MASTEC INC
Form 10-Q
October 31, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2013
Commission File Number 001-08106

MasTec, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Florida	65-0829355
(State or Other jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
800 S. Douglas Road, 12th Floor, Coral Gables, FL	33134
(Address of Principal Executive Offices)	(Zip Code)

(305) 599-1800
(Registrant’s Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No ¨
Indicate by check mark if the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer”, “accelerated filer”, and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

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

Indicate by check mark whether the registrant is shell company (as defined in Rule 12b-2 of the Act.) Yes ¨ No þ
As of October 28, 2013, MasTec, Inc. had 77,242,037 shares of common stock, $0.10 par value, outstanding.

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FORM 10-Q
QUARTER ENDED SEPTEMBER 30, 2013

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MASTEC, INC.
CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
Revenue	$1,269,385	$1,067,300	$3,165,657	$2,794,431
Costs of revenue, excluding depreciation and amortization	1,081,132	924,304	2,695,287	2,445,056
Depreciation and amortization	37,756	22,645	103,111	65,125
General and administrative expenses	58,976	42,514	159,761	118,192
Interest expense, net	12,666	9,446	34,549	27,883
Loss on extinguishment of debt	—	—	5,624	—
Other (income) expense, net	(2,778)	8,815	(3,283)	7,989
Income from continuing operations before provision for income taxes	$81,633	$59,576	$170,608	$130,186
Provision for income taxes	(31,698)	(23,478)	(65,822)	(51,229)
Net income from continuing operations before non-controlling interests	$49,935	$36,098	$104,786	$78,957
Discontinued operations:				
Net loss from discontinued operations, including loss on disposal and impairment charges (See Note 4)	$(3,735)	$(9,281)	$(5,165)	$(7,881)
Net income	$46,200	$26,817	$99,621	$71,076
Net income (loss) attributable to non-controlling interests	62	(4)	172	(9)
Net income attributable to MasTec, Inc.	$46,138	$26,821	$99,449	$71,085
Earnings per share: (1) (See Note 2)				
Basic earnings (loss) per share:				
Continuing operations	$0.65	$0.47	$1.36	$1.00
Discontinued operations	(0.05)	(0.12)	(0.07)	(0.10)
Total basic earnings per share	$0.60	$0.35	1.29	0.90
Basic weighted average common shares outstanding	77,093	76,194	76,816	79,009
Diluted earnings (loss) per share:				
Continuing operations	$0.59	$0.45	$1.24	$0.97
Discontinued operations	(0.04)	(0.12)	(0.06)	(0.10)
Total diluted earnings per share	$0.54	$0.34	$1.18	$0.87
Diluted weighted average common shares outstanding	85,464	79,526	84,733	81,982

(1) Earnings per share tables may contain slight summation differences due to rounding.

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

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MASTEC, INC.
CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
Net income	$46,200	$26,817	$99,621	$71,076
Changes in foreign currency items (See Note 14)	2,936	2,176	(3,839)	2,304
Changes in value of available for sale securities, net of tax (See Note 14)	$(92)	$388	$(558)	$339
Comprehensive income	$49,044	$29,381	$95,224	$73,719
Comprehensive income (loss) attributable to non-controlling interests	$62	$(4)	$172	$(9)
Comprehensive income attributable to MasTec, Inc.	$48,982	$29,385	$95,052	$73,728

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

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MASTEC, INC.
CONDENSED UNAUDITED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	September 30, 2013	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	$2,848	$26,382
Accounts receivable, net of allowance	1,225,122	877,214
Inventories	63,255	83,939
Prepaid expenses and other current assets, including discontinued operations (See Note 4)	41,091	62,106
Total current assets	$1,332,316	$1,049,641
Property and equipment, net	504,313	350,192
Goodwill	891,266	824,953
Other intangible assets, net	172,833	137,020
Other long-term assets, including discontinued operations (See Note 4)	53,610	54,160
Total assets	$2,954,338	$2,415,966
Liabilities and Shareholders' Equity		
Current liabilities:		
Current maturities of long-term debt	$53,343	$52,596
Accounts payable	475,742	400,833
Accrued salaries and wages	81,587	31,522
Other accrued expenses	64,645	45,814
Acquisition-related contingent consideration, current	57,821	19,216
Billings in excess of costs and earnings	109,655	123,435
Other current liabilities, including discontinued operations (See Note 4)	39,436	40,377
Total current liabilities	$882,229	$713,793
Acquisition-related contingent consideration, net of current portion	119,502	135,712
Long-term debt	779,920	546,323
Long-term deferred tax liabilities, net	151,044	119,388
Other liabilities	42,556	38,875
Total liabilities	$1,975,251	$1,554,091
Commitments and Contingencies (See Note 17)		
Shareholders' equity:		
Preferred stock, $1.00 par value; authorized shares - 5,000,000; issued and outstanding shares – none	$—	$—
Common stock, $0.10 par value; authorized shares - 145,000,000; issued shares - 86,686,385 and 85,915,552 as of September 30, 2013 and December 31, 2012, respectively	8,669	8,592
Capital surplus	819,073	803,166
Contributed shares (See Note 12)	6,002	—
Retained earnings	300,366	200,915
Accumulated other comprehensive loss	(9,898)	(5,501)
Treasury stock, at cost; 9,467,286 shares as of both September 30, 2013 and December 31, 2012	(150,000)	(150,000)
Total MasTec, Inc. shareholders' equity	$974,212	$857,172

Non-controlling interests	$4,875	$4,703
Total shareholders’ equity	$979,087	$861,875
Total liabilities and shareholders’ equity	$2,954,338	$2,415,966

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

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MASTEC, INC.
CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the Nine Months Ended September 30, 2013	2012
Cash flows from operating activities:		
Net income	$99,621	$71,076
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	103,111	65,767
Non-cash stock-based compensation expense	9,647	3,351
Non-cash interest expense	6,890	6,424
Write-off of unamortized financing costs on redeemed debt	1,508	—
Provision for losses on construction projects, net	2,125	(10,331)
Provisions for losses on assets	6,300	4,226
Gains on sales of assets	(4,884)	(1,569)
Excess tax benefit from non-cash stock-based compensation	(4,446)	(302)
Loss on disposal and impairment charges, discontinued operations	6,036	12,922
Changes in assets and liabilities, net of assets acquired and liabilities assumed:		
Accounts receivable	(271,010)	(233,220)
Inventories	20,484	8,243
Deferred tax assets and liabilities, net	9,783	(3,555)
Other assets, current and non-current portion	19,117	(6,383)
Accounts payable and accrued expenses	126,784	176,289
Billings in excess of costs and earnings	(19,776)	(3,367)
Other liabilities, current and non-current portion	13,701	25,099
Net cash provided by operating activities	$124,991	$114,670
Cash flows (used in) provided by investing activities:		
Cash paid for acquisitions, net, including contingent consideration	(159,446)	(17,496)
Capital expenditures	(101,411)	(50,331)
Proceeds from sale of property and equipment	8,288	5,808
Proceeds from sale or redemption of investments	5,025	—
Proceeds from disposal of business, net of cash divested	(4,332)	97,728
Payments for other investments, net	(1,174)	(284)
Net cash (used in) provided by investing activities	$(253,050)	$35,425
Cash flows provided by (used in) financing activities:		
Proceeds from issuance of 4.875% senior notes	400,000	—
Repayment of 7.625% senior notes	(150,000)	—
Proceeds from credit facility	766,154	631,815
Repayments of credit facility	(860,070)	(681,815)
Repayments of other borrowings	(24,246)	(15,510)
Proceeds from (repayments of) book overdrafts	2,791	(5,645)
Payments of capital lease obligations	(32,214)	(14,806)
Proceeds from stock option exercises and other share-based awards	9,231	1,445
Excess tax benefit from non-cash stock-based compensation	4,446	302
Purchases of treasury stock	—	(75,000)
Payments for debt extinguishment, call premiums	(4,116)	—
Payments of financing costs	(7,718)	(113)
Net cash provided by (used in) financing activities	$104,258	$(159,327)

Net decrease in cash and cash equivalents	(23,801)	(9,232)
Net effect of currency translation on cash	(118)	135
Cash and cash equivalents - beginning of period	26,767	20,279
Cash and cash equivalents - end of period	$2,848	$11,182
Cash and cash equivalents of discontinued operations	$—	$710
Cash and cash equivalents of continuing operations	$2,848	$10,472
Supplemental cash flow information:		
Interest paid	$30,851	$20,879
Income taxes paid, net of refunds	$49,722	$37,219
Receipt of inventory prepaid in prior year	$—	$12,005
Supplemental disclosure of non-cash investing and financing information:		
Equipment acquired under capital lease	$82,737	$29,917
Equipment acquired under financing arrangements	$24,100	$4,887
Equipment sold for receivable	$9,683	$—
Value of shares contributed by shareholder, former owner of acquired business	$6,002	$—

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

MASTEC, INC.
NOTES TO THE CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Business, Basis of Presentation and Significant Accounting Policies

Nature of the Business

MasTec, Inc. (collectively with its subsidiaries, "MasTec" or the "Company") is a leading infrastructure construction company operating mainly throughout North America across a range of industries. The Company's primary activities include the engineering, building, installation, maintenance and upgrade of energy, utility and communications infrastructure, such as: electrical utility transmission and distribution; natural gas and petroleum pipeline infrastructure; wireless, wireline and satellite communications; power generation, including renewable energy infrastructure; and industrial infrastructure. MasTec's customers are primarily in these industries.

Basis of Presentation

The accompanying condensed unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information and with the instructions for Form 10-Q and Rule 10-01 of Regulation S-X. Pursuant to these rules and regulations, certain information and footnote disclosures normally included in the annual consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. The accompanying condensed consolidated balance sheet as of December 31, 2012 is derived from the Company's audited financial statements as of that date. Because certain information and footnote disclosures have been condensed or omitted, these condensed unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto as of and for the year ended December 31, 2012 contained in the Company's most recent Annual Report on Form 10-K. In management's opinion, all normal and recurring adjustments considered necessary for a fair presentation of the financial position, results of operations and cash flows for the periods presented have been included. Certain prior year amounts have been reclassified to conform to the current period presentation. Interim period operating results do not necessarily indicate the results that may be expected for any other interim period or for the full fiscal year. The Company believes that the disclosures made in these condensed unaudited consolidated financial statements are adequate to make the information not misleading.

Principles of Consolidation

The accompanying condensed unaudited consolidated financial statements include MasTec, Inc. and its subsidiaries and include the accounts of all majority-owned subsidiaries over which the Company exercises control and, when applicable, entities in which the Company has a controlling financial interest. Other parties' interests in companies for which MasTec exercises control and has a controlling financial interest are reported as non-controlling interests within shareholders' equity. Net income or loss attributable to non-controlling interests is reported as a separate line item below net income. The Company's investments in entities in which the Company does not have a controlling interest, but has the ability to exert significant influence, are accounted for using the equity method of accounting. Equity method investments are recorded as long-term assets in the condensed unaudited consolidated balance sheets. Income or loss from these investments is recorded within other income or expense, net, in the condensed unaudited consolidated statements of operations. The cost method is used for investments in entities over which the Company does not have the ability to exert significant influence. All significant intercompany balances and transactions have been eliminated in consolidation.

Management Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Key estimates include: the recognition of revenue, in particular, on long-term construction contracts, including estimates of costs to complete projects and provisions for contract losses; allowances for doubtful accounts; accrued self-insured claims; estimated fair values of goodwill and intangible assets, acquisition-related contingent consideration, assets and liabilities classified as held-for-sale, convertible debt obligations, available for sale securities and investments in cost and equity method investees; asset lives used in computing depreciation and amortization, including amortization of intangible assets; accounting for income taxes; and the estimated impact of contingencies and ongoing litigation.

While management believes that such estimates are fair when considered in conjunction with the consolidated financial position and results of operations taken as a whole, actual results could differ from those estimates and such differences may be material to the condensed unaudited consolidated financial statements.

Significant Accounting Policies

Except for adoption of the accounting pronouncements discussed below, there have been no material changes to the significant accounting policies described in the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

New accounting pronouncements

Recently Issued Accounting Standards, Not Adopted as of September 30, 2013

In March 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2013-05, Foreign Currency Matters (Topic 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity (a consensus of the FASB Emerging Issues Task Force) ("ASU 2013-05"). The objective of ASU 2013-05 is to resolve diversity in practice regarding the release of the cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business within a foreign entity. ASU 2013-05 is effective prospectively for fiscal years, and interim reporting periods within those years,

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beginning after December 15, 2013. The Company is currently evaluating the potential impact of this ASU on its condensed unaudited consolidated financial statements.

In February 2013, the FASB issued ASU 2013-04, Liabilities (Topic 405): Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date (a consensus of the FASB Emerging Issues Task Force) ("ASU 2013-04"). ASU 2013-04 provides guidance related to the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date. The guidance requires an entity to measure those obligations as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors. The guidance in ASU 2013-04 also requires an entity to disclose the nature and amount of the obligation. ASU 2013-05 is effective for fiscal years, and interim reporting periods within those years, beginning after December 15, 2013. Retrospective application is required for all periods presented. The Company is currently evaluating the potential impact of this ASU on its condensed unaudited consolidated financial statements.

In July 2013, the FASB issued ASU 2013-11, Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (a consensus of the FASB Emerging Issues Task Force) ("ASU 2013-11"). ASU 2013-11 provides guidance on the presentation in the financial statements of an unrecognized tax benefit, or a portion of an unrecognized tax benefit, and explains that unrecognized tax benefits should be presented as a reduction to deferred tax assets for net operating loss carryforwards, similar tax losses or tax credit carryforwards. To the extent a net operating loss carryforward, similar tax loss or tax credit carryforward is not available as of the reporting date under the tax law of the applicable jurisdiction, or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. ASU 2013-11 applies to all entities that have unrecognized tax benefits when a net operating loss carryforward, similar tax loss, or tax credit carryforward exists as of the reporting date. ASU 2013-11 is effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013. Retrospective application is permitted. The Company is currently evaluating the potential impact of this ASU on its condensed unaudited consolidated financial statements.

Recently Adopted Accounting Pronouncements

In February 2013, the FASB issued ASU No. 2013-02, Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income ("ASU 2013-02"). The amendment requires disclosure of information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, disclosure is required, either on the face of the statement where net income is presented, or in the notes, of significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income, but only if the amount reclassified is required to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures that provide additional detail about those amounts. The new requirements are effective for public companies in interim and annual reporting periods beginning after December 15, 2012. The Company adopted ASU 2013-02 as of January 1, 2013. See Note 14 - Shareholders' Equity for related disclosures.

Note 2 – Earnings Per Share

Basic earnings per share is computed by dividing earnings available to MasTec's common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share is computed by dividing earnings by the number of fully diluted shares, which includes the effect of dilutive potential issuances of common shares as determined using earnings from continuing operations. The potential issuance of common shares upon the exercise, conversion or vesting of outstanding stock options and unvested restricted share awards, as calculated under the treasury stock method, as well as shares associated with the Company's outstanding convertible debt securities, may be dilutive.

The following table provides details underlying the Company's earnings per share calculations for the periods indicated (in thousands):

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	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
Net income attributable to MasTec:				
Basic net income from continuing operations (1)	$49,960	$36,098	$104,702	$78,957
Interest expense, net of tax, 2009 Convertible Notes	79	78	235	234
Diluted net income from continuing operations	$50,039	$36,176	$104,937	$79,191
Net loss from discontinued operations (1)	(3,822)	(9,277)	(5,252)	(7,872)
Diluted net income attributable to MasTec	$46,217	$26,899	$99,685	$71,319
Weighted average shares outstanding:				
Basic weighted average shares outstanding	77,093	76,194	76,816	79,009
Dilutive common stock equivalents	775	887	774	842
Dilutive premium shares, 2011 Convertible Notes	6,790	1,639	6,337	1,325
Dilutive shares, 2009 Convertible Notes	806	806	806	806
Diluted weighted average shares outstanding	85,464	79,526	84,733	81,982

(1) Calculated as total net income less amounts attributable to non-controlling interests.

During the nine month period ended September 30, 2012, the Company repurchased 4.9 million shares of its common stock for an aggregate purchase price of $75.0 million. Repurchased shares are held in the Company's treasury.

Outstanding Convertibles Notes - Diluted Share Impact

The Company has $215 million principal amount of senior convertible notes outstanding, composed of $202.3 million of senior convertible notes issued in 2011 (the "2011 Convertible Notes") and approximately $12.6 million of senior convertible notes issued in 2009 (the "2009 Convertible Notes"). Dilutive shares associated with the 2009 Convertible Notes are attributable to the underlying principal amounts. As the Company’s weighted average stock price for the three and nine month periods ended September 30, 2013 and 2012 exceeded the conversion prices of the 2011 Convertible Notes, dilutive shares associated with the 2011 Convertible Notes, which are attributable to the weighted average premium value, in shares, of the conversion shares underlying the 2011 Convertible Notes in excess of the respective principal amounts thereof, have been included in the Company's share count for the corresponding periods.

The 2011 Convertible Notes consist of $105.3 million principal amount of 4.0% senior convertible notes, convertible at $15.76 per share (the "2011 4.0% Notes") and $97.0 million principal amount of 4.25% senior convertible notes, convertible at $15.48 per share (the "2011 4.25% Notes"). The calculations underlying the number of premium shares included in the Company’s diluted share count for the periods indicated are as follows (in thousands, except per share amounts):

	As of and for the Three Months Ended September 30,				As of and for the Nine Months Ended September 30,			
	2013		2012		2013		2012	
	2011 4.0% Notes	2011 4.25% Notes	2011 4.0% Notes	2011 4.25% Notes	2011 4.0% Notes	2011 4.25% Notes	2011 4.0% Notes	2011 4.25% Notes
Number of conversion shares, principal amount	6,683	6,268	6,683	6,268	6,683	6,268	6,683	6,268
Weighted average actual per share price	$32.84	$32.84	$17.89	$17.89	$30.59	$30.59	$17.40	$17.40
Weighted average premium value	$114,176	$108,864	$14,208	$15,106	$99,104	$94,728	$10,975	$12,073
	3,476	3,314	794	845	3,240	3,097	631	694

Weighted average equivalent
premium shares

See Note 10 - Debt for additional information.

Note 3 – Acquisitions

Allocations of purchase prices for acquisitions are based on estimates of the fair value of consideration paid and of the net assets acquired and are subject to adjustment upon finalization of these fair value estimates. In the second and third quarters of 2013 and in December 2012, the Company acquired certain businesses, as discussed below and in Note 3 - Acquisitions and Other Investments of the Company's consolidated financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2012. As of September 30, 2013, the allocations of purchase prices to the fair values of tangible and intangible assets and liabilities, including the estimated values of contingent earn-out obligations and the estimated useful lives of acquired assets for these acquisitions, are provisional and remain preliminary as management continues to assess the valuation of these items and any ultimate purchase price adjustments that may result based on the final net assets and net working capital of the acquired businesses, as prescribed in the corresponding purchase agreements.

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During the three and nine month periods ended September 30, 2013, the Company revised its preliminary allocations for certain of the 2013 and 2012 acquisitions based on new information about the facts and circumstances existing as of the respective dates of such acquisitions, or, for purchase price adjustments, based on the final net assets and net working capital of the businesses acquired, as prescribed in the relevant purchase agreements. These adjustments resulted in the recognition of, or adjusted the fair values of, certain acquired assets and assumed liabilities, which, for the 2012 acquisitions, resulted in the revision of comparative prior period financial information. Such measurement period adjustments are presented as if the adjustments had been taken into account as of the dates of the respective acquisitions. All changes that do not qualify as measurement period adjustments are included in current period earnings.

