KNISELY PHILIP
Form 4
April 27, 2009

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
KNISELY PHILIP
(Last) (First) (Middle)
2099 PENNSYLVANIA AVENUE, NW, 12TH FLOOR
(Street)
WASHINGTON, DC 20006
(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
DANAHER CORP /DE/ [DHR]

3. Date of Earliest Transaction (Month/Day/Year)
04/24/2009

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Executive Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Pric Deriva Securi

(Instr. 3)	Price of Derivative Security		(Month/Day/Year)	(Instr. 8)		Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)						(Instr.
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Executive Deferred Incentive Program -- Danaher Stock Fund (1)	$ 0 (2)	04/24/2009		A		3.69		(3)	(3)	Common Stock (1)	3.69	$ 60 (1)

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KNISELY PHILIP 2099 PENNSYLVANIA AVENUE, NW 12TH FLOOR WASHINGTON, DC 20006			Executive Vice President	

Signatures

James F. O'Reilly, attorney-in-fact for Philip W. Knisely	04/27/2009
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Compensation deferred or contributed into the Danaher stock fund (the "EDIP Stock Fund") included in Danaher's Executive Deferred Incentive Program (the "EDIP") is deemed to be invested in a number of unfunded, notional shares of Danaher common stock based on the closing price of Danaher common stock as reported on the NYSE on the date such compensation is credited to the EDIP Stock Fund. The price shown in Table II, Column 8 above is the closing price per share of Danaher common stock as reported on the NYSE on the transaction date noted above.

(2) The notional shares convert on a one-for-one basis.

(3) The reporting person immediately vests in 100% of each voluntary contribution to the EDIP Stock Fund. The reporting person will vest in all company contributions to the EDIP Stock Fund as follows: 100% upon the earlier of the reporting person's death, or upon retirement following at least 5 years of service with Danaher and reaching the age of 55, or, if earlier, one-tenth per vesting year of participation following five vesting years of participation, in each case in accordance with the plan. Upon termination of employment, the vested portion of the EDIP Stock Fund is settled in Danaher common stock.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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a currently valid OMB number. t"> 1,471

Equity in earnings (losses) of unconsolidated affiliates, including gain on sale of investment

(332) 112,744 2,084

Other income (expense), net

(1,102) (1,135) (351)

Income from continuing operations before income taxes

473,117 639,249 464,580

Provision for income taxes

157,408 217,940 158,859

Net income from continuing operations

315,709 421,309 305,721

Income (loss) from discontinued operations, net of taxes

(627) 16,935

Net income

315,082 421,309 322,656

Less: Net income attributable to non-controlling interests

18,368 19,388 16,027

Net income attributable to common stock	$296,714	$401,921	$306,629

Amounts attributable to common stock:

Net income from continuing operations	$297,341	$401,921	$289,694
Net income (loss) from discontinued operations	(627)		16,935

Net income attributable to common stock

$296,714 $401,921 $306,629

Earnings per share attributable to common stock basic and diluted:

Continuing operations

$1.35 $1.87 $1.36

Discontinued operations

0.08

Net income attributable to common stock

$1.35 $1.87 $1.44

Shares used in computing earnings per share:

Weighted average basic shares outstanding

219,668 214,929 212,777

Weighted average diluted shares outstanding

Explanation of Responses:

219,690	214,978	212,835

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

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QUANTA SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31,		
	2014	2013	2012
		(In thousands)	
Net income	$ 315,082	$ 421,309	$ 322,656
Other comprehensive income (loss), net of tax provision:			
Foreign currency translation adjustment, net of tax of $0, $0 and $0	(84,505)	(54,553)	13,949
Other, net of tax of $486, $(934) and $69	(1,549)	2,864	(206)
Other comprehensive income (loss)	(86,054)	(51,689)	13,743
Comprehensive income	229,028	369,620	336,399
Less: Comprehensive income attributable to non-controlling interests	18,368	19,388	16,027
Total comprehensive income attributable to Quanta stockholders	$ 210,660	$ 350,232	$ 320,372

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

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QUANTA SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2014	2013	2012
		(In thousands)	
Cash Flows from Operating Activities of Continuing Operations:			
Net income	$ 315,082	$ 421,309	$ 322,656
(Income) loss from discontinued operations	627		(16,935)
Adjustments to reconcile net income to net cash provided by operating activities of continuing operations			
Depreciation	158,110	134,110	120,303
Amortization of intangible assets	35,907	27,515	37,691
Equity in (earnings) losses of unconsolidated affiliates, including gain on sale of investment	332	(112,744)	(2,084)
Amortization of debt issuance costs	1,094	1,081	904
Amortization of deferred revenues	(10,087)	(9,025)	(10,149)
Gain on sale of property and equipment	(1,770)	(2,448)	(970)
Foreign currency loss	1,244	2,179	691
Provision for doubtful accounts	1,411	3,236	3,693
Provision for contract receivable	102,460		
Non-cash portion of arbitration expense	10,518		
Deferred income tax provision (benefit)	33,664	(16,470)	22,533
Non-cash stock-based compensation	39,030	35,876	25,990
Tax impact of stock-based equity awards	(1,563)	(3,723)	(297)
Changes in operating assets and liabilities, net of non-cash transactions			
(Increase) decrease in			
Accounts and notes receivable	(231,974)	(74,249)	(341,825)
Costs and estimated earnings in excess of billings on uncompleted contracts	(53,428)	(47,281)	(150,486)
Inventories	(4,025)	5,986	26,435
Prepaid expenses and other current assets	(36,484)	(7,505)	(12,599)
Increase (decrease) in			
Accounts payable and accrued expenses and other non-current liabilities	(49,894)	36,015	123,143
Billings in excess of costs and estimated earnings on uncompleted contracts	5,699	48,849	26,624
Other, net	(5,129)	3,881	(8,479)
Net cash provided by operating activities of continuing operations	310,824	446,592	166,839

Cash Flows from Investing Activities of Continuing Operations:			
Proceeds from sale of property and equipment	14,428	14,794	12,362
Additions of property and equipment	(301,476)	(263,558)	(209,445)
Cash paid for acquisitions, net of cash acquired	(262,218)	(283,837)	(68,727)
Investments in and return of equity from unconsolidated affiliates	(3,127)	186,185	(53,750)
Cash received from (paid for) other investments	6,214	(10,032)	
Cash withdrawn from restricted cash	3,565	36,482	
Cash paid for other intangibles	(252)		(1,541)
Net cash used in investing activities of continuing operations	(542,866)	(319,966)	(321,101)
Cash Flows from Financing Activities of Continuing Operations:			
Borrowings under credit facility	938,047	341,730	1,052,700
Payments under credit facility	(866,224)	(341,730)	(1,052,700)
Borrowings of other long-term debt	394	23	
Payments on other long-term debt	(30,448)	(556)	(56)
Borrowings of short-term debt	5,056		
Debt issuance and amendment costs		(3,244)	
Distributions to non-controlling interests	(14,432)	(17,625)	(17,970)
Tax impact of stock-based equity awards	1,563	3,723	297
Exercise of stock options	1,179	1,028	2,385
Repurchase of common stock	(93,482)		
Net cash used in financing activities of continuing operations	(58,347)	(16,651)	(15,344)
Discontinued operations:			
Net cash used in operating activities			(60,622)
Net cash provided by investing activities			307,522
Net cash provided by discontinued operations			246,900
Effect of foreign exchange rate changes on cash and cash equivalents	(7,873)	(15,899)	2,058
Net increase (decrease) in cash and cash equivalents	(298,262)	94,076	79,352
Cash and cash equivalents, beginning of year	488,777	394,701	315,349
Cash and cash equivalents, end of year	$ 190,515	$ 488,777	$ 394,701
Supplemental disclosure of cash flow information:			
Cash (paid) received during the year for			
Interest paid	$ (3,533)	$ (1,586)	$ (2,734)
Income taxes paid	(229,187)	(253,175)	(155,494)
Income tax refunds	7,376	1,826	4,106

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

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QUANTA SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY

Common Stock Shares	Common Stock Amount	Exchangeable Shares Shares	Exchangeable Shares Amount	Series F Preferred Stock Shares	Series F Preferred Stock Amount	Series G Preferred Stock Shares	Series G Preferred Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders Equity	Non-controll Intere
								(In thousands, except share information)					
206,203,005	$ 2	3,909,110	$	1	$		$	$ 3,216,206	$ 361,527	$ 710	$ (196,493)	$ 3,381,952	$ 7,3
										13,743		13,743	
1,927,113								37,291				37,291	
915,816								31,501			(6,656)	24,845	
224,652								2,385				2,385	
								(297)				(297)	
													(17,9
									306,629			306,629	16,0
209,270,586	2	3,909,110		1				3,287,086	668,156	14,453	(203,149)	3,766,548	5,3
										(51,689)		(51,689)	
3,547,482								88,896				88,896	
(358,753)								35,876			(12,091)	23,785	
74,342								1,028				1,028	
409,110		(409,110)											

						3,699				3,699	
											(17,6
							401,921			401,921	19,3
212,942,767	2	3,500,000	1			3,416,585	1,070,077	(37,236)	(215,240)	4,234,188	7,1
								(86,054)		(86,054)	
686,382		3,825,971		1		134,538				134,538	
95,475						39,030			(12,340)	26,690	
91,444						1,179				1,179	
						700				700	
(2,996,278)									(93,482)	(93,482)	
						874			(874)		
											(14,4
							296,714			296,714	18,3
210,819,790	$ 2	7,325,971	$ 1	$ 1	$	$ 3,592,906	$ 1,366,791	$ (123,290)	$ (321,936)	$ 4,514,473	$ 11,0

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

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QUANTA SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS AND ORGANIZATION:

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. Quanta reports its results under three reportable segments: (1) Electric Power Infrastructure Services, (2) Oil and Gas Infrastructure Services and (3) Fiber Optic Licensing and Other.

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 Quanta s 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.

Oil and Gas Infrastructure Services Segment

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. Quanta also serves 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.

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 its 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 Quanta.

Additionally, the Fiber Optic Licensing and Other segment provides 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. This segment serves customers in multiple institutional sectors, including communications 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

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QUANTA SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 Quanta s customers in the electric power industry.

Acquisitions

During 2014, Quanta completed nine acquisitions, which enabled Quanta to further enhance its electric power and oil and gas infrastructure service offerings in the United States and Canada and expand its 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 Quanta s Oil and Gas Infrastructure Services segment; and a geotechnical and geological engineering services company based in the United States that is generally included in Quanta s Electric Power Infrastructure Services segment. During 2013, Quanta acquired six businesses, which included three electric power infrastructure services companies and three oil and gas infrastructure services companies based throughout the United States, Canada and Australia. During 2012, Quanta 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.

Dispositions

On December 3, 2012, Quanta sold substantially all of its domestic telecommunications infrastructure services operations and related subsidiaries for net proceeds of approximately $265.0 million. Accordingly, Quanta has presented the results of operations, financial position and cash flows of such telecommunications subsidiaries as discontinued operations for all applicable periods presented in the accompanying consolidated financial statements. See Note 4 for more information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of Consolidation

The consolidated financial statements of Quanta include the accounts of Quanta Services, Inc. and its wholly owned subsidiaries, which are also referred to as its operating units. The consolidated financial statements also include the accounts of certain of Quanta s investments in joint ventures, which are either consolidated or proportionately consolidated, as discussed in the following summary of significant accounting policies. Investments in affiliated entities in which Quanta does not have a controlling financial interest, but over which Quanta has significant influence, usually because Quanta holds a voting interest of between 20% and 50%, are accounted for using the equity method. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless the context requires otherwise, references to Quanta include Quanta Services, Inc. and its consolidated subsidiaries.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with US GAAP requires the use of estimates and assumptions by management in determining the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities known to exist as of the date the financial statements are published, and the reported amounts of revenues and expenses recognized during the periods presented. Quanta reviews all

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QUANTA SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

significant estimates affecting its consolidated financial statements on a recurring basis and records the effect of any necessary adjustments prior to their publication. Judgments and estimates are based on Quanta s beliefs and assumptions derived from information available at the time such judgments and estimates are made. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of financial statements. Estimates are primarily used in Quanta s assessment of the allowance for doubtful accounts, valuation of inventory, 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, share-based compensation, operating results of reportable segments, as well as the provision for income taxes and the calculation of uncertain tax positions.

Cash and Cash Equivalents

Quanta had cash and cash equivalents of $190.5 million and $488.8 million as of December 31, 2014 and 2013. Cash consisting of interest-bearing demand deposits is carried at cost, which approximates fair value. Quanta considers all highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents, which are carried at fair value. At December 31, 2014 and 2013, cash equivalents were $107.6 million and $247.8 million and consisted primarily of money market mutual funds and are discussed further in *Fair Value Measurements* below. As of December 31, 2014 and 2013, cash and cash equivalents held in domestic bank accounts were approximately $127.2 million and $236.7 million, and cash and cash equivalents held in foreign bank accounts were approximately $63.3 million and $252.1 million. As of December 31, 2014 and 2013, cash and cash equivalents held by Quanta s investments in joint ventures, which are either consolidated or proportionately consolidated, were approximately $19.1 million and $18.9 million. Quanta has no rights with respect to the joint ventures cash except as permitted pursuant to their respective partnership agreements.

Current and Long-Term Accounts and Notes Receivable and Allowance for Doubtful Accounts

Quanta provides an allowance for doubtful accounts when collection of an account or note receivable is considered doubtful, and receivables are written off against the allowance when deemed uncollectible. Inherent in the assessment of the allowance for doubtful accounts are certain judgments and estimates regarding, among other factors, the customer s access to capital, the customer s willingness or ability to pay, general economic and market conditions, the ongoing relationship with the customer and uncertainties related to the resolution of disputed matters. Quanta considers accounts receivable delinquent after 30 days but does not generally include delinquent accounts in its analysis of the allowance for doubtful accounts unless the accounts receivable have been outstanding for at least 90 days. In addition to balances that have been outstanding for 90 days or more, Quanta also includes accounts receivable balances that relate to customers in bankruptcy or with other known difficulties in its analysis of the allowance for doubtful accounts. Material changes in Quanta s customers business or cash flows, which may be impacted by negative economic and market conditions, could affect Quanta s ability to collect amounts due from them. As of December 31, 2014 and 2013, Quanta had allowances for doubtful accounts on current receivables of approximately $6.2 million and $5.2 million.

Long-term accounts receivable are included within other assets, net on the consolidated balance sheets. Within this balance at December 31, 2013 was a long-term contract receivable previously recorded in the amount of approximately $165 million attributable to recognized contract price adjustments related to a change order from the Sunrise Powerlink project, an electric power infrastructure services project completed in 2012 by PAR Electrical Contractors, Inc. (PAR), a wholly owned subsidiary of Quanta, for San Diego Gas and Electric Company (SDG&E). This receivable was the subject of a recently settled arbitration proceeding discussed further

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QUANTA SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

in *Legal Proceedings Sunrise Powerlink Arbitration* in Note 15. In December 2014, the parties reached an agreement to settle the arbitration under terms providing for a cash payment by SDG&E to PAR in the amount of $65 million, representing the final amount to compensate PAR for substantially all of the unpaid portion of its costs incurred on the project. Accordingly, a provision of $102.5 million was recognized in 2014 as a charge to selling, general and administrative expense, and the remaining balance of $65 million was reclassified to accounts receivable, leaving no balance remaining in other assets, net related to the Sunrise Powerlink project as of December 31, 2014. Payment was received in January 2015, and the arbitration was dismissed shortly thereafter.

Should customers experience financial difficulties or file for bankruptcy, or should anticipated recoveries relating to receivables in existing bankruptcies or other workout situations fail to materialize, Quanta could experience reduced cash flows and losses in excess of current allowances provided.

The balances billed but not paid by customers pursuant to retainage provisions in certain contracts are generally due upon completion of the contracts and acceptance by the customer. Based on Quanta s experience with similar contracts in recent years, the majority of the retainage balances at each balance sheet date are expected to be collected within the next twelve months. Current retainage balances as of December 31, 2014 and 2013 were approximately $307.3 million and $194.5 million and were included in accounts receivable. Retainage balances with settlement dates beyond the next twelve months were included in other assets, net, and as of December 31, 2014 and 2013 were $19.6 million and $50.8 million.

Within accounts receivable, Quanta recognizes unbilled receivables in circumstances such as when revenues have been earned and recorded but the amount cannot be billed under the terms of the contract until a later date; costs have been incurred but are yet to be billed under cost-reimbursement type contracts; or amounts arise from routine lags in billing (for example, work completed one month but not billed until the next month). These balances do not include revenues accrued for work performed under fixed-price contracts as these amounts are recorded as costs and estimated earnings in excess of billings on uncompleted contracts. At December 31, 2014 and 2013, the balances of unbilled receivables included in accounts receivable were approximately $165.5 million and $179.2 million.

Inventories

Inventories consist primarily of parts and supplies held for use in the ordinary course of business, which are valued by Quanta at the lower of cost or market as determined by using either the first-in, first-out (FIFO) method or the average costing method. Inventories also include certain job specific materials not yet installed which are valued using the specific identification method.

Property and Equipment

Property and equipment are stated at cost, and depreciation is computed using the straight-line method, net of estimated salvage values, over the estimated useful lives of the assets. Leasehold improvements are capitalized and amortized over the lesser of the life of the lease or the estimated useful life of the asset. Depreciation expense related to property and equipment was approximately $158.1 million, $134.1 million and $120.3 million for the years ended December 31, 2014, 2013 and 2012, respectively.

Quanta capitalizes costs associated with internally developed or constructed assets primarily associated with fiber optic licensing networks. Capitalized costs include external direct costs of materials and services utilized in developing or obtaining internal-use assets, as well as payroll and payroll-related expenses for employees who

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QUANTA SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

are directly associated with and devote time to placing the assets into service. Capitalization of such costs is recorded to construction work-in-process beginning when the preliminary project stage is complete and ceases no later than the point at which the project is substantially complete and ready for its intended purpose, at which point in time the asset is placed into service. As of December 31, 2014 and 2013, approximately $30.6 million and $32.4 million related to fiber optic licensing networks were recorded in construction work-in-process. These capitalized costs are depreciated on a straight-line basis over the economic useful life of the asset, beginning when the asset is ready for its intended use. Accrued capital expenditures were $11.8 million and $0.6 million as of December 31, 2014 and 2013, and the impact of these items has been excluded from Quanta s capital expenditures on its consolidated statements of cash flows due to their non-cash nature.

Expenditures for repairs and maintenance are charged to expense when incurred. Expenditures for major renewals and betterments, which extend the useful lives of existing equipment, are capitalized and depreciated over the adjusted remaining useful lives of the assets. Upon retirement or disposition of property and equipment, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in selling, general and administrative expenses.

Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be realizable. Although no such events occurred during the years ended December 31, 2014, 2013 and 2012, if an evaluation is required, management would assess whether the carrying value of the asset group is recoverable by comparing the sum of the undiscounted cash flows to the carrying value of the asset group. If the asset is not recoverable, management compares the estimated fair value of the asset to the asset s carrying amount to determine if an impairment of such asset is necessary. The effect of any impairment would be to expense the difference between the fair value of such asset and its carrying value in the period incurred.

Other Assets, Net

Other assets, net consists primarily of long-term receivables, debt issuance costs, non-current inventory, equity and other investments, refundable security deposits for leased properties and insurance claims in excess of deductibles that are due from Quanta s insurers. Included in the long-term receivables balance at December 31, 2013 was approximately $165 million related to the Sunrise Powerlink project. In 2014, Quanta recorded $102.5 million to provision for long-term contract receivable associated with the Sunrise Powerlink project receivable. The remaining balance of $65 million was reclassified to accounts receivable in the fourth quarter of 2014 as a result of the settlement of the arbitration in December 2014 and collection of the receivable in January 2015. Accordingly, as of December 31, 2014, there was no balance remaining in other assets, net related to the Sunrise Powerlink project. For additional information on this receivable and the associated arbitration proceeding, see *Legal Proceedings Sunrise Powerlink Arbitration* in Note 15.

Debt Issuance Costs

Capitalized debt issuance costs related to Quanta s credit facility and any other debt outstanding at a given balance sheet date are included in other assets, net and are amortized into interest expense on a straight-line basis over the terms of the respective agreements giving rise to the debt issuance costs, which Quanta believes approximates the effective interest rate method. During 2013, Quanta incurred $3.2 million of debt issuance costs related to the amendment and restatement of its credit agreement and recorded $0.2 million of charges to interest expense for the write-off of a portion of the debt issuance costs related to the prior facilities. As of December 31, 2014 and 2013, capitalized debt issuance costs were $7.6 million, with accumulated amortization of $3.5 million

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and $2.4 million. For the years ended December 31, 2014, 2013 and 2012, amortization expense related to capitalized debt issuance costs was $1.1 million, $1.1 million and $0.9 million, respectively.

Goodwill and Other Intangibles

Quanta has recorded goodwill in connection with its historical acquisitions of companies. Upon acquisition, these companies have been either combined into one of Quanta s existing operating units or managed on a stand-alone basis as an individual operating unit. Goodwill recorded in connection with these acquisitions is subject to an annual assessment for impairment, which Quanta performs at the operating unit level for each operating unit that carries a balance of goodwill. Each of Quanta s operating units is organized into one of three internal divisions: the Electric Power Division, the Oil and Gas Infrastructure Division or the Fiber Optic Licensing Division. As most of the companies acquired by Quanta provide multiple types of services for multiple types of customers, these divisional designations are based on the predominant type of work performed by each operating unit at the point in time the divisional designation is made. Goodwill is required to be measured for impairment at the reporting unit level, which represents the operating segment level or one level below the operating segment level for which discrete financial information is available. Quanta has determined that its individual operating units represent its reporting units for the purpose of assessing goodwill impairments.

