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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2006

Commission File Number 001-08106



MASTEC, INC.

(Exact name of registrant as specified in its charter)

Florida

(State or other jurisdiction of
incorporation or organization)

800 S. Douglas Road, 12th Floor, Coral Gables, FL

(Address of principal executive offices)

65-0829355

(I.R.S. Employer
Identification No.)

33134

(Zip Code)

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

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

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

☐ Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer

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

As of November 7, 2006, MasTec, Inc. had 65,115,149 shares of common stock, \$0.10 par value, outstanding.

MASTEC, INC.
FORM 10-Q
QUARTER ENDED SEPTEMBER 30, 2006

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Part I. Financial Information

Item 1. Financial Statements

MASTEC, INC. CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2006	2005	2006	2005
Revenue	\$ 253,870	\$ 220,969	\$ 704,722	\$ 624,604
Costs of revenue, excluding depreciation	214,743	183,873	604,824	543,385
Depreciation	3,711	3,932	10,771	12,645
General and administrative expenses, including non-cash stock compensation expense of \$2,169 and \$5,392, respectively, in 2006 and \$195 and \$409, respectively, in 2005	21,157	17,001	55,124	45,876
Interest expense, net of interest income	2,155	4,804	7,988	14,346
Other income (expense), net	3,130	(32)	5,096	3,113
Income from continuing operations before minority interest	15,234	11,327	31,111	11,465
Minority interest	(986)	(573)	(1,180)	(995)
Income from continuing operations	14,248	10,754	29,931	10,470
Loss from discontinued operations	(21,870)	(3,005)	(65,434)	(13,619)
Net income (loss)	\$ (7,622)	\$ 7,749	\$ (35,503)	\$ (3,149)
Basic net income (loss) per share:				
Continuing operations	\$ 0.22	\$ 0.22	\$ 0.48	\$ 0.21
Discontinued operations	(0.34)	(0.06)	(1.04)	(0.27)
Total basic net income (loss) per share	\$ (0.12)	\$ 0.16	\$ (0.56)	\$ (0.06)
Basic weighted average common shares outstanding	65,024	49,039	63,022	48,876
Diluted net income (loss) per share:				
Continuing operations	\$ 0.22	\$ 0.22	\$ 0.46	\$ 0.21
Discontinued operations	(0.33)	(0.06)	(1.01)	(0.27)
Total diluted net income (loss) per share	\$ (0.11)	\$ 0.16	\$ (0.55)	\$ (0.06)
Diluted weighted average common shares outstanding	66,243	50,033	64,578	49,674

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

MASTEC, INC.
CONDENSED UNAUDITED CONSOLIDATED BALANCE SHEETS

(In thousands, except share amounts)

	September 30, 2006 (Unaudited)	December 31, 2005 (Audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 69,962	\$ 2,024
Accounts receivable, unbilled revenue and retainage, net	176,742	171,832
Inventories	28,712	17,832
Income tax refund receivable	257	1,489
Prepaid expenses and other current assets	45,538	42,442
Current assets held for sale	36,605	69,688
Total current assets	357,816	305,307
Property and equipment, net	60,567	48,027
Goodwill	150,702	127,143
Deferred taxes, net	42,386	51,468
Other assets	53,560	46,070
Long-term assets held for sale	—	6,149
Total assets	\$ 665,031	\$ 584,164
Liabilities and Shareholders' Equity		
Current liabilities:		
Current maturities of debt	\$ 1,579	\$ 4,266
Accounts payable and accrued expenses	107,227	90,324
Other current liabilities	47,506	45,549
Current liabilities related to assets held for sale	26,826	30,099
Total current liabilities	183,138	170,238
Other liabilities	36,781	37,359
Long-term debt	127,439	196,104
Long-term liabilities related to assets held for sale	669	860
Total liabilities	348,027	404,561
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, \$1.00 par value; authorized shares — 5,000,000; issued and outstanding shares — none	—	—
Common stock \$0.10 par value authorized shares — 100,000,000; issued and outstanding shares — 65,072,573 and 49,222,013 shares in 2006 and 2005, respectively	6,507	4,922
Capital surplus	527,397	356,131
Accumulated deficit	(217,403)	(181,900)
Accumulated other comprehensive income	503	450
Total shareholders' equity	317,004	179,603
Total liabilities and shareholders' equity	\$ 665,031	\$ 584,164

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

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

	For the Nine Months Ended September 30,	
	2006	2005
Cash flows from operating activities:		
Net loss	\$ (35,503)	\$ (3,149)
Adjustments to reconcile loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	11,463	14,088
Impairment of assets	34,516	—
Non-cash stock and restricted stock compensation expense	5,649	409
(Gain) on sale of fixed assets	(1,422)	(2,805)
Write down of fixed assets	144	675
Provision for doubtful accounts	7,267	3,759
Provision for inventory obsolescence	302	881
Income from equity investment	(3,581)	(649)
Accrued losses on construction projects	5,566	2,176
Minority interest	1,180	995
Changes in assets and liabilities, net of assets acquired:		
Accounts receivable, unbilled revenue and retainage, net	(11,787)	(31,068)
Inventories	3,262	(1,373)
Income tax refund receivable	1,159	1,469
Other assets, current and non-current portion	7,435	(14,909)
Accounts payable and accrued expenses	4,925	12,458
Other liabilities, current and non-current portion	(6,486)	285
Net cash provided by (used in) operating activities	<u>24,089</u>	<u>(16,758)</u>
Cash flows (used in) investing activities:		
Cash paid for acquisitions	(19,356)	—
Capital expenditures	(16,188)	(5,102)
Payments received from sub-leases	333	570
Investments in unconsolidated companies	(3,755)	(3,423)
Investments in life insurance policies	(1,043)	—
Net proceeds from sale of assets	3,121	5,853
Net cash (used in) investing activities	<u>(36,888)</u>	<u>(2,102)</u>
Cash flows provided by financing activities:		
Proceeds from issuance of common stock, net	156,465	—
Payments of other borrowings, net	(4,017)	80
Payments of capital lease obligations	(563)	(273)
Payments of senior subordinated notes	(75,000)	—
Proceeds from issuance of common stock pursuant to stock option exercises	3,921	2,490
Payments of financing costs	(116)	—
Net cash provided by financing activities	<u>80,690</u>	<u>2,297</u>
Net increase (decrease) in cash and cash equivalents	67,891	(16,563)
Net effect of currency translation on cash	47	(91)
Cash and cash equivalents — beginning of period	2,024	19,548
Cash and cash equivalents — end of period	<u>\$ 69,962</u>	<u>\$ 2,894</u>
Cash paid during the period for:		
Interest	\$ 13,873	\$ 16,711
Income taxes	\$ 217	\$ 298
Supplemental disclosure of non-cash information:		
Equipment acquired under capital lease	\$ 7,665	\$ —
Auction receivable	\$ 570	\$ 352
Investment in unconsolidated companies payable in October	\$ 925	\$ 925
Accruals for inventory at quarter-end	\$ 13,364	\$ 7,556

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

MasTec, Inc.
Notes to Condensed Unaudited Consolidated Financial Statements

Note 1 — Nature of the Business

MasTec, Inc. (collectively, with its subsidiaries, “MasTec” or the “Company”) is a leading specialty contractor operating mainly throughout the United States and Canada across a range of industries. The Company’s core activities are the building, installation, maintenance and upgrade of communications and utility infrastructure. The Company’s primary customers are in the following industries: communications (including satellite television and cable television), utilities and government. The Company provides similar infrastructure services across the industries it serves. Customers rely on MasTec to build and maintain infrastructure and networks that are critical to their delivery of voice, video and data communications, electricity and transportation systems. MasTec is organized as a Florida corporation and its fiscal year ends December 31. MasTec or its predecessors have been in business for over 70 years.

Note 2 — Basis for Presentation

The accompanying condensed unaudited consolidated financial statements for MasTec have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions for Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, these financial statements do not include all information and notes required by accounting principles generally accepted in the United States for complete financial statements and should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company’s Form 10-K for the year ended December 31, 2005. In the opinion of management, all adjustments considered necessary for a fair presentation of the financial position, results of operations and cash flows for the periods presented have been included. The results of operations for the periods presented are not necessarily indicative of results that may be expected for any other interim period or for the full fiscal year.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. For the Company, key estimates include the recognition of revenue for costs and estimated earnings in excess of billings, allowance for doubtful accounts, accrued self-insured claims, the fair value of goodwill and intangible assets, asset lives used in computing depreciation and amortization, including amortization of intangibles, and accounting for income taxes, contingencies and litigation. While the Company believes that such estimates are fair when considered in conjunction with the consolidated financial position and results of operations taken as a whole, actual results could differ from those estimates and such differences may be material to the financial statements.

Note 3 — Significant Accounting Policies

(a) Principles of Consolidation

The accompanying financial statements include MasTec, Inc. and its subsidiaries. The Company consolidates GlobeTec Construction, LLC as it has a 51% ownership interest in this entity. Other parties’ interests in this entity are reported as a minority interest in the condensed unaudited consolidated financial statements. All intercompany accounts and transactions have been eliminated in consolidation.

(b) Statements of Cash Flows

The Company revised the presentation of its cash flow statement and elected not to disclose cash flows from discontinued operations separately for all periods presented. Accordingly, the prior period has been revised to conform with the current year presentation.

(c) Comprehensive Income (Loss)

Comprehensive income (loss) is a measure of net income (loss) and all other changes in equity that result from transactions other than with shareholders. Comprehensive income (loss) consists of net loss and foreign currency translation adjustments.

MasTec, Inc.
Notes to Condensed Unaudited Consolidated Financial Statements

Comprehensive income (loss) consisted of the following (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2006	2005	2006	2005
Net income (loss)	\$ (7,622)	\$ 7,749	\$ (35,503)	\$ (3,149)
Foreign currency translation gain (loss)	(5)	(48)	53	(89)
Comprehensive income (loss)	\$ (7,627)	\$ 7,701	\$ (35,450)	\$ (3,238)

(d) Revenue Recognition

Revenue and related costs for master and other service agreements billed on a time and materials basis are recognized as the services are rendered. There are also some service agreements that are billed on a fixed fee basis. Under the Company's fixed fee master service and similar type service agreements, the Company furnishes various specified units of service for a separate fixed price per unit of service. The Company recognizes revenue as the related unit of service is performed. For service agreements on a fixed fee basis, profitability will be reduced if the actual costs to complete each unit exceed original estimates. The Company also immediately recognizes the full amount of any estimated loss on these fixed fee projects if estimated costs to complete the remaining units exceed the revenue to be received from such units.

The Company recognizes revenue on unit based installation and construction projects using the units-of-delivery method. The Company's unit based contracts relate primarily to contracts that require the installation or construction of specified units within an infrastructure system. Under the units-of-delivery method, revenue is recognized at the contractually agreed price per unit as the units are completed and delivered. Profitability will be reduced if the actual costs to complete each unit exceed original estimates. The Company is also required to immediately recognize the full amount of any estimated loss on these projects if estimated costs to complete the remaining units for the project exceed the revenue to be earned on such units. For certain customers with unit based installation and construction projects, the Company recognizes revenue after the service is performed and work orders are approved to ensure that collectibility is probable from these customers. Revenue from completed work orders not collected in accordance with the payment terms established with these customers is not recognized until collection is assured.

The Company's non-unit based, fixed price installation and construction contracts relate primarily to contracts that require the construction and installation of an entire infrastructure system. The Company recognizes revenue and related costs as work progresses on non-unit based, fixed price contracts using the percentage-of-completion method, which relies on contract revenue and estimates of total expected costs. The Company estimates total project costs and profit to be earned on each long-term, fixed-price contract prior to commencement of work on the contract. The Company follows this method since reasonably dependable estimates of the revenue and costs applicable to various stages of a contract can be made. Under the percentage-of-completion method, the Company records revenue and recognizes profit or loss as work on the contract progresses. The cumulative amount of revenue recorded on a contract at a specified point in time is that percentage of total estimated revenue that incurred costs to date bear to estimated total contract costs. If, as work progresses, the actual contract costs exceed estimates, the profit recognized on revenue from that contract decreases. The Company recognizes the full amount of any estimated loss on a contract at the time the estimates indicate such a loss.

(e) Basic and Diluted Net Income (Loss) Per Share

The computation of basic net income (loss) per share is based on the weighted average number of common shares outstanding during the period. The computation of diluted net income (loss) per common share is based on the weighted average of common shares outstanding during the period plus, when their effect is dilutive, incremental shares consisting of shares subject to stock options and unvested restricted stock ("common stock equivalents"). For the three months and nine months ended September 30, 2006, diluted net income (loss) per common share includes the effect of common stock equivalents in the amount of 1,218,516 shares and 1,594,520 shares, respectively. For the three and nine months ended September 30, 2005, diluted net income (loss) per common share includes the effect of 994,000 shares and 797,000 shares, respectively, of common stock equivalents.

MasTec, Inc.
Notes to Condensed Unaudited Consolidated Financial Statements

(f) Valuation of Long-Lived Assets

The Company reviews long-lived assets, consisting primarily of property and equipment and intangible assets with finite lives, for impairment in accordance with Statement of Financial Accounting Standards No. 144, “*Accounting for the Impairment or Disposal of Long-Lived Assets*” (“SFAS No. 144”). In analyzing potential impairment, the Company used projections of future discounted cash flows from the assets. These projections are based on its view of growth rates for the related business, anticipated future economic conditions and the appropriate discount rates relative to risk and estimates of residual values. The Company believes that its estimates are consistent with assumptions that marketplace participants would use in their estimates of fair value. In addition, in connection with the Company’s agreement to sell substantially all of its state Department of Transportation projects and assets, it evaluated long-lived assets for these operations under SFAS No. 144 based on projections of future discounted cash flows from these assets in 2006 and the contractual selling price and expected closing costs for the assets held for sale. As a result of this process, the Company determined that an impairment charge was necessary. See Note 8.

(g) Valuation of Goodwill and Intangible Assets

Goodwill acquired in a purchase business combination and determined to have an infinite useful life is not amortized, but instead tested for impairment at least annually. In accordance with Statement of Financial Accounting Standards No. 142, “*Goodwill and Other Intangible Assets*” (“SFAS 142”), the Company conducts, on at least an annual basis, a review of its reporting entities to determine whether the carrying values of goodwill exceed the fair market value using a discounted cash flow methodology for each entity. Should this be the case, the value of its goodwill may be impaired and written down.

The Company could record impairment losses if, in the future, profitability and cash flows of the reporting entities decline to the point where the carrying value of those units exceed their market value.

During the nine months ended September 30, 2006, the Company recorded \$23.6 million of goodwill in connection with the DSSI acquisition as described in Note 5.

(h) Accrued Insurance

The Company maintains insurance policies subject to per claim deductibles of \$2 million for its workers’ compensation policy, \$2 million for its general liability policy and \$3 million for its automobile liability policy. The Company has excess umbrella coverage for losses in excess of the primary coverages of up to \$100 million per claim and in the aggregate. The Company also maintains an insurance policy with respect to employee group health claims subject to per claim deductibles of \$300,000. The Company actuarially determines any liabilities for unpaid claims and associated expenses, including incurred but not reported losses and reflects those liabilities in the condensed unaudited consolidated balance sheet as other current and non-current liabilities. The determination of such claims and expenses and the appropriateness of the related liability is reviewed and updated quarterly. During the nine months ended September 30, 2006, the Company changed the discount factor used in estimating actuarial insurance reserves for its workers compensation, general and automobile liability policies from 3.5% to 4.5% as of March 31, 2006, and from 4.5% to 5.2% as of June 30, 2006 to better reflect current market conditions and to use a discount factor that is more in line with the market interest rate the Company receives on its investments. The change in discount rate resulted in a decrease of insurance reserves of \$2.3 million as of September 30, 2006.

The Company is periodically required to post letters of credit and provide cash collateral to its insurance carriers and surety companies. As of September 30, 2006 and December 31, 2005, total outstanding letters of credit amounted to \$65.3 million and \$57.6 million, respectively, of which \$48.2 million and \$41.8 million were outstanding to support our casualty and medical insurance requirements at September 30, 2006 and December 31, 2005, respectively. Cash collateral posted amounted to \$24.8 million at September 30, 2006 and December 31, 2005. Cash collateral is included in other assets. The 2006 increase in the letters of credit is related to additional collateral provided to the insurance carrier for the 2006 plan year in the amount of \$7.7 million, in comparison to the \$18 million of cash collateral provided to the Company’s insurance carrier for the 2005 plan year.

MasTec, Inc.
Notes to Condensed Unaudited Consolidated Financial Statements

(i) Stock Based Compensation

In the first quarter of 2006, the Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), "*Share-Based Payment*" ("SFAS 123R"). This Statement requires companies to expense the estimated fair value of stock options and similar equity instruments issued to employees over the vesting period in their statement of operations. SFAS 123R eliminates the alternative to use the intrinsic method of accounting provided for in Accounting Principles Board Opinion No. 25, "*Accounting for Stock Issued to Employees*" ("APB 25"), which generally resulted in no compensation expense recorded in the financial statements related to the grant of stock options to employees if certain conditions were met.

The Company adopted SFAS 123R using the modified prospective method effective January 1, 2006, which requires the Company to record compensation expense over the vesting period for all awards granted after the date of adoption, and for the unvested portion of previously granted awards that remain outstanding at the date of adoption. Accordingly, amounts for periods prior to January 1, 2006 presented herein have not been restated to reflect the adoption of SFAS 123R. The pro forma effect of the 2005 prior period is as follows and has been disclosed to be consistent with prior accounting rules (in thousands, except per share data):

	For the Three Months Ended September 30, 2005	For the Nine Months Ended September 30, 2005
Net income (loss), as reported	\$ 7,749	\$ (3,149)
Deduct: Total stock-based employee compensation expense determined under fair value based methods for all awards	(1,987)	(4,181)
Pro forma net income (loss)	<u>\$ 5,762</u>	<u>\$ (7,330)</u>
Basic net income (loss):		
As reported	\$ 0.16	\$ (0.06)
Pro forma	<u>\$ 0.12</u>	<u>\$ (0.15)</u>
Diluted net income (loss):		
As reported	\$ 0.15	\$ (0.06)
Pro forma	<u>\$ 0.12</u>	<u>\$ (0.15)</u>

The fair value concepts were not changed significantly in SFAS 123R, however, in adopting SFAS 123R, companies must choose among alternative valuation models and amortization assumptions. After assessing alternative valuation models and amortization assumptions, the Company will continue using the Black-Scholes valuation model and has elected to use the ratable method to amortize compensation expense over the vesting period of the grant.

MasTec, Inc.
Notes to Condensed Unaudited Consolidated Financial Statements

The fair value of each option granted was estimated using the following assumptions:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2006	2005	2006	2005
Expected life — employees	4.26 - 7.00 years	4.17 - 6.17 years	4.26 - 7.00 years	4.17 - 6.17 years
	5.74 - 9.74		5.74 - 9.74	
Expected life — executives	years	5.38 - 7.41 years	years	5.38 - 7.41 years
Volatility percentage	40% - 65%	60% - 65%	40% - 65%	60% - 65%
Interest rate	4.58% - 4.62%	4.53% - 4.57%	4.58% - 4.85%	4.54% - 4.60%
Dividends	None	None	None	None
Forfeiture rate	7.27%	6.97%	7.21%	6.97%

Total non-cash stock compensation expense for the three months ended September 30, 2006 related to unvested stock options amounted to approximately \$1,765,000, which is included in general and administrative expenses in the condensed unaudited consolidated statements of operations. During the three months ended September 30, 2006 and 2005, the Company granted 265,000 options and 485,000 options, respectively, to employees and executives to purchase shares of the Company's common stock at their fair value on the date of grant. The options granted during the three months ended September 30, 2006 and 2005 had a weighted average exercise price of \$12.25 per share and \$9.92 per share, respectively. The weighted average fair value of options granted during the period was \$8.03 per share and \$6.38 per share, respectively.

Total non-cash stock compensation expense for the nine months ended September 30, 2006 related to unvested stock options amounted to approximately \$4,680,000, of which \$241,900 is included in loss from discontinued operations and \$4,438,000 is included in general and administrative expenses in the condensed unaudited consolidated statements of operations. Included in the expense is approximately \$396,900 of compensation expense related to accelerations of stock options that occurred in the nine months ended September 30, 2006. Accelerations were a result of certain benefits given to employees who ceased employment during the nine month period. During the nine months ended September 30, 2006 and 2005, the Company granted 1,064,500 options and 742,500 options, respectively, to employees and executives to purchase shares of the Company's common stock at their fair value on the date of grant. The options granted during the nine months ended September 30, 2006 and 2005 had a weighted average exercise price of \$13.50 per share and \$9.43 per share, respectively. The weighted average fair value of options granted during the nine months ended September 30, 2006 and 2005 was \$8.47 per share and \$6.06 per share, respectively.

The Company also grants restricted stock, which is valued based on the market price of the common stock on the date of grant. Compensation expense arising from restricted stock grants is recognized using the straight-line method over the vesting period. Unearned compensation for restricted stock is a reduction of shareholders' equity in the condensed unaudited consolidated balance sheets. Through September 30, 2006, the Company has issued 254,518 shares of restricted stock valued at approximately \$2,543,000 which is being expensed over various vesting periods (12 months to 3 years). Total unearned compensation related to restricted stock grants as of September 30, 2006 is approximately \$1,099,800. Restricted stock expense for the three months ended September 30, 2006 and 2005 is approximately \$403,200 and \$200,700, respectively, and is included in general and administrative expenses in the condensed unaudited statements of operations. Restricted stock expense for the nine months ended September 30, 2006 and 2005 is approximately \$954,400 and \$342,900, respectively, and is included in general and administrative expenses in the condensed unaudited consolidated statements of operations.

