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, 2010

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)**

Registrant s telephone number, including area code: (305) 599-1800

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

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

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

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

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

As of November 1, 2010, MasTec, Inc. had 76,126,604 shares of common stock, $0.10 par value, outstanding.

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MASTEC, INC.

FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2010

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PART 1. 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, 2010	For the Three Months Ended September 30, 2009	For the Nine Months Ended September 30, 2010	For the Nine Months Ended September 30, 2009
Revenue	$ 631,947	$ 397,248	$ 1,577,291	$ 1,127,221
Costs of revenue, excluding depreciation and amortization	528,579	335,241	1,334,775	954,214
Depreciation and amortization	14,796	10,760	43,183	32,147
General and administrative expenses	30,846	23,710	89,501	71,619
Interest expense, net of interest income	7,255	5,769	21,899	17,312
Other (income) expense, net	(228)	(393)	65	(1,636)
Income before provision for income taxes	50,699	22,161	87,868	53,565
Provision for income taxes	20,698	517	35,912	1,001
Net income	$ 30,001	$ 21,644	$ 51,956	$ 52,564
Net loss attributable to non-controlling interests	$ (5)	$	$ (61)	$
Net income attributable to MasTec	$ 30,006	$ 21,644	$ 52,017	$ 52,564
Earnings per share basic and diluted (See Note 4 Earnings Per Share):				
Basic net income per share attributable to MasTec	$ 0.39	$ 0.29	$ 0.68	$ 0.69
Basic weighted average common shares outstanding	76,104	75,727	76,064	75,645
Diluted net income per share attributable to MasTec	$ 0.35	$ 0.27	$ 0.62	$ 0.68
Diluted weighted average common shares outstanding	90,507	83,989	90,539	79,784
Supplemental disclosure (See Note 7 Securities Available for Sale):				
Other (income) expense, net:				
Total other-than-temporary impairment (gain) loss on securities available for sale, net	$ (196)	$	$ 71	$
Less: Unrealized gains on securities available for sale, recognized in other comprehensive income	(606)		(750)	
Credit losses on securities available for sale, recognized in earnings	410		821	

Other income, net		(638)		(393)		(756)		(1,636)
Total other (income) expense, net	$	(228)	$	(393)	$	65	$	(1,636)

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, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents, including restricted cash of $18,000 at September 30, 2010 and $18,208 at December 31, 2009, respectively	$ 119,772	$ 88,521
Accounts receivable, costs and earnings in excess of billings and retainage, net of allowance	434,536	323,008
Inventories	63,172	31,770
Deferred tax assets, net	28,127	56,006
Prepaid expenses and deposits	13,087	14,221
Other current assets	11,461	16,631
Total current assets	670,155	530,157
Property and equipment, net	187,446	198,812
Goodwill	531,090	490,111
Other intangible assets, net	81,635	91,217
Securities available for sale	24,407	24,511
Other assets	33,106	33,291
Total assets	$ 1,527,839	$ 1,368,099
Liabilities and Shareholders Equity		
Current liabilities:		
Current maturities of long-term debt	$ 20,519	$ 28,473
Accounts payable	203,130	152,559
Accrued salaries and wages	34,462	24,750
Accrued insurance	11,583	10,034
Other accrued expenses	22,478	14,054
Obligations related to acquisitions, current portion	40,295	25,137
Billings in excess of costs and earnings	97,830	49,869
Other current liabilities	19,939	22,558
Total current liabilities	450,236	327,434
Obligations related to acquisitions	21,008	30,573
Other liabilities	21,474	22,732
Deferred tax liabilities, net	52,822	49,275
Long-term debt	397,281	409,923
Total liabilities	$ 942,821	$ 839,937
Commitments and contingencies		
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 and outstanding shares 76,121,365 and 75,954,004 at September 30, 2010 and December 31, 2009, respectively	7,610	7,596
Capital surplus	633,894	629,730
Accumulated deficit	(51,023)	(103,040)
Accumulated other comprehensive loss	(5,617)	(6,124)
Total MasTec shareholders equity	584,864	528,162
Non-controlling interests	154	
Total shareholders equity	585,018	528,162
Total liabilities and shareholders equity	$ 1,527,839	$ 1,368,099