Quanta has the option to first assess qualitative factors to determine whether it is necessary to perform the two-step fair value-based impairment test described below. If Quanta believes that, as a result of its qualitative assessment, it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is required. Otherwise, no further testing is required. Quanta can choose to perform the qualitative assessment on none, some or all of its reporting units. Quanta can also bypass the qualitative assessment for any reporting unit in any period and proceed directly to step one of the impairment test, and then resume performing the qualitative assessment in any subsequent period. Qualitative indicators including deterioration in macroeconomic conditions, declining financial performance, or a sustained decrease in share price, among other things, may trigger the need for annual or interim impairment testing of goodwill associated with one or all of the reporting units.

Quanta s goodwill impairment assessment is performed at year-end, or more frequently if events or circumstances arise which indicate that goodwill may be impaired. For instance, a decrease in Quanta s market capitalization below book value, a significant change in business climate or loss of a significant customer, as well as the qualitative indicators referenced above, may trigger the need for interim impairment testing of goodwill for one or all of its reporting units. The first step of the two-step fair value-based test involves comparing the fair value of each of Quanta s reporting units with its carrying value, including goodwill. If the carrying value of the reporting unit exceeds its fair value, the second step is performed. The second step compares the carrying amount of the reporting unit s goodwill to the implied fair value of its goodwill. If the implied fair value of goodwill is less than the carrying amount, an impairment loss would be recorded as a reduction to goodwill with a corresponding charge to operating expense.

Quanta determines the fair value of its reporting units using a weighted combination of the discounted cash flow, market multiple and market capitalization valuation approaches, with heavier weighting on the discounted cash flow method, as in management s opinion, this method currently results in the most accurate calculation of a reporting unit s fair value. Determining the fair value of a reporting unit requires judgment and the use of significant estimates and assumptions. Such estimates and assumptions include revenue growth rates, operating margins, discount rates, weighted average costs of capital and future market conditions, among others. Quanta believes the estimates and assumptions used in its impairment assessments are reasonable and based on available market information, but variations in any of the assumptions could result in materially different calculations of fair value and determinations of whether or not an impairment is indicated.

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Under the discounted cash flow method, Quanta determines fair value based on the estimated future cash flows of each reporting unit, discounted to present value using risk-adjusted industry discount rates, which reflect the overall level of inherent risk of a reporting unit and the rate of return an outside investor would expect to earn. Cash flow projections are derived from budgeted amounts and operating forecasts (typically a one-year model) plus an estimate of later period cash flows, all of which are evaluated by management. Subsequent period cash flows are developed for each reporting unit using growth rates that management believes are reasonably likely to occur, along with a terminal value derived from the reporting unit s earnings before interest, taxes, depreciation and amortization (EBITDA). The EBITDA multiples for each reporting unit are based on trailing twelve-month comparable industry data.

Under the market multiple and market capitalization approaches, Quanta determines the estimated fair value of each of its reporting units by applying transaction multiples to each reporting unit s projected EBITDA and then averaging that estimate with similar historical calculations using either a one, two or three year average. For the market capitalization approach, Quanta adds a reasonable control premium, which is estimated as the premium that would be received in a sale of the reporting unit in an orderly transaction between market participants.

The projected cash flows and estimated levels of EBITDA by reporting unit were used to determine fair value under the three approaches discussed herein. The following table presents the significant estimates used by management in determining the fair values of Quanta s reporting units at December 31, 2014, 2013 and 2012:

	Operating Units Providing Predominantly Electric Power and Oil and Gas Infrastructure Services			Operating Unit Providing Fiber Optic Licensing		
	2014	**2013**	**2012**	**2014**	**2013**	**2012**
Years of cash flows before terminal value	5	5	5	15	15	15
Discount rates	12% to 14%	12% to 14%	12% to 13%	12%	12%	12%
EBITDA multiples	5.0 to 6.0	5.0 to 8.0	4.5 to 8.0	9.5	9.5	9.5
Weighting of three approaches:						
Discounted cash flows	70%	70%	70%	90%	90%	90%
Market multiple	15%	15%	15%	5%	5%	5%
Market capitalization	15%	15%	15%	5%	5%	5%

For recently acquired reporting units, a step one impairment test may indicate an implied fair value that is substantially similar to the reporting unit s carrying value. Such similarities in value are generally an indication that management s estimates of future cash flows associated with the recently acquired reporting unit remain relatively consistent with the assumptions that were used to derive its initial fair value.

During the fourth quarter of 2014, a two-step fair-value based goodwill impairment analysis was performed for each of Quanta s reporting units, and no reporting units were evaluated solely on a qualitative basis. The analysis indicated that the implied fair value of each of Quanta s reporting units, other than recently acquired reporting units, was substantially in excess of its carrying value. Following the analysis, management concluded that no impairment was indicated at any reporting unit. As discussed generally above, when evaluating the 2014 step one impairment test results, management considered many factors in determining whether or not an impairment of goodwill for any reporting unit was reasonably likely to occur in future periods, including future market conditions and the economic environment in which Quanta s reporting units were operating. Additionally, management considered the sensitivity of its fair value estimates to changes in certain valuation assumptions and, after giving consideration to at least a 10% decrease in the fair value of each of Quanta s reporting units, the

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results of the assessment at December 31, 2014 did not change. However, circumstances such as market declines, unfavorable economic conditions, the loss of a major customer or other factors could impact the valuation of goodwill in future periods.

The goodwill analysis performed for each reporting unit was based on estimates and industry comparables obtained from the electric power, oil and gas and fiber optic licensing industries, and no impairment was indicated. The 15-year discounted cash flow model used for fiber optic licensing is based on the long-term nature of the underlying fiber optic network licensing agreements.

Quanta assigned a higher weighting to the discounted cash flow approach in all periods to reflect increased expectations of market value being determined from a held and used model. As stated previously, cash flows are derived from budgeted amounts and operating forecasts that have been evaluated by management. In connection with the 2014 assessment, projected annual growth rates by reporting unit varied widely with ranges from 0% to 71% for reporting units in the Electric Power and the Oil and Gas Divisions and 4% to 12% for the reporting unit in the Fiber Optic Licensing Division.

Quanta s intangible assets include customer relationships, backlog, trade names, non-compete agreements, patented rights and developed technology, all subject to amortization, along with other intangible assets not subject to amortization. The value of customer relationships is estimated as of the date a business is acquired based on the value-in-use concept utilizing the income approach, specifically the excess earnings method. The excess earnings analysis consists of discounting to present value the projected cash flows attributable to the customer relationships, with consideration given to customer contract renewals, the importance or lack thereof of existing customer relationships to Quanta s business plan, income taxes and required rates of return. Quanta values backlog for acquired businesses as of the acquisition date based upon the contractual nature of the backlog within each service line, using the income approach to discount back to present value the cash flows attributable to the backlog. The value of trade names is estimated using the relief-from-royalty method of the income approach. This approach is based on the assumption that in lieu of ownership, a company would be willing to pay a royalty in order to exploit the related benefits of this intangible asset.

Quanta amortizes intangible assets based upon the estimated consumption of the economic benefits of each intangible asset, or on a straight-line basis if the pattern of economic benefits consumption cannot otherwise be reliably estimated. Intangible assets subject to amortization are reviewed for impairment and are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For instance, a significant change in business climate or a loss of a significant customer, among other things, may trigger the need for interim impairment testing of intangible assets. An impairment loss would be recognized if the carrying amount of an intangible asset is not recoverable and its carrying amount exceeds its fair value.

Investments in Affiliates and Other Entities

In the normal course of business, Quanta enters into various types of investment arrangements, each having unique terms and conditions. These investments may include equity interests held by Quanta in business entities, including general or limited partnerships, contractual joint ventures, or other forms of equity participation. These investments may also include Quanta s participation in different financing 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. Quanta determines whether such investments involve a variable interest entity (VIE) based on the characteristics of the subject entity. If the entity is determined to be a VIE, then management determines if Quanta is the primary beneficiary of the entity and whether or not consolidation of the VIE is

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required. The primary beneficiary consolidating the VIE must normally have both (i) the power to direct the activities of a VIE that most significantly affect the VIE s economic performance and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE, in either case that could potentially be significant to the VIE. When Quanta is deemed to be the primary beneficiary, the VIE is consolidated and the other party s equity interest in the VIE is accounted for as a non-controlling interest. In cases where Quanta determines that it has an undivided interest in the assets, liabilities, revenues and profits of an unincorporated VIE (e.g., a general partnership interest), such amounts are consolidated on a basis proportional to Quanta s ownership interest in the unincorporated entity.

Investments in entities of which Quanta is not the primary beneficiary, but over which Quanta has the ability to exercise significant influence, are accounted for using the equity method of accounting. Quanta s share of net income or losses from unconsolidated equity investments is included in equity in earnings (losses) of unconsolidated affiliates in the consolidated statements of operations when applicable. 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 an earnings capacity are evaluated in determining whether a loss in value should be recognized. Any impairment losses would be recognized in other expense. Equity method investments are carried at original cost and are included in other assets, net in the consolidated balance sheet and are adjusted for Quanta s proportionate share of the investees income, losses and distributions.

On December 6, 2013, Quanta sold all of its equity ownership interest in Howard Midstream Energy Partners, LLC (HEP) for proceeds of approximately $220.9 million, which resulted in a pre-tax gain of approximately $112.7 million. HEP is engaged in the business of owning, operating and constructing midstream plant and pipeline assets in the oil and gas industry. Quanta held an equity ownership interest of approximately 31% in HEP.

Revenue Recognition

Infrastructure Services Through its Electric Power Infrastructure Services and Oil and Gas Infrastructure Services segments, Quanta designs, installs and maintains networks for customers in the electric power and oil and gas industries. These services may be provided pursuant to master service agreements, repair and maintenance contracts and fixed price and non-fixed price installation contracts. Pricing under these contracts may be competitive unit price, cost-plus/hourly (or time and materials basis) or fixed price (or lump sum basis), and the final terms and prices of these contracts are frequently negotiated with the customer. Under unit-based contracts, the utilization of an output-based measurement is appropriate for revenue recognition. Under these contracts, Quanta recognizes revenue as units are completed based on pricing established between Quanta and the customer for each unit of delivery, which best reflects the pattern in which the obligation to the customer is fulfilled. Under cost-plus/hourly and time and materials type contracts, Quanta recognizes revenue on an input basis, as labor hours are incurred and services are performed.

Revenues from fixed price contracts are recognized using the percentage-of-completion method, measured by the percentage of costs incurred to date to total estimated costs for each contract. These contracts provide for a fixed amount of revenues for the entire project. Such contracts provide that the customer accept completion of progress to date and compensate Quanta for services rendered, which may be measured in terms of units installed, hours expended or some other measure of progress. Contract costs include all direct materials, labor and subcontract costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs and depreciation costs. Much of the material associated with Quanta s work is owner-furnished and

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is therefore not included in contract revenues and costs. The cost estimation process is based on professional knowledge and experience of Quanta s engineers, project managers and financial professionals. Changes in job performance, job conditions and final contract settlements are factors that influence management s assessment of total contract value and the total estimated costs to complete those contracts and therefore Quanta s profit recognition. Changes in these factors may result in revisions to costs and income, and their effects are recognized in the period in which the revisions are determined. These factors are routinely evaluated on a project by project basis throughout the project term, and the impact of corresponding revisions in management s estimates of contract value, contract cost and contract profit are recorded as necessary in the period in which the revisions are determined. Provisions for losses on uncompleted contracts are made in the period in which such losses are determined to be probable and the amount can be reasonably estimated. Quanta s operating results for the year ended December 31, 2014 and 2013 were impacted by less than 5% as a result of changes in contract estimates related to projects that were in progress at December 31, 2013 and 2012.

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

Quanta may incur costs subject to change orders, whether approved or unapproved by the customer, and/or claims related to certain contracts. Quanta determines the probability that such costs will be recovered based upon evidence such as past practices with the customer, specific discussions or preliminary negotiations with the customer or verbal approvals. Quanta treats items as a cost of contract performance in the period incurred if it is not probable that the costs will be recovered or will recognize revenue if it is probable that the contract price will be adjusted and can be reliably estimated.

As of December 31, 2014 and 2013, Quanta had approximately $106.8 million and $75.5 million of change orders and/or claims that had been included as contract price adjustments on certain contracts which were in the process of being negotiated in the normal course of business.

As of December 31, 2013 and throughout most of 2014, Quanta also had previously recognized contract price adjustments related to a change order from the Sunrise Powerlink project of approximately $165 million. In October 2013, PAR initiated arbitration proceedings against SDG&E pursuant to a contractually agreed upon dispute resolution process to collect amounts due for this project. In December 2014, Quanta and SDG&E reached an agreement to settle the arbitration under terms providing for a cash payment by SDG&E in the amount of $65 million, representing the final amount to compensate Quanta/PAR for substantially all of the unpaid portion of costs incurred by Quanta/PAR on the project. As a result, during the third and fourth quarters of 2014, Quanta recorded a provision in the aggregate amount of $102.5 million against the recorded value of this asset. See *Legal Proceedings Sunrise Powerlink Arbitration* in Note 15 for additional information.

These aggregate contract price adjustments represent management s best estimate of additional contract revenues which have been earned and which management believes are probable of collection. The amounts ultimately realized by Quanta upon final acceptance by its customers could be higher or lower than such estimated amounts.

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Fiber Optic Licensing The fiber optic licensing business constructs and licenses the right to use fiber optic telecommunications facilities to its 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 facility, with the facility owned and maintained by Quanta. Revenues, including any initial fees or advance billings, are recognized ratably over the expected length of the agreements, including probable renewal periods. As of December 31, 2014 and 2013, initial fees and advance billings on these licensing agreements not yet recorded in revenue were $56.5 million and $48.8 million and were recognized as deferred revenue, with $48.2 million and $40.2 million considered to be long-term and included in other non-current liabilities. Minimum future licensing revenues expected to be recognized by Quanta pursuant to these agreements at December 31, 2014 were as follows (in thousands):

	Minimum Future Licensing Revenues
Year Ending December 31	
2015	$ 90,549
2016	74,933
2017	62,348
2018	48,950
2019	32,775
Thereafter	124,739
Fixed non-cancelable minimum licensing revenues	$ 434,294

Income Taxes

Quanta follows the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recorded for future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the underlying assets or liabilities are recovered or settled.

Quanta regularly evaluates valuation allowances established for deferred tax assets for which future realization is uncertain. The estimation of required valuation allowances includes estimates of future taxable income. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Quanta considers projected future taxable income and tax planning strategies in making this assessment. If actual future taxable income differs from these estimates, Quanta may not realize deferred tax assets to the extent estimated.

Quanta records reserves for income taxes related to certain tax positions in those instances where Quanta considers it more likely than not that additional taxes may be due in excess of amounts reflected on income tax returns filed. When recording reserves for expected tax consequences of uncertain positions, Quanta assumes that taxing authorities have full knowledge of the position and all relevant facts. Quanta continually reviews exposure to additional tax obligations, and as further information is known or events occur, changes in tax reserves may be recorded. To the extent interest and penalties may be assessed by taxing authorities on any underpayment of income tax, such amounts have been accrued and are classified in the provision for income taxes.

As of December 31, 2014, the total amount of unrecognized tax benefits relating to uncertain tax positions was $51.1 million, an increase from December 31, 2013 of $2.2 million. This increase in unrecognized tax benefits resulted from a $9.2 million increase due to tax positions expected to be taken for 2014 and a $2.4 million increase due to tax positions taken in prior years, partially offset by a $9.4 million decrease due to the

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expiration of certain statute of limitations periods associated with the 2010 tax year. Quanta is currently under examination by the Internal Revenue Service (IRS) for calendar years 2011 and 2012 and remains open to examination by the IRS for tax years 2013 through 2014 as these statute of limitations periods have not yet expired. Additionally, certain subsidiaries are under examination by various U.S. state, Canadian and other foreign tax authorities for multiple periods. Quanta believes it is reasonably possible that within the next 12 months unrecognized tax benefits may decrease by up to $10.3 million as a result of settlement of these examinations or as a result of the expiration of certain statute of limitations periods.

The income tax laws and regulations are voluminous and are often ambiguous. As such, Quanta is required to make many subjective assumptions and judgments regarding its tax positions that could materially affect amounts recognized in its future consolidated balance sheets and statements of operations and comprehensive income.

Earnings Per Share

Basic earnings per share is computed using the weighted average number of common shares outstanding during the period, and diluted earnings per share is computed using the weighted average number of common shares outstanding during the period adjusted for all potentially dilutive common stock equivalents, except in cases where the effect of the common stock equivalents would be antidilutive.

Self-Insurance

Quanta is insured for employer s liability, general liability, auto liability and workers compensation claims. Under these programs, the deductibles for general liability and auto liability were $10.0 million per occurrence, the deductible for workers compensation was $5.0 million per occurrence, and the deductible for employer s liability was $1.0 million per occurrence for the 2014-2015 and the 2013-2014 policy years. For the 2012-2013 policy year, deductibles for general liability, auto liability and workers compensation were $5.0 million per occurrence, and the deductible for employer s liability was $1.0 million per occurrence. Quanta is generally self-insured for all claims that do not exceed the amount of the applicable deductible. Quanta also has 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 Quanta s 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 Quanta s 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.

Collective Bargaining Agreements

Some of Quanta s operating units are parties to various collective bargaining agreements with unions that represent certain of their employees. The collective bargaining agreements expire at various times and have typically been renegotiated and renewed on terms similar to those in the expiring agreements. The agreements require the operating units to pay specified wages, provide certain benefits to their union employees and contribute certain amounts to multi-employer pension plans and employee benefit trusts. Quanta s multi-employer pension plan contribution rates generally are specified in the collective bargaining agreements (usually on an annual basis), and contributions are made to the plans on a pay-as-you-go basis based on its union

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employee payrolls. The location and number of union employees that Quanta employs at any given time and the plans in which they may participate vary depending on the projects Quanta has ongoing at that time and the need for union resources in connection with those projects. Therefore, Quanta is unable to accurately predict the union employee payroll and the amount of the resulting multi-employer pension plan contribution obligation for future periods.

Stock-Based Compensation

Quanta recognizes compensation expense for restricted stock, restricted stock units (RSUs) and performance units to be settled in common stock based on the fair value of the awards granted at the date of grant, net of estimated forfeitures. The fair value of restricted stock awards, RSUs and performance units to be settled in common stock is determined based on the number of shares or RSUs or performance units granted and the closing price of Quanta s common stock on the date of grant. An estimate of future forfeitures is required in determining the period expense. Quanta uses historical data to estimate the forfeiture rate; however, these estimates are subject to change and may impact the value that will ultimately be realized as compensation expense. The resulting compensation expense from discretionary awards is recognized on a straight-line basis over the requisite service period, which is generally the vesting period, while compensation expense from performance-based awards is recognized using the graded vesting method over the requisite service period. Restricted stock awards, RSUs and performance units to be settled in common stock are subject to forfeiture, restrictions on transfer and certain other conditions until vesting. During the restriction period, holders of restricted stock are entitled to vote and receive dividends on such shares. The cash flows resulting from the tax deductions in excess of the compensation expense recognized for restricted stock, RSUs and performance units to be settled in common stock and stock options (excess tax benefit) are classified as financing cash flows.

Compensation expense associated with liability based awards, such as RSUs that are expected to be settled in cash, is recognized based on a remeasurement of the fair value of the award at the end of each reporting period. RSUs to be settled in cash are intended to provide the holders with cash performance incentives that are substantially equivalent to the risks and rewards of equity ownership in Quanta. RSUs to be settled in cash typically vest in equal installments over a two-year or three-year period following the date of grant and are subject to forfeiture under certain conditions, primarily termination of service. Upon vesting of RSUs to be settled in cash, the holders receive for each vested RSU an amount in cash equal to the fair market value on the vesting date of one share of Quanta common stock, as specified in the applicable award agreement.

Functional Currency and Translation of Financial Statements

The U.S. dollar is the functional currency for the majority of Quanta s operations, which are primarily located within the United States. The functional currency for Quanta s foreign operations, which are primarily located in Canada and Australia, is typically the currency of the country in which the foreign operating unit is located. Generally, the currency in which the operating unit transacts the majority of its activities, including billings, financing, payroll and other expenditures, would be considered the functional currency. The treatment of foreign currency translation gains or losses is dependent upon management s determination of the functional currency of each operating unit, which involves consideration of all relevant economic facts and circumstances affecting the operating unit. In preparing the consolidated financial statements, Quanta translates the financial statements of its foreign operating units from their functional currency into U.S. dollars. Statements of operations, comprehensive income (loss) and cash flows are translated at average monthly rates, while balance sheets are translated at month-end exchange rates. This results in translation gains or losses, which are included as a separate component of equity under the caption Accumulated other comprehensive income (loss). Gains and losses arising from transactions which are not denominated in the operating units functional currencies are included within other income (expense) in the statements of operations.

