

MASTEC INC
Form 10-K
July 31, 2015

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

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2014
Commission File Number 001-08106

MasTec, Inc.
(Exact Name of Registrant as Specified in Its Charter)
Florida 65-0829355
(State or Other jurisdiction of (I.R.S. Employer
Incorporation or Organization) 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)

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

Title of Each Class	Name of Each Exchange on Which Registered
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Common Stock, \$0.10 Par Value	New York Stock Exchange
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Securities registered pursuant to Section 12(g) of the Exchange Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer; as defined in rule 405 of the Securities Act. Yes No

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

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

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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 Accelerated filer Non-accelerated filer Smaller reporting company

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

The aggregate market value of the registrant’s outstanding common stock held by non-affiliates of the registrant computed by reference to the price at which the common stock was last sold as of the last business day of the registrant’s most recently completed second fiscal quarter was approximately \$2.0 billion (based on a closing price of \$30.82 per share for the registrant’s common stock on the New York Stock Exchange on June 30, 2014).

There were 79,839,747 shares of common stock outstanding as of July 27, 2015.

TABLE OF CONTENTS

	Page
<u>Part I</u>	<u>5</u>
<u>Item 1 Business</u>	<u>5</u>
<u>Item 1A Risk Factors</u>	<u>12</u>
<u>Item 1B Unresolved Staff Comments</u>	<u>26</u>
<u>Item 2 Properties</u>	<u>26</u>
<u>Item 3 Legal Proceedings</u>	<u>26</u>
<u>Item 4 Mine Safety Disclosures</u>	<u>26</u>
<u>Part II</u>	<u>26</u>
<u>Item 5 Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	<u>26</u>
<u>Item 6 Selected Financial Data</u>	<u>28</u>
<u>Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>29</u>
<u>Item 7A Quantitative and Qualitative Disclosures About Market Risk</u>	<u>45</u>
<u>Item 8 Financial Statements and Supplementary Data</u>	<u>47</u>
<u>Item 9 Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	<u>106</u>
<u>Item 9A Controls and Procedures</u>	<u>106</u>
<u>Item 9B Other Information</u>	<u>109</u>
<u>Part III</u>	<u>109</u>
<u>Item 10 Directors, Executive Officers and Corporate Governance</u>	<u>109</u>
<u>Item 11 Executive Compensation</u>	<u>111</u>
<u>Item 12 Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	<u>125</u>
<u>Item 13 Certain Relationships and Related Transactions, and Director Independence</u>	<u>126</u>
<u>Item 14 Principal Accounting Fees and Services</u>	<u>128</u>
<u>Part IV</u>	<u>128</u>
<u>Item 15 Exhibits and Financial Statement Schedules</u>	<u>128</u>
<u>Signatures</u>	<u>133</u>

Explanatory Note

As described in more detail in Note 2 - Independent Investigation of the Audit Committee and Related Restatements in the notes to the audited consolidated financial statements, the Audit Committee of the Board of Directors (the "Audit Committee") of MasTec, Inc. ("we," "our," "us," "the Company" or "MasTec"), with the assistance of independent counsel and accounting advisors, has been undertaking an independent investigation primarily with respect to cost-to-complete estimates regarding certain projects within a service line in the Company's Electrical Transmission segment accounted for under the percentage-of-completion method of accounting. The Audit Committee established and observed a process that the Company followed in the preparation of this Annual Report on Form 10-K for the fiscal year ended December 31, 2014 (this "2014 Form 10-K"), including a detailed review of percentage-of-completion accounting at the Company's Electrical Transmission segment and a detailed review of selected accounting judgments, estimates and entries over a multi-year period across the balance of the Company's segments selected to further test the reliability of the previously issued financial statements. The Company has concluded that certain accounting adjustments are appropriate with respect to interim periods during the Company's fiscal year ended December 31, 2014. In the aggregate, for the nine month period ended September 30, 2014, these interim period adjustments increased the Company's previously reported unaudited net income attributable to MasTec, Inc. ("Net Income") by \$1.5 million to \$94.8 million. The investigation arose as a result of concerns communicated to senior management through the Company's internal reporting system. The Company believes the appropriate accounting adjustments have been determined; however, the Audit Committee's independent investigation is ongoing and has not reached any findings or conclusions with respect to the underlying causes of these adjustments.

As a result, we concluded that the Company's condensed unaudited consolidated financial statements as of and for the quarterly periods ended March 31, 2014, June 30, 2014 and September 30, 2014 should be restated. In this 2014 Form 10-K, we have provided restated financial statements for each of the affected 2014 interim periods and related disclosures in Note 2 - Independent Investigation of the Audit Committee and Related Restatements in the notes to the audited consolidated financial statements included in this 2014 Form 10-K, which is incorporated by reference. The financial information that has been previously filed or otherwise reported for these periods is superseded by the information in this 2014 Form 10-K. We believe that presenting all of the restated information regarding the 2014 interim periods in this 2014 Form 10-K allows investors to review all pertinent data in a single presentation. We have not filed and do not intend to file amendments to our Quarterly reports on Form 10-Q for the quarterly periods ended March 31, 2014, June 30, 2014 and September 30, 2014.

Management determined that a material weakness in internal control over financial reporting existed within a service line in the Company's Electrical Transmission segment due to the operational failure of the internal control process requiring adequate documentation of significant judgments made in determining cost-to-complete estimates under percentage-of-completion accounting. The review process failed to ensure that cost-to-complete estimates had sufficient supporting documentation. As a result, significant judgments were made and incorporated into the accounting records used to determine project revenue without sufficient documentation that clearly sets forth the rationale and factors used in making those judgments.

For additional information regarding this material weakness, see Item 9A, Controls and Procedures.

This 2014 Form 10-K should be read in conjunction with our other filings with the Securities and Exchange Commission. For more information about the restatement, please see the Company's Current Report on Form 8-K filed on July 31, 2015.

Cautionary Statement Regarding Forward-Looking Statements

The Company is making this statement pursuant to the safe harbor provisions for forward-looking statements described in the Private Securities Litigation Reform Act of 1995. We make statements in this Annual Report on Form 10-K and in the documents that we incorporate by reference into this Annual Report that are forward-looking. When used in this Annual Report or in any other presentation, statements which are not historical in nature, including the words "anticipate," "estimate," "could," "should," "may," "plan," "seek," "expect," "believe," "intend," "target," "will," "project" of these words and negatives thereof and similar expressions are intended to identify forward-looking statements.

They also include statements regarding:

• our future growth and profitability;

• our competitive strengths; and

• our business strategy and the trends we anticipate in the industries and economies in which we operate.

These forward-looking statements are based on our current expectations and are subject to a number of risks, uncertainties and assumptions. 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. Important factors that could cause actual results to differ materially from those in forward-looking statements include:

• risks related to conclusion of the independent internal investigation of the Audit Committee, including whether the investigation will lead to the discovery of additional accounting adjustments, require additional changes or adjustments to reported financial information, discover any additional material weakness in internal control over financial reporting, or other adverse facts;

• unanticipated material issues that could delay completion of the Audit Committee investigation or cause additional delay in the release and filing of the Company's financial results and periodic financial reports, or possible regulatory action or private party litigation related to the investigation;