(j) Reclassifications

Certain reclassifications were made to the prior period financial statements in order to conform to the current period presentation. In addition, as discussed in Note 8, the Company in 2005 announced its intention to sell substantially all of its state Department of Transportation related projects and assets. Accordingly, the net loss for these projects and assets for the three and nine months ended September 30, 2005 have been reclassified from the prior period presentation as a loss from discontinued operations in the Company's condensed unaudited consolidated statements of operations.

MasTec, Inc.
Notes to Condensed Unaudited Consolidated Financial Statements

(k) Equity investments

The Company has one investment which is accounted for by the equity method as the Company owns 49% of the entity and has the ability to exercise significant influence over the operational policies of the limited liability company. The Company's share of its earnings or losses in this investment is included as other income, net in the condensed unaudited consolidated statements of operations. As of September 30, 2006, the Company's investment exceeded the net equity of such investment and accordingly the excess is considered to be equity goodwill. The Company periodically evaluates the equity goodwill for impairment under Accounting Principle Board No. 18, "*The Equity Method of Accounting for Investments in Common Stock*", as amended. See Note 11.

(l) Fair value of financial instruments

The Company estimates the fair market value of financial instruments through the use of public market prices, quotes from financial institutions and other available information. Judgment is required in interpreting data to develop estimates of market value and, accordingly, amounts are not necessarily indicative of the amounts that we could realize in a current market exchange. Short-term financial instruments, including cash and cash equivalents, accounts and notes receivable, accounts payable and other liabilities, consist primarily of instruments without extended maturities, the fair value of which, based on management's estimates, equaled their carrying values. At September 30, 2006 and December 31, 2005, the fair value of the Company's outstanding senior subordinated notes was \$121.0 million and \$195.0 million, respectively, based on quoted market values. The Company uses letters of credit to back certain insurance policies. The letters of credit reflect fair value as a condition of their underlying purpose and are subject to fees under the credit agreement.

Note 4 — Sale of the Company's Common Stock

On January 24, 2006, the Company completed a public offering of 14,375,000 shares of common stock at \$11.50 per share. The net proceeds from the sale were \$156.5 million after deducting underwriting discounts and offering expenses. The Company used \$18.5 million of the net proceeds for the cash portion of the purchase price for the DSSI acquisition, as described in Note 5. On March 2, 2006, the Company used \$75.5 million of the net proceeds to redeem a portion of its 7.75% senior subordinated notes due February 2008 plus interest (see Note 7). The Company expects to use the remaining net proceeds for working capital, other possible acquisitions of assets and businesses, fund organic growth and other general corporate purposes.

Note 5 — Acquisition of Digital Satellite Services, Inc.

Effective January 31, 2006, the Company acquired substantially all of the assets and assumed certain operating liabilities and contracts of Digital Satellite Services, Inc., which it refers to as the DSSI acquisition. The purchase price was composed of \$18.5 million in cash, \$6.9 million of MasTec common stock (637,214 shares based on the closing price of the Company's common stock of \$11.77 per share on January 27, 2006 discounted by 8.75% due to the shares being restricted for 120 days), \$856,000 of transaction costs and an earn-out based on future performance. Pursuant to the terms of the purchase agreement, the Company registered the resale of the MasTec common stock on April 28, 2006.

DSSI, which had revenues exceeding \$50 million for the year ended December 31, 2005 (unaudited), was involved in the installation of residential and commercial satellite and security services in several markets including Atlanta, Georgia, the Greenville-Spartanburg area of South Carolina and Asheville, North Carolina, and portions of Tennessee, Kentucky and Virginia. These markets are contiguous to areas in which the Company is active with similar installation services. Following the DSSI acquisition, the Company provides installation services from the mid-Atlantic states to South Florida.

MasTec, Inc.
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The purchase price allocation for the DSSI acquisition is based on fair-value of each of the following components on January 31, 2006 (unaudited) (in thousands):

Net assets	\$ 2,026
Non-compete agreements	658
Goodwill	<u>23,559</u>
Purchase price	<u>\$ 26,243</u>

The non-compete agreements are with an executive and with the shareholders of DSSI and will be amortized over a five and a seven year period, respectively.

DSSI's results of operations prior to the date of acquisition are not significant to the Company's results of operations or financial condition and accordingly, no pro forma information is disclosed.

Note 6 — Other Assets and Liabilities

Prepaid expenses and other current assets as of September 30, 2006 and December 31, 2005 consist of the following (in thousands):

	September 30, 2006	December 31, 2005
Deferred tax assets	\$ 14,150	\$ 5,308
Notes receivable	1,926	2,231
Non-trade receivables	16,283	21,452
Other investments	5,133	4,815
Prepaid expenses and deposits	6,120	6,563
Other	1,926	2,073
Total prepaid expenses and other current assets	<u>\$ 45,538</u>	<u>\$ 42,442</u>

Other non-current assets consist of the following as of September 30, 2006 and December 31, 2005 (in thousands):

	September 30, 2006	December 31, 2005
Investment in real estate	\$ 1,683	\$ 1,683
Equity investment	12,604	5,268
Long-term portion of deferred financing costs, net	2,807	4,124
Cash surrender value of insurance policies	7,412	6,369
Non-compete agreements, net	1,361	900
Insurance escrow	24,840	24,792
Other	2,853	2,934
Total other assets	<u>\$ 53,560</u>	<u>\$ 46,070</u>

Other current and non-current liabilities consist of the following as of September 30, 2006 and December 31, 2005 (in thousands):

	September 30, 2006	December 31, 2005
Current liabilities:		
Accrued compensation	\$ 14,522	\$ 11,084
Accrued insurance	17,164	17,144
Billings in excess of costs	4,327	2,505
Accrued professional fees	3,987	3,484
Accrued interest	1,563	6,329
Accrued losses on contracts	215	509
Accrued payments related to equity investment	925	925
Other	4,803	3,569
Total other current liabilities	<u>\$ 47,506</u>	<u>\$ 45,549</u>

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	September 30, 2006	December 31, 2005
Non-current liabilities:		
Accrued insurance	\$ 34,070	\$ 34,926
Minority interest	2,642	1,837
Other	69	596
Total other liabilities	<u>\$ 36,781</u>	<u>\$ 37,359</u>

Note 7 — Debt

Debt is comprised of the following at September 30, 2006 and December 31, 2005 (in thousands):

	September 30, 2006	December 31, 2005
Revolving credit facility at LIBOR plus 1.25% as of September 30, 2006 and 2.25% as of December 31, 2005 (5.37% as of September 30, 2006 and 5.25% as of December 31, 2005) or, at the Company's option, the bank's prime rate as of September 30, 2006 and the bank's prime rate plus 0.75% as of December 31, 2005 (9.00% as of September 30, 2006 and 8.00% as of December 31, 2005)	\$ —	\$ 4,154
7.75% senior subordinated notes due February 2008	120,963	195,943
Capital lease obligations	7,391	—
Notes payable for equipment, at interest rates from 7.5% to 8.5% due in installments through the year 2008	664	273
Total debt	129,018	200,370
Less current maturities	(1,579)	(4,266)
Long-term debt	<u>\$ 127,439</u>	<u>\$ 196,104</u>

Revolving Credit Facility

The Company has a secured revolving credit facility for its operations which was amended and restated on May 10, 2005 increasing the maximum amount of availability from \$125 million to \$150 million, subject to reserves of \$5.0 million, and other adjustments and restrictions (the "Credit Facility"). The Credit Facility expires on May 10, 2010. The deferred financing costs related to the Credit Facility are included in prepaid expenses and other current assets and other assets in the condensed unaudited consolidated balance sheets.

Based on the Company's improved financial position, on May 8, 2006, the Company amended its Credit Facility (the "2006 Amendment") to reduce the interest rate margins charged on borrowings and letters of credit. The 2006 Amendment also increases the maximum permitted purchase price for an acquisition, increases permitted receivable concentration of certain customers, increases the permitted capital expenditures and debt baskets, and reduces the required minimum fixed charge coverage ratio if net availability falls below \$20.0 million.

The amount that the Company can borrow at any given time is based upon a formula that takes into account, among other things, eligible billed and unbilled accounts receivable and equipment which can result in borrowing availability of less than the full amount of the Credit Facility. As of September 30, 2006 and December 31, 2005, net availability under the Credit Facility totaled \$41.8 million and \$55.4 million, respectively, net of outstanding standby letters of credit aggregating \$65.3 million and \$57.6 million as of such dates, respectively. At September 30, 2006, \$48.2 million of the outstanding letters of credit were issued to support the Company's casualty and medical insurance requirements. These letters of credit mature at various dates and most have automatic renewal provisions subject to prior notice of cancellation. The Credit Facility is collateralized by a first priority security interest in substantially all of the Company's assets and a pledge of the stock of certain of its operating subsidiaries. All wholly-owned subsidiaries collateralize the Credit Facility. At September 30, 2006 and December 31, 2005, the Company had outstanding cash draws under the Credit Facility of \$0 and \$4.2 million, respectively. Interest under the Credit Facility accrues at rates based, at the Company's option, on the agent bank's base rate plus a margin of between 0.0% and 0.75% or the LIBOR rate (as defined in the Credit Facility) plus a margin of between 1.25% and 2.25%, depending on certain financial thresholds. The Credit Facility includes an unused facility fee of 0.375%, which may be adjusted to as low as 0.250%.

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If the net availability under the Credit Facility is under \$20.0 million at any given day, the Company is required to be in compliance with a minimum fixed charge coverage ratio, which, as part of the 2006 Amendment, was reduced to 1.1 to 1.0 measured on a monthly basis. Certain events are triggered if the Company is not in compliance with this ratio. The fixed charge coverage ratio is generally defined to mean the ratio of the Company's net income before interest expense, income tax expense, depreciation expense, and amortization expense minus net capital expenditures and cash taxes paid to the sum of all interest expense plus current maturities of debt for the period. The financial covenant was not applicable as of September 30, 2006 because the net availability under the Credit Facility was \$41.8 million as of September 30, 2006 and net availability did not reduce below \$20.0 million at any given day during the period.

Based upon the 2006 Amendment and the Company's current availability, liquidity and projections for 2006, the Company believes it will be in compliance with the Credit Facility's terms and conditions and the minimum availability requirements for the remainder of 2006. The Company is dependent upon borrowings and letters of credit under this Credit Facility to fund operations. Should the Company be unable to comply with the terms and conditions of the Credit Facility, it would be required to obtain modifications to the Credit Facility or another source of financing to continue to operate. The Company may not be able to achieve its 2006 projections and this may adversely affect its ability to remain in compliance with the Credit Facility's minimum net availability requirements and minimum fixed charge ratio in the future. The Company's variable rate Credit Facility exposes it to interest rate risk. However, the Company had no cash borrowings outstanding under the Credit Facility at September 30, 2006.

Senior Subordinated Notes

As of September 30, 2006, the Company had outstanding \$121.0 million in principal amount of its 7.75% senior subordinated notes due in February 2008. Interest is due semi-annually. The notes are redeemable, at the Company's option at 100% of the principal amount plus accrued but unpaid interest. On March 2, 2006, the Company redeemed \$75.0 million of the senior subordinated notes and paid approximately \$0.5 million in accrued interest. The notes also contain default (including cross-default) provisions and covenants restricting many of the same transactions restricted under the Credit Facility.

Capital Lease Obligations

During 2006, the Company entered into several agreements which provided financing for various machinery and equipment totaling \$7.7 million. These capital leases are non-cash transactions and, accordingly, have been excluded from the condensed unaudited consolidated statements of cash flows. These leases range between 60 and 84 months and have effective interest rates ranging from 6.03% to 7.65%. In accordance with Statement of Financial Accounting Standard No. 13, "*Accounting for Leases*" ("SFAS 13"), as amended, these leases were capitalized. SFAS 13 requires the capitalization of leases meeting certain criteria, with the related asset being recorded in property and equipment and an offsetting amount recorded as a liability. As of September 30, 2006, the Company had \$7.4 million in total indebtedness relating to the capital leases entered into during 2006, of which \$6.1 million was considered long-term.

The Company had no holdings of derivative financial or commodity instruments at September 30, 2006.

Note 8 — Discontinued Operations

In March 2004, the Company ceased performing contractual services for customers in Brazil, abandoned all assets of its Brazil subsidiary and made a determination to exit the Brazil market. The abandoned Brazil subsidiary has been classified as a discontinued operation. In November 2005, the subsidiary applied for relief and was adjudicated bankrupt by a Brazilian bankruptcy court. The subsidiary is currently being liquidated under court supervision. For the three months ended September 30, 2006 and 2005, the expenses incurred by the Brazilian subsidiary were principally related to legal fees incurred in connection with the bankruptcy proceedings. For the three months ended September 30, 2006 and 2005, the net loss from the Brazilian operations was \$33,000 and \$0, respectively. For the nine months ended September 30, 2006 and 2005, the net loss from these operations was \$115,000 and \$0, respectively.

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The following table summarizes the assets and liabilities for the Brazil operations as of September 30, 2006 and December 31, 2005 (in thousands):

	September 30, 2006	December 31, 2005
Current assets	\$ 290	\$ 290
Non-current assets	—	—
Current liabilities	19,570	19,455
Non-current liabilities	2,170	2,170
Accumulated foreign currency translation	(21,030)	(21,335)

During the fourth quarter of 2004, the Company ceased performing new services in the network services operations and sold these operations in 2005. On May 24, 2005, the Company sold certain of its network services operations assets to a third party for \$208,501 consisting of \$100,000 in cash and a promissory note in the principal amount of \$108,501 due in May 2006. The promissory note is included in other current assets in the accompanying condensed unaudited consolidated balance sheet. These operations have been classified as a discontinued operation in all periods presented. The net income (loss) for the network services operations was \$14,000 and (\$100,000) for the three months and nine months ended September 30, 2006, respectively. The net loss for the network services operations was \$0.1 million and \$1.6 million for the three months and nine months ended September 30, 2005, respectively.

The following table summarizes the assets and liabilities of the network services operations as of September 30, 2006 and December 31, 2005 (in thousands):

	September 30, 2006	December 31, 2005
Current assets	\$ 210	\$ 883
Non current assets	34	34
Current liabilities	414	816
Non current liabilities	—	—
Shareholder's (deficit) equity	(170)	101

The following table summarizes the results of operations of network services (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2006	2005	2006	2005
Revenue	\$ 11	\$ 92	\$ 113	\$ 3,869
Cost of revenue	(11)	(82)	(113)	(3,859)
Operating and other expenses.	14	(155)	(100)	(1,601)
Income (loss) from operations before benefit for income taxes	\$ 14	\$ (145)	\$ (100)	\$ (1,591)
Benefit for income taxes	—	—	—	—
Net income (loss)	\$ 14	\$ (145)	\$ (100)	\$ (1,591)

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On December 31, 2005, the executive committee of the Company's board of directors voted to sell substantially all of its state Department of Transportation related projects and assets. The projects and assets that are for sale have been accounted for as discontinued operations for all periods presented, including reclassification of the results of operations from these projects to discontinued operations for the three months and nine months ended September 30, 2005. A quarterly review of the carrying value of the underlying net assets related to the state Department of Transportation projects and assets was conducted in connection with the decision to sell these projects and assets. Following the second quarter of 2006 results and cash flow projections for these projects and related assets, management determined there were sufficient indicators of impairment to the underlying net assets of the state Department of Transportation related projects and assets. As a result, a non-cash impairment charge of \$20.8 million was recorded for the estimated sales price and disposition of the state Department of Transportation related projects and assets. In estimating this charge, management assumed a six month projected cash flow and an estimated selling price using a weighted probability cash flow approach based on management's estimates. In addition, as discussed in Note 14, on November 9, 2006, the Company entered into an agreement to sell the state Department of Transportation related projects and net assets. We have agreed to keep certain liabilities related to the state Department of Transportation related projects. As a result of this agreement, a non-cash impairment charge was recorded during the quarter ended September 30, 2006 of approximately \$13.7 million, calculated using the contractual sales price for these assets and management's estimates of closing costs. Pursuant to the purchase agreement, the purchase price is subject to adjustments based on the value of the net assets sold as of the closing date. In addition, the purchase agreement is subject to a financing contingency and customary closing conditions. Accordingly, these estimates are subject to change in the future and the Company may incur additional losses in the future. As of September 30, 2006, the carrying value of the subject net assets for sale was approximately \$9.1 million after taking into consideration the impairment charges. This amount is comprised of total assets of \$36.6 million less total liabilities of \$27.5 million. All impairment charges are included in discontinued operations.

The following table summarizes the assets held for sale and liabilities related to the assets held for sale for the state Department of Transportation operations as of September 30, 2006 and December 31, 2005 (in thousands):

	September 30, 2006	December 31, 2005
Accounts receivable, net	\$ 26,458	\$ 44,906
Inventory	10,147	23,724
Other current assets	—	1,058
Current assets held for sale	<u>\$ 36,605</u>	<u>\$ 69,688</u>
Property and equipment, net	\$ —	\$ 3,822
Long-term assets	—	2,327
Long-term assets held for sale	<u>\$ —</u>	<u>\$ 6,149</u>
Current liabilities related to assets held for sale	<u>\$ 26,826</u>	<u>\$ 30,099</u>
Long-term liabilities related to assets held for sale	<u>\$ 669</u>	<u>\$ 860</u>

The following table summarizes the results of operations for the state Department of Transportation related projects and assets that are considered to be discontinued (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2006	2005	2006	2005
Revenue	\$ 19,673	\$ 22,579	\$ 66,739	\$ 72,822
Cost of revenue	(24,449)	(23,500)	(87,264)	(78,176)
Operating and other expenses	<u>(17,075)</u>	<u>(1,939)</u>	<u>(44,694)</u>	<u>(6,673)</u>
Loss from operations before benefit for income taxes	\$ (21,851)	\$ (2,860)	\$ (65,219)	\$ (12,027)
Benefit for income taxes	—	—	—	—
Net loss	<u>\$ (21,851)</u>	<u>\$ (2,860)</u>	<u>\$ (65,219)</u>	<u>\$ (12,027)</u>

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Note 9 — Commitments and Contingencies

In April 2006, the Company settled, without payment to the plaintiffs by the Company, several complaints for purported securities class actions that were filed against the Company and certain officers in the second quarter of 2004. While the Company believes it would have ultimately been successful in defense of these actions, given the amount of the settlement, the inherent risk of uncertainty of the legal proceedings, and the substantial time and expense of defending these proceedings, the Company concluded that entering into the settlement was the appropriate course of action. On September 30, 2006, the parties executed a Stipulation of Settlement and filed a Joint Motion for Preliminary Approval of the settlement of the federal securities class action. The settlement is contingent upon final approval by the Court at a final fairness hearing at which the Court will determine whether the settlement is fair, reasonable and adequate. As part of the settlement, the Company's excess insurance carrier has retained its rights to seek reimbursement of up to \$2.0 million from the Company based on its claim that notice was not properly given under the policy. The Company believes these claims are without merit and plans to continue vigorously defending this action. The Company also believes that it has claims against the insurance broker for any losses arising from the notice.

The parties in two shareholder derivative actions, which are based on the same circumstances as the purported federal securities class action and related SEC formal investigation, have executed stipulations of settlement. We are waiting final approval of the settlements from the court.

The Company continues to cooperate with the SEC in the previously disclosed formal investigation related to the restatement of the Company's financial statements in 2001 through 2003.

In October 2005, eleven former employees filed a Fair Labor Standards Act ("FLSA") collective action against MasTec in the Federal District Court in Tampa, Florida, alleging failure to pay overtime wages as required under the FLSA. The matter is currently stayed. The Company does not believe it is liable under the FLSA as alleged in the complaint. The Company and the plaintiffs are currently negotiating a settlement but the potential loss associated with such settlement, if one occurs, cannot presently be determined.

During construction of a natural gas pipeline project in Oregon in 2003, the Company and its customer, Coos County, Oregon, were cited for violations of the Clean Water Act by the U.S. Army Corps of Engineers ("Corps of Engineers"). Despite protracted negotiations, the parties were unable to settle these complaints. On March 30, 2006, the Corps of Engineers filed suit against the Company and Coos County in Federal District Court in Oregon. The Company is defending this action vigorously, but may be unable to do so without incurring significant expenses. At this stage of the proceeding, potential loss, if any, cannot be determined.

In connection with the same project, a complaint alleging failure to comply with prevailing wage requirements was filed against us by the Oregon Bureau of Labor and Industry. This matter was filed with the state court in Coos County. The Company is defending this action vigorously, but may be unable to do so without incurring significant expenses. The potential loss, if any, cannot presently be determined.

The Company has accrued \$125,000 for all unresolved Coos County matters and unpaid settlements as of September 30, 2006.

