1A. *Risk Factors* for additional information.

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Customers, Strategic Alliances and Preferred Provider Relationships

Our customers include electric power and oil and gas companies, as well as commercial, industrial and governmental entities. We have a large and diverse customer base, including many of the leading companies in the industries we serve. Our 10 largest customers accounted for approximately 32% of our consolidated revenues during the year ended December 31, 2014. Our largest customer accounted for approximately 6% of our consolidated revenues for the year ended December 31, 2014.

Although we have a centralized marketing and business development strategy, management at each of our operating units is responsible for developing and maintaining successful long-term relationships with customers. Our operating unit management teams build upon existing customer relationships to secure additional projects and increase revenue from our current customer base. Many of these customer relationships originated decades ago and are maintained through a partnering approach to account management that includes project evaluation and consulting, quality performance, performance measurement and direct customer contact. Additionally, operating unit management focuses on pursuing growth opportunities with prospective new customers. We encourage operating unit management to cross-sell services of our other operating units to their customers and to coordinate with our other operating units to pursue projects, especially those that are larger and more complicated. Our business development group supports the operating units activities by promoting and marketing our services for existing and prospective large national accounts, as well as projects that would require services from multiple operating units.

We are a preferred vendor for many of our customers. As a preferred vendor, we have met minimum standards for a specific category of service, maintained a high level of performance and agreed to certain payment terms and negotiated rates. We strive to maintain preferred vendor status as we believe it provides us an advantage in the award of future work for the applicable customer.

We believe that our strategic relationships with customers in the electric power and oil and gas industries will continue to result in future opportunities. Many of these relationships take the form of strategic alliance or long-term maintenance agreements. Strategic alliance agreements generally state an intention to work together over a period of time and/or on specific types of projects, and many provide us with preferential bidding procedures. Strategic alliances and long-term maintenance agreements are typically agreements for an initial term of approximately two to four years and may include renewal options to extend the initial term.

Backlog

Backlog is not a term recognized under United States generally accepted accounting principles (US GAAP); however, it is a common measurement used in our industry. Our methodology for determining backlog may not be comparable to the methodologies used by other companies.

Our backlog represents the amount of consolidated revenue that we expect to realize from future work under construction contracts, long-term maintenance contracts, master service agreements (MSAs) and licensing agreements. These estimates include revenues from the remaining portion of firm orders not yet completed and on which work has not yet begun, as well as revenues from change orders, renewal options, and funded and unfunded portions of government contracts to the extent that they are reasonably expected to occur. For purposes of calculating backlog, we include 100% of estimated revenues attributable to consolidated joint ventures and variable interest entities (VIEs). The following table presents our total backlog by reportable segment as of December 31, 2014 and 2013, along with an estimate of the backlog amounts expected to be realized within 12 months of each balance sheet date (in thousands):

	Backlog as of December 31, 2014		Backlog as of December 31, 2013	
	12 Month	Total	12 Month	Total
Electric Power Infrastructure Services	$ 3,339,214	$ 6,628,019	$ 3,346,721	$ 5,964,061
Oil and Gas Infrastructure Services	1,824,610	2,520,635	1,515,612	2,218,503
Fiber Optic Licensing and Other	152,929	613,826	137,883	545,503
Total	$ 5,316,753	$ 9,762,480	$ 5,000,216	$ 8,728,067

Revenue estimates included in our backlog can be subject to change as a result of project accelerations, cancellations or delays due to various factors, including but not limited to commercial issues, regulatory requirements and adverse weather. These factors can also cause revenue amounts to be realized in periods and at levels different than originally projected. Generally, our customers are not contractually committed to specific volumes of services under our MSAs, and while we did not experience any material cancellations during the current periods, most of our contracts may be terminated, typically upon 30 to 90 days notice, even if we are not in default under the contract. We determine the estimated amount of backlog for work under MSAs by using recurring historical trends inherent in current MSAs, factoring in seasonal demand and projected customer needs based upon ongoing communications with the customer. In addition, many of our MSAs, as well as contracts for fiber optic licensing, are subject to renewal options. As of December 31, 2014 and 2013, MSAs accounted for approximately 38% and 31% of our estimated 12 month backlog and approximately 45% and 44% of total backlog. There can be no assurance as to our customers actual requirements or that our estimates are accurate.

Competition

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

Employees

As of December 31, 2014, we had approximately 24,600 employees, consisting of approximately 3,900 salaried employees, including executive officers, professional and administrative staff, project managers and engineers, job superintendents and clerical personnel, and approximately 20,700 hourly employees, the number of which fluctuates depending upon the number and size of the projects we undertake at any particular time. Approximately 52% of our hourly employees at December 31, 2014 were covered by collective bargaining agreements, primarily with the International Brotherhood of Electrical Workers (IBEW), the Canadian Union Skilled Workers (CUSW), Australia Workers Union and the four pipeline construction trade unions administered by the Pipe Line Contractors Association (PLCA), which are the Laborers International Union of North America, International Brotherhood of Teamsters (Teamsters), United Association of Plumbers and Pipefitters and the International Union of Operating Engineers. These collective bargaining agreements require the payment of specified wages to our union employees, the observance of certain workplace rules and the payment of certain amounts to multi-employer pension plans and employee benefit trusts rather than us sponsoring or administering the benefit programs provided on behalf of our employees. These collective bargaining agreements have varying terms and expiration dates. The majority of the collective bargaining agreements contain provisions that prohibit work stoppages or strikes, even during specified negotiation periods relating to agreement renewals, and provide for binding arbitration dispute resolution in the event of prolonged disagreement.

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We provide health, welfare and benefit plans for employees who are not covered by collective bargaining agreements. We also have a 401(k) plan pursuant to which eligible employees who are not provided retirement benefits through a collective bargaining agreement may make contributions through a payroll deduction. We make matching cash contributions of 100% of each employee s contribution up to 3% of that employee s salary and 50% of each employee s contribution between 3% and 6% of such employee s salary, up to the maximum amount permitted by law.

Our industry is experiencing a shortage of journeyman linemen in certain geographic areas. In response to the shortage and to attract qualified employees, we utilize various IBEW and National Electrical Contractors Association (NECA) training programs and support the joint IBEW/NECA Apprenticeship Program which trains qualified electrical workers. Certain of our Canadian operations also support the CUSW s apprenticeship programs for training construction and maintenance electricians and powerline technicians. We have also established apprenticeship training programs approved by the U.S. Department of Labor for employees not subject to the IBEW/NECA Apprenticeship Program, as well as additional company-wide and project-specific employee training and educational programs.

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

Materials

Our customers typically supply most or all of the materials required for each job. However, for some of our contracts, we may procure all or part of the materials required. As we continue to expand our comprehensive engineering, procurement and construction offerings, particularly associated with utility scale solar projects, the cost of materials may become a proportionately larger component of our consolidated cost of services. We purchase such materials from a variety of sources and do not anticipate experiencing any significant difficulties in procuring such materials.

Training, Quality Assurance and Safety

Performance of our services requires the use of equipment and exposure to conditions that can be dangerous. Although we are committed to a policy of operating safely and prudently, we have been and will continue to be subject to claims by employees, customers and third parties for property damage and personal injuries resulting from performance of our services. Our operating units have established comprehensive safety policies, procedures and regulations and require that employees complete prescribed training and service programs prior to performing more sophisticated and technical jobs, which is in addition to those programs required, if applicable, by the IBEW/NECA Apprenticeship Program, the training programs sponsored by the four trade unions administered by the PLCA, the apprenticeship training programs sponsored by the CUSW or our equivalent programs. Under the IBEW/NECA Apprenticeship Program, all journeyman linemen are required to complete a minimum of 7,000 hours of on-the-job training, approximately 144 hours of classroom education and extensive testing and certification. Certain of our operating units have established apprenticeship training programs approved by the U.S. Department of Labor that prescribe equivalent training requirements for employees who are not otherwise subject to the requirements of the IBEW/NECA Apprenticeship Program. Similarly, the CUSW offers apprenticeship training for construction and maintenance electricians that requires five terms of 1,700 hours each, combining classroom and on-the-job training, as well as training for powerline technicians that also involves classroom and jobsite training over a four-year period. In addition, the Laborers International Union of North America, International Brotherhood of Teamsters, United Association of Plumbers and Pipefitters and the International Union of Operating Engineers have training programs specifically designed for developing and improving the skills of their members who work in the pipeline construction industry. Our operating units also benefit from sharing best practices regarding their training and educational programs and comprehensive safety policies and regulations.

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Regulation

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

- licensing, permitting and inspection requirements applicable to contractors, electricians and engineers;
- regulations relating to worker safety and environmental protection;
- permitting and inspection requirements applicable to construction projects;
- wage and hour regulations;
- regulations relating to transportation of equipment and materials, including licensing and permitting requirements;
- building and electrical codes;
- telecommunications regulations relating to our fiber optic licensing business; and
- special bidding, procurement and other requirements on government projects.

We believe that we have all the licenses required to conduct our operations and that we are in substantial compliance with applicable regulatory requirements. Our failure to comply with applicable regulations could result in substantial fines or revocation of our operating licenses, as well as give rise to termination or cancellation rights under our contracts or disqualify us from future bidding opportunities.

Environmental Matters and Climate Change Impacts

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, local and international environmental laws and regulations governing our operations, including the handling, transportation and disposal of non-hazardous and hazardous substances and wastes, as well as emissions and discharges into the environment, including discharges to air, surface water, groundwater and soil. 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 hazardous 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 or adversely affect our ability to sell, lease or use our properties as collateral for financing. In addition, we could be held liable for significant penalties and damages under certain environmental laws and regulations and also could be subject to a revocation of our licenses or permits, which could materially and adversely affect our business, results of operations and cash flows. Our contracts with our customers may also impose liabilities on us regarding environmental issues that arise through the performance of our services.

From time to time, we may incur costs and obligations for correcting environmental noncompliance matters and for remediation at or relating to certain of our properties. We believe that we are in substantial compliance with our environmental obligations to date and that any such obligations will not have a material adverse effect on our business or financial performance.

The potential physical impacts of climate change on our operations are highly uncertain. Climate change may result in, among other things, changes in rainfall patterns, storm patterns and intensities and temperature levels. As discussed elsewhere in this Annual Report on Form 10-K, including in Item 1A. *Risk Factors*, our operating results are significantly influenced by weather. Therefore, significant changes in historical weather patterns could significantly impact our future operating results. For example, if climate change results in drier weather and more accommodating temperatures over a greater period of time in a given period, we may be able to increase our productivity, which could have a positive impact on our revenues and gross margins. In addition,

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if climate change results in an increase in severe weather, such as hurricanes and ice storms, we could experience a greater amount of higher margin emergency restoration service work, which generally has a positive impact on our gross margins. Conversely, if climate change results in a greater amount of rainfall, snow, ice or other less accommodating weather conditions in a given period, we could experience reduced productivity, which could negatively impact our revenues and gross margins.

Risk Management and Insurance

We are insured for employer s liability, general liability, auto liability and workers compensation claims. Under these programs, the deductibles were $10.0 million per occurrence for general liability and auto liability, $5.0 million per occurrence for workers compensation, and $1.0 million per occurrence for employer s liability for the policy years 2014-2015 and 2013-2014. For the 2012-2013 policy year, the deductibles were $5.0 million per occurrence for general liability, auto liability and workers compensation and $1.0 million per occurrence for employer s liability. We are generally self-insured for all claims that do not exceed the amount of the applicable deductible. In connection with our casualty insurance programs, we are required to issue letters of credit to secure our self-insured obligations. We also have employee health care benefit plans for most employees not subject to collective bargaining agreements, of which the primary plan is subject to a deductible of $375,000 per claimant per year.

Losses under all of these insurance programs are accrued based upon our estimate of the ultimate liability for claims reported and an estimate of claims incurred but not reported, with assistance from third-party actuaries. These insurance liabilities are difficult to assess and estimate due to unknown factors, including the severity of an injury, the extent of damage, the determination of our liability in proportion to other parties and the number of incidents not reported. The accruals are based upon known facts and historical trends, and management believes such accruals are adequate.

We renew our insurance policies on an annual basis, and therefore deductibles and levels of insurance coverage may change in future periods. In addition, insurers may cancel our coverage or determine to exclude certain items from coverage, or we may elect not to obtain certain types or incremental levels of insurance if we believe that the cost to obtain such coverage exceeds the additional benefits obtained. In any such event, our overall risk exposure would increase, which could negatively affect our financial condition, results of operations and cash flows.

Seasonality and Cyclicality

Our revenues and results of operations can be subject to seasonal and other variations. These variations are influenced by weather, customer spending patterns, bidding seasons, project timing and schedules, and holidays. Typically, our revenues are lowest in the first quarter of the year because cold, snowy or wet conditions can cause delays on projects. In addition, many of our customers develop their capital budgets for the coming year during the first quarter and do not begin infrastructure projects in a meaningful way until their capital budgets are finalized. Second quarter revenues are typically higher than those in the first quarter, as some projects begin, but continued cold and wet weather can often impact second quarter productivity. Third quarter revenues are typically the highest of the year, as a greater number of projects are underway and weather is more accommodating. Generally, revenues during the fourth quarter of the year are lower than the third quarter but higher than the second quarter. Many projects are completed in the fourth quarter, and revenues are often impacted positively by customers seeking to spend their capital budgets before the end of the year; however, the holiday season and inclement weather can sometimes cause delays, reducing revenues and increasing costs. Any quarter may be positively or negatively affected by atypical weather patterns in any of the areas we serve, such as severe weather, excessive rainfall or warmer winter weather, making it difficult to predict these variations and their effect on particular projects quarter to quarter. The timing of project awards and unanticipated changes in project schedules as a result of delays or accelerations can also create variations in the level of operating activity from quarter to quarter.