• risks related to the restatement of our financial statements, weaknesses in our internal controls over financial reporting, and our failure to timely file periodic reports with the Securities and Exchange Commission (the "SEC")

market conditions, technological developments and regulatory changes that affect us or our customers' industries;

activity in the oil and gas, utility and power generation industries and the impact on our customers' expenditure levels caused by fluctuations in prices of oil, natural gas, electricity and other energy sources;

the effect on demand for our services of changes in the amount of capital expenditures by our customers, economic conditions, the availability and cost of financing and customer consolidation in the industries we serve;

the highly competitive nature of our industry;

our ability to accurately estimate the costs associated with our fixed price and other contracts, including any material changes in estimates for completion of projects;

our ability to manage projects effectively and in accordance with our estimates;

the timing and extent of fluctuations in geographic, weather and operational factors affecting our customers, projects and the industries in which we operate;

the ability of our customers, including our largest customers, to terminate or reduce the amount of work, or in some cases, the prices paid for services, on short or no notice under our contracts;

our dependence on a limited number of customers as well as any impact of consolidation of those customers;

customer disputes related to our performance of services;

any material changes in estimates for legal costs or case settlements or adverse determinations on any claim, lawsuit or proceeding;

disputes with, or failures of, our subcontractors to deliver agreed-upon supplies or services in a timely fashion;

our ability to replace non-recurring projects with new projects;

the adequacy of our insurance, legal and other reserves and allowances for doubtful accounts;

risks related to acquisitions, joint ventures and other investment arrangements;

risks associated with operating in or expanding into additional international markets;

risks from failure to comply with laws applicable to our foreign activities;

fluctuations in foreign currencies;

the outcome of our plans for future operations, growth and services, including business development efforts, backlog, acquisitions and dispositions;

our ability to maintain a workforce based upon current and anticipated workloads;

our ability to attract and retain qualified personnel, key management and skilled employees, including from acquired businesses, and our ability to enforce any noncompetition agreements;

our ability to identify suitable acquisition or strategic investment opportunities, to integrate acquired businesses within expected timeframes and to achieve the revenue, cost savings and earnings levels from such acquisitions at or above the levels projected;

any exposure resulting from system or information technology interruptions or data security breaches;

the impact of U.S. federal, local, state, foreign or tax legislation and other regulations affecting renewable energy, electricity prices, electrical transmission, oil and gas production, wireless, wireline/fiber and related projects and expenditures;

the effect of state and federal regulatory initiatives, including costs of compliance with existing and future safety and environmental requirements;

fluctuations in fuel, maintenance, materials, labor and other costs;

the impact of being required to pay our subcontractors even if our customers do not pay us;

risks associated with potential environmental issues and other hazards from our operations;

the impact of any unionized workforce on our operations, including labor availability, productivity and relations;

liabilities associated with multi-employer pension plans for our operations that employ unionized workers, including underfunding and withdrawal liabilities;

restrictions imposed by our credit facility, senior notes and any future loans or securities;

- our ability to obtain performance and surety bonds;
- a small number of our existing shareholders have the ability to influence major corporate decisions;

any dilution or stock price volatility that shareholders may experience in connection with shares we may issue as consideration for earn-out obligations or as purchase consideration in connection with past or future acquisitions, or as a result of other stock issuances; and

other factors referenced in this Annual Report, including, without limitation, under Item 1. "Business," Item 1A. "Risk Factors," Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other factors detailed from time to time in the reports and other filings we make with the SEC.

We believe these forward-looking statements are reasonable; however, you should not place undue reliance on any forward-looking statements, which are based on current expectations. Furthermore, forward-looking statements speak only as of the date they are made. If any of these risks or uncertainties materialize, or if any of our underlying assumptions are incorrect, our actual results may differ significantly from the results that we express in, or imply by, any of our forward-looking statements. These and other risks are detailed in this Annual Report on Form 10-K, in the documents that we incorporate by reference into this Annual Report on Form 10-K and in other documents that we file with the SEC. We do not undertake any obligation to publicly update or revise these forward-looking statements after the date of this Annual Report on Form 10-K to reflect future events or circumstances, except as required by applicable law. We qualify any and all of our forward-looking statements by these cautionary factors.

PART I

ITEM 1. BUSINESS

We are a leading infrastructure construction company operating mainly throughout North America across a range of industries. Our primary activities include the engineering, building, installation, maintenance and upgrade of communications, energy and utility infrastructure, such as: wireless, wireline/fiber and satellite communications; petroleum and natural gas pipeline infrastructure; electrical utility transmission and distribution; power generation; and industrial infrastructure. Our customers are primarily in these industries. Including our predecessor companies, we have been in business for more than 85 years. We offer our services primarily under the MasTec service mark and, as of December 31, 2014, we had approximately 15,550 employees and 460 locations. We have been consistently ranked among the top specialty contractors by Engineering News-Record for the past several years.

We provide our services to a diversified base of customers. We often provide services under master service and other service agreements, which are generally multi-year agreements. The remainder of our work is 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. Revenue 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 have actively expanded and diversified our business in recent years, which has deepened our presence and broadened our service offerings in key markets, including: wireless services; natural gas, natural gas liquids and petroleum pipeline; and electrical transmission, among others. In addition to acquisition and strategic investment driven growth opportunities, we also seek opportunities to broaden our geographic presence and expand the services we provide within our traditional business areas, such as telecommunications, install-to-the-home and customer fulfillment services. For discussion of our recent acquisitions, see Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations - Business," which is incorporated herein by reference. In recent years, we have also divested certain businesses or assets due to their performance and/or fit within our long-term business strategy.

We manage our continuing operations under five operating segments, which represent our 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. In the first quarter of 2015, we reevaluated the segment classification of a non-controlled Canadian joint venture that was acquired in 2014. The results of operations of this joint venture were formerly reported within the Oil and Gas segment and now will be reported within the Other segment. Accordingly, throughout this report, segment information for prior periods has been updated to conform to the current period presentation.

The Communications segment performs engineering, construction and maintenance of communications infrastructure primarily related to wireless and wireline/fiber communications and install-to-the-home customers. We 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 energy, utility and other end-markets through the installation and construction of conventional and renewable power facilities, related electrical transmission infrastructure, ethanol facilities and various types of industrial infrastructure. The Other segment primarily includes a proportionately consolidated joint venture and other small business units that perform construction services for a variety of end-markets in Canada, Mexico and elsewhere internationally.

Customer revenue by segment for the periods indicated was as follows (in millions):

Reportable Segment:	For the Years Ended December 31,								
	2014			2013			2012		
Communications	\$2,041.0	44	%	\$1,962.6	45	%	\$1,772.7	48	%
Oil and Gas	1,731.4	38	%	1,628.8	38	%	959.0	26	%
Electrical Transmission	471.9	10	%	428.8	10	%	312.2	8	%
Power Generation and Industrial	357.0	8	%	294.3	7	%	668.1	18	%
Other	14.7	—		12.3	—		16.7	—	
Eliminations	(4.2))	—	(2.0))	—	(1.9))	—
Consolidated revenue	\$4,611.8	100	%	\$4,324.8	100	%	\$3,726.8	100	%

See Note 16 - Segments and Related Information in the notes to the audited consolidated financial statements, which is incorporated by reference, for details pertaining to segment classifications, as well as operating results and financial position by segment and significant customer concentrations.

Industry Trends

Our industry is composed of national, regional and local companies that provide services to customers in a range of industries. We believe the following industry trends affect demand for our services:

Demand for Wireless and Wireline/Fiber Communications Network Services

Demand for faster and more robust wireless and wireline/fiber communications network services has increased significantly with the proliferation of both wireless and wireline high-speed internet connectivity, including tablet and mobile device applications, data transmission, including two-way simultaneous transmission of video and voice data, video and music download services, high definition television, home security, home automation and other advanced data services. Data usage over wireless and wireline/fiber networks is rapidly increasing as consumers utilize more of these services. In its 2015 Global Mobile Data Traffic Forecast Update, Cisco Systems, Inc. predicted that global mobile data traffic will increase almost 10-fold by 2019, with an expected compound annual growth rate of nearly 60%. Cisco also predicted that 4th generation (“4G”) wireless service will be used for 26 percent of connections and will represent 68 percent of total global mobile data traffic in 2019. Additionally, the report predicts that by 2019, global mobile network connection speeds will increase almost 250 percent from 2014 levels. Service providers continue to upgrade the capacity and performance of their communications networks and are deploying competing networks using new technologies to serve this developing market and the increasing need for faster data delivery services, including 4G Long-Term Evolution (“LTE”) equipment upgrades for wireless communications and the deployment of fiber networks of up to 1 gigabit per second (“Gbps”) in speed. We expect these changing dynamics in the mobile and other data markets will create opportunities for providers of wireless and wireline/fiber infrastructure construction services in all markets, including North America.

Providers in the install-to-the-home market seek to expand their service offerings with opportunities in the areas of customer fulfillment, home security and home automation.