In June 2005, the Company posted a \$2.3 million bond in order to pursue the appeal of a \$1.7 million final judgment entered September 30, 2005 against the Company for damages plus attorney's fees resulting from a break in a Citgo pipeline. The Company seeks a new trial and reduction in the damages award. The Company will continue to contest this matter in the appellate court, and on subsequent retrial. The amount of the loss, if any, relating to this matter not covered by insurance is estimated to be \$100,000 to \$2.4 million, of which \$100,000 is recorded in the unaudited condensed consolidated balance sheet as of September 30, 2006, as accrued expenses.

In October 2003, a MasTec subsidiary filed a lawsuit in a New York state court against Inepar Industria e Construcoes ("Inepar"), its Brazilian joint venture partner. MasTec sued Inepar for breach of contract arising out of Inepar's failure to indemnify MasTec for claims resulting from numerous misrepresentations made by Inepar. Inepar subsequently failed to answer MasTec's complaint and MasTec sought a default judgment. In September 2006, the state court entered a judgment in favor of MasTec and against Inepar in the amount of \$58.4 million. MasTec has commenced the collection process in the United States and has commenced the lengthy process in Brazil to execute on the judgment. Due to the uncertainty of the ongoing collection process, MasTec has accounted for the receipt of any amounts related to this judgment in our favor as a gain contingency and has not reflected these amounts in our financial statements.

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In December, 2004, the Company brought an action against NextiraOne Federal in the Federal Court in Eastern District of Virginia, to recover payment for services rendered in connection with a federal Department of Defense project on a network wiring contract. The Company's network services are now a discontinued operation. NextiraOne counterclaimed for offsets and remediation. On May 5, 2006, the court ruled that the Company failed to establish an entitlement to recover damages for contract work done, and that NextiraOne Federal failed to establish an entitlement to recover costs of alleged offsets and costs of remediation. Neither party obtained the relief sought. The Company believes the ruling is an error, and has sought remedy on appeal. The Company may be unable to obtain relief without additional expenses.

The Company is also a party to other pending legal proceedings arising in the normal course of business. While complete assurance cannot be given as to the outcome of any legal claims, management believes that any financial impact would not be material to its results of operations, financial position or cash flows.

The Company is required to provide payment and performance bonds for some of its contractual commitments related to projects in process. At September 30, 2006, the cost to complete projects for which the \$297.2 million in performance and payment bonds are outstanding was \$44.8 million.

On January 3, 2005, MasTec entered into an employment agreement with Gregory S. Floerke relating to his employment as Chief Operations Officer. He was solely focused and responsible for managing intelligent traffic services related projects for MasTec. The agreement was to expire on January 2, 2007 unless earlier terminated, and provided that Mr. Floerke would be paid an annual salary of \$300,000 during the first year of employment and \$350,000 during the second year of employment. The agreement also provided for the grant to Mr. Floerke of stock options pursuant to MasTec's stock option plans and contained confidentiality, non-competition and non-solicitation provisions. Mr. Floerke resigned effective March 30, 2006. In connection therewith, the Company entered into a separation agreement with Mr. Floerke in which the Company paid him \$95,000. This separation agreement terminated the employment agreement with Mr. Floerke. The Company also recorded approximately \$242,000 in stock compensation for the first quarter of 2006 related to the extension of the exercise period on Mr. Floerke's stock options and the acceleration of the vesting of his unvested options. This amount is included in non-cash stock compensation expense as discussed in Note 3(i) and is included in loss from discontinued operations.

Note 10 — Concentrations of Risk

The Company provides services to its customers in the following industries: communications, utilities and government.

Revenue for customers in these industries is as follows (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2006	2005	2006	2005
Communications	\$ 189,311	\$ 161,079	\$ 515,984	\$ 458,230
Utilities	48,541	46,806	146,443	128,707
Government	16,018	13,084	42,295	37,667
	<u>\$ 253,870</u>	<u>\$ 220,969</u>	<u>\$ 704,722</u>	<u>\$ 624,604</u>

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During 2006, the Company reviewed its categorization of customers during previous periods. As a result of such review, certain reclassifications have been made to previously disclosed revenue by industries. Revenue for customers by industry is as follows (in thousands):

	2005 Quarter Ended				2006 Quarter Ended	
	March 31	June 30	September 30	December 31	March 31	June 30
Communications	\$ 143,843	\$ 153,309	\$ 161,079	\$ 162,467	\$ 156,821	\$ 169,852
Utilities	38,556	43,345	46,806	46,991	53,744	44,158
Government	11,577	13,006	13,084	13,984	8,187	18,090
	<u>\$ 193,976</u>	<u>\$ 209,660</u>	<u>\$ 220,969</u>	<u>\$ 223,442</u>	<u>\$ 218,752</u>	<u>\$ 232,100</u>

The Company grants credit, generally without collateral, to its customers. Consequently, the Company is subject to potential credit risk related to changes in business and economic factors. However, the Company generally has certain lien rights on that work and concentrations of credit risk are limited due to the diversity of the customer base. The Company believes its billing and collection policies are adequate to minimize potential credit risk. During the three months ended September 30, 2006, 45.0% of the Company's total revenue was attributed to two customers. Revenue from these two customers accounted for 36.4% and 8.6%, respectively, of total revenue for the three months ended September 30, 2006. During the three months ended September 30, 2005, two customers accounted for 40.4% of the Company's total revenue after adjustment for discontinued operations (see Note 8). Revenue from these two customers accounted for 31.3% and 9.1%, respectively, of the total revenue for the three months ended September 30, 2005. During the nine months ended September 30, 2006, 46.5% of the Company's total revenue was attributed to two customers. Revenue from these two customers accounted for 36.1% and 10.4%, respectively, of the total revenue for the nine months ended September 30, 2006. During the nine months ended September 30, 2005, 42.4% of the Company's total revenue was attributed to two customers. Revenue from these two customers accounted for 30.7% and 11.7%, respectively, of the total revenue for the nine months ended September 30, 2005.

The Company maintains allowances for doubtful accounts for estimated losses resulting from the unwillingness or inability of customers to make required payments. Management analyzes historical bad debt experience, customer concentrations, customer credit-worthiness, the availability of mechanics and other liens, the existence of payment bonds and other sources of payment, and current economic trends when evaluating the adequacy of the allowance for doubtful accounts. If judgments regarding the collectibility of accounts receivables were incorrect, adjustments to the allowance may be required, which would reduce profitability. In addition, the Company's reserve mainly covers the accounts receivable related to the unprecedented number of customers that filed for bankruptcy protection during the year 2001 and general economic climate of 2002. As of September 30, 2006, the Company had remaining receivables from customers undergoing bankruptcy reorganization totaling \$13.6 million net of \$7.2 million in specific reserves. As of December 31, 2005, the Company had remaining receivables from customers undergoing bankruptcy reorganization totaling \$14.5 million net of \$8.0 million in specific reserves. Based on the analytical process described above, management believes that the Company will recover the net amounts recorded. The Company maintains an allowance for doubtful accounts of \$13.5 million and \$15.9 million as of September 30, 2006 and December 31, 2005, respectively, for both specific customers and as a reserve against other past due balances. The decrease in reserves is due to certain specific reserves being written off against the receivable in the nine months ended September 30, 2006. Should additional customers file for bankruptcy or experience difficulties, or should anticipated recoveries in existing bankruptcies and other workout situations fail to materialize, the Company could experience reduced cash flows and losses in excess of the current allowance.

Note 11 — Equity Investment

The Company has a 49% interest in a limited liability company that it purchased from a third party. The purchase price for this investment was an initial amount of \$3.7 million which was paid in four quarterly installments of \$925,000 through December 31, 2005. Beginning in the first quarter of 2006, eight additional contingent quarterly payments are expected to be made to the third party from which the interest was purchased. The contingent payments will be up to a maximum of \$1.3 million per quarter based on the level of unit sales and profitability of the limited liability company in specified preceding quarters. The first four quarterly payments, each of \$925,000, were made on January 10, 2006, April 10, 2006, July 11, 2006 and October 10, 2006. The October amount is included in accrued expenses and other assets at September 30, 2006. In addition, the purchase price for this investment requires an additional payment contingent on future results of the limited liability company. The Company also may be required under the agreement to make capital contributions from time to time equal to 49% of the additional capital required by the venture. In March 2006, the venture requested a total capital contribution in the amount of \$2.0 million of which \$980,000, or 49%, was paid by MasTec. Accordingly, this amount increased the investment balance which is included in other assets at September 30, 2006.

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As of September 30, 2006, the Company's investment exceeded the net equity of such investment and accordingly the excess is considered to be equity goodwill.

The Company has accounted for this investment using the equity method as the Company has the ability to exercise significant influence over the financial and operational policies of this limited liability company. The Company recognized \$2.0 million and \$0.1 million in investment income during the three months ended September 30, 2006 and 2005, respectively. The Company recognized \$3.6 million and \$0.6 million in investment income during the nine months ended September 30, 2006 and 2005, respectively. As of September 30, 2006, the Company had an investment balance of approximately \$12.6 million in relation to this investment included in other assets in the condensed unaudited consolidated financial statements.

Note 12 — Related Party Transactions

MasTec purchases, rents and leases equipment used in its business from a number of different vendors, on a non-exclusive basis, including Neff Corp., in which Jorge Mas, the Company's Chairman and Jose Mas, the Company's Vice-Chairman and Executive Vice President, were directors and owners of a controlling interest through June 4, 2005. Juan Carlos Mas, the brother of Jorge and Jose Mas, is Chairman, Chief Executive Officer, a director and a shareholder of Neff Corp. During the period from April 1, 2005 through June 4, 2005, the Company paid Neff \$155,395. During the period from January 1, 2005 through June 4, 2005, the Company paid Neff \$328,013. MasTec believes the amount paid to Neff was equivalent to the payments that would have been made between unrelated parties for similar transactions acting at arm's length.

MasTec has entered into split dollar agreements with key executives and the Chairman of the Board. During the three months ended September 30, 2006 and 2005, MasTec paid \$433,800 and \$410,000, respectively, in premiums in connection with these split dollar agreements. During the nine months ended September 30, 2006 and 2005, MasTec paid \$1,043,500 and \$410,000, respectively, in premiums in connection with these split dollar agreements.

Note 13 — New Accounting Pronouncements

In September 2006, the Securities and Exchange Commission ("SEC") staff issued Staff Accounting Bulletin No. 108 ("SAB 108"), "*Considering the effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*." Traditionally, there have been two widely-recognized methods for quantifying the effects of financial statement misstatements: the "roll-over" method and the "iron curtain" method. The roll-over method focuses primarily on the impact of a misstatement on the income statement, including the reversing effect of prior year misstatements. The iron-curtain method focuses primarily on the effect of correcting the period-end balance sheet with less emphasis on the reversing effects of prior year errors on the income statement. In SAB 108, the SEC staff established an approach that is commonly referred to as a "dual approach" because it now requires quantification of errors under both the iron curtain and the roll-over methods. For the Company, SAB 108 is effective for the fiscal year ending December 31, 2006. The adoption of SAB 108 is not expected to have any effect on MasTec's financial position, net earnings or prior year financial statements.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157 ("SFAS 157"), "*Fair Value Measurements*". This statement establishes a single authoritative definition of fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair-value measurements. SFAS 157 defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". For the Company, SFAS 157 is effective for the fiscal year beginning January 1, 2008. Management is currently evaluating this standard to determine its impact, if any, on the Company.

In July 2006, the Financial Accounting Standards Board ("FASB") issued Financial Interpretation No. 48 ("FIN No. 48"), "*Accounting for Uncertainty in Income Taxes — An Interpretation of FASB Statement No. 109*." This Interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company is evaluating the effect this Interpretation will have on its consolidated financial statements.

MasTec, Inc.
Notes to Condensed Unaudited Consolidated Financial Statements

In February 2006, the FASB issued Statement of Financial Accounting Standard No. 155, “*Accounting for Certain Hybrid Financial Instruments — an amendment of FASB Statements No. 133 and 140.*” In March 2006, the FASB issued Statement of Financial Accounting Standard No. 156, “*Accounting for Servicing of Financial Assets — an amendment of FASB Statement No. 140.*” These Statements are not expected to have a material effect on the Company’s consolidated financial statements.

Note 14 — Subsequent Events

On November 9, 2006, the Company entered into an asset purchase agreement with a third party to sell substantially all its state Department of Transportation projects and underlying net assets. We have agreed to keep certain liabilities related to the state Department of Transportation related projects. The selling price specified in the purchase agreement is \$6 million payable in cash upon closing and a \$5 million note due five years from the date the acquisition is consummated. In addition, the buyer is required to pay the Company an earn out contingent on the future operations of the projects sold to the third party. As a result of the contractual selling price and an estimate of closing costs, the Company recognized a \$13.7 million non-cash impairment charge in the three months ended September 30, 2006. The purchase agreement is subject to a financing contingency and customary closing conditions. Pursuant to the purchase agreement, the purchase price is subject to adjustments based on the value of the net assets sold as of the closing date. Accordingly, these estimates are subject to change in the future and the Company may incur additional losses in the future.

On November 7, 2006, the Company amended its Credit Facility and provided its insurer with an \$18 million letter of credit under the facility simultaneously with the insurer returning cash collateral of \$18 million plus all accrued interest to the Company. As collateral for this letter of credit, the Company pledged \$18 million to its lenders under the Credit Facility. This increase in the outstanding balance of letters of credit will not result in a reduction to our net availability under the Credit Facility as long as sufficient cash or other collateral is granted to our lenders.

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

Forward-Looking Statements

This report contains forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not historical facts but are the intent, belief, or current expectations, of our business and industry, and the assumptions upon which these statements are based. Words such as "anticipates", "expects", "intends", "will", "could", "would", "should", "may", "plans", "believes", "seeks", "estimates" and variations of these words and the negatives thereof and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control, are difficult to predict, and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. These risks and uncertainties include those described in "Management's Discussion and Analysis of Financial Condition and Results of Operations," and elsewhere in this report and in the Company's Annual Report on Form 10-K for the year ended December 31, 2005, including those described under "Risk Factors" in the Form 10-K as updated by Item 1A "Risk factors" in this report. Forward-looking statements that were true at the time made may ultimately prove to be incorrect or false. Readers are cautioned to not place undue reliance on forward-looking statements, which reflect our management's view only as of the date of this report. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results.

Overview

We are a leading specialty contractor operating mainly throughout the United States and Canada and across a range of industries. Our core activities are the building, installation, maintenance and upgrade of communications and utility infrastructure. Our primary customers are in the following industries: communications (including satellite television and cable television), utilities and governments. We provide similar infrastructure services across the industries we serve. Our customers rely on us to build and maintain infrastructure and networks that are critical to their delivery of voice, video and data communications, electricity and transportation systems.

Effective January 31, 2006, we acquired substantially all of the assets and assumed certain operating liabilities and contracts of Digital Satellite Services, Inc., which we refer to as the DSSI acquisition. The purchase price was composed of \$18.5 million in cash, \$6.9 million of MasTec common stock (637,214 shares based on the closing price of \$11.77 per share on January 27, 2006 discounted due to shares being restricted for up to 120 days), \$856,000 of transaction costs and an earn-out based on future performance. Pursuant to the terms of the purchase agreement, we registered the resale of the MasTec common stock on April 28, 2006.

DSSI, which had revenues exceeding \$50 million during the year ended December 31, 2005 (unaudited), was involved in the installation of residential and commercial satellite and security services in several markets including Atlanta, Georgia, the Greenville-Spartanburg area of South Carolina and Asheville, North Carolina, and portions of Tennessee, Kentucky and Virginia. These markets are contiguous to areas in which we are active with similar installation services. Following the DSSI acquisition, we provide installation services from the mid-Atlantic states to South Florida.

The purchase price allocation for the DSSI acquisition is based on fair-value of each of the following components as of January 31, 2006 (in thousands):

Net assets	\$ 2,026
Non-compete agreements	658
Goodwill	<u>23,559</u>
Purchase price	<u>\$ 26,243</u>

Revenue

We provide services to our customers which are companies in the communications, as well as utilities and government industries.

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Revenue for customers in these industries is as follows (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2006	2005	2006	2005
Communications	\$ 189,311	\$ 161,079	\$ 515,984	\$ 458,230
Utilities	48,541	46,806	146,443	128,707
Government	16,018	13,084	42,295	37,667
	<u>\$ 253,870</u>	<u>\$ 220,969</u>	<u>\$ 704,722</u>	<u>\$ 624,604</u>

During 2006, the Company reviewed its categorization of customers during previous periods. As a result of such review, certain reclassifications have been made to previously disclosed revenue by industries. Revenue for customers by industry is as follows (in thousands):

	2005 Quarter Ended				2006 Quarter Ended	
	March 31	June 30	September 30	December 31	March 31	June 30
Communications	\$ 143,843	\$ 153,309	\$ 161,079	\$ 162,467	\$ 156,821	\$ 169,852
Utilities	38,556	43,345	46,806	46,991	53,744	44,158
Government	11,577	13,006	13,084	13,984	8,187	18,090
	<u>\$ 193,976</u>	<u>\$ 209,660</u>	<u>\$ 220,969</u>	<u>\$ 223,442</u>	<u>\$ 218,752</u>	<u>\$ 232,100</u>

A majority of our revenue is derived from projects performed under service agreements. Some of these agreements are billed on a time and materials basis and revenue is recognized as the services are rendered. We also provide services under master service agreements which are generally multi-year agreements. Certain of our master service agreements are exclusive up to a specified dollar amount per work order for each defined geographic area. Work performed under master service and other agreements is typically generated by work orders, each of which is performed for a fixed fee. The majority of these services typically are of a maintenance nature and to a lesser extent upgrade services. These master service agreements and other service agreements are frequently awarded on a competitive bid basis, although customers are sometimes willing to negotiate contract extensions beyond their original terms without re-bidding. Our master service agreements and other service agreements have various terms, depending upon the nature of the services provided and are typically subject to termination on short notice. Under our master service and similar type service agreements, we furnish various specified units of service each for a separate fixed price per unit of service. We recognize revenue as the related unit of service is performed. For service agreements on a fixed fee basis, profitability will be reduced if the actual costs to complete each unit exceed original estimates. We also immediately recognize the full amount of any estimated loss on these fixed fee projects if estimated costs to complete the remaining units for the project exceed the revenue to be received from such units.

The remainder of our work is generated pursuant to contracts for specific installation and construction projects or jobs. For installation/construction projects, we recognize revenue on the units-of-delivery or percentage-of-completion methods. Revenue on unit based projects is recognized using the units-of-delivery method. Under the units-of-delivery method, revenue is recognized as the units are completed at the contractually agreed price per unit. For certain customers with unit based installation and construction projects, we recognize revenue after the service is performed and the work orders are approved to ensure that collectibility is probable from these customers. Revenue from completed work orders not collected in accordance with the payment terms established with these customers is not recognized until collection is assured. Revenue on non-unit based contracts is recognized using the percentage-of-completion method. Under the percentage-of-completion method, we record revenue as work on the contract progresses. The cumulative amount of revenue recorded on a contract at a specified point in time is that percentage of total estimated revenue that incurred costs to date bear to estimated total contract costs. Customers are billed with varying frequency: weekly, monthly or upon attaining specific milestones. Such contracts generally include retainage provisions under which 2% to 15% of the contract price is withheld from us until the work has been completed and accepted by the customer. If, as work progresses, the actual projects costs exceed estimates, the profit recognized on revenue from that project decreases. We recognize the full amount of any estimated loss on a contract at the time the estimates indicate such a loss.

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Revenue by type of contract is as follows (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2006	2005	2006	2005
Master service and other service agreements	\$ 174,878	\$ 144,414	\$504,169	\$ 435,348
Installation/construction projects agreements	78,992	76,555	200,553	189,256
	<u>\$ 253,870</u>	<u>\$ 220,969</u>	<u>\$ 704,722</u>	<u>\$ 624,604</u>

Costs of Revenue

Our costs of revenue include the costs of providing services or completing the projects under our contracts including operations payroll and benefits, fuel, subcontractor costs, equipment rental, materials not provided by our customers, and insurance. Profitability will be reduced if the actual costs to complete each unit exceed original estimates on fixed price service agreements. We also immediately recognize the full amount of any estimated loss on fixed fee projects if estimated costs to complete the remaining units for the project exceed the revenue to be received from such units.

Our customers generally supply materials such as cable, conduit and telephone equipment. Customer furnished materials are not included in revenue and cost of sales due to all materials being purchased by the customer. The customer determines the specifications of the materials that are to be utilized to perform installation/construction services. We are only responsible for the performance of the installation/construction services and not the materials for any contract that includes customer furnished materials nor do we not have any risk associated with customer furnished materials. Our customers retain the financial and performance risk of all customer furnished materials.

General and Administrative Expenses

General and administrative expenses include all costs of our management and administrative personnel, provisions for bad debts, rent, utilities, travel, business development efforts and back office administration such as financial services, insurance, administration, professional costs and clerical and administrative overhead.

Discontinued Operations

In 2004, we declared our Brazil subsidiary and network services operations as discontinued operations. In December 2005, we declared substantially all of our state Department of Transportation related projects and assets a discontinued operation due to our intention to sell these projects and assets. Accordingly, results of operations for the three months and nine months ended September 30, 2005 of substantially all of our state Department of Transportation related projects and assets have been reclassified to discontinued operations and all financial information for all periods presented reflects these operations as discontinued operations.