2013 Acquisitions

Big Country

Effective May 1, 2013, MasTec acquired all of the issued and outstanding interests of Big Country Energy Services, Inc. and its affiliated operating companies (collectively, "Big Country"). Big Country is a North American oil and gas pipeline and facility construction services company, headquartered in Calgary, Alberta, Canada. Big Country also has construction offices in Alberta, British Columbia and Saskatchewan, as well as in Wyoming and North Dakota. Big Country's services include oil, natural gas and natural gas liquids gathering systems and pipeline construction; pipeline modification and replacement services; compressor and pumping station construction; and other related services supporting the oil and gas production, processing and transportation industries. Big Country is expected to significantly expand MasTec's ability to take advantage of the rapidly expanding opportunities anticipated for energy infrastructure work in North America in the coming years. Big Country is reported within the Company's oil and gas segment.

The following table summarizes the preliminary estimated fair value of consideration paid and the identifiable assets acquired and liabilities assumed, as adjusted, as of the date of acquisition (in millions):

Purchase price consideration:	May 1, 2013
Cash	$103.5
Fair value of contingent consideration (earn-out liability)	22.8
Total consideration transferred	$126.3
Identifiable assets acquired and liabilities assumed:	
Current assets	$69.0
Property and equipment	44.0
Pre-qualifications	29.6
Finite-lived intangible assets	10.7
Current liabilities	(21.7)
Long-term debt	(24.4)
Deferred income taxes	(13.1)
Total identifiable net assets	$94.1
Goodwill	$32.2
Total net assets acquired, including goodwill	$126.3

The fair values and weighted average useful lives of Big Country's acquired finite-lived intangible assets, as adjusted, as of the date of acquisition were assigned as follows:

	Fair Value (in millions)	Weighted Average Useful Life (in years)
Backlog	$1.9	1
Non-compete agreements	1.8	8
Customer relationships	7.0	6
Total acquired amortizing intangibles	$10.7	5

Finite-lived intangible assets will be amortized in a manner consistent with the pattern in which the related benefits are expected to be consumed. The intangible asset related to Big Country's pre-qualifications with companies in the oil and gas industry has been assigned an indefinite life as the pre-qualifications do not expire or diminish in value, and the companies to which they relate have extremely long operating histories. Goodwill arising from the acquisition represents the estimated value of Big Country's geographic presence in key high growth Canadian markets, its assembled workforce, its management team's industry-specific project management expertise and synergies expected to be achieved from the combined operations of Big Country and MasTec. As of the date of acquisition, the total amount of goodwill expected to be deductible for tax purposes was $4.0 million.

The contingent earn-out obligation is equal to 25% of the excess, if any, of Big Country’s annual earnings before interest, taxes, depreciation

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and amortization ("EBITDA") above certain thresholds for a five-year period, as set forth in the purchase agreement, and is payable annually in cash. The fair value of the earn-out liability was estimated using an income approach and incorporates significant inputs not observable in the market. Key assumptions in the estimated valuation include the discount rate and probability-weighted EBITDA projections. The range of potential undiscounted payments that MasTec could be required to make under the earn-out arrangement is estimated to be between $1 million and $110 million; however, there is no maximum earn-out payment amount.

Other 2013 Acquisitions

Effective April 1, 2013, MasTec acquired a former subcontractor to its wireless business, which will provide self-perform communications tower construction, installation, maintenance and other services in support of telecommunications infrastructure construction in the Company's communications segment. In addition, effective August 1, 2013, MasTec acquired an electrical transmission services company, which focuses primarily on substation construction activities within the Company's electrical transmission segment.

Unaudited Pro Forma Information - 2013 Acquisitions

The following unaudited supplemental pro forma results of operations include the results of operations of each of the companies acquired in 2013 as if each had been consolidated as of January 1, 2012 and have been provided for illustrative purposes only. These unaudited pro forma results of operations do not purport to be indicative of the actual results that would have been achieved by the combined companies for the periods presented, or of the results that may be achieved by the combined companies in the future. Future results may vary significantly from the results reflected in the following unaudited pro forma financial information because of future events and transactions, as well as other factors, many of which are beyond MasTec’s control.

The unaudited pro forma combined results of operations presented below for three and nine month periods ended September 30, 2013 and 2012, respectively, have been prepared by adjusting the historical results of MasTec to include the historical results of the acquisitions described above as if they occurred on January 1, 2012. The unaudited pro forma combined historical results were then adjusted (i) to remove one-time acquisition costs; (ii) to increase amortization expense resulting from incremental intangible assets acquired in such acquisitions; (iii) to increase interest expense as a result of the cash consideration paid; and (iv) to reduce interest expense from the repayment of acquired debt. The unaudited pro forma results of operations do not include any adjustments to reflect the impact of cost savings or other synergies that may result from these acquisitions. As noted above, the unaudited pro forma results of operations 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 company in the future.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
	(unaudited, in millions)		(unaudited, in millions)	
Revenue	$1,273.6	$1,158.7	$3,284.9	$3,026.2
Net income from continuing operations	$50.0	$42.7	$113.4	$88.9

Results of Businesses Acquired in 2013

Revenues and net income from the Company's 2013 acquisitions for the periods indicated are as follows (in millions):

	For the Three Months Ended September 30, 2013	For the Nine Months Ended September 30, 2013
Revenue	$101.8	$141.4
Net income	$6.2	$7.7

The above results do not include acquisition costs of $0.3 million and $1.5 million for the three and nine month periods ended September 30, 2013, respectively, and also do not include interest expense associated with consideration paid for these acquisitions.

2012 Acquisitions

Effective December 1, 2012, MasTec acquired all of the issued and outstanding interests of Bottom Line Services, LLC ("BLS"), a natural gas and petroleum pipeline infrastructure services company for an aggregate purchase price composed of approximately $67.6 million in cash and a five year earn-out, valued at $11.1 million as of the date of acquisition. BLS's services include pipeline and facilities construction, painting and maintenance services, primarily in eastern Texas. Additionally, effective December 1, 2012, MasTec acquired a former subcontractor to MasTec's oil and gas business, which provides self-perform clearing and trenching services for natural gas and petroleum pipeline infrastructure construction, and also acquired a former subcontractor to MasTec's wireless business, which provides self-perform communications tower construction, installation, maintenance and other services in support of telecommunications infrastructure construction.

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Results of Businesses Acquired in 2012

Revenues and net income from the Company's 2012 acquisitions for the periods indicated are as follows (in millions):

	For the Three Months Ended September 30, 2013	For the Nine Months Ended September 30, 2013
Revenue	$39.9	$129.0
Net income	$1.4	$5.2

The above results do not include interest expense associated with consideration paid for these acquisitions.

Measurement Period Adjustments

Measurement period adjustments associated with the Company's 2012 acquisitions have been reflected in the Company's December 31, 2012 consolidated balance sheet as follows (in millions):

As of December 31, 2012	As Previously Reported	Measurement Period Adjustments/Reclassifications	As Revised
Current assets	$1,047.1	$ 2.5	$1,049.6
Property and equipment, net	$350.4	$ (0.2)	$350.2
Goodwill	$820.3	$ 4.7	$825.0
Other long-term assets, including discontinued operations	$53.1	$ 1.1	$54.2
Current liabilities	$705.7	$ 8.1	$713.8

Note 4 – Discontinued Operations

Globetec

In September 2012, the Company's board of directors approved a plan of sale for its Globetec business. Accordingly, Globetec's projects and assets are reflected as assets and liabilities of discontinued operations in the condensed unaudited consolidated balance sheets for all periods presented, and Globetec's results of operations are presented as discontinued operations in the condensed unaudited consolidated statements of operations for all periods presented. Effective August 31, 2013, the Company sold all of its membership interests in Globetec Construction, LLC ("Globetec") for nominal consideration and retained certain assets, including two pre-closing, intercompany loans of $2.0 million and $5.6 million. The loans bear interest at 0.25% and 5% per annum, respectively, and mature on October 3, 2014, or earlier if Globetec collects certain amounts from its customers. The $5.6 million note has an option to extend the maturity by an additional year at an increased interest rate of 10% per annum. The $2.0 million and $5.6 million notes are classified as current assets and long-term assets, respectively. The sale agreement provides that the Company would retain certain contingent assets and liabilities of the Globetec business, which are reported in discontinued operations as set forth below.

The Company believes the notes receivable represent a variable interest in Globetec. The Company holds no power to control the primary activities of Globetec, owns no equity interests in Globetec and is not the primary beneficiary of the Globetec business. In addition to the loans described above, the Company has issued surety bonds totaling $41.8 million that remain outstanding as of September 30, 2013 for projects that Globetec has completed as of September 30, 2013 or expects to complete before May 2014. The Company believes an immaterial amount is at risk under these surety bonds as of September 30, 2013. The Company is not obligated and does not intend to support Globetec in the future.

The following table contains a summary of assets and liabilities associated with Globetec as of December 31, 2012, and, as of September 30, 2013, a summary of the contingent assets and liabilities, as described above, that were retained by the Company (in millions):

	September 30, 2013	December 31, 2012
Assets:		

Current assets	$3.1	$18.6
Long-term assets	11.3	7.7
Assets of discontinued operations	$14.4	$26.3
Liabilities:		
Current liabilities of discontinued operations	$1.3	$10.7

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The following table presents results from discontinued operations associated with the Globetec operation for the periods indicated (in millions):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
Revenue	$4.8	$4.8	$18.0	$13.5
Loss from operations, before tax	(0.5)	(2.6)	(2.7)	(5.8)
Loss on disposal and impairment charges, before tax	(5.7)	(12.7)	(6.0)	(12.7)
Benefit from income taxes	2.5	6.0	3.5	6.9
Net loss from discontinued operations	$(3.7)	$(9.3)	$(5.2)	$(11.6)

DirectStar

In May 2012, Red Ventures exercised its option to acquire from the Company the equity interests in DirectStar, which provides marketing and sales services on behalf of DIRECTV®. The Company consummated the sale of DirectStar to Red Ventures in June 2012 for a net sale price of $98.9 million in cash. DirectStar is presented as a discontinued operation in the Company's condensed unaudited consolidated financial statements for all periods presented. Net income from discontinued operations for DirectStar was $3.7 million for the nine month period ended September 30, 2012. There was no activity for the three month period ended September 30, 2012.

Note 5 - Goodwill and Other Intangible Assets

The following table provides a reconciliation of changes in goodwill by reportable segment (in millions):

	Communications	Oil and Gas	Electrical Transmission	Power Generation and Industrial	Total Goodwill
Balance as of December 31, 2012	$ 305.8	$272.1	$129.5	$117.6	$825.0
Additions from new business combinations	10.0	32.3	19.2	—	61.5
Accruals of acquisition-related contingent consideration (1)	6.5	—	—	—	6.5
Currency translation adjustments	—	(1.7)	—	—	(1.7)
Balance as of September 30, 2013	$ 322.3	$302.7	$148.7	$117.6	$891.3

(1) Represents contingent consideration for acquisitions prior to January 1, 2009, which is only accrued as earned, in accordance with U.S. GAAP.

The following table provides a reconciliation of changes in other intangible assets, net (in millions):

	Other Intangible Assets				
	Non-amortizing		Amortizing		
	Trade Names	Pre-Qualifications	Customer Relationships and Backlog	Other (1)	Total
Other intangible assets, gross carrying amount as of December 31, 2012	$34.8	$ 31.3	$109.6	$19.8	$195.5
Accumulated amortization			$(48.2)	$(10.3)	$(58.5)
Other intangible assets, net, as of December 31, 2012	$34.8	$ 31.3	$61.4	$9.5	$137.0
Additions from new business combinations	—	29.6	19.9	2.5	52.0
Amortization expense			(14.4)	(0.8)	(15.2)
Currency translation adjustments	—	(0.7)	(0.3)	—	(1.0)
Other intangible assets, net, as of September 30, 2013	$34.8	$ 60.2	$66.6	$11.2	$172.8

(1) Consists principally of trade names and non-compete agreements.

Amortization expense associated with amortizing intangible assets for the three month periods ended September 30, 2013 and 2012 was $5.8 million and $2.8 million, respectively. Amortization expense associated with amortizing intangible assets for the nine month periods ended September 30, 2013 and 2012 was $15.2 million and $8.5 million, respectively.

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Note 6 – Fair Value of Financial Instruments

The Company’s financial instruments include cash and cash equivalents, accounts and notes receivable, cash collateral deposited with insurance carriers, life insurance assets, auction rate securities, cost and equity method investments, deferred compensation plan assets and liabilities, accounts payable and other current liabilities, acquisition-related contingent consideration and debt obligations.

Fair value is the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value guidance establishes a valuation hierarchy, which requires maximizing the use of observable inputs when measuring fair value. The three levels of inputs that may be used are:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable market based inputs or other observable inputs.

Level 3 - Significant unobservable inputs that cannot be corroborated by observable market data. These values are generally determined using valuation models incorporating management’s estimates of market participant assumptions.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

As of September 30, 2013, the Company held certain assets and liabilities required to be measured at fair value on a recurring basis. The fair values of financial assets and liabilities measured on a recurring basis were determined using the following inputs as of the dates indicated (in millions):

		Fair Value Measurements Using Inputs Considered as Significant		
	Fair Value as of September 30, 2013	Level 1	Level 2	Level 3
Assets				
Life insurance surrender values	$5.0	$5.0		
Auction rate securities (See Note 7)	$9.2			$9.2
Liabilities				
Acquisition-related contingent consideration (1)	$169.8			$169.8

		Fair Value Measurements Using Inputs Considered as Significant		
	Fair Value as of December 31, 2012	Level 1	Level 2	Level 3
Assets				
Life insurance surrender values	$11.9	$11.9		
Auction rate securities (See Note 7)	$14.4			$14.4
Liabilities				
Acquisition-related contingent consideration (1)	$143.6			$143.6

(1) For acquisitions that closed after January 1, 2009.

Changes in Acquisition-Related Contingent Consideration Measured at Fair Value on a Recurring Basis

For the nine month period ended September 30, 2013, the Company made $2.7 million of payments for acquisition-related contingent consideration obligations. Foreign currency translation gains included in other comprehensive income totaled $1.1 million for the nine month period ended September 30, 2013. Additions from the Company's 2013 acquisitions totaled $30.0 million for the nine month period ended September 30, 2013.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Assets and liabilities recognized or disclosed at fair value on a nonrecurring basis, which are initially measured at fair value, and are subsequently remeasured in the event of an impairment or other measurement event, include items such as cost and equity method investments, goodwill and other intangible assets, long-lived assets and debt instruments.

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Carrying amounts and estimated fair values of selected financial instruments measured on a non-recurring basis as of the dates indicated were as follows (in millions):

	September 30, 2013		December 31, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
4.875% senior notes	$400.0	$378.0	$—	$—
7.625% senior notes	$—	$—	$150.0	$154.9
2009 Convertible Notes	$12.6	$24.7	$12.7	$21.0
2011 Convertible Notes	$197.0	$397.8	$193.0	$338.3

The estimated fair values of the Company’s 4.875% senior notes, 7.625% senior notes, 2009 Convertible Notes and 2011 Convertible Notes are based on quoted market prices, a Level 1 input. During the first quarter of 2013, the Company repurchased and redeemed its 7.625% senior notes. A debt extinguishment loss of $5.6 million was recorded in connection with the transaction. See Note 10 - Debt for additional information.

Note 7 - Auction Rate Securities

The Company has available-for-sale auction rate securities, which, as of September 30, 2013, represent interests in pools of student loans guaranteed by the U.S. government under the Federal Family Education Loan Program. In May 2013, the issuer of one of the Company's student loan auction rate securities redeemed its security at the security's par value of $2.6 million. Additionally, the Company sold its structured finance security for $2.4 million in May 2013, which had a par value of $5.0 million and a cost basis of $1.7 million. A gain of $0.7 million, which is included in other income, was realized in connection with the sale.

As of September 30, 2013, estimated fair value and unrealized losses associated with the Company’s auction rate securities, which are classified as other long-term assets in the condensed unaudited consolidated financial statements, totaled $9.2 million and $1.1 million, respectively. As of December 31, 2012, estimated fair value and unrealized losses, net of unrealized gains, associated with the Company’s auction rate securities totaled $14.4 million and $0.2 million, respectively

Fair values of the Company's auction rate securities are estimated by an independent valuation firm, Houlihan Capital Advisors, LLC, using a probability weighted discounted cash flow model. The valuation of these securities is sensitive to market conditions and management’s judgment and can change significantly based on the assumptions used.

As of September 30, 2013, contractual maturities of the Company’s auction rate securities ranged from 14.5 to 34.1 years.

Note 8 - Accounts Receivable, Net of Allowance

The following table provides details of accounts receivable, net of allowance, for our continuing operations as of the dates indicated (in millions):

	September 30, 2013	December 31, 2012
Contract billings	$711.4	$522.0
Retainage	134.7	113.5
Costs and earnings in excess of billings	393.9	253.0
Accounts receivable, gross	$1,240.0	$888.5
Less allowance for doubtful accounts	(14.9)	(11.3)
Accounts receivable, net	$1,225.1	$877.2

Provisions for doubtful accounts were $1.9 million and $1.2 million, respectively for the three month periods ended September 30, 2013 and September 30, 2012, respectively, and $4.4 million and $2.5 million for the nine month periods ended September 30, 2013 and September 30, 2012, respectively.

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Note 9 - Property and Equipment, Net

The following table provides details of property and equipment, net, including property and equipment held under capital leases, for our continuing operations as of the dates indicated (in millions):

	September 30, 2013	December 31, 2012
Land	$4.8	$4.8
Buildings and leasehold improvements	18.1	15.4
Machinery and equipment	728.7	521.5
Office furniture and equipment	105.4	89.4
Total property and equipment	$857.0	$631.1
Less accumulated depreciation and amortization	(352.7)	(280.9)
Property and equipment, net	$504.3	$350.2

Depreciation and amortization expense associated with property and equipment of the Company's continuing operations for the three month periods ended September 30, 2013 and 2012 was $32.0 million and $19.8 million, respectively. Depreciation and amortization expense associated with property and equipment of the Company's continuing operations for the nine month periods ended September 30, 2013 and 2012 was $87.9 million and $56.6 million, respectively.

Note 10 - Debt

The following table provides details of the carrying value of debt as of the dates indicated (in millions):

Description	Maturity Date	September 30, 2013	December 31, 2012
Credit facility	August 22, 2016	$36.4	$ 134.0
4.875% senior notes	March 15, 2023	400.0	—
7.625% senior notes	February 1, 2017	—	150.0
2011 4.0% senior convertible notes	June 15, 2014	103.1	100.9
2011 4.25% senior convertible notes	December 15, 2014	93.9	92.1
2009 4.0% senior convertible notes	June 15, 2014	9.6	9.7
2009 4.25% senior convertible notes	December 15, 2014	3.0	3.0
Capital lease obligations, weighted average interest rate of 2.8%	In installments through March 2020	133.3	79.0
Notes payable for equipment and other debt, weighted average interest rate of 3.5%	In installments through May 2018	53.9	30.2
Total debt		$833.2	$ 598.9
Less current maturities		(53.3)	(52.6)
Long-term debt		$779.9	$ 546.3

Issuance of 4.875% Senior Notes and Repurchase and Redemption of 7.625% Senior Notes

On March 18, 2013, the Company issued $400 million of 4.875% senior notes due March 15, 2023 (the “4.875% Senior Notes”) in a registered public offering. The 4.875% Senior Notes bear interest at a rate of 4.875% per annum, payable on March 15 and September 15 of each year. Interest payments commenced on September 15, 2013. The 4.875% Senior Notes are senior unsecured unsubordinated obligations and rank equal in right of payment with existing and future unsubordinated debt, and rank senior in right of payment to existing and future subordinated debt. The 4.875% Senior Notes, as well as the Company's 2011 Convertible Notes and 2009 Convertibles Notes are effectively junior to MasTec's secured debt, including the Company's credit facility, to the extent of the value of the assets securing that debt. The 4.875% Senior Notes are guaranteed on an unsecured unsubordinated basis by MasTec's direct and indirect 100%-owned domestic subsidiaries that guarantee the Company's credit facility.