Demand for Pipeline Infrastructure

Recent improved access to shale formations as a result of technological advances have increased petroleum industry estimates of available North American oil and natural gas reserves. Technological advances in horizontal drilling and hydraulic fracturing, while subject to various federal, state, local, or foreign legislative and regulatory initiatives, have made access to oil and natural gas easier and cheaper, leading to increased drilling and a related increase in oil, natural gas and natural gas liquids production in recent years. The resulting increase in production levels has significant implications for the construction of pipelines. According to the Department of Energy’s (“DOE”) Annual Energy Outlook 2014, increased levels of natural gas production could lead to the U.S. becoming a net exporter of natural gas by 2020. In addition to developments in the U.S. oil and gas sector, Mexico has revised its constitution and has adopted other legal measures to authorize and attract foreign investment in the energy sector in order to expand and revitalize Mexico’s energy industry. Mexican utilities and other entities have recently awarded contracts to move U.S. hydrocarbons to the Mexico / U.S. border, which we believe will create additional pipeline infrastructure opportunities for the import of hydrocarbons from the U.S. to Mexico. Mexico’s importation of inexpensive, reliable natural gas could lead to a reduction in the cost of electricity, which could be a driving force behind growing economic

developments and the creation of infrastructure construction opportunities in other areas, such as power generation, transmission and telecommunications.

Natural gas is one of the cleanest burning hydrocarbon fuels and is in demand because of its relative cost advantage over other fossil fuel sources. Higher availability of low-cost natural gas supplies could substantially increase gas-fired electric generating plant additions, changing the North American fuel mix while increasing dependency on a single, largely domestic fuel type. According to the North American Electric Reliability Corporation's ("NERC") 2014 Long-Term Reliability Assessment, natural gas is projected to be the fastest growing source of fuel for electric power generation during the next ten years. According to the DOE's Annual Energy Outlook 2014, shale gas provides the largest source of growth in U.S. natural gas supply through 2040. Increased development of shale gas resources is expected to increase the shale gas share of total U.S. natural gas production from 40% in 2012 to over 50% in 2040. Drilling and completion technology advancements have also positively affected exploration and production in the oil shale regions and the liquids-rich areas of the gas shale basins, where crude and high-value gas liquid by-products can be produced with gas. As a result, expanded long-term opportunities for liquids pipelines are predicted in the Eagle Ford, Permian, Western Marcellus, Utica, Bakken and other liquids-rich shale basins throughout North America. We also believe that U.S. energy policy goals will continue to promote domestic sources of energy in order to reduce U.S. dependence on foreign energy sources, both for economic and national security reasons.

As result of these factors, the level of oil, natural gas and natural gas liquids pipeline construction activity in the United States and Canada has grown significantly in the past several years. While the oil markets experienced volatility beginning in the latter part of 2014 from declining oil prices, we believe that the global economy will continue to depend on oil, natural gas and natural gas liquids, which we believe will generate continued opportunities for pipeline infrastructure in the future.

We believe that we are one of the leading pipeline contractors in North America. Our service offerings include the construction and maintenance of large diameter pipeline, mid-stream pipeline, gathering lines, compressor and pumping stations and treatment plants. We anticipate that future demand for pipeline infrastructure should provide pipeline, power generation and heavy industrial construction opportunities, and that our diverse capabilities and expertise in these sectors will enable us to continue to be a leading player in this market.

Inadequacy of Existing Electrical Power Transmission and Distribution Networks

The U.S. electrical transmission and distribution infrastructure requires significant ongoing maintenance, upgrade and expansion to manage power line congestion and avoid delivery failures. Also, regional shifts in population and industry may also create pockets of demand for increased transmission and distribution construction and upgrades. Expected electrical grid expansions in Canada and Mexico may create additional opportunities for contractors that provide electrical transmission and distribution infrastructure services. According to the DOE's Annual Energy Outlook 2014, approximately 350 gigawatts of new electricity generating capacity is expected to be added from 2012 to 2040, with an increase in electricity generation of almost 30%. In its 2014 Long-Term Reliability Assessment, NERC estimates that approximately 20,600 circuit miles will be added to the North American electrical transmission system from 2015 through 2024. Renewable energy generation projects, which are typically in remote areas, may require investment in new transmission lines to connect to the electrical grid. In addition, efforts to modernize the existing transmission system are expected. We believe significant capital investment in the transmission and distribution system will be required to meet these needs.

Renewable Energy Projects

The desire to decrease U.S. dependence on foreign oil imports and the focus on a clean environment have created demand for more domestic, environmentally sensitive electrical power production, such as wind and solar collection farms. Currently, almost 40 states, as well as the District of Columbia and four territories, have adopted renewable portfolio standards or goals. NERC's 2014 Long-Term Reliability Assessment projected approximately 88,500 megawatts of new wind and solar capacity over the next ten years. In addition, according to NERC's 2014 report, greenhouse gas emission regulations and the projected continued decline in the cost of renewable resources are expected to incentivize construction of renewable resources throughout North America. We have expertise in wind, solar and industrial plant construction and expect to continue to be a leading player in renewable energy infrastructure projects.

The renewable energy industry is heavily reliant on federal and state tax incentives. The American Taxpayer Relief Act of 2012 ("ATRA") extended certain provisions of the Internal Revenue Code, which contains federal tax incentives applicable to the renewable energy industry. Currently, the tax code provides that the production tax credit for wind projects applies to qualifying projects for which the construction commencement date was prior to January 1, 2015, with a required completion date prior to January 1, 2017 to ensure availability of the tax credit. Solar projects, however, will continue to be eligible for the 30% investment tax credit as long as the project is placed in service prior to January 1, 2017. Projects placed in service beginning in 2017 will only be eligible for a 10% investment tax credit. Other tax incentives applicable to the renewable energy industry include accelerated tax depreciation provisions, including bonus depreciation, for certain renewable energy generation assets, such as equipment using solar or wind energy or energy from geothermal deposits or biomass. These incentives provide for a five-year depreciable life for qualifying assets rather than the longer depreciable lives of many non-renewable energy assets. In addition to a shorter depreciable life, those assets qualifying for bonus depreciation benefit from significant allowable first-year depreciation.

See Item 1A. "Risk Factors - The renewable energy industry is heavily reliant on tax incentives, the availability of which may be uncertain and could adversely affect demand for our services."

Heavy Industrial Opportunities

Industrial plant construction opportunities exist in a wide variety of industries. The low price of natural gas is expected to spur the construction of new gas-fired electrical generating plants, conversions of coal-fired power plants to cleaner natural gas and the construction of other plants which use natural gas as a fuel source or chemical feedstock. Industrial facilities and plants that support the biofuels, food processing, natural gas, petroleum and related industries present opportunities as additional domestic energy reserves are produced, transported and processed.

Competitive Strengths

Our competitive strengths include:

Diverse Customer Relationships. We serve a diversified customer and industry base. Our customers include some of the largest communications, utility and power generation companies in North America. We have longstanding relationships and have developed strong alliances with many of our customers, and we strive to maintain these customer relationships and our status as a preferred vendor to our customers.

Reputation for Reliable Customer Service and Technical Expertise. We have established a reputation for quality customer service and technical expertise. Our reputation gives us an advantage when competing for new work, both from existing and potential customers. In addition, we have broad capabilities and expertise in the areas of communications, pipeline, electrical utility, power generation and heavy industrial infrastructure.

North American Footprint. Including our predecessor companies, we have been in business for more than 85 years and are one of the largest companies in the infrastructure construction services industry, with approximately 460 locations and 15,550 employees, operating primarily throughout

North America, including the U.S., Canada and Mexico. We offer consistent, comprehensive infrastructure services to our customers and believe that our experience, technical expertise, geographic reach and size are important to our customers.

Ability to Respond Quickly and Effectively. The skills required to serve our end-markets are similar, which allows us to utilize qualified personnel across multiple end-markets and projects. We are able to respond quickly and effectively to industry changes, demand and major weather events by allocating our employees, fleet and other assets as and where they are needed, enabling us to provide cost effective and timely services for our customers.