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Derivatives

From time to time, Quanta enters into forward currency contracts that qualify as derivatives in order to hedge the risks associated with fluctuations in foreign currency exchange rates related to certain forecasted foreign currency denominated transactions. Quanta does not enter into derivative transactions for speculative purposes; however, for accounting purposes, certain transactions may not meet the criteria for cash flow hedge accounting. For a hedge to qualify for cash flow hedge accounting treatment, a hedge must be documented at the inception of the contract, with the objective and strategy stated, along with an explicit description of the methodology used to assess hedge effectiveness. The dates (or periods) for the expected forecasted events and the nature of the exposure involved (including quantitative measures of the size of the exposure) must also be documented. At the inception of the hedge and on an ongoing basis, the hedge must be deemed to be highly effective at minimizing the risk of the identified exposure. Effectiveness measures relate the gains or losses of the derivative to changes in the cash flows associated with the hedged item, and the forecasted transaction must be probable of occurring.

For forward contracts that qualify as cash flow hedges, Quanta accounts for the change in fair value of the forward contracts directly in equity as part of accumulated other comprehensive income (loss). Any ineffective portion of cash flow hedges is recognized in earnings in the period in which ineffectiveness occurs. For instance, if a forward contract is discontinued as a cash flow hedge because it is probable that the original forecasted transaction will not occur by the end of the originally specified time period, the related amounts in accumulated other comprehensive income (loss) would be reclassified to other income (expense) in the consolidated statement of operations in the period such determination is made. When a forecasted transaction occurs, the portion of the accumulated gain or loss applicable to the forecasted transaction is reclassified from equity to earnings. Changes in fair value related to transactions that do not meet the criteria for cash flow hedge accounting are recorded in the consolidated statements of operations and are included in other income (expense).

Comprehensive Income

Components of comprehensive income include all changes in equity during a period except those resulting from changes in Quanta s capital related accounts. Quanta records other comprehensive income (loss), net of tax, for foreign currency translation adjustments related to its foreign operations and for other revenues, expenses, gains and losses that are included in comprehensive income but excluded from net income.

Litigation Costs and Reserves

Quanta records reserves when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. Costs incurred for litigation are expensed as incurred. Further details are presented in Note 15.

Fair Value Measurements

The carrying values of cash equivalents, accounts receivable, accounts payable and accrued expenses approximate fair value due to the short-term nature of these instruments. The carrying value of variable rate debt also approximates fair value. For disclosure purposes, qualifying assets and liabilities are categorized into three broad levels based on the priority of the inputs used to determine their fair values. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). All of Quanta s cash equivalents were categorized as Level 1 assets at December 31, 2014 and 2013, as all values were based on unadjusted quoted prices for identical assets in an active market that Quanta has the ability to access.

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In connection with Quanta s acquisitions, identifiable intangible assets acquired include goodwill, backlog, customer relationships, trade names, covenants not-to-compete, patented rights and developed technology. Quanta utilizes the fair value premise as the primary basis for its valuation procedures, which is a market-based approach to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Quanta periodically engages the services of an independent valuation firm when a new business is acquired to assist management with this valuation process, including assistance with the selection of appropriate valuation methodologies and the development of market-based valuation assumptions. Based on these considerations, management utilizes various valuation methods, including an income approach, a market approach and a cost approach, to determine the fair value of intangible assets acquired based on the appropriateness of each method in relation to the type of asset being valued. The assumptions used in these valuation methods are analyzed and compared, where possible, to available market data, such as industry-based weighted average costs of capital and discount rates, trade name royalty rates, public company valuation multiples and recent market acquisition multiples. The level of inputs used for these fair value measurements is the lowest level (Level 3). Quanta believes that these valuation methods appropriately represent the methods that would be used by other market participants in determining fair value.

Quanta uses fair value measurements on a routine basis in its assessment of assets classified as goodwill, other intangible assets and long-lived assets held and used. In accordance with its annual impairment test during the quarter ended December 31, 2014, the carrying amounts of such assets, including goodwill, were compared to their fair values. The inputs used for fair value measurements for goodwill, other intangible assets and long-lived assets held and used are the lowest level (Level 3) inputs, and Quanta uses the assistance of third party specialists to develop valuation assumptions.

Quanta also uses fair value measurements in connection with the valuation of its investments in private company equity interests and financing instruments. These valuations require significant management judgment due to the absence of quoted market prices, the inherent lack of liquidity and the long-term nature of such assets. Typically, the initial costs of these investments are considered to represent fair market value, as such amounts are negotiated between willing market participants. On a quarterly basis, Quanta performs an evaluation of its investments to determine if an other-than-temporary decline in the value of each investment has occurred and whether the recorded amount of each investment will be realizable. If an other-than-temporary decline in the value of an investment occurs, a fair value analysis would be performed to determine the degree to which the investment was impaired and a corresponding charge to earnings would be recorded during the period. These types of fair market value assessments are similar to other nonrecurring fair value measures used by Quanta, which include the use of significant judgment and available relevant market data. Such market data may include observations of the valuation of comparable companies, risk adjusted discount rates and an evaluation of the expected performance of the underlying portfolio asset, including historical and projected levels of profitability or cash flows. In addition, a variety of additional factors may be reviewed by management, including, but not limited to, contemporaneous financing and sales transactions with third parties, changes in market outlook and the third-party financing environment.

3. NEW ACCOUNTING PRONOUNCEMENTS:

Adoption of New Accounting Pronouncements

On January 1, 2014, Quanta adopted an update that provides guidance on the balance sheet presentation of an unrecognized tax benefit when a net operating loss carryforward, similar tax loss, or tax credit carryforward exists as of the reporting date. The update is effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013. The adoption of this standard did not have a material effect on Quanta s consolidated financial statements.

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QUANTA SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Accounting Standards Not Yet Adopted

In April 2014, the FASB issued an update that changes the requirement for reporting discontinued operations. A disposal of a component of an entity or a group of components of an entity will be required to be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity s operations and financial results when the entity or group of components of an entity meets the criteria to be classified as held for sale or when it is disposed of by sale or other than by sale. The update also requires additional disclosures about discontinued operations, a disposal of an individually significant component of an entity that does not qualify for discontinued operations presentation in the financial statements, and an entity s significant continuing involvement with a discontinued operation. The update is effective prospectively for fiscal years beginning on or after December 15, 2014, including interim periods within that year. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in previously issued financial statements. Quanta adopted this guidance effective January 1, 2015. This guidance will impact the disclosure and presentation of how Quanta reports any future disposals of components or groups of components of its business.

In May 2014, the FASB issued an update that supersedes most current revenue recognition guidance as well as some cost recognition guidance. The update requires that an entity recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This update also requires new qualitative and quantitative disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments, information about contract balances and performance obligations, and assets recognized from costs incurred to obtain or fulfill a contract. For public entities, the update is effective for fiscal years beginning on or after December 15, 2016, including interim periods within that year. The guidance can be applied on a full retrospective or modified retrospective basis whereby the entity records a cumulative effect of initially applying this update at the date of initial application, and early adoption is not permitted. Quanta is currently evaluating the potential impact of this authoritative guidance on its consolidated financial statements and is planning to adopt this guidance effective January 1, 2017.

In August 2014, the FASB issued guidance to address the diversity in practice in determining when there is substantial doubt about an entity s ability to continue as a going concern and when and how an entity must disclose certain relevant conditions and events. This update requires an entity to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity s ability to continue as a going concern for a period of one year after the date that the financial statements are issued (or available to be issued). If such conditions or events exist, an entity should disclose that there is substantial doubt about the entity s ability to continue as a going concern for a period of one year after the date that the financial statements are issued (or available to be issued), along with the principal conditions or events that raise substantial doubt, management s evaluation of the significance of those conditions or events in relation to the entity s ability to meet its obligations and management s plans that are intended to mitigate those conditions or events. The guidance is effective for annual and interim periods ending after December 15, 2016. This guidance will impact the disclosure and presentation of how Quanta reports any substantial doubt about its ability to continue as a going concern, if such substantial doubt were to exist. Quanta will adopt this guidance effective January 1, 2017.

In February 2015, the FASB issued an update which amends existing consolidation guidance, including amending the guidance related to determining whether an entity is a variable interest entity. The update is effective for interim and annual periods beginning after December 15, 2015, although early adoption is permitted. The guidance may be applied using a modified retrospective approach whereby the entity records a cumulative effect of adoption at the beginning of the fiscal year of initial application. A reporting entity may also

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apply the amendments on a full retrospective basis. Quanta is currently evaluating the potential impact of this authoritative guidance on its consolidated financial statements.

4. DISCONTINUED OPERATIONS:

On December 3, 2012, Quanta sold substantially all of its domestic telecommunications infrastructure services operations and related subsidiaries for net proceeds of approximately $265.0 million. Quanta recognized a pre-tax gain of approximately $18.0 million and a corresponding tax expense of approximately $32.2 million, which resulted in a loss on the sale, net of tax, of $14.2 million in the fourth quarter of 2012. Quanta has presented the results of operations, financial position and cash flows of such telecommunications subsidiaries as discontinued operations in the accompanying consolidated financial statements. The results of operations of these telecommunications subsidiaries were previously included primarily in the Telecommunications Infrastructure Services segment.

Summarized financial information for discontinued operations is shown below (in thousands):

	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012
Revenues	$	$	$ 493,233
Income (loss) from discontinued operations before taxes	$ (1,014)	$	$ 46,576
Gain on disposal of discontinued operations before taxes			17,962
(Provision) benefit for income taxes	387		(47,603)
Income (loss) from discontinued operations, net of taxes	$ (627)	$	$ 16,935

In connection with the sale of the telecommunications operations, Quanta remained liable for all income related taxes and insured claims against the subsidiaries outstanding or arising as of December 3, 2012. Additionally, Quanta accelerated the vesting of unvested shares of restricted stock held by certain employees of the disposed telecommunications subsidiaries on December 3, 2012, the closing date of the sale. Accordingly, Quanta recorded incremental expense related to this accelerated vesting of $3.7 million during the fourth quarter of 2012. This incremental expense is included in income from discontinued operations, net of taxes in the accompanying consolidated statement of operations for the year ended December 31, 2012.

During the year ended December 31, 2014, legal fees of $1.0 million were accrued related to an ongoing legal matter. See *Legal Proceedings Lorenzo Benton v. Telecom Network Specialists, Inc., et al.* in Note 15 for additional information.

5. ACQUISITIONS:

2014 Acquisitions

During 2014, Quanta completed nine acquisitions, which enabled Quanta to further enhance its electric power and oil and gas infrastructure service offerings in the United States and Canada and expand its 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 Quanta s Oil and Gas Infrastructure Services segment;

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QUANTA SERVICES, INC. AND SUBSIDIARIES

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and a geotechnical and geological engineering services company based in the United States that is generally included in Quanta s 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, Quanta 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. The 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 Quanta s consolidated financial statements beginning on the respective dates of acquisition.

Quanta is in the process of finalizing its assessments of the fair values of acquired assets and assumed liabilities related to the third and fourth quarter 2014 acquisitions, and further adjustments to the purchase price allocations may occur. Quanta expects to complete the purchase accounting process as soon as practicable but no later than one year from the respective acquisition dates. The aggregate purchase consideration related to the third and fourth quarter 2014 acquisitions was preliminarily allocated to acquired assets and assumed liabilities, which resulted in a preliminary allocation of approximately $106.9 million of net tangible assets, $116.1 million of goodwill and $73.9 million of other intangible assets.

2013 Acquisitions

During 2013, Quanta acquired six businesses, which enabled Quanta to further enhance its electric power infrastructure and oil and gas infrastructure service offerings in the United States, Canada and Australia. The aggregate consideration paid for these acquisitions consisted of approximately $341.1 million in cash and 3,547,482 shares of Quanta common stock valued, as of the respective dates of issuance, at approximately $88.9 million. The results for each company have been included in Quanta s consolidated financial statements beginning on the respective dates of acquisition.

2012 Acquisitions

During 2012, Quanta acquired four businesses, which enabled Quanta to expand its electric power infrastructure services in Canada and its electric power infrastructure services and oil and gas infrastructure service offerings in the U.S. The aggregate consideration for these acquisitions consisted of approximately $57.5 million in cash, 1,927,113 shares of Quanta common stock valued at approximately $37.3 million, as of the respective dates of acquisition, and the repayment of $11.0 million in debt. The results for each company have been included in Quanta s consolidated financial statements beginning on the respective dates of acquisition.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2014, 2013 and 2012 Acquisitions

The following table summarizes the aggregate consideration paid or payable as of December 31, 2014 for the 2014 and 2013 acquisitions and presents the allocation of these amounts to the net tangible and identifiable intangible assets based on their estimated fair values as of the respective acquisition dates. This allocation requires a significant use of estimates and is based on information that was available to management at the time these consolidated financial statements were prepared (in thousands).

	2014	2013
Consideration:		
Value of Quanta common stock and exchangeable shares issued	$ 134,538	$ 88,895
Cash paid or payable	284,312	341,064
Fair value of total consideration transferred	$ 418,850	$ 429,959
Current assets	$ 172,298	$ 193,895
Property and equipment	159,186	60,988
Other assets	3,500	1,009
Identifiable intangible assets	96,302	55,124
Current liabilities	(144,252)	(127,430)
Deferred tax liabilities, net	(37,743)	(4,083)
Other long-term liabilities	(4,926)	(5,350)
Total identifiable net assets	244,365	174,153
Goodwill	174,485	255,806
	$ 418,850	$ 429,959

The fair value of current assets acquired in 2014 included accounts receivable with a fair value of $117.0 million. The fair value of current assets acquired in 2013 included accounts receivable with a fair value of $83.9 million.

Goodwill represents the excess of the purchase price over the net amount of the fair values assigned to assets acquired and liabilities assumed. The 2014, 2013 and 2012 acquisitions strategically expanded Quanta s Canadian, Australian and domestic electric power and oil and gas service offerings, which Quanta believes contributes to the recognition of the goodwill. In connection with the 2014 acquisitions, goodwill of $71.5 million was recorded for reporting units included within Quanta s Electric Power Division and $103.0 million was recorded for reporting units included within Quanta s Oil and Gas Infrastructure Division on the dates of acquisition. In connection with the 2013 acquisitions, goodwill of $112.5 million was recorded for reporting units included within Quanta s Electric Power Division and $143.3 million was recorded for reporting units included within Quanta s Oil and Gas Infrastructure Division on the dates of acquisition. In connection with the 2012 acquisitions, goodwill of $57.5 million was recorded for reporting units included within Quanta s Electric Power Division and $7.3 million was recorded for the reporting unit included within Quanta s Oil and Gas Infrastructure Division on the dates of acquisition. Goodwill of approximately $30.1 million and $213.6 million is expected to be deductible for income tax purposes related to the businesses acquired in 2014 and 2013.

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The following table summarizes the estimated fair values of identifiable intangible assets and the related weighted average amortization periods by type as of the respective acquisition dates for the 2014 acquisitions (in thousands, except for weighted average amortization periods, which are in years).

	Estimated Fair Value at Acquisition Date	Weighted Average Amortization Period at Acquisition Date
Customer relationships	$ 65,243	12.2
Backlog	17,059	1.1
Trade names	10,436	9.7
Non-compete agreements	3,160	5.0
Patented rights and developed technology	404	10.0
Total intangible assets subject to amortization acquired in 2014 acquisitions	$ 96,302	9.7

The unaudited supplemental pro forma results of operations have been provided for illustrative purposes only and do not purport to be indicative of the actual results that would have been achieved by the combined companies for the periods presented or that may be achieved by the combined companies in the future. Future results may vary significantly from the results reflected in the following pro forma financial information because of future events and transactions, as well as other factors (in thousands, except per share amounts):

	Year Ended December 31,		
	2014	2013	2012
Revenues	$ 8,391,061	$ 7,740,575	$ 6,477,648
Gross profit	$ 1,267,778	$ 1,254,211	$ 1,060,370
Selling, general and administrative expenses	$ 737,488	$ 579,818	$ 478,184
Amortization of intangible assets	$ 43,658	$ 52,405	$ 52,339
Net income from continuing operations	$ 322,358	$ 481,263	$ 344,925
Net income from continuing operations attributable to common stock	$ 303,990	$ 461,875	$ 328,898
Earnings per share from continuing operations attributable to common stock basic and diluted	$ 1.37	$ 2.08	$ 1.52

The pro forma combined results of operations for the years ended December 31, 2014 and 2013 have been prepared by adjusting the historical results of Quanta to include the historical results of the 2014 acquisitions as if they occurred January 1, 2013. The pro forma combined results of operations for the year ended December 31, 2013 have also been prepared by adjusting the historical results of Quanta to include the historical results of the 2013 acquisitions as if they occurred January 1, 2012. The pro forma combined results of operations for the year ended December 31, 2012 have been prepared by adjusting the historical results of Quanta to include the historical results of the 2013 acquisitions as if they occurred January 1, 2012 and the historical results of the 2012 acquisitions as if it occurred January 1, 2011. These pro forma combined historical results were then adjusted for the following: a reduction of interest expense as a result of the repayment of outstanding indebtedness, a reduction of interest income as a result of the cash consideration paid net of cash received, an increase in amortization expense due to the incremental intangible assets recorded related to the 2014, 2013 and 2012 acquisitions, an increase or decrease in depreciation expense within cost of services related to the net impact of adjusting acquired property and equipment to the acquisition date fair value and conforming depreciable lives with Quanta s accounting policies, an increase in the number of outstanding shares of Quanta common stock and certain reclassifications to conform the acquired companies presentation to Quanta s accounting policies. The pro forma results of operations do not include any adjustments to eliminate the impact of acquisition related costs or any cost savings or other synergies that may result from the 2014, 2013 and 2012 acquisitions. As noted

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

above, the pro forma results of operations do not purport to be indicative of the actual results that would have been achieved by the combined company for the periods presented or that may be achieved by the combined company in the future.

Revenues of approximately $314.1 million and income from continuing operations before income taxes of approximately $3.4 million, which included $11.6 million of acquisition costs, were included in Quanta s consolidated results of operations for the year ended December 31, 2014 related to the nine 2014 acquisitions following their respective dates of acquisition. Additionally, revenues of approximately $251.3 million and income from continuing operations before income taxes of approximately $18.2 million are included in Quanta s consolidated results of operations for the year ended December 31, 2013 related to the six 2013 acquisitions following their respective dates of acquisition. Additionally, revenues of approximately $125.7 million and income from continuing operations before income taxes of approximately $6.2 million are included in Quanta s consolidated results of operations for the year ended December 31, 2012 related to the four 2012 acquisitions following their respective dates of acquisition.

6. GOODWILL AND OTHER INTANGIBLE ASSETS:

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

	Electric Power Division	Oil and Gas Infrastructure Division	Fiber Optic Licensing Division	Total
Goodwill balance at December 31, 2012	$ 1,065,152	$ 137,703	$ 334,790	$ 1,537,645
Goodwill acquired during 2013	112,549	143,257		255,806
Foreign currency translation adjustment related to goodwill	(9,617)	(3,117)		(12,734)
Goodwill balance at December 31, 2013	1,168,084	277,843	334,790	1,780,717
Goodwill acquired during 2014	71,517	102,968		174,485
Foreign currency translation adjustment related to goodwill	(16,377)	(7,340)		(23,717)
Goodwill balance at December 31, 2014	$ 1,223,224	$ 373,471	$ 334,790	$ 1,931,485

As described in Note 2, Quanta s operating units are organized into one of Quanta s three internal divisions and, accordingly, Quanta s goodwill associated with each of its operating units has been aggregated on a divisional basis and reported in the table above. These divisions are closely aligned with Quanta s reportable segments based on the predominant type of work performed by the operating units within the divisions. From time to time, operating units may be reorganized among Quanta s internal divisions, as Quanta periodically re-evaluates strategies to better align its operations as business environments evolve.

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Quanta s intangible assets subject to amortization and the remaining weighted average amortization periods related to such assets were as follows (in thousands except for weighted average amortization periods, which are in years):

	As of December 31, 2014			As of December 31, 2013			As of December 31, 2014
	Intangible Assets	Accumulated Amortization	Intangible Assets, Net	Intangible Assets	Accumulated Amortization	Intangible Assets, Net	Remaining Weighted Average Amortization Period in Years
Customer relationships	$ 257,380	$ (74,289)	$ 183,091	$ 199,224	$ (59,417)	$ 139,807	10.2
Backlog	151,404	(138,460)	12,944	136,831	(127,233)	9,598	1.3
Trade names	49,664	(6,278)	43,386	40,342	(4,228)	36,114	20.0
Non-compete agreements	31,430	(25,136)	6,294	28,895	(22,860)	6,035	3.4
Patented rights and developed technology	22,073	(11,695)	10,378	21,440	(9,617)	11,823	4.6
Total intangible assets subject to amortization	$ 511,951	$ (255,858)	$ 256,093	$ 426,732	$ (223,355)	$ 203,377	11.0

Additionally, Quanta had $4.5 million of intangible assets not subject to amortization at December 31, 2014 and 2013.