The Company has the option to redeem all or a portion of the 4.875% Senior Notes at any time on or after March 15, 2018 at the redemption prices set forth in the indenture that governs the 4.875% Senior Notes (the “4.875% Senior

Notes Indenture") plus accrued and unpaid interest, if any, to the redemption date. At any time prior to March 15, 2018, the Company may redeem all or a part of the 4.875% Senior Notes at a redemption price equal to 100% of the principal amount of 4.875% Senior Notes redeemed plus an applicable premium, as defined in the 4.875% Senior Notes Indenture, together with accrued and unpaid interest, if any, to the redemption date. In addition, at any time prior to March 15, 2016, the Company may redeem up to 35% of the principal amount of the 4.875% Senior Notes using the net cash proceeds of one or more sales of the Company's capital stock, as defined in the 4.875% Senior Notes Indenture, at a redemption price of 104.875% of the principal amount, plus accrued and unpaid interest to the redemption date.

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The 4.875% Senior Notes Indenture, among other things, generally limits the ability of the Company and certain of its subsidiaries, subject to certain exceptions, to (i) incur additional debt and issue preferred stock, (ii) create liens, (iii) pay dividends, acquire shares of capital stock, make payments on subordinated debt or make investments, (iv) place limitations on distributions from certain subsidiaries, (v) issue guarantees, (vi) issue or sell the capital stock of certain subsidiaries, (vii) sell assets, (viii) enter into transactions with affiliates and (ix) effect mergers. The 4.875% Senior Notes Indenture provides for customary events of default, as well as customary remedies upon an event of default, as defined in the 4.875% Senior Notes Indenture, including acceleration of repayment of outstanding amounts.

Approximately $7.7 million in financing costs were incurred in connection with the issuance of the 4.875% Senior Notes. These deferred financing costs are included in other long-term assets in the condensed unaudited consolidated financial statements and will be amortized over the term of the 4.875% Senior Notes using the effective interest method. The Company used a portion of the proceeds from the 4.875% Senior Notes offering to fund the repurchase and redemption of the Company's $150 million principal amount of 7.625% senior notes due 2017 (the “7.625% Senior Notes”), discussed below, and to repay the outstanding balance of the Company's credit facility. The remaining net proceeds were used for working capital and other general corporate purposes.
In connection with the issuance of the 4.875% Senior Notes, the Company repurchased approximately $121.1 million of its 7.625% Senior Notes on March 18, 2013 in a tender offer at a price of 102.792% of the principal amount, which included an early tender payment of $30.00 per $1,000 principal amount of notes tendered. The holders of the tendered 7.625% Senior Notes also received accrued interest from the most recent interest payment date to, but not including, the date of repurchase. In addition, on March 29, 2013, the Company redeemed the remaining outstanding $28.9 million aggregate principal amount of the 7.625% Senior Notes in accordance with their terms at a price of 102.542% of the principal amount plus accrued interest from the most recent interest payment date to, but not including, the date of redemption.

A pre-tax debt extinguishment loss of $5.6 million was recognized during the first quarter of 2013 in connection with the repurchase and redemption of the 7.625% Senior Notes, including $4.1 million of early payment premiums and $1.5 million of unamortized deferred financing costs. This loss is separately disclosed within the condensed unaudited consolidated statements of operations.

Credit Facility
As of September 30, 2013, the Company had outstanding revolving loans under its senior secured revolving credit facility (the "Credit Facility") of $36.4 million, which accrued interest at a weighted average rate of approximately 3.93% per annum. As of December 31, 2012, the Company had outstanding revolving loans under its Credit Facility of $134.0 million, which accrued interest at a weighted average rate of approximately 3.95% per annum. Letters of credit of approximately $138.5 million and $120.8 million were outstanding under the Credit Facility as of September 30, 2013 and December 31, 2012, respectively. The remaining borrowing capacity under the Credit Facility of $425.2 million and $345.2 million as of September 30, 2013 and December 31, 2012, respectively, was available for revolving loans or up to $211.5 million and $229.2 million, respectively, of new letters of credit. Outstanding letters of credit mature at various dates and most have automatic renewal provisions, subject to prior notice of cancellation. As of September 30, 2013, interest on outstanding letters of credit accrued at either 1.125% or 2.25% per annum, based on the type of letter of credit issued. As of December 31, 2012, interest on outstanding letters of credit accrued at either 1% or 2% per annum. The unused facility fee was 0.40% and 0.35% as of September 30, 2013 and December 31, 2012, respectively. See Note 21 - Subsequent Events regarding the October 2013 amendment of the Company's Credit Facility.
2011 Convertible Notes
Unamortized debt discount and financing costs associated with the 2011 Convertible Notes totaled $5.3 million and $9.3 million as of September 30, 2013 and December 31, 2012, respectively. The 2011 4.0% Notes mature in June 2014. The Company expects to refinance the $105.3 million principal amount of the 2011 4.0% Notes on a long-term basis either through its Credit Facility or through other sources of funding available to the Company, and therefore,

has included the carrying amount of the 2011 4.0% Notes within long-term debt in the condensed unaudited consolidated balance sheet as of September 30, 2013.

For additional information regarding the accounting treatment of the 2011 Convertible Notes, see Note 10 - Debt in the Company's consolidated financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2012.

Debt Guarantees and Covenants

The Company’s 2011 Convertible Notes and 2009 Convertible Notes are, and, through March 29, 2013, the Company's 7.625% Senior Notes were, fully and unconditionally guaranteed on an unsecured, unsubordinated, joint and several basis by certain of the Company's existing and future 100%-owned direct and indirect domestic subsidiaries that are guarantors of the Company's Credit Facility or other outstanding indebtedness. The Company's 4.875% Senior Notes are guaranteed on an unsecured, unsubordinated, joint and several basis by the Company's 100%-owned domestic subsidiaries that guarantee the Credit Facility. See Note 20 - Supplemental Guarantor Condensed Unaudited Consolidating Financial Information.

MasTec was in compliance with all provisions and covenants pertaining to its outstanding debt instruments as of September 30, 2013 and December 31, 2012.

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Interest Expense, Net

The following table provides details of interest expense, net, classified within continuing operations for the periods indicated (in millions):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
Interest expense:				
Contractual and other interest expense	$10.4	$7.4	$27.9	$21.8
Accretion of senior convertible note discount	1.3	1.2	3.9	3.7
Amortization of deferred financing costs	1.0	0.9	3.0	2.7
Total interest expense	$12.7	$9.5	$34.8	$28.2
Interest income	—	(0.1)	(0.3)	(0.3)
Interest expense, net	$12.7	$9.4	$34.5	$27.9

Note 11 - Lease Obligations

Capital Leases

MasTec enters into agreements that expire on various dates, which provide financing for certain machinery and equipment. Assets held under capital leases, net of accumulated depreciation, totaled $142.2 million and $102.2 million as of September 30, 2013 and December 31, 2012, respectively.

Operating Leases

In the ordinary course of business, the Company enters into non-cancelable operating leases for certain of its facility, vehicle and equipment needs, including related party leases. Rent expense relating to operating leases, including short term rentals, reflected within continuing operations, was approximately $75.6 million and $69.4 million for the three month periods ended September 30, 2013 and 2012, respectively, and $176.0 million and $168.2 million for the nine month periods ended September 30, 2013 and 2012, respectively.

Note 12 – Stock-Based Compensation and Other Employee Benefit Plans

The Company has certain stock-based compensation plans, under which stock options and restricted share awards are available for issuance or outstanding, including the MasTec, Inc. 2013 Incentive Plan (the "2013 Incentive Plan"), which became effective in May 2013. As of September 30, 2013, the 2013 Incentive Plan had 4,926,681 shares available for issuance. In addition, the Company has certain employee stock purchase plans under which shares of the Company's common stock are available for purchase by eligible employees. In March 2013, the Company authorized the issuance of up to 1,000,000 new shares of MasTec, Inc. common stock to eligible employees under the MasTec, Inc. Bargaining Units Employee Stock Purchase Plan (the "2013 Bargaining Units ESPP"). The 2013 Bargaining Units ESPP became effective on July 1, 2013. The MasTec, Inc. 2011 Employee Stock Purchase Plan (the “2011 ESPP" and, together with the 2013 Bargaining Units ESPP, the "ESPPs") also provides for the issuance of up to 1,000,000 shares of MasTec, Inc. common stock for eligible employees.

Under all stock-based compensation plans in effect as of September 30, 2013, there were a total of 6,383,118 shares available for grant or issuance.

Restricted Share Awards

MasTec grants restricted share awards, which are valued based on the market price of MasTec common stock on the date of grant. Total unearned compensation related to restricted share awards as of September 30, 2013 was approximately $17.4 million, which is expected to be recognized over a weighted average period of approximately 1.4 years. The total intrinsic value, or fair value, of restricted share awards that vested, which is based on the market price on the date of vesting, was $0.9 million and $2.0 million for the three and nine month periods ended September 30, 2013 and $0.7 million and $2.9 million for the three and nine month periods ended September 30, 2012, respectively.

During the second quarter of 2013, the Company entered into an agreement with the previous owners of EC Source to establish an incentive program for its employees and granted 350,000 restricted share awards (the “EC Source Share Award”). The former owners of EC Source contributed cash and shares of MasTec common stock to the Company in connection with the EC Source Share Award. In the event that shares granted under the EC Source Share Award are forfeited prior to vesting, the former owners of EC Source will be re-issued the pro-rata percentage of the former owners' contributed shares to total shares awarded under the EC Source share grant. As of September 30, 2013, the Company did not anticipate the occurrence of any such forfeitures.

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Activity, restricted share awards:	Restricted Shares	Per Share Weighted Average Grant Date Fair Value
Non-vested restricted shares, as of December 31, 2012	782,281	$19.10
Granted	428,262	31.04
Vested	(64,288)	18.22
Canceled/forfeited	(15,187)	15.35
Non-vested restricted shares, as of September 30, 2013	1,131,068	$23.72

Stock Options

The Company has granted options to purchase its common stock to employees and members of the Board of Directors and affiliates under various stock option plans at not less than the fair market value of the underlying stock on the date of grant. All outstanding stock options are fully vested.

Activity, stock options:	Stock Options	Per Share Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value (1) (in millions)
Options outstanding as of December 31, 2012	1,043,825	$10.50	2.33	$15.1
Exercised	(498,123)	9.91		
Canceled/forfeited	(35,000)	7.74		
Options outstanding as of September 30, 2013	510,702	$11.27	2.19	$9.7
Options exercisable as of September 30, 2013	510,702	$11.27	2.19	$9.7

(1) Amount represents the difference between the exercise price and the market price of the Company’s stock on the last trading day of the corresponding period, multiplied by the number of in-the-money options.

The total intrinsic value of options exercised during the three month periods ended September 30, 2013 and 2012, which is based on the difference between the exercise price and the market price of the Company’s stock at the date of exercise, was $4.6 million and $0.4 million, respectively. The intrinsic value of options exercised during the nine month periods ended September 30, 2013 and 2012 totaled $10.4 million and $0.7 million, respectively. Proceeds from options exercised during the three month periods ended September 30, 2013 and 2012 totaled $0.4 million and $0.3 million, respectively, and totaled $3.8 million and $0.6 million for the nine months periods ended September 30, 2013 and 2012, respectively.

Employee Stock Purchase Plan

The Company's ESPPs allow qualified employees to purchase MasTec, Inc. common stock at 85% of the fair market value of the common stock at the lower of (i) the date of commencement of the offering period or (ii) the last day of the exercise period, as defined in the plan document. Through June 30, 2013, the offering period was an annual period, composed of four interim exercise periods. Effective July 1, 2013, the offering period became quarterly.

	Nine Months Ended September 30,	
Activity, employee stock purchase plan:	2013	2012
Cash proceeds (in millions)	$6.0	$0.9
Number of common shares	436,925	67,073
Weighted average price per share	$13.69	$13.43
Weighted average grant date fair value per share	$5.55	$3.96

The fair value of purchases under the Company's ESPP is estimated using the Black-Scholes option-pricing valuation model.

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Stock Based Compensation Expense and Tax Benefits

Details of stock based compensation expense and related tax benefits for the periods indicated are as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Stock based compensation expense	$3.0	$1.2	$9.6	$3.4
Income tax benefit from stock based compensation	4.5	0.7	7.7	1.6
Excess tax benefit from stock based compensation [1]	$3.0	$0.2	$4.4	$0.3

(1) Excess tax benefits, which represent cash flows from tax deductions in excess of the tax effect of compensation expense recognized for stock options exercised and vested restricted shares, are classified as financing cash flows in the Company’s condensed unaudited consolidated statements of cash flows.

Shares Withheld for Payroll Taxes

In connection with the issuance of shares under share-based compensation awards, at the employees' election, the Company withholds shares of common stock for tax withholding obligations. These shares are repurchased or withheld in conjunction with net share settlement of the related awards upon vesting, for restricted stock awards, or upon exercise, for stock options. Withheld shares, which are valued at the share price on the date of vesting or exercise, as applicable, are classified as a reduction to additional paid-in capital. The value of shares withheld for payroll taxes under share-based compensation arrangements was $2.4 million for the nine month period ended September 30, 2013.

Note 13 – Other Retirement Plans

Multi-Employer Pension Plans. Certain of MasTec’s subsidiaries contribute amounts to multi-employer pension and other multi-employer benefit plans and trusts. Multi-employer plan contribution rates are determined annually and assessed on a “pay-as-you-go” basis based on union employee payrolls. Union payrolls cannot be determined for future periods because the number of union employees employed at any given time, and the plans in which they may participate, vary depending upon the location and number of ongoing projects at a given time and the need for union resources in connection with those projects.

Total contributions to multi-employer pension plans, and the related number of employees covered by these plans, for the periods indicated ranged as follows (dollars in millions):

	Number of Employees		Contributions (in millions)		
For the Three Months Ended September 30,	Low	High	Pension	Post-Retirement Benefit	Total
2013	2,392	2,734	$14.8	$ 1.0	$15.8
2012	1,575	2,509	$8.7	$ 0.3	$9.0
For the Nine Months Ended September 30,	Low	High	Pension	Post-Retirement Benefit	Total
2013	778	2,734	$29.6	$ 2.9	$32.5
2012	308	2,509	$21.1	$ 0.8	$21.9

The Company's contributions to multi-employer pension plans have increased for the nine month period ended September 30, 2013 as a result of higher activity levels, primarily in its oil and gas business.

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Note 14 – Shareholders' Equity

Treasury Stock and Share Activity (in thousands):

	Common Shares Outstanding	Treasury Shares
Balance as of December 31, 2012	76,448	9,467
Shares issued for stock option exercises	498	
Shares issued for restricted stock awards	64	
Other shares issued, net	409	
Shares contributed by shareholder, former owner of acquired business [(1)]	(200)	
Balance as of September 30, 2013	77,219	9,467

(1) See Note 12 - Stock-Based Compensation and Other Employee Benefit Plans for contributed share details.

Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive (loss) income by component during the periods indicated are as follows (in thousands):

	For the Nine Months Ended September 30,					
	2013			2012		
	Unrealized (Losses) Gains			Unrealized (Losses) Gains		
	Available-for-Sale Securities	Foreign Currency Items	Total	Available-for-Sale Securities	Foreign Currency Items	Total
Balance as of January 1	$(5,395)	$(106)	$(5,501)	$(5,917)	$(2,029)	$(7,946)
Activity before reclassifications, net of tax	(118)	(3,839)	(3,957)	339	2,304	2,643
Reclassifications, net of tax	(440) [(1)]	—	(440)	—	—	—
Activity, net of tax	(558)	(3,839)	(4,397)	339	2,304	2,643
Balance as of September 30	$(5,953)	$(3,945)	$(9,898)	$(5,578)	$275	$(5,303)

(1) Represents the reclassification adjustment for gains on securities sold, which was recognized as a component of other income. See Note 7 - Auction Rate Securities.

Foreign currency activity is primarily related to the Company's Canadian operations. The Company's Canadian presence has grown in recent years due to acquisitions. See Note 3 - Acquisitions.

Note 15 - Income Taxes

The Company’s consolidated tax rates on income from continuing operations for the three month periods ended September 30, 2013 and 2012 were 38.8% and 39.4%, respectively, and for the nine month periods ended September 30, 2013 and 2012 were 38.6% and 39.4%, respectively. In determining the quarterly provision for income taxes, management uses an estimated annual effective tax rate based on forecasted annual pre-tax income, permanent tax differences, statutory tax rates and tax planning opportunities in the various jurisdictions in which the Company operates. The impact of significant discrete items is separately recognized in the quarter(s) in which they occur.

Note 16 - Segments and Operations by Geographic Area

Segment Discussion

MasTec presents its continuing operations under five reportable segments: (1) Communications; (2) Oil and Gas; (3) Electrical Transmission; (4) Power Generation and Industrial and (5) Other. This structure is generally focused on broad end-user markets for MasTec's labor-based construction services and has been determined in accordance with the criteria in Accounting Standards Codification ("ASC") 280, Segment Reporting. All five reportable segments derive their revenues from the engineering, installation and maintenance of infrastructure, primarily in North America.

Income from continuing operations before non-controlling interests before interest, taxes, depreciation and amortization (“EBITDA”) is the measure of profitability used by management to manage its segments and, accordingly, in its segment reporting. As appropriate, the Company supplements the reporting of consolidated financial information determined in accordance with U.S. GAAP with certain non-U.S. GAAP financial measures, including EBITDA. The Company believes these non-U.S. GAAP measures provide meaningful information that helps investors understand the Company's financial results and assess its prospects for future performance. The Company uses EBITDA to evaluate its performance, both internally and versus its peers, because it excludes certain items that may not be indicative of the Company's reportable segment results, as well

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as items that can vary widely across different industries or among companies within the same industry. Segment EBITDA is calculated in a manner consistent with consolidated EBITDA.
Summarized financial information for MasTec's reportable segments is presented and reconciled to consolidated continuing operations financial information for total MasTec in the following tables (in millions).

As of and for the three month period ended September 30, 2013:

	Communications	Oil and Gas	Electrical Transmission	Power Generation and Industrial	Other	Corporate	Eliminations	Continuing Operations Consolidated
Revenue	$ 543.0	$519.1	$118.8	$85.1	$3.5	$—	$ (0.1)	$ 1,269.4
EBITDA	$ 71.8	$68.1	$12.1	$(6.4)	$0.1	$(13.6)	$ —	$ 132.1
Depreciation	$ 8.0	$19.3	$2.6	$1.2	$—	$0.9	$ —	$ 32.0
Amortization	$ 1.5	$3.2	$0.6	$0.5	$—	$—	$ —	$ 5.8

As of and for the three month period ended September 30, 2012:

	Communications	Oil and Gas	Electrical Transmission	Power Generation and Industrial	Other	Corporate	Eliminations	Continuing Operations Consolidated
Revenue	$ 490.0	$284.0	$74.8	$211.7	$7.5	$—	$ (0.7)	$ 1,067.3
EBITDA	$ 59.5	$29.0	$10.5	$9.9	$1.2	$(18.4)	$ —	$ 91.7
Depreciation	$ 6.9	$9.5	$1.6	$1.0	$—	$0.8	$ —	$ 19.8
Amortization	$ 0.4	$0.5	$1.2	$0.7	$—	$—	$ —	$ 2.8

As of and for the nine month period ended September 30, 2013:

	Communications	Oil and Gas	Electrical Transmission	Power Generation and Industrial	Other	Corporate	Eliminations	Continuing Operations Consolidated
Revenue	$ 1,464.5	$1,134.8	$321.9	$237.3	$9.2	$—	$ (2.0)	$ 3,165.7
EBITDA	$ 181.6	$161.7	$27.0	$(14.6)	$0.5	$(47.9)	$ —	$ 308.3
Depreciation	$ 22.8	$51.8	$7.1	$3.6	$—	$2.6	$ —	$ 87.9
Amortization	$ 4.0	$8.4	$1.3	$1.5	$—	$—	$ —	$ 15.2

As of and for the nine month period ended September 30, 2012:

	Communications	Oil and Gas	Electrical Transmission	Power Generation and Industrial	Other	Corporate	Eliminations	Continuing Operations Consolidated
Revenue	$ 1,311.1	$715.3	$228.2	$527.4	$14.1	$—	$ (1.7)	$ 2,794.4
EBITDA	$ 139.4	$57.3	$31.1	$28.2	$1.7	$(34.5)	$ —	$ 223.2
Depreciation	$ 19.9	$27.2	$4.3	$3.0	$—	$2.2	$ —	$ 56.6
Amortization	$ 1.3	$1.4	$3.8	$2.0	$—	$—	$ —	$ 8.5

Revenue generated from utilities customers represented 6.9% and 11.6% of Communications segment revenues for the three month periods ended September 30, 2013 and 2012, respectively, and 7.2% and 11.2% for the nine month periods ended September 30, 2013 and 2012, respectively.