On November 9, 2006, we entered into an agreement to sell our State Department of Transportation related projects and net assets. See Note 14 in Part 1. Item 1. Financial Statements.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to revenue recognition, allowance for doubtful accounts, intangible assets, reserves and accruals, impairment of assets, income taxes, insurance reserves and litigation and contingencies. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities, that are not readily apparent from other sources. Actual results may differ from these estimates if conditions change or if certain key assumptions used in making these estimates ultimately prove to be materially incorrect.

We believe the following critical accounting policies involve our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition

Revenue and related costs for master and other service agreements billed on a time and materials basis are recognized as the services are rendered. There are also some master service agreements that are billed on a fixed fee basis. Under our fixed fee master service and similar type service agreements, we furnish various specified units of service for a separate fixed price per unit of service. We recognize revenue as the related unit of service is performed. For service agreements on a fixed fee basis, profitability will be reduced if the actual costs to complete each unit exceed original estimates. We also immediately recognize the full amount of any estimated loss on these fixed fee projects if estimated costs to complete the remaining units exceed the revenue to be received from such units.

We recognize revenue on unit based installation/construction projects using the units-of-delivery method. Our unit based contracts relate primarily to contracts that require the installation or construction of specified units within an infrastructure system. Under the units-of-delivery method, revenue is recognized at the contractually agreed upon price as the units are completed and delivered. Our profitability will be reduced if the actual costs to complete each unit exceed our original estimates. We are also required to immediately recognize the full amount of any estimated loss on these projects if estimated costs to complete the remaining units for the project exceed the revenue to be earned on such units. For certain customers with unit based installation/construction projects, we recognize revenue after service has been performed and work orders are approved to ensure that collectibility is probable from these customers. Revenue from completed work orders not collected in accordance with the payment terms established with these customers is not recognized until collection is assured.

Our non-unit based, fixed price installation/construction contracts relate primarily to contracts that require the construction and installation of an entire infrastructure system. We recognize revenue and related costs as work progresses on non-unit based, fixed price contracts using the percentage-of-completion method, which relies on contract revenue and estimates of total expected costs. We estimate total project costs and profit to be earned on each long-term, fixed-price contract prior to commencement of work on the contract. We follow this method since reasonably dependable estimates of the revenue and costs applicable to various stages of a contract can be made. Under the percentage-of-completion method, we record revenue and recognize profit or loss as work on the contract progresses. The cumulative amount of revenue recorded on a contract at a specified point in time is that percentage of total estimated revenue that incurred costs to date bear to estimated total contract costs. If, as work progresses, the actual contract costs exceed our estimates, the profit we recognize from that contract decreases. We recognize the full amount of any estimated loss on a contract at the time our estimates indicate such a loss.

Allowance for Doubtful Accounts

We maintain allowances for doubtful accounts for estimated losses resulting from the inability or unwillingness of our clients to make required payments. Management analyzes past due balances based on invoice date, historical bad debt experience, customer concentrations, customer credit-worthiness, customer financial condition and credit reports, the availability of mechanics' and other liens, the existence of payment bonds and other sources of payment, and current economic trends when evaluating the adequacy of the allowance for doubtful accounts. We review the adequacy of reserves for doubtful accounts on a quarterly basis. If our estimates of the collectibility of accounts receivable are incorrect, adjustments to the allowance for doubtful accounts may be required, which could reduce our profitability.

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Our estimates for our allowance for doubtful accounts are subject to significant change during times of economic weakness or uncertainty in either the overall U.S. economy or the industries we serve, and our loss experience has increased during such times.

We recorded provisions against the results of operations for doubtful accounts of \$3.8 million and \$1.9 million for the three months ended September 30, 2006 and 2005, respectively. We recorded provisions against the results of operations for doubtful accounts of \$7.3 million and \$3.8 million for the nine months ended September 30, 2006 and 2005, respectively. All provisions against the results of operations for doubtful accounts are included in part in general and administrative expenses and in part in loss from discontinued operations in our condensed unaudited consolidated financial statements. These provisions are based on the results of management's quarterly reviews and analyses of our write-off history.

Inventories

Inventories consist of materials and supplies for construction projects, and are typically purchased on a project-by-project basis. Inventories are valued at the lower of cost (using the specific identification method) or market. Construction projects are completed pursuant to customer specifications. The loss of the customer or the cancellation of the project could result in an impairment of the value of materials purchased for that customer or project. Technological or market changes can also render certain materials obsolete. Reserves for inventory obsolescence are determined based upon the specific facts and circumstances for each project and market conditions. The reserves were mainly due to inventories that were purchased for specific jobs no longer in process.

Valuation of Long-Lived Assets

We review long-lived assets, consisting primarily of property and equipment and intangible assets with finite lives, for impairment in accordance with Statement of Financial Accounting Standards No. 144, "*Accounting for the Impairment or Disposal of Long-Lived Assets*" ("SFAS No. 144"). In analyzing potential impairment, we use projections of future undiscounted cash flows from the assets. These projections are based on our views of growth rates for the related business, anticipated future economic conditions and the appropriate discount rates relative to risk and estimates of residual values. We believe that our estimates are consistent with assumptions that marketplace participants would use in their estimates of fair value. In addition, in connection with our agreement to sell substantially all of our state Department of Transportation projects and assets, we evaluated long-lived assets for these operations under SFAS No. 144 based on projections of future discounted cash flows from these assets in 2006 and the contractual selling price and an estimate of closing costs for the assets held for sale.

During the second quarter of 2006, we determined that sufficient indicators of impairment existed in connection with the state Department of Transportation projects and assets. As a result, \$20.8 million non-cash impairment charge was recorded for the estimated sales price and disposition of the state Department of Transportation projects and assets. In addition, on November 9, 2006, we entered into an agreement to sell the state Department of Transportation related projects and net assets. As a result, a non-cash impairment charge was recorded during the quarter ended September 30, 2006 of approximately \$13.7 million calculated using the contractual sales price for these assets and management's estimates of transaction costs. These impairment charges are included in discontinued operations.

Valuation of Goodwill and Intangible Assets

Goodwill acquired in a purchase business combination and determined to have an infinite useful life is not amortized, but instead tested for impairment at least annually. In accordance with SFAS No. 142, "*Goodwill and Other Intangible Assets*", we conduct, on at least an annual basis, a review of our reporting entities to determine whether the carrying values of goodwill exceed the fair market value using a discounted cash flow methodology for each entity. Should this be the case, the value of our goodwill may be impaired and written down.

We could record additional impairment losses if, in the future, profitability and cash flows of our reporting units decline to the point where the carrying value of those units exceed their market value.

In the nine months ended September 30, 2006, we recorded \$23.6 million of goodwill in connection with the DSSI acquisition.

Insurance Reserves

We presently maintain insurance policies subject to per claim deductibles of \$2 million for our workers' compensation policy, \$2 million for our general liability policy and \$3 million for our automobile liability policy. We have excess umbrella coverages of up to \$100 million per claim and in the aggregate. We also maintain an insurance policy with respect to employee group health claims subject to per claim deductibles of \$300,000. We actuarially determine any liabilities for unpaid claims and associated expenses, including incurred but not reported losses, and reflect those liabilities in our balance sheet as other current and non-current liabilities. The determination of such claims and expenses and the appropriateness of the related liability is reviewed and updated quarterly. During the nine months ended September 30, 2006, we changed the discount factor used in estimating our actuarial insurance reserves for the workers compensation, general and automobile liability policies from 3.5% to 4.5% as of March 31, 2006, and from 4.5% to 5.2% as of June 30, 2006 to better reflect current market conditions and to use a discount factor more in line with the market rate we are receiving on our investments. The changes in discount factor resulted in a decrease in insurance reserves of \$2.3 million as of September 30, 2006.

We are required to periodically post letters of credit and provide cash collateral to our insurance carriers and surety companies. Total outstanding letters of credit amounted to \$65.3 million at September 30, 2006 and \$57.6 million as of December 31, 2005, of which \$48.2 million and \$41.8 million were outstanding to support our casualty and medical insurance requirements at September 30, 2006 and December 31, 2005, respectively. Cash collateral posted amounted to \$24.8 million at September 30, 2006 and \$24.8 million as of December 31, 2005. The 2006 increase in collateral for our insurance programs is related to additional collateral provided to the insurance carrier for the 2006 plan year in the amount of \$7.7 million of letters of credit. We may be required to post additional collateral in the future which may reduce our liquidity, or pay increased insurance premiums, which could decrease our profitability.

Stock Compensation

In the first quarter of 2006, we adopted Statement of Financial Accounting Standards No. 123 (revised 2004), "*Share-Based Payment*" ("SFAS 123R"). This Statement requires companies to expense the estimated fair value of stock options and similar equity instruments issued to employees over the vesting period in their statement of operations. SFAS 123R eliminates the alternative to use the intrinsic method of accounting provided for in Accounting Principles Board Opinion No. 25, "*Accounting for Stock Issued to Employees*" ("APB 25"), which generally resulted in no compensation expense recorded in the financial statements related to the grant of stock options to employees if certain conditions were met.

We adopted SFAS 123R using the modified prospective method effective January 1, 2006, which requires us to record compensation expense over the vesting period for all awards granted after the date of adoption, and for the unvested portion of previously granted awards that remain outstanding at the date of adoption. Accordingly, amounts presented for periods prior to January 1, 2006 have not been restated to reflect the adoption of SFAS 123R. However, the pro forma effect for the three months and nine months ended September 30, 2005 is disclosed in Note 3(i) in Part 1. Item 1 Financial Statements, consistent with prior accounting rules.

The fair value concepts were not changed significantly in SFAS 123R, however, in adopting this Standard, companies must choose among alternative valuation models and amortization assumptions. After assessing alternative valuation models and amortization assumptions, we will continue using the Black-Scholes valuation model and have elected to use the ratable method to amortize compensation expense over the vesting period of the grant.

Total non-cash stock compensation expense related to unvested stock options for the three months ended September 30, 2006 amounted to \$1.8 million which is included in general and administrative expenses. Total non-cash stock compensation expense related to unvested stock options for the nine months ended September 30, 2006 amounted to \$4.7 million, of which \$0.2 million was included in loss from discontinued operations and \$4.4 million is included in general and administrative expenses.

Valuation of Equity Investments

We have one investment which we account for by the equity method because we own 49% of the entity and we have the ability to exercise significant influence over the operational policies of the entity. Our share of the earnings or losses in this investment is included in other income, net, in the condensed unaudited consolidated statements of operations. As of September 30, 2006, our investment exceeded the net equity of such investment and accordingly the excess is considered to be equity goodwill. We periodically evaluate the equity goodwill for impairment under Accounting Principles Board No. 18, “*The Equity Method of Accounting for Investments in Common Stock*”, as amended. We recognized approximately \$2.0 million and \$0.1 million of investment income in the three months ended September 30, 2006 and 2005, respectively, and \$3.6 million and \$0.6 million of investment income in the nine months ended September 30, 2006 and 2005, respectively.

Income Taxes

We record income taxes using the liability method of accounting for deferred income taxes. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequence of temporary differences between the financial statement and income tax bases of our assets and liabilities. We estimate our income taxes in each of the jurisdictions in which we operate. This process involves estimating our tax exposure together with assessing temporary differences resulting from differing treatment of items, such as deferred revenue, for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included within our consolidated balance sheet. The recording of a net deferred tax asset assumes the realization of such asset in the future. Otherwise a valuation allowance must be recorded to reduce this asset to its net realizable value. We consider future pretax income and ongoing prudent and feasible tax planning strategies in assessing the need for such a valuation allowance. In the event that we determine that we may not be able to realize all or part of the net deferred tax asset in the future, a valuation allowance for the deferred tax asset is charged against income in the period such determination is made.

As a result of our operating losses, we have recorded valuation allowances aggregating \$48.1 million and \$33.9 million as of September 30, 2006 and December 31, 2005, respectively, to reduce certain of our net deferred Federal, foreign and state tax assets to their estimated net realizable value. We anticipate that we will generate sufficient pretax income in the future to realize our deferred tax assets. In the event that our future pretax operating income is insufficient for us to use our deferred tax assets, we have based our determination that the deferred tax assets are still realizable based on feasible tax planning strategies that are available to us involving the sale of one or more of our operations.

Litigation and Contingencies

Litigation and contingencies are reflected in our condensed unaudited consolidated financial statements based on our assessments, with legal counsel, of the expected outcome of such litigation or expected resolution of such contingency. If the final outcome of such litigation and contingencies differs significantly from our current expectations, such outcome could result in a charge to earnings. See Note 9 to our condensed unaudited consolidated financial statements in Part I. Item 1. and Part II. Item 1. to this Form 10-Q for description of legal proceedings and commitments and contingencies.

Results of Operations

Comparison of Quarterly Results

The following table reflects our consolidated results of operations in dollar and percentage of revenue terms for the periods indicated. This table includes the reclassification for the three and nine months ended September 30, 2005 of the net loss for the state Department of Transportation related projects and assets to discontinued operations from the prior period presentation (in thousands).

	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2006		2005		2006		2005	
Revenue	\$253,870	100.0%	\$ 220,969	100.0%	\$ 704,722	100.0%	\$ 624,604	100.0%
Costs of revenue, excluding depreciation	214,743	84.6%	183,873	83.2%	604,824	85.8%	543,385	87.0%
Depreciation	3,711	1.5%	3,932	1.8%	10,771	1.5%	12,645	2.0%
General and administrative expenses	21,157	8.3%	17,001	7.7%	55,124	7.8%	45,876	7.3%
Interest expense, net of interest income	2,155	0.8%	4,804	2.2%	7,988	1.1%	14,346	2.3%
Other income (expense), net	3,130	1.2%	(32)	(0.0)%	5,096	0.7%	3,113	0.5%
Income (loss) from continuing operations before minority interest	15,234	6.0%	11,327	5.1%	31,111	4.4%	11,465	1.9%
Minority interest	(986)	(0.4)%	(573)	(0.2)%	(1,180)	(0.2)%	(995)	(0.2)%
Income (loss) from continuing operations	14,248	5.6%	10,754	4.9%	29,931	4.2%	10,470	1.7%
Loss from discontinued operations	(21,870)	(8.6)%	(3,005)	(1.4)%	(65,434)	(9.3)%	(13,619)	(2.2)%
Net income (loss)	\$ (7,622)	(3.0)%	\$ 7,749	3.5%	\$ (35,503)	(5.0)%	\$ (3,149)	(0.5)%

Three Months Ended September 30, 2006 Compared to Three Months Ended September 30, 2005

Revenue. Our revenue was \$253.9 million for the three months ended September 30, 2006, compared to \$221.0 million for the same period in 2005, representing an increase of \$32.9 million or 14.9%. This increase was due primarily to increased revenue of approximately \$23.3 million from DIRECTV due to a greater number of installations and larger market share from the DSSI acquisition, higher revenue of \$1.6 million from BellSouth mostly for work we were awarded for central office installations, increased revenue from Verizon of \$1.8 million due to additional work orders and a general increase in business activity from other customers in the third quarter of 2006 compared to the same period of 2005. These increases in revenue were partially offset by a decrease in revenue of \$2.5 million from Florida Power and Light, which was mostly attributable to certain storm-related work performed during the three months ended September 30, 2005, while there was no storm-related revenue during the comparable period of 2006.

Costs of Revenue. Our costs of revenue were \$214.7 million or 84.6% of revenue for the three months ended September 30, 2006, compared to \$183.9 million or 83.2% of revenue for the same period in 2005. The decrease in margins was due primarily to an increase in insurance and fuel expenses as a percentage of revenue. During the three months ended September 30, 2006, we incurred additional insurance expense as a result of higher claims. Fuel costs as a percentage of revenue in the three months ended September 30, 2006 was 3.8% compared to 3.4% in the three months ended September 30, 2005. These increases in fuel costs as a percentage of revenue are a direct result of the rising fuel costs during the period.

Depreciation. Depreciation was \$3.7 million for the three months ended September 30, 2006, compared to \$3.9 million for the same period in 2005, representing a decrease of \$0.2 million or 5.6%. The decrease in depreciation expense in the three months ended September 30, 2006 was due primarily to our continued reduction in capital expenditures resulting from our entering into operating leases for our fleet requirements. We also continue to dispose of excess equipment.

General and administrative expenses. General and administrative expenses were \$21.2 million or 8.3% of revenue for the three months ended September 30, 2006, compared to \$17.0 million or 7.6% of revenue for the same period in 2005, representing an increase of \$4.2 million or 24.5%. This increase is mainly attributable to non-cash stock compensation, additional personnel, and legal expenditures. Non-cash stock compensation expense was \$2.2 million, or 0.9% of revenue for the three months ended September 30, 2006, compared to \$0.2 million for the same period in 2005 representing an increase of \$2.0 million. Effective January 1, 2006, we account for our stock-based award plans in accordance with SFAS 123R (revised 2005), “*Share Based Payment*”, which requires us to expense over the vesting period the fair-value of stock options and other equity-based compensation issued to employees. In accordance with SFAS 123R, we expensed \$1.8 million in the three months ended September 30, 2006 related to unvested stock options. In addition, we recorded approximately \$0.4 million related to restricted stock awards during the three months ended September 30, 2006. For the three months ended September 30, 2005, we expensed \$0.2 million related to restricted stock awards. Had we adopted SFAS 123R in 2005, we would have been required to expense \$2.0 million for the three months ended September 30, 2005. See the pro forma compensation expense disclosure in Note 3(i) to our condensed unaudited consolidated financial statements. The increase in general and administrative expenses was also due to hiring additional personnel to address increased business activity and additional legal expenses of approximately \$1.6 million during the three months ended September 30, 2006 compared to the same period in 2005.

Interest expense, net. Interest expense, net of interest income was \$2.2 million or 0.8% of revenue for the three months ended September 30, 2006, compared to \$4.8 million or 2.2% of revenue for the same period in 2005 representing a decrease of approximately \$2.7 million or 55.1%. The decrease was due to lower interest rates charged during the period under our Credit Facility based on our improved operating performance and the amendment to our Credit facility in 2006, as well as a reduction in interest expense due to our redemption of \$75.0 million principal of our 7.75% senior subordinated notes on March 2, 2006. In addition, the decrease in interest expense, net was due to the higher interest income we earned during the period as a result of investing the remaining net proceeds from our January 2006 equity offering and higher interest rates earned on our invested funds.

Other income (expense), net. Other income, net was \$3.1 million for the three months ended September 30, 2006, compared to an expense of \$32,000 in the three months ended September 30, 2005, representing an increase of \$3.2 million. The increase mainly relates to the equity income we recognized on our 49% investment in a limited liability company in addition to gains on sale of fixed assets in the third quarter of 2006 compared to the third quarter of 2005.

Minority interest. Minority interest for GlobeTec Construction, LLC resulted in a charge of \$1.0 million for the three months ended September 30, 2006, compared to a charge of \$0.6 million for the same period in 2005 representing an increase in minority interest charge of \$0.4 million. The joint venture experienced an increase in business profits in the three months ended September 30, 2006 compared to the same period in 2005. As a result of such increase in profits, the minority interest charge increased during the three months ended September 30, 2006.

Discontinued operations. The loss on discontinued operations, which includes our Brazilian and network services operations, as well as our operations of the state Department of Transportation related projects and assets, was \$21.9 million for the three months ended September 30, 2006 compared to a loss of \$3.0 million in the three months ended September 30, 2005. The net loss for our state Department of Transportation related projects and assets amounted to \$21.9 million for the three months ended September 30, 2006 compared to a net loss of \$2.9 million in the three months ended September 30, 2005. The net loss for Department of Transportation related projects increased primarily due to a non-cash impairment charge of \$13.7 million taken in connection with the contractual selling price agreed to in the related asset purchase agreement which we entered into on November 9, 2006, as well as our estimated selling costs for these projects and assets. In addition, we experienced lower revenues, operational costs overruns and inefficiencies on certain existing Department of Transportation projects, as well as increased bad debt expense of approximately \$1.5 million in the three months ended September 30, 2006 as compared to the three months ended September 30, 2005. The net loss for our Brazilian operations for the three months ended September 30, 2006 was approximately \$33,000 and was attributable to legal fees related to the Brazilian operations bankruptcy proceedings. The net income for our network services operations amounted to \$14,000 for the three months ended September 30, 2006 compared to a net loss of \$0.1 million in the three months ended September 30, 2005 as a result of the winding down of the network services operations. The net income for network services in the three months ended September 30, 2006 is mostly attributable to certain recoveries.

Nine Months Ended September 30, 2006 Compared to Nine Months Ended September 30, 2005

Revenue. Our revenue was \$704.7 million for the nine months ended September 30, 2006, compared to \$624.6 million for the same period in 2005, representing an increase of \$80.1 million or 12.8%. This increase was due primarily to increased revenue of approximately \$62.2 million from DIRECTV due to a greater number of installations and larger market share from the DSSI acquisition, higher revenue of \$16.7 million from BellSouth mostly attributed to work we were awarded for central office installations and an increase in general business activity from other customers in the nine month period ended September 30, 2006 compared to the same period of 2005. These increases in revenue were partially offset by a decrease in revenue of \$16.2 million from Verizon mostly attributed to the timing of generating work orders. In the nine months ended September 30, 2005, fiber-to-the-home installations for Verizon had just commenced and the volume of work orders were high whereas in the nine months ended September 30, 2006 the installations have normalized.