Experienced Management Team. Our management team plays a significant role in establishing and maintaining long-term relationships with our customers, supporting the growth of our business, integrating acquired businesses and managing the financial aspects of our operations. Our chief executive officer, chief operating officer and business unit presidents have broad industry experience and a deep understanding of our customers and their requirements. Generally, key management personnel of acquired businesses continue to work for us under long-term employment or services agreements.

Strategy

The key elements of our business strategy are as follows:

Focus on Growth Opportunities. We believe that our end-markets offer multiple growth opportunities, and we expect continued spending by key customers in many of the industries we serve. We expect expansion of wireless and fiber optic network infrastructure, development of natural gas, natural gas liquids and petroleum pipeline infrastructure, expansion and upgrades of electrical transmission capacity and the distribution grid, development of power generation infrastructure, including renewable energy sources, and heavy industrial projects to be areas of investment and opportunity in the coming years. We intend to use our broad geographic presence, technical expertise, financial and operational resources, customer relationships and full range of services to capitalize on these trends and grow our business.

Operational Excellence. We seek to improve our operating margins and cash flows by focusing on profitable services and projects that have high margin potential. We also strive to identify opportunities for leverage within our business, such as deploying resources across multiple customers and projects in order to enhance our operating effectiveness and utilization rates, while continuing to maintain strong working capital management practices. We continue to pursue actions and programs designed to achieve these goals, such as increasing accountability throughout our organization, effectively managing customer contract bidding procedures, hiring additional experienced operating and financial professionals and expanding and further integrating the use of our financial and other management information systems.

Maintain Conservative Capital Structure. We evaluate our capital structure on an ongoing basis and have expanded our financial resources in recent years. During the year ended December 31, 2014, we increased aggregate borrowing commitments under our senior secured credit facility to \$1.25 billion from \$750 million as of December 31, 2013. Additionally, \$215 million principal amount of senior convertible notes matured in 2014. In 2013, we repurchased and redeemed \$150 million principal amount of 7.625% senior notes due 2017 and issued \$400 million principal amount of 4.875% senior notes due 2023. We may consider opportunities to refinance, repurchase or retire outstanding debt or repurchase equity in the future as part of our ongoing capital structure evaluation. See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" for discussion of the share repurchase program we announced in December 2014 and completed in April 2015.

Leverage Performance and Core Expertise Through Strategic Acquisitions, Alliances and/or Selected Divestitures.

We may pursue selected acquisitions, investments and strategic alliances that will allow us to expand our operations into targeted geographic areas or continue to expand our service offerings in related fields. We have diversified our business and expanded our service offerings and geographical footprint through numerous acquisitions in the last few years. Our strategy includes timely and efficient integration of acquisitions to best fit into our internal control environment and to maximize the potential of acquired businesses. We may also divest certain businesses or assets due to their performance and/or fit within our long-term business strategy.

Services

Our core services are the engineering, building, installing, maintaining and upgrading of infrastructure for communications, utility and power generation customers. We provide similar services to each of these customers, including:

Build. We build infrastructure projects for customers across a range of industries. We specialize in building underground and overhead distribution systems, including trenches, conduits, cable and power lines, which provide wireless and wireline/fiber communications; natural gas, crude oil and refined product transport pipelines; electrical power generation, transmission and distribution systems; power generation infrastructure, including renewable energy; heavy industrial plants; and compressor and pump stations and treatment plants.

Install. We install electrical and other energy distribution and transmission systems, power generation facilities, buried and aerial fiber optic cables, coaxial cables, copper lines, satellite dishes, home security and home automation in a variety of environments for our customers. In connection with our installation work, we deploy and manage network connections that involve our customers' hardware, software and network equipment.

Maintain and Upgrade. We offer 24 hour/365 days-a-year maintenance and upgrade support to our customers. Our comprehensive service offerings include the regular maintenance of our customers' distribution facilities, networks and infrastructure, including natural gas and petroleum pipeline, communications, electrical distribution and transmission and power generation infrastructure. We also provide emergency services for accidents or storm damage. Our upgrade work ranges from routine replacements and upgrades to major overhauls.

Customers

We have longstanding relationships with many customers, and often provide services under master service and other service agreements. Our master service agreements are typically exclusive up to a specified dollar amount per work order for each defined geographic area, but do not obligate our customers to undertake any infrastructure projects or other work with us. Work performed under master service and other service agreements is usually generated through work orders, each of which is performed for a fixed fee. Services provided under these agreements range from engineering, project management and installation work to maintenance and upgrade services. Master service and other service agreements are frequently awarded on a competitive bidding basis, although customers are sometimes willing to negotiate contract extensions beyond their original terms without re-bidding. Our master service and other service agreements have various terms, depending upon the nature of the services provided, and typically provide for termination on short or no advance notice. For the years ended December 31, 2014, 2013 and 2012, 49%, 46% and 43% of our revenue, respectively, was derived from projects performed under master service and other service agreements.

The remainder of our work is generated pursuant to contracts for specific projects or jobs that may require the construction and installation of an entire infrastructure system or specified units within an infrastructure system. Customers are billed with varying frequency, generally monthly or upon attaining specific milestones. Such contracts may include retainage provisions under which, generally, from 5% to 10% of the contract price is withheld from us until the work has been completed and accepted by the customer.

We believe that our industry experience, technical expertise and reputation for customer service, as well as the relationships developed between our customers and our senior management and project management teams are important to our being retained by our customers. See Note 16 - Segments and Related Information and Note 17 - Commitments and Contingencies in the notes to the audited consolidated financial statements, which are incorporated by reference, 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, as well as revenue from change orders and renewal options. Our estimated backlog includes amounts under master service and other service agreements in addition to construction projects and includes our proportionate share of estimated revenue attributable to a contractual joint venture that we proportionately consolidate. 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 table presents 18-month backlog by reportable segment, as of the dates indicated, which has been updated for prior periods to conform to the current period presentation.

Reportable Segment (in millions):	December 31, 2014	September 30, 2014	December 31, 2013
Communications	\$2,965	\$2,830	\$2,848
Oil and Gas	756	744	642
Electrical Transmission	296	353	418
Power Generation and Industrial	298	168	205
Other	31	43	14
Estimated 18-month backlog	\$4,346	\$4,138	\$4,127

We expect to realize approximately 75% of our year end 2014 backlog in 2015. Our backlog estimates include amounts under master service agreements, pursuant to which our customers are not contractually committed to purchase a minimum amount of services; and most of these agreements can be canceled on short or no advance notice. Approximately 69% and 75% of our estimated backlog as of December 31, 2014 and 2013, respectively, represented amounts under master service or other service agreements. During the year ended December 31, 2014, we experienced a combination of cancellations and reductions in expected future work from master service agreements within our Communications segment as a result of changes in current and planned wireless customer spending. There can be no

assurance as to our customers' requirements or that our estimates are accurate. In addition, timing of revenue 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 revenue 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 revenue and earnings. For example, due to recent volatility in the oil markets, certain oil and gas projects initially planned for 2015 were canceled or deferred.

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

Sales and Marketing

Our customers increasingly require resources from multiple disciplines. Therefore, our subsidiary services companies market their services not only individually, but also in combination with other companies, including other MasTec companies and independent companies, to provide what we believe is the most efficient and effective solution to meet our customers' demands. Through our unified MasTec® brand and an integrated organizational structure designed to permit rapid deployment of labor, equipment and materials, we are able to quickly and efficiently allocate resources to meet customer needs. We offer services that are branded under the MasTec® service mark and other service marks. We have developed a marketing plan emphasizing the MasTec® registered service mark and trade names of certain acquired companies, as well as an integrated service offering to position ourselves as a provider of a full range of service solutions, providing services including installation as

well as sophisticated engineering, design and integration. We believe our longstanding relationships with customers and our reputation for reliability and efficiency facilitate our recurring business. Our marketing efforts are principally carried out by the management of our business units and project groups in coordination with our corporate marketing organization. Our management team has many years of industry experience, both at the service provider level, and in some cases, with the customers we serve. Our business unit and project group managers market directly to existing and potential customers for new contracts and also seek our inclusion on lists of vendors invited to submit proposals for service agreements and individual projects. Our executive management supplements these efforts at the national and international level.