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The following table presents a reconciliation of EBITDA for our continuing operations to consolidated income from continuing operations before provision for income taxes (in millions):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
EBITDA	$132.1	$91.7	$308.3	$223.2
Less:				
Interest expense, net	(12.7)	(9.4)	(34.5)	(27.9)
Depreciation	(32.0)	(19.8)	(87.9)	(56.6)
Amortization	(5.8)	(2.8)	(15.2)	(8.5)
Income from continuing operations before provision for income taxes	$81.6	$59.6	$170.6	$130.2

Foreign Operations. The Company has operations in Canada as well as in parts of Latin America and the Caribbean. The following table presents revenue by geographic area for the periods indicated (dollar amounts in millions):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
Continuing operations:				
Derived from foreign operations	$90.9	$33.7	$172.0	$133.7
Derived in the United States	1,178.5	1,033.6	2,993.7	2,660.7
Revenue from continuing operations	$1,269.4	$1,067.3	$3,165.7	$2,794.4
Discontinued operations:				
Derived from foreign operations	$2.3	$1.9	$7.0	$4.6
Derived in the United States	2.5	2.9	11.0	69.1
Revenue from discontinued operations	$4.8	$4.8	$18.0	$73.7

The following table presents long-lived assets held in foreign countries for our continuing operations as of the dates indicated (in millions):

	September 30, 2013	December 31, 2012
Property and equipment, net	$48.8	$11.4
Goodwill and other intangible assets, net	$94.0	$30.5

Significant Customers

Revenue concentration information for significant customers, as a percent of total consolidated revenue from continuing operations, is as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
Customer:				
AT&T	16%	17%	18%	17%
DIRECTV®	13%	16%	15%	17%
Enbridge, Inc.	20%	3%	14%	1%

The Company's relationship with AT&T is based upon master service agreements, other service agreements and construction/installation contracts for both AT&T's wireless and wireline infrastructure businesses. Revenue from AT&T is included in the Communications segment.

The Company's relationship with DIRECTV® is based upon an agreement to provide installation and maintenance services for DIRECTV®. Revenue from DIRECTV® is included in the Communications segment.

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The Company's relationship with Enbridge, Inc. is based upon various construction contracts for natural gas pipelines. Revenue from Enbridge, Inc. is included in the Oil and Gas segment.

Note 17 - Commitments and Contingencies

In addition to the matters discussed below, MasTec is subject to a variety of legal cases, claims and other disputes that arise from time to time in the ordinary course of its business. MasTec cannot provide assurance that it will be successful in recovering all or any of the potential damages it has claimed or in defending claims against it.

Legacy Litigation

MasTec is subject to litigation, some of which dates from the period 2001 through 2006.

Sintel. The labor union representing the workers of Sistemas e Instalaciones de Telecomunicacion S.A. (“Sintel”), a former MasTec subsidiary that was sold in 1998, filed a claim that initiated an investigative action with the Audiencia Nacional, a Spanish federal court, against Telefonica and dozens of other defendants including current and former officers and directors of MasTec and Sintel, relating to Sintel’s 2000 bankruptcy.

On June 17, 2013, MasTec, the workers and the prosecutor resolved the matter, resulting in the dismissal all of the charges and claims brought against MasTec and the MasTec defendants. The workers provided MasTec and MasTec defendants with a release and an acknowledgment that MasTec and MasTec defendants acted in good faith and did not cause Sintel's bankruptcy. On June 20, 2013, the Audiencia Nacional issued an order dismissing the charges and claims against MasTec and the MasTec defendants and finding another party guilty and liable of certain charges.

The Company resolved the matter in order to avoid significant legal fees and the potential liabilities resulting from the actions of other Spanish defendants for which MasTec may be financially responsible under a theory of subsidiary (or vicarious) liability, the uncertainty of a trial before a foreign tribunal such as the Audiencia Nacional and to eliminate management time devoted to this matter. MasTec recorded a pre-tax charge of $9.6 million in 2012 in connection with this matter and recorded an additional pre-tax charge of $2.8 million during the second quarter of 2013 in connection with its resolution.

Other Outstanding Litigation

SunLight Entities. In 2011, Power Partners MasTec, LLC., a MasTec, Inc. subsidiary (“Power Partners”), entered into engineering, procurement, and construction agreements (“Contracts”) with special purpose entities, SunLight General Somerset Solar, LLC, SunLight General Morris Solar, LLC and SunLight General Sussex Solar, LLC (collectively, the “SunLight Entities”), respectively, to perform design and construction services for three public solar projects in New Jersey located in Somerset, Morris and Sussex Counties (the “Projects”). The initial contract price of each of the Projects was, subject to adjustment, approximately as follows: Somerset ($29 million), Morris ($36 million) and Sussex ($26 million). The Projects were funded on a project finance basis, including the proceeds of municipal bonds issued by county improvement authorities.

Power Partners and the SunLight Entities have commenced three separate arbitration proceedings against each other to address various disputes that presently exist between the parties on the three Projects. The parties allege, among other things, breach of contract against each other. Discovery is ongoing. The arbitrations are scheduled to begin in January 2014.

Power Partners has also filed municipal liens and construction liens for the work performed. The liens have been challenged, and the Company is currently appealing the trial court's adverse ruling to the New Jersey appellate court. Power Partners is vigorously pursuing its claims against the SunLight Entities and vigorously defending against claims by the SunLight Entities.

City of Marathon. During 2010 and 2011, pursuant to a written contract, the Company provided certain construction services for the City of Marathon in Marathon, Florida. The Company completed those services in 2011, but at the end of 2011, the Company had still not been paid for all of the work performed on the project. The Company is seeking in excess of $6 million against the City of Marathon for breach of contract and against the City of Marathon’s engineers for professional negligence. The City of Marathon and the engineers filed answers denying liability and claiming that the Company breached the contract. Discovery is ongoing. The Company will continue to vigorously

pursue these claims.
Other Commitments and Contingencies
Leases. In the ordinary course of business, the Company enters into non-cancelable operating leases for certain of its facility, vehicle and equipment needs, including related party leases. See Note 11 - Lease Obligations.
Letters of Credit. In the ordinary course of business, the Company is required to post letters of credit for its insurance carriers, surety bond providers and in support of performance under certain contracts. As of September 30, 2013 and December 31, 2012, the Company had $138.5 million and $120.8 million, respectively, of letters of credit issued under its Credit Facility, of which $52.2 million and $53.2 million, respectively, pertained to certain of the Company's insurance carriers. The Company is not aware of any material claims relating to outstanding letters of credit as of September 30, 2013 or December 31, 2012.
Performance and Payment Bonds. In the ordinary course of business, MasTec is required by certain customers to provide performance and payment bonds for some of the Company’s contractual commitments related to projects in process. As of September 30, 2013, the estimated cost to complete of the projects secured by the Company’s $1.4 billion in performance and payment bonds was $383.8 million. As of December 31, 2012, the estimated cost to complete of the projects secured by the Company’s $1.1 billion in performance and payment bonds was $284.5 million.

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Self-Insurance. MasTec maintains insurance policies subject to per claim deductibles of $1 million for its workers' compensation policy, $2 million for its general liability policy and $2 million for its automobile liability policy. The Company has excess umbrella coverage up to $100 million per claim and in the aggregate. As of September 30, 2013 and December 31, 2012, MasTec's liability for unpaid claims and associated expenses, including incurred but not reported losses related to its workers compensation, general liability and automobile liability insurance policies, was $53.1 million and $48.1 million, respectively, of which $32.6 million and $28.5 million, respectively, was reflected within non-current other liabilities in the condensed unaudited consolidated financial statements. MasTec also maintains an insurance policy with respect to employee group health claims, which is subject to annual per employee maximum losses of $0.4 million. MasTec's liability for employee group claims as of September 30, 2013 and December 31, 2012 was $1.0 million and $1.1 million, respectively.

The Company is required to post letters of credit and provide cash collateral to certain of its insurance carriers and to provide surety bonds in certain states in which the Company is self-insured. As of September 30, 2013 and December 31, 2012, these letters of credit amounted to $52.2 million and $53.2 million, respectively. In addition, cash collateral deposited with insurance carriers, which is included in other long-term assets in the consolidated balance sheets, amounted to $1.5 million and $2.0 million as of September 30, 2013 and December 31, 2012, respectively. Outstanding surety bonds related to workers' compensation self-insurance programs amounted to $10.9 million and $9.0 million as of September 30, 2013 and December 31, 2012, respectively.

Employment Agreements. The Company has 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 the Company. Upon the occurrence of any of the defined events in the various employment agreements, the Company would be obligated to pay certain amounts to the relevant employees, which vary with the level of the employees' respective responsibility.

Collective Bargaining Agreements and Multi-Employer Pension Plans. Certain of MasTec's subsidiaries are party to various collective bargaining agreements with unions representing certain of their employees. The agreements require the subsidiaries party to the agreements to pay specified wages, provide certain benefits to their union employees and contribute certain amounts to multi-employer pension plans and employee benefit trusts. The multi-employer pension plan contribution rates are determined annually and assessed on a "pay-as-you-go" basis based on union employee payrolls. The collective bargaining agreements expire at various times and have typically been renegotiated and renewed on terms similar to the ones contained in the expiring agreements. The required amount of future contributions cannot be determined for future periods because the number of union employees employed at any given time, and the plans in which they participate, vary depending upon the location and number of ongoing projects and the need for union resources in connection with those projects. Based upon the information available to the Company from plan administrators as of September 30, 2013, several of the multi-employer pension plans in which the Company's subsidiaries participate are underfunded and the Company could be required to increase its contributions to such plans.

On November 15, 2011, the Company, along with other members of the Pipe Line Contractors Association ("PLCA"), voluntarily withdrew from the Central States Southeast and Southwest Areas Pension Fund ("Central States"), a defined benefit multi-employer pension plan that is in critical status. In connection with this withdrawal, a $6.4 million withdrawal liability was established based on an estimate provided by the Central States administrator of such liability as of the date of withdrawal. The Company began paying installments towards this withdrawal liability in 2013, of which $5.7 million was outstanding as of September 30, 2013. The Company withdrew from Central States in order to mitigate its liability in connection with the plan; however, Central States has asserted that the PLCA members did not effectively withdraw in 2011 and are, therefore, responsible for a withdrawal liability that includes 2011 contribution amounts. By letter dated March 14, 2013, Central States made a demand on the Company for the sum of $10.8 million in withdrawal liability, which sum included 2011 contribution amounts. The Company is vigorously opposing this demand because it believes that it legally and effectively withdrew from Central States on November 15, 2011. If Central States were to prevail in its assertion that the Company, in fact, withdrew after that date, then the amount of the Company's withdrawal liability would increase to approximately $10.8 million. In addition, if Central States were to undergo a mass withdrawal, as defined by ERISA and the Pension Benefit Guaranty Corporation, within the three year period commencing with the beginning of the calendar year during which the Company withdrew from the plan, there could be additional liability. The Company currently does not have plans to withdraw from any other multi-employer pension plan.

See Note 13 - Other Retirement Plans for details of the Company's participation in multi-employer pension plans.

Indemnities. The Company generally indemnifies its customers for the services it provides under its contracts, as well as other specified liabilities, which may subject the Company to indemnity claims, liabilities and related litigation. As of September 30, 2013 and December 31, 2012, the Company was not aware of any material asserted or unasserted claims in connection with these indemnity obligations.

Other Guarantees. In the ordinary course of its business, from time to time, MasTec guarantees the obligations of its subsidiaries, including obligations under certain contracts with customers, certain lease obligations and in some states, obligations in connection with obtaining contractors' licenses. MasTec also generally warrants the work it performs for a one to two year period following substantial completion of a project. MasTec has not historically accrued any reserves for potential warranty claims as they have been immaterial.

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Note 18 - Concentrations of Risk

The Company had approximately 460 customers as of September 30, 2013.

Revenue concentration information for the Company's top ten customers, as a percent of total consolidated revenue from continuing operations, is as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
Revenue from top ten customers	73%	67%	69%	66%

See Note 16 - Segments and Operations by Geographic Area for significant customer revenue concentration information.

Note 19 - Related Party Transactions

MasTec leases employees to a customer, in which Jorge Mas and Jose Mas own a majority interest. For the three month periods ended September 30, 2013 and 2012, MasTec charged to the customer approximately $135,000 and $123,000, respectively, and charged $422,000 and $382,000, respectively, for the nine month periods ended September 30, 2013 and 2012. As of September 30, 2013 and December 31, 2012, receivables of $45,000 and $907,000, respectively, attributable to this arrangement were outstanding. The Company also provides satellite communication services to this customer. For the three month periods ended September 30, 2013 and 2012, revenues relating to this customer were approximately $350,000 and $318,000, respectively, and for the nine month periods ended September 30, 2013 and 2012, revenues relating to this customer were approximately $951,000 and $924,000, respectively. As of September 30, 2013 and December 31, 2012, outstanding receivables from this arrangement were approximately $414,000 and $1,232,000, respectively.

Split Dollar and Deferred Bonus Agreements

On October 16, 2013, Jorge Mas, the Company and Jose Ramon Mas and Juan Carlos Mas, as trustees of the Jorge Mas Irrevocable Trust, dated June 1, 2012 (the “trust”) entered into a split dollar life insurance agreement that replaces a prior split dollar agreement with Jorge Mas. Under the split dollar agreement, MasTec is the sole owner of each of the policies subject to the agreement. The Company will make the premium payments under each of such policies. Upon the death of Jorge Mas or the survivor of Jorge Mas and his wife (collectively, the “insureds”) under the applicable policy, MasTec is entitled to receive a portion of the death benefit under such policy equal to the greater of (i) all premiums paid by the Company on such policy and (ii) the then cash value of such policy (excluding surrender charges or other similar charges or reductions) immediately before the triggering death. The balance of the death benefit is payable to the trust or other beneficiary designated by the trustees. In the event of the Company’s bankruptcy or dissolution, the trust shall have the assignable option to purchase any or all of the policies subject to the split dollar agreement from the Company. The purchase price for each policy shall be the greater of (x) all premiums paid by the Company on such policy or (y) the then cash value of such policy (excluding surrender charges or other similar charges or reductions). The total maximum face amount of the insurance for all policies subject to the split dollar agreement was capped at $200 million. The Company is designated as the named fiduciary under the split dollar agreement. The foregoing description of the split dollar agreement for Jorge Mas is only a summary and is qualified in its entirety by reference to the full text of such agreement, which is filed as Exhibit 10.1 to this Quarterly Report on Form 10-Q, which agreement is herein incorporated by reference.

The Company paid approximately $1.1 million in connection with the split dollar agreements for Jorge Mas for the three month period ended September 30, 2013. The Company made no payments in connection with the agreements for the three month period ended September 30, 2012. The Company paid approximately $1.2 million and $0.3 million in connection with the agreements for the nine month periods ended September 30, 2013 and 2012, respectively. MasTec also has a split dollar agreement and a deferred bonus agreement with Jose Mas. For the three and nine month periods ended September 30, 2013 and 2012, no payments were made in connection with the agreements for Jose Mas. As of September 30, 2013 and December 31, 2012, life insurance assets of $10.1 million and $8.7 million respectively, are included within other long-term assets in the condensed unaudited consolidated balance sheets.

Note 20 – Supplemental Guarantor Condensed Unaudited Consolidating Financial Information

The 2011 Convertible Notes, 2009 Convertible Notes are, and, through March 29, 2013, the 7.625% Senior Notes were, fully and unconditionally guaranteed on an unsecured, unsubordinated, joint and several basis by certain of the Company's existing and future 100%-owned direct and indirect domestic subsidiaries that are each guarantors of the Company's Credit Facility or other outstanding indebtedness (the “Guarantor Subsidiaries”). The 4.875% Senior Notes are guaranteed on an unsecured unsubordinated, joint and several basis by the Company's 100%-owned domestic subsidiaries that guarantee the Credit Facility. Certain subsidiaries included in the Company's Guarantor Subsidiaries, which are minor individually and in the aggregate, do not guarantee the 4.875% Senior Notes. The Company's subsidiaries organized outside of the U.S. and certain domestic subsidiaries (collectively, the “Non-Guarantor Subsidiaries”) do not guarantee any of these notes. The subsidiary guarantees are subject to release in certain customary circumstances including upon the sale of a majority of the capital stock or substantially all of the assets of the subsidiary guarantor; if the guarantee under our Credit Facility and other indebtedness is released or discharged (other than due to payment under such guarantee); or when the requirements for legal defeasance are satisfied or the obligations are discharged in accordance with the related indentures.

The following supplemental financial information sets forth the condensed unaudited consolidating balance sheets and the condensed unaudited consolidating statements of operations and comprehensive income and cash flows for the parent company (MasTec, Inc.), the Guarantor Subsidiaries

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on a combined basis, the Non-Guarantor Subsidiaries on a combined basis and the eliminations necessary to arrive at the information for the Company as reported on a consolidated basis. Eliminations represent adjustments to eliminate investments in subsidiaries and intercompany balances and transactions between or among MasTec, Inc., the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries. Investments in subsidiaries are accounted for using the equity method for this presentation.