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, 2010	2009
Cash flows from operating activities:		
Net income	$ 51,956	$ 52,564
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	43,183	32,147
Stock-based compensation expense	2,971	2,654
Gain on disposal of assets	(949)	(1,289)
Provision for doubtful accounts	2,014	1,337
Provision for losses on construction projects, net	(54)	1,949
Provision for inventory obsolescence	225	52
Credit losses on securities available for sale	821	
Changes in assets and liabilities, net of assets acquired and liabilities assumed:		
Accounts receivable, costs and earnings in excess of billings and retainage	(116,802)	51,381
Inventories	(30,977)	1,202
Deferred tax assets and liabilities, net	29,518	(367)
Other assets, current and non-current portion	1,198	8,269
Accounts payable and accrued expenses	70,668	(11,106)
Other liabilities, current and non-current portion	46,895	(53,207)
Net cash provided by operating activities	100,667	85,586
Cash flows used in investing activities:		
Cash paid for acquisitions, net, including contingent consideration	(29,350)	(25,970)
Capital expenditures	(22,813)	(16,380)
Investments in life insurance policies	(194)	(717)
Net proceeds from sale of assets	4,622	4,240
Net cash used in investing activities	(47,735)	(38,827)
Cash flows (used in) provided by financing activities:		
Proceeds from credit facility		35,681
Repayments of credit facility		(78,150)
Proceeds from other borrowings		115,000
Repayments of other borrowings	(10,814)	(66,405)
Payments of capital lease obligations	(12,024)	(1,901)
Proceeds from stock option exercises	1,208	2,347
Payments of financing costs	(118)	(5,387)
Net cash (used in) provided by financing activities	(21,748)	1,185
Net increase in cash and cash equivalents	31,184	47,944

Net effect of currency translation on cash	67	109
Cash and cash equivalents - beginning of period	88,521	47,263
Cash and cash equivalents - end of period	$ 119,772	$ 95,316
Cash paid during the period for:		
Interest	$ 21,388	$ 18,191
Income taxes	$ 3,459	$ 1,145
Supplemental disclosure of non-cash information:		
Equipment acquired under capital lease	$ 2,243	$ 975

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

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MasTec, Inc.

Notes to the Condensed Unaudited Consolidated Financial Statements

Note 1 Nature of the Business

MasTec, Inc. (collectively, with its subsidiaries, MasTec or the Company) is a leading national infrastructure construction company operating mainly throughout the United States across a range of industries. The Company s activities include the engineering, building, installation, maintenance and upgrade of energy, communication and utility infrastructure, including but not limited to: electrical utility transmission and distribution, wind farms, solar farms, other renewable energy, natural gas and petroleum pipeline infrastructure, wireless, wireline, satellite communication, industrial infrastructure and water and sewer systems. MasTec s customers are in the following industries, among others: utilities (including wind farms, solar farms and other renewable energy, natural gas gathering systems and pipeline infrastructure), communications (including wired and wireless telephony and satellite television) and government (including water, sewer and other utility and communications work on military bases).

Note 2 Basis for 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. Accordingly, these financial statements do not include all information and notes required by U.S. GAAP for complete financial statements. The accompanying condensed consolidated balance sheet as of December 31, 2009 is derived from the Company s audited financial statements at that date. Since certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted, these condensed unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto as of and for the year ended December 31, 2009 contained in the Company s 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. As required by the Business Combinations Topic of the FASB Codification, balances at December 31, 2009 have been updated to reflect certain purchase accounting adjustments. See Note 5 Acquisitions and Joint Ventures.

The Company believes that the disclosures made in these condensed unaudited consolidated financial statements are adequate to make the information not misleading. Operating results for the three and nine month periods ended September 30, 2010 are not necessarily indicative of the results that may be expected for the year ending December 31, 2010.

Note 3 Significant Accounting Policies

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 for MasTec include the recognition of revenue, in particular, on long-term construction contracts, including estimates to complete and provisions for contract losses, allowance for doubtful accounts, accrued self-insured claims, the fair value of goodwill, intangible assets and securities available for sale, asset lives used in computing depreciation and amortization, including amortization of intangibles, and accounting for income taxes, contingencies and litigation. While management believes that such estimates are fair when considered in conjunction with the condensed unaudited 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 financial statements.

The following is a summary of the significant accounting policies followed in the preparation of the accompanying condensed unaudited consolidated financial statements.