Safety and Insurance/Risk Management

We strive to instill safe work habits in our employees, and we require that our employees participate in training programs relevant to their employment and complete all training programs required by law. We evaluate employees in part based upon their safety records and the safety records of the employees they supervise. We have established a company-wide safety program to share best practices and to monitor and improve compliance with safety procedures and regulations.

Our business involves the use of heavy equipment and exposure to various workplace conditions that can be dangerous. While we are committed to operating safely and prudently, we are subject to claims by employees, customers and third parties for property damage and personal injuries that occur in connection with our work. Our insurance policies are subject to high deductibles and we are self-insured up to the amount of the deductible. We maintain insurance policies for workers' compensation, general liability and automobile liability that are subject to per claim deductibles. We also maintain excess umbrella coverage and an insurance policy with respect to employee group medical claims. We are required to post letters of credit and provide cash collateral to certain of our insurance carriers and to provide surety bonds in certain states. See Note 17 - Commitments and Contingencies in the notes to the audited consolidated financial statements, which is incorporated by reference.

Suppliers, Materials and Working Capital

Under many of our contracts, our customers provide the necessary materials and supplies for projects and we are responsible for the installation of, but not the cost or warranty of those materials. Under certain other projects, we purchase the necessary materials and supplies on behalf of our customers from third-party providers. We are not dependent on any one vendor and have not experienced any significant difficulty in obtaining project-related materials or supplies as and when required.

We utilize independent contractors to assist on projects and to help us manage our work flow. Our independent contractors are typically sole proprietorships or small business entities that provide their own vehicles, tools and insurance coverage. We are not dependent on any one independent contractor. We need working capital to support seasonal variations in our business, such as the impact of weather conditions on external construction and maintenance work and the spending patterns of our customers, both of which can influence the timing of spending to support related customer demand. See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations - Financial Condition, Liquidity and Capital Resources - Working Capital," which is incorporated by reference.

Competition

Our industry is highly competitive and highly fragmented. We compete with a number of companies in the markets in which we operate, ranging from small local independent companies to large national firms. The national or large regional firms that compete with us include Quanta Services, Inc., MYR Group, Inc., Dycom Industries, Inc., Pike Electric, Inc., Willbros Group, Jacobs Engineering Group Inc., Bechtel Corporation, D.H. Blattner & Sons, Inc., M.A. Mortenson Company, General Dynamics, Black & Veatch and Nexius.

Relatively few significant barriers to entry exist in the markets in which we operate, and as a result, any organization that has adequate financial resources and access to technical expertise may become a competitor. Some of our customers employ their own personnel to perform infrastructure services of the type we provide. We compete based upon our industry experience, technical expertise, financial and operational resources, geographic presence, industry reputation and customer service. While we believe our customers consider a number of factors when selecting a service provider, they award most of their work through a bid process. Consequently, price is often a principal factor

in determining which service provider is selected.

Regulation and Environmental Matters

We are subject to state and federal laws that apply to businesses generally, including laws and regulations related to labor relations, worker safety and environmental protection. While many of our customers operate in regulated industries (for example, utilities regulated by the public service commission or communications companies regulated by the Federal Communications Commission (“FCC”), we are not generally subject to such regulation and oversight.

As a contractor, our operations are subject to various laws, including:

- regulations related to vehicle registrations, including those of the states and the U.S. Department of Transportation (“DOT”);

- regulations related to worker safety and health, including those established by the Occupational Safety and Health Administration (“OSHA”) and state equivalents;

- contractor licensing requirements;

- permitting and inspection requirements; and

- building and electrical codes.

We are also subject to numerous environmental laws, including the handling, transportation and disposal of non-hazardous and hazardous substances and wastes, as well as emissions and discharges into the environment, including discharges into air, surface water, groundwater and soil. We also are subject to laws and regulations that impose liability and cleanup responsibility for releases of hazardous substances into the environment. Under certain of these laws and regulations, liabilities can be imposed for cleanup of properties, regardless of whether we directly caused the contamination or violated any law at the time of discharge or disposal. The presence of contamination from such substances or wastes could interfere with ongoing operations or adversely affect our business. In addition, we could be held liable for significant penalties and damages under certain environmental laws and regulations. See Item 1A. “Risk Factors - Our failure to comply with environmental laws could result in significant liabilities.” We believe we have all licenses and permits needed to conduct operations and that we are in compliance with applicable regulatory requirements. However, if we fail to comply with applicable regulatory requirements, we could incur significant liabilities.

Financial Information About Geographic Areas

We operate throughout North America, primarily in the United States and Canada, as well as in Mexico and in other countries in Latin America. For the years ended December 31, 2014, 2013 and 2012, revenue of \$3.9 billion, \$4.1 billion and \$3.6 billion, respectively, was derived from U.S. operations, and revenue of \$700 million, \$268 million and \$157 million, respectively, was derived from foreign operations, primarily in Canada. The majority of our foreign operations during the years ended December 31, 2014, 2013 and 2012 were in our Oil and Gas segment. Long-lived assets held in the U.S. included property and equipment, net, of \$494 million, \$437 million and \$337 million as of December 31, 2014, 2013 and 2012, respectively. Long-lived assets held in foreign countries, primarily in Canada, included property and equipment, net, of \$129 million, \$51 million and \$11 million as of December 31, 2014, 2013 and 2012, respectively. Intangible assets and goodwill, net, of \$1.1 billion, \$1.0 billion and \$0.9 billion as of December 31, 2014, 2013 and 2012, respectively, related to our U.S. operations. Intangible assets and goodwill, net, of \$228 million, \$93 million and \$31 million as of December 31, 2014, 2013 and 2012, respectively, related to businesses in foreign countries, primarily in Canada. Foreign customers accounted for approximately 20%, 9% and 4% of our consolidated net accounts receivable position as of December 31, 2014, 2013 and 2012, respectively, which represents accounts receivable, net, less billings in excess of costs and earnings.

Employees

As of December 31, 2014, we had approximately 15,550 employees, approximately 600 of whom were represented by a union or were subject to collective bargaining agreements. See Note 17 - Commitments and Contingencies in the notes to the audited consolidated financial statements, which is incorporated by reference.

We hire employees from a number of sources, including our industry, trade schools, colleges and universities. Our primary sources for employees include promotion from within, team member referrals, print and internet advertising and direct recruiting. We attract and retain employees by offering competitive salaries, technical training opportunities, bonus opportunities, stock ownership and a comprehensive benefits package. We believe that our focus on training and career development helps us to attract and retain employees. Our employees participate in ongoing educational programs, many of which are internally developed, to enhance their technical and management skills through classroom and field training. We provide opportunities for promotion and mobility within our organization, which we also believe helps us to retain our employees. We believe we have good employee relations.

Available Information

A copy of this Annual Report on Form 10-K, as well as our Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 are available free of charge on the internet at our website, www.mastec.com, as soon as reasonably practicable after we electronically file these reports with, or furnish these reports to the SEC. Copies of our Board of Directors Governance Principles and Code of Business Conduct and Ethics, which applies to all directors and employees, and includes a code of ethics for our Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”) and other senior executives, and which expressly applies to our senior financial officers (including our principal executive officer, principal financial officer and our controller), and the charters for each of our Audit, Compensation and Nominating and Corporate Governance Committees are also available on our website in the Investors section

under the tab “Corporate Governance,” or may be obtained by contacting our Vice President of Investor Relations by phone at (305) 406-1815, or by email at investor.relations@mastec.com. We intend to provide any amendments or waivers to our Code of Business Conduct and Ethics for any of our directors and senior officers on our website within four business days of any such amendment or waiver. The reference to our website address does not constitute incorporation by reference of the information contained on the website and such information is not part of this report. Our reports filed with the SEC may be accessed at the SEC’s website at www.sec.gov, or alternatively, may be read or copied at the SEC’s Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Information on the operation of the SEC’s Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330.