Amortization expense for intangible assets was $35.9 million, $27.5 million and $37.7 million for the years ended December 31, 2014, 2013 and 2012, respectively. The estimated future aggregate amortization expense of intangible assets as of December 31, 2014 is set forth below (in thousands):

For the Fiscal Year Ending December 31,	
2015	$ 34,823
2016	28,430
2017	24,553
2018	24,277
2019	23,508
Thereafter	120,502
Total	$ 256,093

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7. PER SHARE INFORMATION:

Basic earnings per share is computed using the weighted average number of common shares outstanding during the period, and diluted earnings per share is computed using the weighted average number of common shares outstanding during the period adjusted for all potentially dilutive common stock equivalents, except in cases where the effect of the common stock equivalent would be antidilutive. The amounts used to compute the basic and diluted earnings per share for the years ended December 31, 2014, 2013 and 2012 are illustrated below (in thousands):

	Year Ended December 31,		
	2014	**2013**	**2012**
Amounts Attributable to Common Stock:			
Net income from continuing operations	$ 297,341	$ 401,921	$ 289,694
Net income (loss) from discontinued operations	(627)		16,935
Net income attributable to common stock	$ 296,714	$ 401,921	$ 306,629
Weighted Average Shares:			
Weighted average shares outstanding for basic earnings per share	219,668	214,929	212,777
Effect of dilutive stock options	22	49	58
Weighted average shares outstanding for diluted earnings per share	219,690	214,978	212,835

For purposes of calculating diluted earnings per share, there were no adjustments required to derive Quanta s net income attributable to common stock. Outstanding exchangeable shares that were issued pursuant to certain of Quanta s historical acquisitions (as further discussed in Note 11), which are exchangeable on a one-for-one basis with shares of Quanta common stock, have been included in weighted average shares outstanding for basic and diluted earnings per share for the years ended December 31, 2014, 2013 and 2012 for the portion of the respective periods that they were outstanding.

8. DETAIL OF CERTAIN BALANCE SHEET ACCOUNTS:

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

	December 31,	
	2014	**2013**
Balance at beginning of year	$ 5,215	$ 5,447
Charged to bad debt expense and provision for long-term contract receivable	103,871	3,236

Deductions for uncollectible receivables written off, net of recoveries	(102,912)	(3,468)
Balance at end of year	$ 6,174	$ 5,215

Included in the 2014 amounts charged and written off was the $102.5 million charge to long-term contract receivable and subsequent write-off related to the Sunrise Powerlink project. See *Current and Long-Term Accounts and Notes Receivable and Allowance for Doubtful Accounts* in Note 2 for more information.

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Contracts in progress were as follows (in thousands):

	December 31, 2014	December 31, 2013
Costs incurred on contracts in progress	$ 6,603,351	$ 6,152,507
Estimated earnings, net of estimated losses	1,111,657	943,090
	7,715,008	7,095,597
Less Billings to date	(7,675,674)	(7,121,225)
	$ 39,334	$ (25,628)
Costs and estimated earnings in excess of billings on uncompleted contracts	$ 290,447	$ 213,478
Less Billings in excess of costs and estimated earnings on uncompleted contracts	(251,113)	(239,106)
	$ 39,334	$ (25,628)

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

	Estimated Useful Lives in Years	December 31, 2014	December 31, 2013
Land	N/A	$ 40,657	$ 30,743
Buildings and leasehold improvements	5-30	95,058	77,939
Operating equipment and vehicles	5-25	1,460,121	1,199,807
Fiber optic and related assets	5-20	431,690	377,551
Office equipment, furniture and fixtures and information technology systems	3-15	122,914	107,477
Construction work in progress	N/A	69,233	44,030
		2,219,673	1,837,547
Less Accumulated depreciation and amortization		(739,545)	(631,939)
Property and equipment, net		$ 1,480,128	$ 1,205,608

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

	December 31, 2014	December 31, 2013
Accounts payable, trade	$ 487,790	$ 412,601
Accrued compensation and related expenses	166,331	163,000
Accrued insurance, current portion	49,309	44,608
Current deferred taxes	31,014	16,424
Deferred revenues, current portion	21,309	22,764
Income and franchise taxes payable	20,946	74,499
Other accrued expenses	100,637	68,284
	$ 877,336	$ 802,180

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9. DEBT OBLIGATIONS:

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

	December 31, 2014	2013
Borrowings under credit facility	$ 68,793	$
Other long-term debt, interest rates ranging from 1.4% to 4.3%	6,370	
Capital leases, interest rates ranging from 6.0% to 7.3%	1,146	2,234
Total long-term debt obligations	76,309	2,234
Less Current maturities of long-term debt	3,820	1,181
Total long-term debt obligations, net of current maturities	$ 72,489	$ 1,053

Quanta s current maturities of long-term debt and short-term borrowings consisted of the following (in thousands):

	December 31, 2014	2013
Short-term borrowings	$ 5,056	$
Current maturities of long-term debt	3,820	1,181
Current maturities of long-term debt and short-term borrowings	$ 8,876	$ 1,181

Credit Facility

On October 30, 2013, Quanta entered into an amended and restated credit agreement with various lenders that provides for a $1.325 billion senior secured revolving credit facility maturing October 30, 2018. The entire amount available may be used for revolving loans and letters of credit in U.S. dollars. Up to $400.0 million may be used for revolving loans and letters of credit in certain currencies other than U.S. dollars. Swing line loans are limited to $50.0 million in U.S. dollars, $30.0 million in Canadian dollars and $20.0 million in Australian dollars. In addition, subject to the conditions specified in the credit agreement, Quanta has the option to increase the revolving commitments by up to $300.0 million from time to time upon receipt of additional commitments from new or existing lenders. Borrowings under the credit agreement are to be used to refinance existing indebtedness and for working capital, capital expenditures and other general corporate purposes.

As of December 31, 2014, Quanta had approximately $336.7 million of outstanding letters of credit and bank guarantees, $225.1 million of which was denominated in U.S. dollars and $111.6 million of which was denominated in Australian or Canadian dollars, and $68.8 million of outstanding borrowings under the credit facility, all of which was denominated in Canadian dollars. The remaining $919.5 million was available for borrowings or issuing new letters of credit or bank guarantees. Information on borrowings under Quanta s current and prior credit facility and the applicable interest rates during the years ended December 31, 2014 and 2013 is as follows (dollars in thousands):

	Year Ended December 31,	
	2014	**2013**
Maximum amount outstanding during the period	$ 130,856	$ 161,920
Average daily amount outstanding under the credit facility	$ 29,814	$ 14,482
Weighted-average interest rate	2.71%	2.12%

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Effective April 1, 2014, amounts borrowed under the credit agreement in U.S. dollars bear interest, at Quanta s option, at a rate equal to either (i) the Eurocurrency Rate (as defined in the credit agreement) plus 1.125% to 2.125%, as determined based on Quanta s Consolidated Leverage Ratio (as described below), or (ii) the Base Rate (as described below) plus 0.125% to 1.125%, as determined based on Quanta s Consolidated Leverage Ratio. Amounts borrowed as revolving loans under the credit agreement in any currency other than U.S. dollars bear interest at a rate equal to the Eurocurrency Rate plus 1.125% to 2.125%, as determined based on Quanta s Consolidated Leverage Ratio. Standby letters of credit issued under the credit agreement are subject to a letter of credit fee of 1.125% to 2.125%, based on Quanta s Consolidated Leverage Ratio, and Performance Letters of Credit (as defined in the credit agreement) issued under the credit agreement in support of certain contractual obligations are subject to a letter of credit fee of 0.675% to 1.275%, based on Quanta s Consolidated Leverage Ratio. Quanta is also subject to a commitment fee of 0.20% to 0.40%, based on its Consolidated Leverage Ratio, on any unused availability under the credit agreement.

Prior to April 1, 2014, amounts borrowed under the credit agreement in U.S. dollars bore interest, at Quanta s option, at a rate equal to either (i) the Eurocurrency Rate plus 1.25%, or (ii) the Base Rate plus 0.25%. Amounts borrowed as revolving loans under the credit agreement in any currency other than U.S. dollars bore interest at a rate equal to the Eurocurrency Rate plus 1.25%. Standby letters of credit issued under the credit agreement were subject to a letter of credit fee of 1.25%, and Performance Letters of Credit issued under the credit agreement in support of certain contractual obligations were subject to a letter of credit fee of 0.75%. Quanta was also subject to a commitment fee of 0.20% on any unused availability under the credit agreement.

The Consolidated Leverage Ratio is the ratio of Quanta s Consolidated Funded Indebtedness to Consolidated EBITDA (as those terms are defined in the credit agreement). For purposes of calculating Quanta s Consolidated Leverage Ratio, Consolidated Funded Indebtedness is reduced by available cash and Cash Equivalents (as defined in the credit agreement) in excess of $25.0 million. The Base Rate equals the highest of (i) the Federal Funds Rate (as defined in the credit agreement) plus 0.5%, (ii) the prime rate publicly announced by Bank of America, N.A. and (iii) the Eurocurrency Rate plus 1.00%.

Subject to certain exceptions, the credit agreement is secured by substantially all the assets of Quanta and Quanta s wholly owned U.S. subsidiaries and by a pledge of all of the capital stock of Quanta s wholly owned U.S. subsidiaries and 65% of the capital stock of direct foreign subsidiaries of Quanta s wholly owned U.S. subsidiaries. Quanta s wholly owned U.S. subsidiaries also guarantee the repayment of all amounts due under the credit agreement. Subject to certain conditions, all collateral will automatically be released from the liens at any time Quanta maintains an Investment Grade Rating (defined in the credit agreement as two of the following three conditions being met: (i) a corporate credit rating that is BBB- or higher by Standard & Poor s Rating Services, (ii) a corporate family rating that is Baa3 or higher by Moody s Investors Services, Inc. or (iii) a corporate credit rating that is BBB- or higher by Fitch Ratings, Inc.).

The credit agreement contains certain covenants, including a maximum Consolidated Leverage Ratio and a minimum Consolidated Interest Coverage Ratio (as such terms are defined in the credit agreement). The credit agreement also limits certain acquisitions, mergers and consolidations, indebtedness, asset sales and prepayments of indebtedness and, subject to certain exceptions, prohibits liens on Quanta s assets. The credit agreement allows cash payments for dividends and stock repurchases subject to compliance with the following requirements (after giving effect to the dividend or stock repurchase): (i) no default or event of default under the credit agreement; (ii) continued compliance with the financial covenants in the credit agreement; and (iii) at least $100 million of availability under the credit agreement and/or cash and cash equivalents on hand. As of December 31, 2014, Quanta was in compliance with all of the covenants in the credit agreement.

The credit agreement provides for customary events of default and contains cross-default provisions with Quanta s underwriting, continuing indemnity and security agreement with its sureties and all other debt

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

instruments exceeding $75.0 million in borrowings or availability. If an Event of Default (as defined in the credit agreement) occurs and is continuing, on the terms and subject to the conditions set forth in the credit agreement, the lenders may declare all amounts outstanding and accrued and unpaid interest immediately due and payable, require that Quanta provide cash collateral for all outstanding letter of credit obligations, terminate the commitments under the credit agreement, and foreclose on the collateral.

Prior to amendment and restatement of the credit agreement on October 30, 2013, Quanta s credit agreement provided for a $700.0 million senior secured revolving credit facility. Borrowings were used to refinance existing indebtedness and for working capital, capital expenditures and other general corporate purposes. Amounts borrowed in U.S. dollars bore interest, at Quanta s option, at a rate equal to either (a) the Eurocurrency Rate (as defined in the credit agreement) plus 1.25% to 2.50%, as determined based on Quanta s Consolidated Leverage Ratio (as described below), plus, if applicable, any Mandatory Cost (as defined in the credit agreement) required to compensate lenders for the cost of compliance with certain European regulatory requirements, or (b) the Base Rate (as described below) plus 0.25% to 1.50%, as determined based on Quanta s Consolidated Leverage Ratio. Amounts borrowed in any currency other than U.S. dollars bore interest at a rate equal to the Eurocurrency Rate plus 1.25% to 2.50%, as determined based on Quanta s Consolidated Leverage Ratio, plus, if applicable, any Mandatory Cost. Standby letters of credit issued under the credit agreement were subject to a letter of credit fee of 1.25% to 2.50%, based on Quanta s Consolidated Leverage Ratio, and Performance Letters of Credit (as defined in the credit agreement) issued under the credit agreement in support of certain contractual obligations were subject to a letter of credit fee of 0.75% to 1.50%, based on Quanta s Consolidated Leverage Ratio. Quanta was also subject to a commitment fee of 0.20% to 0.45%, based on Quanta s Consolidated Leverage Ratio, on any unused availability under the credit agreement. The Consolidated Leverage Ratio was the ratio of Quanta s total funded debt to Consolidated EBITDA (as those terms are defined in the credit agreement). For purposes of calculating both the Consolidated Leverage Ratio and the maximum senior debt to Consolidated EBITDA ratio discussed above, total funded debt and total senior debt were reduced by all unrestricted cash and Cash Equivalents (as defined in the credit agreement) held by Quanta in excess of $25.0 million. The Base Rate equaled the highest of (i) the Federal Funds Rate (as defined in the credit agreement) plus 0.5%, (ii) the prime rate publicly announced by Bank of America, N.A. and (iii) the Eurocurrency Rate plus 1.00%.

10. INCOME TAXES:

The components of income from continuing operations before income taxes were as follows (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Income from continuing operations before income taxes:			
Domestic	$ 309,875	$ 523,745	$ 390,734
Foreign	163,242	115,504	73,846
Total	$ 473,117	$ 639,249	$ 464,580

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The components of the provision for income taxes for continuing operations were as follows (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Current:			
Federal	$ 74,224	$ 173,930	$ 109,272
State	9,542	23,287	12,397
Foreign	39,978	37,193	14,657
Total current tax provision	123,744	234,410	136,326
Deferred:			
Federal	20,799	(15,457)	16,134
State	3,698	(451)	1,627
Foreign	9,167	(562)	4,772
Total deferred tax provision (benefit)	33,664	(16,470)	22,533
Total provision for income taxes from continuing operations	$ 157,408	$ 217,940	$ 158,859

The actual income tax provision differed from the income tax provision computed by applying the U.S. federal statutory corporate rate to income from continuing operations before provision for income taxes as follows (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Provision at the statutory rate	$ 165,591	$ 223,737	$ 162,603
Increases (decreases) resulting from			
State taxes	9,948	14,788	10,980
Foreign taxes	(13,059)	(9,994)	(5,841)
Contingency reserves, net	(696)	(3,422)	(3,880)
Production activity deduction	(6,033)	(10,247)	(7,081)
Employee per diems, meals and entertainment	9,906	7,960	6,441
Taxes on unincorporated joint ventures	(6,429)	(6,786)	(5,609)
Other	(1,820)	1,904	1,246
Total provision for income taxes from continuing operations	$ 157,408	$ 217,940	$ 158,859

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

	December 31, 2014	December 31, 2013
Deferred income tax liabilities:		
Property and equipment	$ (255,084)	$ (218,739)
Goodwill	(72,030)	(58,643)
Other intangibles	(53,599)	(42,604)
Book/tax accounting method difference	(63,989)	(50,764)
Total deferred income tax liabilities	(444,702)	(370,750)
Deferred income tax assets:		
Accruals and reserves	22,885	22,642
Accrued insurance	64,773	59,640
Deferred revenue	16,575	15,336
Stock and incentive compensation and pension withdrawal liabilities	53,610	57,674
Net operating loss carryforwards	21,511	20,828
Other	10,678	10,857
Subtotal	190,032	186,977
Valuation allowance	(15,186)	(15,644)
Total deferred income tax assets	174,846	171,333
Total net deferred income tax liabilities	$ (269,856)	$ (199,417)

The net deferred income tax assets and liabilities were comprised of the following (in thousands):

	December 31, 2014	December 31, 2013
Current deferred income taxes:		
Assets	$ 58,272	$ 61,263
Liabilities	(31,014)	(16,424)

	27,258	44,839
Non-current deferred income taxes:		
Assets	3,402	
Liabilities	(300,516)	(244,256)
	(297,114)	(244,256)
Total net deferred income tax liabilities	$ (269,856)	$ (199,417)

The valuation allowance for deferred income tax assets at December 31, 2014, 2013 and 2012 was $15.2 million, $15.6 million and $9.3 million, respectively. These valuation allowances relate to foreign net operating loss carryforwards, state net operating loss carryforwards and foreign tax credit carryforwards. The net change in the total valuation allowance for each of the years ended December 31, 2014, 2013 and 2012 was a decrease of $0.4 million, an increase of $6.3 million and an increase of $0.5 million, respectively. The valuation allowance was established primarily as a result of uncertainty in Quanta s outlook as to future taxable income in particular tax jurisdictions. Quanta believes it is more likely than not that it will realize the benefit of its deferred tax assets, net of existing valuation allowances.

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At December 31, 2014, Quanta had state and foreign net operating loss carryforwards, the tax effect of which was approximately $25.3 million. These carryforwards will expire as follows: 2015, $0.1 million; 2016, $0.0 million; 2017, $0.7 million; 2018, $0.1 million; 2019, $0.0 million and $24.4 million thereafter. A valuation allowance of $13.9 million has been recorded against certain foreign and state net operating loss carryforwards.

Through December 31, 2014, Quanta has not provided U.S. income taxes on approximately $344.5 million of unremitted foreign earnings. If we were to repatriate cash that is indefinitely reinvested outside the U.S., we could be subject to additional U.S income and foreign withholding taxes. Because of the number and variability of assumptions required, it is not practicable to determine the amount of any additional U.S. tax liability that may result if Quanta decides to no longer indefinitely reinvest foreign earnings outside the U.S. If Quanta s intentions or U.S. tax laws change in the future, there may be a significant negative impact on the provision for income taxes and cash flows as a result of recording an incremental tax liability, in the period such change occurs.

A reconciliation of unrecognized tax benefit balances is as follows (in thousands):

	December 31,		
	2014	**2013**	**2012**
Balance at beginning of year	$ 48,838	$ 51,244	$ 47,379
Additions based on tax positions related to the current year	9,179	9,073	15,411
Additions for tax positions of prior years	2,438		1,607
Reductions for tax positions of prior years			(293)
Reductions for audit settlements			(895)
Reductions resulting from a lapse of the applicable statute of limitations periods	(9,376)	(11,479)	(11,965)
Balance at end of year	$ 51,079	$ 48,838	$ 51,244

For the year ended December 31, 2014, the $9.4 million reduction was primarily due to the expiration of certain federal and state statute of limitations periods for the 2010 tax year. For the year ended December 31, 2013, the $11.5 million reduction was primarily due to the expiration of certain federal and state statute of limitations periods for the 2009 tax year. For the year ended December 31, 2012, the $12.0 million reduction was primarily due to the expiration of certain federal and state statute of limitations periods for the 2008 tax year.

The balances of unrecognized tax benefits, the amount of related interest and penalties and what Quanta believes to be the range of reasonably possible changes in the next 12 months are as follows (in thousands):

	December 31,	
2014	**2013**	**2012**

Unrecognized tax benefits	$ 51,079	$ 48,838	$ 51,244
Portion that, if recognized, would reduce tax expense and effective tax rate	43,363	40,562	43,910
Accrued interest on unrecognized tax benefits	6,360	5,837	6,088
Accrued penalties on unrecognized tax benefits	697	99	127
Reasonably possible reduction to the balance of unrecognized tax benefits in succeeding 12 months	$ 0 to $10,331	$0 to $6,722	$ 0 to $11,479
Portion that, if recognized, would reduce tax expense and effective tax rate	$0 to $8,593	$0 to $4,984	$0 to $9,645

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Quanta classifies interest and penalties within the provision for income taxes. Quanta recognized interest expense of $0.5 million, interest income of $0.3 million and interest income of $1.1 million in the provision for income taxes for the years ended December 31, 2014, 2013 and 2012, respectively.

Quanta is currently under examination by the IRS for calendar years 2011 and 2012 and remains open to examination by the IRS for tax years 2013 through 2014 as these statute of limitations periods have not yet expired. Additionally, certain subsidiaries are under examination by various U.S. state, Canadian and other foreign tax authorities for multiple periods. Quanta s Canadian subsidiaries remain open to examination by the Canada Revenue Agency for tax years 2010 through 2014 as these statute of limitations periods have not yet expired. Quanta does not consider any state in which it does business to be a major tax jurisdiction.

11. EQUITY:

Exchangeable Shares and Series F and Series G Preferred Stock

In connection with certain Canadian acquisitions, the former owners of the acquired companies received exchangeable shares of certain Canadian subsidiaries of Quanta, which may be exchanged at the option of the holders for Quanta common stock on a one-for-one basis. The holders of exchangeable shares can make an exchange only once in any calendar quarter and must exchange a minimum of either 50,000 shares or, if less, the total number of remaining exchangeable shares registered in the name of the holder making the request. Additionally, in connection with two of such acquisitions, Quanta issued one share of Quanta Series F preferred stock and one share of Quanta Series G preferred stock (the Preferred Stock) to voting trusts on behalf of the respective holders of the exchangeable shares issued in such acquisitions. Each share of Preferred Stock provides the holders of such exchangeable shares voting rights in Quanta common stock equivalent to the number of exchangeable shares outstanding at that time.

The combination of the exchangeable shares and Preferred Stock gives the holders of such exchangeable shares rights equivalent to Quanta common stockholders with respect to voting, dividends and other economic rights. The holders of exchangeable shares not associated with the Preferred Stock have rights equivalent to Quanta common stockholders with respect to dividends and other economic rights but do not have voting rights. On March 26, 2013, 409,110 exchangeable shares associated with the Preferred Stock were exchanged for Quanta common stock. As of December 31, 2014, both shares of the Preferred Stock remained outstanding and 7,325,971 exchangeable shares remained outstanding, of which 4,399,858 were associated with the Preferred Stock.

Treasury Stock

Under the stock incentive plans described in Note 12, the tax withholding obligations of employees upon vesting of restricted stock awards and RSUs settled in common stock are typically satisfied by Quanta making such tax payments and withholding a number of vested shares having a value on the date of vesting equal to the tax withholding obligation. For the settlement of these employee tax liabilities, Quanta withheld 352,558 shares of Quanta common stock during the year ended December 31, 2014, with a total market value of $12.3 million, 379,566 shares of Quanta common stock during the year ended December 31, 2013 with a total market value of $12.1 million, and

370,007 shares of Quanta common stock during the year ended December 31, 2012 with a total market value of $6.7 million. These shares and the related costs to acquire them were accounted for as adjustments to the balance of treasury stock. Under Delaware corporate law, treasury stock is not counted for quorum purposes or entitled to vote.