Principles of consolidation

The accompanying condensed unaudited consolidated financial statements include MasTec, Inc. and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. Other parties interests in companies for which MasTec has a controlling financial interest are reported as non-controlling interests within total equity. Net income or loss attributable to non-controlling interests is reported as a separate line item below total net income.

Reclassifications

Certain reclassifications were made to the prior year financial statements to conform to the current period presentation.

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MasTec, Inc.

Notes to the Condensed Unaudited Consolidated Financial Statements - continued

Comprehensive income

Comprehensive income is a measure of net income and all other changes in equity that result from transactions other than those with shareholders. Comprehensive income consists of net income, unrealized gains and losses from securities available for sale, foreign currency translation adjustments and losses attributable to non-controlling interests.

Comprehensive income consisted of the following (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2010	**2009**	**2010**	**2009**
Net income	$ 30,001	$ 21,644	$ 51,956	$ 52,564
Foreign currency translation gain	21	14	67	40
Net unrealized gain (loss) from securities available for sale, net of tax	232	945	(63)	3,168
Reclassification adjustment for impairment losses on securities available for sale, net of tax, previously recorded in other comprehensive income	251		503	
Comprehensive income	$ 30,505	$ 22,603	$ 52,463	$ 55,772
Comprehensive net loss attributable to non-controlling interests	(5)		(61)	
Comprehensive income attributable to MasTec	$ 30,510	$ 22,603	$ 52,524	$ 55,772

Accumulated other comprehensive losses of $5.6 million and $6.1 million as of September 30, 2010 and December 31, 2009, respectively, is primarily attributable to unrealized losses from securities available for sale. See Note 7 Securities Available for Sale.

Fair value of financial instruments

Financial instruments in the Company s condensed unaudited consolidated balance sheet include cash and cash equivalents, accounts and notes receivable, cash collateral deposited with insurance carriers, cash surrender value of life insurance policies, auction rate securities, 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 Company uses a three-tier valuation hierarchy based upon observable and non-observable inputs, as described below:

Level 1 - Quoted market prices in active markets for identical assets or liabilities at the measurement date.

Level 2 - Observable market based inputs or other observable inputs corroborated by market data at the measurement date, other than quoted prices included in Level 1, either directly or indirectly.

Level 3 -

Significant unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. These values are generally determined using valuation models for which the assumptions utilize management s estimates of market participant assumptions.

Fair values of financial instruments are estimated through the use of public market prices, quotes from financial institutions and other available information. Due to their short-term maturity, the carrying amounts of cash and cash equivalents, accounts and notes receivable and accounts payable and other current liabilities approximate their fair values. Management believes the carrying values of cash collateral deposited with insurance carriers and deferred compensation plan assets and liabilities approximate their fair values. Equity method investments are initially recorded at their cost basis. The fair value of the Company s equity method investments is not readily available, however under ASC 820, *Fair Value Measurements and Disclosures* (ASC 820), disclosure of their fair value is not required. Management is not aware of events or changes in circumstances that would have a material adverse effect on the carrying value of the Company s equity method investments.

See Note 6 Fair Value of Financial Instruments for estimated fair values and carrying amounts of the Company s other financial instruments.

MasTec, Inc.

Notes to the Condensed Unaudited Consolidated Financial Statements - continued

Accrued 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. MasTec actuarially determines liabilities for unpaid claims and associated expenses, including incurred but not reported losses, and reflects the present value of those liabilities in the balance sheet as other current and non-current liabilities. The determination of such claims and expenses and appropriateness of the related liability is reviewed and updated quarterly. Accruals are based upon known facts, historical trends and a reasonable estimate of future expenses. However, a change in experience or actuarial assumptions could nonetheless materially affect results of operations in a particular period. As of September 30, 2010 and December 31, 2009, MasTec s liability for unpaid claims and associated expenses, including incurred but not reported losses, was $35.6 million and $31.6 million, respectively, of which $19.6 million and $22.1 million, respectively, was reflected within non-current other liabilities.

The Company also maintains an insurance policy with respect to employee group health claims subject to per employee deductibles of $0.4 million. MasTec s liability for employee group health claims was $0.5 million and $0.7 million as of September 30, 2010 and December 31, 2009, respectively.