These seasonal impacts are typical for our U.S. operations, but as our foreign operations continue to grow, we may see a lessening of this pattern impacting our quarterly revenues. For example, revenues in Canada are often higher in the first quarter as projects are accelerated so that work can be completed prior to the break up, or seasonal thaw, as productivity is adversely affected by wet ground conditions during the warmer spring and summer months. Also, although revenues from Australia and other international operations have not been significant relative to our overall revenues to date, their seasonal patterns may differ from those in North America and may impact our seasonality more in the future.

Additionally, our industry can be highly cyclical. As a result, our volume of business may be adversely affected by declines or delays in new projects in various geographic regions, including the United States, Canada and Australia. Project schedules, particularly in connection with larger, longer-term projects, can also create fluctuations in the services provided, which may adversely affect us in a given period. The financial condition of our customers and their access to capital, variations in the margins of projects performed during any particular period, regional, national and global economic and market conditions, timing of acquisitions, the timing and magnitude of acquisition and integration costs associated with acquisitions, dispositions, fluctuations in our equity in earnings (losses) of unconsolidated affiliates, impairments of goodwill, intangible assets, long-lived assets or investments and interest rate fluctuations are examples of items that may also materially affect quarterly results. Accordingly, our operating results in any particular period may not be indicative of the results that can be expected for any other period. You should read *Outlook* and *Understanding Margins* included in Item 7. *Management s Discussion and Analysis of Financial Condition and Results of Operations* for additional discussion of trends and challenges that may affect our financial condition, results of operations and cash flows.

Website Access and Other Information

Our website address is www.quantaservices.com. Interested parties may obtain free electronic copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to these reports through our website under the heading *Investors & Media/SEC Filings* or through the website of the Securities and Exchange Commission (the SEC) at www.sec.gov. These reports are available on our website as soon as reasonably practicable after we electronically file them with, or furnish them to, the SEC. In addition, our Corporate Governance Guidelines, Code of Ethics and Business Conduct and the charters of each of our Audit Committee, Compensation Committee, Governance and Nominating Committee and Investment Committee are posted on our website under the heading *Investors & Media/Corporate Governance*. We intend to disclose on our website any amendments or waivers to our Code of Ethics and Business Conduct that are required to be disclosed pursuant to Item 5.05 of Form 8-K. Free copies of these items may be obtained from our website. We will make available to any stockholder, without charge, copies of our Annual Report on Form 10-K as filed with the SEC. For copies of this or any other Quanta publication, stockholders may submit a request in writing to Quanta Services, Inc., Attn: Corporate Secretary, 2800 Post Oak Blvd., Suite 2600, Houston, TX 77056, or by phone at 713-629-7600. This Annual Report on Form 10-K and our website contain information provided by other sources that we believe are reliable. We cannot provide assurance that the information obtained from other sources is accurate or complete. No information on our website is incorporated by reference herein.

ITEM 1A. ***Risk Factors***

Our business is subject to a variety of risks and uncertainties, including, but not limited to, the risks and uncertainties described below. The matters described below are not the only risks and uncertainties facing our company. Additional risks and uncertainties not known to us or not described below also may impair our business operations. If any of the following risks actually occur, our business, financial condition, results of operations and cash flows could be negatively affected and we may not be able to achieve our goals or expectations. This Annual Report on Form 10-K also includes statements reflecting assumptions, expectations, projections, intentions or beliefs about future events that are intended as forward-looking statements under the Private Securities Litigation Reform Act of 1995 and should be read in conjunction with the section entitled *Uncertainty of Forward-Looking Statements and Information* included in Item 7. *Management s Discussion and Analysis of Financial Condition and Results of Operations.*

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Our operating results may vary significantly from quarter to quarter.

Our business can be highly cyclical and subject to seasonal and other variations that can result in significant differences in operating results from quarter to quarter. For example, we typically experience lower gross and operating margins during winter months due to lower demand for our services and more difficult operating conditions in the Northern hemisphere. Additionally, our quarterly results may be materially and/or adversely affected by:

- permitting, regulatory or customer-caused delays on projects;
- adverse weather conditions;
- variations in the margins of projects performed during any particular quarter;
- fluctuations in regional, national or global economic and market conditions and demand for our services;
- the budgetary spending patterns of customers and federal, state and local governments;
- disruptions in our customers strategic plans which could occur as a result of emerging technologies;
- increases in construction and design costs;
- the timing and volume of work we perform;
- the magnitude of work performed under change orders and the timing of their recognition;
- disputes with customers relating to payment terms under our contracts and change orders, and our ability to successfully negotiate and obtain payment or reimbursement under our contracts and change orders;
- the outcome or resolution of pending or threatened litigation, claims or other legal proceedings;
- liabilities associated with pension plans in which our employees participate or withdrawals therefrom;
- changes in accounting pronouncements that require us to account for items differently than historical pronouncements have;

losses experienced in our operations not otherwise covered by insurance;

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

payment risk associated with the financial condition of our customers;

the termination or expiration of existing agreements;

pricing pressures resulting from competition;

changes in bonding and lien requirements applicable to existing and new agreements;

implementation of various information systems, which could temporarily disrupt day-to-day operations;

the recognition of tax benefits related to uncertain tax positions;

the timing and magnitude of costs we incur to support growth internally or through acquisitions or otherwise;

the timing and integration of acquisitions and the magnitude of the related acquisition and integration costs;

the timing and significance of potential impairments of long-lived assets, equity or other investments, goodwill or other intangible assets; and

significant fluctuations in foreign currency exchange rates.

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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.

Negative economic and market conditions may adversely impact our customers future spending as well as payment for our services and, as a result, our operations and growth.

The economic recovery from the recession in 2008 and 2009 has been gradual and measured, and there is continuing uncertainty in the marketplace. Stagnant or declining economic conditions have adversely impacted the demand for our services in the past and resulted in the delay, reduction or cancellation of certain projects and may adversely affect us in the future. In addition, economic and market conditions specifically affecting any of the industries we serve could adversely affect our results of operations. A number of factors, including financing conditions and potential bankruptcies in the industries we serve or a prolonged economic downturn or recession, could adversely affect our customers and their ability or willingness to fund capital expenditures in the future or pay for past services. Consolidation, competition, capital constraints or negative economic conditions in the electric power and oil and gas industries may also result in reduced spending by, or the loss of, one or more of our customers.

Our Oil and Gas Infrastructure Services segment is exposed to risks associated with the oil and gas industry. These risks, which are not subject to our control, include the volatility of natural gas and oil prices, the lack of demand for natural gas and oil, including from power generation from natural gas, and a slowdown in the development or discovery of natural gas and/or oil reserves. Specifically, lower natural gas and oil prices could result in decreased spending by our customers in our Oil and Gas Infrastructure Services segment. The significant increase in the North American supply of natural gas due to ongoing development of unconventional shale formations has resulted in low natural gas prices for the past several years. Additionally, there have been significant decreases in oil prices since mid-2014. If the development or discovery of natural gas and/or oil reserves slowed or stopped as a result of low natural gas and oil prices or otherwise, customers could reduce capital spending on mainline pipe, gas gathering and compressor systems and other related infrastructure, resulting in less demand for our services. If the profitability of our business under the Oil and Gas Infrastructure Services segment were to decline, our overall financial position, results of operations and cash flows could also be adversely affected. Conversely, although higher natural gas and oil prices generally result in increased infrastructure spending by these customers, sustained high energy prices could be an impediment to economic growth and could result in reduced infrastructure spending by such customers. Higher prices could also decrease spending on natural gas fired electricity generation facilities and related infrastructure, an important component of our electric power infrastructure services business. Additionally, higher prices would likely reduce demand for power generation from natural gas, which could result in decreased demand for the expansion of North America s natural gas pipeline infrastructure, and consequently result in less capital spending by these customers and less demand for our services.

Further, many of our customers finance their projects through the incurrence of debt or the issuance of equity. A reduction in cash flow or the lack of availability of debt or equity financing may result in a reduction in our customers spending for our services and may also impact the ability of our customers to pay amounts owed to us, which could have a material adverse effect on our operations and our ability to grow at historical levels.

Regulatory and environmental requirements affecting any of the industries we serve may lead to less demand for our services.

Because the vast majority of our revenue is derived from a few industries, regulatory and environmental requirements affecting any of those industries would adversely affect our results of operations. Customers in the industries we serve face heightened regulatory and environmental requirements and stringent permitting processes as they implement plans for their projects, which can result in delays, reductions and cancellations of some of their projects. These regulatory factors have resulted in decreased demand for our services in the past, and they may continue to do so in the future, potentially impacting our operations and our ability to grow at historical levels.

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Project performance issues, including those caused by third parties, or certain contractual obligations may result in additional costs to us, reductions or delays in revenues or the payment of liquidated damages.

Many projects involve challenging engineering, procurement and construction phases that may occur over extended time periods, sometimes over several years. We may encounter difficulties as a result of delays in designs, engineering information or materials provided by the customer or a third party, delays or difficulties in equipment and material delivery, schedule changes, delays from our customers failure to timely obtain permits or rights of way or meet other regulatory requirements, weather-related delays and other factors, some of which are beyond our control, that can impact our ability to complete the project in accordance with the original delivery schedule. A failure by us to properly manage and invest in our equipment fleet could also negatively impact project performance and our results of operations. In addition, we occasionally contract with third-party suppliers and subcontractors to assist us with the completion of contracts. Any delay or failure by suppliers or by subcontractors in the completion of their 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 opposition, which may include injunctive actions as well as public protests, to the siting of electric power, natural gas or oil transmission lines, solar or wind projects, or other facilities. Delays and additional costs may be substantial and, in some cases, we may be required to compensate the customer for such delays. We may not be able to recover all of such costs. 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 our schedules or performance requirements could also result in additional costs or penalties, including liquidated damages, and such amounts could exceed expected project profit. In extreme cases, the above-mentioned factors could cause project cancellations, and we may not be able to replace such projects with similar projects or at all. Such delays or cancellations may impact our reputation or relationships with customers, adversely affecting our ability to secure new contracts.

Our customers may change or delay various elements of a project after its commencement, or the design, engineering information, equipment or materials that are to be provided by the customer or other parties may be deficient or delivered later than required by the project schedule, resulting in additional direct or indirect costs. 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 may be 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 the above-mentioned delays and additional costs, including as a result of customer-requested change orders or failure by the customer to timely meet its obligations. Litigation or arbitration with respect to payment terms under contracts and change orders may be lengthy and costly and may adversely affect our relationship with our customers, and it is often difficult to predict when and for how much the claims will be resolved. A failure to obtain adequate compensation for these matters could require us to record a reduction to amounts of revenue and gross profit recognized in prior periods under the percentage-of-completion accounting method. Any such adjustments could be substantial. We may also be required to invest significant working capital to fund cost overruns while the resolution of claims is pending, which could adversely affect liquidity and financial results in any given period.

Our business is labor intensive, and we may be unable to attract and retain qualified employees.

Our ability to maintain our productivity and profitability will be limited by our ability to employ, train and retain skilled personnel necessary to meet our requirements. We cannot be certain that we will be able to maintain an adequate skilled labor force necessary to operate efficiently and to support our growth strategy. For instance, we may experience shortages of qualified journeyman linemen, who are integral to the provision of transmission and distribution services under our Electric Power Infrastructure Services segment. The commencement of new, large-scale infrastructure projects or increased demand for infrastructure improvements, as well as the aging electric utility workforce, may also further reduce the pool of skilled workers available to us. In addition, in our Oil and Gas

Infrastructure Services segment, there is limited availability of experienced supervisors and foremen that can oversee large mainline pipe projects. A shortage in the supply of these skilled

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personnel creates competitive hiring markets and may result in increased labor expenses. Additionally, if we are unable to hire employees with requisite skills, we may also be forced to incur significant training expenses. Labor shortages or increased labor costs could impair our ability to maintain our business or grow our revenues or profitability.

Our use of fixed price contracts could adversely affect our business and results of operations.

We currently generate a portion of our revenues under fixed price contracts. We also expect to generate a greater portion of our revenues under this type of contract in the future as larger projects, such as electric power and pipeline transmission build-outs and utility-scale solar facilities, become a more significant aspect of our business. We assume risks related to revenue and cost on fixed-priced contracts. Actual revenues and project costs can vary, sometimes substantially, from our original projections due to changes in a variety of factors including:

- unforeseen circumstances not included in our cost estimates or covered by our contract for which we cannot obtain adequate compensation;
- changes in the cost of equipment, commodities, materials or labor;
- unanticipated costs or claims due to customer-caused delays, errors in specifications or designs, project modifications, or contract termination and our inability to obtain reimbursement for such costs or recover on such claims;
- weather conditions;
- failure to perform by our project owners, suppliers or subcontractors;
- difficulties in obtaining required permits or approvals;
- quality issues requiring rework;
- changes in laws and regulations; and
- general economic conditions.

These variations, along with other risks inherent in performing fixed price contracts may cause actual revenue and gross profits for a project to differ from those we originally estimated and could result in reduced profitability or losses on projects. Depending upon the size of a particular project, variations from the estimated contract costs could have a significant impact on our operating results for any fiscal period.