During the fourth quarter of 2013, Quanta s board of directors approved a stock repurchase program authorizing Quanta to purchase, from time to time through December 31, 2016, up to $500.0 million of its

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

outstanding common stock. During the year ended December 31, 2013, Quanta did not purchase any of its common stock under this program. During the year ended December 31, 2014, Quanta purchased approximately 3.0 million shares of its common stock under this program at a cost of $93.5 million. The shares and the related cost to acquire them have been accounted for as an adjustment to the balance of treasury stock.

Non-controlling Interests

Quanta holds investments in several joint ventures that provide infrastructure services under specific customer contracts. Typically, each joint venture is owned equally by its members. Quanta has determined that certain of these joint ventures are variable interest entities, with Quanta providing the majority of the infrastructure services to the joint venture, which management believes most significantly influences the economic performance of the joint venture. Management has concluded that Quanta is the primary beneficiary of each of these joint ventures and has accounted for each on a consolidated basis. The other parties equity interests in these joint ventures have been accounted for as non-controlling interests in the consolidated financial statements. Income attributable to the other joint venture members in the amounts of $18.4 million, $19.4 million and $16.0 million for the years ended December 31, 2014, 2013 and 2012, respectively, has been accounted for as a reduction of net income in deriving net income attributable to common stock. Equity in the consolidated assets and liabilities of these joint ventures that is attributable to the other joint venture members has been accounted for as non-controlling interests within total equity in the accompanying balance sheets.

The carrying value of the investments held by Quanta in all of its variable interest entities was approximately $11.1 million and $7.1 million at December 31, 2014 and 2013. The carrying value of investments held by the non-controlling interests in these variable interest entities at December 31, 2014 and 2013 was $11.1 million and $7.1 million. During the years ended December 31, 2014, 2013 and 2012, distributions to non-controlling interests were $14.4 million, $17.6 million and $18.0 million. There were no other changes in equity as a result of transfers to/from the non-controlling interests during the years ended December 31, 2014, 2013 and 2012. See Note 15 for further disclosures related to Quanta s joint venture arrangements.

12. EQUITY-BASED COMPENSATION:

Stock Incentive Plans

On May 19, 2011, Quanta s stockholders approved the 2011 Omnibus Equity Incentive Plan (the 2011 Plan). The 2011 Plan provides for the award of non-qualified stock options, incentive (qualified) stock options (ISOs), stock appreciation rights, restricted stock, RSUs, stock bonus awards, performance compensation awards (including performance units and cash bonus awards) or any combination of the foregoing. The purpose of the 2011 Plan is to provide participants with additional performance incentives by increasing their proprietary interest in Quanta. Employees, directors, officers, consultants or advisors of Quanta or its affiliates are eligible to participate in the 2011 Plan, as are prospective employees, directors, officers, consultants or advisors of Quanta who have agreed to serve Quanta in those capacities. An aggregate of 11,750,000 shares of Quanta common stock may be issued pursuant to awards granted under the 2011 Plan.

Additionally, pursuant to the Quanta Services, Inc. 2007 Stock Incentive Plan (the 2007 Plan), which was adopted on May 24, 2007, Quanta may award restricted stock, incentive stock options and non-qualified stock options to eligible employees, directors, and certain consultants and advisors. An aggregate of 4,000,000 shares of common stock may be issued pursuant to awards granted under the 2007 Plan. Quanta also has a Restricted Stock Unit Plan (the RSU Plan), pursuant to which RSUs may be awarded to certain employees and consultants of Quanta s Canadian operations.

The 2011 Plan, the 2007 Plan and the RSU Plan, together with certain plans assumed by Quanta in acquisitions, are referred to as the Plans.

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The Plans are administered by the Compensation Committee of the Board of Directors of Quanta. The Compensation Committee has, subject to applicable regulation and the terms of the Plans, the authority to grant awards under the Plans, to construe and interpret the Plans and to make all other determinations and take any and all actions necessary or advisable for the administration of the Plans. The Board also delegated to the Equity Grant Committee, a committee of the Board consisting of one or more directors, the authority to grant limited awards to eligible persons who are not executive officers or non-employee directors.

Restricted Stock and RSUs to be Settled in Common Stock

During the years ended December 31, 2014, 2013 and 2012, Quanta granted 1.4 million, 1.5 million and 1.3 million shares of restricted stock and RSUs to be settled in common stock under the Plans with weighted average grant date fair values of $35.09, $29.37 and $21.84 per share, respectively. The grant date fair value for awards of restricted stock and RSUs to be settled in common stock is based on the market value of Quanta common stock on the date of grant. Restricted stock and RSU awards to be settled in common stock are subject to forfeiture, restrictions on transfer and certain other conditions until vesting, which generally occurs in equal installments over a two-year or three-year period following the date of grant. During the restriction period, holders of restricted stock are entitled to vote and receive dividends on such shares.

During the years ended December 31, 2014, 2013 and 2012, vesting activity consisted of 1.1 million, 1.2 million and 0.9 million shares of restricted stock and RSUs settled in common stock with an approximate fair value at the time of vesting of $33.5 million, $32.8 million and $22.3 million, respectively. Vesting activity during the year ended December 31, 2013 included compensation cost of approximately $4.3 million associated with the accelerated vesting of restricted stock and RSUs settled in common stock held by the former Executive Chairman of Quanta s board of directors upon his retirement in May 2013.

A summary of the activity for restricted stock and RSUs to be settled in common stock for the year ended December 31, 2014 is as follows (shares in thousands):

	Shares	Weighted Average Grant Date Fair Value (Per share)
Unvested at January 1, 2014	2,358	$ 25.96
Granted	1,432	$ 35.09
Vested	(1,138)	$ 34.93
Forfeited	(111)	$ 29.58
Unvested at December 31, 2014	2,541	$ 31.25

As of December 31, 2014, there was approximately $34.5 million of total unrecognized compensation cost related to unvested restricted stock and RSUs to be settled in common stock granted to both employees and non-employees. This cost is expected to be recognized over a weighted average period of 1.56 years.

Performance Units to be Settled in Common Stock

Performance units awarded pursuant to the Plans provide for the issuance of shares of common stock upon vesting. These performance units cliff-vest at the end of a three-year performance period based on achievement of three-year financial targets and strategic goals on a 0% to 200% performance scale as determined by the Compensation Committee.

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During the year ended December 31, 2014, Quanta granted 0.1 million performance units to be settled in common stock under the Plans with a weighted average grant date fair value of $35.20 per share. No performance units were granted under the Plans during the years ended December 31, 2013 or 2012. The grant date fair value for awards of performance units to be settled in common stock is based on the market value of Quanta common stock on the date of grant applied to the total number of shares that Quanta anticipates will fully vest. This fair value is expensed ratably over the vesting term. During the year ended December 31, 2014, Quanta recognized $2.4 million in compensation expense associated with performance units to be settled in common stock. No performance units vested, and no shares of common stock were distributed in connection with performance units during the year ended December 31, 2014, as applicable performance periods had not yet concluded.

RSUs to be Settled in Cash

Certain RSUs granted by Quanta under the Plans are intended to provide plan participants with cash performance incentives that are substantially equivalent to the risks and rewards of equity ownership in Quanta. These RSUs to be settled in cash typically vest in equal installments over a two-year or three-year period following the date of grant and are subject to forfeiture under certain conditions, primarily termination of service. Upon vesting of these RSUs, the holders receive for each vested RSU an amount in cash equal to the fair market value on the vesting date of one share of Quanta common stock, as specified in the applicable award agreement.

Compensation expense related to RSUs to be settled in cash was $3.9 million, $3.1 million and $2.0 million for the years ended December 31, 2014, 2013 and 2012. Such expense is recorded in selling, general and administrative expenses. RSUs that may be settled only in cash are not included in the calculation of earnings per share, and the estimated earned value of such RSUs is classified as a liability. Quanta paid $3.1 million, $1.8 million and $1.7 million to settle liabilities related to cash-settled RSUs in the years ended December 31, 2014, 2013 and 2012, respectively. Accrued liabilities for the estimated earned value of outstanding RSUs to be settled in cash were $2.9 million and $2.1 million at December 31, 2014 and 2013.

13. EMPLOYEE BENEFIT PLANS:

Unions Multi-Employer Pension Plans

Quanta contributes to a number of multi-employer defined benefit pension plans under the terms of collective bargaining agreements with various unions that represent certain of Quanta s employees. Quanta s multi-employer pension plan contribution rates generally are specified in the collective bargaining agreements (usually on an annual basis), and contributions are made to the plans on a pay-as-you-go basis based on its union employee payrolls. Quanta may also have additional liabilities imposed by law as a result of its participation in multi-employer defined benefit pension plans. The Employee Retirement Income Security Act of 1974, as amended by the Multi-Employer Pension Plan Amendments Act of 1980, imposes certain liabilities upon an employer who is a contributor to a multi-employer pension plan if the employer withdraws from the plan or the plan is terminated or experiences a mass withdrawal. In the fourth quarter of 2011, Quanta recorded a partial withdrawal liability related to the withdrawal by certain Quanta subsidiaries from the Central States, Southeast and Southwest Areas Pension Plan (Central States Plan) following an amendment to the applicable collective bargaining agreement which eliminated their obligations to contribute to the Central States Plan. During the first quarter of 2014, Quanta recorded an adjustment to cost of services to increase the recognized withdrawal liability. Additional information regarding this withdrawal, as well as the withdrawal from the Central States Plan of a company acquired by Quanta in the fourth quarter of 2013, is provided in *Collective Bargaining Agreements* in Note 15.

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The Pension Protection Act of 2006 (PPA) also 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 based on multiple factors (including, for example, the plan s funded percentage, cash flow position and whether it is projected to experience a minimum funding deficiency). Plans in these classifications must adopt measures to improve their funded status through a funding improvement or rehabilitation plan, as applicable, which may require additional contributions from employers (which may take the form of a surcharge on benefit contributions) and/or modifications to retiree benefits. Certain plans to which Quanta contributes or may contribute in the future are in endangered, seriously endangered or critical status. The amount of additional funds, if any, that Quanta may be obligated to contribute to these plans in the future cannot be estimated due to uncertainty of the future levels of work that require the specific use of union employees covered by these plans, as well as the future contribution levels and possible surcharges on contributions applicable to these plans.

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The following table summarizes plan information relating to Quanta s participation in multi-employer defined benefit pension plans, including company contributions for the last three years, the status under the PPA of the plans and whether the plans are subject to a funding improvement or rehabilitation plan or contribution surcharges. The most recent PPA zone status available in 2014 and 2013 relates to the plan s fiscal year-end in 2013 and 2012. Forms 5500 were not yet available for the plan years ending in 2014. The PPA zone status is based on information that Quanta received from the respective plans, as well as publicly available information on the U.S. Department of Labor website, and is certified by the plan s actuary. Although multiple factors or tests may result in red zone or yellow zone status, plans in the red zone generally are less than 65 percent funded, plans in the yellow zone generally are less than 80 percent funded, and plans in the green zone generally are at least 80 percent funded. Under the PPA, red zone plans are classified as critical status, yellow zone plans are classified as endangered status and green zone plans are classified as neither endangered nor critical status. The Subject to Financial Improvement/ Rehabilitation Plan column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration dates of Quanta s collective-bargaining agreements to which the plans are subject. Total contributions to these plans correspond to the number of union employees employed at any given time and the plans in which they participate and varies depending upon the location and number of ongoing projects at a given time and the need for union resources in connection with such projects. Information has been presented separately for individually significant plans and in the aggregate for all other plans.

Fund	Employee Identification Number/ Pension Plan Number	PPA Zone Status		Subject to Financial Improve-ment/ Reha-bilitation Plan	Contributions (in thousands)			Sur-charge Imposed	Expiration Date of Collective Bargaining Agreement
		2014	2013		2014	2013	2012		
National Electrical Benefit Fund	53-0181657-001	Green	Green	No	$ 20,758	$ 17,268	$ 18,509	No	Varies through August 2018
Central Pension Fund of the IUOE & Participating Employers	36-6052390-001	Green	Green	No	7,847	4,259	6,843	No	Varies through June 2017
Pipeline Industry Pension Fund	73-6146433-001	Green	Green	No	6,280	4,511	7,434	No	Varies through June 2017
Laborers National	75-1280827-001	Green	Green	No	4,227	4,681	1,906	No	April 2015

Pension Fund									
Eighth District Electrical Pension Fund	84-6100393-001	Green	Green	No	2,192	1,790	4,415	No	Varies through February 2018
Joint Pension Local Union 164 IBEW	22-6031199-001	Yellow	Yellow	Yes	1,816	222	515	No	May 2017
Laborers Pension Trust Fund for Northern California	94-6277608-001	Yellow	Yellow	Yes	1,357	987	21	Yes	June 2019
Michigan Upper Peninsula Intrl Brotherhood of Elec Workers Pension Plan	36-3020872-001	Yellow	Yellow	Yes	1,307	299	518	No	May 2017
Operating Engineers Local 324 Pension Fund	38-1900637-001	Red	Red	Yes	1,086	818	135	Yes	Varies through April 2018
OE Pension Trust Fund	94-6090764-001	Red	Yellow	Yes	991	902	768	Yes	July 2016
Alaska Teamster Employer Pension Plan	92-6003463-024	Red	Red	Yes	516	241		Yes	October 2017
Central States, Southeast, and Southwest Areas Pension Plan	36-6044243-001	Red	Red	Yes			22	Yes	(1)
All other plans					22,827	19,076	22,486		
Total					$ 71,204	$ 55,054	$ 63,572		

(1) Quanta believes that it effected a complete withdrawal from the Central States, Southeast, and Southwest Areas Pension Plan as of December 31, 2012. See *Legal Proceedings   Collective Bargaining Agreements* for additional information.

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Quanta s contributions to the following plans were five percent or more of the total contributions to these plans for the periods indicated based on the Forms 5500 for these plans for the years ended December 31, 2013 and 2012. Forms 5500 were not yet available for these plans for the year ended December 31, 2014.

Pension Fund	Plan Years in which Quanta Contributions Were Five Percent or More of Total Plan Contributions
Pipeline Industry Pension Fund	2013 and 2012
Michigan Upper Peninsula Intrl Brotherhood of Elec Workers Pension Plan	2013 and 2012
Eighth District Electrical Pension Fund	2013 and 2012
Laborers National Pension Fund	2013
Joint Pension Local Union 164 IBEW	2013

In addition to the contributions made to multi-employer defined benefit pension plans noted above, Quanta also contributed to multi-employer defined contribution or other benefit plans on behalf of certain union employees. Contributions to union multi-employer defined contribution or other benefit plans by Quanta were approximately $129.0 million, $104.4 million and $87.0 million for the years ended December 31, 2014, 2013 and 2012. Total contributions made to these plans for the years ended December 31, 2014, 2013 and 2012 correspond to the number of union employees employed at any given time and the plans in which they participate and varies depending upon the location and number of ongoing projects at a given time and the need for union resources in connection with such projects.

Quanta 401(k) Plan

Quanta maintains a 401(k) plan pursuant to which employees who are not provided retirement benefits through a collective bargaining agreement may make contributions through a payroll deduction. Quanta makes 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. Contributions to non-union defined contribution plans by Quanta were approximately $14.3 million, $11.8 million and $11.0 million for the years ended December 31, 2014, 2013 and 2012, respectively.

Deferred Compensation Plan

Quanta maintains a nonqualified deferred compensation plan pursuant to which non-employee directors and certain key employees, independent contractors and consultants may defer receipt of some or all of their cash compensation and/or settlement of their equity-based awards, subject to certain limitations. The plan provides for employer matching contributions for certain officers and employees whose benefits under the 401(k) plan are limited by federal tax law. Quanta may also make discretionary employer contributions to the plan. Matching contributions and discretionary employer contributions are subject to a vesting schedule, provided that vesting accelerates upon a change in control and the participant s death or retirement. All matching and discretionary employer contributions, whether vested or not, are forfeited upon a participant s termination of employment for cause or upon the participant engaging in competition with Quanta or any of its affiliates.

Contributions to the deferred compensation plan by Quanta were approximately $0.3 million during the year ended December 31, 2014. There were no contributions to the plan during the years ended December 31, 2013 or 2012. At December 31, 2014, $2.3 million was included in other long-term liabilities and $2.0 million was included in other long-term assets related to obligations under this plan and related company-owned life

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

insurance policies. Individuals participating in this plan receive distributions of their respective balances based on predetermined payout schedules or other events, as defined by the plan and are also able to direct investments made on their behalf among investment alternatives permitted from time to time under the plan.

14. RELATED PARTY TRANSACTIONS:

Certain of Quanta s operating units have entered into related party lease arrangements for operational facilities, typically with prior owners of certain acquired businesses. These lease agreements generally have terms of up to five years and include renewal options. Related party lease expense for the years ended December 31, 2014, 2013 and 2012 was approximately $8.7 million, $4.6 million and $4.2 million, respectively.

15. COMMITMENTS AND CONTINGENCIES:

Investments in Affiliates and Other Entities

As described in Note 11, Quanta holds investments in certain joint ventures with third parties for the purpose of providing infrastructure services under certain customer contracts. Losses incurred by these joint ventures are generally shared equally by the joint venture members. However, each member of the joint venture typically is jointly and severally liable for all of the obligations of the joint venture under the contract with the customer and therefore can be liable for full performance of the contract with the customer. In circumstances where Quanta s participation in a joint venture qualifies as a general partnership, the joint venture partners are jointly and severally liable for all of the obligations of the joint venture including obligations owed to the customer or any other person or entity. Quanta is not aware of circumstances that would lead to future claims against it for material amounts in connection with these joint and several liabilities.

In the joint venture arrangements entered into by Quanta, typically each joint venturer indemnifies the other party for any liabilities incurred in excess of the liabilities such other party is obligated to bear under the respective joint venture agreement. It is possible, however, that Quanta could be required to pay or perform obligations in excess of its share if the other joint venturer failed or refused to pay or perform its share of the obligations. Quanta is not aware of circumstances that would lead to future claims against it for material amounts that would not be indemnified.

During the fourth quarter of 2014, a limited partnership in which Quanta is a partner, was selected for an engineering, procurement and construction (EPC) electric transmission project to construct a 500 kV transmission project consisting of approximately 500 kilometers of transmission line and two 500 kV substations. Additionally, Quanta will provide turnkey EPC services for the entire project. As of December 31, 2014, Quanta had outstanding capital commitments associated with investments in unconsolidated affiliates related to this project as follows (in thousands) :

Capital Commitments

Year Ending December 31:		
2015	$	5,164
2016		9,168
2017[1]		36,891
2018		
2019		27,242
Thereafter		
Total capital commitments associated with investments in unconsolidated affiliated related to an EPC electrical transmission project	$	78,465

(1) A return of capital from unconsolidated affiliates of approximately $48.7 million is anticipated in August 2017.

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Additionally, as of December 31, 2014, Quanta had outstanding capital commitments associated with investments in unconsolidated affiliates related to planned midstream infrastructure projects of approximately $10.1 million. Except for $0.8 million which was paid in the first quarter of 2015, Quanta is unable to determine the exact timing of these capital commitments but anticipates them to be paid by June 1, 2017.

Leases

Quanta leases certain land, buildings and equipment under non-cancelable lease agreements, including related party leases as discussed in Note 14. The terms of these agreements vary from lease to lease, including some with renewal options and escalation clauses. The following schedule shows the future minimum lease payments under these leases as of December 31, 2014 (in thousands):

	Operating Leases
Year Ending December 31:	
2015	$ 79,441
2016	49,455
2017	39,462
2018	29,043
2019	14,716
Thereafter	23,470
Total minimum lease payments	$ 235,587

Rent expense related to operating leases was approximately $162.5 million, $112.8 million and $92.3 million for the years ended December 31, 2014, 2013 and 2012, respectively.

Quanta has guaranteed the residual value on certain of its equipment operating leases. Quanta has agreed to pay any difference between this residual value and the fair market value of the underlying asset at the date of termination of the leases. At December 31, 2014, the maximum guaranteed residual value was approximately $434.2 million. Quanta believes that no significant payments will be made as a result of the difference between the fair market value of the leased equipment and the guaranteed residual value. However, there can be no assurance that significant payments will not be required in the future.

Committed Capital Expenditures

Quanta has committed capital for the expansion of its fiber optic network, although Quanta typically does not commit capital to new network expansions until it has a committed licensing arrangement in place with at least one customer. The amounts of committed capital expenditures are estimates of costs required to build the networks under contract. The actual capital expenditures related to building the networks could vary materially from these estimates. As of

December 31, 2014, Quanta estimates these committed capital expenditures to be approximately $16.8 million for the year ended December 31, 2015. Quanta also committed capital for the expansion of its vehicle fleet in order to accommodate manufacturer lead times on certain types of vehicles. As of December 31, 2014, production orders for approximately $5.6 million had been issued with delivery dates expected to occur throughout 2015. Although Quanta has committed to purchase these vehicles at the time of their delivery, Quanta intends that these orders will be assigned to third party leasing companies and made available to Quanta under certain of its master equipment lease agreements, thereby releasing Quanta from its capital commitments.