Costs of Revenue. Our costs of revenue were \$604.8 million or 85.8% of revenue for the nine months ended September 30, 2006, compared to \$543.4 million or 87.0% of revenue for the same period in 2005 reflecting an improvement in margins. The improvement in margins was primarily due to a decrease in subcontractor expense as a percentage of revenue with operational payroll only slightly increasing as a percentage of revenue. During the nine months ended September 30, 2006, we continued to reduce the use of subcontractors without hiring a proportional number of additional employees. These decreases were partially offset by increases in fuel costs. Fuel costs as a percentage of revenue in the nine months ended September 30, 2006 was 3.7% compared to 3.0% in the nine months ended September 30, 2005. These increases in fuel costs as a percentage of revenue are a direct result of rising fuel costs during the period.

Depreciation. Depreciation was \$10.8 million for the nine months ended September 30, 2006, compared to \$12.6 million for the same period in 2005, representing a decrease of \$1.9 million or 14.8%. The decrease in depreciation expense in the nine months ended September 30, 2006 was due primarily to our continued reduction in capital expenditures resulting from our entering into operating leases for fleet requirements. We also continue to dispose of excess equipment in 2006. However, depreciation expense is expected to increase in the future as a result of several capital lease agreements we entered into during the nine month period ended September 30, 2006 to finance various machinery and equipment totaling \$7.7 million.

General and administrative expenses. General and administrative expenses were \$55.1 million or 7.8% of revenue for the nine months ended September 30, 2006, compared to \$45.9 million or 7.3% of revenue for the same period in 2005, representing an increase of \$9.2 million or 20.2%. This increase is attributable to non-cash stock compensation, additional personnel, and legal expenditures. Non-cash stock compensation expense was \$5.4 million or 0.8% of revenue for the nine months ended September 30, 2006, compared to \$0.4 million for the same period in 2005 representing an increase of \$5.0 million. Effective January 1, 2006, we account for our stock-based award plans in accordance with SFAS 123R (revised 2005) “*Share Based Payment*” which requires us to expense over the vesting period the fair-value of stock options and other equity-based compensation issued to employees. In accordance with SFAS 123R, we expensed \$4.4 million in the nine months ended September 30, 2006 related to unvested stock options and restricted stock awards. In addition, we recorded approximately \$1.0 million related to restricted stock awards during the nine months ended September 30, 2006. For the nine months ended September 30, 2005, we expensed \$0.3 million related to restricted stock awards. Had we adopted SFAS 123R in 2005, we would have been required to expense \$4.2 million for the nine months ended September 30, 2005. See the pro forma compensation expense disclosure in Note 3(i) to our condensed unaudited consolidated financial statements. The increase in general and administrative expenses was also due to hiring additional personnel to address increased business activity and additional legal expenses of approximately \$3.2 million during the nine months ended September 30, 2006 compared to the same period in 2005. These increases in general and administrative expenses were partially offset by decreases in insurance expense and professional fees. There has been a reduction in insurance expense as a result of improved claims and loss history during 2006, as well as a reduction in our insurance reserve based on a change to the discount factor used for estimating actuarial insurance reserves. The discount factor was changed from 3.5% to 5.2% to reflect current market conditions and to use a discount factor more in line with the market interest rate we receive on our investments.

Interest expense, net. Interest expense, net of interest income was \$8.0 million or 1.1% of revenue for the nine months ended September 30, 2006, compared to \$14.3 million or 2.3% of revenue for the same period in 2005 representing a decrease of approximately \$6.4 million or 44.3%. The decrease was due to lower interest rates charged during the period under our Credit Facility based on our improved operating performance and the 2006 Amendment, as well as a reduction in interest expense due to our redemption of \$75.0 million principal of our 7.75% senior subordinated notes on March 2, 2006. In addition, the decrease in interest expense, net was due to the higher interest income we earned during the period as a result of investing the remaining net proceeds from our January 2006 equity offering and higher interest rates earned on our invested funds.

Other income (expense), net. Other income, net was \$5.1 million for the nine months ended September 30, 2006, compared to \$3.1 million in the nine months ended September 30, 2005, representing an increase of \$2.0 million or 63.7%. The increase mainly relates to an increase in the equity income we recognize on our 49% investment in a limited liability company, in addition to higher gains on sale of fixed assets during the nine months ended September 30, 2005 compared to the same period of 2006.

Minority interest. Minority interest for GlobeTec Construction, LLC resulted in a charge of \$1.2 million for the nine months ended September 30, 2006, compared to a charge of \$1.0 million for the same period in 2005, representing an increase in minority interest charge of \$0.2 million. The joint venture experienced an increase in business profits in the nine months ended September 30, 2006 compared to the same period in 2005. As a result on the increased profits, the minority interest charge increased during the nine month ended September 30, 2006.

Discontinued operations. The loss on discontinued operations, which includes our Brazilian and network services operations, as well as our operations of the state Department of Transportation related projects and assets, was \$65.4 million for the nine months ended September 30, 2006 compared to \$13.6 million in the nine months ended September 30, 2005. The net loss on our state Department of Transportation related projects and assets amounted to \$65.2 million for the nine months ended September 30, 2006 compared to a net loss of \$12.0 million in the nine months ended September 30, 2005. The net loss for these Department of Transportation projects increased due to an impairment charge, lower revenue, and operational cost overruns and inefficiencies on certain existing projects. During the second quarter of 2006, we determined there were sufficient indicators of impairment to the carrying value of the underlying net assets of the state Department of Transportation projects and assets. As a result, \$20.8 million non-cash impairment charge was recorded in the second quarter of 2006 for the estimated selling price and disposition of the state Department of Transportation projects and assets. All impairment charges are included in discontinued operations. On November 9, 2006, we entered into an agreement to sell the state Department of Transportation related projects and assets to a third party. The contractual selling price is less than we estimated in the impairment charge recorded in the quarter ended June 30, 2006. As a result, a non-cash impairment charge was recorded during the quarter ended September 30, 2006 of approximately \$13.7 million based on the contractual selling price agreed to in the related asset purchase agreement which we entered into and our estimated closing costs. In addition to the impairment charge, the loss during the nine months ended September 30, 2006 as compared to the nine months ended September 30, 2005 included increased legal expenses of approximately \$2.0 million and bad debt expense of approximately \$3.0 million. In addition, we had increased operating expenses related to stock compensation expense of \$0.2 related to a terminated executive, duplication of back-office functions in order to ensure an easier transition and moving costs related to the consolidation of office space. The net loss for our Brazilian operations for the nine months ended September 30, 2006 was \$115,000 and was attributable to legal fees related to the Brazilian operations bankruptcy proceedings. The net loss for our network services operations decreased to \$100,000 for the nine months ended September 30, 2006 from a net loss of \$1.6 million in the nine months ended September 30, 2005 as a result of the winding down of the network services operations. The loss for network services operations in the nine months ended September 30, 2006 is mostly attributable to overhead personnel and legal costs in winding down the operations.

Financial Condition, Liquidity and Capital Resources

On January 24, 2006, we completed a public offering of 14,375,000 shares of our common stock at \$11.50 per share. The net proceeds from the sale were approximately \$156.5 million after deducting underwriting discounts and offering expenses. We used \$18.5 million of the net proceeds for the cash portion of the purchase price for the DSSI acquisition, as described below. On March 2, 2006, we used \$75.5 million of the net proceeds of the public offering to redeem a portion of our 7.75% senior subordinated notes due February 2008, including the payment of related interest. We expect to use the remaining net proceeds for working capital, other possible acquisitions of assets and businesses, organic growth and other general corporate purposes.

In addition to the public offering we completed in the first quarter of 2006, our primary sources of liquidity are cash flows from continuing operations, borrowings under our credit facility, capital leases and proceeds from sales of assets and investments. Our primary liquidity needs are for working capital, capital expenditures, insurance collateral in the form of cash and letters of credit, equity investment obligations and debt service. In January 2006, we issued a \$6.5 million letter of credit to our insurance carrier related to our 2006 insurance plans. At the present time, we have no other commitments to issue additional collateral in 2006 related to our insurance policies. Following the March redemption of \$75.0 million principal amount of subordinated notes, our semi-annual interest payments on our senior subordinated notes was reduced to approximately \$5.4 million. In addition to ordinary course working capital requirements, we estimate spending between \$20.0 million and \$40.0 million per year on capital expenditures in order to keep our equipment new and in good condition in order for them to operate efficiently. We will, however, because of our improved financial condition, continue to evaluate lease versus buy decisions to meet our equipment needs and based on this evaluation our capital expenditures may increase in 2006 from this estimate. We are also re-negotiating existing leases and will be entering into new leases with more favorable terms. We expect to continue to sell older vehicles and equipment as we upgrade with new equipment and we expect to obtain proceeds from these sales in excess of \$1.0 million per quarter depending upon market conditions. From time to time, we engage in a review and analysis of our performance to our key strategic objectives. In connection with this process, we consider activities including the sale or divestitures of portions of our assets, operations, real estate or other properties. Any actions taken may impact our liquidity.

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We have a 49% interest in a limited liability company. The purchase price for this investment was an initial amount of \$3.7 million which was paid in four quarterly installments of \$925,000. As of September 30, 2006, five additional contingent quarterly payments are expected to be made to the third party from which the interest was purchased in addition to an additional purchase price payment contingent on certain performance. The contingent payments will be up to a maximum of \$1.3 million per quarter based on the level of unit sales and profitability of the limited liability company in specified preceding quarters. In addition, a final contingent payment to a maximum of \$3.6 million is required based on the profitability of the limited liability company. Four contingent quarterly payments, each of \$925,000, were made on January 10, 2006, April 10, 2006, July 11, 2006 and October 10, 2006. In March 2006, we also made an additional capital contribution of \$980,000.

We require working capital to support seasonal variations in our business, primarily due to the impact of weather conditions on external construction and maintenance work, including storm restoration work, and the corresponding spending by our customers on their annual capital expenditure budgets. Our business is typically slower in the first and fourth quarters of each calendar year and stronger in the second and third quarters. We generally experience seasonal working capital needs from approximately April through September to support growth in unbilled revenue and accounts receivable, and to a lesser extent, inventory. Our billing terms are generally net 30 to 60 days, although some contracts allow our customers to retain a portion (from 2% to 15%) of the contract amount until the contract is completed to their satisfaction. We maintain inventory to meet the material requirements of some of our contracts. Some of our customers pay us in advance for a portion of the materials we purchase for their projects, or allow us to pre-bill them for materials purchases up to a specified amount.

Our vendors generally offer us terms ranging from 30 to 90 days. Our agreements with subcontractors usually contain a “pay-when-paid” provision, whereby our payments to subcontractors are made after we are paid by our customers.

We anticipate that funds generated from continuing operations, the net proceeds from our public offering completed in the first quarter, borrowings under our credit facility, and proceeds from sales of assets and investments will be sufficient to meet our working capital requirements, anticipated capital expenditures, insurance collateral requirements, equity investment obligations, letters of credit and debt service obligations for at least the next twelve months.

As of September 30, 2006, we had \$174.7 million in working capital compared to \$135.1 million as of December 31, 2005. Cash and cash equivalents increased from \$2.0 million at December 31, 2005 to \$70.0 million at September 30, 2006 mainly due to the net proceeds received from the public offering of approximately \$156.5 million offset by payments made in connection with the redemption of \$75.0 million principal on our senior subordinated notes and \$18.5 million cash purchase price paid in connection with the DSSI acquisition.

Net cash provided by operating activities was \$24.1 million for the nine months ended September 30, 2006 compared to a use of \$16.8 million for the nine months ended September 30, 2005. The net cash provided by operating activities in the nine months ended September 30, 2006 was primarily related to the timing of cash payments to vendors and sources of cash from other assets and inventory management. Even though the net loss incurred during the nine month period ended September 30, 2006 was higher than the comparable period of 2005, this increase in the net loss was offset by non-cash charges for impairment and stock compensation and therefore improved the net cash provided by operating activities. The net use of cash in operating activities during the nine months ended September 30, 2005 was mainly attributed to the net loss incurred during the period and the increase in accounts receivable, unbilled revenues and retainage, in addition to the cash collateral payments of \$13.5 million required by our insurance carrier.

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Net cash used in investing activities was \$36.9 million for the nine months ended September 30, 2006 compared to net cash used in investing activities of \$2.1 million for the nine months ended September 30, 2005. Net cash used in investing activities during the nine months ended September 30, 2006 primarily related to cash payments made in connection with the DSSI acquisition of \$19.4 million, capital expenditures in the amount of \$16.2 million and payments related to our equity investment in the amount of \$3.8 million offset by \$3.1 million in net proceeds from sales of assets. Net cash used in investing activities during the nine months ended September 30, 2005 primarily related to \$5.1 million used for capital expenditures and \$3.4 million related to our equity investment offset by \$5.9 million in net proceeds from the sale of assets.

Net cash provided by financing activities was \$80.7 million for the nine months ended September 30, 2006 compared to \$2.3 million for the nine months ended September 30, 2005. Net cash provided by financing activities in the nine months ended September 30, 2006 was primarily related to net proceeds from the issuance of common stock of \$156.5 million and proceeds from the issuance of common stock pursuant to stock option exercises in the amount of \$3.9 million partially offset by the redemption of \$75.0 million principal on our senior subordinated notes and payments for borrowings of \$3.8 million. Net cash provided by financing activities in the nine months ended September 30, 2005 was mainly due to proceeds from the issuance of common stock of \$2.5 million.

During the nine month period ended September 30, 2006, we entered into several capital lease arrangements to finance the acquisition of \$7.7 million of equipment and machinery.

Cash used in discontinued operations in the nine months ended September 30, 2006 was \$31.1 million. This mainly consisted of \$31.3 million in cash used in operating activities, mostly attributed to our net loss from these operations. We expect cash flow from discontinued operations to be positive in the future based on cash flows expected in 2006 and our estimated selling price for our state Department and Transportation projects and assets. However, this expectation may not be realized if we are not able to sell these projects and assets at our estimated selling price or our cash flow changes because of changes in economic conditions.

We have a secured revolving credit facility for our operations which was amended and restated on May 10, 2005 increasing the maximum amount of availability from \$125 million to \$150 million subject to reserves of \$5.0 million, and other adjustments and restrictions. The costs related to this amendment were \$2.6 million which are being amortized over the life of the credit facility. The credit facility expires on May 10, 2010. These deferred financing costs are included in prepaid expenses and other current assets and other assets in our consolidated balance sheet. Based on our improved financial position, on May 8, 2006, we were able to amend our credit facility to reduce the interest rate margins charged on borrowings and letters of credit. This amendment also increases the permitted maximum purchase price of an acquisition, increases permitted receivable concentration of certain customers, increases the permitted capital expenditures and debt baskets, and reduces the required minimum fixed charge coverage ratio if net availability falls below \$20.0 million. On November 7, 2006, we amended our credit facility and provided our insurer with an \$18 million letter of credit under the facility simultaneously with the insurer returning cash collateral of \$18 million plus all accrued interest to us. As collateral for this letter of credit, we pledge \$18 million to our lenders under the credit facility. This increase in the outstanding balance in letter of credit will not result in a reduction to our net availability under the credit facility as long as sufficient cash or collateral is granted to our lenders.

The amount that we can borrow at any given time is based upon a formula that takes into account, among other things, eligible billed and unbilled accounts receivable and equipment which can result in borrowing availability of less than the full amount of the credit facility. As of September 30, 2006 and December 31, 2005, net availability under the credit facility totaled \$41.8 million and \$55.4 million, respectively, which included outstanding standby letters of credit aggregating \$65.3 million and \$57.6 million in each period, respectively. At September 30, 2006, \$48.2 million of the outstanding letters of credit were issued to support our casualty and medical insurance requirements. These letters of credit mature at various dates through August 2006 and most have automatic renewal provisions subject to prior notice of cancellation. The credit facility is collateralized by a first priority security interest in substantially all of our assets and a pledge of the stock of certain of the operating subsidiaries. All wholly-owned subsidiaries collateralize the facility. At September 30, 2006 and December 31, 2005, we had outstanding cash draws under the credit facility in the amount of \$0 and \$4.2 million, respectively. Interest under the credit facility accrues at rates based, at our option, on the agent bank's base rate plus a margin of between 0.0% and 0.75% or the LIBOR rate (as defined in the credit facility) plus a margin of between 1.25% and 2.25%, depending on certain financial thresholds. The credit facility includes an unused facility fee of 0.375%, which may be adjusted to as low as 0.250%.

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If the net availability under the credit facility is under \$20.0 million on any given day, we are required to be in compliance with a minimum fixed charge coverage ratio measured on a monthly basis and certain events are triggered. Our operations are required to comply with this fixed charge coverage ratio if these conditions of availability are not met. The credit facility further provides that once net availability is greater than or equal to \$20.0 million for 90 consecutive days, the fixed charge coverage ratio will no longer apply. The fixed charge coverage ratio is generally defined to mean the ratio of our net income before interest expense, income tax expense, depreciation expense, and amortization expense minus net capital expenditures and cash taxes paid to the sum of all interest expense plus current maturities of debt for the period. The financial covenant was not applicable as of September 30, 2006, because at that time net availability under the credit facility was \$41.8 million and net availability did not reduce below \$20.0 million on any given day during the period.

Based upon the amendment of the credit facility, our current availability, net proceeds from the sale of common stock, liquidity and projections for 2006, we believe we will be in compliance with the credit facility's terms and conditions and the minimum availability requirements for the remainder of 2006. We are dependent upon borrowings and letters of credit under this credit facility to fund operations. Should we be unable to comply with the terms and conditions of the credit facility, we would be required to obtain modifications to the credit facility or another source of financing to continue to operate. We may not be able to achieve its 2006 projections and this may adversely affect our ability to remain in compliance with the credit facility's minimum net availability requirements and minimum fixed charge ratio in the future.

Our variable rate credit facility exposes us to interest rate risk. However, we had no cash borrowings outstanding under the credit facility at September 30, 2006.

As of September 30, 2006, \$121.0 million of our 7.75% senior subordinated notes due in February 2008, with interest due semi-annually were outstanding. The notes contain default (including cross-default) provisions and covenants restricting many of the same transactions as under our credit facility. The indenture which governs our senior subordinated notes allows us to incur the following additional indebtedness among others: the credit facility (up to \$150 million), renewals to existing debt permitted under the indenture plus an additional \$25 million of indebtedness among others: the indenture prohibits incurring further indebtedness unless our fixed charge coverage ratio is at least 2:1 for the four most recently ended fiscal quarters determined on a pro forma basis as if that additional debt has been incurred at the beginning of the period. The definition of our fixed charge coverage ratio under the indenture is essentially equivalent to that under our credit facility.

Some of our contracts require us to provide performance and payment bonds, which we obtain from a surety company. If we were unable to meet our contractual obligations to a customer and the surety paid our customer the amount due under the bond, the surety would seek reimbursement of such payment from us. At September 30, 2006, the cost to complete on our \$297.2 million performance and payment bonds was \$44.8 million.

New Accounting Pronouncements

See Note 13 to our condensed unaudited consolidated financial statements in Part 1. Item 1. to this Form 10-Q for certain new accounting pronouncements.

Seasonality

Our operations are historically seasonally slower in the first and fourth quarters of the year. This seasonality is primarily the result of client budgetary constraints and preferences and the effect of winter weather on network activities. Some of our clients, particularly the incumbent local exchange carriers, tend to complete budgeted capital expenditures before the end of the year and defer additional expenditures until the following budget year.

Impact of Inflation

The primary inflationary factor affecting our operations is increased labor costs. We are also affected by changes in fuel costs which increased significantly in 2006 and 2005.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk related to changes in interest rates and fluctuations in foreign currency exchange rates. Our variable rate credit facility exposes us to interest rate risk. However, we had no cash borrowings under the credit facility at September 30, 2006.

Interest Rate Risk

Less than 1% of our outstanding debt at September 30, 2006 was subject to variable interest rates. The remainder of our debt has fixed interest rates. Our fixed interest rate debt includes \$121.0 million (face value) in senior subordinated notes. The carrying value and market value of our debt at September 30, 2006 was \$121.0 million. Based upon debt balances outstanding at September 30, 2006, a 100 basis point (i.e. 1%) addition to our weighted average effective interest rate for variable rate debt would increase our interest expense by less than \$100,000 on an annual basis.

Foreign Currency Risk

We have an investment in a subsidiary in Canada and sell our services into this foreign market.

Our foreign net asset/exposure (defined as assets denominated in foreign currency less liabilities denominated in foreign currency) for Canada at September 30, 2006 of U.S. dollar equivalents was a net asset of \$2.2 million as of September 30, 2006 compared to \$1.5 million at December 31, 2005.

Our Canada subsidiary sells services and pays for products and services in Canadian dollars. A decrease in the Canadian foreign currency relative to the U.S. dollar could adversely impact our margins. An assumed 10% depreciation of the foreign currency relative to the U.S. dollar over the three months ended September 30, 2006 (i.e., in addition to actual exchange experience) would have resulted in a translation reduction of our revenue by \$148,000 and \$396,000 in the three months and nine months ended September 30, 2006, respectively.

As the assets, liabilities and transactions of our Canada subsidiary are denominated in Canadian dollars, the results and financial condition are subject to translation adjustments upon their conversion into U.S. dollars for our financial reporting purposes. A 10% decline in this foreign currency relative to the U.S. dollar over the course of the three months ended September 30, 2006 (i.e., in addition to actual exchange experience) would have resulted in a reduction in our foreign subsidiaries' translated operating loss of \$6,000 and \$73,000 in the three months and nine months ended September 30, 2006, respectively.