CONDENSED UNAUDITED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
For the Three Months Ended September 30, 2013 (in thousands)

	MasTec, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated MasTec, Inc.
Revenue	$—	$1,086,063	$ 187,689	$(4,367)	$1,269,385
Costs of revenue, excluding depreciation and amortization	—	927,295	158,204	(4,367)	1,081,132
Depreciation and amortization	1	30,637	7,118	—	37,756
General and administrative expenses	457	47,967	10,552	—	58,976
Interest expense, net	—	11,951	715	—	12,666
Other income, net	—	(2,309)	(469)	—	(2,778)
(Loss) income from continuing operations before provision for income taxes	$(458)	$70,522	$ 11,569	$—	$81,633
Benefit from (provision for) income taxes	174	(28,840)	(3,032)	—	(31,698)
Net (loss) income from continuing operations before non-controlling interests	$(284)	$41,682	$ 8,537	$—	$49,935
Loss from discontinued operations, net of tax	—	(3,566)	(169)	—	(3,735)
Equity in income from subsidiaries, net of tax	46,484	—	—	(46,484)	—
Net income (loss)	$46,200	$38,116	$ 8,368	$(46,484)	$46,200
Net income (loss) attributable to non-controlling interests	—	87	(25)	—	62
Net income (loss) attributable to MasTec, Inc.	$46,200	$38,029	$ 8,393	$(46,484)	$46,138
Comprehensive income (loss)	$46,200	$38,024	$ 11,304	$(46,484)	$49,044

CONDENSED UNAUDITED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
For the Three Months Ended September 30, 2012 (in thousands)

	MasTec, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated MasTec, Inc.
Revenue	$—	$1,028,091	$ 40,222	$(1,013)	$1,067,300
Costs of revenue, excluding depreciation and amortization	—	886,198	39,119	(1,013)	924,304
Depreciation and amortization	—	22,065	580	—	22,645
General and administrative expenses	303	39,251	2,960	—	42,514
Interest expense, net	—	9,435	11	—	9,446
Other expense, net	—	8,696	119	—	8,815
(Loss) income from continuing operations before provision for income taxes	$(303)	$62,446	$ (2,567)	$—	$59,576
Benefit from (provision for) income taxes	114	(24,564)	972	—	(23,478)

Net (loss) income from continuing operations before non-controlling interests	$(189)	$37,882	$ (1,595)	$—	$36,098
Loss from discontinued operations, net of tax	—	(8,852)	(429)	—	(9,281)
Equity in income from subsidiaries, net of tax	27,006	—	—	(27,006)	—
Net income (loss)	$26,817	$29,030	$ (2,024)	$(27,006)	$26,817
Net loss attributable to non-controlling interests	—	—	(4)	—	(4)
Net income (loss) attributable to MasTec, Inc.	$26,817	$29,030	$ (2,020)	$(27,006)	$26,821
Comprehensive income (loss)	$26,817	$29,418	$ 152	$(27,006)	$29,381

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CONDENSED UNAUDITED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
For the Nine Months Ended September 30, 2013 (in thousands)

	MasTec, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated MasTec, Inc.
Revenue	$—	$2,751,408	$ 424,616	$(10,367)	$3,165,657
Costs of revenue, excluding depreciation and amortization	—	2,348,835	356,819	(10,367)	2,695,287
Depreciation and amortization	2	87,426	15,683	—	103,111
General and administrative expenses	1,443	134,460	23,858	—	159,761
Interest expense, net	—	33,583	966	—	34,549
Loss on extinguishment of debt	—	5,624	—	—	5,624
Other income, net	—	(2,526)	(757)	—	(3,283)
(Loss) income from continuing operations before provision for income taxes	$(1,445)	$144,006	$ 28,047	$—	$170,608
Benefit from (provision for) income taxes	572	(56,782)	(9,612)	—	(65,822)
Net (loss) income from continuing operations before non-controlling interests	$(873)	$87,224	$ 18,435	$—	$104,786
Loss from discontinued operations, net of tax	—	(4,178)	(987)	—	(5,165)
Equity in income from subsidiaries, net of tax	100,494	—	—	(100,494)	—
Net income (loss)	$99,621	$83,046	$ 17,448	$(100,494)	$99,621
Net income attributable to non-controlling interests	—	87	85	—	172
Net income (loss) attributable to MasTec, Inc.	$99,621	$82,959	$ 17,363	$(100,494)	$99,449
Comprehensive income (loss)	$99,621	$82,489	$ 13,608	$(100,494)	$95,224

CONDENSED UNAUDITED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
For the Nine Months Ended September 30, 2012 (in thousands)

	MasTec, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated MasTec, Inc.
Revenue	$—	$2,644,197	$ 152,267	$(2,033)	$2,794,431
Costs of revenue, excluding depreciation and amortization	—	2,312,564	134,525	(2,033)	2,445,056
Depreciation and amortization	1	63,403	1,721	—	65,125
General and administrative expenses	1,052	109,366	7,774	—	118,192
Interest expense, net	—	27,880	3	—	27,883
Other expense, net	—	7,655	334	—	7,989
(Loss) income from continuing operations before provision for income taxes	$(1,053)	$123,329	$ 7,910	$—	$130,186
Benefit from (provision for) income taxes	423	(49,766)	(1,886)	—	(51,229)
Net (loss) income from continuing operations before non-controlling interests	$(630)	$73,563	$ 6,024	$—	$78,957
Loss from discontinued operations, net of tax	—	(6,099)	(1,782)	—	(7,881)
Equity in income from subsidiaries, net of tax	71,706	—	—	(71,706)	—
Net income (loss)	$71,076	$67,464	$ 4,242	$(71,706)	$71,076
Net loss attributable to non-controlling interests	—	—	(9)	—	(9)

Net income (loss) attributable to MasTec, Inc.	$71,076	$67,464	$ 4,251	$(71,706)	$71,085
Comprehensive income (loss)	$71,076	$67,803	$ 6,546	$(71,706)	$73,719

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CONDENSED UNAUDITED CONSOLIDATING BALANCE SHEETS
As of September 30, 2013 (in thousands)

	MasTec, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated MasTec, Inc.
Assets					
Current assets, including discontinued operations	$—	$1,120,527	$ 211,789	$—	$1,332,316
Property and equipment, net	—	431,899	72,414	—	504,313
Goodwill and other intangible assets, net	—	890,683	173,416	—	1,064,099
Net investments in and advances to (from) consolidated affiliates	974,904	147,960	(312)	(1,122,552)	—
Other long-term assets, including discontinued operations	9,216	42,899	1,495	—	53,610
Total assets	$984,120	$2,633,968	$ 458,802	$(1,122,552)	$2,954,338
Liabilities and Shareholders' Equity					
Total current liabilities	$8	$799,374	$ 82,847	$—	$882,229
Long-term debt	—	750,841	29,079	—	779,920
Other liabilities	—	226,184	86,918	—	313,102
Total liabilities	$8	$1,776,399	$ 198,844	$—	$1,975,251
Total shareholders' equity	$984,112	$857,569	$ 259,958	$(1,122,552)	$979,087
Total liabilities and shareholders' equity	$984,120	$2,633,968	$ 458,802	$(1,122,552)	$2,954,338

CONDENSED UNAUDITED CONSOLIDATING BALANCE SHEETS
As of December 31, 2012 (in thousands)

	MasTec, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated MasTec, Inc.
Assets					
Current assets, including discontinued operations	$—	$960,523	$ 89,118	$—	$1,049,641
Property and equipment, net	—	326,588	23,604	—	350,192
Goodwill and other intangible assets, net	—	890,323	71,650	—	961,973
Net investments in and advances to (from) consolidated affiliates	854,992	172,150	(21,394)	(1,005,748)	—
Other long-term assets, including discontinued operations	7,701	43,442	3,017	—	54,160
Total assets	$862,693	$2,393,026	$ 165,995	$(1,005,748)	$2,415,966
Liabilities and Shareholders' Equity					
Total current liabilities	$20	$675,966	$ 37,807	$—	$713,793
Long-term debt	—	546,262	61	—	546,323
Other liabilities	—	262,099	31,876	—	293,975
Total liabilities	$20	$1,484,327	$ 69,744	$—	$1,554,091
Total shareholders' equity	$862,673	$908,699	$ 96,251	$(1,005,748)	$861,875
Total liabilities and shareholders' equity	$862,693	$2,393,026	$ 165,995	$(1,005,748)	$2,415,966

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CONDENSED UNAUDITED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2013 (in thousands)

	MasTec, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated MasTec, Inc.
Net cash (used in) provided by operating activities	$ (2,401)	$ 116,783	$ 10,609	$ —	$ 124,991
Cash flows (used in) provided by investing activities:					
Cash paid for acquisitions, net, including contingent consideration	$ —	$ (55,453)	$ (103,993)	$ —	$ (159,446)
Capital expenditures	—	(97,602)	(3,809)	—	(101,411)
Proceeds from sale of property and equipment	—	7,629	659	—	8,288
Proceeds from disposal of business, net of cash divested	—	(4,332)	—	—	(4,332)
Proceeds from sale or redemption of investments	—	5,025	—	—	5,025
Payments for other investments, net	—	(1,174)	—	—	(1,174)
Net cash used in investing activities	$ —	$ (145,907)	$ (107,143)	$ —	$ (253,050)
Cash flows provided by (used in) financing activities:					
Proceeds from issuance of 4.875% senior notes	$ —	$ 400,000	$ —	$ —	$ 400,000
Repayment of 7.625% senior notes	—	(150,000)	—	—	(150,000)
Proceeds from credit facility	—	664,979	101,175	—	766,154
Repayments of credit facility	—	(753,960)	(106,110)	—	(860,070)
Repayments of other borrowings	—	(24,246)	—	—	(24,246)
Proceeds from book overdrafts	—	2,791	—	—	2,791
Payments of capital lease obligations	—	(31,249)	(965)	—	(32,214)
Proceeds from stock option exercises and other share-based awards	9,231	—	—	—	9,231
Excess tax benefit from non-cash stock-based compensation	—	4,446	—	—	4,446
Payments for debt extinguishment, call premiums	—	(4,116)	—	—	(4,116)
Payments of financing costs	—	(7,718)	—	—	(7,718)
Net financing activities and advances (to) from consolidated affiliates	(6,830)	(81,999)	88,829	—	—
Net cash provided (used in) by financing activities	$ 2,401	$ 18,928	$ 82,929	$ —	$ 104,258
Net decrease in cash and cash equivalents	—	(10,196)	(13,605)	—	(23,801)
Net effect of currency translation on cash	—	—	(118)	—	(118)
Cash and cash equivalents - beginning of period	—	12,969	13,798	—	26,767
Cash and cash equivalents - end of period	$ —	$ 2,773	$ 75	$ —	$ 2,848
Cash and cash equivalents of discontinued operations	$ —	$ —	$ —	$ —	$ —
Cash and cash equivalents of continuing operations	$ —	$ 2,773	$ 75	$ —	$ 2,848

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CONDENSED UNAUDITED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2012 (in thousands)

	MasTec, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated MasTec, Inc.
Net cash (used in) provided by operating activities	$(891)	$96,464	$ 19,097	$—	$ 114,670
Cash flows (used in) provided by investing activities:					
Cash paid for acquisitions, net, including contingent consideration	$—	$(16,094)	$ (1,402)	$—	$ (17,496)
Capital expenditures	—	(49,109)	(1,222)	—	(50,331)
Proceeds from sale of property and equipment	—	5,808	—	—	5,808
Proceeds from disposal of business, net of cash divested	—	97,728	—	—	97,728
Payments for other investments, net	(284)	—	—	—	(284)
Net cash (used in) provided by investing activities	$(284)	$38,333	$ (2,624)	$—	$ 35,425
Cash flows provided by (used in) financing activities:					
Proceeds from credit facility	$—	$631,815	$ —	$—	$ 631,815
Repayments of credit facility	—	(681,815)	—	—	(681,815)
Repayments of other borrowings	—	(15,510)	—	—	(15,510)
Repayments of book overdrafts	—	(5,645)	—	—	(5,645)
Payments of capital lease obligations	—	(14,790)	(16)	—	(14,806)
Proceeds from stock option exercises and other share-based awards	1,445	—	—	—	1,445
Excess tax benefit from non-cash stock-based compensation	—	302	—	—	302
Purchases of treasury stock	(75,000)	—	—	—	(75,000)
Payments of financing costs	—	(113)	—	—	(113)
Net financing activities and advances (to) from consolidated affiliates	74,730	(58,405)	(16,325)	—	—
Net cash provided by (used in) financing activities	$1,175	$(144,161)	$ (16,341)	$—	$ (159,327)
Net (decrease) increase in cash and cash equivalents	—	(9,364)	132	—	(9,232)
Net effect of currency translation on cash	—	20	115	—	135
Cash and cash equivalents - beginning of period	—	16,241	4,038	—	20,279
Cash and cash equivalents - end of period	$—	$6,897	$ 4,285	$—	$ 11,182
Cash and cash equivalents of discontinued operations	$—	$684	$ 26	$—	$ 710
Cash and cash equivalents of continuing operations	$—	$6,213	$ 4,259	$—	$ 10,472

Note 21 - Subsequent Events

On October 29, 2013, MasTec entered into an amendment (the “Amendment”) to its Credit Facility, which, among other things, extended the maturity to October 2018 and increased the revolving commitments available from $600 million to $750 million, of which up to $100 million may be borrowed in Canadian dollars. Additionally, the Amendment increased the amount available for letters of credit from $350 million to $450 million and the amount available for swing line loans from $50 million to $75 million. The Amendment also reduced the rates applicable to the commitments, borrowings and letters of credit under the Credit Facility.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not historical facts but are the intent, belief, or current expectations of our business and industry and the assumptions upon which these statements are based. While management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting us will be those that we anticipate. All comments concerning our expectations for future revenues and operating results are based on our forecasts for our existing operations and do not include the potential impact of any future acquisitions or dispositions. Words such as “anticipates,” “expects,” “intends,” “will,” “could,” “would,” “should,” “may,” “plans,” “believes,” “seeks,” “estimates” and variations of these words and the negatives thereof and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control, are difficult to predict, and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements.

These risks and uncertainties include those described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and elsewhere in this report and in the Company’s Annual Report on Form 10-K for the year ended December 31, 2012, including those described under “Risk Factors” in the Form 10-K, as updated by Item 1A, “Risk Factors” in this report and other of our SEC filings. Forward-looking statements that were true at the time made may ultimately prove to be incorrect or false. Readers are cautioned to not place undue reliance on forward-looking statements, which reflect management’s view only as of the date of this report. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion of our business, financial position and results of operations as of and for the three and nine month periods ended September 30, 2013 and 2012. This discussion and analysis should be read in conjunction with the audited consolidated financial statements, accompanying notes and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Form 10-K for the year ended December 31, 2012.

Business Overview

We are a leading infrastructure construction company operating mainly throughout North America across a range of industries. Including our predecessor companies, we have been in business for more than 80 years. We offer our services primarily under the MasTec service mark and, as of September 30, 2013, we had approximately 15,900 employees and 450 locations. We have been consistently ranked among the top specialty contractors by Engineering News-Record over the past five years.

We provide engineering, building, installation, maintenance and upgrade services to a diversified base of customers. For the three and nine month periods ended September 30, 2013, 47% and 49% of our revenue, respectively, was derived from projects performed under master service and other service agreements, which are generally multi-year agreements. For the three and nine month periods ended September 30, 2012, 40% and 42% of our revenue, respectively, was derived from projects performed under master service and other service agreements. The remainder of our work was generated pursuant to contracts for specific projects or jobs that require the construction or installation of an entire infrastructure system or specified units within an infrastructure system. Revenues from non-recurring, project specific work may experience greater variability than master service agreement work due to the need to replace the revenue as projects are completed. If we are not able to replace work from completed projects with new project work, we may not be able to maintain our current revenue levels or our current level of capacity and resource utilization. We actively review our backlog of project work and take appropriate action to minimize such exposure.

We present our continuing operations under five reportable segments: (1) Communications; (2) Oil and Gas; (3) Electrical Transmission; (4) Power Generation and Industrial and (5) Other. This structure is generally focused on broad end-user markets for our labor-based construction services. The Communications segment performs engineering, construction and maintenance of communications infrastructure primarily related -to wireless and wireline communications and install-to-the-home, and to a lesser extent, infrastructure for electrical utilities. We also perform engineering, construction and maintenance services on oil and natural gas pipelines and processing facilities for the energy and utilities industries through the Oil and Gas segment. The Electrical Transmission segment primarily serves the energy and utility industries through the engineering, construction and maintenance of electrical transmission lines and substations. The Power Generation and Industrial segment primarily serves the energy and utility end markets and other end markets through the installation and construction of power plants, wind farms, solar farms, related electrical transmission infrastructure, ethanol facilities and various types of industrial infrastructure. The Other category primarily includes small business units that perform construction services for a variety of end markets in Mexico and elsewhere internationally.

See Note 16 - Segments and Operations by Geographic Area and Note 18 - Concentrations of Risk in the notes to the condensed unaudited consolidated financial statements for significant customer concentrations.

Backlog

Estimated backlog represents the amount of revenue we expect to realize over the next 18 months from future work on uncompleted contracts, including new contractual agreements on which work has not begun. Our backlog estimates include amounts under master service and other service agreements in addition to construction projects. We determine the amount of backlog for work under master service and other service agreements based on historical trends, anticipated seasonal impacts and estimates of customer demand based on communications with our customers. The following presents 18-month backlog for our continuing operations by reportable segment as of the periods indicated (in millions):

Reportable Segment:	September 30, 2013	June 30, 2013	September 30, 2012
Communications	$2,814	$2,733	$2,309
Oil and Gas	639	808	265
Electrical Transmission	441	502	510
Power Generation and Industrial	61	86	232
Other	14	14	14
Estimated 18-month backlog	$3,969	$4,143	$3,330

While our backlog estimates include amounts under master service and other service agreements, our customers are not contractually committed to purchase a minimum amount of services under these agreements, most of which can be canceled on short or no advance notice. There can be no assurance as to our customers’ requirements or that our estimates are accurate. In addition, timing of revenues for construction and installation projects included in our backlog can be subject to change as a result of customer delays, regulatory requirements and other project related factors. These changes could cause estimated revenues to be realized in periods later than originally expected, or not at all. As a result, our backlog as of any particular date is an uncertain indicator of future revenues and earnings.

Economic, Industry and Market Factors

While overall economic and market conditions have improved over the past year, we closely monitor the effects that changes in these conditions may have on our customers. General economic conditions can negatively affect demand for our customers' products and services, which can lead to rationalization of our customers' capital and maintenance budgets in certain end markets. This influence, as well as the highly competitive nature of our industry, particularly when work is deferred, can, and in recent years, has, resulted in lower bids and lower profit on the services we provide. In the face of increased pricing pressure, we strive to maintain our profit margins through productivity improvements and cost reduction programs. Other market and industry factors, such as access to capital for customers in the industries we serve, changes to our customers' capital spending plans, changes in technology, tax and other incentives, renewable energy portfolio standards and new or changing regulatory requirements affecting the industries we serve, can affect demand for our services. Fluctuations in market prices for, or availability of, oil, gas and other fuel sources can also affect demand for our pipeline and renewable energy construction services. While we actively monitor economic, industry and market factors affecting our business, we cannot predict the impact such factors may have on our future results of operations, liquidity and cash flows.

Impact of Seasonality and Cyclical Nature of Business

Our revenues and results of operations can be subject to seasonal and other variations. These variations are influenced by weather, customer spending patterns, bidding seasons, project schedules and timing, particularly for large non-recurring projects and holidays. Typically, our revenues are lowest in the first quarter of the year because cold, snowy or wet conditions cause delays. Revenues in the second quarter are typically higher than in the first quarter, as some projects begin, but continued cold and wet weather can often impact second quarter productivity. The third and fourth quarters are typically the most productive quarters of the year, as a greater number of projects are underway and weather is normally more accommodating to construction projects. In the fourth quarter, many projects tend to be completed by customers seeking to spend their capital budget before the end of the year, which generally has a positive impact on our revenues. However, the holiday season and inclement weather can cause delays, which can reduce revenues and increase costs on affected projects. Any quarter may be positively or negatively affected by out of the ordinary weather patterns, such as excessive rainfall or warm winter weather, making it difficult to predict quarterly revenue and margin variations.

Additionally, our industry can be highly cyclical. Fluctuations in end-user demand within the industries we serve, or in the supply of services within those industries, can impact demand for our services. As a result, our business may be adversely affected by industry declines or by delays in new projects. Variations in project schedules or unanticipated changes in project schedules, in particular in connection with large construction and installation projects, can create fluctuations in revenues, which may adversely affect us in a given period, even if not in total. The financial condition of our customers and their access to capital; variations in project margins; regional, national and global economic and market conditions; regulatory or environmental influences; and acquisitions, dispositions or strategic investments can also materially affect quarterly results. Accordingly, our operating results in any particular period may not be indicative of the results that can be expected for any other period.