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Legal Proceedings

Quanta is 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, Quanta records a reserve when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. In addition, Quanta discloses matters for which management believes a material loss is at least reasonably possible. Except as otherwise stated below, none of these proceedings, separately or in the aggregate, are expected to have a material adverse effect on Quanta s consolidated financial position, results of operations or cash flows. In all instances, management has assessed the matter based on current information and made a judgment concerning its potential outcome, giving due consideration to the nature of the claim, the amount and nature of damages sought and the probability of success. Management s judgment may prove materially inaccurate, and such judgment is made subject to the known uncertainties of litigation.

Sunrise Powerlink Arbitration. On April 21, 2010, PAR entered into a contract with SDG&E to construct a 117-mile electrical transmission line in Imperial and San Diego Counties, California, known as the Sunrise Powerlink project. Construction commenced on November 17, 2010, with commercial operations beginning on June 17, 2012. PAR alleged that during the construction phase, SDG&E directed multiple changes to the construction schedule that required us to significantly increase our resources to the project in order to meet SDG&E s required completion date. Further, PAR contended that the project experienced numerous impacts beyond our control such as access delays and restrictions, as well as problems with customer supplied materials to the project. Following completion of the project, PAR had multiple meetings with SDG&E to review project scope, costs and performance criteria in an attempt to resolve the amount owed to PAR. SDG&E also conducted an audit of PAR s records, which resulted in confirmation of PAR s direct costs incurred in completing the project, but not a resolution of the final amount owed to PAR. PAR previously recorded a long-term contract receivable in the amount of approximately $165 million in connection with contract price adjustments related to the Sunrise Powerlink project.

In October 2013, PAR initiated arbitration proceedings against SDG&E alleging breach of contract and seeking compensation for additional costs incurred at SDG&E s direction to complete the project. SDG&E filed a counterclaim for breach of contract seeking approximately $32 million for PAR s alleged untimely performance. During the third quarter of 2014, Quanta evaluated the legal theories and strategies most advantageous to pursue relative to its position in the arbitration at the time, which resulted in a change in expected strategy for collecting the receivable. This change in approach caused Quanta to revise its estimate of expected outcomes and to record an adjustment to the net realizable value of this long-term contract receivable. A provision of $52.5 million was recognized in the three months ended September 30, 2014 as a charge to selling, general and administrative expense to reflect the impact of these changes in our assessment of the collectability of this long-term contract receivable. PAR subsequently amended its arbitration demand in October 2014 and asserted a claim for damages in excess of $113 million including interest and other relief to which it was entitled. In December 2014, the parties reached an agreement to dismiss the arbitration. The settlement terms provided for a cash payment by SDG&E to PAR in the amount of $65 million, representing the final amount to compensate PAR for substantially all of the unpaid portion of PAR s costs incurred on the project. As a result, an additional provision of $49.9 million was recognized in the three months ended December

31, 2014 as a charge to selling, general and administrative expense to reflect the impact of this settlement. Payment was received in January 2015, and the arbitration was dismissed shortly thereafter.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Lorenzo Benton v. Telecom Network Specialists, Inc., et al. In June 2006, Plaintiff Lorenzo Benton filed a class action complaint in the Superior Court of California, County of Los Angeles, alleging various wage and hour violations against Telecom Network Specialists (TNS), a former subsidiary of Quanta. Benton seeks to represent a class of workers that includes all persons who worked on TNS projects between June 2002 and the present, including individuals that TNS retained through 29 staffing agencies. An amended complaint was filed in August 2007, naming two additional class representatives, one of whom has since settled directly with his employer. Plaintiffs motion for class certification was heard and denied in May 2012. Plaintiffs appealed the denial of class certification, and in October 2013, the California Court of Appeal reversed the denial and remanded the case to the trial court for reconsideration. In November 2013, TNS filed a petition for review with the Supreme Court of California, which was denied. The parties attended mediation in December 2014, however, there was no resolution. Accordingly, the deadline for Plaintiffs to file their motion for class certification in the remanded proceeding is March 19, 2015. Plaintiffs seek approximately $16 million for class damages and $5 million in attorneys fees. Quanta retained any liability associated with this matter following its sale of TNS in December 2012.

Additionally, in November 2007, TNS filed cross complaints for indemnity against the staffing agencies, which employed many of the individuals in the putative class. In December 2012, the trial court heard cross-motions for summary judgment filed by TNS and the staffing agencies pertaining to TNS s demand for indemnity. The court denied TNS s motion and granted the motions filed by the staffing agencies. TNS appealed the court s ruling. The appeal is fully briefed, but a date for oral argument has not been set. At this time, Quanta does not believe this matter will have a material adverse effect on its consolidated financial position, results of operations or cash flows.

National Gas Company of Trinidad and Tobago Arbitration. On October 1, 2010, Mears Group, Inc. (Mears), a wholly owned subsidiary of Quanta, filed a request for arbitration with the International Chamber of Commerce in London against the National Gas Company of Trinidad and Tobago (NGC). The request for arbitration arose out of a contract between Mears and NGC for directional drilling services in connection with a shore approach of a natural gas pipeline. During pullback of the pipeline, a component on the drill rig operated by Mears failed, and the pipeline was lodged downhole. Subsequent efforts to salvage the pipeline by NGC, Mears and other parties failed to dislodge the pipeline. NGC subsequently hired a separate contractor to complete reworks.

Mears alleged breach of contract, among other things, and sought recovery for works performed, standby costs, demobilization costs, and other expenses, totaling approximately $16.5 million, plus pre-judgment interest and attorneys fees and expenses. In addition, Mears argued that NGC failed to provide a contractually required builders all-risk insurance policy naming Mears as an additional insured, which would have covered losses associated with a pullback failure. NGC counterclaimed in the arbitration, asserting that Mears breached the contract and performed negligently, and sought recovery for the costs of the salvage operations, the cost of the reworks, as well as other costs, totaling approximately $79.5 million, plus pre-judgment interest and attorneys fees and expenses.

The arbitration hearings were completed during the third quarter of 2012. On March 20, 2014, the arbitration panel issued a decision awarding NGC $17.3 million in damages plus interest and NGC attorneys fees of approximately $11.0 million. As a result, Mears was unsuccessful in recovering any amounts sought in its claim against NGC and wrote off approximately $10.5 million of accounts receivable associated with the NGC contract, resulting in an aggregate $38.8 million charge to selling, general and administrative expenses in the three months ended March 31, 2014 and in the year ended December 31, 2014. Quanta paid the $28.3 million in damages plus interest and NGC attorneys fees in April 2014.

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SEC Notice. On March 10, 2014, the SEC notified Quanta of an inquiry into certain aspects of Quanta s activities in certain foreign jurisdictions, including South Africa and the United Arab Emirates. The SEC also requested that Quanta take necessary steps to preserve and retain categories of relevant documents, including those pertaining to Quanta s U.S. Foreign Corrupt Practices Act compliance program. The SEC has not alleged any violations of law by Quanta or its employees. Quanta has complied with the preservation request and is cooperating with the SEC.

For additional information regarding other pending legal proceedings, see *Collective Bargaining Agreements* in this Note 15.

Concentrations of Credit Risk

Quanta is subject to concentrations of credit risk related primarily to its cash and cash equivalents and accounts receivable, including amounts related to unbilled accounts receivable and costs and estimated earnings in excess of billings on uncompleted contracts. Substantially all of Quanta s cash investments are managed by what it believes to be high credit quality financial institutions. In accordance with Quanta s investment policies, these institutions are authorized to invest this cash in a diversified portfolio of what Quanta believes to be high quality investments, which consist primarily of interest-bearing demand deposits, money market mutual funds and investment grade commercial paper with original maturities of three months or less. Although Quanta does not currently believe the principal amount of these investments is subject to any material risk of loss, changes in economic conditions could impact the interest income Quanta receives from these investments. In addition, Quanta grants credit under normal payment terms, generally without collateral, to its customers, which include electric power, oil and gas companies, governmental entities, general contractors, and builders, owners and managers of commercial and industrial properties located primarily in the United States, Canada and Australia. Consequently, Quanta is subject to potential credit risk related to changes in business and economic factors throughout the United States, Canada and Australia, which may be heightened as a result of uncertain economic and financial market conditions that have existed in recent years. However, Quanta generally has certain statutory lien rights with respect to services provided. Historically, some of Quanta s customers have experienced significant financial difficulties, and others may experience financial difficulties in the future. These difficulties expose Quanta to increased risk related to collectability of billed and unbilled receivables and costs and estimated earnings in excess of billings on uncompleted contracts for services Quanta has performed.

As of December 31, 2013, two customers accounted for approximately 15% and 11% of consolidated net position. The services provided to these customers related primarily to Quanta s Electric Power Infrastructure Services segment. Substantially all of the balance for the customer accounting for 11% of Quanta s consolidated net position at December 31, 2013 related to the Sunrise Powerlink project, which had a long-term receivable balance related to a significant change order. This receivable was the subject of an arbitration proceeding that was dismissed in January 2015 pursuant to a December 2014 settlement agreement. For additional information, see *Current and Long-Term Accounts and Notes Receivable and Allowance for Doubtful Accounts* and *Revenue Recognition* in Note 2 and *Legal Proceedings Sunrise Powerlink Arbitration* within this Note 15. No other customers represented 10% or more of Quanta s consolidated net position as of December 31, 2013. No customers represented 10% or more of Quanta s revenues for the years ended December 31, 2014, 2013 and 2012 or 10% or more of Quanta s consolidated net position as of December 31, 2014.

Self-Insurance

As discussed in Note 2, Quanta is insured for employer s liability, general liability, auto liability and workers compensation claims. As of December 31, 2014 and 2013, the gross amount accrued for insurance claims totaled $170.2 million and $161.8 million, with $130.8 million and $122.6 million considered to be long-

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term and included in other non-current liabilities. Related insurance recoveries/receivables as of December 31, 2014 and 2013 were $9.1 million and $9.1 million, of which $0.8 million and $0.7 million were included in prepaid expenses and other current assets and $8.3 million and $8.4 million were included in other assets, net.

Letters of Credit

Certain of Quanta s vendors require letters of credit to ensure reimbursement for amounts they are disbursing on its behalf, such as to beneficiaries under its self-funded insurance programs. In addition, from time to time, certain customers require Quanta to post letters of credit to ensure payment to its subcontractors and vendors and to guarantee performance under its contracts. Such letters of credit are generally issued by a bank or similar financial institution, typically pursuant to Quanta s credit facility. Each letter of credit commits the issuer to pay specified amounts to the holder of the letter of credit if the holder demonstrates that Quanta has failed to perform specified actions. If this were to occur, Quanta would be required to reimburse the issuer of the letter of credit. Depending on the circumstances of such a reimbursement, Quanta may also be required to record a charge to earnings for the reimbursement. Quanta does not believe that it is likely that any material claims will be made under a letter of credit in the foreseeable future.

As of December 31, 2014, Quanta had $336.7 million in outstanding letters of credit and bank guarantees under its credit facility to secure its casualty insurance program and various contractual commitments. These are irrevocable stand-by letters of credit with maturities generally expiring at various times throughout 2015. Upon maturity, it is expected that the majority of the letters of credit related to the casualty insurance program will be renewed for subsequent one-year periods.

Performance Bonds and Parent Guarantees

In certain circumstances, Quanta is required to provide performance bonds in connection with its contractual commitments. Quanta has indemnified its sureties for any expenses paid out under these performance bonds. These performance bonds expire at various times ranging from mechanical completion of the related projects to a period extending beyond contract completion in certain circumstances, and as such, a determination of maximum potential amounts outstanding requires the use of certain estimates and assumptions. Such amounts can also fluctuate from period to period based upon the mix and level of Quanta s bonded operating activity. As of December 31, 2014, the total amount of the outstanding performance bonds was estimated to be approximately $2.8 billion. Quanta s estimated maximum exposure as it relates to the value of the bonds outstanding is lowered on each bonded project as the cost to complete is reduced, and each of its commitments under the performance bonds generally extinguishes concurrently with the expiration of its related contractual obligation. The estimated cost to complete these bonded projects was approximately $701 million as of December 31, 2014.

Quanta, from time to time, guarantees the obligations of its wholly owned subsidiaries, including obligations under certain contracts with customers, certain lease obligations and, in some states, obligations in connection with obtaining contractors licenses. Quanta is not aware of any material obligations for performance or payment asserted against it under any of these guarantees.

Employment Agreements

Quanta has various employment agreements with certain executives and other employees, which provide for compensation and certain other benefits and for severance payments under certain circumstances. Certain employment agreements also contain clauses that become effective upon a change of control of Quanta. Quanta may be obligated to pay certain amounts to such employees upon the occurrence of any of the defined events in the various employment agreements.

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Collective Bargaining Agreements

Some of Quanta s operating units are parties to various collective bargaining agreements with unions that represent certain of their employees. The collective bargaining agreements expire at various times and have typically been renegotiated and renewed on terms similar to those in the expiring agreements. From time to time, Quanta is a party to grievance actions based on claims arising out of the collective bargaining agreements. The agreements require the operating units to pay specified wages, provide certain benefits to their union employees and contribute certain amounts to multi-employer pension plans and employee benefit trusts. Quanta s multi-employer pension plan contribution rates generally are specified in the collective bargaining agreements (usually on an annual basis), and contributions are made to the plans on a pay-as-you-go basis based on its union employee payrolls. The location and number of union employees that Quanta employs at any given time and the plans in which they may participate vary depending on the projects Quanta has ongoing at any time and the need for union resources in connection with those projects. Therefore, Quanta is unable to accurately predict its union employee payroll and the amount of the resulting multi-employer pension plan contribution obligation for future periods.

The PPA also 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 based on multiple factors (including, for example, the plan s funded percentage, cash flow position and whether it is projected to experience a minimum funding deficiency). Plans in these classifications must adopt measures to improve their funded status through a funding improvement or rehabilitation plan, as applicable, which may require additional contributions from employers (which may take the form of a surcharge on benefit contributions) and/or modifications to retiree benefits. Certain plans to which Quanta contributes or may contribute in the future are in endangered, seriously endangered or critical status. The amount of additional funds, if any, that Quanta may be obligated to contribute to these plans in the future cannot be estimated due to uncertainty of the future levels of work that require the specific use of union employees covered by these plans, as well as the future contribution levels and possible surcharges on contributions applicable to these plans.

Quanta may be subject to additional liabilities imposed by law as a result of its participation in multi-employer defined benefit pension plans. For example, the Employee Retirement Income Security Act of 1974, as amended by the Multi-Employer Pension Plan Amendments Act of 1980, imposes certain liabilities upon an employer who is a contributor to a multi-employer pension plan if the employer withdraws from the plan or the plan is terminated or experiences a mass withdrawal. These liabilities include an allocable share of the unfunded vested benefits in the plan for all plan participants, not merely the benefits payable to a contributing employer s own retirees. As a result, participating employers may bear a higher proportion of liability for unfunded vested benefits if other participating employers cease to contribute or withdraw, with the reallocation of liability being more acute in cases when a withdrawn employer is insolvent or otherwise fails to pay its withdrawal liability. Other than as described below, Quanta is not aware of any material amounts of withdrawal liability that have been incurred as a result of a withdrawal by any of Quanta s operating units from any multi-employer defined benefit pension plans.

In the fourth quarter of 2011, Quanta recorded a partial withdrawal liability of approximately $32.6 million related to the withdrawal by certain Quanta subsidiaries from the Central States, Southeast and Southwest Areas Pension Plan (the Central States Plan). The partial withdrawal liability recognized by Quanta was based on estimates received from the Central States Plan during 2011 for a complete withdrawal by all Quanta companies participating in the Central States Plan. The withdrawal followed an amendment to a collective bargaining agreement with the International Brotherhood of Teamsters (Teamsters) that eliminated obligations to contribute to the Central States Plan, which is in critical status and is significantly underfunded as to its vested benefit obligations. The amendment was negotiated by the Pipe Line Contractors Association (PLCA) on behalf of its members, which include the Quanta subsidiaries that withdrew from the Central States Plan. Quanta believed that

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withdrawing from the Central States Plan in the fourth quarter of 2011 was advantageous because it limited Quanta s exposure to increased liabilities from a future withdrawal if the underfunded status of the Central States Plan deteriorates further. Quanta and other PLCA members now contribute to a different multi-employer pension plan on behalf of Teamsters employees.

The Central States Plan asserted that the withdrawal of the PLCA members was not effective in 2011, although Quanta believed at that time that a legally effective withdrawal had occurred during the fourth quarter of 2011. Although the federal district court for the Northern District of Illinois, Eastern Division, ruled that the withdrawal of the PLCA members was not effective in 2011, the PLCA appealed the decision, and the outcome of that appeal remains uncertain. Certain other Quanta subsidiaries continued participation in the Central States Plan, and Quanta believes that it subsequently effected a complete withdrawal as of December 30, 2012.

In December 2013, the Central States Plan filed separate lawsuits against two of Quanta s subsidiaries. In the first lawsuit, the Central States Plan alleged that a Quanta subsidiary elected to participate in the Central States Plan pursuant to the collective bargaining agreement under which it participates. The subsidiary argued that no such election was made and that any payments made by the subsidiary to the Central States Plan were made in error. The parties recently reached an agreement in principle to settle this lawsuit, pursuant to which, among other things, the Central States Plan agreed to return the payments made by the subsidiary. In the second lawsuit, the Central States Plan alleges that contributions made by another Quanta subsidiary to a new industry fund that was created after Quanta withdrew from the Central States Plan should have been made to the Central States Plan. This arguably would extend the date of withdrawal for this subsidiary to 2014. Quanta has disputed these allegations on the basis that it has properly paid contributions to the new industry fund based on the terms of the collective bargaining agreement under which it participates.

In March 2014, one of the Quanta subsidiaries was notified of a joint grievance committee decision relating to a separate grievance matter concluding that the Quanta subsidiary should have hired Teamsters under a specific collective bargaining agreement to perform certain jobs. This matter was subsequently resolved with the Teamsters, effectively resulting in an award of wages and benefits (including pension contributions) to the two Teamsters employees under an alternate collective bargaining agreement that is not related to the Central States Plan. In addition, 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. In July 2014, the Central States Plan provided Quanta with a Notice and Demand of partial withdrawal liability for certain Quanta entities in the amount of $39.6 million. Quanta continues to dispute the total withdrawal liability owed to the Central States Plan. However, Quanta began to make monthly payments associated with this Notice and Demand in the third quarter of 2014 while the parties continue the related process to determine the final withdrawal liability. The amount owed upon resolution of this matter will be reduced by these monthly payments made.

The ultimate liability associated with the complete withdrawal of Quanta s subsidiaries from the Central States Plan will depend on various factors, including interpretations of the terms of the collective bargaining agreements under which the subsidiaries participated and whether exemptions from withdrawal liability applicable to construction industry employers will be available. Based on the previous estimates of liability associated with a complete withdrawal from the Central States Plan, and allowing for the exclusion of amounts believed by management to have been improperly included in such estimate, Quanta will seek to challenge and further negotiate the amount owed in connection with this matter. However, Quanta recorded an adjustment to cost of services during the three months ended March 31, 2014 to increase the recognized withdrawal liability to an amount within the range communicated to Quanta by the Central States Plan. Quanta believes that the range of reasonable possible loss associated with the Central States Plan is up to $55.4 million. Given the unknown nature

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

of some of the factors mentioned above, the final withdrawal liability cannot yet be determined with certainty. Accordingly, it is reasonably possible that the amount owed upon final resolution of these matters could be materially higher than the liability Quanta has recognized through December 31, 2014.

On October 9, 2013, Quanta acquired a company that experienced a complete withdrawal from the Central States Plan prior to the date of acquisition. The Central States Plan issued a Notice and Demand dated March 13, 2013 to the acquired company for a withdrawal liability in the total amount of $6.9 million payable in installments. Based on legal arguments, the acquired company took the position that the amount of withdrawal liability payable to the Central States Plan as a result of its complete withdrawal was $4.8 million, of which approximately $3.1 million remained outstanding as of December 31, 2014. The acquired company and Quanta have taken steps to challenge the amount of the assessment by the Central States Plan; however, payments in accordance with the terms of the Central States Plan s demand letter are required to be made while the dispute is ongoing. Approximately $2.1 million of the purchase price was deposited into an escrow account on October 9, 2013 to fund any withdrawal obligation in excess of the $4.8 million initially demanded. Accordingly, the acquired company s withdrawal from the Central States Plan is not expected to have a material impact on Quanta s financial condition, results of operations or cash flows.

Indemnities

Quanta generally indemnifies its customers for the services it provides under its contracts, as well as other specified liabilities, which may subject Quanta to indemnity claims and liabilities and related litigation. Quanta has also indemnified various parties against specified liabilities that those parties might incur in the future in connection with Quanta s previous acquisition or disposition of certain companies. The indemnities under acquisition or disposition agreements are usually contingent upon the other party incurring liabilities that reach specified thresholds. As of December 31, 2014, except as otherwise set forth above in *Legal Proceedings*, Quanta does not believe any material liabilities for claims exist against it in connection with any of these indemnity obligations.

In the normal course of Quanta s acquisition transactions, Quanta obtains rights to indemnification from the sellers or former owners of acquired companies for certain risks, liabilities and obligations arising from their prior operations, such as performance, operational, safety, workforce or tax issues, some of which Quanta may not have discovered during due diligence. Quanta is in the process of identifying certain pre-acquisition obligations associated with non-U.S. payroll taxes that may be due from a business acquired by Quanta in 2013. Quanta may seek recovery from the indemnity counterparties for any amounts that Quanta may be required to pay in connection with such pre-acquisition matters. However, the indemnities may not cover all of Quanta s exposure for such pre-acquisition matters, as the indemnities under acquisition agreements are usually contingent upon Quanta incurring liabilities that reach specified thresholds, and the indemnitors may be unwilling or unable to pay the amounts owed to Quanta.