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

As discussed in Item 7. *Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies* and in the notes to our consolidated financial statements included in Item 8. *Financial Statements and Supplementary Data*, a significant portion of our revenues are recognized using the percentage-of-completion method of accounting, utilizing 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 generally accepted 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 to be probable and reasonably estimable, 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 generally occurs 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 significant.

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Our failure to adequately recover on claims brought by us against customers related to payment terms and costs could materially and adversely affect our financial position, results of operations and cash flows.

We have in the past brought and may in the future bring claims against our customer related to, among other things, the payment terms of our contracts and change orders relating to our contracts. These types of claims occur due to, among other things, matters such as customer-caused delays or changes from the initial project scope, both of which may result in additional cost. These claims can be the subject of lengthy arbitration or litigation proceedings, and it is difficult to accurately predict when these claims will be fully resolved. When these types of events occur and unresolved claims are pending, we have used working capital in projects to cover, among other things, cost overruns pending the resolution of the relevant claims. A failure to promptly recover on these types of claims could have a negative impact on our financial condition, results of operations and cash flows.

Our operating results can be negatively affected by weather conditions.

We perform substantially all of our services outdoors. As a result, adverse weather conditions, such as rainfall or snow, may affect our productivity or may temporarily prevent us from performing services. The effect of weather delays on projects that are under fixed price arrangements may be greater if we are unable to adjust the project schedule for such delays. A reduction in our productivity in any given period or our inability to meet guaranteed schedules may adversely affect the profitability of our projects, and as a result, our results of operations.

We may be unsuccessful at generating internal growth.

Our ability to generate internal growth will be affected by, among other factors, our ability to:

- expand the range of services we offer to customers to address their evolving infrastructure needs;
- attract new customers;
- increase the number of projects performed for existing customers;
- hire and retain qualified employees;
- expand geographically, including internationally; and
- address the challenges presented by stringent regulatory, environmental and permitting requirements and difficult economic or market conditions that may affect us or our customers.

In addition, our customers may cancel, delay or reduce the number or size of projects available to us for a variety of reasons, including capital constraints or inability to meet regulatory requirements. Many of the factors affecting our ability to generate internal growth may be beyond our control, and we cannot be certain that our strategies for achieving internal growth will be successful.

Our business is highly competitive.

The specialty contracting business is served by numerous small, owner-operated private companies, some public companies and several large regional companies. In addition, relatively few barriers prevent entry into some areas of our business. As a result, any organization that has adequate financial resources and access to technical expertise may become one of our competitors. A substantial portion of our revenues is directly or indirectly dependent on winning new contracts. The timing of when project awards will be made is unpredictable and often involves complex and lengthy negotiations and bidding processes. These processes can be impacted by a wide variety of factors, including price, governmental approvals, financing contingencies, commodity prices, environmental conditions and overall market and economic conditions. We are currently experiencing the impacts of competitive pricing in certain of the markets we serve, such as the electric power market with respect to smaller scale transmission projects and distribution services. In addition, our bids may not be successful because of a client s perception of our ability to perform the work or a client s perception of technology advantages held by our competitors as well as other factors. Certain of our competitors may have lower overhead cost structures. Therefore, they may be able to provide their services at lower rates than we are able to provide. In addition, some of our competitors have significant resources, including financial, technical and marketing resources. We cannot be certain that our competitors do not have or will not develop the expertise, experience and resources to provide services that are superior in both price and quality to our services. Similarly, we cannot be certain that we will be able to maintain or enhance our competitive position within the specialty contracting business or maintain our customer base at current levels. We also face competition from the in-house service organizations of our existing or prospective customers. Electric power and oil and gas service providers usually employ personnel who perform some of the same types of services we provide, and we cannot be certain that our existing or prospective customers will continue to outsource services in the future.

Changes in government spending and legislative actions and initiatives relating to renewable energy and electric power may adversely affect demand for our services.

Demand for our services may not result from renewable energy initiatives. While many states currently have mandates in place that require specified percentages of power to be generated from renewable sources, states could reduce those mandates or make them optional, which could reduce, delay or eliminate renewable energy development in the affected states. Additionally, renewable energy is generally more expensive to produce than traditional energy sources and may require additional power generation sources as backup. The locations of renewable energy projects are often remote and are not viable unless new or expanded transmission infrastructure to transport the power to demand centers is economically feasible. Furthermore, funding for renewable energy initiatives may not be available, which has been further constrained as a result of tight credit markets. These factors have resulted in fewer renewable energy projects than anticipated and a delay in the construction of these projects and the related infrastructure, which has adversely affected the demand for our services. These factors could continue to result in delays or reductions in projects, which could further negatively impact our business.

The American Recovery and Reinvestment Act of 2009 (ARRA) provides for various stimulus programs, such as grants, loan guarantees and tax incentives, relating to renewable energy, energy efficiency and electric power infrastructure. Some of these programs have expired, which may affect the economic feasibility of future projects. Additionally, while a significant amount of stimulus funds have been awarded, we cannot predict the timing and scope of any investments to be made under stimulus funding or whether stimulus funding will result in increased demand for our services. Investments for renewable energy, electric power infrastructure and telecommunications fiber deployment under ARRA programs may not occur, may be less than anticipated or may be delayed, any of which would negatively impact demand for our services.

Other current and potential legislative or regulatory initiatives may not result in increased demand for our services. Examples include legislation or regulations to require utilities to meet reliability standards, to ease siting and right-of-way issues for the construction of transmission lines, and to encourage installation of new electric power transmission and renewable energy generation facilities. It is not certain whether existing legislation will create sufficient incentives for new projects, when or if proposed legislative initiatives will be enacted or whether any potentially beneficial provisions will be included in the final legislation.

There are also a number of legislative and regulatory proposals to address greenhouse gas emissions, which are in various phases of discussion or implementation. The outcome of federal and state actions to address global climate change could negatively affect the operations of our customers through costs of compliance or restraints on projects, which could reduce their demand for our services.

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Our business is subject to operational hazards, and we are self-insured against certain potential liabilities.

Our business is subject to significant operational hazards due to the nature of services provided by our workforce and the conditions in which they operate. These hazards include those involving electricity, fires, natural gas explosions, mechanical failures and weather-related incidents. Our offshore operations are further subject to heightened risks, including blowouts, collisions, capsizings, vessels sinking and damage from severe weather conditions. These hazards could cause personal injury, severe damage to property, equipment and the environment and could lead to suspension of operations and legal liabilities. If we are not fully insured or indemnified against such risks or a counterparty fails to meet its indemnification obligations to us, it could materially and adversely affect our results of operations, financial position and cash flows. Further, our safety record may impact our ability to bid on certain work.

We are insured for employer s liability, general liability, auto liability and workers compensation claims, but such insurance is subject to deductibles and limits and may be canceled or may not cover all of our losses. The deductibles under our insurance programs for the policy year 2014-2015 are $10.0 million per occurrence for general liability and auto liability insurance programs, $5.0 million per occurrence for workers compensation, and $1.0 million per occurrence for employer s liability. We are generally self-insured for all claims that do not exceed the amount of the applicable deductible. We also have employee health care benefit plans for most employees not subject to collective bargaining agreements, of which the primary plan is subject to a deductible of $375,000 per claimant per year. Our insurance policies include various coverage requirements, including the requirement to give appropriate notice. If we fail to comply with these requirements, our coverage could be denied.

Losses under all of these insurance programs are accrued based upon our estimates of the ultimate liability for claims reported and an estimate of claims incurred but not reported, with assistance from third-party actuaries. These insurance liabilities are difficult to assess and estimate due to unknown factors, including the severity of an injury, the extent of damage, the determination of our liability in proportion to other parties and the number of incidents not reported. The accruals are based upon known facts and historical trends, and management believes such accruals are adequate. If we were to experience insurance claims or costs significantly above our estimates, our results of operations, financial condition and cash flows could be materially and adversely affected in a given period.

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, employment discrimination, breach of contract, property damage, environmental liabilities, pension plan withdrawal liabilities, punitive damages, and civil penalties or other losses or injunctive or declaratory relief. In addition, we generally indemnify our customers for claims related to the services we provide and actions we take under our contracts with them, and, in some instances, we may be allocated risk through our contract terms for actions by our customers or other third parties. Because our services in certain instances may be integral to the operation and performance of our customers infrastructure, we have been and 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 of such failures, and we could be subject to civil and criminal liabilities to the extent that our services contributed to any property damage, personal injury or system failure. Insurance coverage may not be available or may be insufficient for these lawsuits, claims or legal proceedings. The outcome of any of these lawsuits, claims or legal proceedings could result in significant costs and diversion of management s attention to the business. Payments of significant amounts, even if reserved, could adversely affect our reputation, liquidity and results of operations. For details on our existing litigation and claims, refer to Note 15 of the Notes to Consolidated Financial Statements in Item 8. *Financial Statements and Supplementary Data.*

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Unavailability or cancellation of third party insurance coverage would increase our overall risk exposure as well as disrupt our operations.

We maintain insurance coverage from third party insurers as part of our overall risk management strategy and because some of our contracts require us to maintain specific insurance coverage limits. There can be no assurance that our insurance coverage will be sufficient or effective under all circumstances or against all claims and liabilities which we may be subject. Additionally, we renew our insurance policies on an annual basis; therefore, deductibles and levels of insurance coverage may change in future periods. There can be no assurance that any of our existing insurance coverage will be renewed upon the expiration of the coverage period or that future coverage will be affordable at the required limits. In addition, our third party insurers could fail, suddenly cancel our coverage or otherwise be unable to provide us with adequate insurance coverage. If any of these events occur, our overall risk exposure would increase and our operations could be disrupted. For example, we have significant operations in California and other U.S. states which have an increased risk of wildfires. Should our insurers determine to exclude coverage for wildfires in the future, we could be exposed to significant liabilities and potentially a disruption of our California operations. If our risk exposure increases as a result of adverse changes in our insurance coverage, we could be subject to increased claims and liabilities that could negatively affect our financial condition, results of operations and cash flows.

Many of our contracts may be canceled on short notice or may not be renewed upon completion or expiration, and we may be unsuccessful in replacing our contracts in such events, which may adversely affect our financial condition, results of operations and cash flows.

We could experience a decrease in our revenue, net income and liquidity if any of the following occur:

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

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

The nature of our business exposes us to warranty claims, which may reduce our profitability.

Under our contracts with customers, we typically provide a warranty for the services we provide, guaranteeing the work performed against defects in workmanship and material. The majority of our contracts have a warranty period of 12 months. As much of the work we perform is inspected by our customers for any defects in construction prior to acceptance of the project, the warranty claims that we have historically received have been minimal. Additionally, materials used in construction are often provided by the customer or are warranted against defects by the supplier. However, certain projects, such as utility-scale solar facilities, may have longer warranty periods and include facility performance warranties that may be broader than the warranties we generally provide. In these circumstances, if warranty claims occurred, it could require us to re-perform the services or to repair or replace the warranted item, at a cost to us, and could also result in other damages if we are not able to adequately satisfy our warranty obligations. In addition, we may be required under contractual

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arrangements with our customers to warrant any defects or failures in materials we provide that we purchase from third parties. While we generally require the materials suppliers to provide us warranties that are consistent with those we provide to the customers, if any of these suppliers default on their warranty obligations to us, we may incur costs to repair or replace the defective materials for which we are not reimbursed. Costs incurred as a result of warranty claims could adversely affect our financial condition, results of operations and cash flows.

The loss of one or a few customers could have a material adverse effect on us.

A few customers have in the past and may in the future account for a significant portion of our revenue in any one year or over a period of several consecutive years. Although we have long-standing relationships with many of our significant customers, our customers may unilaterally reduce or discontinue their contracts with us at any time. Our loss of business from a significant customer could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Backlog may not be realized or may not result in profits.

Backlog is not a term recognized under US GAAP; however, it is a common measurement used in our industry. Our methodology for determining backlog may not be comparable to the methodologies used by other companies. For a discussion of how we calculate backlog for our business, please see *Backlog* in Item 1. *Business*.

Furthermore, backlog is difficult to determine with certainty. Customers often have no obligation under our contracts to assign or release work to us, and many contracts may be terminated on short notice. Reductions in backlog due to cancellation or reduction in scope of one or more contracts or projects by a customer or for other reasons could significantly reduce the revenue and profit we actually receive from contracts included in backlog. In the event of a project cancellation or reduction in scope, we may be reimbursed for certain costs but would not have a contractual right to the total revenues reflected in our backlog. 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 or profits we expected. In addition, projects that are delayed may remain in backlog for extended periods of time. All of these uncertainties are heightened by negative economic conditions and their impact on our customers spending, as well as the effects of regulatory requirements and weather conditions. Consequently, we cannot assure that our estimates of backlog are accurate or that we will be able to realize our estimated backlog.

Our financial results are based upon estimates and assumptions that may differ from actual results.