See Note 1 to our Consolidated Financial Statements in our Annual Report on Form 10-K for further disclosures about market risk.

ITEM 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended). Based upon that evaluation, we concluded that as of September 30, 2006, our disclosure controls and procedures are effective to ensure that information required to be disclosed in reports that we file or submit under the Exchange Act are recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow for timely decisions regarding required disclosures.

Changes in Internal Control over Financial Reporting

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

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Set forth below is information with respect to those legal proceedings which became a reportable event, or as to which there had been material developments, in the quarter ended September 30, 2006.

In April 2006, we settled, without payment to the plaintiffs by us, several complaints for purported securities class actions that were filed against us and certain officers in the second quarter of 2004. While we believe that we would have ultimately been successful in defense of these actions, given the amount of the settlement, the inherent risk of uncertainty of the legal proceedings, and the substantial time and expense of defending these proceedings, we concluded that entering into the settlement was the appropriate course of action. On September 30, 2006, the parties executed a Stipulation of Settlement and filed a Joint Motion for Preliminary Approval of the settlement of the federal securities class action. The settlement is contingent upon final approval by the Court at a final fairness hearing at which the Court will determine whether the settlement is fair, reasonable and adequate. As part of the settlement, our excess insurance carrier has retained its rights to seek reimbursement of up to \$2.0 million from us based on its claim that notice was not properly given under the policy. We believe these claims are without merit and plan to continue vigorously defending this action. We also believe that we have claims against the insurance broker for any losses arising from the notice.

The parties in two shareholder derivative actions, which are based on the same circumstances as the purported federal securities class action and related SEC formal investigation, have executed stipulations of settlement. We are waiting final approval of the settlements from the court.

We continue to cooperate with the SEC in the previously disclosed formal investigation related to the restatement of our financial statements in 2001 through 2003.

In October 2005, eleven former employees filed a Fair Labor Standards Act ("FLSA") collective action against MasTec in the Federal District Court in Tampa, Florida, alleging failure to pay overtime wages as required under that Act. The matter is currently stayed. We do not believe MasTec is liable under the FLSA as alleged in the complaint. We are currently negotiating with the plaintiffs a settlement but the potential loss associated with such settlement, if one occurs, cannot presently be determined.

During construction of a natural gas pipeline project in Oregon in 2003, MasTec and its customer, Coos County, Oregon, were cited for violations of the Clean Water Act by the U.S. Army Corps of Engineers ("Corps of Engineers"). Despite protracted negotiations, the parties were unable to settle these complaints. On March 30, 2006, the Corps of Engineers filed suit against us and Coos County in Federal District Court in Oregon. We are defending this action vigorously, but may be unable to do so without incurring significant expenses. At this stage of the proceeding, potential loss, if any, cannot be determined.

In connection with the same project, a complaint alleging failure to comply with prevailing wage requirements was filed against us by the Oregon Bureau of Labor and Industry. This matter was filed with the state court in Coos County. We are defending this action vigorously, but may be unable to do so without incurring significant expenses. The potential loss, if any, cannot presently be determined.

We have incurred \$125,000 for all unresolved Coos County matters and unpaid settlements as of September 30, 2006.

In June 2005, we posted a \$2.3 million bond in order to pursue the appeal of a \$1.7 million final judgment entered September 30, 2005 against us for damages plus attorney's fees resulting from a break in a Citgo pipeline. We are seeking a new trial and reduction in the damages award. We will continue to contest this matter in the appellate court, and on subsequent retrial. The amount of the loss, if any, relating to this matter not covered by insurance is estimated to be \$100,000 to \$2.4 million, of which \$100,000 is recorded in the unaudited condensed consolidated balance sheet as of September 30, 2006, as accrued expenses.

In October 2003, a MasTec subsidiary filed a lawsuit in a New York state court against Inepar Industria e Construcões or Inepar, its Brazilian joint venture partner. MasTec sued Inepar for breach of contract arising out of Inepar's failure to indemnify MasTec for claims resulting from numerous misrepresentations made by Inepar. Inepar subsequently failed to answer MasTec's complaint and MasTec sought a default judgment. In September 2006, the state court entered a judgment in favor of MasTec and against Inepar in the amount of \$58.4 million. MasTec has commenced the collection process in the United States and has commenced the lengthy process in Brazil to execute on the judgment. Due to the uncertainty of the ongoing collection process, MasTec has accounted for the receipt of any amounts related to this judgment in our favor as a gain contingency and has not reflected these amounts in our financial statements.

In June 2006, prior to arbitration on a claim brought by MasTec for payments due from ABB Power ("ABB"), we settled all differences between MasTec and ABB in exchange for partial payment to MasTec from ABB.

In December 2004, we brought an action against NextiraOne Federal in the Federal Court in Eastern District of Virginia, to recover payment for services rendered in connection with a federal Department of Defense project on a network wiring contract. Our network services are now a discontinued operation. NextiraOne counterclaimed for offsets and remediation. On May 5, 2006, the court ruled that we failed to establish an entitlement to recover damages for contract work done, and that NextiraOne Federal failed to establish an entitlement to recover costs of alleged offsets and costs of remediation. Neither party obtained the relief sought. We believe the ruling is an error, and we have sought remedy on appeal. We may be unable to obtain relief without additional expenses.

We are also a party to other pending legal proceedings arising in the normal course of business. While complete assurance cannot be given as to the outcome of any legal claims, management believes that any financial impact would not be material to its results of operations, financial position or cash flows.

ITEM 1A. RISK FACTORS

In the course of operations, we are subject to certain risk factors, including but not limited to, risks related to rapid technological and structural changes in the industries we serve, the volume of work received from clients, contract cancellations on short notice, operating strategies, economic downturn, collectibility of receivables, significant fluctuations in quarterly results, effect of continued efforts to streamline operations, management of growth, dependence on key personnel, availability of qualified employees, competition, recoverability of goodwill, and deferred taxes and potential exposures to environmental liabilities and political and economic instability in foreign operations. See "Risk Factors" in our most recently filed Annual Report on Form 10-K for a complete description of these risk factors.

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

We may incur costs due to complaints that were filed against us and certain of our officers.

In the second quarter of 2004, several complaints for a purported securities class action were filed against us and certain of our officers. We have settled these actions without payments to the plaintiffs by us. As part of the settlement, our excess insurance carrier has retained its rights to seek up to \$2.0 million in reimbursement from us based on its claim that notice was not properly given under the policy. The parties in the shareholder derivative action, which is based on the same factual predicate as the purported securities class, have executed a memorandum of understanding and are presently finalizing the stipulation of settlement. Once executed the stipulation of settlement will be filed with the court for final approval. We may be unable to successfully resolve these disputes without incurring significant expenses. See Part II. Item 1. Legal Proceedings.

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

In the three months ended September 30, 2006, we derived approximately 36.4%, 8.6% and 7.6% of our revenue from DIRECTV[®], Verizon and BellSouth, respectively. During the nine months ended September 30, 2006, we derived approximately 36.1%, 10.4% and 8.1% of our revenue from DIRECTV[®], BellSouth and Verizon, respectively. . Because our business is concentrated among relatively few major customers, our revenue could significantly decline if we lose one or more of these customers or if the amount of business from Verizon continues to reduce, which could result in reduced profitability and liquidity.

The adoption of SFAS 123R has had a significant impact on our results of operations and earnings per share.

Prior to January 2006, we accounted for our stock-based award plans to employees and directors in accordance with APB No. 25, “ *Accounting for Stock Issued to Employees*” under which compensation expense is recorded to the extent that the current market price of the underlying stock exceeds the exercise price. Under this method, we generally did not recognize any compensation related to employee stock option grants we issued under our stock option plans at fair value. In December 2004, the Financial Accounting Standards Board issued SFAS 123R “ *Share-Based Payment*” or SFAS 123R. This statement, which was effective for us beginning on January 1, 2006, requires us to recognize the expense attributable to stock options granted or vested subsequent to December 31, 2005 and had a material negative impact on our profitability of \$2.0 million in the three months ended September 30, 2006 or \$0.03 diluted earnings per share, and \$5.7 million in the nine months ended September 30, 2006 or \$0.09 diluted earnings per share.

SFAS 123R required us to recognize share-based compensation as compensation expense in our statement of operations based on the fair values of such equity on the date of the grant, with the compensation expense recognized over the vesting period. This statement also required us to adopt a fair value-based method for measuring the compensation expense related to share-based compensation. Due to additional stock options granted and the value of our common stock increasing, we now expect the annual stock compensation expense related to unvested stock options to be approximately \$8.0 million in 2006. The annual share-based compensation expense still could be affected by, among other things, additional stock options granted to employees and directors, the volatility of our stock price and the exercise price of the options granted.

We may incur long-lived assets impairment charges which could harm our profitability.

In accordance with SFAS No. 144 “ *Accounting for the Impairment or Disposal of Long-Lived Assets* ,” we review long-lived assets for impairment. In analyzing potential impairment of our state Department of Transportation related projects and assets we used projections of future discounted cash flows from these assets in 2006 and estimated a selling price by using a weighted probability cash flow analysis based on management’s estimates, as well as our negotiations with third parties for the sale of these assets. See Note 14 to our condensed unaudited financial statements in Part 1. Item 1. to this Form 10-Q. These estimates are all subject to changes in the future and if we are not able to sell these projects and assets at the estimated selling price or our cash flow changes because of changes in economic conditions, growth rates or changes in terminal values, we may incur additional impairment charges in the future related to these operations.

ITEM 5. OTHER INFORMATION

On November 7, 2006, we amended our credit facility and provided our insurer with an \$18 million letter of credit under the facility simultaneously with the insurer returning cash collateral of \$18 million plus all accrued interest to us. As collateral for this letter of credit, we pledge \$18 million to our lenders under the credit facility. This increase in the outstanding balance in letters of credit will not result in a reduction to our net availability under the credit facility as long as sufficient cash or collateral is granted to our lenders.

ITEM 6. EXHIBITS

Exhibit No.	Description
10.53*	Second Amendment to Amended and Restated Loan and Security Agreement dated May 8, 2006 by and between MasTec, Inc., the subsidiaries of MasTec, Inc. identified therein, the financial institutions party from time to time to the Loan Agreement and Bank of America, N.A., as administrative agent.
10.54*	Asset Purchase Agreement dated as of November 9, 2006 between MasTec North America, Inc. and LM-ITS Acquisition LLC.
31.1*	Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Exhibits filed with this Form 10-Q.

SIGNATURE

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

MASTEC, INC.

Date: November 9, 2006

/s/ Austin J. Shanfelter

Austin J. Shanfelter
President and Chief Executive Officer
(Principal Executive Officer)

/s/ C. Robert Campbell

C. Robert Campbell
Chief Financial Officer
(Principal Financial and Accounting Officer)

**SECOND AMENDMENT TO AMENDED AND RESTATED
LOAN AND SECURITY AGREEMENT**

THIS SECOND AMENDMENT TO AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this "Amendment") is made and entered into this 7th day of November, 2006, by and between **MASTEC, INC.**, a Florida corporation ("MasTec"), the Subsidiaries of MasTec identified on the signature pages hereto (together with MasTec, hereinafter collectively referred to as the "Borrowers"), the financial institutions party from time to time to the Loan Agreement (as hereinafter defined) (the "Lenders") and **BANK OF AMERICA, N.A.**, a national bank in its capacity as collateral and administrative agent for the Lenders (together with its successors in such capacity, "Agent").

Recitals:

Agent, Lenders and Borrowers are parties to a certain Amended and Restated Loan and Security Agreement dated May 10, 2005 (as amended, restated, modified or supplemented, and in effect on the date hereof, the "Loan Agreement"), pursuant to which Agent and Lenders have made certain revolving credit loans and letter of credit accommodations to or for the benefit of Borrowers.

MasTec provided to ACE American Insurance Company ("ACE") certain cash collateral as security for MasTec's obligations to ACE under a certain insurance policy issued by ACE for the benefit of MasTec and the other Borrowers to enable MasTec and Borrowers' to comply with certain obligations under worker's compensation laws and similar legislation. Borrowers now desire to replace the cash collateral provided to secure MasTec's obligations to ACE with a Letter of Credit in the stated amount of \$18,000,000 (the amount of the cash collateral currently pledged to ACE) issued pursuant to the Loan Agreement.

Borrowers have requested that Agent and Lenders agree that the Letter of Credit to be issued to ACE will not result in a reduction in Borrowers' Availability under the Loan Agreement so long as sufficient cash or other collateral is granted to Agent, for the benefit of itself and Lenders, for such Letter of Credit.

In furtherance of the foregoing, Borrowers have requested that Agent and Lenders amend the Loan Agreement, and Agent and Lenders are willing to do so, on the terms and subject to the conditions set forth in this Amendment.

NOW, THEREFORE, for TEN DOLLARS (\$10.00) in hand paid and other good and valuable consideration, the receipt and sufficiency of which are hereby severally acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1) Definitions. All capitalized terms used in this Amendment, unless otherwise defined herein, shall have the meaning ascribed to such terms in the Loan Agreement.

2) Amendments to Loan Agreement. The Loan Agreement is hereby amended as follows:

a. By deleting the definition of "Borrowing Base" in its entirety from Section 1.1 of the Loan Agreement and by inserting the following in lieu thereof:

Borrowing Base — on any date of determination thereof, an amount equal to the lesser of: (a) the aggregate amount of the Revolver Commitments on such date minus the Availability Reserve on such date, or (b) an amount equal to (i) the sum of the Accounts Formula Amount on such date plus the Eligible Unbilled Accounts Formula Amount on such date plus the Fixed Assets Formula Amount on such date plus the Eligible Cash Collateral Amount on such date minus (ii) the Availability Reserve on such date. Notwithstanding the foregoing, in no event shall the aggregate amount of Revolver Loans outstanding at any date as measured by Eligible Accounts and Eligible Unbilled Accounts of the Canadian Obligor exceed, in the aggregate, \$5,000,000.

b. By inserting the following new definitions in Section 1.1 of the Loan Agreement in proper alphabetical sequence:

Ace LC — a Letter of Credit issued for the account of MasTec for the benefit of ACE American Insurance Company (“ACE”) in the stated amount of \$18,000,000 with respect to MasTec’s insurance coverage for claims under worker’s compensation laws or similar legislation effected through ACE from time to time.

Ace LC Collateral Account — a Deposit Account, securities account or other account established by MasTec at BofA or an Affiliate of BofA and over which Agent has control within the meaning of the UCC; provided, that, any interest, interest equivalent or other income that accrues, from time to time, on the cash or financial assets maintained or deposited in such account shall be the property of Borrowers and paid by BofA or its Affiliate to Borrowers from time to time.

Eligible Cash Collateral — cash and Cash Equivalents of MasTec that (i) are on deposit in the Ace LC Collateral Account, (ii) are subject to the perfected, first priority security interest and Lien in favor of Agent, on behalf of the Secured Parties, upon such cash and Cash Equivalents, and BofA (or the other applicable depository institution or intermediary at which the Ace LC Collateral Account is maintained) has executed a deposit account control agreement in favor of Agent, for the benefit of the Secured Parties, or such other documentation as may be required by Agent with respect to the Ace LC Collateral Account and the cash and Cash Equivalent maintained therein, in each case in form and substance satisfactory to Agent in all respects, and (iii) are not subject to any Lien, claim or other interest in favor of any Person other than Agent.

Eligible Cash Collateral Amount — on any date of determination, an amount equal to the lesser of (i) \$18,000,000, and (ii) 100% of the amount of Eligible Cash Collateral on such date; provided, that, it is the intent of the parties that (i) the amount of eligible Cash Collateral maintained in the Ace LC Collateral Account shall be equal to the undrawn amount of the Ace LC on such date, (ii) Borrowers shall not be required on any date to maintain Eligible Cash Collateral in an amount greater than the undrawn amount of the Ace LC on such date, and (iii) to extent that on any date the Eligible Cash Collateral in the Ace LC Collateral Account exceeds the undrawn amount of the Ace LC on such date, BofA or its Affiliate at which the Ace LC Collateral Account is maintained shall, at the request of Borrowers, pay the amount of Eligible Cash Collateral in excess of undrawn amount of the Ace LC to Borrowers.

c. By deleting Section 3.2.2 of the Loan Agreement in its entirety and by substituting the following in lieu thereof:

3.2.2. LC Facility Fees. Borrowers shall pay: (a)(i) to Agent, for the Pro Rata account of each Lender for all Letters of Credit, the Applicable Margin in effect for Revolver Loans that are LIBOR Loans on a per annum basis based on the average amount available to be drawn under Letters of Credit outstanding and all Letters of Credit that are paid or expire during the period of measurement (or, with respect to each Letter of Credit that is secured by cash deposited by Borrowers into the Cash Collateral Account on terms satisfactory to Agent, 0.75% (or 0.50% with respect to the Ace LC) on a per annum basis based on the average amount available to be drawn under all such cash-collateralized Letters of Credit outstanding and all such cash-collateralized Letters of Credit that are paid or expire during the period of measurement) , in each case payable monthly, in arrears, on the first Business Day of the following month; (ii) to Agent, for its own account a Letter of Credit fronting fee of 0.125% per annum based on the average amount available to be drawn under all Letters of Credit outstanding and all Letters of Credit that are paid or expire during the period of measurement, payable monthly, in arrears, on the first Business Day of the following month; and (iii) to Issuing Bank for its own account all customary charges associated with the issuance, amending, negotiating, payment, processing and administration of all Letters of Credit.

d. By deleting Section 7.1(xi) of the Loan Agreement in its entirety and by substituting the following in lieu thereof:

(xi) all monies now or at any time or times hereafter in the possession or under the control of Agent or a Lender or a bailee or Affiliate of Agent or a Lender, including any Cash Collateral in the Cash Collateral Account and cash, Cash Equivalents and other Property in the Ace LC Collateral Account;

e. By deleting Section 7.4.1 of the Loan Agreement in its entirety and by substituting the following in lieu thereof:

7.4.1. **Cash Collateral.** In addition to the items of Property referred to in **Section 7.1** above, (i) the Obligations shall also be secured by the Cash Collateral (other than any Cash Collateral held in the ACE Cash Collateral Account) and all of the other items of Property from time to time described in any of the Security Documents as security for any of the Obligations, including all of the Collateral described in the Canadian Security Agreement, in each case to the extent provided herein and (ii) the LC Obligations relating to the Ace LC, and only such LC Obligation, shall be secured by all cash, Cash Equivalents and other Property from time to time in the Ace LC Collateral Account.

3) Ratification and Reaffirmation. Each Borrower hereby ratifies and reaffirms the Obligations, each of the Loan Documents and all of such Borrower's covenants, duties, indebtedness and liabilities under the Loan Documents.

4) Acknowledgments and Stipulations. Each Borrower acknowledges and stipulates that the Loan Agreement and the other Loan Documents executed by such Borrower are legal, valid and binding obligations of such Borrower that are enforceable against such Borrower in accordance with the terms thereof; all of the Obligations are owing and payable without defense, offset or counterclaim (and to the extent there exists any such defense, offset or counterclaim on the date hereof, the same is hereby waived by such Borrower); the security interests and Liens granted by such Borrower in favor of Agent are duly perfected, first priority security interests and Liens, subject only to Permitted Liens; and, as of the close on business on November 6, 2006, the unpaid principal amount of the Revolver Loans totaled \$0, and the face amount of outstanding Letters of Credit totaled \$65,295,498.74.

5) Representations and Warranties. Each Borrower represents and warrants to Agent and Lenders, to induce Agent and Lenders to enter into this Amendment, that no Default or Event of Default exists on the date hereof; the execution, delivery and performance of this Amendment have been duly authorized by all requisite entity action on the part of such Borrower and this Amendment has been duly executed and delivered by such Borrower; and all of the representations and warranties made by Borrowers in the Loan Agreement are true and correct in all material respects on and as of the date hereof after giving effect to this Amendment and to the revised Schedules to the Loan Agreement delivered herewith.

6) Reference to Loan Agreement. Upon the effectiveness of this Amendment, each reference in the Loan Agreement to "this Agreement," "hereunder," or words of like import shall mean and be a reference to the Loan Agreement, as amended by this Amendment.

7) Breach of Amendment. This Amendment shall be part of the Loan Agreement and a breach of any representation, warranty or covenant herein shall constitute an Event of Default.

8) Conditions Precedent. The amendments contained in Section 2 of this Amendment shall become effective as of the date hereof, in each case on the date, in each case on the date on which Agent shall have received, on or before November 7, 2006, the following documents, each of which shall be satisfactory in form and substance to Agent and in sufficient copies for each Lender:

a. this Amendment duly executed and delivered by the Borrowers, the Lenders and Agent and the Consent and Reaffirmation of Guarantors, duly executed and delivered by the Guarantors; and

b. a certificate of the secretary or assistant secretary of each Obligor having attached thereto the articles or certificate of incorporation and bylaws of such Obligor (or containing the certification of such secretary or assistant secretary that no amendment or modification of such articles or certificate of incorporation or bylaws has become effective since May 10, 2005), and certifying all entity action, including shareholders' or members' approval, if necessary, has been taken by such Obligor and/or its shareholders or members to authorize the execution, delivery and performance of this Amendment and the incumbency of the officers of such Obligor executing this Amendment and any other documents in connection herewith.