The Company is periodically required to post letters of credit and provide cash collateral to its insurance carriers. As of September 30, 2010 and December 31, 2009, these letters of credit amounted to $59.5 million and $66.9 million, respectively, a portion of which is collateralized by $18.0 million of restricted cash for both periods. In addition, other cash collateral deposited with insurance carriers, which is included in other assets, amounted to $2.2 million and $3.0 million at September 30, 2010 and December 31, 2009, respectively.

Stock-based compensation

The Company has granted to employees and others restricted stock and options to purchase common stock. Total non-cash stock compensation expense for grants of restricted stock and options was $1.0 million and $0.8 million, respectively, for the three months ended September 30, 2010 and 2009, and $2.9 million and $2.7 million, respectively, for the nine months ended September 30, 2010 and 2009. Non-cash stock-based compensation expense for administrative employees is included in general and administrative expense, and for operations employees, is included within cost of sales in the condensed unaudited consolidated statements of operations.

Grants of restricted stock are valued based on the market price of MasTec s common stock on the date of grant. Compensation expense arising from restricted stock grants with graded vesting is recognized using the ratable method (an accelerated method of expense recognition) over the vesting period. Those shares issued with cliff vesting are amortized on a straight line basis over the vesting period. Through September 30, 2010, approximately 1,738,000 shares of restricted stock have been issued with a value of approximately $17.0 million, which is being expensed over vesting periods ranging from the day of issuance to five years. Total unearned compensation related to restricted stock grants as of September 30, 2010 is approximately $4.8 million. Restricted stock expense for the three and nine months ended September 30, 2010 was approximately $1.0 million and $2.9 million, respectively. Restricted stock expense for the three and nine months ended September 30, 2009 was approximately $0.6 million and $1.9 million, respectively.

During the nine months ended September 30, 2010 and 2009, there were no stock options granted. For stock options granted in prior periods, the Black-Scholes valuation model was used to estimate the fair value of options to purchase MasTec s common stock, and the Company uses the ratable method to amortize compensation expense over the vesting period of the option grant.

Multi-employer pensions plans

The Company makes contributions to certain union-administered multi-employer pension plans. Contributions to these plans were approximately $3.4 million and $0.1 million for the three months ended September 30, 2010 and 2009, and $10.2 million and $0.3 million for the nine months ended September 30, 2010 and 2009, respectively. Our contribution generally is based on fixed amounts per hour per employee for employees covered under these plans. The number of employees covered under these plans increased from 2009 to 2010 due to the acquisition of Precision Pipeline, LLC in the fourth quarter of 2009. See Note 5 Acquisitions and Joint Ventures for additional details. During the nine months ended September 30, 2010, the number of employees covered by these plans ranged from 250 to 1,060, and during the nine months ended September 30, 2009, the number of employees covered by these plans ranged from 70 to 90.

See Note 10 Commitments and Contingencies regarding multi-employer pension plans and collective bargaining agreements to which certain MasTec subsidiaries are party.

Recently issued accounting pronouncements

In June 2009, the FASB issued SFAS No. 166, *Accounting for Transfers of Financial Assets*, an amendment to SFAS No. 140 codified in Accounting Standards Update (ASU) 2009-16 (ASU 2009-16). The new standard eliminates the concept of a qualifying special-purpose entity, changes the requirements for derecognizing financial assets, and requires additional disclosures in order to enhance

MasTec, Inc.

Notes to the Condensed Unaudited Consolidated Financial Statements - continued

information reported to users of financial statements by providing greater transparency about transfers of financial assets, including securitization transactions, and an entity s continuing involvement in and exposure to the risks related to transferred financial assets. ASU 2009-16 is effective for fiscal years beginning after November 15, 2009. The adoption of ASU 2009-16 on January 1, 2010 did not have an impact on MasTec s condensed unaudited consolidated financial statements.

In June 2009, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)* (SFAS 167), codified in ASU 2009-17. SFAS 167 amends FASB Interpretation No. 46(R), *Variable Interest Entities,* in determining whether an entity is a variable interest entity (VIE) and requires an enterprise to perform an analysis to determine whether the enterprise s variable interest or interests give it a controlling financial interest in a VIE. Under ASU 2009-17, an enterprise has a controlling financial interest when it has (a) the power to direct the activities of a VIE that most significantly impact the entity s economic performance and (b) the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. ASU 2009-17 requires an enterprise to assess whether it has an implicit financial responsibility to ensure a VIE operates as designed when determining whether it has power to direct the activities of the VIE that most significantly impact the entity s economic performance. ASU 2009-17 also requires ongoing assessments of whether an enterprise is the primary beneficiary of a VIE, requires enhanced disclosures and eliminates the scope exclusion for qualifying special-purpose entities. The adoption of ASU 2009-17 on January 1, 2010 did not have a material impact on MasTec s condensed unaudited consolidated financial statements.