In preparing our consolidated financial statements in conformity with US GAAP, several estimates and assumptions are used by management in determining the reported amounts of assets, liabilities, revenues and expenses recognized during the periods presented and disclosures of contingent assets and liabilities known to exist as of the date of the financial statements. These estimates and assumptions must be made because certain information that is used in the preparation of our financial statements is dependent on future events, cannot be calculated with a high degree of precision from data available or is not capable of being readily calculated based on generally accepted methodologies. In some cases, these estimates are particularly difficult to determine, and we must exercise significant judgment. Estimates are used primarily in our assessment of the allowance for doubtful accounts, valuation of inventory, useful lives of assets, fair value assumptions in analyzing goodwill, other intangibles and long-lived asset impairments, equity and other investments, loan receivables, purchase price allocations, liabilities for self-insured and other claims and guarantees, multi-employer pension plan withdrawal liabilities, revenue recognition for construction contracts inclusive of contractual change orders and claims, revenue recognition for fiber optic licensing contracts, share-based compensation, operating results of reportable segments, provision (benefit) for income taxes and the calculation of uncertain tax positions. Actual results for all estimates could differ materially from the estimates and assumptions that we use, which could have a material adverse effect on our financial condition, results of operations and cash flows.

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Our inability to successfully execute our acquisition strategy may have an adverse impact on our growth strategy.

Our business strategy includes expanding our presence in the industries we serve through strategic acquisitions of companies that complement or enhance our business. The number of acquisition targets that meet our criteria may be limited, and we may also face competition for acquisition opportunities. Some of our competitors may offer more favorable terms than us or have greater financial resources than we do. This competition may further limit our acquisition opportunities and our ability to grow through acquisitions or could raise the prices of acquisitions and make them less accretive or possibly not accretive to us. Acquisitions that we may pursue may also involve significant cash expenditures, the incurrence or assumption of debt or burdensome regulatory requirements. Any acquisition may ultimately have a negative impact on our business, financial condition, results of operations and cash flows. Any of these factors could inhibit our ability to consummate future acquisitions, which could negatively affect our growth strategies.

We may be unsuccessful at integrating businesses that either we have acquired or that we may acquire in the future, which may reduce the anticipated benefit from acquired businesses.

As a part of our business strategy, we have acquired, and may seek to acquire in the future, companies that complement or enhance our business. The success of this strategy will depend on our ability to realize the anticipated benefits from the acquired businesses, such as the expansion of our existing operations, elimination of redundant costs and capitalizing on cross-selling opportunities. To realize these benefits, however, we must successfully integrate the operations of the acquired businesses with our existing operations. We cannot be sure that we will be able to successfully integrate acquired companies with our existing operations without substantial costs, delays, disruptions or other operational or financial problems. Additionally, if we do not implement proper overall business controls, our decentralized operating strategy could result in inconsistent operating and financial practices at the companies we acquire. Issues related to the integration process may result in adverse impact to our revenues, earnings and cash flows. Integrating our acquired companies involves a number of special risks that could have a negative impact on our business, financial condition, results of operations and cash flows, including:

- failure of acquired companies to achieve the results we expect;
- diversion of our management s attention from operational and other matters;
- difficulties integrating the operations and personnel of acquired companies;
- additional financial reporting and accounting challenges associated with integrating acquired companies;
- inability to retain key personnel of acquired companies;
- risks associated with unanticipated events or liabilities;

loss of business due to customer overlap or change from local or private ownership;

risks and liabilities arising from the prior operations of acquired companies, such as performance, operational, safety, workforce or tax issues, some of which we may not have discovered during our due diligence and may not be covered by indemnification obligations; and

potential disruptions of our business.

Our results of operations could be adversely affected as a result of impairments of goodwill, other intangible assets or our investments.

When we acquire a business, we record an asset called goodwill equal to the excess amount we pay for the business, including liabilities assumed, over the fair value of the tangible and intangible assets of the business we acquire. Goodwill and other intangible assets that have indefinite useful lives cannot be amortized, but instead

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must be tested at least annually for impairment, while intangible assets that have finite useful lives are amortized over their useful lives. The accounting literature provides specific guidance for testing goodwill and other non-amortized intangible assets for impairment. Refer to Item 7. *Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies* for a detailed discussion. Management is required to make certain estimates and assumptions when allocating goodwill to reporting units and determining the fair value of a reporting unit s net assets and liabilities, including, among other things, an assessment of market conditions, projected cash flows, investment rates, cost of capital and growth rates, which could significantly impact the reported value of goodwill and other intangible assets. Fair value is determined using a combination of the discounted cash flow, market multiple and market capitalization valuation approaches. Absent any impairment indicators, we perform our impairment tests annually during the fourth quarter. If there is a decrease in market capitalization below book value in the future, this may be considered an impairment indicator.

In addition, we enter into various types of investment arrangements in the normal course of business, each having unique terms and conditions. These investments may include equity interests we hold in business entities, including general or limited partnerships, contractual joint ventures or other forms of equity participation. These investments may also include our participation in different finance structures such as the extension of loans to project specific entities, the acquisition of convertible notes issued by project specific entities or other strategic financing arrangements. Our equity method investments are carried at original cost and are included in other assets, net in our consolidated balance sheet and are adjusted for our proportionate share of the investees income, losses and distributions. Equity investments are reviewed for impairment by assessing whether any decline in the fair value of the investment below the carrying value is other than temporary. In making this determination, factors such as the ability to recover the carrying amount of the investment and the inability of the investee to sustain future earnings capacity are evaluated in determining whether an impairment has occurred and should be recognized.

Any future impairments, including impairments of goodwill, intangible assets or investments, could have a material adverse effect on our results of operations for the period in which the impairment is recognized.

New federal or state telecommunications regulations, or changes in, or interpretations of, existing regulations, could adversely affect our Fiber Optic Licensing and Other segment.

Many of our Fiber Optic Licensing and Other segment customers benefit from the Universal Service E-rate program, which was established by Congress in the 1996 Telecommunications Act and is administered by the Universal Service Administrative Company (USAC) under the oversight of the Federal Communications Commission (FCC). Under the E-rate program, schools, libraries and certain healthcare facilities may receive subsidies for certain approved telecommunications services, internet access and internal connections. From time to time, bills have been introduced in Congress that would eliminate or curtail the E-rate program. Passage of such actions by the FCC or USAC to further limit E-rate subsidies could decrease the demand by certain customers for the services offered by our Fiber Optic Licensing and Other segment.

The licensing services we provide through our Fiber Optic Licensing and Other segment are subject to regulation by the FCC, to the extent that they are interstate telecommunications services, and by state regulatory agencies, when wholly within a particular state. To remain eligible to provide services under the E-rate program, we must maintain telecommunications authorizations in every state where we operate, and we must obtain such authorizations in any new state where we plan to operate. Changes in federal or state regulations could reduce the profitability of our Fiber Optic Licensing and Other segment, and delays in obtaining new authorizations could inhibit our ability to grow our Fiber Optic Licensing and Other segment in new geographic areas. We could be subject to fines if the FCC or a state regulatory agency were to determine that any of our activities or positions are not in compliance with certain regulations. If the profitability of our Fiber Optic Licensing and Other segment were to decline, or if the business of this segment were to become subject to fines, our overall results of operations and cash flows could also be adversely affected.

Our fiber optic services are capital intensive, require substantial investments, may expose us to industry specific risks and may have returns on investments that are less than expected.

Our fiber optic licensing business requires substantial amounts of capital investment to build out new fiber networks. In 2015, our proposed capital expenditures for our fiber optic licensing business are approximately $50 million to $60 million, $16.8 million of which is related to committed licensing arrangements as of December 31, 2014. Although we generally do not commit capital to new networks until we have a committed license arrangement in place with at least one customer, we may not be able to recoup our initial investment in the network, and we may not realize a return on the capital investment for an extended period of time. Furthermore, the amount of capital that we invest in our fiber optic network may exceed planned expenditures as a result of various factors, including difficulty in obtaining permits or rights of way or unexpected increases in costs due to labor, materials or project productivity, which would result in a decrease in the returns on our capital investments if licensing fees for the network were committed and could not be renegotiated. New or developing technologies or significant competition in any of our markets could also negatively impact our fiber optic licensing business. Any of these events could adversely affect our results of operations or result in an impairment of our fiber optic network.

Our expansion into the lit services market exposes us to additional risks, as we will be providing access to the fiber network that we own, as well as providing networking equipment and assuming responsibility for network management and service quality. These risks include, but are not limited to, those related to our ability to secure customers for our network in a competitive environment, and the ability to obtain additional capacity in the event of increased demand; network failures and service interruptions, including those outside of our control when we use dark fiber networks or circuits that we do not own or operate, which could expose us to customer liability or require expensive modifications; our ability to obtain agreements with building owners and managers to provide us with access to serve customers in multi-tenant facilities; our ability to obtain or construct additional building laterals to connect new buildings to our network; compliance with laws and regulations applicable to Internet service providers; Internet connectivity at both public and private interconnection points with network providers; relationships and agreements with carrier neutral data center operators and incumbent local exchange carriers; and security breaches and unauthorized access to our systems.

We extend credit to customers for purchases of our services and may enter into longer-term deferred payment arrangements or provide other financing or investment arrangements with certain of our customers, which subjects us to potential credit or investment risk that could, if realized, adversely affect our financial condition, results of operations and cash flows.

We grant credit, generally without collateral, to our customers, which include electric power utilities, oil and gas companies, governmental entities, general contractors, and builders, owners and managers of renewable energy facilities and commercial and industrial properties located primarily in the United States, Canada and Australia. We may also agree to allow our customers to defer payment on projects until certain milestones have been met or until the projects are substantially completed, and customers typically withhold some portion of amounts due to us as retainage. In addition, we may provide other forms of financing to our customers or make investments in our customers projects, typically in situations where we also provide services in connection with the projects. Our payment arrangements with our customers subject us to potential credit risk related to changes in business and economic factors affecting our customers, including material changes in our customers revenues or cash flows. These changes may also reduce the value of any financing or equity investment arrangements we have with our customers. Many of our customers have been negatively impacted by uncertain economic conditions in recent years, and some may experience financial difficulties (including bankruptcies) that could impact our ability to collect amounts owed to us or impair the value of our investments in them. If we are unable to collect amounts owed to us, our cash flows would be reduced and we could experience losses if the uncollectible amounts exceeded current allowances. We would also recognize losses with respect to any investments that are impaired as a result of our customers financial difficulties. Losses experienced could materially and adversely affect our financial condition, results of operations and cash flows. The risks of collectability and impairment losses may increase for projects where we provide services as well as make a financing or equity investment.

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The loss of key personnel could disrupt our business.

We depend on the continued efforts of our executive officers and senior management, including the management at each of our operating units. Although we typically enter into employment agreements with terms of one to three years with our executive officers and certain other key employees, we cannot be certain that any individual will continue in such capacity for any particular period of time or that key employees of our future acquisition targets will be willing to enter into such agreements. The loss of key personnel, or the inability to hire and retain qualified employees, could negatively impact our ability to manage our business. We do not carry key-person life insurance on any of our employees.

We may be required to contribute cash to meet our underfunded obligations in certain multi-employer pension plans.

Our collective bargaining agreements generally require us to participate with other companies in multi-employer pension plans. To the extent those plans are underfunded, the Employee Retirement Income Security Act of 1974, as amended by the Multi-Employer Pension Plan Amendments Act of 1980, may subject us to substantial liabilities under those plans if we withdraw from them or they are terminated or experience a mass withdrawal. For example, in the fourth quarter of 2011, we recognized a $32.6 million liability when certain of our subsidiaries withdrew from the Central States, Southeast and Southwest Areas Pension Plan (the Central States Plan). The amount of this liability was estimated based on information received from the Central States Plan in 2011. In March 2014, the Central States Plan provided revised estimates indicating that the withdrawal liability based on certain withdrawal scenarios from 2011 through 2014 could range between $40.1 million and $55.4 million, and we recorded an adjustment to costs of services during the three months ended March 31, 2014 to increase the recognized withdrawal liability to an amount within such range. The actual amount assessed by the plan for the withdrawal and the amount that we ultimately pay for the withdrawal liability may be materially different than the amount currently recorded. Additionally, on October 9, 2013, we acquired a company that experienced a complete withdrawal from the Central States Plan prior to the date of our acquisition. The Central States Plan issued a notice and demand to the acquired company for a withdrawal liability and the acquired company, and now Quanta, has taken steps to challenge the amount of the assessment. For additional information on these matters, please see *Collective Bargaining Agreements* in Note 15 of the Notes to Consolidated Financial Statements in Item 8. *Financial Statements and Supplementary Data*.

In addition, the Pension Protection Act of 2006 added special funding and operational rules generally applicable to plan years beginning after 2007 for multi-employer plans that are classified as endangered, seriously endangered, or critical status. Plans in these classifications must adopt measures to improve their funded status through a funding improvement or rehabilitation plan, which may require additional contributions from employers (which may take the form of a surcharge on benefit contributions) and/or modifications to retiree benefits. A number of multi-employer plans to which we contribute or may contribute in the future are in endangered, seriously endangered or critical status. The amount of additional funds we may be obligated to contribute to these plans in the future cannot be estimated, as such amounts will likely be based on future work that requires the specific use of union employees covered by these plans, and the amount of that future work and the number of employees that may be affected cannot reasonably be estimated. Our performance of a significant amount of future services in areas that require us to utilize unionized employees covered by these affected plans, or a deterioration in the funding status of any of the plans to which our operating units contribute, could require significant additional contributions, which could detrimentally affect our financial condition, results of operations or cash flows if we are not able to adequately mitigate these costs.

Our unionized workforce and related obligations could adversely affect our operations.

As of December 31, 2014, approximately 52% of our hourly employees were covered by collective bargaining agreements. Although the majority of the collective bargaining agreements prohibit strikes and work stoppages, certain of our unionized employees participated in a strike and work stoppage during January 2012, and we cannot be certain that strikes or work stoppages will not occur in the future. Strikes or work stoppages can adversely impact our relationships with our customers and could cause us to lose business and decrease our revenue.