Critical Accounting Policies and Estimates

This discussion and analysis of our financial condition and results of operations is based upon our condensed unaudited consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the amounts reported in our consolidated financial statements and the accompanying notes. On an on-going basis, we evaluate our estimates, such as: the recognition of revenue, including estimates of costs to complete projects and provisions for contract losses;

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allowances for doubtful accounts; accrued self-insured claims; estimated fair values of goodwill and intangible assets; asset lives used in computing depreciation and amortization, including amortization of intangible assets; estimated fair values of acquisition-related contingent consideration, assets and liabilities classified as held-for-sale, convertible debt obligations, available for sale securities, and investments in cost and equity method investees; estimates of reserves and accruals; income taxes and litigation and contingencies. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. As management estimates, by their nature, involve judgment regarding future uncertainties, actual results may differ from these estimates if conditions change or if certain key assumptions used in making these estimates ultimately prove to be materially incorrect. Refer to Note 1 – Business, Basis of Presentation and Significant Accounting Policies in the notes to our condensed unaudited consolidated financial statements of this Quarterly Report on Form 10-Q and to our most recent Annual Report on Form 10-K for further information regarding our critical accounting policies and estimates.

Results of Operations

Comparisons of Quarterly Results

The following table reflects our consolidated results of operations in dollar and percentage of revenue terms for the periods indicated (dollar amounts in millions). Our consolidated results of operations are not necessarily comparable from period to period due to the impact of recent acquisitions and dispositions. See Note 3 - Acquisitions and Note 4 – Discontinued Operations in the notes to the condensed unaudited consolidated financial statements.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2013		2012		2013		2012	
Revenue	$1,269.4	100.0 %	$1,067.3	100.0 %	$3,165.7	100.0 %	$2,794.4	100.0 %
Costs of revenue, excluding depreciation and amortization	1,081.1	85.2 %	924.3	86.6 %	2,695.3	85.1 %	2,445.1	87.5 %
Depreciation and amortization	37.8	3.0 %	22.6	2.1 %	103.1	3.3 %	65.1	2.3 %
General and administrative expenses	59.0	4.6 %	42.5	4.0 %	159.8	5.0 %	118.2	4.2 %
Interest expense, net	12.7	1.0 %	9.4	0.9 %	34.5	1.1 %	27.9	1.0 %
Loss on extinguishment of debt	—	— %	—	— %	5.6	0.2 %	—	— %
Other expense (income), net	(2.8)	(0.2)%	8.9	0.8 %	(3.2)	(0.1)%	7.9	0.3 %
Income from continuing operations before provision for income taxes	$81.6	6.4 %	$59.6	5.6 %	$170.6	5.4 %	$130.2	4.7 %
Provision for income taxes	(31.7)	(2.5)%	(23.5)	(2.2)%	(65.8)	(2.1)%	(51.2)	(1.8)%
Net income from continuing operations before non-controlling interests	$49.9	3.9 %	$36.1	3.4 %	$104.8	3.3 %	$79.0	2.8 %
Net loss from discontinued operations	(3.7)	(0.3)%	(9.3)	(0.9)%	(5.2)	(0.2)%	(7.9)	(0.3)%
Net income	$46.2	3.6 %	$26.8	2.5 %	$99.6	3.1 %	$71.1	2.5 %
Net income (loss) attributable to non-controlling interests	0.1	— %	—	— %	0.2	— %	—	— %
Net income attributable to MasTec, Inc.	$46.1	3.6 %	$26.8	2.5 %	$99.4	3.1 %	$71.1	2.5 %

Three Months Ended September 30, 2013 Compared to Three Months Ended September 30, 2012

Revenue. Our revenue was $1.3 billion for the three month period ended September 30, 2013 as compared with $1.1 billion for the three month period ended September 30, 2012, an increase of $202 million, or 19%. Revenue growth was driven by strong double digit growth in most of our reporting segments versus the same period in the prior year, with the Oil and Gas segment increasing by $235 million, or 83%, the Electrical Transmission segment increasing by $44 million, or 59%, and the Communications segment increasing by $53 million, or 11%. As expected, Power Generation and Industrial segment revenues were down, with a decrease of $127 million, or 60%, due to decreased wind project activity resulting from the federal production tax credit for qualified wind facilities not having been renewed until January 2013. Organic revenue growth in the Oil and Gas, Electrical Transmission and Communications segments totaled $190 million, or 22%. Organic growth inclusive of the decrease in Power Generation and Industrial revenues was $60 million, or 6%. Acquisitions since October 1, 2012 contributed $142 million of total revenue.

Costs of revenue, excluding depreciation and amortization. Costs of revenue, excluding depreciation and amortization, totaled $1.1 billion, or 85.2% of revenue, for the three month period ended September 30, 2013, compared to $924 million, or 86.6% of revenue, for the three month period ended September 30, 2012, a $157 million, or 17%, increase, of which $172 million was driven by higher revenues, offset, in part, by $15 million of cost improvements. Costs of revenue, excluding depreciation and amortization, as a percentage of revenue decreased by 140 basis points, driven largely by improved margins in our Oil and Gas and Communications segments. Oil and Gas margins have benefited from more profitable long-haul pipeline activities in 2013, as well as from improved contract pricing and project efficiencies. Third quarter 2013 project margins also improved in our Communications segment, primarily due to improvements in contract pricing and improved efficiencies on wireless projects. These improvements were offset, in part, by lower margins in the Power Generation and Industrial and Electrical Transmission segments.

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Depreciation and amortization. Depreciation and amortization was $38 million for the three month period ended September 30, 2013, or 3.0% of revenue, as compared with $23 million, or 2.1% of revenue, for the three month period ended September 30, 2012, an increase of approximately $15 million, or 67%. The increase in depreciation and amortization is driven primarily by growth in the Company's Oil and Gas segment, which typically carries with it a higher capital investment level, as well as from growth in our Electrical Transmission segment. Acquisition-related depreciation and amortization for acquisitions since October 1, 2012 totaled $7 million in the 2013 period. See Note 16 - Segments and Operations by Geographic Areas in the notes to the condensed unaudited consolidated financial statements for depreciation and amortization expense by reportable segment, which Note is incorporated herein by reference.

General and administrative expenses. General and administrative expenses were $59 million, or 4.6% of revenue, for the three month period ended September 30, 2013 as compared with $43 million, or 4.0% of revenue, for the three month period ended September 30, 2012, an increase of $16 million, or 39%. Acquisitions contributed approximately $8 million of incremental general and administrative costs. Organic growth in general and administrative expenses was $8 million, including $2 million of incremental non-cash stock-based compensation expense. Non-cash stock-based compensation expense increased as a result of the second quarter issuance of restricted share awards under a new equity incentive program for certain employees of our EC Source business. The remaining $6 million of growth in general and administrative costs resulted from increases in labor, bonus expense, ongoing technology initiatives and administrative costs to support the growth in our business. As a percentage of revenue, general and administrative costs increased by approximately 60 basis points.

Interest expense, net. Interest expense, net of interest income, was $13 million, or 1.0% of revenue, for the three month period ended September 30, 2013, as compared with $9 million, or 0.9% of revenue, for the three month period ended September 30, 2012, an increase of $3 million. The increase was largely attributable to $2 million of incremental interest expense on our outstanding senior notes. In March 2013, we issued $400 million aggregate principal amount of 4.875% senior notes and repurchased and redeemed $150 million aggregate principal amount of our 7.625% senior notes.

Other (income) expense, net. Other income, net, was $3 million for the three month period ended September 30, 2013, as compared with other expense, net, of $9 million for the three month period ended September 30, 2012, a variance of $12 million. The change was driven largely by approximately $10 million of legal settlement charges recorded in the third quarter of 2012 in connection with the Sintel legal matter. In addition, third quarter gains on sales of equipment totaled $2 million in 2013 as compared with $1 million in the prior year.

Income taxes. Income tax expense was $32 million for the three month period ended September 30, 2013, as compared with $23 million for the three month period ended September 30, 2012, representing an increase of $8 million. The increase is primarily attributable to higher income.

Net loss from discontinued operations. Loss from discontinued operations, net of tax, was $4 million for the three month period ended September 30, 2013 as compared with $9 million in the prior year period, a reduction of $6 million. During the three month period ended September 30, 2013, we completed the sale of the Globetec operation and recorded losses on disposal and impairment charges of $3 million, net of tax, as compared with $8 million, net of tax, during the third quarter of 2012. In addition, there was a reduction in operating losses for the Globetec operation for the three month period ended September 30, 2013 as compared with 2012.

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012

Revenue. Our revenue was $3.2 billion for the nine month period ended September 30, 2013 as compared with $2.8 billion for the nine month period ended September 30, 2012, an increase of $371 million, or 13%. Revenue growth was driven by strong double digit growth in most of our reporting segments versus the same period in the prior year, with the Oil and Gas segment increasing by $419 million, or 59%, the Communications segment increasing by $153 million, or 12%, and the Electrical Transmission segment increasing by $94 million, or 41%. As expected, Power Generation and Industrial segment revenues were down, with a decrease of $290 million, or 55%, due to decreased wind project activity resulting from the federal production tax credit for qualified wind facilities not having been renewed until January 2013. Organic revenue growth in the Oil and Gas, Electrical Transmission and Communications segments totaled $396 million, or 18%. Organic growth inclusive of the decrease in Power

Generation and Industrial revenues was $101 million, or 4%. Acquisitions since October 1, 2012 contributed $270 million of total revenue.

Costs of revenue, excluding depreciation and amortization. Our costs of revenue, excluding depreciation and amortization, were $2.7 billion, or 85.1% of revenue for the nine month period ended September 30, 2013, compared to $2.4 billion for the nine month period ended September 30, 2012, or 87.5% of revenue, a $250 million, or 10%, increase, of which $316 million was driven by higher revenues, offset in part by $66 million of cost improvements. Costs of revenue, excluding depreciation and amortization, as a percentage of revenue decreased by 240 basis points, driven largely by improved margins in our Oil and Gas and Communications segments. Oil and Gas margins have benefited from more profitable long-haul pipeline activities in 2013, as well as from improved contract pricing and project efficiencies. Additionally, in 2012, we incurred approximately $25 million of project losses on two oil and gas pipeline projects. Project margins for the nine month period ended September 30, 2013 also improved in our Communications segment, primarily due to improvements in contract pricing and improved efficiencies on wireless projects. These improvements were offset, in part, by lower margins in the Power Generation and Industrial and Electrical Transmission segments.

Depreciation and amortization. Depreciation and amortization was $103 million for the nine month period ended September 30, 2013, or 3.3% of revenue, as compared with $65 million, or 2.3% of revenue, for the nine month period ended September 30, 2012, an increase of approximately $38 million, or 58%. The increase in depreciation and amortization is driven primarily by growth in the Company's Oil and Gas segment, which typically carries with it a higher capital investment level, as well as from growth in our Electrical Transmission segment. Acquisition-related depreciation and amortization for acquisitions since October 1, 2012 totaled $16 million for the nine month period ended September 30, 2013. See Note 16 - Segments and Operations by Geographic Areas in the notes to the condensed unaudited consolidated financial statements for details of depreciation and amortization expense by reportable segment.

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General and administrative expenses. General and administrative expenses were $160 million, or 5.0% of revenue, for the nine month period ended September 30, 2013 as compared with $118 million, or 4.2% of revenue, for the nine month period ended September 30, 2012, an increase of $42 million, or 35%. Acquisitions contributed approximately $16 million of incremental general and administrative costs. Organic growth in general and administrative expenses was $25 million, including $6 million of incremental non-cash stock-based compensation expense and $1 million of incremental acquisition-related transaction costs. Non-cash stock-based compensation expense increased as a result of higher levels of participation in our employee stock purchase program, as well as from the second quarter issuance of restricted share awards under a new equity incentive program for certain employees of our EC Source business. The remaining $18 million of growth in general and administrative costs resulted from increases in labor, bonus expense, bad debt expense, ongoing technology initiatives and administrative costs to support the growth in our business. As a percentage of revenue, general and administrative costs increased by approximately 80 basis points.

Interest expense, net. Interest expense, net of interest income, was $35 million, or 1.1% of revenue, for the nine month period ended September 30, 2013, as compared with $28 million, or 1.0% of revenue, in the prior year period. The $7 million increase includes $4 million of incremental interest expense on our outstanding senior notes. In March 2013, we issued $400 million aggregate principal amount of 4.875% senior notes and repurchased and redeemed $150 million aggregate principal amount of our 7.625% senior notes. Additionally, higher average outstanding balances on equipment notes payable and capital lease obligations in 2013 contributed $2 million of incremental interest expense.

Loss on extinguishment of debt. We incurred a loss on extinguishment of debt of approximately $6 million in the 2013 period in connection with the repurchase and redemption of $150 million aggregate principal amount of our 7.625% senior notes. This amount is composed of $4.1 million of early payment premiums and $1.5 million of unamortized deferred financing costs.

Other (income) expense, net. Other income, net, was $3 million for the nine month period ended September 30, 2013, as compared with $8 million of other expense, net, for the nine month period ended September 30, 2012. During the nine month period ended September 30, 2013, we recorded a final legal settlement charge of approximately $3 million as compared with $10 million of legal charges recorded in the prior year period in connection with Sintel, a legacy litigation matter. Offsetting these charges were gains on sales of assets of $5 million, including $1 million related to the sale of auction rate securities, for the nine month period ended September 30, 2013 as compared with $2 million of gains on sales of assets in the prior year period.

Income taxes. Income tax expense was $66 million for the nine month period ended September 30, 2013, as compared with $51 million in the prior year period, an increase of $15 million. The increase is primarily attributable to higher income.

Net loss from discontinued operations. Loss from discontinued operations, net of tax, was $5 million for the nine month period ended September 30, 2013 as compared with $8 million in the prior year period, a reduction of $3 million. During the nine month period ended September 30, 2013, we completed the sale of the Globetec operation and recorded losses on disposal and impairment charges of $4 million, net of tax, as compared with $8 million, net of tax, during the prior year period. In addition, there was a reduction in operating losses for the Globetec operation for the nine month period ended September 30, 2013 as compared with 2012.

Segments

Comparison of Quarterly Results by Segment

Management's review of reportable segment results includes analyses of trends in revenue and EBITDA. The following table, which may contain slight summation differences due to rounding, presents revenue and EBITDA by segment for our continuing operations for the periods indicated (dollar amounts in millions).

	Revenue - Continuing Operations				EBITDA and EBITDA Margin - Continuing Operations			
	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012	2013	2012	2013	2012

Reportable Segment												
Communications	$543.0	$490.0	$1,464.5	$1,311.1	$71.8	13.2 %	$59.5	12.1%	$181.6	12.4 %	$139.4	1
Oil and Gas	519.1	284.0	1,134.8	715.3	68.1	13.1 %	29.0	10.2%	161.7	14.3 %	57.3	8
Electrical Transmission	118.8	74.8	321.9	228.2	12.1	10.2 %	10.5	14.1%	27.0	8.4 %	31.1	1
Power Generation and Industrial	85.1	211.7	237.3	527.4	(6.4)	(7.5)%	9.9	4.7 %	(14.6)	(6.2)%	28.2	5
Other	3.5	7.5	9.2	14.1	0.1	2.4 %	1.2	15.7%	0.5	5.8 %	1.7	1
Eliminations	(0.1)	(0.7)	(2.0)	(1.7)	—	— %	—	— %	—	— %	—	–
Corporate	—	—	—	—	(13.6)	NA	(18.4)	NA	(47.9)	NA	(34.5)	N
Consolidated Results-Continuing Operations	$1,269.4	$1,067.3	$3,165.7	$2,794.4	$132.1	10.4 %	$91.7	8.6 %	$308.3	9.7 %	$223.2	8

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Three Months Ended September 30, 2013 Compared to Three Months Ended September 30, 2012 - Segments
Communications

Revenue. Communications revenue was $543 million for the three month period ended September 30, 2013, compared to $490 million for the three month period ended September 30, 2012, an increase of $53 million, or 11%. Communications revenue was favorably affected by demand for our wireless services, which increased by $65 million, offset in part by $12 million of lower demand for certain utility services. Organic revenue growth totaled $37 million, or 7%. Acquisitions since October 1, 2012 contributed $16 million of total revenue.

EBITDA. EBITDA for our Communications segment was $72 million, or 13.2% of revenue, for the three month period ended September 30, 2013, compared to $60 million, or 12.1% of revenue in 2012, a $12 million, or 21% increase. Higher revenues contributed approximately $7 million of incremental EBITDA. As a percentage of revenue, EBITDA increased approximately 110 basis points, or approximately $5 million, primarily as a result of improvements in contract pricing of wireless services, as well as better project efficiencies and utilization of resources.

Oil and Gas

Revenue. Oil and Gas revenue was $519 million for three month period ended September 30, 2013, compared to $284 million for the three month period ended September 30, 2012, representing an increase of $235 million, or 83%. Project activity in the third quarter of 2013 included large-diameter, long-haul pipeline projects and midstream pipeline projects. Long-haul activity increased by approximately $194 million, while midstream transmission and distribution activities increased by approximately $38 million. Organic revenues increased by approximately $116 million, or 41%, versus the prior year period. Acquisitions since October 1, 2012 contributed $119 million of total revenue.

EBITDA. EBITDA for our Oil and Gas segment was $68 million for the three month period ended September 30, 2013, or 13.1% of revenue, compared to $29 million for the three month period ended September 30, 2012, or 10.2% of revenue, an increase of $39 million, or 135%. Higher revenues contributed approximately $31 million of incremental EBITDA. As a percentage of revenue, EBITDA improved by 290 basis points, or approximately $8 million. Third quarter EBITDA margins benefited from higher margin long-haul pipeline activities, as well as improved contract pricing and project efficiencies on ongoing project work.

Electrical Transmission

Revenue. Electrical Transmission revenues were $119 million for the three month period ended September 30, 2013, as compared to $75 million for the three month period ended September 30, 2012, representing an increase of $44 million, or 59%. Organic revenue growth totaled $37 million, or 50%. Acquisitions since October 1, 2012 contributed $7 million of total revenue.

EBITDA. EBITDA for our Electrical Transmission segment was $12 million, or 10.2% of revenue for the three month period ended September 30, 2013, compared to EBITDA of $11 million, or 14.1% of revenue for the three month period ended September 30, 2012, an increase of $1.5 million. Incremental EBITDA from higher revenues of $4 million was offset, in part, by a deterioration in EBITDA margins of 390 basis points, or approximately $3 million. The decrease in EBITDA margins was driven primarily by higher costs associated with certain projects.

Power Generation and Industrial

Revenue. Power Generation and Industrial revenues were $85 million for the three month period ended September 30, 2013, compared to $212 million for the three month period ended September 30, 2012, a decrease of $127 million, or

60%. As expected, Power Generation and Industrial segment revenues were down, driven by a decline of $176 million in wind and solar project work, offset in part by an increase of $48 million in industrial project work. Delays in the renewal of production tax credits for qualified wind facilities, which were not renewed until January 2013, have resulted in lower levels of wind project activity in 2013.

EBITDA. EBITDA for our Power Generation and Industrial segment was negative $6 million for the three month period ended September 30, 2013, compared to EBITDA of $10 million, or 4.7% of revenue for the three month period ended September 30, 2012, a decrease of $16 million. The decrease in EBITDA is due to higher costs associated with certain projects, as well as the under-utilization of operating and overhead capacity in 2013 due to the decrease in revenues. Despite lower levels of project activity in 2013, the Power Generation and Industrial segment has maintained its labor and equipment infrastructure in anticipation of wind project growth in 2014 given the renewal of the production tax credits in January 2013. To be eligible for these tax credits, projects must be started in 2013.