Use of our Website to Distribute Material Company Information

We use our website as a channel of distribution for important company information. We routinely post on our website important information, including press releases, investor presentations and financial information, which may be accessed by clicking on the Investors section of our website, www.mastec.com. We also use our website to expedite public access to time-critical information regarding our company in advance of or in lieu of distributing a press release or a filing with the SEC disclosing the same information. Therefore, investors should look to the Investor Relations subpage of our website for important and time-critical information. Visitors to our website can also register to receive automatic e-mail and other notifications alerting them when new information is made available on the Investor Relations subpage of our website.

ITEM 1A. RISK FACTORS

You should carefully consider the risks described below, together with all of the other information in this Annual Report on Form 10-K. If any of these risks actually occur, our business, financial condition and results of operations could suffer, and the trading price of our common stock could decline.

Risks Related to the Conclusion of the Independent Internal Investigation of the Audit Committee and Related Restatements of Our Financial Statements, Our Internal Controls Over Financial Reporting and Our Failure to Timely File Periodic Reports with the SEC.

Matters relating to or arising from our Audit Committee investigation of certain accounting matters, including regulatory proceedings, litigation matters and potential additional expenses, may adversely affect our business and results of operations.

The Audit Committee has been undertaking an independent investigation primarily with respect to cost-to-complete estimates regarding certain projects within a service line in the Company's Electrical Transmission segment accounted for under the percentage-of-completion method of accounting. Utilizing a process established and observed by the Audit Committee, the Company undertook a detailed review of certain projects accounted for under the percentage-of-completion method of accounting, as well as a detailed review of accounting judgments, estimates and entries over a multi-year period across the balance of the Company's segments selected to further test the reliability of the previously issued financial statements. The Company has concluded that certain accounting adjustments are appropriate with respect to interim periods during the Company's fiscal year ended December 31, 2014. The Company believes the appropriate accounting adjustments have been determined; however, the Audit Committee's independent investigation is ongoing and has not reached any findings or conclusions with respect to the underlying causes of these adjustments.

As a result, the Company's unaudited condensed consolidated financial statements as of and for the quarterly periods ended March 31, 2014, June 30, 2014 and September 30, 2014 should be restated. In this 2014 Form 10-K, we have provided restated financial statements for each of the affected 2014 interim periods and related disclosures in Note 2 - Independent Investigation of the Audit Committee and Related Restatements in the notes to the audited consolidated financial statements, which is incorporated by reference. The financial information that has been previously filed or otherwise reported for these periods is superseded by the information in this 2014 Form 10-K. We believe that presenting all of the amended and restated information regarding the 2014 interim periods in this 2014 Form 10-K allows investors to review all pertinent data in a single presentation. To date, we have incurred significant expenses related to legal, accounting, and other professional services in connection with the investigation, the restatements and related matters, and may continue to incur significant additional expenses with regard to these matters and our remediation efforts. In addition, our CEO and CFO, as well as senior members of our finance and accounting departments, as well as senior management of our Electrical Transmission segment, have spent substantial amounts of time and effort with regard to the investigation and related accounting analyses, the restatements and related matters. The significant amount of time and effort spent by our management team on these matters has diverted, and is expected to continue to divert, their attention from the operation of our business. The expenses incurred, and expected to be incurred, on the investigation, the restatements and related matters and the diversion of the attention of the management team that has occurred, and is expected to continue, has adversely affected, and could continue to adversely affect, our business, financial condition and results of operations or cash flows.

Our restatement of prior financial statements has exposed us to greater risks associated with litigation, regulatory proceedings and government enforcement actions. We have self-reported to the staff of the SEC (the "Staff") regarding the Audit Committee's independent investigation and are cooperating with the Staff's requests for additional information regarding the investigation. We intend to continue full cooperation with the SEC. While we believe that we have made appropriate judgments in adjusting our consolidated financial statements, the SEC may disagree with our conclusions and adjustments. Accordingly, there is a risk that we may have to further restate our prior financial statements, amend prior filings with the SEC, or take other actions not currently contemplated. In addition, we are subject to a federal securities purported class action related to the Audit Committee's investigation and there is a risk that additional such actions could be filed against us, our directors and officers. See "We are subject to a shareholder

class action lawsuit, and this lawsuit and any future such lawsuits or investigations may adversely affect our business, financial condition, results of operations and cash flows” below.

In March 2015, we received a New York Stock Exchange (“NYSE”) letter, stating that as a result of the delayed filing of the Company’s Form 10-K for the year ended December 31, 2014, we were not in compliance with the filing requirements for continued listing as set forth in the NYSE listed company manual and were therefore, subject to delisting from the NYSE. With the filing of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, which we expect to file shortly after the filing of this 2014 Form 10-K, we believe that we will have remedied our non-compliance with the NYSE continued listing requirements.

Management has identified a material weakness in our internal controls over financial reporting, and we may be unable to develop, implement and maintain appropriate controls in future periods.

The Sarbanes-Oxley Act of 2002 and SEC rules require that management report annually on the effectiveness of our internal control over financial reporting and our disclosure controls and procedures. Among other things, management must conduct an assessment of our internal control over financial reporting to allow management to report on, and our independent registered public accounting firm to audit, the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act. Based on management’s assessment, our CEO and CFO concluded that our internal controls over financial reporting were not effective as of December 31, 2014. The specific material weakness is described in Part II - Item 9A. “Controls and Procedures” of this 2014 Form 10-K in “Management’s Report on Internal Control over Financial Reporting.” A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements would not be prevented or detected. We cannot assure you that additional material weaknesses in our internal control over financial reporting will not be identified in the future. Any failure to maintain or implement required new or improved controls, or any difficulties we encounter in their implementation, could result in additional material weaknesses, or could result in material misstatements in our financial statements. These misstatements could result in a further restatement of financial statements, cause us to fail to meet our reporting obligations or cause investors to lose confidence in our reported financial information, leading to a decline in our stock price.

We have work remaining to remedy the material weakness in our internal control over financial reporting. We are in the process of developing and implementing our remediation plan for the identified material weakness, and we expect that this work will continue during the year ending December 31, 2015 and thereafter. There can be no assurance as to when the remediation plan will be fully developed, when it will be fully implemented and the aggregate cost of implementation. Until our remediation plan is fully implemented, we will continue to devote significant time and attention to these efforts. If we do not complete our remediation in a timely fashion, or at all, or if our remediation plan is inadequate, there will continue to be an increased risk that we will be unable to timely file future periodic reports with the SEC and that our future financial statements could contain errors that will be undetected. Until the remediation plan is complete and implemented, we will rely upon additional interim control procedures prescribed by management, including the use of manual mitigating control procedures and the utilization of external consultants, to help ensure that we fairly state our financial statements in all material respects. However, the establishment of these interim controls does not provide the same degree of assurance as a fully remediated control environment. For more information relating to our internal control over financial reporting and disclosure controls and procedures, and the remediation plan undertaken by us, see Part II - Item 9A. "Controls and Procedures" of this 2014 Form 10-K. Our failure to prepare and timely file our periodic reports with the SEC limits our access to the public markets to raise debt or equity capital.

We did not file our Annual Report on Form 10-K for the year ended December 31, 2014 or our Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 within the time frame required by SEC rules. Because of our failure to have timely filed our periodic reports with the SEC, we are currently ineligible to use SEC Form S-3, which is a short-form registration statement, to register our securities for public offer and sale, until we have timely filed all periodic reports under the Securities Exchange Act of 1934, as amended, for a period of twelve months and any portion of a month from the due date of the last untimely report. Our inability to use Form S-3 limits our ability to access the public capital markets rapidly, including in reaction to changing business needs or market conditions. While we may currently register an offering of our securities on Form S-1 in a capital raising effort, whether to complete an acquisition or otherwise, doing so would likely increase transaction costs and adversely impact our ability to raise capital or complete such acquisition in a timely manner.

Continuing negative publicity may have a material adverse effect on our business, financial condition, results of operations and cash flows.