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Our ability to complete future acquisitions could be adversely affected because of our union status for a variety of reasons. For instance, our union agreements may be incompatible with the union agreements of a business we want to acquire, and some businesses may not want to become affiliated with a union-based company. Additionally, we may increase our exposure to withdrawal liabilities for underfunded multi-employer pension plans to which an acquired company contributes.

Approximately 48% of our hourly employees are not unionized. Under the current U.S. presidential administration, certain administrative and regulatory actions have been taken and are being considered that could create more flexibility and opportunity for labor unions to organize non-union workers and could result in a greater percentage of our workforce being subject to collective bargaining agreements, heightening the risks described above. In addition, certain of our customers require or prefer a non-union workforce, and they may reduce the amount of work assigned to us if our non-union labor crews were to become unionized, which could negatively affect our business, financial condition, results of operations or cash flows.

We may incur liabilities or suffer negative financial or reputational impacts relating to occupational health and safety matters.

Our operations are subject to extensive laws and regulations relating to the maintenance of safe conditions in the workplace. While we have invested, and will continue to invest, substantial resources in our occupational health and safety programs, our industry involves a high degree of operational risk and there can be no assurance that we will avoid significant liability exposure. Although we have taken what we believe are appropriate precautions, we have suffered fatalities in the past and may suffer additional fatalities in the future. Serious accidents, including fatalities, may subject us to substantial penalties, civil litigation or criminal prosecution. Claims for damages to persons, including claims for bodily injury or loss of life, could result in substantial costs and liabilities, which could materially and adversely affect our financial condition, results of operations or cash flows. In addition, if our safety record were to substantially deteriorate over time or we were to suffer substantial penalties or criminal prosecution for violation of health and safety regulations, our customers could cancel our contracts and elect to procure future services from other providers. Unsafe work sites also have the potential to increase employee turnover, increase the cost of a project to our clients, and raise our operating costs. Any of the foregoing could result in financial loss, which could have a material adverse impact on our business, financial condition, results of operations and cash flows.

Risks associated with operating in international markets could restrict our ability to expand globally and harm our business and prospects.

Although international operations are presently conducted primarily in Canada and Australia, we have performed work in various other foreign countries and expect that the number of countries in which we operate could expand significantly over the next few years. Economic conditions, including those resulting from wars, civil unrest, acts of terrorism and other conflicts or volatility in the global markets, may adversely affect our customers, their demand for our services and their ability to pay for our services. In addition, our international operations include business and transactions for which we are paid in local currency. Payments to us in currencies other than the U.S. dollar may exceed our local currency needs, leading to the accumulation of excess local currency, which, in certain instances, may be subject to either temporary blocking, costly taxes or tariffs, or other difficulties converting to U.S. dollars. There are numerous risks inherent in conducting our business internationally, including, but not limited to, potential instability in international markets, changes in regulatory requirements applicable to international operations, currency fluctuations in foreign countries, political, economic and social conditions in foreign countries and complex U.S. and foreign laws and treaties, including tax laws. These risks could restrict our ability to provide services to international customers, operate our international business profitably, or fund our strategic objectives, and our overall business, liquidity and results of operations could be negatively impacted by our foreign activities.

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We could be adversely affected by our failure to comply with the laws applicable to our foreign activities, including the U.S. Foreign Corrupt Practices Act and other similar worldwide anti-bribery laws.

The U.S. Foreign Corrupt Practices Act (FCPA) and similar anti-bribery laws in other jurisdictions prohibit U.S.-based companies and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. We pursue opportunities in certain parts of the world that experience government corruption, and in certain circumstances, compliance with anti-bribery laws may conflict with local customs and practices. Our policies mandate compliance with all applicable anti-bribery laws. Further, we require our partners, subcontractors, agents and others who work for us or on our behalf to comply with the FCPA and other anti-bribery laws. Although we have policies and procedures designed to ensure that we, our employees, our agents and others who work with us in foreign countries comply with the FCPA and other anti-bribery laws, there is no assurance that such policies or procedures will protect us against liability under the FCPA or other laws for actions taken by our agents, employees and intermediaries. On March 10, 2014, the SEC notified us of an inquiry into certain aspects of our activities in certain foreign jurisdictions and requested that we take necessary steps to preserve and retain categories of relevant documents, including those pertaining to our FCPA compliance program. The SEC has not alleged any violations of law by Quanta or our employees. If we are found to be liable for FCPA violations (either due to our own acts or inadvertence, or due to the acts or inadvertence of others), we could suffer from severe criminal or civil penalties or other sanctions, which could have a material adverse effect on our reputation, business, financial condition, results of operations, or cash flows. In addition, detecting, investigating and resolving actual or alleged FCPA violations is expensive and could consume significant time and attention of our senior management.

Our participation in joint ventures exposes us to liability and/or harm to our reputation for failures of our partners.

As part of our business, we have entered into joint venture arrangements and may enter into additional joint venture arrangements in the future. The purpose of these joint ventures is typically to combine skills and resources to allow for the performance of particular projects. Success on these jointly performed projects depends in large part on whether our joint venture partners satisfy their contractual obligations. We and our joint venture partners are generally jointly and severally liable for all liabilities and obligations of our joint ventures. If a joint venture partner fails to perform or is financially unable to bear its portion of required capital contributions or other obligations, including liabilities stemming from claims or lawsuits, we could be required to make additional investments, provide additional services or pay more than our proportionate share of a liability to make up for our partner s shortfall. Further, if we are unable to adequately address our partner s performance issues, the customer may terminate the project, which could result in legal liability to us, harm our reputation and reduce our profit on a project.

We are in the process of implementing an information technology (IT) solution, which could temporarily disrupt day-to-day operations at certain operating units.

We continue to implement a comprehensive IT solution that we believe will allow for the interface between functions such as accounting and finance, human resources, operations, and fleet management. Continued development and implementation of the IT solution will require substantial financial and personnel resources. While the IT solution is intended to improve and enhance our information systems, implementation of new information systems at each operating unit exposes us to the risks of start-up of the new system and integration of that system with our existing systems and processes, including possible disruption of our financial reporting. There is no guarantee that we will realize economic or other intended benefits from continued development and implementation of the IT solution. Additionally, the IT solution may not be developed or implemented as timely or as accurately as planned. Failure to properly implement the IT solution could result in substantial disruptions to our business, including coordinating and processing our normal business activities, testing and recording of certain data necessary to provide oversight over our disclosure controls and procedures and effective internal controls over our financial reporting, and other unforeseen problems.

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Failure to adequately protect critical data and technology systems could materially affect our operations.

IT solution failures, network disruptions and breaches of data security could disrupt our operations by causing, among other things, delays in the processing of transactions or the reporting of financial results or the unintentional disclosure of customer, employee or company information that could damage our reputation. While management has taken steps to address these concerns by implementing network security and internal control measures, there can be no assurance that a system failure or data security breach (particularly in light of our ongoing implementation of the IT solution) will not have a material adverse effect on our financial condition, results of operations or cash flows.

Our dependence on suppliers, subcontractors and equipment manufacturers could expose us to the risk of loss in our operations.

On certain projects, we rely on suppliers to obtain the necessary materials and subcontractors to perform portions of our services. We also rely on equipment manufacturers to provide us with the equipment required to conduct our operations. Although we are not dependent on any single supplier, subcontractor or equipment manufacturer, any substantial limitation on the availability of required suppliers, subcontractors or equipment manufacturers could negatively impact our operations. The risk of a lack of available suppliers, subcontractors or equipment manufacturers may be heightened as a result of market and economic conditions. To the extent we cannot engage subcontractors or acquire equipment or materials, we could experience losses in the performance of our operations. Additionally, successful completion of our contracts may depend on whether our subcontractors successfully fulfill their contractual obligations. If our subcontractors fail to perform their contractual obligations as a result of financial or other difficulties, or if our subcontractors fail to meet the expected completion dates or quality standards, we may be required to incur additional costs or provide additional services in order to make up such shortfall.

We may not have access in the future to sufficient funding to finance desired growth and operations.

If we cannot secure future funds or financing on acceptable terms, we may be unable to support our growth strategy or future operations. We cannot readily predict the ability of certain customers to pay for past services, and unfavorable economic conditions, such as those experienced over recent years, may negatively impact the ability of our customers to pay amounts owed to us. We may also use cash for acquisitions, as well as for investments, both of which are elements of our growth strategy, but we cannot readily predict the timing, size and success of our acquisition or investment efforts. Using cash for acquisitions and investments limits our financial flexibility and may increase our need to seek additional capital through future debt or equity financings. Our credit agreement contains significant restrictions on our operational and financial flexibility, including our ability to incur additional debt or conduct certain types of preferred equity financings, and if we seek more debt, we may have to agree to additional covenants that limit our operational and financial flexibility. If we seek additional debt or equity financings, we cannot be certain that additional debt or equity will be available to us on terms acceptable to us or at all. Furthermore, availability under our credit facility is based upon existing commitments from several banks. Banks are restrictive in their lending practices, and some may be unable or unwilling to fund their commitments, which may limit our access to the capital needed to fund our growth and operations. In addition, we rely on financing companies to fund the leasing of certain of our trucks and trailers, support vehicles and specialty construction equipment. Credit market conditions may cause certain of these financing companies to restrict or withhold access to capital for us to fund the leasing of additional equipment. Although we are not dependent on any single equipment lessor, a widespread lack of available capital to fund the leasing of equipment could negatively impact our future operations. Additionally, the market price of our common stock may change significantly in response to various factors and events beyond our control, which will impact our ability to use equity to obtain funds. A variety of events may cause the market price of our common stock to fluctuate significantly, including overall market conditions or volatility, a shortfall in our operating results from those anticipated, negative results or other unfavorable information relating to our market peers or the other risks described in this Annual Report on Form 10-K.

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Fluctuating foreign currency exchange rates may have a greater impact on our financial results as we expand into international markets.

For the year ended December 31, 2014, we derived $1.89 billion, or 24.0%, of our consolidated revenues from foreign operations, the substantial majority of which was earned in Canada and Australia. We intend to expand the volume of services that we provide internationally. As a result, our reported financial condition and results of operations may be further exposed to the effects that fluctuating exchange rates have on the process of translating the financial statements of our international operations, which are usually denominated in local currencies, into the U.S. dollar.

Our business growth could outpace the capability of our decentralized management infrastructure.

We cannot be certain that our management infrastructure will be adequate to support our operations as they expand. For example, the ability to internally communicate, coordinate and execute business strategies, plans and tactics may be negatively impacted by our increasing size and complexity. A decentralized structure places significant control and decision-making powers in the hands of local management. This contributes to the risk that we may be slower or less able to identify or react to problems affecting key business matters than we would in a more centralized environment. The lack of timely access to information may impact the quality of decision making by management. Our decentralized organization creates the possibility that our operating subsidiaries assume excessive risk without appropriate guidance from our centralized legal, accounting, tax, treasury and insurance functions as to the potential overall impact. Future growth could also impose significant additional responsibilities on members of our senior management, including the need to recruit and integrate new senior level managers and executives. We cannot be certain that we will be able to recruit and retain such additional managers and executives. To the extent that we are unable to manage our growth effectively, or are unable to attract and retain additional qualified management, we may not be able to expand our operations or execute our business plan.

We may be unable to compete for or work on certain projects if we are not able to obtain surety bonds, letters of credit or bank guarantees.

A portion of our business depends on our ability to provide surety bonds, letters of credit, bank guarantees or other financial assurances. Current or future market conditions, including losses incurred in the construction industry or as a result of large corporate bankruptcies, as well as changes in our sureties assessment of our operating and financial risk, could cause our surety providers and lenders to decline to issue or renew, or substantially reduce the amount of, bid or performance bonds for our work and could increase our costs associated with collateral. These actions could be taken on short notice. If our surety providers or lenders were to limit or eliminate our access to bonding, letters of credit or guarantees, our alternatives would include seeking capacity from other sureties and lenders, finding more business that does not require bonds or allows for other forms of collateral for project performance, such as cash. We may be unable to secure these alternatives in a timely manner, on acceptable terms, or at all, which could affect our ability to bid for or work on future projects requiring financial assurances.

We have also granted security interests in various of our assets to collateralize our obligations to our sureties and lenders. Furthermore, under standard terms in the surety market, sureties issue or continue bonds on a project-by-project basis and can decline to issue bonds at any time or require the posting of additional collateral as a condition to issuing or renewing any bonds. If we were to experience an interruption or reduction in the availability of bonding capacity as a result of these or any other reasons, we may be unable to compete for or work on certain projects that would require bonding.

Our failure to comply with environmental laws could result in significant liabilities.

Our operations are subject to various environmental laws and regulations, including those dealing with the handling and disposal of waste products, PCBs, fuel storage and air quality. We perform work in many different types of underground environments. If the field location maps supplied to us are not accurate, or if objects are present in the soil that are not indicated on the field location maps, our underground work could strike objects in the soil, some of which may contain pollutants. These objects may also rupture, resulting in the discharge of pollutants. In such circumstances, we may be liable for fines and damages, and we may be unable to obtain reimbursement from the parties providing the incorrect information. We perform work in and around environmentally sensitive areas such as rivers, lakes and wetlands. In addition, we perform directional drilling operations below certain environmentally sensitive terrains and water bodies. Due to the inconsistent nature of the terrain and water bodies, it is possible that such directional drilling may cause a surface fracture, resulting in the release of subsurface materials. These subsurface materials may contain contaminants in excess of amounts permitted by law, potentially exposing us to remediation costs and fines. We also own and lease several facilities at which we store our equipment. Some of these facilities contain fuel storage tanks that are above or below ground. If these tanks were to leak, we could be responsible for the cost of remediation as well as potential fines.