Other

Revenue. Revenue from our Other segment was $4 million for three month period ended September 30, 2013, compared to $8 million for the three month period ended September 30, 2012, a decrease of $4 million, or 53%. This decrease resulted from completion of a project in our international division to secure a fiber optic circuit and build a central office facility.

EBITDA. EBITDA from Other businesses was breakeven for the three month period ended September 30, 2013, compared to $1 million of EBITDA for the three month period ended September 30, 2012, a decrease of $1 million. The decrease is primarily attributable to decreased revenues, as described above.

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Eliminations

Revenue. Elimination balances represent the offset to intersegment revenues that have been reflected within each reportable segment's gross revenues. For the three month period ended September 30, 2013, we had minimal intercompany revenue between our reportable segments compared to $1 million for the three month period ended September 30, 2012.

Corporate

EBITDA. EBITDA for our Corporate segment was negative $14 million for the three month period ended September 30, 2013, compared to negative EBITDA of $18 million for the three month period ended September 30, 2012, an improvement of approximately $5 million. During the three month period ended September 30, 2012, we recorded a legal settlement charge of approximately $10 million in connection with Sintel, a legacy litigation matter, which was resolved in the second quarter of 2013. This variance was offset, in part, by an increase in certain costs in the third quarter of 2013 as compared with the prior year period, including $2 million of incremental non-cash stock-based compensation expense. The remaining $3 million variance resulted from increases in bonus expense and other administrative costs to support the growth in our business.

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012 - Segments
Communications

Revenue. Communications revenue was $1.5 billion for the nine month period ended September 30, 2013, compared to $1.3 billion for the nine month period ended September 30, 2012, an increase of $153 million, or 12%. Communications revenue was favorably affected by demand for our wireless services, which increased by $161 million, offset in part by $40 million of lower demand for certain utility services. Organic revenue growth totaled $116 million, or 9%. Acquisitions since October 1, 2012 contributed $37 million of total revenue.

EBITDA. EBITDA for our Communications segment was $182 million, or 12.4% of revenue, for the nine month period ended September 30, 2013, compared to $139 million, or 10.6% of revenue in 2012, a $42 million, or 30% increase. Higher revenues contributed approximately $19 million of incremental EBITDA. As a percentage of revenue, EBITDA increased approximately 180 basis points, or approximately $24 million, primarily as a result of improvements in contract pricing of wireless services, as well as better project efficiencies and utilization of resources.

Oil and Gas

Revenue. Oil and Gas revenue was $1.1 billion for the nine month period ended September 30, 2013, compared to $715 million for the nine month period ended September 30, 2012, an increase of $419 million, or 59%. Project activity for the nine month period ended September 30, 2013 included large-diameter, long-haul pipeline projects as well as midstream pipeline projects. Long-haul activity increased by approximately $358 million, while midstream shale and petroleum pipeline activities increased by approximately $86 million. These increases were offset, in part, by a decrease in pipeline facility projects of approximately $27 million. Organic revenues increased by approximately $193 million, or 27%, versus the prior year period. Acquisitions since October 1, 2012 contributed $227 million of total revenue.

EBITDA. EBITDA for our Oil and Gas segment was $162 million for the nine month period ended September 30, 2013, or 14.3% of revenue, compared to $57 million, or 8.0% of revenue, for the nine month period ended September 30, 2012, an increase of $104 million, or 182%. Higher revenues contributed approximately $60 million of incremental EBITDA. As a percentage of revenue, EBITDA improved by 630 basis points, or approximately $45 million. EBITDA margins for our Oil and Gas segment have benefited from higher margin long-haul pipeline activities, as well as improved contract pricing and project efficiencies on ongoing project work. In the prior year period, we incurred approximately $25 million of project losses on two oil and gas pipeline projects.

Electrical Transmission

Revenue. Electrical Transmission revenues were $322 million for the nine month period ended September 30, 2013, as compared with $228 million for the nine month period ended September 30, 2012, representing an increase of $94 million, or 41%. Transmission activities increased by approximately $81 million, while substation activities increased by approximately $13 million. Acquisitions since October 1, 2012 contributed $7 million of total revenue.

EBITDA. EBITDA for our Electrical Transmission segment was $27 million, or 8.4% of revenue for the nine month period ended September 30, 2013, compared to EBITDA of $31 million, or 13.6% of revenue for the nine month period ended September 30, 2012, a decrease of $4 million. The deterioration in EBITDA margins of 520 basis points, or approximately $12 million, was offset, in part, by $8 million of incremental EBITDA from higher revenues. The decrease in EBITDA margins was driven primarily by higher costs associated with certain projects.

Power Generation and Industrial

Revenue. Power Generation and Industrial revenues were $237 million for the nine month period ended September 30, 2013, compared to $527 million for the nine month period ended September 30, 2012, a decrease of $290 million, or 55%. As expected, Power Generation and Industrial segment revenues were down, driven by a decline of $424 million in wind and solar project work, offset in part by an increase of $131 million in industrial project work. Delays in the renewal of production tax credits for qualified wind facilities, which were not renewed until January 2013, resulted in lower levels of wind project activity in 2013.

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EBITDA. EBITDA for our Power Generation and Industrial segment was negative $15 million for the nine month period ended September 30, 2013, compared to EBITDA of $28 million, or 5.3% of revenue for the nine month period ended September 30, 2012, a decrease of $43 million. The decrease in EBITDA is due to higher costs associated with certain projects, as well as the under-utilization of operating and overhead capacity in 2013 due to the decrease in revenues. Despite lower levels of project activity in 2013, the Power Generation and Industrial segment has maintained its labor and equipment infrastructure in anticipation of wind project growth in 2014 given the renewal of the production tax credits in January 2013. To be eligible for these tax credits, projects must be started in 2013.

Other

Revenue. Revenue from Other businesses was $9 million for the nine month period ended September 30, 2013, compared to $14 million for the nine month period ended September 30, 2012, a decrease of $5 million, or 35%. This decrease resulted from completing a project in our international division to secure a fiber optic circuit and build a central office facility.

EBITDA. EBITDA from Other businesses was $1 million, or 5.8% of revenue, for the nine month period ended September 30, 2013, compared to $2 million of EBITDA, or 12.3% of revenue, for the nine month period ended September 30, 2012, a decrease of $1 million. The decrease is primarily attributable to lower revenues, as described above.

Eliminations

Revenue. Elimination balances represent the offset to intersegment revenues that have been reflected within each reportable segment's gross revenues. For both the nine month period ended September 30, 2013 and 2012, we had $2 million of intercompany revenue between our reportable segments.

Corporate

EBITDA. EBITDA for our Corporate segment was negative $47.9 million for the nine month period ended September 30, 2013, compared to negative EBITDA of $34.5 million for the nine month period ended September 30, 2012, for a net change of approximately $13 million. We recorded a loss on debt extinguishment of approximately $6 million during the first quarter of 2013 in connection with the repurchase and redemption of our 7.625% senior notes. In addition, we recorded approximately $3 million of final legal settlement charges during the second quarter of 2013 in connection with Sintel, a legacy litigation matter, whereas in the third quarter of 2012, we recorded approximately $10 million of legal charges in connection with this matter. Other cost increases for the nine month period ended September 30, 2013 as compared with the prior year period include $6 million of incremental non-cash stock-based compensation expense and $1 million of incremental acquisition-related transaction costs. The remaining $6 million variance resulted from increases in bonus expense, bad debt expense and other administrative costs to support the growth in our business.

Foreign Operations

We have operations in Canada as well as in parts of Latin America and the Caribbean. See Note 16 - Segments and Operations by Geographic Area in the notes to the condensed unaudited consolidated financial statements, which Note is incorporated by reference herein.

Non-U.S. GAAP Financial Measures

As appropriate, we supplement our reported U.S. GAAP financial information with certain non-U.S. GAAP financial measures, including income from continuing operations before non-controlling interests, interest, income taxes, depreciation and amortization (“EBITDA”). In addition, we have presented “Adjusted EBITDA,” as well as adjusted income from continuing operations before non-controlling interests (“Adjusted Income From Continuing Operations”) and adjusted diluted earnings per share from continuing operations (“Adjusted Diluted Earnings From Continuing Operations Per Share”). All of these "adjusted" non-U.S GAAP measures exclude non-cash stock-based compensation expense, Sintel legal charges and the loss on debt extinguishment from the repurchase and redemption of our $150 million aggregate principal amount of 7.625% senior notes. See Note 12 - Stock-Based Compensation and Other Employee Benefit Plans, Note 17 - Commitments and Contingencies and Note 10 - Debt in the notes to the condensed unaudited consolidated financial statements. The definitions of EBITDA and Adjusted EBITDA above are not the same as in our credit facility or in the indentures governing our notes; therefore, EBITDA and Adjusted EBITDA as presented in this discussion should not be used for purposes of determining our compliance with related covenants. We use EBITDA, Adjusted EBITDA, Adjusted Income From Continuing Operations and Adjusted Diluted Earnings From Continuing Operations Per Share to evaluate our performance, both internally and as compared with our peers, because these measures exclude certain items that may not be indicative of our core operating results, as well as items that can vary widely across different industries or among companies within the same industry. Additionally, these measures provide a baseline for analyzing trends in our underlying business. Management also considers EBITDA and Adjusted EBITDA as indicators of our ability to generate cash to service debt, fund capital expenditures and expand our business, but management does not consider the presented non-U.S. GAAP financial measures as measures of our liquidity. While EBITDA and Adjusted EBITDA are measures of the Company's ability to generate cash, these measures exclude the cash impact of changes in the Company's assets and liabilities as well as interest and income taxes. Net cash provided by operating activities in the condensed unaudited consolidated statement of cash flows accounts for these changes in the Company's assets and liabilities.

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We believe these non-U.S. GAAP measures provide meaningful information that helps investors understand our financial results and assess our prospects for future performance. Because non-U.S. GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-U.S. GAAP financial measures having the same or similar names. These financial measures should not be considered in isolation from, as substitutes for, or alternative measures of, reported income from continuing operations before non-controlling interests, diluted earnings per share, continuing operations, and net cash provided by operating activities, and should be viewed in conjunction with the most comparable GAAP financial measures and the provided reconciliation thereto. We believe that these non-U.S. GAAP financial measures, when viewed with our U.S. GAAP results and the provided reconciliations, provide a more complete understanding of our business. We strongly encourage investors to review our consolidated financial statements and publicly filed reports in their entirety and not rely on any single financial measure.

The following table presents a reconciliation of EBITDA and Adjusted EBITDA to income from continuing operations before non-controlling interests, in dollar and percentage of revenue terms, for the periods indicated (dollar amounts in millions). The table below may contain slight summation differences due to rounding.

	For the Three Months Ended September 30,						For the Nine Months Ended September 30,					
EBITDA Reconciliation - Continuing Operations:	2013			2012			2013			2012		
Income from continuing operations before non-controlling interests	$49.9	3.9	%	$36.1	3.4	%	$104.8	3.3	%	$79.0	2.8	%
Interest expense, net	12.7	1.0	%	9.4	0.9	%	34.5	1.1	%	27.9	1.0	%
Provision for income taxes	31.7	2.5	%	23.5	2.2	%	65.8	2.1	%	51.2	1.8	%
Depreciation and amortization	37.8	3.0	%	22.6	2.1	%	103.1	3.3	%	65.1	2.3	%
EBITDA – Continuing Operations	$132.1	10.4	%	$91.7	8.6	%	$308.3	9.7	%	$223.2	8.0	%
Non-cash stock-based compensation expense	3.0	0.2	%	1.2	0.1	%	9.6	0.3	%	3.4	0.1	%
Loss on debt extinguishment	—	—	%	—	—	%	5.6	0.2	%	—	—	%
Sintel legal settlement	—	—	%	9.6	0.9	%	2.8	0.1	%	9.6	0.3	%
Adjusted EBITDA – Continuing Operations	$135.1	10.6	%	$102.5	9.6	%	$326.3	10.3	%	$236.2	8.5	%

The following table presents a reconciliation of EBITDA and Adjusted EBITDA to net cash provided by operating activities for total MasTec (in millions):

	For the Nine Months Ended September 30,			
	2013		2012	
Total EBITDA Reconciliation:				
EBITDA, Continuing operations	$308.3		$223.2	
EBITDA, Discontinued operations	(8.6	)	(11.8	)
EBITDA, Total MasTec	$299.7		$211.4	
Reconciliation to Adjusted EBITDA and to Net Cash Provided by Operating Activities, Total MasTec:				
Non-cash stock-based compensation expense	9.6		3.4	
Loss on debt extinguishment	5.6		—	
Sintel legal settlement	$2.8		$9.6	
Adjusted EBITDA, Continuing operations	$326.3		$236.2	
EBITDA, Discontinued operations	(8.6	)	(11.8	)
Adjusted EBITDA, Total MasTec	$317.7		$224.4	
Interest expense	(34.7	)	(27.9	)
Provision for income taxes	(62.3	)	(46.6	)

Non-cash stock-based compensation expense	(9.6)	(3.4)
Loss on debt extinguishment	(5.6)	—
Sintel legal settlement	(2.8)	(9.6)
Adjustments to reconcile net income to net cash provided by operating activities, excluding depreciation and amortization	23.2	14.7
Change in assets and liabilities, net of assets acquired and liabilities assumed	(100.9)	(36.9)
Net cash provided by operating activities, Total MasTec	$125.0	$114.7

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Adjusted Income From Continuing Operations and Adjusted Diluted Earnings From Continuing Operations Per Share

The table below reconciles Adjusted Income From Continuing Operations and Adjusted Diluted Earnings From Continuing Operations Per Share with reported income from continuing operations before non-controlling interests and reported diluted earnings per share, continuing operations, the most directly comparable U.S. GAAP financial measures.

	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2013		2012		2013		2012	
	Income From Continuing Operations Before Non-controlling Interests (in millions)	Diluted Earnings Per Share, Continuing Operations	Income From Continuing Operations Before Non-controlling Interests (in millions)	Diluted Earnings Per Share, Continuing Operations	Income From Continuing Operations Before Non-controlling Interests (in millions)	Diluted Earnings Per Share, Continuing Operations	Income From Continuing Operations Before Non-controlling Interests (in millions)	Diluted Earnings Per Share, Continuing Operations
Reported U.S GAAP measure	$49.9	$ 0.59	$36.1	$ 0.45	$104.8	$ 1.24	$79.0	$ 0.97
Non-cash stock-based compensation expense (a)	1.8	0.02	0.7	0.01	5.9	0.07	2.0	0.02
Loss on debt extinguishment (b)	—	—	—	—	3.5	0.04	—	—
Sintel legal settlement (c)	—	—	5.8	0.07	1.7	0.02	5.8	0.07
Adjusted non-U.S. GAAP measure	$51.8	$ 0.61	$42.7	$ 0.54	$115.9	$ 1.37	$86.8	$ 1.06

(a) Represents the after tax expense and corresponding diluted per share impact related to non-cash stock-based compensation expense. The tax effect was calculated using the effective tax rate from continuing operations for the respective periods.

(b) Represents the after tax expense and corresponding diluted per share impact related to loss on debt extinguishment associated with the repurchase and redemption of our 7.625% senior notes in the first quarter of 2013. The tax effect was calculated using the effective tax rate from continuing operations for the respective periods.

(c) Represents the after tax expense and corresponding diluted per share impact related to the final Sintel legal settlement charge recorded in the second quarter of 2013 and the related charge recorded in the third quarter of 2012. The tax effect was calculated using the effective tax rate from continuing operations for the respective periods.

Financial Condition, Liquidity and Capital Resources

Our primary sources of liquidity are cash flows from continuing operations, availability under our credit facility, capital lease and other equipment financing arrangements and our cash balances. Our primary liquidity needs are for working capital, income taxes, capital expenditures, insurance collateral in the form of cash and letters of credit, earn-out obligations and debt service. We also evaluate opportunities for strategic acquisitions and/or investments from time to time that may require cash, and may consider opportunities to either repurchase, refinance or retire outstanding debt or repurchase outstanding shares of our common stock in the future.

Capital Expenditures. We estimate that we will spend approximately $120 million in 2013 on capital expenditures, and in addition, we expect to incur between $110 million and $120 million of equipment purchases under capital lease or other financing arrangements. For the nine month period ended September 30, 2013, we spent approximately $101 million on capital expenditures, and incurred approximately $106.8 million of equipment purchases under capital lease and other financing arrangements. Actual capital expenditures can increase or decrease from estimates depending upon business activity levels. We will continue to evaluate lease versus buy decisions to meet our equipment needs and, based on this evaluation, our capital expenditures may increase or decrease in the future. In addition, we expect to continue to sell older equipment as we upgrade to new equipment.

Earn-out Payments. In most of our recent acquisitions, we have agreed to pay earn-out payments to the sellers, generally based on the future earnings performance of the acquired businesses. Certain earn-out payments may be paid in either cash or, under specific circumstances, MasTec common stock, or a combination thereof, at our option. The estimated total value of earn-out obligations recorded as liabilities as of September 30, 2013 is approximately $177 million. Of this amount, $26 million represents the liability for earn-out obligations that have already been earned. The remainder, $151 million, is management's estimate of potential future earn-out obligations, both current and long-term, that are contingent upon future performance. Potential future earn-out obligations for acquisitions after January 1, 2009 are measured at their estimated fair value as of the date of acquisition, with subsequent changes in fair value recorded in earnings as a component of other income or expense, in accordance with U.S. GAAP. Earn-outs for acquisitions completed prior to January 1, 2009 are recorded as additional goodwill as earned.

During the three month period ended September 30, 2013, we made no cash payments related to earn-out obligations. During the three month period ended September 30, 2012, we made cash payments of $0.3 million related to earn-out obligations. During the nine month periods ended September 30, 2013 and 2012, we made cash payments of $12.8 million and $16.2 million, respectively, related to earn-out obligations. See Note 3 – Acquisitions in the notes to the condensed unaudited consolidated financial statements.

Income Taxes. Our cash tax payments increased to $49.7 million for the nine month period ended September 30, 2013 from $37.2 million for the nine month period ended September 30, 2012. Quarterly tax payments are based on estimates of full year taxable income activity and estimated tax rates. Our cash tax payments increased for the nine month period ended September 30, 2013 due primarily to the fact that we expect to have higher taxable income in 2013 from higher expected earnings.

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Working Capital. We need working capital to support seasonal variations in our business, primarily due to the impact of weather conditions on external construction and maintenance work and the spending patterns of our customers, both of which influence the timing of associated spending to support related customer demand. Our business is typically slower in the first quarter of each calendar year and, we generally experience seasonal working capital needs from approximately April through October to support growth in accounts receivable, and to a lesser extent, inventory. Working capital needs tend to increase when we commence large amounts of work due to the fact that payroll and certain other costs, including inventory, are required to be paid before the receivables resulting from work performed are billed and collected. Timing of project close-outs can contribute to changes in unbilled revenue. Accounts receivable balances increased in the nine month period ended September 30, 2013, from $877 million as of December 31, 2012 to $1.2 billion as of September 30, 2013, driven both by higher revenues as well as an increase in days sales outstanding, as discussed within the Summary of Financial Condition, Liquidity and Capital Resources below. Inventory balances have decreased from $84 million as of December 31, 2012 to $63 million as of September 30, 2013.

Our billing terms are generally net 30 days, and some of our contracts allow our customers to retain a portion (from 2% to 15%) of the contract amount until the job is completed. For certain customers, we maintain inventory to meet the material requirements of the contracts. Occasionally, certain of our customers pay us in advance for a portion of the materials we purchase for their projects, or allow us to pre-bill them for materials purchases up to specified amounts. Vendor terms are generally 30 days. Our agreements with subcontractors often contain a “pay-when-paid” provision, whereby our payments to subcontractors are made only after we are paid by our customers.