As a result of the restatement of our consolidated financial statements and related matters, the internal investigation conducted by the Audit Committee of the Company's Board of Directors, and the securities class action lawsuit, we have been the subject of negative publicity. This negative publicity may adversely affect our stock price and may harm our reputation and our relationships with current and future investors, lenders, customers, suppliers and employees. As a result, our business, financial condition, results of operations or cash flows may be materially adversely affected.

We are subject to a shareholder class action lawsuit, and this lawsuit and any future such lawsuits or investigations may adversely affect our business, financial condition, results of operations and cash flows.

We and certain of our executive officers are defendants in a federal securities class action lawsuit, which is described in Note 17 - Commitments and Contingencies in the notes to the audited consolidated financial statements, which is incorporated by reference. This lawsuit may divert our attention from our ordinary business operations, and we may incur significant expenses associated with it (including, without limitation, substantial attorneys' fees and other fees of professional advisors and potential obligations to indemnify officers or directors who are or may become parties to or involved in such matters). We are unable at this time to predict the outcome of our potential liability in this matter, including what, if any, action the SEC might take in connection with this matter or the related internal investigation conducted by the Audit Committee of the Company's Board of Directors. Depending on the outcome of the class action lawsuit, we may be required to pay material damages and fines, consent to injunctions on future conduct, and/or suffer other penalties, remedies or sanctions, some or all of which may not be covered by insurance. Accordingly, the ultimate resolution of this matter could have a material adverse effect on our business, financial condition, results of operations, cash flows, liquidity and ability to meet our debt obligations and, consequently, could negatively impact the trading price of our common stock. In addition, there is the potential for additional shareholder litigation and/or

governmental investigations and we could be similarly materially and adversely affected by such matters. Any existing or future shareholder lawsuits and governmental investigations and/or any future governmental enforcement actions could also adversely impact our reputation, our relationships with our customers, and our ability to generate revenue.

Risks Related to Our Industry and Our Customers' Industries

Demand for pipeline construction services depends on oil and natural gas industry activity and expenditure levels that are directly affected by trends in oil, natural gas and other fuel prices and the cost of energy infrastructure projects. Demand for our pipeline construction services is sensitive to the level of exploration, development, and production activity of, and the corresponding capital spending by, oil and natural gas companies and demand by industrial and utility customers. Prices for oil and natural gas are potentially subject to large fluctuations in response to changes in the supply of, and demand for, oil and natural gas, as well as market uncertainty and a variety of other factors that are beyond our control. An example is the recent volatility experienced by the oil markets due to declining oil prices beginning in the latter part of 2014. Decreasing prices for oil and natural gas generally depress levels of exploration, development and production activity, which could result in a corresponding decline in demand for, and/or our customers' ability to finance, pipeline construction services. Factors affecting the prices of oil and natural gas include: world-wide levels of supply and demand for oil and natural gas generally, and demand for natural gas in the United States in particular; governmental regulations, including policies regarding the exploration, production, development and transportation of oil and natural gas, as well as environmental laws and initiatives to control global warming; global weather conditions and natural disasters;

worldwide political, military, and economic conditions; the level of oil production by non-Organization of the Petroleum Exporting Countries (“OPEC”) suppliers and available excess production capacity within OPEC; oil refining capacity and shifts in end-customer preferences toward fuel efficiency and the use of natural gas; the cost of producing and delivering oil and gas; and

- potential acceleration of development of alternative fuels.

Historically and recently, the markets for oil and gas have been volatile and are likely to continue to be volatile. Spending on exploration and production activities by large oil and gas companies has a significant impact on the demand for pipeline construction services. Furthermore, pipelines have competition from rail and trucking companies that also transport hydrocarbons. In addition, demand for pipeline construction services may be affected by the costs of energy exploration and the construction of energy infrastructure projects. For example, while high oil and gas prices may increase oil and gas exploration, production and transportation activity, the associated increase in demand for equipment, materials and labor required for such exploration and activity may increase their costs and dampen demand for our services. Furthermore, increased costs for raw materials such as steel and other commodities may make some projects uneconomical despite robust oil and gas prices, thus reducing demand for our pipeline construction services. A decrease in demand for our pipeline construction services could materially and adversely affect our results of operations, cash flows and liquidity.

Many of the industries we serve are subject to customer consolidation, rapid technological and regulatory changes, and our inability or failure to adjust to our customers’ changing needs could result in decreased demand for our services.

We derive a substantial portion of our revenue from customers in the communications, utilities and power generation industries, which are subject to consolidation, rapid changes in technology and governmental regulation.

Consolidation could result in the loss of one or more of, or affect spending by, our significant customers, including, for example, the July 2015 acquisition of DIRECTV® by AT&T, which could have an adverse effect on demand for our services. Changes in technology may reduce demand for the services we provide. For example, new or developing telecommunications technologies could displace existing technologies, such as the wireline systems used for the transmission of voice, video and data. Furthermore, improvements in existing technologies could allow communications providers to significantly improve their networks without physically upgrading them. Technological advances may also result in lower costs for sources of energy, which may render existing renewable energy and natural gas projects and technologies uncompetitive or obsolete. Our failure to rapidly adopt and master new technologies as they are developed in any of the industries we serve could have a material adverse effect on our results of operations, cash flows and liquidity. Furthermore, our customers in the communications, utilities and power generation industries face stringent regulatory and environmental requirements and permitting processes as they implement plans for their projects, which could result in delays, reductions and cancellations of some of their projects and which could materially and adversely affect our results of operations, cash flows and liquidity.

Economic downturns could reduce capital expenditures in the industries we serve, which could result in decreased demand for our services.

The demand for our services has been, and will likely continue to be, cyclical in nature and vulnerable to general downturns in the U.S. economy and the economies of other countries in which we operate. During economic downturns, our customers may not have the ability to fund capital expenditures for infrastructure, or may have difficulty obtaining financing for planned projects. This has resulted, and in the future could result in cancellations of projects or deferral of projects to a later date. Such cancellations or deferrals could result in decreased demand for our services and could materially adversely affect the results of our operations, cash flows and liquidity.

In addition, our customers are negatively affected by economic downturns that decrease the need for their services or the profitability of their services. Slow-downs in real estate, fluctuations in commodity prices and decreased demand by end-customers for services could affect our customers and their capital expenditure plans. We continually monitor our customers’ industries and their relative health compared to the economy as a whole because we have previously been negatively impacted by economic downturns. Reductions in new housing starts, for example, have negatively affected our customers who utilize our services to construct their “last mile” of communications infrastructure, and such reductions have also had negative impacts on other industries we serve, including electrical utility transmission and

grid connection as well as pipeline construction. Additionally, our customers who provide satellite and other communications services to consumers could be adversely impacted by an economic downturn if new subscriptions and upgrades for new and existing consumers are not ordered at the rate that our customers anticipate. During an economic downturn, our customers also may not have the ability or desire to continue to fund capital expenditures for infrastructure or may outsource less work. A decrease in any of these projects, new subscriptions or upgrades could negatively impact demand for the services we provide and could materially adversely affect our results of operations, cash flows and liquidity.

Additionally, in the past, we incurred significant losses after a number of customers filed for bankruptcy or experienced financial difficulties following a general economic downturn, in which certain industry factors worsened the impact of the overall economic downturn on those customers. In difficult economic times, some of our clients may find it difficult to pay invoices for our services on a timely basis, increasing the risk that our accounts receivable could become uncollectible and ultimately be written off. In certain cases, our clients are project-specific entities that do not have significant assets other than their interests in the project. From time to time, it may be difficult for us to collect payments owed to us by these clients. Delays in client payments may require us to make a working capital investment, which could impact our cash flows and liquidity. If a client fails to pay invoices on a timely basis or defaults in making its payments on a project in which we have devoted significant resources, there could be a material adverse effect on our results of operations and liquidity.

Our industry is highly competitive, which may reduce our market share and harm our financial performance.