9) Expenses of Agent. Borrowers agree to pay, **on demand**, all costs and expenses incurred by Agent in connection with the preparation, negotiation and execution of this Amendment and any other Loan Documents executed pursuant hereto and any and all amendments, modifications, and supplements thereto, including, without limitation, the costs and fees of Agent's legal counsel and any taxes or expenses associated with or incurred in connection with any instrument or agreement referred to herein or contemplated hereby.

10) Effectiveness: Governing Law. This Amendment shall be effective upon acceptance by Agent in Atlanta, Georgia (notice of which acceptance is hereby waived), whereupon the same shall be governed by and construed in accordance with the internal laws of the State of Georgia.

11) Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

12) No Novation, etc. Except as otherwise expressly provided in this Amendment, nothing herein shall be deemed to amend or modify any provision of the Loan Agreement or any of the other Loan Documents, each of which shall remain in full force and effect. This Amendment is not intended to be, nor shall it be construed to create, a novation or accord and satisfaction, and the Loan Agreement as herein modified shall continue in full force and effect.

13) Counterparts; Telecopied Signatures. This Amendment may be executed in any number of counterparts and by different parties to this Amendment on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same agreement. Any signature delivered by a party by facsimile transmission shall be deemed to be an original signature hereto.

14) Further Assurances. Each Borrower agrees to take such further actions as Agent shall reasonably request from time to time in connection herewith to evidence or give effect to the amendments set forth herein or any of the transactions contemplated hereby.

15) Section Titles. Section titles and references used in this Amendment shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreements among the parties hereto.

16) Waiver of Jury Trial. To the fullest extent permitted by Applicable Law, the parties hereto each hereby waives the right to trial by jury in any action, suit, counterclaim or proceeding arising out of or related to this Amendment .

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed under seal and delivered by their respective duly authorized officers on the date first written above.

BORROWERS:

MASTEC, INC.

ATTEST:

/s/ Albert de Cardenas

Albert de Cardenas, Secretary

[CORPORATE SEAL]

By: /s/ Stephen M. Wagman

Name: Stephen M. Wagman

Title: Executive Vice President

MASTEC TC, INC.

By: /s/ Stephen M. Wagman

Name: Stephen M. Wagman

Title: Executive Vice President

MASTEC FC, INC.

By: /s/ Stephen M. Wagman

Name: Stephen M. Wagman

Title: Executive Vice President

MASTEC CONTRACTING COMPANY, INC.

By: /s/ Stephen M. Wagman

Name: Stephen M. Wagman

Title: Executive Vice President

MASTEC MINNESOTA SW, LLC

By: /s/ Stephen M. Wagman

Name: Stephen M. Wagman

Title: Executive Vice President

[Signatures continue on following page]

MASTEC SERVICES COMPANY, INC.

By: /s/ Stephen M. Wagman

Name: Stephen M. Wagman

Title: Executive Vice President

MASTEC ASSET MANAGEMENT COMPANY, INC.

By: /s/ Stephen M. Wagman

Name: Stephen M. Wagman

Title: Executive Vice President

CHURCH & TOWER, INC.

By: /s/ Stephen M. Wagman

Name: Stephen M. Wagman

Title: Executive Vice President

MASTEC OF TEXAS, INC.

By: /s/ Stephen M. Wagman

Name: Stephen M. Wagman

Title: Executive Vice President

S.S.S. CONSTRUCTION, INC.

By: /s/ Stephen M. Wagman

Name: Stephen M. Wagman

Title: Executive Vice President

[Signatures continue on following page]

AGENT AND LENDERS:

BANK OF AMERICA, N.A., as Agent and a Lender

By: /s/ Dennis S. Losin

Dennis S. Losin, Senior Vice President

LASALLE BUSINESS CREDIT, LLC, as a Lender

By: /s/ Steven Friedlander

Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,

as a Lender

By: /s/ Alex M. Council

Title: Vice President

GENERAL ELECTRIC CAPITAL CORPORATION,

as a Lender

By: /s/ Mark Kassis

Title: Duly Authorized Signatory

CONSENT AND REAFFIRMATION

Each of the undersigned guarantors of the Obligations at any time owing to Agent or Lenders hereby (i) acknowledges receipt of a copy of the foregoing Second Amendment to Amended and Restated Loan and Security Agreement; (ii) consents to Borrowers' execution and delivery thereof and of the other documents, instruments or agreements any Borrower agrees to execute and deliver pursuant thereto; (iii) agrees to be bound thereby; and (iv) affirms that nothing contained therein shall modify in any respect whatsoever its respective guaranty of the Obligations and reaffirms that such guaranty is and shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned has executed this Consent and Reaffirmation, as of the date of such Second Amendment to Amended and Restated Loan and Security Agreement.

GUARANTORS:

PHASECOM SYSTEMS, INC.

By: /s/ Stephen M. Wagman

Name: Stephen M. Wagman

Title: Executive Vice President

**INTEGRAL POWER & TELECOMMUNICATIONS
CORPORATION, LTD.**

By: /s/ Stephen M. Wagman

Name: Stephen M. Wagman

Title: Executive Vice President

MASTEC NORTH AMERICA AC, LLC

By: /s/ Stephen M. Wagman

Name: Stephen M. Wagman

Title: Executive Vice President

ASSET PURCHASE AGREEMENT

DATED AS OF NOVEMBER 9, 2006

BETWEEN

MASTEC NORTH AMERICA, INC.

AND

LM-ITS ACQUISITION COMPANY LLC

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (“Agreement”) is hereby made and entered into this 9th day of November, 2006, by and between LM-ITS Acquisition Company LLC, a Delaware limited liability company (“Buyer”), and MasTec North America, Inc., a Florida corporation (“Seller”).

WHEREAS, Seller, through its department of transportation service group, provides specialty contracting services to state Departments of Transportation, including traffic management systems, related IT installations, and roadside construction services (such service group, the “Business”); and

WHEREAS, Buyer and Seller desire that Buyer acquire certain assets and assume certain liabilities of the Business, including substantially all of Seller’s state Department of Transportation related projects and assets, on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants hereinafter set forth, the parties hereto, intending to be legally bound, agree as follows:

1. Recitals and Definitions.

a. Recitals. The recitals contained herein are true and correct and by this reference are incorporated herein and made a part of this Agreement.

b. Definitions. Capitalized terms not otherwise defined herein shall have the respective meanings set forth on Exhibit A.

2. Purchase and Sale of Assets. Upon the terms and subject to the conditions contained herein, at the Closing Seller shall sell, assign, transfer and convey to Buyer, and Buyer shall purchase from Seller, free and clear of any Encumbrances, other than Permitted Encumbrances, all of Seller’s right, title and interest in the following assets (collectively, the “Assets”):

a. all accounts receivable (whether current or noncurrent) of the Business, other than the Excluded Receivables, and all causes of action specifically pertaining to the collection of the foregoing (collectively, the “Acquired Receivables”);

b. all Inventory of the Business (collectively, the “Acquired Inventory”);

c. all of the Intellectual Property set forth on Schedule 2(c) (the “Acquired Intellectual Property”);

d. all rights and interest of the Seller under the Contracts, including the Contracts set forth on Schedule 2(d) (the “Acquired Contracts”);

e. all tangible personal property of the Business, including the machinery, equipment, tools, supplies, construction in progress, furniture and computer hardware, whether owned, leased or licensed set forth on Schedule 2(e) (the “Acquired Personal Property”);

f. all projects of the Business set forth on Schedule 2(f), other than projects completed prior to the Closing Date, and other projects of the Business entered into after the date of this Agreement in accordance with this Agreement (the “Current Projects”);

g. all other current assets, retainages and other long term assets of the Business as of the Closing Date, including those set forth on Schedule 2(g);

h. except to the extent Seller is required to retain the originals pursuant to any Applicable Law (in which case a copy will be provided to the Buyer), the originals and/or copies (if originals are unavailable) of all information and records relating primarily to the Assets or the Business, including books, records, databases, ledgers, files, documents, correspondence, lists, plats, plans and designs of fixtures and equipment, specifications, technical information, creative materials, advertising and promotional materials, studies, reports, sales records, service records, supplier lists, customer lists, sales order files, engineering data files, purchase order files, supplier files, other supplier information, customer files, other customer information, environmental control, monitoring and test records and all other printed or written materials, whether or not confidential or proprietary;

i. all software, programs and source code, program documentation, manuals, forms, guides, and other materials with respect thereto, to the extent transferable to Buyer without cost to Seller, including without limitation Microsoft Office applications, including Microsoft Windows (the “Transferable Software”), provided that the Oracle software shall not be transferred even if permitted pursuant to Seller’s license from Oracle;

j. all expenses that have been prepaid by Seller relating primarily to the operation of the Business, including but not limited to ad valorem taxes, lease and rental payments;

k. all rights, claims, credits, causes of action or rights of set-off or recoupment against Persons other than Seller and its Affiliates relating primarily to the Business or the Assets, including, without limitation, unliquidated rights under manufacturers’ and vendors’ warranties and rights to insurance proceeds as to the Assets;

l. all Permits used in the Business, to the extent the transfer thereof is permitted by Applicable Law, including those set forth on Schedule 2(l) (collectively, the “Acquired Permits”);

m. \$2,500,000 of cash (the “Minimum Cash”); and

n. the right to use the letters “ITS” to the extent MasTec has any right to use such letters (for purposes of clarity and notwithstanding anything to the contrary set forth herein, MasTec makes no representation or warranty as to ownership or the right to use such letters), but without any reference to MasTec.

3. Excluded Assets. Notwithstanding anything to the contrary set forth in Section 2 or elsewhere in this Agreement, the following assets of Seller (collectively, the “Excluded Assets”) are not part of the sale and purchase contemplated hereunder, are excluded from the Assets and shall remain the property of Seller after the Closing:

- a. all cash and cash equivalents (including, without limitation, checking account balances, certificates of deposit and other time deposits and petty cash) other than the Minimum Cash;
- b. all accounts receivable of Seller not related to the Business;
- c. accounts receivable of the Business to be designated by Seller prior to Closing in the aggregate amount of no more than \$2,500,000 (the “ Retained Receivables”);
- d. all Inventory of Seller other than the Acquired Inventory;
- e. all rights and interest of Seller under all contracts, agreements, leases (including leases of real property outside the State of Florida), licenses, commitments, sales and purchase orders, and other undertakings of any kind, whether written or oral other than the Acquired Contracts;
- f. all tangible personal property, including machinery, equipment, tools, supplies, construction in progress, furniture and fixtures, leasehold improvements and computer hardware, whether owned, leased or licensed other than the Acquired Personal Property;
- g. all projects of Seller other than the Acquired Projects;
- h. all (i) confidential personnel and medical records pertaining to any employee of Seller or its affiliates the disclosure or transfer of which is prohibited by Applicable Law; (ii) corporate minute books, charter documents, corporate stock record books and such other books and records as pertain to the organization, existence or share capitalization of Seller; (iii) documents relating to proposals to acquire the Assets by Persons other than Buyer; and (iv) all accounting and other books and records that do not relate to the Assets;
- i. all insurance policies and agreements;
- j. all refunds, prepayments, rights of recoupment, and other rights with respect to any Taxes relating to periods prior to and including the Closing;
- k. all intercompany accounts receivable, loans and advances;
- l. all of Seller’s assets which are not primarily used in connection with the Business;
- m. the name “MasTec” and all other Intellectual Property of the Seller and its Affiliates other than the Acquired Intellectual Property;

- n. all assets related to Excluded Liabilities;
- o. all software, programs and source code, program documentation, manuals, forms, guides, and other materials with respect thereto, other than the Transferable Software;
- p. all Permits other than the Acquired Permits;
- q. all of Seller's rights hereunder; and

r. Notwithstanding anything in this Agreement to the contrary, this Agreement shall not constitute an assignment of any Contract or Permit if an attempted assignment thereof, without the consent of a third party thereto, would constitute a breach thereof or would be legally ineffective. If any such consent is not obtained prior to Closing or does not remain in full force and effect at Closing in satisfaction of the conditions set forth in Sections 14(e) and 15(e) or if such consent is not required to be obtained pursuant to such sections, or if any attempt at an assignment thereof would be ineffective or would affect the rights of Seller thereunder so that Buyer would not in fact receive all such rights, Buyer and Seller shall use reasonable efforts to enter into a mutually agreeable, reasonable and lawful arrangement under which Buyer obtains the benefits and assumes the obligations in respect of such Contract or Permit from and after the Closing, including subcontracting, sublicensing or subleasing to Buyer, and under which Seller would enforce for the benefit of Buyer, with Buyer assuming the obligations, any and all rights of Seller against a third Person party thereto.

4. Assignment and Assumption of Liabilities.

a. Subject to the terms and conditions set forth in this Agreement and except for the Excluded Liabilities, Buyer shall assume all of the Assumed Liabilities. "Assumed Liabilities" means:

- i) all Liabilities of the Business (including all Liabilities pursuant to the Acquired Contracts and Acquired Permits) arising or to be performed after or in respect of periods following the Closing, including all Liabilities for liquidated damages under the Acquired Contracts or related to the Assets;
- ii) all accounts payable reflected in the Closing Working Capital;
- iii) all Liabilities in respect of Transferred Employees, and beneficiaries of employees of the Business, including under or relating to WARN or any similar state or local law in each case to the extent relating to or arising out of any actions taken by Buyer on or after the Closing Date;
- iv) all Liabilities relating to claims of manufacturing or design defects with respect to any product sold (regardless of whether any such product was purchased prior to or after the Closing Date) or service provided by the Business on or after the Closing Date, including Liabilities in respect of investigations regarding product safety, product recall and related matters;
- v) all liabilities and obligations relating to warranty obligations or services with respect to any product sold or service provided by the Business prior to, on or after the Closing Date;
- vi) all Liabilities relating to the ITS Leases with respect to the period after the Closing Date;

vii) all Liabilities relating to the Occupational Safety and Health Act of 1970, as amended, and any regulations, decisions or orders promulgated thereunder, together with any state or local law, regulation or ordinance pertaining to worker, employee or occupational safety or health in effect as the same may be amended, supplemented or superseded, relating to or arising out of the operation, affairs and conduct of the Business by Buyer in respect of periods following the Closing;

viii) all Liabilities arising from or relating to the Proceedings set forth on Schedule 4(a)(viii) (the “Assumed Proceedings”); and

ix) a pro rata portion of all ad valorem real property taxes for the portion of the taxable year ending after the Closing Date.

b. The assumption by Buyer of the Assumed Liabilities, the transfer thereof by Seller, and the limitations of such transfer shall in no way expand the rights or remedies of any third party against Buyer or Seller or its Affiliates as compared to the rights and remedies which such third party would have had against Seller or its Affiliates had Buyer not assumed such liabilities. Without limiting the generality of the preceding sentence, the assumption by Buyer of the Assumed Liabilities shall not create any third party beneficiary rights which are not presently granted to any party under the terms of any Contract which is expressly assumed by Buyer under the terms of this Agreement.

5. Excluded Liabilities. Buyer shall not assume, and shall not be deemed to have assumed, the following liabilities (collectively, the “Excluded Liabilities”):

a. any liability or obligation of the Seller arising under this Agreement;

b. except to the extent provided in Section 12(f), any liability or obligation of the Seller or its Affiliates with respect to, or arising out of, any employee benefit plan, executive deferred compensation plan or any other plans or arrangements for the benefit of any employees of the Seller or any such Affiliate, including the Transferred Employees;

c. any liability or obligation of the Seller to any shareholders of the Seller or any of their Affiliates or to any party claiming to have a right to acquire any ownership interests or other securities convertible into or exchangeable for any ownership interests of the Seller;

d. all Environmental Liabilities relating to or arising out of the operation, affairs and conduct of the Business by Buyer in respect of periods prior to Closing;

- e. any Taxes, fees, expenses or other amounts required to be paid as a result of the transaction contemplated by this Agreement;
- f. any liability of Seller for Taxes (with respect to the Business or otherwise) for periods prior to the Closing;
- g. all Liabilities arising from or relating to Proceedings other than the Assumed Proceedings;
- h. except to the extent an Assumed Liability pursuant to Section 4, liabilities and obligations asserted after Closing relating to or arising out of the operation, affairs and conduct of the Business by Seller in respect of periods prior to the Closing; or
- i. Defective Installation Losses.

6. Purchase Price.

- a. The purchase price for the Assets shall be:

- i) \$6,000,000 payable in cash to the Seller at Closing (the “Base Purchase Price”) by wire transfer of immediately available funds to such account or accounts as Seller shall have designated prior to the Closing Date; plus

- ii) Buyer’s Promissory Note (the “Note”) payable to Seller in the face amount of \$5,000,000 in the form attached hereto as Exhibit B; plus

- iii) additional earn-out consideration (the “Earn-Out”) up to a maximum amount of \$9,000,000 (the “Earn-Out Amount”) as follows:

- b. Earn-Out. In addition to the Base Purchase Price and the Note, Seller shall be entitled, upon full repayment of the Note and to the extent not prohibited by the terms of any credit facilities in favor of Buyer (to the extent any such restrictions exist, all payments which would be payable under this section absent such restriction shall be deferred until such time as the payment thereof is not prohibited by the terms of any such facilities), to additional earn-out consideration (the “Earn-Out”) up to a maximum amount (subject to adjustment as set forth in this Agreement) of \$9,000,000 (the “Earn-Out Amount”) as follows:

- i) Until the earlier of (x) such time as \$7,000,000 (as adjusted pursuant to this Agreement) (“1st Tier Earn-Out”) is paid in full pursuant to this Section 7(c)(i), or (y) the last day of the 5th full calendar year ending after the Closing Date, with respect to each calendar year following the Closing Date, Buyer shall pay to Seller an amount (“Earnout Payment”), equal to at least 35% of the Excess Cash Flow of the Business during such calendar year. Excess Cash Flow of the Business shall be cumulative and shall be adjusted so that if in any prior calculation year(s) the Excess Cash Flow of the Business was less than zero (“Yearly Shortfall”), such cumulative Yearly Shortfall is to be subtracted from the then cumulative Excess Cash Flow of the Business. If Excess Cash Flow of the Business in the year is greater than zero, a payment shall be due to Seller with respect to such year, and paid to Seller in accordance with

the terms herein. If the cumulative Excess Cash Flow of the Business following the Closing Date at any time is equal to or in excess of \$50,000,000 (“Bonus Earn-Out Test”), then Buyer shall pay to Seller the difference between the Earn-Out Amount less cumulative Earnout Payments. Each Earnout Payment will be paid by Buyer to Seller by wire transfer of same day funds to an account designated by Seller within 5 days after such Earnout Payment has been finally determined.

ii) Computation of Excess Cash Flow. For purposes of this Agreement and the Note, “Excess Cash Flow” of the Business for any calendar year shall mean (i) Cash Flow from Operations of the Business (as set forth on a Cash Flow Statement of the Business) with respect to such year for indebtedness senior to the Note (which indebtedness shall not be greater than \$20 million not including surety claims pursuant to completion bonds), minus (ii) mandatory third party principal debt payments actually paid by Buyer during such year for indebtedness senior to the Note, minus (iii) Net Capital Expenditures. All components of Excess Cash Flow shall be determined in accordance with US GAAP, consistently applied. “Net Capital Expenditures” means all cash used for capital expenditures of the Business during such year (which shall not be greater than \$3,000,000), minus the proceeds from asset sales of the Business during such year. In calculating Excess Cash Flow no deduction shall be made for (x) any management fees or other intercompany charges, of whatever kind or nature, charged by Buyer or any of its Affiliates to the Business, or any (y) legal, accounting or other diligence fees or expenses arising out of this Agreement or the transactions contemplated hereby. The purchase and sales prices of goods and services sold by the Business to Buyer or any of its Affiliates or purchased by the Business from Buyer or any of its Affiliates shall be adjusted to reflect the amounts that the Business would have realized or paid if dealing with an independent party in an arm’s-length commercial transaction.

iii) Change of Control. Upon any Change of Control of Buyer, the proceeds paid to Buyer and its equity holders directly as a result of that Change of Control and limited only to those proceeds as a result of same, and its equity holders shall be paid or retained as follows:

- 1) first, Buyer shall retain an amount equal to all Invested Capital;
- 2) second, Buyer shall retain an amount equal to the Minimum Return;
- 3) third, Buyer shall pay Seller an amount equal to any portion of the 1st Tier Earn-Out not previously paid pursuant to Section 6(b)(i);
- 4) fourth, if (x) the Bonus Earn-Out Test (for which the proceeds of the Change of Control shall be deemed to be Excess Cash Flow) has been satisfied and (y) the Earn-Out Amount has not been paid in full, then, the next \$2,000,000 shall be paid to Seller; and

5) finally, 100% of the remaining distributions shall be retained by Buyer.

iv) For purposes of this Section 6(b), the following terms have the respective meanings below:

1) "Invested Capital" means the aggregate amount of equity contributed to Buyer less the aggregate amount of equity distributed from Buyer to its equity holders, excluding all management fees.

2) "Minimum Return" means, a 20% per annum compounded return, on all Invested Capital, less all amounts paid, distributed or otherwise transferred (excluding all management fees) from Buyer to its partners, shareholders or other equity holders.