In addition, new laws and regulations, stricter enforcement of existing laws and regulations, the discovery of previously unknown contamination or leaks, or the imposition of new clean-up requirements could require us to incur significant costs or become the basis for new or increased liabilities that could negatively impact our financial condition, results of operations or cash flows. In certain instances, we have obtained indemnification or covenants from third parties (including predecessors or lessors) for such clean-up 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 of our costs and the indemnitors may not pay amounts owed to us, and such unanticipated obligations or liabilities, or future obligations and liabilities, may have a material adverse effect on our business, results of operations, financial condition or cash flows. Further, we cannot be certain that we will be able to identify or be indemnified for all potential environmental liabilities relating to any acquired business.

There are also other legislative and regulatory proposals to address greenhouse gas emissions. These proposals, if enacted, could result in a variety of regulatory programs including potential new regulations, additional charges to fund energy efficiency activities, or other regulatory actions. Any of these actions could result in increased costs associated with our operations and impact the prices we charge our customers. For example, if new regulations are adopted regulating greenhouse gas emissions from mobile sources such as cars and trucks, we could experience a significant increase in environmental compliance costs in light of our large rolling-stock fleet. In addition, if our operations are perceived to result in high greenhouse gas emissions, our reputation could suffer.

We may not be successful in continuing to meet the requirements of the Sarbanes-Oxley Act of 2002.

The Sarbanes-Oxley Act of 2002 has many requirements applicable to us regarding corporate governance and financial reporting, including the requirements for management to report on our internal controls over financial reporting and for our independent registered public accounting firm to express an opinion over the operating effectiveness of our internal control over financial reporting. During 2014, we continued actions to ensure our ability to comply with these requirements. As of December 31, 2014, our internal control over financial reporting was effective; however, there can be no assurance that our internal control over financial reporting will be effective in future years. Failure to maintain effective internal controls or the identification of significant internal control deficiencies in acquisitions already made or made in the future could result in a decrease in the market value of our common stock and our other publicly traded securities, the reduced ability to obtain financing, the loss of customers, penalties and additional expenditures to meet the requirements.

Our sale or issuance of additional common shares or other equity-related securities could dilute each stockholder s ownership interest or adversely affect the market price of our common stock.

We grow our business organically as well as through acquisitions. We often fund a portion of the consideration paid in connection with our acquisitions with the issuance of additional equity securities, including shares of our common stock and securities that are convertible into shares of our common stock.

We may issue additional equity securities in the future, including in connection with future acquisitions or other issuances of our common stock or convertible securities or otherwise. Our Restated Certificate of Incorporation provides that we may issue up to 600,000,000 shares of common stock, of which 210,819,790 shares were outstanding as of December 31, 2014. Any such issuances could have the effect of diluting our earnings per share as well as our existing stockholders individual ownership percentages and could lead to volatility in the market price of our common stock. We cannot predict the effect that future issuances of our common stock or other equity-related securities would have on the market price of our common stock.

If we are unable to enforce our intellectual property rights or if our intellectual property rights become obsolete, our competitive position could be adversely impacted.

We utilize a variety of intellectual property rights in our services. We view our portfolio of proprietary energized services tools and techniques, as well as our other process and design technologies, as one of our competitive strengths, which we believe differentiates our service offerings. We may not be able to successfully preserve these intellectual property rights in the future, and these rights could be invalidated, circumvented or challenged. In addition, the laws of some foreign countries in which our services may be sold do not protect intellectual property rights to the same extent as the laws of the United States. We also license certain technologies from third parties, and there is a risk that our relationships with licensors may terminate or expire or may be interrupted or harmed. If we are unable to protect and maintain our intellectual property rights, or if intellectual property challenges or infringement proceedings succeed against us, our ability to differentiate our service offerings could be reduced. In addition, if our intellectual property rights or work processes become obsolete, we may not be able to differentiate our service offerings, and some of our competitors may be able to offer more attractive services to our customers. As a result, our business and revenue could be materially and adversely affected.

We may incur additional healthcare costs arising from federal healthcare reform legislation.

In March 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (the ACA) were signed into law in the United States. The ACA is intended to expand access to health insurance coverage to many uninsured individuals and expands coverage to those already insured. The changes and mandates on employers subject to the ACA s pay or play requirements could cause us to incur additional group health insurance costs, although we do not expect any material short-term impact on our financial results as a result of the ACA. We continue to monitor developments under the ACA and assess the extent to which it could result in long-term material cost increases for us.

Opportunities within the government arena could subject us to increased governmental regulation and costs.

Most government contracts are awarded through a regulated competitive bidding process. As we pursue increased opportunities in the government arena, management s focus associated with the start-up and bidding process may be diverted away from other opportunities. Involvement with government contracts could require a significant amount of costs to be incurred before any revenues are realized from these contracts. In addition, as a government contractor, we are subject to a number of procurement rules and other public sector regulations, any deemed violation of which could lead to fines or penalties or a loss of business. Government agencies routinely audit and investigate government contractors. Government agencies may review a contractor s performance under its contracts, cost structure and compliance with applicable laws, regulations and standards. If a government agency determines that costs were improperly allocated to specific contracts, such costs will not be reimbursed or a refund of previously reimbursed costs may be required. If a government agency alleges or proves improper activity, civil and criminal penalties could be imposed and serious reputational harm could result. Many government contracts must be appropriated each year. If appropriations are not made in subsequent years, we would not realize all of the potential revenues from any awarded contracts.

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

The following provisions of our certificate of incorporation and bylaws, as currently in effect, as well as Delaware law, could discourage potential proposals to acquire us, delay or prevent a change in control of us or limit the price that investors may be willing to pay in the future for shares of our common stock:

- our certificate of incorporation permits our board of directors to issue blank check preferred stock and to adopt amendments to our bylaws;

- our bylaws contain restrictions regarding the right of stockholders to nominate directors and to submit proposals to be considered at stockholder meetings;

- our certificate of incorporation and bylaws restrict the right of stockholders to call a special meeting of stockholders and to act by written consent; and

- we are subject to provisions of Delaware law which restrict us from engaging in any of a broad range of business transactions with an interested stockholder for a period of three years following the date such stockholder became classified as an interested stockholder.

ITEM 1B. ***Unresolved Staff Comments***
None.

ITEM 2. ***Properties***
Facilities

We lease our corporate headquarters in Houston, Texas and maintain other facilities throughout North America and in various foreign locations where we conduct business. Our facilities are used for offices, equipment yards, warehouses, storage and vehicle shops. As of December 31, 2014, we owned 47 of the facilities we occupy, many of which are encumbered by a security interest granted under our credit agreement, and we leased the remainder. We believe that our existing facilities are sufficient for our current needs.

Equipment

We operate a fleet of owned and leased trucks and trailers, support vehicles and specialty construction equipment, such as backhoes, excavators, trenchers, generators, boring machines, cranes, robotic arms, wire pullers, tensioners, marine vessels and helicopters. Our owned equipment and the leasehold interest in our leased equipment are encumbered by a security interest granted under our credit agreement. As of December 31, 2014, the total size of the rolling-stock fleet was approximately 28,123 units. Most of our fleet is serviced by our own mechanics who work at various maintenance sites and facilities. We believe that our equipment is generally well maintained and adequate for our present operations.

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ITEM 3. *Legal Proceedings*

We are from time to time party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of business. These actions typically seek, among other things, compensation for alleged personal injury, breach of contract and/or property damages, employment-related damages, punitive damages, civil penalties or other losses, or injunctive or declaratory relief. With respect to all such lawsuits, claims and proceedings, we record a reserve when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. In addition, we disclose matters for which management believes a material loss is at least reasonably possible. See *Legal Proceedings* and *Collective Bargaining Agreements* in Note 15 of the Notes to Consolidated Financial Statements in Item 8. *Financial Statements and Supplementary Data,* which are incorporated by reference in this Item 3, for additional information regarding litigation, claims and other legal proceedings.

ITEM 4. *Mine Safety Disclosures*

Not applicable.

PART II

ITEM 5. ***Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

Our common stock is listed on the New York Stock Exchange (NYSE) under the symbol PWR. The following table sets forth the high and low sales prices of our common stock per quarter, as reported by the NYSE, for the two most recent fiscal years.

	High	Low
Year Ended December 31, 2014		
1st Quarter	$ 37.28	$ 29.85
2nd Quarter	37.42	32.50
3rd Quarter	37.49	32.86
4th Quarter	36.34	25.34
Year Ended December 31, 2013		
1st Quarter	$ 29.94	$ 27.57
2nd Quarter	30.56	25.26
3rd Quarter	29.13	25.57
4th Quarter	31.60	26.72

On February 23, 2015, there were 791 holders of record of our common stock, 16 holders of record of exchangeable shares of Canadian subsidiaries of Quanta, one holder of record of our Series F preferred stock and one holder of record of our Series G preferred stock. There is no established trading market for the exchangeable shares or the Series F and Series G preferred stock; however, the exchangeable shares may be exchanged at the option of the holder for Quanta common stock on a one-for-one basis. See Note 11 of the Notes to Consolidated Financial Statements in Item 8. *Financial Statements and Supplementary Data* for additional discussion of our equity securities.

Unregistered Sales of Securities During the Fourth Quarter of 2014

On November 21, 2014, we completed the acquisition of an oil and gas infrastructure services business based in Alberta, Canada. The consideration paid or payable for this acquisition consisted of approximately $112.9 million in cash and the unregistered issuance of 2,104,594 exchangeable shares of a Canadian subsidiary of Quanta, which are exchangeable on a one-for-one basis for our common stock. For additional information about this acquisition, see *2014 Acquisitions* in Note 5 of the Notes to Consolidated Financial Statements in Item 8. *Financial Statements and Supplementary Data*.

Such exchangeable shares were issued, and the common stock into which such shares are exchangeable will be issued, in reliance upon the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended, as the shares were issued to the owner of the business acquired in a privately negotiated transaction not involving any public offering or solicitation.

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Issuer Purchases of Equity Securities During the Fourth Quarter of 2014

The following table contains information about our purchases of equity securities during the three months ended December 31, 2014.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares That May Yet be Purchased Under the Plans or Programs (2)
October 1, 2014 October 31, 2014	173(1)	$ 31.38		
November 1, 2014 November 30, 2014	13,898(1)	$ 33.51		
December 1, 2014 December 31, 2014	1,662,753(2)	$ 29.14	1,662,753	
Total	1,676,824		1,662,753	$ 406,518,349

(1) Represents shares purchased from employees to satisfy tax withholding obligations in connection with the vesting of restricted stock and RSU awards.

(2) On December 6, 2013, we issued a press release announcing that our board of directors approved a stock repurchase program, authorizing us to purchase, from time to time through December 31, 2016, up to $500.0 million of our outstanding common stock. These repurchases can be made in open market transactions or in privately negotiated transactions, including block purchases or otherwise, at management s discretion based on market and business conditions, applicable legal requirements and other factors. This program does not obligate us to acquire any specific amount of common stock and will continue until completed or otherwise modified or terminated by our board of directors at any time at its sole discretion and without notice. As of December 31, 2014, we had repurchased an aggregate $93.5 million in Quanta common stock under this program. In addition, as discussed in *Liquidity and Capital Resources Debt Instruments Credit Facility* in Item 7. *Management s Discussion and Analysis of Financial Condition and Results of Operations,* our credit agreement includes limitations on the repurchase of common stock without consent of our lenders.

Dividends

We did not declare any cash dividends on our common stock during the years ended December 31, 2014 or 2013, or in any previous periods. We currently intend to retain our future earnings, if any, to finance the growth, development and expansion of our business. Accordingly, we currently do not intend to declare or pay any cash dividends on our common stock in the immediate future. The declaration, payment and amount of future cash dividends, if any, will be at the discretion of our board of directors after taking into account various factors. These factors include our financial condition, results of operations, cash flows from operations, current and anticipated capital requirements and expansion plans, the income tax laws then in effect and the requirements of Delaware law. In addition, as discussed in *Liquidity and Capital Resources Debt Instruments Credit Facility* in Item 7. *Management s Discussion and Analysis* *of Financial Condition and Results of Operations,* our credit agreement restricts the payment of cash dividends unless certain conditions are met.

Performance Graph

The following Performance Graph and related information shall not be deemed soliciting material or to be filed with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that we specifically incorporate it by reference into such filing.

The following graph compares, for the period from December 31, 2009 to December 31, 2014, the cumulative stockholder return on our common stock with the cumulative total return on the Standard & Poor s 500 Index (the S&P 500 Index) and two peer groups selected by our management that include public companies within our industries. The companies in each peer group were selected to represent a broad group of publicly held corporations with operations similar to ours. The current peer group (the 2014 Peer Group) includes AECOM Technology Corporation, Chicago Bridge & Iron Company N.V., EMCOR Group Inc., Fluor Corporation, Jacobs Engineering Group Inc., KBR, Inc., MasTec, Inc., MYR Group Inc., Primoris Services Corporation and Willbros Group, Inc. The peer group used in the prior year (the 2013 Peer Group) included Chicago Bridge & Iron Company N.V., EMCOR Group Inc., Fluor Corporation, Jacobs Engineering Group Inc., MasTec, Inc., MYR Group Inc., Pike Electric Corporation, URS Corp. and Willbros Group, Inc. The shift in the 2014 Peer Group was based on the fact that both Pike Electric Corporation and URS Corp. were acquired and ceased to be publicly traded companies during 2014 and our decision to include additional companies that are similar to us in market capitalization or lines of business or that serve similar end markets.