In October 2009, the FASB issued ASU No. 2009-13, *Multiple Deliverable Revenue Arrangements,* (ASU 2009-13). ASU 2009-13 amends existing revenue recognition accounting pronouncements that are currently within the scope of ASC Subtopic 605-25, *Multiple Element Arrangements*. ASU 2009-13 provides accounting principles and application guidance on whether multiple deliverables exist, how the arrangement should be separated and the consideration allocated. This guidance eliminates the requirement to establish the fair value of undelivered products and services and also eliminates the residual method of allocating arrangement consideration. The new guidance provides for separate revenue recognition based upon management s estimate of the selling price for an undelivered item when there is no other means to determine the fair value of that undelivered item. Under the previous guidance, if the fair value of all of the elements in the arrangement was not determinable, then revenue was deferred until all of the items were delivered or fair value was determined. This new approach is effective for fiscal years beginning on or after June 15, 2010. Entities can elect to apply ASU 2009-13 (i) prospectively to new or materially modified arrangements after its effective date or (ii) retrospectively for all periods presented. The Company is currently evaluating the potential impact of this standard on its financial position and results of operations.

In October 2009, the FASB ratified EITF consensus No. 09-1 and issued ASU No. 2009-15, *Accounting for Own Share Lending Arrangements in Contemplation of Convertible Debt Issuance or Other Financing* (ASU 2009-15). ASU 2009-15 requires an entity that enters into a share-lending arrangement on its own shares (that are classified in equity pursuant to other authoritative accounting guidance) in contemplation of a convertible debt issuance or other financing to initially measure the share-lending arrangement at fair value and treat it as an issuance cost and to exclude the shares borrowed under the share-lending arrangement from basic and diluted EPS. In addition, under ASU 2009-15, if it becomes probable that the share-lending arrangement counterparty will default on the arrangement, the issuing entity should record a loss in current earnings equal to the fair value of the shares outstanding less any recoveries. The entity will continue to adjust the loss until actual default. Upon an actual default, the issuing entity must include the shares outstanding under the share-lending arrangement (net of any share recoveries) in basic and diluted EPS. The ASU also requires entities to provide certain disclosures about the share-lending arrangement. The adoption of ASU 2009-15 on January 1, 2010 had no impact on the Company s condensed unaudited consolidated financial statements as the Company has not entered into any share-lending arrangements.

In January 2010, the FASB issued ASU 2010-01, *Accounting for Distributions to Shareholders with Components of Stock and Cash*, (ASU 2010-01) which provides guidance on accounting for distributions to shareholders with components of stock and cash, clarifying that in calculating EPS, an entity should account for the share portion of the distribution as a stock issuance and not as a stock dividend, and therefore include the shares issued or issuable as part of a distribution that is reflected in basic EPS prospectively. The adoption of ASU 2010-01 as of January 1, 2010 had no impact on the condensed unaudited consolidated financial statements as the Company has not made any distributions to shareholders.

In January 2010, the FASB issued ASU 2010-02, *Accounting and Reporting for Decreases in Ownership of a Subsidiary a Scope Clarification* (ASU 2010-02), in response to practice issues entities encountered in applying the decrease in ownership provisions of SFAS No. 160, *Non-controlling Interests in Consolidated Financial Statements* (codified in ASC 810-10, *Consolidation* (ASC 810-10)). ASU 2010-02 clarifies that the decrease in ownership provisions of ASC 810-10 and related guidance apply to (a) a subsidiary or group of assets that is a business or nonprofit activity, (b) a subsidiary or group of assets that is a business or nonprofit activity for a non-controlling interest in an entity (including an equity method investee or joint venture) and (c) an exchange of a group of assets that constitutes a business or nonprofit activity for a non-controlling interest in an entity (including an equity method investee or joint venture). In addition, ASU 2010-02 clarifies that the decrease in ownership guidance does not apply to sales of in-substance real estate or conveyances of oil and gas mineral rights, even if these transactions involve businesses. Finally, the ASU expands the disclosures required upon deconsolidation of a subsidiary. The adoption of ASU 2010-02 on January 1, 2010 had no impact on the Company s condensed unaudited consolidated financial statements as the Company has not had any decreases in ownership of its subsidiaries.