2011 Convertible Notes - Settlements. As of September 30, 2013, our common stock trading price was higher than the conversion prices of our 2011 Convertible Notes. Currently, we intend to settle the principal amounts of our 2011 Convertible Notes upon any conversion thereof in cash. As of September 30, 2013, we had outstanding $202.3 million aggregate principal amount of our 2011 Convertible Notes. Notwithstanding our present intention to settle conversions of our 2011 Convertible Notes in cash, we cannot assure you that we will be able to do so due to restrictions under our Credit Facility. As of September 30, 2013, these restrictions would not have limited our ability to settle the 2011 Convertible Notes in cash. See Summary of Financial Condition, Liquidity and Capital Resources below for discussion pertaining to our Credit Facility.

Summary of Financial Condition, Liquidity and Capital Resources

There were no changes in general U.S. and global economic conditions since December 31, 2012 that have had a significant impact on our overall financial position, results of operations or cash flows for the nine month period ended September 30, 2013. Given the generally good credit quality of our customer base, we do not expect collection issues that would materially impact our liquidity in the next twelve months. In addition, as a result of our current capital structure, including our credit facility, we do not anticipate that current overall capital market conditions will materially impact our liquidity. We anticipate that funds generated from operations, borrowings under our Credit Facility and our cash balances will be sufficient to meet our working capital requirements, required income tax payments, anticipated capital expenditures, insurance collateral requirements, earn-out obligations, letters of credit and debt service obligations for at least the next twelve months.

Sources and Uses of Cash

As of September 30, 2013, we had approximately $450 million in working capital, defined as current assets less current liabilities, compared to approximately $336 million as of December 31, 2012, an increase of $114 million. Total cash and cash equivalents of approximately $3 million as of September 30, 2013 decreased by $24 million from total cash and cash equivalents of $27 million as of December 31, 2012.

Sources and uses of cash are summarized below (in millions)

	For the Nine Months Ended September 30,	
	2013	2012
Net cash provided by operating activities	$125.0	$114.7
Net cash (used in) provided by investing activities	$(253.1)	$35.4
Net cash provided by (used in) financing activities	$104.3	$(159.3)

Operating Activities. Cash flow from operations is primarily influenced by demand for our services, operating margins and the type of services we provide, but it can also be influenced by working capital needs, such as the timing of billings and collections of receivables and the settlement of payables and other obligations. A portion of working capital assets is typically converted to cash in the first quarter. Conversely, working capital needs generally increase from April through October due to the seasonality of our business. Cash provided by operating activities for the nine month period ended September 30, 2013 increased to $125 million from $115 million of cash provided by operating activities for the same period in 2012, an increase of $10 million. Net income increased by $29 million. The impact of changes in non-cash adjustments was an increase of $46 million, driven largely by increases in depreciation and amortization of $37 million. Net changes in assets and liabilities had a negative impact of $64 million, primarily related to use of cash for working capital, primarily growth in accounts receivable.

Days sales outstanding for our continuing operations as of September 30, 2013 was 89, as adjusted for businesses acquired in the third quarter of 2013, as compared with days sales outstanding of 83 as of December 31, 2012, as adjusted for businesses acquired in December 2012. Days sales outstanding for our continuing operations, net of billings in excess of costs and earnings, and as adjusted for acquired businesses, was 81 as of September 30, 2013 and 71 as of December 31, 2012. The increase in days sales outstanding is largely attributable to timing of collections on certain projects. Changes in project and customer mix have also contributed to the increase in days sales outstanding. We do not currently anticipate collection issues related to our outstanding accounts receivable balances, and we continue to actively bill and collect outstanding amounts in a timely manner.

Investing Activities. Net cash used in investing activities increased by $288 million to $253 million for the nine month period ended

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September 30, 2013 from $35 million of cash provided by investing activities for the nine month period ended September 30, 2012. Current year acquisitions contributed $142 million of the increase. Also contributing to the year over year increase in cash used in investing activities is a reduction in cash proceeds from disposed businesses of $102 million, driven by $97.7 million of net proceeds received from the sale of our DirectStar business in the second quarter of 2012. Additionally, our capital expenditures have increased in 2013. We spent $101 million on capital expenditures for the nine month period ended September 30, 2013, an increase of $51 million as compared with the same period in the prior year. Capital expenditures have increased to support growth, primarily in our oil and gas segment, which generally requires higher levels of capital investment, as well as from growth in our Electrical Transmission segment.

Financing Activities. Cash provided by financing activities for the nine month period ended September 30, 2013 was $104 million, as compared with cash used in financing activities of $159 million for the nine month period ended September 30, 2012, an increase of $264 million. The increase in cash provided by financing activities was driven principally by the proceeds from our issuance of $400 million aggregate principal amount of 4.875% Senior Notes in March 2013, partially offset by the repurchase and redemption of our $150 million aggregate principal amount of 7.625% Senior Notes. Additionally, net repayments of outstanding balances on our Credit Facility were $44 million higher in the nine month period ended September 30, 2013 as compared with 2012. Cash provided from financing activities for the nine month period ended September 30, 2013 also benefited from a decrease of $75 million in cash used for purchases of treasury stock in 2012.

Credit Facility

We have a $600 million senior secured revolving credit facility (the "Credit Facility") maturing on August 22, 2016. See discussion in Note 10 - Debt in the notes to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2012 for terms and conditions associated with our Credit Facility, and Note 10-Debt in the notes to the condensed unaudited consolidated financial statements for current period balances and discussion.

On October 29, 2013, we entered into an Amendment to our Credit Facility, which, among other things, extended the maturity to October 2018 and increased the revolving commitments available thereunder from $600 million to $750 million, of which up to $100 million may be borrowed in Canadian dollars. Additionally, the Amendment increased the amount available for letters of credit from $350 million to $450 million and the amount available for swing line loans from $50 million to $75 million. The Amendment also reduced the rates applicable to the commitments, borrowings and letters of credit under the Credit Facility.

Based upon current availability under our Credit Facility, our liquidity and our anticipated cash flow, we believe we will be in compliance with the Credit Facility’s terms and conditions for the next twelve months. We are dependent upon borrowings and letters of credit under the Credit Facility to fund our operations. Should we be unable to comply with the terms and conditions of the Credit Facility, we would be required to obtain modifications to the Credit Facility or obtain an alternative source of financing to continue to operate, neither of which may be available to us on commercially reasonable terms, or at all.

Book Overdrafts

As of September 30, 2013, book overdrafts totaled $17.8 million.

Issuance of 4.875% Senior Notes and Repurchase and Redemption of 7.625% Senior Notes

In March 2013, we issued $400 million of 4.875% senior notes due March 15, 2023 (the “4.875% Senior Notes”) in a registered public offering and repurchased and redeemed our 7.625% Senior Notes. See Note 10 - Debt in the Notes to the condensed unaudited consolidated financial statements for additional information.

Senior Convertible Notes

2011 Convertible Notes

We have $202.3 million principal amount of 2011 Convertible Notes. See discussion in Note 10 - Debt in the Notes to the condensed unaudited consolidated financial statements, which Note is incorporated by reference herein, and Note 10 - Debt in the notes to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2012.

If the average price per share of our common stock the 2011 Convertible Notes exceeds the respective conversion prices of the 2011 Convertible Notes, the resulting amount, in shares, of any premium will be included in our diluted share count ("premium shares"). Our average share price exceeded the conversion prices of the 2011 Convertible Notes for the three and nine month periods ended September 30, 2013. See Note 2 – Earnings Per Share and Note 10 – Debt in the notes to the condensed unaudited consolidated financial statements. The number of premium shares included in our diluted share count will vary with fluctuations in our share price. Higher actual share prices result in a greater number of premium shares. Because the number of shares required to be included in our diluted share count will vary with changes in our actual share price, we cannot predict the dilutive impact of any such premium shares in future periods.

2009 Convertible Notes

As of September 30, 2013, an aggregate principal amount of $12.6 million of 2009 Convertible Notes was outstanding. See discussion in Note 10 - Debt in the notes to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2012.

Acquisition Debt

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In connection with certain acquisitions, we have entered into or assumed certain debt and/or capital lease obligations. As of September 30, 2013, $31.3 million of this acquisition-related debt remained outstanding.

Debt Guarantees and Covenants

The 2011 Convertible Notes and 2009 Convertible Notes are fully and unconditionally guaranteed on an unsecured, unsubordinated, joint and several basis by certain existing and future 100%-owned direct and indirect domestic subsidiaries that are guarantors of our Credit Facility or other outstanding indebtedness. The 4.875% Senior Notes are guaranteed on an unsecured, unsubordinated joint and several basis by MasTec's 100%-owned direct and indirect domestic subsidiaries that guarantee the Credit Facility. See Note 20 - Supplemental Guarantor Condensed Unaudited Consolidating Financial Information in the notes to the condensed unaudited consolidated financial statements.

We were in compliance with all provisions and covenants pertaining to our outstanding debt instruments as of September 30, 2013.

Off-balance sheet arrangements

As is common in our industry, we have entered into certain off-balance sheet arrangements in the ordinary course of business. Our significant off-balance sheet transactions include liabilities associated with non-cancelable operating leases, letter of credit obligations, surety and performance and payment bonds entered into in the normal course of business, self-insurance liabilities, liabilities associated with multi-employer pension plans and liabilities associated with certain indemnification and guarantee arrangements. We do not have any material off-balance sheet financing arrangements with variable interest entities.

Refer to Note 17 - Commitments and Contingencies in the notes to the condensed unaudited consolidated financial statements for current period details pertaining to our off balance sheet arrangements, which Note is incorporated by reference herein.

Impact of Inflation

The primary inflationary factors affecting our operations are labor and fuel costs, and to a lesser extent, material costs. The price of fuel is subject to unexpected fluctuations due to events outside of our control, including geopolitical events and fluctuations in global supply and demand. Significant fuel price increases could adversely impact our operating results in the future. We closely monitor inflationary factors and any impact they may have on our operating results or financial condition.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Interest on outstanding revolving loans under our Credit Facility, as amended, accrues at variable rates based, at our option, on a eurocurrency rate, as defined in the Credit Facility, plus a margin, or a base rate, as defined in the Credit Facility, plus a margin. As of September 30, 2013, we had $36.4 million outstanding revolving loans under our Credit Facility with a weighted average interest rate of 3.93%. Interest on letters of credit issued under our Credit Facility accrued at either 1.125% or 2.25% per annum as of September 30, 2013 based on the type of letter of credit issued. A 100 basis point increase in the interest rate applicable to revolving loans under our Credit Facility would not have had a material impact on our results of operations for the three or nine month periods ended September 30, 2013.

As of September 30, 2013, our fixed interest rate debt primarily included $400 million aggregate principal amount of 4.875% senior notes, $115 million aggregate principal amount of 4.0% senior convertible notes, $100 million aggregate principal amount of 4.25% senior convertible notes and $53.9 million of notes payable for equipment, which had a weighted average interest rate of approximately 3.5%. None of this debt subjects us to interest rate risk.

Foreign Currency Risk

We have foreign operations in Canada, as well as in parts of Latin America and the Caribbean. For the three month period ended September 30, 2013, we had foreign currency translation gains of $2.9 million, and for the nine month period ended September 30, 2013, we had foreign currency translation losses of $3.8 million, relating primarily to our Canadian operations, which were recorded as a component of other comprehensive income. Our Canadian presence has grown in recent years due to acquisitions. If we continue to expand our operations outside of the United States, our exposure to fluctuations in foreign currency exchange rates could increase in the future.

Item 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended ("the Exchange Act"). Based upon that evaluation, we concluded that as of September 30, 2013, our disclosure controls and procedures were effective to ensure that information required to be disclosed in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow for timely decisions regarding required disclosures.

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Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Legacy Litigation

Refer to Note 17 – Commitments and Contingencies in the notes to our condensed unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q, which is incorporated by reference in this Item 1, for a discussion of any recent material developments related to our legal proceedings since the filing of our most recent Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

Except as set forth below, there have been no material changes to any of the risk factors disclosed in our recently filed Annual Report on Form 10-K, as updated by our Quarterly Reports on Form 10-Q.

Risks Related to Our Business

We derive a significant portion of our revenue from a few customers, and the loss of one of these customers or a reduction in their demand for our services could impair our financial performance.

For the nine month period ended September 30, 2013, we derived approximately 18%, 15% and 14% of our revenue from continuing operations from AT&T, DIRECTV® and Enbridge, Inc., respectively. For the nine month period ended September 30, 2012, we derived approximately 17% and 17% of our revenue from continuing operations from AT&T and DIRECTV®, respectively. In addition, our ten largest customers accounted for approximately 69% and 66% of our revenue from continuing operations for the nine month periods ended September 30, 2013 and 2012, respectively. Because our business is concentrated among relatively few major customers, and certain of our services are provided on a non-recurring, project by project basis, our results of operations, cash flows and liquidity could be negatively affected if these customers reduce the amount of business they provide to us, or if we complete the required work on our projects for these customers and cannot replace them with similar projects. Approximately 51% of our revenue from continuing operations was derived from non-recurring project specific work for the nine month period ended September 30, 2013, which may further increase this risk if we are not able to replace completed project work with new work. In addition, many of the contracts with our largest customers may be canceled on short or no advance notice. Any of these factors could negatively impact our results of operations, cash flows and liquidity.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table provides information about repurchases of our common stock during the quarter ended September 30, 2013:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet be Purchased under the Program
July 1 through July 31	—	$—	—	$—
August 1 through August 31	70,085	$33.31	—	$—
September 1 through September 30	—	$—	—	$—
Total	70,085		—	

(1) Reflects shares repurchases associated with certain employee elections under compensation and benefit programs.

ITEM 5. OTHER INFORMATION

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On October 29, 2013, the Company, together with certain of the Company's subsidiaries, Bank of America, N.A., as Administrative Agent, Swing Line Lender, L/C Issuer and a Lender, and the other lenders party thereto, entered into an amendment (the "Amendment") to the Company's Third Amended and Restated Credit Agreement, dated as of August 22, 2011 (as amended by the Amendment, the "Credit Agreement").

Pursuant to the Amendment, the senior secured revolving commitments under the Credit Agreement have been increased from $600.0 million to $750.0 million, of which up to $100.0 million may be borrowed in Canadian dollars. Additionally, the amount available for letters of credit has been increased from $350.0 million to $450.0 million, the letter of credit sublimit that may be used for letters of credit denominated in Canadian dollars has been increased from $25.0 million to $50.0 million, and the amount available for swing line loans has been increased from $50.0 million to $75.0 million. Additionally, the Credit Agreement's maturity date has been extended from August 22, 2016 to October 29, 2018.

Under the Credit Agreement, the Company has the option to increase the revolving commitments and/or establish additional term loan tranches from time to time in an aggregate amount of up to $250.0 million. These additional term loan tranches may, subject to certain terms and conditions described in the Credit Agreement, rank equal or junior in respect of right of payment and/or collateral to the senior secured revolving credit facility and may, subject to certain limitations described in the Credit Agreement, have terms and pricing that differ from the senior secured revolving credit facility.

Amounts borrowed under the Credit Agreement bear interest, at the Company's option, at a rate equal to either (a) a Eurocurrency Rate (as defined in the Credit Agreement) plus a margin of 1.00% to 2.00% (a reduction from 1.50% to 2.50% prior to the Amendment) or (b) a Base Rate (as described below) plus a margin of 0.00% to 1.00% (a reduction from 0.50% to 1.50% prior to the Amendment). Financial standby letters of credit and commercial letters of credit issued under the Credit Agreement are subject to a letter of credit fee of 1.00% to 2.00% (a reduction from 1.50% to 2.50% prior to the Amendment), and performance standby letters of credit are subject to a letter of credit fee of 0.50% to 1.00% (a reduction from 0.75% to 1.25% prior to the Amendment). The Company must also pay a commitment fee to the lenders of 0.20% to 0.40% (a reduction from 0.25% to 0.45% prior to the Amendment) on any unused availability under the Credit Agreement. In each of the foregoing cases, the applicable margin or fee is based on the Company's Consolidated Leverage Ratio (as defined in the Credit Agreement) as of the then most recent fiscal quarter. The Base Rate equals the highest of (i) the Federal Funds Rate (as defined in the Credit Agreement) plus 1/2 of 1%, (ii) Bank of America's prime rate and (iii) the Eurocurrency Rate plus 1.00%.

As previously reported, the Credit Agreement is guaranteed by certain subsidiaries of the Company (the "Subsidiary Guarantors") and the obligations under the Credit Agreement are secured by substantially all of the Company's and the Subsidiary Guarantors' respective assets, subject to certain exceptions.

Under the Credit Agreement, if the Loan Party EBITDA (as defined in the Credit Agreement) as of the last four consecutive fiscal quarters does not represent at least 70% (the "70% Guaranty Threshold") of the Adjusted Consolidated EBITDA (as defined in the Credit Agreement) for such period, then the Company must designate additional subsidiaries as Subsidiary Guarantors, and cause them to join the applicable guaranty and security agreements to the Credit Agreement. The 70% Guaranty Threshold represents a reduction from the 80% threshold applicable prior to the Amendment. Additionally, any domestic subsidiary with consolidated EBITDA of at least 15% of the Adjusted Consolidated EBITDA (as defined in the Credit Agreement) must become a Subsidiary Guarantor and join the applicable guaranty and security agreements, which represents an increase from the 10% threshold applicable prior to the Amendment.

As amended, the Credit Agreement continues to require that the Company maintain a maximum Consolidated Leverage Ratio (as defined in the Credit Agreement) of 3.50 to 1.00 and a minimum Consolidated Interest Coverage Ratio (as defined in the Credit Agreement) of 3.00 to 1.00; however, the Credit Agreement now provides that, for purposes of calculating the Consolidated Leverage Ratio, funded indebtedness will exclude all undrawn standby performance letters of credit. Additionally, subject to certain conditions, if a permitted acquisition or series of permitted acquisitions having consideration exceeding $50,000,000 occurs during a fiscal quarter, the Company has the right to permit the Consolidated Leverage Ratio to exceed 3.50 to 1.00 during such fiscal quarter and the subsequent two fiscal quarters so long as the Consolidated Leverage Ratio does not exceed 3.75 to 1.00 at any time

during such period. Such right may be exercised no more than two times during the term of the Credit Agreement.
Subject to customary exceptions and baskets, the Credit Agreement limits the borrowers' and the Subsidiary Guarantors' ability to engage in certain activities, including acquisitions, mergers and consolidations, debt incurrence, investments, capital expenditures, asset sales, debt prepayments, lien incurrence and the making of distributions or repurchases of capital stock. However, distributions payable solely in capital stock are permitted.
The Credit Agreement provides for customary events of default and carries cross-default provisions with the Company's other significant debt instruments, including the Company's indemnity agreement with its surety provider, as well as customary remedies upon an Event of Default (as defined in the Credit Agreement), including the acceleration of repayment of outstanding amounts and other remedies with respect to the collateral securing the Credit Agreement obligations.

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ITEM 6. EXHIBITS

Exhibit No.	Description
10.1* +	Split-Dollar Agreement between MasTec, Inc. and Jorge Mas dated October 16, 2013
12.1*	Computation of Ratio of Earnings to Fixed Charges
23.2*	Consent of Independent Valuation Firm
31.1*	Certifications required by Section 302(a) of the Sarbanes-Oxley Act of 2002.
31.2*	Certifications required by Section 302(a) of the Sarbanes-Oxley Act of 2002
32.1*	Certifications required by Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certifications required by Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase
101.LAB*	XBRL Taxonomy Extension Label Linkbase
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase.

* Filed herewith.
+ Management contract or compensation plan arrangement.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MASTEC, INC.

Date: October 31, 2013

/s/ JOSE R. MAS
Jose R. Mas
Chief Executive Officer
(Principal Executive Officer)

/s/ C. ROBERT CAMPBELL
C. Robert Campbell
Chief Financial Officer
(Principal Financial and Accounting Officer)