16. SEGMENT INFORMATION:

Quanta presents its operations 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 based on the broad end-user markets for Quanta s services. See Note 1 for additional information regarding Quanta s reportable segments.

Quanta s segment results are derived from the types of services provided across its operating units in each of the end user markets described above. Quanta s entrepreneurial business model allows each of its operating units to serve the same or similar customers and to provide a range of services across end user markets. Quanta s operating units are organized into one of three internal divisions, namely, the Electric Power Division, the Oil

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QUANTA SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

and Gas Infrastructure Division and the Fiber Optic Licensing Division. These internal divisions are closely aligned with the reportable segments described above based on their operating units predominant type of work.

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 Quanta s market strategies. These classifications of Quanta s operating unit revenues by type of work for segment reporting purposes can at times require judgment on the part of management. Quanta s operating units may perform joint infrastructure service projects for customers in multiple industries, deliver multiple types of network services under a single customer contract or provide service across industries, for example, joint trenching projects to install distribution lines for electric power and natural gas customers.

In addition, Quanta s integrated operations and common administrative support at each of its operating units require 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.

Summarized financial information for Quanta s reportable segments is presented in the following table (in thousands):

	Year Ended December 31,		
	2014	**2013**	**2012**
Revenues:			
Electric Power Infrastructure	$ 5,238,627	$ 4,480,647	$ 4,206,509
Oil and Gas Infrastructure	2,444,558	1,869,615	1,534,713
Fiber Optic Licensing and Other	168,065	172,580	179,047
Consolidated	$ 7,851,250	$ 6,522,842	$ 5,920,269
Operating income (loss):			
Electric Power Infrastructure	$ 458,332	$ 521,855	$ 520,834
Oil and Gas Infrastructure	162,797	138,543	55,410
Fiber Optic Licensing and Other	54,386	55,415	61,299
Corporate and non-allocated costs	(199,940)	(188,885)	(172,421)
Consolidated	$ 475,575	$ 526,928	$ 465,122
Depreciation:			
Electric Power Infrastructure	$ 74,723	$ 63,407	$ 55,205
Oil and Gas Infrastructure	57,414	47,050	43,285
Fiber Optic Licensing and Other	18,495	16,786	15,173

Corporate and non-allocated costs	7,478	6,867	6,640
Consolidated	$ 158,110	$ 134,110	$ 120,303

Separate measures of Quanta s assets and cash flows by reportable segment, including capital expenditures, are not produced or utilized by management to evaluate segment performance. Quanta s fixed assets, which are held at the operating unit level, include operating machinery, equipment and vehicles, as well as office equipment, buildings and leasehold improvements, are used on an interchangeable basis across its reportable segments. As such, for reporting purposes, total depreciation expense is allocated each quarter among Quanta s reportable segments based on the ratio of each reportable segment s revenue contribution to consolidated revenues.

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QUANTA SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Foreign Operations

During 2014, 2013, and 2012, Quanta derived $1.89 billion, $1.31 billion and $861.5 million, respectively, of its revenues from foreign operations. Of Quanta s foreign revenues, approximately 82%, 86% and 96% was earned in Canada during the years ended December 31, 2014, 2013 and 2012, respectively. In addition, Quanta held property and equipment of $372.9 million and $196.8 million in foreign countries, primarily Canada, as of December 31, 2014 and 2013. The increases in foreign revenues and assets were partially due to the timing of the non-U.S. acquisitions described in Note 5.

17. QUARTERLY FINANCIAL DATA (UNAUDITED):

The table below sets forth the unaudited consolidated operating results by quarter for the years ended December 31, 2014 and 2013 (in thousands, except per share information).

	For the Three Months Ended			
	March 31,	**June 30,**	**September 30,**	**December 31,**
2014:				
Revenues	$ 1,762,574	$ 1,864,550	$ 2,171,144	$ 2,052,982
Gross profit	272,071	281,448	352,971	327,030
Net income	58,648	85,444	100,015	70,975
Net income attributable to common stock	54,408	81,082	94,648	66,576
Net income from continuing operations attributable to common stock	54,408	81,082	94,648	67,203
Earnings per share from continuing operations attributable to common stock basic and diluted	$ 0.25	$ 0.37	$ 0.43	$ 0.30
2013:				
Revenues	$ 1,585,710	$ 1,474,377	$ 1,645,132	$ 1,817,623
Gross profit	238,273	241,284	273,053	302,843
Net income	76,857	74,726	98,409	171,317
Net income attributable to common stock	72,081	70,237	92,906	166,697
Net income from continuing operations attributable to common stock	72,081	70,237	92,906	166,697
Earnings per share from continuing operations attributable to common stock basic and diluted	$ 0.34	$ 0.33	$ 0.43	$ 0.77

During the third and fourth quarters of 2014, Quanta recorded charges of $52.5 million ($32.3 million net of tax) and $49.9 million ($30.3 million net of tax) associated with an electric power infrastructure services project completed in 2012. See *Current and Long-Term Accounts and Notes Receivable and Allowance for Doubtful Accounts* and *Revenue Recognition* in Note 2 *and Legal Proceedings Sunrise Powerlink Arbitration* in Note 15. During the first quarter of 2014, Quanta recorded a charge of $38.8 million ($25.8 million net of tax) as a result of an arbitration decision related to a contract dispute on a 2010 directional drilling project. See *Legal Proceedings National Gas Company of Trinidad and Tobago Arbitration* in Note 15. Additionally, during the fourth quarter of 2013, Quanta recorded a gain of $112.7 million ($70.5 million net of tax) on the sale of its equity ownership interest in HEP. See *Investments in Affiliates and Other Entities* in Note 2.

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

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QUANTA SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. SUBSEQUENT EVENTS:

Acquisitions

During the first quarter of 2015, Quanta has completed the acquisition of three companies. These acquisitions included an underground utility distribution contractor that provides services to gas and electric utilities in Canada, a supplier and material procurement specialist for the power and utility industry in Canada and a company that specializes in the engineering, procurement, construction, and commissioning of compression and surface facilities for the Australian high pressure gas industry. The aggregate consideration paid for these acquisitions was approximately $36.3 million in cash, subject to net working capital adjustments. As these transactions were effective during the first quarter of 2015, the results will be included in Quanta s consolidated financial statements beginning on the respective dates of acquisition. These acquisitions should enable Quanta to further enhance its electric power and oil and gas infrastructure service offerings in Canada and Australia.

Stock Repurchases

During the first quarter of 2015, Quanta repurchased approximately 6.7 million shares of its common stock under its stock repurchase program at a cost of $182.0 million.

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ITEM 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***
There have been no changes in or disagreements with accountants on accounting and financial disclosure within the parameters of Item 304(b) of Regulation S-K.

ITEM 9A. ***Controls and Procedures***
Attached as exhibits to this Annual Report on Form 10-K are certifications of Quanta s Chief Executive Officer and Chief Financial Officer that are required in accordance with Rule 13a-14 of the Securities Exchange Act of 1934, as amended (the Exchange Act). This Item 9A. section includes information concerning the controls and controls evaluation referred to in the certifications, and it should be read in conjunction with the certifications for a more complete understanding of the topics presented.

Evaluation of Disclosure Controls and Procedures

Our management has established and maintains a system of disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act, such as this Annual Report on Form 10-K, is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms. The disclosure controls and procedures are also designed to provide reasonable assurance that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

As of the end of the period covered by this Annual Report, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(b) of the Exchange Act. This evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer. Based on this evaluation, these officers have concluded that, as of December 31, 2014, our disclosure controls and procedures were effective to provide reasonable assurance of achieving their objectives.

Evaluation of Internal Control over Financial Reporting

Management s report on internal control over financial reporting can be found in Item 8. *Financial Statements and Supplementary Data* under the heading *Report of Management* and is incorporated herein by reference. The report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, on the financial statements, and its opinion on the effectiveness of internal control over financial reporting, can also be found in Item 8. *Financial Statements and Supplementary Data* under the heading *Report of Independent Registered Public Accounting Firm* and is incorporated herein by reference.

There has been no change in our internal control over financial reporting that occurred during the quarter ended December 31, 2014 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Design and Operation of Control Systems

Our management, including the Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system s objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances

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of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and breakdowns can occur because of simple errors or mistakes. Controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

ITEM 9B. ***Other Information***

None.

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PART III

ITEM 10. *Directors, Executive Officers and Corporate Governance*

The information required by this Item 10 is incorporated by reference to our definitive proxy statement, which is to be filed with the SEC pursuant to the Exchange Act within 120 days following the end of our 2014 fiscal year.

ITEM 11. *Executive Compensation*

The information required by this Item 11 is incorporated by reference to our definitive proxy statement, which is to be filed with the SEC pursuant to the Exchange Act within 120 days following the end of our 2014 fiscal year.

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

The information required by this Item 12 is incorporated by reference to our definitive proxy statement, which is to be filed with the SEC pursuant to the Exchange Act within 120 days following the end of our 2014 fiscal year.

ITEM 13. *Certain Relationships and Related Transactions, and Director Independence*

The information required by this Item 13 is incorporated by reference to our definitive proxy statement, which is to be filed with the SEC pursuant to the Exchange Act within 120 days following the end of our 2014 fiscal year.

ITEM 14. *Principal Accounting Fees and Services*

The information required by this Item 14 is incorporated by reference to our definitive proxy statement, which is to be filed with the SEC pursuant to the Exchange Act within 120 days following the end of our 2014 fiscal year.

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PART IV

ITEM 15. ***Exhibits and Financial Statement Schedules***

The following financial statements, schedules and exhibits are filed as part of this Annual Report on Form 10-K:

(1) *Financial Statements.* Reference is made to the Index to Consolidated Financial Statements on page 81 of this Annual Report on Form 10-K.

(2) All schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or the notes to the consolidated financial statements in Item 8. *Financial Statements and Supplementary Data* of this Annual Report on Form 10-K.

(3) *Exhibits.*

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EXHIBIT INDEX

Exhibit No.	Description
2.1	Stock Purchase Agreement dated as of November 19, 2012, among Quanta Services, Inc., Infrasource FI LLC, Dycom Industries, Inc. and PBG Acquisition III, LLC (previously filed as Exhibit 2.1 to the Company s Form 8-K (No. 001-13831) filed November 21, 2012 and incorporated herein by reference)
3.1	Restated Certificate of Incorporation of Quanta Services, Inc. (previously filed as Exhibit 3.3 to the Company s Form 8-K (No. 001-13831) filed May 25, 2011 and incorporated herein by reference)
3.2	Certificate of Designation of Series G Preferred Stock (previously filed as Exhibit 3.1 to the Company s Form 8-K (No. 001-13831) filed January 17, 2014 and incorporated herein by reference)
3.3	Bylaws of Quanta Services, Inc., as amended and restated March 27, 2014 (previously filed as Exhibit 3.1 to the Company s Form 8-K (No. 001-13831) filed March 31, 2014 and incorporated herein by reference)
4.1	Form of Common Stock Certificate (previously filed as Exhibit 4.1 to the Company s Registration Statement on Form S-1/Amendment No. 2 (No. 333-42957) filed February 9, 1998 and incorporated herein by reference)
10.1*	Quanta Services, Inc. 2007 Stock Incentive Plan (previously filed as Exhibit 99.1 to the Company s Form 8-K (No. 001-13831) filed May 29, 2007 and incorporated herein by reference)
10.2*	Amendment No. 1 to the Quanta Services, Inc. 2007 Stock Incentive Plan (previously filed as Exhibit 99.2 to the Company s Form 8-K (No. 001-13831) filed November 21, 2012 and incorporated herein by reference)
10.3*	Form of Restricted Stock Agreement for awards to employees/consultants pursuant to the 2007 Stock Incentive Plan (previously filed as Exhibit 99.2 to the Company s Form 8-K (No. 001-13831) filed May 29, 2007 and incorporated herein by reference)
10.4*	Form of Restricted Stock Agreement for awards to non-employee directors pursuant to the 2007 Stock Incentive Plan (previously filed as Exhibit 99.3 to the Company s Form 8-K (No. 001-13831) filed May 29, 2007 and incorporated herein by reference)
10.5*	InfraSource Services, Inc. 2003 Omnibus Stock Incentive Plan, as amended (previously filed as Exhibit 10.5 to InfraSource Services Registration Statement on Form S-1 (Registration No. 333-112375) filed January 30, 2004 and incorporated herein by reference)
10.6*	InfraSource Services, Inc. 2004 Omnibus Stock Incentive Plan, as amended (previously filed as Exhibit 10.1 to InfraSource Services Form 8-K (Registration No. 001-32164) filed November 14, 2006 and incorporated herein by reference)
10.7*	Quanta Services, Inc. 2011 Omnibus Equity Incentive Plan (previously filed as Exhibit 4.5 to the Company s Form S-8 (No. 333-174374) filed May 20, 2011 and incorporated herein by reference)
10.8*	Amendment No. 1 to the Quanta Services, Inc. 2011 Omnibus Equity Incentive Plan (previously filed as Exhibit 10.4 to the Company s Form 10-Q for the quarter ended June 30, 2013 (No. 001-13831) filed August 9, 2013 and incorporated herein by reference)

10.9*	Form of Restricted Stock Agreement for awards to employees/consultants pursuant to the 2011 Omnibus Equity Incentive Plan accommodating electronic acceptance (previously filed as Exhibit 10.12 to the Company s Form 10-K (No. 001-13831) filed February 29, 2012 and incorporated herein by reference)

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Exhibit No.	Description
10.10*	Form of Restricted Stock Agreement for awards to non-employee directors pursuant to the 2011 Omnibus Equity Incentive Plan accommodating electronic acceptance (previously filed as Exhibit 10.13 to the Company s Form 10-K (No. 001-13831) filed February 29, 2012 and incorporated herein by reference)
10.11*	Form of Restricted Stock Unit Agreement for awards to employees/consultants pursuant to the 2011 Omnibus Equity Incentive Plan (previously filed as Exhibit 10.2 to the Company s Form 8-K (No. 001-13831) filed March 8, 2013 and incorporated herein by reference)
10.12*	Form of Restricted Stock Unit Agreement for awards to non-employee directors pursuant to the 2011 Omnibus Equity Incentive Plan (previously filed as Exhibit 10.3 to the Company s Form 10-Q for the quarter ended March 31, 2013 (No. 001-13831) filed May 8, 2013 and incorporated herein by reference)
10.13*	Form of Performance Unit Award Agreement for awards to employees/consultants pursuant to the 2011 Omnibus Equity Incentive Plan (previously filed as Exhibit 10.2 to the Company s Form 8-K (No. 001-13831) filed March 7, 2014 and incorporated herein by reference)
10.14*	Employment Agreement dated March 24, 2011, effective as of May 19, 2011, by and between Quanta Services, Inc. and James F. O Neil III (previously filed as Exhibit 10.2 to the Company s Form 8-K (No. 001-13831) filed March 25, 2011 and incorporated herein by reference)
10.15*	Employment Agreement dated March 29, 2012, effective as of May 17, 2012, by and between Quanta Services, Inc. and Derrick A. Jensen (previously filed as Exhibit 10.2 to the Company s Form 8-K (No. 001-13831) filed April 2, 2012 and incorporated herein by reference)
10.16*	Employment Agreement dated December 20, 2012, effective as of January 1, 2013, by and between Quanta Services, Inc. and Earl C. Austin, Jr. (previously filed as Exhibit 10.1 to the Company s Form 8-K (No. 001-13831) filed December 21, 2012 and incorporated herein by reference)
10.17*	Employment Agreement dated March 4, 2014, effective as of January 6, 2014, by and between Quanta Services, Inc. and Jesse E. Morris (previously filed as Exhibit 10.1 to the Company s Form 10-Q for the quarter ended March 31, 2014 (No. 001-13831) filed May 8, 2014 and incorporated herein by reference)
10.18 *	Employment Agreement dated and effective as of September 19, 2014 by and between Quanta Services, Inc. and Steven J. Kemps (previously filed as Exhibit 10.1 to the Company s Form 10-Q for the quarter ended September 30, 2014 (No. 001-13831) filed November 5, 2014 and incorporated herein by reference)
10.19*	Employment Agreement dated March 8, 2000 by and between Quanta Services, Inc. and Nicholas M. Grindstaff, as amended by Amendment No. 1 to Employment Agreement dated November 6, 2008 (previously filed as Exhibit 10.3 to the Company s Form 10-Q for the quarter ended March 31, 2014 (No. 001-13831) filed May 8, 2014 and incorporated herein by reference)
10.20*	Employment Agreement dated March 4, 2014, effective as of February 20, 2014, by and between Quanta Services, Inc. and Eric B. Brown (previously filed as Exhibit 10.2 to the Company s Form 10-Q for the quarter ended March 31, 2014 (No. 001-13831) filed May 8, 2014 and incorporated herein by reference)

10.21*^	Severance Agreement and General Release of All Claims dated September 10, 2014 by and between Quanta Services, Inc. and Eric B. Brown
10.22*	Quanta Services, Inc. 2014 Incentive Plan for Senior Leadership (previously filed as Exhibit 10.1 to the Company s Form 8-K (No. 001-13831) filed March 7, 2014 and incorporated herein by reference)

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Exhibit No.	Description
10.23*	Director Compensation Summary effective as of the 2013 Annual Meeting of the Board of Directors (previously filed as Exhibit 10.5 to the Company s Form 10-Q for the quarter ended June 30, 2013 (No. 001-13831) filed August 9, 2013 and incorporated herein by reference)
10.24*	Quanta Services, Inc. Non-Employee Director Deferred Compensation Plan dated effective April 30, 2013, including the Cash Deferral Election Form (previously filed as Exhibit 10.4 to the Company s Form 10-Q for the quarter ended March 31, 2013 (No. 001-13831) filed May 8, 2013 and incorporated herein by reference)
10.25*	Amendment No. 1 to the Quanta Services, Inc. Non-Employee Director Deferred Compensation Plan effective as of April 30, 2013 (previously filed as Exhibit 10.4 to the Company s Form 10-Q for the quarter ended March 31, 2014 (No. 001-13831) filed May 8, 2014 and incorporated herein by reference)
10.26*	Restricted Stock Unit Deferral Election Form, pursuant to the Quanta Services, Inc. 2011 Omnibus Equity Incentive Plan (previously filed as Exhibit 10.5 to the Company s Form 10-Q for the quarter ended March 31, 2013 (No. 001-13831) filed May 8, 2013 and incorporated herein by reference)
10.27*	Quanta Services, Inc. Nonqualified Deferred Compensation Plan dated January 22, 2014, including the Adoption Agreement and Plan Document (previously filed as Exhibit 10.1 to the Company s Form 8-K (No. 001-13831) filed January 27, 2014 and incorporated herein by reference)
10.28	Form of Amended and Restated Indemnity Agreement (previously filed as Exhibit 10.1 to the Company s Form 8-K (No. 001-13831) filed January 31, 2012 and incorporated herein by reference)
10.29	Third Amended and Restated Credit Agreement dated as of October 30, 2013, among Quanta Services, Inc. and certain subsidiaries of Quanta Services, Inc., as Borrowers, the subsidiaries of Quanta Services, Inc. identified therein, as Guarantors, Bank of America, N.A., as Administrative Agent, Swing Line Lender and an L/C Issuer, and the Lenders party thereto (previously filed as Exhibit 99.1 to the Company s Form 8-K (No. 001-13831) filed November 5, 2013 and incorporated herein by reference)
10.30	Third Amended and Restated Security Agreement dated as of October 30, 2013, among Quanta Services, Inc., the other Debtors identified therein, and Bank of America, N.A., as Administrative Agent for the ratable benefit of the Secured Parties (previously filed as Exhibit 99.2 to the Company s Form 8-K (No. 001-13831) filed November 5, 2013 and incorporated herein by reference)
10.31	Third Amended and Restated Pledge Agreement dated as of October 30, 2013, among Quanta Services, Inc., the other Pledgors identified therein, and Bank of America, N.A., as Administrative Agent for the ratable benefit of the Secured Parties (previously filed as Exhibit 99.3 to the Company s Form 8-K (No. 001-13831) filed November 5, 2013 and incorporated herein by reference)
10.32	Assignment and Assumption Agreement dated as of August 30, 2007, by and between InfraSource Services, Inc. and Quanta Services, Inc. (previously filed as Exhibit 10.3 to Quanta s Form 8-K (001-13831) filed September 6, 2007 and incorporated herein by reference)
10.33	Underwriting, Continuing Indemnity and Security Agreement dated as of March 14, 2005 by Quanta Services, Inc. and the subsidiaries and affiliates of Quanta Services, Inc. identified therein, in favor of Federal Insurance Company (previously filed as Exhibit 10.1 to the Company s Form 8-K

(No. 001-13831) filed March 16, 2005 and incorporated herein by reference)