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MasTec, Inc.

Notes to the Condensed Unaudited Consolidated Financial Statements - continued

In January 2010, the FASB issued ASU 2010-06, *Improving Disclosures about Fair Value Measurements* (ASU 2010-06) which amends ASC 820 to add new requirements for disclosures about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances, and settlements relating to Level 3 measurements. ASU 2010-06 also clarifies existing fair value disclosures about level of disaggregation and about inputs and valuation techniques used to measure fair value. Further, ASU 2010-06 amends guidance on employers disclosures about postretirement benefit plan assets under ASC 715, *Compensation Retirement Benefits* to require that disclosures be provided by classes of assets instead of by major categories of assets. ASU 2010-06 is effective for the first reporting period beginning after December 15, 2009, except for the requirement to provide the Level 3 activity of purchases, sales, issuance, and settlements on a gross basis, which will be effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. See Note 6 Fair Value of Financial Instruments for related disclosures.

In February 2010, the FASB issued ASU 2010-09, *Amendments to Certain Recognition and Disclosure Requirements*, (ASU 2010-09) which amends ASC 855, *Subsequent Events*, to address certain implementation issues related to an entity s requirement to perform and disclose subsequent events procedures. ASU 2010-09 requires SEC filers to evaluate subsequent events through the date the financial statements are issued and exempts SEC filers from disclosing the date through which subsequent events have been evaluated. The ASU was effective immediately upon issuance. The adoption of ASU 2010-09 did not have a material impact on the Company s condensed unaudited consolidated financial statements.

In March 2010, the FASB issued ASU 2010-11, *Scope Exception Related to Embedded Credit Derivatives* (ASU 2010-11), which updates ASC Topic 815, *Derivatives and Hedging* (ASC 815) and addresses the application of the embedded derivative scope exception in ASC 815. ASU 2010-11 primarily affects entities that hold or issue investments in financial instruments that contain embedded credit derivative features (including entities that consolidate a variable interest entity that issues financial instruments containing embedded credit derivative features). Additionally, ASU 2010-11 s transition provision permits entities to make a special one-time election to apply the fair value option to any investment in a beneficial interest in securitized financial assets, regardless of whether such investments contain embedded derivative features. ASU 2010-11 is effective for the first fiscal quarter beginning after June 15, 2010. The adoption of ASU 2010-11 as of July 1, 2010 did not have a material impact on the Company s condensed unaudited consolidated financial statements.

In April 2010, the FASB issued ASU 2010-17, *Milestone Method of Revenue Recognition, a consensus of the FASB Emerging Issues Task Force* (ASU 2010-17). This update provides guidance on defining a milestone under Topic 605, *Revenue Recognition Milestone Method,* and determining when it may be appropriate to apply the milestone method of revenue recognition for research or development transactions. Consideration that is contingent on achievement of a milestone in its entirety may be recognized as revenue in the period in which the milestone is achieved only if the milestone is judged to meet certain criteria to be considered substantive. Milestones should be considered substantive in their entirety and may not be bifurcated. An arrangement may contain both substantive and nonsubstantive milestones that should be evaluated individually. ASU 2010-17 is effective on a prospective basis for milestones achieved in fiscal years, and interim periods within those years, beginning on or after June 15, 2010 with early adoption permitted. The adoption of ASU 2010-17 is not expected to have a material impact on the condensed unaudited consolidated financial statements.