The graph below assumes an investment of $100 (with reinvestment of all dividends) in our common stock, the S&P 500 Index, the 2014 Peer Group and the 2013 Peer Group on December 31, 2009 and tracks their relative performance through December 31, 2014. However, the assumed investment in the 2013 Peer Group does not include an investment in either Pike Electric Corporation or URS Corp., as both ceased to be publicly traded companies during 2014. The returns of each company in the peer groups are weighted based on the market capitalization of each constituent company at the beginning of the measurement period. The stock price performance reflected on the following graph is not necessarily indicative of future stock price performance.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN

Among Quanta Services, Inc., the S&P 500 Index, the 2014 Peer Group and the 2013 Peer Group

	12/09	12/10	12/11	12/12	12/13	12/14
Quanta Services, Inc.	**$ 100.00**	**$ 95.59**	**$ 103.36**	**$ 130.95**	**$ 151.44**	**$ 136.23**
S&P 500	**100.00**	**115.06**	**117.49**	**136.30**	**180.44**	**205.14**
2014 Peer Group	**100.00**	**133.21**	**116.42**	**135.76**	**190.62**	**136.18**
2013 Peer Group	**100.00**	**133.96**	**116.65**	**138.72**	**202.36**	**143.74**

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ITEM 6. *Selected Financial Data*

The following historical selected financial data has been derived from the financial statements of Quanta. See Note 5 of the Notes to Consolidated Financial Statements in Item 8. *Financial Statements and Supplementary Data* for information regarding certain acquisitions and the related impact on our results of operations as these acquisitions may affect the comparability of such results. Additionally, on December 3, 2012, we sold substantially all of our domestic telecommunications infrastructure services operations and related subsidiaries. We have presented the results of operations, financial position and cash flows of such telecommunications subsidiaries as discontinued operations for all applicable periods presented in this Annual Report on Form 10-K. The historical selected financial data should be read in conjunction with our Consolidated Financial Statements and related notes thereto included in Item 8. *Financial Statements and Supplementary Data* and *Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations.*

	Year Ended December 31,				
	2014	**2013**	**2012**	**2011**	**2010**
	(In thousands, except per share information)				
Consolidated Statements of Operations Data:					
Revenues	$ 7,851,250	$ 6,522,842	$ 5,920,269	$ 4,193,764	$ 3,629,433
Cost of services (including depreciation)	6,617,730	5,467,389	4,982,562	3,632,048[d]	3,039,912
Gross profit	1,233,520	1,055,453	937,707	561,716	589,521
Selling, general and administrative expenses	722,038[a]	501,010	434,894	337,835	307,875
Amortization of intangible assets	35,907	27,515	37,691	29,039	37,655
Operating income	475,575	526,928	465,122	194,842	243,991
Interest expense	(4,765)	(2,668)	(3,746)	(1,803)	(4,902)
Interest income	3,741	3,380	1,471	1,066	1,417
Loss on early extinguishment of debt, net					(7,107)[e]
Equity in earnings (losses) of unconsolidated affiliates, including gain on sale of investment	(332)	112,744[c]	2,084		
Other income (expense), net	(1,102)	(1,135)	(351)	(597)	559
Income from continuing operations before income taxes	473,117	639,249	464,580	193,508	233,958
Provision for income taxes [b]	157,408	217,940	158,859	63,096	88,884
Net income from continuing operations	315,709	421,309	305,721	130,412	145,074
Income (loss) from discontinued operations, net of taxes	(627)		16,935	14,004	10,483

Net income	315,082	421,309	322,656	144,416	155,557
Less: Net income attributable to non-controlling interests	18,368	19,388	16,027	11,901	2,381
Net income attributable to common stock	$ 296,714	$ 401,921	$ 306,629	$ 132,515	$ 153,176
Amounts attributable to common stock:					
Net income from continuing operations	$ 297,341	$ 401,921	$ 289,694	$ 118,511	$ 142,693
Net income (loss) from discontinued operations	(627)		16,935	14,004	10,483
Net income attributable to common stock	$ 296,714	$ 401,921	$ 306,629	$ 132,515	$ 153,176
Basic earnings per share attributable to common stock from continuing operations	$ 1.35	$ 1.87	$ 1.36	$ 0.56	$ 0.68
Diluted earnings per share attributable to common stock from continuing operations	$ 1.35	$ 1.87	$ 1.36	$ 0.56	$ 0.67

(a) In 2014, selling, general and administrative expenses included a $102.5 million charge to provision for long-term contract receivable associated with an electric power infrastructure services project completed in 2012. Additionally, we recorded $38.8 million of expense resulting from an arbitration decision associated with a contract dispute on a 2010 directional drilling project. For additional information, see *Current and Long-Term Accounts Receivable and Allowances for Doubtful Accounts* in Note 2 and *Legal Proceedings Sunrise Powerlink Arbitration* and *National Gas Company of Trinidad and Tobago Arbitration* in Note 15 of the Notes to Consolidated Financial Statements in Item 8. *Financial Statements and Supplementary Data*.

(b) The effective tax rates in 2014, 2013, 2012, 2011 and 2010 were impacted by the recording of $8.2 million, $10.0 million, $7.9 million, $8.4 million and $7.6 million of tax benefits in each respective year primarily due to decreases in reserves for uncertain tax positions resulting from the expiration of various federal and state statute of limitations periods.

(c) In 2013, we recorded a pre-tax gain of approximately $112.7 million from the sale of all of our equity ownership interest in Howard Midstream Energy Partners, LLC (HEP).

(d) In 2011, cost of services included a $32.6 million charge related to our partial withdrawal from an underfunded pension plan. For additional information, see *Collective Bargaining Agreements* in Note 15 of the Notes to Consolidated Financial Statements in Item 8. *Financial Statements and Supplementary Data.*

(e) In 2010, we recorded a $7.1 million loss on early extinguishment of debt as a result of the redemption of all of our outstanding 3.75% convertible subordinated notes due 2026 (3.75% Notes). This loss includes a non-cash loss of $3.5 million related to the difference between the net carrying value and the estimated fair value of the 3.75% Notes calculated as of the date of redemption, the payment of $2.3 million representing the 1.607% redemption premium above par value and a non-cash loss of $1.3 million from the write-off of the remaining unamortized deferred financing costs related to the 3.75% Notes.

			December 31,		
	2014	**2013**	**2012**	**2011**	**2010**
			(In thousands)		
Balance Sheet Data:					
Working capital	$ 1,416,651	$ 1,270,851	$ 1,320,548	$ 984,078	$ 1,095,969
Goodwill	1,931,485	1,780,717	1,537,645	1,470,811	1,430,756
Total assets	6,312,024	5,793,245	5,140,757	4,699,114	4,341,212
Long-term debt, net of current maturities	72,489	1,053			
Total stockholders equity	4,514,473	4,234,188	3,766,548	3,381,952	3,365,555

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our historical consolidated financial statements and related notes thereto in Item 8. Financial Statements and Supplementary Data. The discussion below contains forward-looking statements that are based upon our current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from these expectations due to inaccurate assumptions and known or unknown risks and uncertainties, including those identified in Uncertainty of Forward-Looking Statements and Information below and in Item 1A. Risk Factors.

Introduction

We are a leading provider of specialty contracting services, offering infrastructure solutions primarily to the electric power and oil and gas industries in the United States, Canada and Australia and select other international markets. The services we provide include the design, installation, upgrade, repair and maintenance of infrastructure within each of the industries we serve, such as electric power transmission and distribution networks, substation facilities, renewable energy facilities, pipeline transmission and distribution systems and facilities, and infrastructure services for the offshore and inland water energy markets. We also own fiber optic telecommunications infrastructure in select markets and license the right to use these point-to-point fiber optic telecommunications facilities to customers.

We report our results under three reportable segments: (1) Electric Power Infrastructure Services, (2) Oil and Gas Infrastructure Services and (3) Fiber Optic Licensing and Other. This structure is generally focused on broad end-user markets for our services. Our consolidated revenues for the year ended December 31, 2014 were approximately $7.85 billion, of which 67% was attributable to the Electric Power Infrastructure Services segment, 31% to the Oil and Gas Infrastructure Services segment and 2% to the Fiber Optic Licensing and Other segment.

Our customers include many of the leading companies in the industries we serve. We have developed strong strategic alliances with numerous customers and strive to develop and maintain our status as a preferred vendor to our customers. We enter into various types of contracts, including competitive unit price, hourly rate, cost-plus (or time and materials basis), and fixed price (or lump sum basis), the final terms and prices of which are frequently negotiated with the customer. Although the terms of our contracts vary considerably, most are made on either a unit price or fixed price basis in which we agree to do the work for a price per unit of work performed (unit price) or for a fixed amount for the entire project (fixed price). We complete a substantial majority of our fixed price projects, other than certain large transmission 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 renewable periodically.

We recognize revenue on our unit price and cost-plus contracts as units are completed or services are performed. For our fixed price contracts, we record revenues as work on the contract progresses on a percentage-of-completion basis. Under this method, revenue is recognized based on the percentage of total costs incurred to date in proportion to total estimated costs to complete the contract. Fixed price contracts generally include retainage provisions under which a percentage of the contract price is withheld until the project is complete and has been accepted by our customer.

For internal management purposes, we are organized into three internal divisions, namely, the Electric Power Division, the Oil and Gas Infrastructure Division and the Fiber Optic Licensing Division. These internal divisions are closely aligned with the reportable segments described above based on the predominant type of work provided by the operating units within each division.

Reportable segment information, including revenues and operating income by type of work, is gathered from each operating unit for the purpose of evaluating segment performance in support of our market strategies. These classifications of our operating unit revenues by type of work for segment reporting purposes can at times require judgment on the part of management. Our operating units may perform joint infrastructure service projects for customers in multiple industries, deliver multiple types of infrastructure services under a single customer contract or provide services across industries   for example, joint trenching projects to install distribution lines for electric power and natural gas customers. Our integrated operations and common administrative support at each of our operating units requires that certain allocations, including allocations of shared and indirect costs, such as facility costs, indirect operating expenses including depreciation, and general and administrative costs, be made to determine operating segment profitability. Corporate costs, such as payroll and benefits, employee travel expenses, facility costs, professional fees, acquisition costs and amortization related to certain intangible assets are not allocated.

The Electric Power Infrastructure Services segment provides comprehensive network solutions to customers in the electric power industry. Services performed by the Electric Power Infrastructure Services segment generally include the design, installation, upgrade, repair and maintenance of electric power transmission and distribution infrastructure and substation facilities along with other engineering and technical services. This segment also provides emergency restoration services, including the repair of infrastructure damaged by inclement weather, the energized installation, maintenance and upgrade of electric power infrastructure utilizing unique bare hand and hot stick methods and our proprietary robotic arm technologies, and the installation of smart grid technologies on electric power networks. In addition, this segment designs, installs and maintains renewable energy generation facilities, consisting of solar, wind and certain types of natural gas generation facilities, and related switchyards and transmission infrastructure. To a lesser extent, this segment provides services such as the construction of electric power generation facilities, the design, installation, maintenance and repair of commercial and industrial wiring, installation of traffic networks and the installation of cable and control systems for light rail lines.

The Oil and Gas Infrastructure Services segment provides comprehensive network solutions to customers involved in the development and transportation of natural gas, oil and other pipeline products. Services performed by the Oil and Gas Infrastructure Services segment generally include the design, installation, repair and maintenance of pipeline transmission and distribution systems, gathering systems, production systems and compressor and pump stations, as well as related trenching, directional boring and automatic welding services. In addition, this segment s services include pipeline protection, integrity testing, rehabilitation and replacement, and fabrication of pipeline support systems and related structures and facilities. We also serve the offshore and inland water energy markets, primarily providing services to oil and gas exploration platforms, including mechanical installation (or hook-ups), electrical and instrumentation, pre-commissioning and commissioning, coatings, fabrication, pipeline construction, integrity services and marine asset repair. To a lesser extent, this segment designs, installs and maintains fueling systems as well as water and sewer infrastructure.

The Fiber Optic Licensing and Other segment designs, procures, constructs, maintains and owns fiber optic telecommunications infrastructure in select markets and licenses the right to use these point-to-point fiber optic telecommunications facilities to our customers pursuant to licensing agreements, typically with terms from five to twenty-five years, inclusive of certain renewal options. Under those agreements, customers are provided the right to use a portion of the capacity of a fiber optic network, with the network owned and maintained by us. We are also expanding our service offerings to provide lit services, with Quanta providing network management services to customers, as well as owning the electronic equipment necessary to make the fiber optic network operational. We believe market opportunities exist for lit services that will enable us to leverage capacities of our dark fiber networks, as well as providing other attractive growth opportunities. The Fiber Optic Licensing and Other segment provides services to communication carriers, as well as education, financial services, healthcare and other business enterprises with high bandwidth telecommunication needs. The telecommunication services provided through this segment are subject to regulation by the Federal Communications Commission and certain state public utility commissions. The Fiber Optic Licensing and Other segment also provides various telecommunication infrastructure services on a limited and ancillary basis, primarily to our customers in the electric power industry.