Our industry is highly fragmented, and we compete with other companies in most of the markets in which we operate, ranging from small independent firms servicing local markets to larger firms servicing regional and national markets. We also face competition from existing and prospective

customers that employ in-house personnel to perform some of the services we provide. There are relatively few barriers to entry into certain of the markets in which we operate and, as a result, any organization that has adequate financial resources and access to technical expertise and skilled personnel may become a competitor. Most of our customers' work is awarded through a bid process. Consequently, price is often the principal factor that determines which service provider is selected, especially on smaller, less complex projects. Smaller competitors sometimes win bids for these projects based on price alone due to their lower costs and financial return requirements. However, our bids for certain projects may not be successful because of a customer's perception of our relative ability to perform the work as compared to our competitors or a customer's perception of technology advantages held by our competitors as well as other factors. Our results of operations, cash flows and liquidity could be materially and adversely affected if we are unsuccessful in bidding for projects or renewing our master service agreements, or if our ability to win such projects or agreements requires that we accept lower margins. We also face competition from the in-house service organizations of our existing or prospective customers. As such, we cannot be certain that our existing or prospective customers will continue to outsource services in the future.

Risks Related to Our Business

Our failure to properly manage projects, or project delays, may result in additional costs or claims, which could have a material adverse effect on our operating results, cash flows and liquidity.

Certain of our engagements involve large-scale, complex projects that may occur over extended time periods. The quality of our performance on such a project depends in large part upon our ability to manage our client relationship and the project itself and to timely deploy appropriate resources, including third-party contractors and our own personnel. Our results of operations, cash flows and liquidity could be adversely affected if we miscalculate the resources or time needed to complete a project with capped or fixed fees, or the resources or time needed to meet contractual milestones. Additionally, delays on a particular project, including delays in designs, engineering information or materials provided by the customer or a third party, delays or difficulties in equipment and material delivery, schedule changes, delays from a customer's failure to timely obtain permits or rights-of-way or to meet other regulatory requirements, weather-related delays, permitting delays and other factors, some of which are beyond our control, may cause us to incur costs for standby pay, and may lead to personnel shortages on other projects scheduled to commence at a later date. We also may encounter project delays due to local opposition, which may include injunctive actions as well as public protests to the siting of electric power, natural gas or oil transmission lines, solar or wind projects, or other facilities. In addition, some of our agreements require that we share in cost overages or pay liquidated damages if we do not meet project deadlines; therefore, any failure to properly estimate or manage cost or delays in the completion of projects, could subject us to penalties, which could adversely affect our results of operations, cash flows and liquidity. Further, any defects or errors, or failures to meet our customers' expectations could result in large damage claims against us, and because of the substantial cost of, and potentially long lead-times necessary to acquire certain of the materials and equipment used in our complex projects, such as pipeline and power generation, including renewable energy, damage claims may substantially exceed the amount we can charge for our associated services.

We may not accurately estimate the costs associated with services provided under fixed price contracts, which could impair our financial performance.

We derive a significant portion of our revenue from fixed-price master service and other service agreements. Under these contracts, we typically set the price of our services on a per unit or aggregate basis and assume the risk that costs associated with our performance may be greater than anticipated. In addition to master or other service agreements, we enter into contracts for specific projects or jobs that may require the installation or construction of an entire infrastructure system or specified units within an infrastructure system. Under those agreements, we contractually agree to a price per unit. Profitability will be reduced if the actual costs to complete each unit exceed original estimates. We are also required to immediately recognize the full amount of any expected losses on these projects if estimated costs to complete the remaining units for the projects exceed the revenue to be earned on such units. Our profitability is therefore dependent upon our ability to accurately estimate the costs associated with our services. A variety of factors affect these costs, such as lower than anticipated productivity, conditions at work sites differing materially from those anticipated at the time we bid on the contract and higher costs of materials and labor. These

variations, along with other risks inherent in performing fixed price contracts, may cause actual project revenue and profits to differ from original estimates. As a result, if actual costs exceed our estimates, certain agreements or projects could have lower margins than anticipated, or losses, which could reduce our profitability, cash flows and liquidity. Our failure to recover adequately on claims against project owners, subcontractors or suppliers for payment or performance could have a material effect on our financial results.

We occasionally bring claims against project owners for additional costs exceeding the contract price or for amounts not included in the original contract price. Similarly, we present change orders and claims to our subcontractors and suppliers. If we fail to properly document the nature of change orders or claims, or are otherwise unsuccessful in negotiating a reasonable settlement, we could incur reduced profits, cost overruns and in some cases a loss on the project. These types of claims can often occur due to matters such as owner-caused delays, changes from the initial project scope, which result in additional cost, both direct and indirect, or from project or contract terminations. From time to time, these claims can be the subject of lengthy and costly proceedings, and it is often difficult to accurately predict when these claims will be fully resolved. When these types of events occur and unresolved claims are pending, we may invest significant working capital in projects to cover cost overruns pending the resolution of the relevant claims. A failure to promptly recover on these types of claims could have a material adverse impact on our liquidity and financial results.

Our business may be affected by difficult work sites and environments, which could cause delays, increase our costs and reduce profitability.

We perform work under a variety of conditions, including, but not limited to, challenging and hard to reach terrain and difficult site conditions. Performing work under such conditions can result in project delays or cancellations, potentially causing us to incur additional, unanticipated costs, reductions in revenue or the payment of liquidated damages. In addition, some of our contracts require that we assume the risk should actual site conditions vary from those expected. Some of our projects involve challenging engineering, procurement and construction phases, which may occur over extended time periods. We may encounter difficulties in engineering, delays in designs or materials provided by the customer or a third party, equipment and material delivery delays, schedule changes, delays from customer failure to timely obtain rights-of-way, weather-related delays, delays by subcontractors in completing their portion of the project and other factors, some of which are beyond our control, but which impact our ability to

complete a project as originally scheduled. In some cases, delays and additional costs may be substantial, and we may be required to cancel a project and/or compensate the customer for the delay. We may not be able to recover any of such costs. Any such delays or cancellations or errors or other failures to meet customer expectations could result in damage claims substantially in excess of the revenue associated with a project. Delays or cancellations could also negatively impact our reputation or relationships with our customers, which could adversely affect our ability to secure new contracts.

We recognize revenue from installation/construction fixed price contracts, as well as for certain projects pursuant to master and other service agreements, using the percentage-of-completion method; therefore, variations of actual results from our assumptions may reduce our profitability.

We recognize revenue from installation/construction fixed price contracts, as well as for certain projects pursuant to master and other service agreements, using the percentage-of-completion method, measured by the percentage of costs incurred to date to total estimated costs for each contract. The cumulative amount of revenue recorded on a contract at a specified point in time is the percentage of total estimated revenue that incurred costs to date bear to estimated total contract costs. The percentage-of-completion method, therefore, relies on estimates of total expected contract costs. Contract revenue and total cost estimates are reviewed and revised periodically as the work progresses. Adjustments are reflected in contract revenue in the fiscal period in which such estimates are revised. Estimates are based on management's reasonable assumptions, judgment and experience, but are subject to the risks inherent in estimates, including unanticipated delays or technical complications. Variation of actual results from estimates on a large project or on a number of smaller projects could be material. We immediately recognize the full amount of an estimated loss on a contract when our estimates indicate such a loss. Such adjustments and accrued losses could result in reduced profitability, which could negatively impact our liquidity and results of operations. See discussion of a material weakness in our internal control over financial reporting in Part II - Item 9A. "Controls and Procedures" of this 2014 Form 10-K.

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

For the year ended December 31, 2014, we derived approximately 21%, 12% and 8% of our revenue from AT&T, DIRECTV® and Enbridge, Inc., respectively. For the year ended December 31, 2013, we derived approximately 18%, 18% and 14% of our revenue from AT&T, Enbridge, Inc. and DIRECTV®, respectively. For the year ended December 31, 2012, we derived approximately 18% and 17% of our revenue from AT&T and DIRECTV®, respectively. Our ten largest customers accounted for approximately 65%, 69% and 65% of our revenue for the years ended December 31, 2014, 2013 and 2012, respectively. In July 2015, AT&T acquired DIRECTV®. On a combined basis, AT&T and DIRECTV® represented 33%, 32% and 34% of our revenue for the years ended December 31, 2014, 2013 and 2012, respectively. Taking into