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Exhibit No.	Description
10.34	Intercreditor Agreement dated March 14, 2005 by and between Federal Insurance Company and Bank of America, N.A., as Lender Agent on behalf of the other Lender Parties (under the Company s Credit Agreement, as amended) and agreed to by Quanta Services, Inc. and the subsidiaries and affiliates of Quanta Services, Inc. identified therein (previously filed as Exhibit 10.2 to the Company s Form 8-K (No. 001-13831) filed March 16, 2005 and incorporated herein by reference)
10.35	First Amendment to Intercreditor Agreement dated December 3, 2012 by and between Federal Insurance Company and Bank of America, N.A., as Lender Agent on behalf of the other Lender Parties (under the Company s Credit Agreement, as amended) and agreed to by Quanta Services, Inc. and the subsidiaries and affiliates of Quanta Services, Inc. identified therein (previously filed as Exhibit 10.7 to the Company s Form 10-Q for the quarter ended June 30, 2013 (No. 001-13831) filed August 9, 2013 and incorporated herein by reference)
10.36	Joinder Agreement and Amendment to Underwriting, Continuing Indemnity and Security Agreement dated as of November 28, 2006, among American Home Assurance Company, National Union Fire Insurance Company of Pittsburgh, Pa., The Insurance Company of the State of Pennsylvania, Federal Insurance Company, Quanta Services, Inc., and the other Indemnitors identified therein (previously filed as Exhibit 99.1 to the Company s Form 8-K (No. 001-13831) filed December 4, 2006 and incorporated herein by reference)
10.37	Second Amendment to Underwriting, Continuing Indemnity and Security Agreement dated as of January 9, 2008, among American Home Assurance Company, National Union Fire Insurance Company of Pittsburgh, Pa., The Insurance Company of the State of Pennsylvania, Federal Insurance Company, Quanta Services, Inc., and the other Indemnitors identified therein (previously filed as Exhibit 10.34 to the Company s Form 10-K for the year ended December 31, 2007 (No. 001-13831) filed February 29, 2008 and incorporated herein by reference)
10.38	Joinder Agreement and Third Amendment to Underwriting, Continuing Indemnity and Security Agreement dated as of December 19, 2008, among American Home Assurance Company, National Union Fire Insurance Company of Pittsburgh, Pa., The Insurance Company of the State of Pennsylvania, Federal Insurance Company, Quanta Services, Inc., and the other Indemnitors identified therein (previously filed as Exhibit 10.30 to the Company s Form 10-K for the year ended December 31, 2011 (No. 001-13831) filed February 29, 2012 and incorporated herein by reference)
10.39	Joinder Agreement and Fourth Amendment to Underwriting, Continuing Indemnity and Security Agreement dated as of March 31, 2009, among American Home Assurance Company, National Union Fire Insurance Company of Pittsburgh, Pa., The Insurance Company of the State of Pennsylvania, Liberty Mutual Insurance Company, Liberty Mutual Fire Insurance Company, Safeco Insurance Company of America, Federal Insurance Company, Quanta Services, Inc., and the other Indemnitors identified therein (previously filed as Exhibit 99.1 to the Company s Form 8-K (No. 001-13831) filed April 1, 2009 and incorporated herein by reference)
10.40	Joinder Agreement and Fifth Amendment to Underwriting, Continuing Indemnity and Security Agreement dated as of May 17, 2012, among Federal Insurance Company, Liberty Mutual Insurance Company, Liberty Mutual Fire Insurance Company, Safeco Insurance Company of America, American Home Assurance Company, National Union Fire Insurance Company of Pittsburgh, PA, The Insurance Company of the State of Pennsylvania, Quanta Services, Inc., and the other Indemnitors

identified therein (previously filed as Exhibit 10.2 to the Company s Form 10-Q for the quarter ended June 30, 2012 (No. 001-13831) filed August 8, 2012 and incorporated herein by reference)

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Exhibit No.	Description
10.41	Sixth Amendment to Underwriting, Continuing Indemnity and Security Agreement dated as of December 3, 2012, among Federal Insurance Company, American Home Assurance Company, National Union Fire Insurance Company of Pittsburgh, PA, The Insurance Company of the State of Pennsylvania, Liberty Mutual Insurance Company, Liberty Mutual Fire Insurance Company, Safeco Insurance Company of America, Quanta Services, Inc., and the other Indemnitors identified therein (previously filed as Exhibit 10.32 to the Company a Form 10-K for the year ended December 31, 2012 (No. 001-13831) filed March 1, 2013 and incorporated herein by reference)
21.1^	Subsidiaries
23.1^	Consent of PricewaterhouseCoopers LLP
31.1^	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2^	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS^	XBRL Instance Document
101.SCH^	XBRL Taxonomy Extension Schema Document
101.CAL^	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB^	XBRL Taxonomy Extension Label Linkbase Document
101.PRE^	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF^	XBRL Taxonomy Extension Definition Linkbase Document

* Management contracts or compensatory plans or arrangements
^ Filed with this Annual Report on Form 10-K
Furnished with this Annual Report on Form 10-K

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Quanta Services, Inc. has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, State of Texas, on March 2, 2015.

QUANTA SERVICES, INC.

By: /s/ JAMES F. O NEIL III
James F. O Neil III

President and Chief Executive Officer

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints James F. O Neil III and Derrick A. Jensen, each of whom may act without joinder of the other, as their true and lawful attorneys-in-fact and agents, each with full power of substitution and resubstitution, for such person and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed by the following persons in the capacities indicated on March 2, 2015.

Signature	Title
/s/ JAMES F. O NEIL III James F. O Neil III	President and Chief Executive Officer and Director (Principal Executive Officer)
/s/ DERRICK A. JENSEN Derrick A. Jensen	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
/s/ JAMES R. BALL James R. Ball	Director
/s/ J. MICHAL CONAWAY J. Michal Conaway	Director

/s/ VINCENT D. FOSTER	Director
Vincent D. Foster	
/s/ BERNARD FRIED	Director
Bernard Fried	
/s/ LOUIS C. GOLM	Director
Louis C. Golm	

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Signature	Title
/s/ WORTHING F. JACKMAN	Director
Worthing F. Jackman	
/s/ BRUCE RANCK	Chairman of the Board of Directors
Bruce Ranck	
/s/ MARGARET B. SHANNON	Director
Margaret B. Shannon	
/s/ PAT WOOD, III	Director
Pat Wood, III	

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EXHIBIT INDEX

Exhibit No.	Description
2.1	Stock Purchase Agreement dated as of November 19, 2012, among Quanta Services, Inc., Infrasource FI LLC, Dycom Industries, Inc. and PBG Acquisition III, LLC (previously filed as Exhibit 2.1 to the Company s Form 8-K (No. 001-13831) filed November 21, 2012 and incorporated herein by reference)
3.1	Restated Certificate of Incorporation of Quanta Services, Inc. (previously filed as Exhibit 3.3 to the Company s Form 8-K (No. 001-13831) filed May 25, 2011 and incorporated herein by reference)
3.2	Certificate of Designation of Series G Preferred Stock (previously filed as Exhibit 3.1 to the Company s Form 8-K (No. 001-13831) filed January 17, 2014 and incorporated herein by reference)
3.3	Bylaws of Quanta Services, Inc., as amended and restated March 27, 2014 (previously filed as Exhibit 3.1 to the Company s Form 8-K (No. 001-13831) filed March 31, 2014 and incorporated herein by reference)
4.1	Form of Common Stock Certificate (previously filed as Exhibit 4.1 to the Company s Registration Statement on Form S-1/Amendment No. 2 (No. 333-42957) filed February 9, 1998 and incorporated herein by reference)
10.1*	Quanta Services, Inc. 2007 Stock Incentive Plan (previously filed as Exhibit 99.1 to the Company s Form 8-K (No. 001-13831) filed May 29, 2007 and incorporated herein by reference)
10.2*	Amendment No. 1 to the Quanta Services, Inc. 2007 Stock Incentive Plan (previously filed as Exhibit 99.2 to the Company s Form 8-K (No. 001-13831) filed November 21, 2012 and incorporated herein by reference)
10.3*	Form of Restricted Stock Agreement for awards to employees/consultants pursuant to the 2007 Stock Incentive Plan (previously filed as Exhibit 99.2 to the Company s Form 8-K (No. 001-13831) filed May 29, 2007 and incorporated herein by reference)
10.4*	Form of Restricted Stock Agreement for awards to non-employee directors pursuant to the 2007 Stock Incentive Plan (previously filed as Exhibit 99.3 to the Company s Form 8-K (No. 001-13831) filed May 29, 2007 and incorporated herein by reference)
10.5*	InfraSource Services, Inc. 2003 Omnibus Stock Incentive Plan, as amended (previously filed as Exhibit 10.5 to InfraSource Services Registration Statement on Form S-1 (Registration No. 333-112375) filed January 30, 2004 and incorporated herein by reference)
10.6*	InfraSource Services, Inc. 2004 Omnibus Stock Incentive Plan, as amended (previously filed as Exhibit 10.1 to InfraSource Services Form 8-K (Registration No. 001-32164) filed November 14, 2006 and incorporated herein by reference)
10.7*	Quanta Services, Inc. 2011 Omnibus Equity Incentive Plan (previously filed as Exhibit 4.5 to the Company s Form S-8 (No. 333-174374) filed May 20, 2011 and incorporated herein by reference)
10.8*	Amendment No. 1 to the Quanta Services, Inc. 2011 Omnibus Equity Incentive Plan (previously filed as Exhibit 10.4 to the Company s Form 10-Q for the quarter ended June 30, 2013

	(No. 001-13831) filed August 9, 2013 and incorporated herein by reference)
10.9*	Form of Restricted Stock Agreement for awards to employees/consultants pursuant to the 2011 Omnibus Equity Incentive Plan accommodating electronic acceptance (previously filed as Exhibit 10.12 to the Company s Form 10-K (No. 001-13831) filed February 29, 2012 and incorporated herein by reference)

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Exhibit No.	Description
10.10*	Form of Restricted Stock Agreement for awards to non-employee directors pursuant to the 2011 Omnibus Equity Incentive Plan accommodating electronic acceptance (previously filed as Exhibit 10.13 to the Company s Form 10-K (No. 001-13831) filed February 29, 2012 and incorporated herein by reference)
10.11*	Form of Restricted Stock Unit Agreement for awards to employees/consultants pursuant to the 2011 Omnibus Equity Incentive Plan (previously filed as Exhibit 10.2 to the Company s Form 8-K (No. 001-13831) filed March 8, 2013 and incorporated herein by reference)
10.12*	Form of Restricted Stock Unit Agreement for awards to non-employee directors pursuant to the 2011 Omnibus Equity Incentive Plan (previously filed as Exhibit 10.3 to the Company s Form 10-Q for the quarter ended March 31, 2013 (No. 001-13831) filed May 8, 2013 and incorporated herein by reference)
10.13*	Form of Performance Unit Award Agreement for awards to employees/consultants pursuant to the 2011 Omnibus Equity Incentive Plan (previously filed as Exhibit 10.2 to the Company s Form 8-K (No. 001-13831) filed March 7, 2014 and incorporated herein by reference)
10.14*	Employment Agreement dated March 24, 2011, effective as of May 19, 2011, by and between Quanta Services, Inc. and James F. O Neil III (previously filed as Exhibit 10.2 to the Company s Form 8-K (No. 001-13831) filed March 25, 2011 and incorporated herein by reference)
10.15*	Employment Agreement dated March 29, 2012, effective as of May 17, 2012, by and between Quanta Services, Inc. and Derrick A. Jensen (previously filed as Exhibit 10.2 to the Company s Form 8-K (No. 001-13831) filed April 2, 2012 and incorporated herein by reference)
10.16*	Employment Agreement dated December 20, 2012, effective as of January 1, 2013, by and between Quanta Services, Inc. and Earl C. Austin, Jr. (previously filed as Exhibit 10.1 to the Company s Form 8-K (No. 001-13831) filed December 21, 2012 and incorporated herein by reference)
10.17*	Employment Agreement dated March 4, 2014, effective as of January 6, 2014, by and between Quanta Services, Inc. and Jesse E. Morris (previously filed as Exhibit 10.1 to the Company s Form 10-Q for the quarter ended March 31, 2014 (No. 001-13831) filed May 8, 2014 and incorporated herein by reference)
10.18*	Employment Agreement dated and effective as of September 19, 2014 by and between Quanta Services, Inc. and Steven J. Kemps (previously filed as Exhibit 10.1 to the Company s Form 10-Q for the quarter ended September 30, 2014 (No. 001-13831) filed November 5, 2014 and incorporated herein by reference)
10.19*	Employment Agreement dated March 8, 2000 by and between Quanta Services, Inc. and Nicholas M. Grindstaff, as amended by Amendment No. 1 to Employment Agreement dated November 6, 2008 (previously filed as Exhibit 10.3 to the Company s Form 10-Q for the quarter ended March 31, 2014 (No. 001-13831) filed May 8, 2014 and incorporated herein by reference)
10.20*	Employment Agreement dated March 4, 2014, effective as of February 20, 2014, by and between Quanta Services, Inc. and Eric B. Brown (previously filed as Exhibit 10.2 to the Company s Form 10-Q for the quarter ended March 31, 2014 (No. 001-13831) filed May 8, 2014 and incorporated herein by reference)

10.21*^	Severance Agreement and General Release of All Claims dated September 10, 2014 by and between Quanta Services, Inc. and Eric B. Brown

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Exhibit No.	Description
10.22*	Quanta Services, Inc. 2014 Incentive Plan for Senior Leadership (previously filed as Exhibit 10.1 to the Company s Form 8-K (No. 001-13831) filed March 7, 2014 and incorporated herein by reference)
10.23*	Director Compensation Summary effective as of the 2013 Annual Meeting of the Board of Directors (previously filed as Exhibit 10.5 to the Company s Form 10-Q for the quarter ended June 30, 2013 (No. 001-13831) filed August 9, 2013 and incorporated herein by reference)
10.24*	Quanta Services, Inc. Non-Employee Director Deferred Compensation Plan dated effective April 30, 2013, including the Cash Deferral Election Form (previously filed as Exhibit 10.4 to the Company s Form 10-Q for the quarter ended March 31, 2013 (No. 001-13831) filed May 8, 2013 and incorporated herein by reference)
10.25*	Amendment No. 1 to the Quanta Services, Inc. Non-Employee Director Deferred Compensation Plan effective as of April 30, 2013 (previously filed as Exhibit 10.4 to the Company s Form 10-Q for the quarter ended March 31, 2014 (No. 001-13831) filed May 8, 2014 and incorporated herein by reference)
10.26*	Restricted Stock Unit Deferral Election Form, pursuant to the Quanta Services, Inc. 2011 Omnibus Equity Incentive Plan (previously filed as Exhibit 10.5 to the Company s Form 10-Q for the quarter ended March 31, 2013 (No. 001-13831) filed May 8, 2013 and incorporated herein by reference)
10.27*	Quanta Services, Inc. Nonqualified Deferred Compensation Plan dated January 22, 2014, including the Adoption Agreement and Plan Document (previously filed as Exhibit 10.1 to the Company s Form 8-K (No. 001-13831) filed January 27, 2014 and incorporated herein by reference)
10.28*	Form of Amended and Restated Indemnity Agreement (previously filed as Exhibit 10.1 to the Company s Form 8-K (No. 001-13831) filed January 31, 2012 and incorporated herein by reference)
10.29	Third Amended and Restated Credit Agreement dated as of October 30, 2013, among Quanta Services, Inc. and certain subsidiaries of Quanta Services, Inc., as Borrowers, the subsidiaries of Quanta Services, Inc. identified therein, as Guarantors, Bank of America, N.A., as Administrative Agent, Swing Line Lender and an L/C Issuer, and the Lenders party thereto (previously filed as Exhibit 99.1 to the Company s Form 8-K (No. 001-13831) filed November 5, 2013 and incorporated herein by reference)
10.30	Third Amended and Restated Security Agreement dated as of October 30, 2013, among Quanta Services, Inc., the other Debtors identified therein, and Bank of America, N.A., as Administrative Agent for the ratable benefit of the Secured Parties (previously filed as Exhibit 99.2 to the Company s Form 8-K (No. 001-13831) filed November 5, 2013 and incorporated herein by reference)
10.31	Third Amended and Restated Pledge Agreement dated as of October 30, 2013, among Quanta Services, Inc., the other Pledgors identified therein, and Bank of America, N.A., as Administrative Agent for the ratable benefit of the Secured Parties (previously filed as Exhibit 99.3 to the Company s Form 8-K (No. 001-13831) filed November 5, 2013 and incorporated herein by reference)
10.32	Assignment and Assumption Agreement dated as of August 30, 2007, by and between InfraSource Services, Inc. and Quanta Services, Inc. (previously filed as Exhibit 10.3 to Quanta s Form 8-K (001-13831) filed September 6, 2007 and incorporated herein by reference)
10.33	

Underwriting, Continuing Indemnity and Security Agreement dated as of March 14, 2005 by Quanta Services, Inc. and the subsidiaries and affiliates of Quanta Services, Inc. identified therein, in favor of Federal Insurance Company (previously filed as Exhibit 10.1 to the Company s Form 8-K (No. 001-13831) filed March 16, 2005 and incorporated herein by reference)

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Exhibit No.	Description
10.34	Intercreditor Agreement dated March 14, 2005 by and between Federal Insurance Company and Bank of America, N.A., as Lender Agent on behalf of the other Lender Parties (under the Company s Credit Agreement, as amended) and agreed to by Quanta Services, Inc. and the subsidiaries and affiliates of Quanta Services, Inc. identified therein (previously filed as Exhibit 10.2 to the Company s Form 8-K (No. 001-13831) filed March 16, 2005 and incorporated herein by reference)
10.35	First Amendment to Intercreditor Agreement dated December 3, 2012 by and between Federal Insurance Company and Bank of America, N.A., as Lender Agent on behalf of the other Lender Parties (under the Company s Credit Agreement, as amended) and agreed to by Quanta Services, Inc. and the subsidiaries and affiliates of Quanta Services, Inc. identified therein (previously filed as Exhibit 10.7 to the Company s Form 10-Q for the quarter ended June 30, 2013 (No. 001-13831) filed August 9, 2013 and incorporated herein by reference)
10.36	Joinder Agreement and Amendment to Underwriting, Continuing Indemnity and Security Agreement dated as of November 28, 2006, among American Home Assurance Company, National Union Fire Insurance Company of Pittsburgh, Pa., The Insurance Company of the State of Pennsylvania, Federal Insurance Company, Quanta Services, Inc., and the other Indemnitors identified therein (previously filed as Exhibit 99.1 to the Company s Form 8-K (No. 001-13831) filed December 4, 2006 and incorporated herein by reference)
10.37	Second Amendment to Underwriting, Continuing Indemnity and Security Agreement dated as of January 9, 2008, among American Home Assurance Company, National Union Fire Insurance Company of Pittsburgh, Pa., The Insurance Company of the State of Pennsylvania, Federal Insurance Company, Quanta Services, Inc., and the other Indemnitors identified therein (previously filed as Exhibit 10.34 to the Company s Form 10-K for the year ended December 31, 2007 (No. 001-13831) filed February 29, 2008 and incorporated herein by reference)
10.38	Joinder Agreement and Third Amendment to Underwriting, Continuing Indemnity and Security Agreement dated as of December 19, 2008, among American Home Assurance Company, National Union Fire Insurance Company of Pittsburgh, Pa., The Insurance Company of the State of Pennsylvania, Federal Insurance Company, Quanta Services, Inc., and the other Indemnitors identified therein (previously filed as Exhibit 10.30 to the Company s Form 10-K for the year ended December 31, 2011 (No. 001-13831) filed February 29, 2012 and incorporated herein by reference)
10.39	Joinder Agreement and Fourth Amendment to Underwriting, Continuing Indemnity and Security Agreement dated as of March 31, 2009, among American Home Assurance Company, National Union Fire Insurance Company of Pittsburgh, Pa., The Insurance Company of the State of Pennsylvania, Liberty Mutual Insurance Company, Liberty Mutual Fire Insurance Company, Safeco Insurance Company of America, Federal Insurance Company, Quanta Services, Inc., and the other Indemnitors identified therein (previously filed as Exhibit 99.1 to the Company s Form 8-K (No. 001-13831) filed April 1, 2009 and incorporated herein by reference)
10.40	Joinder Agreement and Fifth Amendment to Underwriting, Continuing Indemnity and Security Agreement dated as of May 17, 2012, among Federal Insurance Company, Liberty Mutual Insurance Company, Liberty Mutual Fire Insurance Company, Safeco Insurance Company of America, American Home Assurance Company, National Union Fire Insurance Company of Pittsburgh, PA, The Insurance Company of the State of Pennsylvania, Quanta Services, Inc., and the other Indemnitors identified

therein (previously filed as Exhibit 10.2 to the Company s Form 10-Q for the quarter ended June 30, 2012 (No. 001-13831) filed August 8, 2012 and incorporated herein by reference)

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Exhibit No.	Description
10.41	Sixth Amendment to Underwriting, Continuing Indemnity and Security Agreement dated as of December 3, 2012, among Federal Insurance Company, American Home Assurance Company, National Union Fire Insurance Company of Pittsburgh, PA, The Insurance Company of the State of Pennsylvania, Liberty Mutual Insurance Company, Liberty Mutual Fire Insurance Company, Safeco Insurance Company of America, Quanta Services, Inc., and the other Indemnitors identified therein (previously filed as Exhibit 10.32 to the Company a Form 10-K for the year ended December 31, 2012 (No. 001-13831) filed March 1, 2013 and incorporated herein by reference)
21.1^	Subsidiaries
23.1^	Consent of PricewaterhouseCoopers LLP
31.1^	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2^	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS^	XBRL Instance Document
101.SCH^	XBRL Taxonomy Extension Schema Document
101.CAL^	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB^	XBRL Taxonomy Extension Label Linkbase Document
101.PRE^	XBRL Taxonomy Extension Presentation Linkbase Document
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