Recent Investments, Acquisitions and Divestitures

During 2014, we completed nine acquisitions, which enabled us to further enhance our electric power and oil and gas infrastructure service offerings in the United States and Canada and expand our capabilities in Australia to include electric power infrastructure service offerings. These acquisitions included four electric power infrastructure services companies located in Canada; two oil and gas infrastructure services businesses located in Canada; an electric power infrastructure services company located in Australia; a U.S. based general engineering and construction company specializing in hydrant fueling, waterfront and utility construction for the U.S. Department of Defense that is generally included in our Oil and Gas Infrastructure Services segment; and a geotechnical and geological engineering services company based in the United States that is generally included in our Electric Power Infrastructure Services segment. The aggregate consideration paid for these acquisitions consisted of approximately $284.3 million in cash, 686,382 shares of Quanta common stock and 3,825,971 exchangeable shares of Canadian subsidiaries of Quanta that are exchangeable on a one-for-one basis for Quanta common stock. The exchangeable shares provide holders with rights equivalent to Quanta common stockholders with respect to dividends and other economic rights. In addition, we issued one share of Series G preferred stock associated with 899,858 of the exchangeable shares, which generally votes on the same matters as Quanta common stock and is entitled to a number of votes equal to the number of such exchangeable shares outstanding at that time. Exchangeable shares not associated with preferred stock do not have voting rights. The aggregate value of the securities issued related to 2014 acquisitions on the respective closing or settlement dates of the acquisitions, totaled approximately $134.5 million. As these transactions were effective during 2014, the results of each acquired company have been included in our consolidated financial statements beginning on the respective dates of acquisition.

During 2013, we acquired six businesses, which included three electric power and three oil and gas infrastructure services companies. The electric power acquisitions expanded our geographic presence primarily in the northeastern, midwestern and western regions of the United States and in the central region of Canada, while the oil and gas infrastructure services companies increased our capacity to provide mechanical installations for the offshore oil and gas industry and pipeline logistics services throughout the United States and expanded our geographic presence to include pipeline construction services in Australia. The aggregate consideration paid for these acquisitions consisted of approximately $341.1 million in cash and 3,547,482 shares of our common stock valued, as of the respective dates of issuance, at approximately $88.9 million. The results for each company have been included in our consolidated financial statements beginning on the respective dates of acquisition.

On December 6, 2013, we sold all of our equity ownership interest in Howard Midstream Energy Partners, LLC (HEP) for proceeds of approximately $220.9 million in cash, which resulted in a pre-tax gain of approximately $112.7 million.

During 2012, we acquired four businesses, which included one electric power infrastructure services company based in Canada, two electric power infrastructure services companies based in the United States and one oil and gas infrastructure services company based in the United States. These businesses have been reflected in our consolidated financial statements as of their respective acquisition dates. The aggregate consideration for these acquisitions consisted of approximately $57.5 million in cash, 1,927,113 shares of our common stock valued, as of the respective dates of acquisition, at approximately $37.3 million and the repayment of $11.0 million in debt. These acquisitions have enabled us to further expand our capabilities and scope of services internationally and in the United States. The financial results of these businesses are generally included in the corresponding segment.

On December 3, 2012, we sold substantially all of our domestic telecommunications infrastructure services operations and related subsidiaries.

Seasonality; Fluctuations of Results; Economic Conditions

Our revenues and results of operations can be subject to seasonal and other variations. These variations are influenced by weather, customer spending patterns, bidding seasons, project timing and schedules, and holidays.

Typically, our revenues are lowest in the first quarter of the year because cold, snowy or wet conditions can cause delays on projects. In addition, many of our customers develop their capital budgets for the coming year during the first quarter and do not begin infrastructure projects in a meaningful way until their capital budgets are finalized. Second quarter revenues are typically higher than those in the first quarter, as some projects begin, but continued cold and wet weather can often impact second quarter productivity. Third quarter revenues are typically the highest of the year, as a greater number of projects are underway, and weather is more accommodating. Generally, revenues during the fourth quarter of the year are lower than the third quarter but higher than the second quarter. Many projects are completed in the fourth quarter, and revenues are often impacted positively by customers seeking to spend their capital budgets before the end of the year; however, the holiday season and inclement weather can sometimes cause delays, reducing revenues and increasing costs. Any quarter may be positively or negatively affected by atypical weather patterns in any of the areas we serve, such as severe weather, excessive rainfall or warmer winter weather, making it difficult to predict these variations and their effect on particular projects quarter to quarter. The timing of project awards and unanticipated changes in project schedules as a result of delays or accelerations can also create variations in the level of operating activity from quarter to quarter.

These seasonal impacts are typical for our U.S. operations, but as our foreign operations continue to grow, we may see a lessening of this pattern impacting our quarterly revenues. For example, revenues in Canada are often higher in the first quarter as projects are accelerated so that work can be completed prior to the break up, or seasonal thaw, as productivity is adversely affected by wet ground conditions during the warmer spring and summer months. Also, although revenues from Australia and other international operations have not been significant relative to our overall revenues to date, their seasonal patterns may differ from those in North America and may impact our seasonality more in the future.

Additionally, our industry can be highly cyclical. As a result, our volume of business may be adversely affected by declines or delays in new projects in various geographic regions, including the United States, Canada and Australia. Project schedules, particularly in connection with larger, longer-term projects, can also create fluctuations in the services provided, which may adversely affect us in a given period. The financial condition of our customers and their access to capital, variations in the margins of projects performed during any particular period, regional, national and global economic and market conditions, timing of acquisitions, the timing and magnitude of acquisition and integration costs associated with acquisitions, dispositions, fluctuations in our equity in earnings (losses) of unconsolidated affiliates, impairments of goodwill, intangible assets, long-lived assets or investments and interest rate fluctuations are examples of items that may also materially affect quarterly results. Accordingly, our operating results in any particular period may not be indicative of the results that can be expected for any other period.

We and our customers continue to operate in an uncertain business environment, with heightened regulatory and environmental requirements, stringent permitting processes and only gradual recovery in the economy from recessionary levels. Oil prices have declined significantly over the past several months. The recent decline in oil prices has created uncertainty with respect to the demand for our oil and gas infrastructure services in the near term, and it is also uncertain if, or for how long, oil prices will remain at lower levels. Over time, we expect that, as the current oversupply of global oil corrects and global demand for oil increases, oil prices could recover from current levels. We believe that, at a minimum, medium and long term production of oil from North American unconventional shale formations and the Canadian oil sands will continue, which will create demand for our infrastructure services over time.

We are closely monitoring our customers and the effect that changes in economic and market conditions have had or may have on them. Certain of our customers have reduced or delayed spending in recent years, which we attribute primarily to regulatory and permitting hurdles and negative economic and market conditions, and we anticipate that these issues may continue to affect demand for some of our services in the near-term. As mentioned previously, there have been significant decreases in oil prices since mid-2014. If the development or discovery of natural gas and/or oil reserves slowed or stopped as a result of low natural gas or oil prices or otherwise, customers may reduce capital spending on mainline pipe, gas gathering and compressor systems and other related infrastructure, resulting in less demand for our services. We believe that most of our customers, many of whom are regulated utilities, remain financially stable in general and will be able to continue with their business plans in the long-term. You should read *Outlook* and *Understanding Margins* for additional discussion of trends and challenges that may affect our financial condition, results of operations and cash flows.

Understanding Margins

Our gross margin is gross profit expressed as a percentage of revenues, and our operating margin is operating income expressed as a percentage of revenues. Cost of services, which is subtracted from revenues to obtain gross profit, consists primarily of salaries, wages and benefits to employees, depreciation, fuel and other equipment expenses, equipment rentals, subcontracted services, insurance, facilities expenses, materials and parts and supplies. Selling, general and administrative expenses and amortization of intangible assets are then subtracted from gross profit to obtain operating income. Various factors some controllable, some not can impact our margins on a quarterly or annual basis.

Seasonal and geographical. As discussed previously, seasonal patterns can have a significant impact on margins. Generally, business is slower in the winter months versus the warmer months of the year, resulting in lower productivity and consequently reducing our ability to cover fixed costs. This can be offset somewhat by increased demand for electrical service and repair work resulting from severe weather. Additionally, project schedules, including when projects begin and when they are completed, may impact margins. The mix of business conducted in the areas we serve will also affect margins, as some of the areas we serve offer the opportunity for higher margins than others due to the geographic characteristics associated with the physical location where the work is being performed. Such characteristics include whether the project is performed in an urban versus a rural setting or in a mountainous area or in open terrain. Site conditions, including unforeseen underground conditions, can also impact margins.

Weather. Adverse or favorable weather conditions can impact gross margins in a given period. For example, snow or rainfall in the areas in which we operate may negatively impact our revenues and margins due to reduced productivity, as projects may be delayed or temporarily placed on hold until weather conditions improve. Conversely, in periods when weather remains dry and temperatures are accommodating, more work can be done, sometimes with less cost, which would have a favorable impact on margins. In some cases, severe weather, such as hurricanes and ice storms, can provide us with higher margin emergency restoration service work, which generally has a positive impact on margins.

Revenue mix. The mix of revenues derived from the industries we serve will impact margins, as certain industries provide higher margin opportunities. Additionally, changes in our customers spending patterns in each of the industries we serve can cause an imbalance in supply and demand and, therefore, affect margins and mix of revenues by industry served.

Service and maintenance versus installation. Installation work is often performed on a fixed price basis, while maintenance work is often performed under pre-established or negotiated prices or cost-plus pricing arrangements. Margins for installation work may vary from project to project, and may be higher than maintenance work, as work obtained on a fixed price basis has higher risk than other types of pricing arrangements. We typically derive approximately 30% of our annual revenues from maintenance work, but a higher portion of installation work in any given period may affect our gross margins for that period.

Subcontract work. Work that is subcontracted to other service providers generally yields lower margins. An increase in subcontract work in a given period may contribute to a decrease in margins. We typically subcontract approximately 20% to 25% of our work to other service providers.

Materials versus labor. Typically, our customers are responsible for supplying their own materials on projects; however, for some of our contracts, we may agree to procure all or part of the required materials.

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Margins may be lower on projects where we furnish a significant amount of materials, as our mark-up on materials is generally lower than on our labor costs. In a given period, an increase in the percentage of work with higher materials procurement requirements may decrease our overall margins.

Depreciation. We include depreciation in cost of services. This is common practice in our industry, but it can make comparability of our margins to those of other companies difficult. This must be taken into consideration when comparing us to other companies.

Insurance. As discussed in *Liquidity and Capital Resources Self-Insurance*, we are insured for employer s liability, general liability, auto liability and workers compensation claims. We also have employee health care benefit plans for most employees not subject to collective bargaining agreements. Margins could be impacted by fluctuations in insurance accruals as additional claims arise and as circumstances and conditions of existing claims change.

Performance risk. Margins may fluctuate because of the volume of work and the impacts of pricing and job productivity, which can be affected both favorably and negatively by weather, geography, customer decisions and crew productivity. For example, when comparing a service contract between a current quarter and the comparable prior year s quarter, factors affecting the gross margins associated with the revenues generated by the contract may include pricing under the contract, the volume of work performed under the contract, the mix of the type of work specifically being performed and the productivity of the crews performing the work. Productivity can be influenced by many factors, including where the work is performed (e.g., rural versus urban area or mountainous or rocky area versus open terrain), whether the work is on an open or encumbered right of way, the impacts of inclement weather or the effects of environmental restrictions or regulatory delays. These types of factors are not practicable to quantify through accounting data, but each of these items may individually or in the aggregate have a direct impact on the gross margin of a specific project.

Foreign currency risk. Our financial performance on a U.S. dollar-denominated basis is subject to fluctuation in foreign currency exchange rates. Fluctuations in exchange rates relative to the U.S. dollar, primarily the Canadian and Australian dollars, could cause material fluctuations in comparisons of our results of operations between periods.

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, professional fees, bad debt expense, acquisition costs, gains and losses on the sale of property and equipment, letter of credit fees and maintenance, training and conversion costs related to the implementation of an information technology solution.

Results of Operations

As previously discussed, we have acquired certain businesses, the results of which have been included in the following results of operations beginning on their respective acquisition dates. Additionally, the results of operations of the telecommunications subsidiaries disposed of on December 3, 2012 have been reclassified from continuing operations to income from discontinued operations. The following table sets forth selected statements of operations data and such data as a percentage of revenues for the years indicated (dollars in thousands).

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Consolidated Results

	Year Ended December 31,					
	2014		2013		2012	
Revenues	$ 7,851,250	100.0%	$ 6,522,842	100.0%	$ 5,920,269	100.0%
Cost of services (including depreciation)	6,617,730	84.3	5,467,389	83.8	4,982,562	84.2
Gross profit	1,233,520	15.7	1,055,453	16.2	937,707	15.8
Selling, general and administrative expenses	722,038	9.2	501,010	7.7	434,894	7.3
Amortization of intangible assets	35,907	0.4	27,515	0.4	37,691	0.6
Operating income	475,575	6.1	526,928	8.1	465,122	7.9
Interest expense	(4,765)	(0.1)	(2,668)		(3,746)	(0.1)
Interest income	3,741		3,380	0.1	1,471	
Equity in earnings (losses) of unconsolidated affiliates, including gain on sale of investment	(332)		112,744	1.7	2,084	
Other income (expense), net	(1,102)		(1,135)	(0.1)	(351)	