In July 2010, the FASB issued ASU 2010-20, *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses* (ASU 2010-20). ASU 2010-20 improves disclosures about the credit quality of an entity s financing receivables and related allowance for credit losses by facilitating evaluation of the nature of credit risk inherent in an entity s portfolio of financing receivables, how that risk is analyzed and assessed in arriving at the allowance for credit losses and the changes and reasons for those changes in the allowance for credit losses. A financing receivable is defined as a contractual right to receive money on demand or on fixed or determinable dates that is recognized as an asset in the entity s statement of financial position including loans, trade accounts receivable, notes receivable, credit cards receivables and lease receivables, except for operating leases. Short term trade receivables and receivables measured at fair value or lower of cost or fair value are excluded. Further, the standard defines two levels of disaggregation for disclosure purposes: portfolio segment and class of financing receivables. ASU 2010-20 is effective for interim and annual reporting periods ending on or after December 15, 2010. The Company is currently evaluating the potential impact of this standard on its condensed unaudited consolidated financial statements.

Note 4 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 reflects the potential dilution that could occur if stock options and unvested restricted stock (common stock equivalents), securities, or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of MasTec.

As described in Note 9 Debt, the Company had convertible notes outstanding during both the three and nine month periods ended September 30, 2010 and 2009. The convertible notes are reflected in the calculation of diluted earnings per share for the corresponding periods by application of the if converted method to the extent their effect is dilutive. Under the if-converted method, in computing the dilutive effect of the Company s convertible notes, net income is adjusted to add back the after-tax amount of interest recognized in the period associated with the convertible notes, and correspondingly, the convertible notes are assumed to have been converted with the resulting common shares added to weighted average shares outstanding.

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MasTec, Inc.

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The following table summarizes the Company s outstanding convertible notes during the three and nine month periods ended September 30, 2010 and 2009, including their classification within the computation of earnings per share for the periods then ended (in thousands).

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Dilutive:				
4.0% senior convertible notes	$ 115,000	$ 115,000	$ 115,000	$ 115,000
4.25% senior convertible notes	100,000	N/A	100,000	N/A
Anti-dilutive:				
8.0% convertible notes	N/A	N/A	N/A	$ 55,000

The following table represents a reconciliation of MasTec s net income and weighted average shares outstanding for the calculation of basic and diluted earnings per share (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Basic:				
Net income				
Net income attributable to MasTec	$ 30,006	$ 21,644	$ 52,017	$ 52,564
Shares				
Weighted average shares outstanding	76,104	75,727	76,064	75,645
Basic earnings per share attributable to MasTec	$ 0.39	$ 0.29	$ 0.68	$ 0.69
Diluted:				
Net income				
Basic net income attributable to MasTec	$ 30,006	$ 21,644	$ 52,017	$ 52,564
Interest expense on 4.0% senior convertible notes	680	1,127	2,040	1,443
Interest expense on 4.25% senior convertible notes	628		1,885	
Diluted net income attributable to MasTec	$ 31,314	$ 22,771	$ 55,942	$ 54,007
Shares				
Basic weighted average shares outstanding	76,104	75,727	76,064	75,645
Effect of dilutive common stock equivalents	644	965	716	1,044
Effect of dilutive 4.0% senior convertible notes	7,297	7,297	7,297	3,095
Effect of dilutive 4.25% senior convertible notes	6,462		6,462	
Diluted weighted average shares outstanding	90,507	83,989	90,539	79,784

Diluted earnings per share attributable to MasTec	$ 0.35	$ 0.27	$ 0.62	$ 0.68

Note 5 Acquisitions and Joint Ventures

Precision

Effective November 1, 2009, MasTec purchased all of the issued and outstanding membership interests of Precision Pipeline, LLC and Precision Transport Company, LLC (together, Precision) for approximately $126 million in cash, the assumption of $34 million of Precision s debt and a five-year earn-out equal to 40% of Precision s EBITDA (as defined in the purchase agreement) for the last two months of 2009 and 30% of Precision s annualized EBITDA in excess of $35 million for the remainder of the earn-out period, payable at MasTec s option in cash or, under certain circumstances, shares of MasTec common stock or a combination thereof.

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The following table summarizes the estimated fair value of consideration paid for Precision and the preliminary allocation of purchase price to the fair value of assets acquired and liabilities assumed at the date of acquisition (in millions). The allocation of purchase price to the fair value of tangible and intangible assets, and the useful lives of these assets, remains preliminary as management continues to assess the valuation of acquired assets and liabilities and any adjustments to purchase price based on the final net working capital and indemnity provisions as prescribed in the purchase agreement.

Purchase Price Consideration:	
Cash	$ 126.4
Debt assumed	33.6
Fair value of contingent consideration (earn-out)	40.3
Total consideration	$ 200.3