3) "Change of Control" means the occurrence after the date hereof of any of (i) an acquisition after the date hereof by an individual or legal entity or "group" (as described in Rule 13d-5(b)(1) promulgated under the Exchange Act of 1934, as amended) of effective control (whether through legal or beneficial ownership of equity interests of the Buyer, by contract or otherwise) of in excess of 50% of the voting securities, limited partnership interests, general partnership interests or any other equity interests of the Buyer, or (ii) the Buyer merges into or consolidates with any other Person, or any Person merges into or consolidates with the Buyer and, after giving effect to such transaction, the equity holders of the Buyer immediately prior to such transaction own less than 50% of the equity interests of the Buyer or the successor entity of such transaction, (iii) the Buyer sells, transfers, leases or licenses its assets, as an entirety or substantially as an entirety, to another Person, or (iv) the execution by the Buyer of an agreement to which the Buyer is a party or by which it is bound, providing for any of the events set forth above in (i) through (iii).

v) Restrictions. Until such time as the Earn-Out Amount (as adjusted pursuant to this Agreement) has been paid in full:

1) the Business shall be managed and operated as a separate, stand alone entity;

2) without the prior written consent of Seller, there shall be no expenses imposed upon the Business by any Affiliate of Buyer, including without limitation, any corporate overhead charges, management fees, general and administrative expense allocation or charges or expenses relating to accounting, human resources, legal and compliance and information technology nor will any services or products be provided to the Business by an Affiliate of Buyer, except at rates that are at least as favorable as the Business could obtain from third parties; provided that Buyer shall be permitted to pay a management fee of no more than \$25,000 per month to an Affiliate of Buyer; and

3) Buyer shall not make any distributions, pay or declare any dividends or otherwise transfer any of its assets to its Affiliates or other equity holders; provided that Buyer may make annual distributions to its equity holders in an amount not to exceed the federal income tax liability of such holders as a result of Buyer's income during such period.

c. Dispute Procedure. All disputes with respect to the Earn-Out shall be settled in the same manner as disputes regarding the Purchase Price adjustment as set forth in Section 7.

d. Allocation of Purchase Price. The Base Purchase Price, the Note and the Earn-Out shall be referred to collectively as the “Purchase Price”. Prior to Closing, the Seller shall provide to Buyer a proposed allocation of the Purchase Price plus liabilities deemed assumed (the “Tax Purchase Price”) for the sale of the Assets. The Tax Purchase Price shall be allocated using principles that are consistent with the Internal Revenue Code of 1986, as amended. Prior to Closing, the Buyer and Seller shall mutually agree on a final allocation (the “Final Allocation”) of the Tax Purchase Price, which Final Allocation will be attached hereto as Schedule 6(d). After the Closing, the parties shall make consistent use of the allocation, fair market value and useful lives specified on Schedule 6(d) for all tax purposes and in all filings, declarations and reports with the Internal Revenue Service (“IRS”) and similar reports for state, local, or foreign purposes in respect thereof, including the reports required to be filed under Section 1060 of the Internal Revenue Code of 1986, as amended. Buyer shall prepare and deliver IRS Form 8594 to Seller within forty-five (45) days after the Closing Date to be filed with the IRS in accordance with Schedule 6(d). In any proceeding related to the determination of any tax, neither Buyer nor Seller shall contend or represent that such allocation is not a correct allocation.

7. Purchase Price Adjustment.

a. The 1st Tier Earn-Out will be reduced by the amount, if any, by which the Target Working Capital exceeds the Closing Working Capital, or will be increased by the amount, if any, by which Closing Working Capital exceeds \$41,800,000 as determined in accordance with this Section 7. After the Closing, the Purchase Price will be recalculated (as recalculated, the “Final Purchase Price”) based on the Closing Working Capital determined in accordance with this Section 7. All adjustments to the Purchase Price made pursuant to this Section 7 will be consistently treated by both the Buyer and Seller as adjustments to purchase price for United States federal, state and local Tax purposes.

b. No later than forty five (45) calendar days following the Closing Date, Buyer will prepare and deliver to Seller a balance sheet of the Business as of the Closing Date prepared in accordance with US GAAP (excluding footnotes) on the same basis and applying the same accounting principles, policies and practices that were used in preparing the Interim Balance Sheet (the “Closing Balance Sheet”), together with a statement (the “Closing Statement”) setting forth Buyer’s determination of the Closing Working Capital.

c. During the thirty (30) calendar day period immediately following the date of delivery to the Seller of the Closing Balance Sheet and the Closing Statement, the Seller’s representatives (i) will be permitted to review, during normal business hours and with reasonable prior notice, the books and records of Buyer relating to the Business and the working papers related to the preparation of the Closing Balance Sheet and the Closing Statement (including the determinations included therein), and (ii) will be given reasonable access, during normal business hours and with reasonable prior notice, to knowledgeable employees and accounting professionals of Buyer in order to facilitate the Seller’s review of the Closing Balance Sheet and

Closing Statement; provided, however, that the review and access described in clauses (i) and (ii) will not be conducted or provided at times or in a manner that would unreasonably interfere with Buyer's operation of the Business. The Closing Balance Sheet and the Closing Statement (including the determinations included therein) will become final, binding and conclusive upon the Seller and the Buyer thirty (30) days following the Seller's receipt thereof, unless Buyer receives from the Seller on or prior to such date written notice of the Seller's disagreement with any account or determination set forth in the Closing Balance Sheet or Closing Statement (a "Dispute Notice"). Any Dispute Notice will specify in reasonable detail the nature and dollar amount of any disagreement so asserted (collectively, the "Disputed Items"). Any account or determination set forth or reflected on the Closing Balance Sheet or in the Closing Statement that is not specifically objected to in the Dispute Notice will be deemed final, binding and conclusive upon the Seller and the Buyer upon delivery of the Dispute Notice. If a timely Dispute Notice is received by the Buyer, then the Closing Balance Sheet and the related determination of Closing Working Capital set forth in the Closing Statement will become final, binding and conclusive upon Buyer and Seller on the first to occur of (x) the date on which Buyer and Seller resolve in writing all differences they have with respect to the Disputed Items or (y) the date on which all of the Disputed Items that are not resolved by Buyer and Seller in writing are finally resolved in writing by the Independent Accountants as follows.

d. During the ten (10) calendar days following delivery of a Dispute Notice (or such longer period as the Buyer and Seller shall mutually agree), Buyer and Seller will seek in good faith to resolve in writing any differences which they have with respect to all Disputed Items. Any Disputed Item resolved in writing by the Buyer and Seller will be deemed final, binding and conclusive on the Buyer and Seller. If Buyer and Seller do not reach agreement on all of the Disputed Items during such 10-day period (or such longer period as they shall mutually agree), then at the end of such 10-day period Buyer and Seller will submit all unresolved Disputed Items (collectively, the "Unresolved Items") to an independent third party accountant or consultant mutually agreeable to the Buyer and Seller (the "Independent Accountants") to review and resolve such matters. The Independent Accountants will determine each Unresolved Item (the amount of which may not be more favorable to Buyer than the related amount set forth in the Closing Statement or more favorable to the Seller than the related amount set forth in the Dispute Notice) as promptly as may be reasonably practicable, and will endeavor to complete such process within a period of no more than fifteen (15) days. The Independent Accountants may conduct such proceedings as the Independent Accountants believe, in their sole discretion, will assist in the determination of the Unresolved Items; provided, however, that all communications between the Buyer and Seller or any of their respective representatives, on the one hand, and the Independent Accountants, on the other hand, will be in writing with copies simultaneously delivered to the non-communicating party. The Independent Accountants' determination of the Unresolved Items will be final, binding and conclusive on the Buyer and Seller, effective as of the date the Independent Accountants' written determination is received by the Buyer and Seller. The fees and expenses of the Independent Accountants shall be apportioned equitably between Seller, on the one hand, and Buyer, on the other hand, by the Independent Accountants so that the non-prevailing party on each issue bears the fees and expenses associated with that issue.

e. Upon determination of Closing Working Capital pursuant to this Section 7, a final adjustment to the Purchase Price will be determined and satisfied as follows:

i) if the Closing Working Capital computed as provided in this Section 7 based on the Final Closing Balance Sheet exceeds \$41,800,000, the 1st Tier Earn-Out shall be increased by an amount equal to the amount of such excess; or

ii) if the Target Working Capital exceeds the Closing Working Capital based on the Final Closing Balance Sheet, the 1st Tier Earn-Out shall be reduced by an amount equal to such excess; or

iii) if Closing Working Capital is greater than or equal to the Target Working Capital but less than \$41,800,000, there will be no purchase price adjustment.

8. **Seller's Representations and Warranties.** The Seller makes the representations and warranties to the Buyer set forth in this Section 8. All such representations and warranties are made subject to the exceptions noted in the Disclosure Schedules. Notwithstanding anything to the contrary contained in this Agreement or in the Disclosure Schedules, any information disclosed in one section of the Disclosure Schedules shall be deemed to be disclosed against all the representations and warranties of the Seller. Certain information set forth in the Disclosure Schedules and the Data Room is included solely for informational purposes and may not be required to be disclosed pursuant to this Agreement. The disclosure of any information in the Disclosure Schedules and the Data Room shall not be deemed to constitute an acknowledgement that such information is required to be disclosed in connection with the representations and warranties made by the Seller in this Agreement or that it is material, nor shall such information be deemed to establish a standard of materiality. All descriptions of documents contained in the Disclosure Schedules and the Data Room are qualified in their entirety by reference to the documents so described.

a. **Corporate Status and Authority.** Seller is a corporation duly organized, validly existing, and in good standing under the laws of the State of Florida; has the requisite corporate power to own, operate, and lease its assets and properties and to carry on the Business as it is now being conducted; and is duly qualified to do business in all jurisdictions in which the nature of the Business requires such qualification. The Business currently conducts business in the States set forth in Schedule 8(a).

b. **Title to Assets; Encumbrances.** Except as set forth in Schedule 8(b), Seller owns, leases or has the legal right to use all of the Assets. Seller has good and transferable title to, or in the case of leased or subleased assets, valid or subsisting leasehold interests in, all of the Assets, free and clear of any Encumbrances other than Permitted Encumbrances and Encumbrances created by or through Buyer or its Affiliates.

c. **Legal Proceedings; Orders.**

i) Except as set forth on Schedule 8(c)(i), there is no pending or, to Seller's Knowledge, threatened Proceeding: (i) by or against Seller that relates to or may affect the Business, or any of the Assets or (ii) that challenges, or that may have the effect of

preventing, delaying, making illegal or otherwise interfering with, any of the transactions contemplated by this Agreement.

ii) Except as set forth on Schedule 8(c)(ii), there is no Order to which Seller with respect to the Business or any of the Assets is subject.

iii) Except as set forth on Schedule 8(c)(iii): (i) Seller is, and, at all times since January 1, 2002 has been, in compliance in all material respects with all of the terms and requirements of each Order applicable to the Business or any of the Assets; and (ii) Seller has not received, at any time since January 1, 2002, any written notice or other communication from any Governmental Authority regarding any violation of, or failure to comply with, any term or requirement of any Order applicable to the Business or any of the Assets.

d. Material Contracts.

i) Except as set forth in Schedule 8(d), as of the date hereof Seller, with respect to the Business, is not party to or otherwise bound by or subject to:

1) any written employment, severance or sales representative contract which contains an obligation (excluding commissions) to pay more than \$100,000 per year;

2) any written consulting contract;

3) any real property lease or equipment lease which constitutes part of the Business or the Assets;

4) any Contract containing any covenant limiting the freedom of Seller, with respect of the Business or the operations of the Business, to engage in any line of business or compete with any Person in any geographic area in any material respect;

5) any Contract in effect on the date of this Agreement relating to the disposition or acquisition of the assets of, or any interest in, any business enterprise which relates to the Business other than in the Ordinary Course of Business;

6) any offset agreement entered into in connection with an international sales transaction and relating to any contract that imposes on the Business an obligation to perform that will continue in effect on or after the Closing Date;

7) any Contract of any kind that (i) requires a payment by any party in excess of, or a series of payments which in the aggregate exceed, \$100,000, (ii) has a term, or requires the performance of any obligations by any party over a period, in excess of one year, or (iii) involves any director, officer or stockholder of the Seller;

8) any Contract pursuant to which the Seller on behalf of the Business has made or will make loans or advances, or has or will have incurred debts or become a guarantor or surety or pledged its credit on or otherwise become responsible with respect to any

undertaking of another Person, in each case, in an amount over \$100,000 (except for the negotiation or collection of negotiable instruments in transactions in the Ordinary Course of Business);

9) any indenture, loan agreement, note, mortgage, security agreement, lease of real property or personal property or other Contract relating to the borrowing of funds, an extension of credit or financing for which the Business is obligated; or

10) any Contract involving a partnership, joint venture or other cooperative undertaking.

ii) Except as disclosed in Schedule 8(d), each contract disclosed in Schedule 8(d) is a legal, valid and binding obligation of Seller enforceable against Seller in accordance with its terms (except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws now or hereafter in effect relating to or affecting creditors' rights generally, including the effect of statutory and other laws regarding fraudulent conveyances and preferential transfers), and except with respect to liquidated damages owed by Seller and any delays or circumstances in connection therewith, Seller is not in default and has not failed to perform any obligation thereunder, and, to the Knowledge of Seller, there does not exist any event, condition or omission which would constitute a material breach or material default (whether by lapse of time or notice or both) by any other Person, which would give rise to any right of termination. Except as disclosed in Schedule 8(d), as of the date of this Agreement Seller has not received any written notification from any other Person party to any of the Contracts disclosed in Schedule 8(d) of a claim of default by Seller. Seller has previously made available to Buyer (i) true, accurate and complete copies of each document set forth on Schedule 8(d) (collectively, the "Identified Contracts") and (ii) a written description of each oral arrangement so listed on Schedule 8(d). Except as set forth on Schedule 8(d), all such Identified Contracts and arrangements have been entered into by Seller in the Ordinary Course of Business. Except for sales of assets in the Ordinary Course of Business and this Agreement, neither Seller nor any of its Affiliates has any Contract or arrangement with respect to the sale or other disposition of the Business or any of the Assets.

e. Compliance with Law and Other Regulations. The Business and each of the Assets is in compliance with, and no violation with respect thereto exists under, any and all Applicable Laws. As of the date of this Agreement, no action is pending or, to the Knowledge of Seller, has been threatened against the Seller regarding the material violation by the Business of any Applicable Laws.

f. No Material Adverse Effect. Except as set forth in Schedule 8(f), since the date of the Interim Balance Sheet, there has not been any Material Adverse Effect.

g. Agreement Not in Breach of Other Instruments Affecting Seller. Except as set forth on Schedule 8(g), neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which the Seller, the Business or any of the

Assets is subject or any provision of the charter or bylaws (or similar constitutive document) of the Seller or (ii) other than the need to obtain third party consents to the assignment of certain Acquired Contracts, violate or conflict with, result in a breach or termination of, constitute a default under, result in the acceleration of, give any third party any additional right (including the right to accelerate, terminate, modify, or cancel) under, require any notice or consent under or result in or constitute a circumstance which, with or without notice or lapse of time or both, would constitute any of the foregoing under, any Contract to which the Seller is a party or by which it or the Business is bound or to which any of the Assets is subject (or result in the imposition of any security interest upon any of the Assets or Business). Except as set forth on Schedule 8(g), the Seller is not required to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any Governmental Authority in order for the parties to consummate the transactions contemplated by this Agreement.

h. Power of Seller to Execute Agreement. Seller has full corporate power and authority to execute, deliver, and perform this Agreement, and this Agreement has been duly executed and delivered and is the valid and legally binding obligation of Seller and is enforceable against it in accordance with its terms, except (i) to the extent that such enforcement may be subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws now or hereafter in effect relating to creditors' rights generally, including the effect of statutory and other laws regarding fraudulent conveyances and preferential transfers and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefore may be brought (regardless of whether such enforceability is considered in a proceeding at law or in equity).

i. Employee Benefit Plans.

i) Schedule 8(i) lists each Employee Plan or material Benefit Arrangement which covers Transferred Employees and each collective bargaining agreement covering Transferred Employees.

ii) Except as set forth in Schedule 8(i), with respect to the Business:

1) neither Seller nor any member of its "Controlled Group" (defined as any organization which is a member of a controlled group of organizations within the meaning of Code Sections 414(b), (c), (m) or (o) such member being referred to as an "ERISA Affiliate") contributes, is obligated to contribute or has ever contributed to or had any liability to a multiemployer plan, as defined in Section 3(37) of ERISA;

2) no fiduciary of any funded Employee Plan has engaged in a nonexempt "prohibited transaction" (as that term is defined in Section 4975 of the Code and Section 406 of ERISA) which could subject Buyer to a penalty tax imposed by Section 4975 of the Code or Section 502(i) of ERISA;

3) no Employee Plan that is subject to Section 412 of the Code has incurred an “accumulated funding deficiency” within the meaning of Section 412 of the Code, whether or not waived;

4) each Employee Plan and Benefit Arrangement has been established and is operated and administered in all material respects in accordance with its terms and in material compliance with Applicable Law;

5) no Employee Plan subject to Title IV of ERISA has incurred any material liability under such title other than for the payment of premiums to the Pension Benefit Guaranty Corporation (“PBGC”);

6) no Employee Plan which is a “defined benefit plan” (within the meaning of ERISA) has been terminated; nor have there been any “reportable events” (as that term is defined in Section 4043 of ERISA and the regulations thereunder), other than reportable events arising directly from the Agreement or any of the transactions contemplated thereby, which would present a risk that an Employee Plan would be terminated by the PBGC in a distress termination;

7) each Employee Plan intended to qualify under Section 401 of the Code has received a determination letter, or an opinion or advisory letter upon which it may rely, that it is so qualified and, to the Seller’s knowledge, no event has occurred with respect to any such Employee Plan which could cause the loss of such qualification or exemption;

8) with respect to each Employee Plan listed in Schedule 8(i), Seller has made available to Buyer the most recent copy (where applicable) of (1) the plan document and all amendments; (2) the most recent determination letter; (3) any summary plan description and summary of material modifications; and (4) Form 5500;

9) with respect to the Transferred Employees, there are no post-retirement medical or health plans, dental plans, hospitalizations, life insurance or other plans or arrangements in effect;

10) there are no actions, claims or investigations pending or, to the knowledge of Seller threatened, against any Employee Plan, Benefit Arrangement, or any administrator, fiduciary or sponsor thereof with respect to the Business, other than benefit claims arising in the normal course of operation of such Employee Plan or Benefit Arrangement;

11) the consummation of the transactions contemplated by the Agreement in and of themselves will not entitle any individual to severance pay that is payable by Buyer, and will not accelerate the time of payment or vesting, or increase the amount of any compensation or benefits due any Transferred Employee to the extent such compensation or benefits are the responsibility of Buyer;

12) neither the Seller nor any ERISA Affiliate has any Liability that could have become a Liability of the Buyer (partially or totally within the meaning of ERISA) from any Employee Plan; and, without limitation by reference to any other provision of

this Agreement or any schedule annexed hereto, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby shall result in a withdrawal (partial or total within the meaning of ERISA by the Seller or ERISA Affiliate) from any Employee Plan that could become a Liability; and

13) there are no contributions that have not been or will not be timely made to trusts in connection with “defined contribution plans” (within the meaning of Section 3(340) of ERISA) with respect to services rendered by Transferred Employees prior to the Closing Date.

j. **Consents.** Except as set forth on Schedule 8(j), the Seller is not required to give any notice to or obtain any consent from any Person in connection with the execution and delivery of this Agreement or the consummation or performance of any of the transactions contemplated by this Agreement.

k. **Permits.** Except as set forth on Schedule 8(k), the Acquired Permits, true and complete copies of which have been made available to Buyer, comprise all Permits required by Applicable Law for the conduct of the Business as now conducted.

l. Tax Matters.

i) Each of Seller and its Subsidiaries has timely filed all material Tax Returns that it was required to file. All such Tax Returns were correct and complete in all material respects and were prepared in material compliance with all applicable laws and regulations. All Taxes owed by Seller or any of its Subsidiaries (whether or not shown or required to be shown on any Tax Return) have been paid or Seller has made provision therefor, except such Taxes as are being contested in good faith and as to which adequate reserves have been provided in the Interim Balance Sheet. Neither Seller nor any of its Subsidiaries currently is the beneficiary of any extension within which to file any Tax Return. No claim has even been made by any authority in a jurisdiction where Seller or any of its Subsidiaries does not file Tax Returns that Seller or any of its Subsidiaries is or may be subject to taxation by that jurisdiction. There are no liens on any of the assets of Seller and any of its Subsidiaries that arose in connection with any failure or alleged failure to pay any Tax.

ii) Each of Seller and its Subsidiaries has withheld and paid all Taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party, and all Forms W-2 and 1099 required with respect thereto have been properly completed and timely filed.

iii) Seller and its Subsidiaries do not expect any tax authority to assess any additional Taxes for any period for which Tax Returns have been filed. There is no dispute or claim concerning any Tax Liability of Seller and any of its Subsidiaries either (A) claimed or raised by any authority in writing or (B) as to which Seller has Knowledge.

iv) Neither Seller nor any of its Subsidiaries has waived any statute of limitations with respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

v) The unpaid Taxes of Seller and its Subsidiaries (A) did not, as of the most recent fiscal month end, exceed the reserve for Tax Liability set forth on the face of the most recent Balance Sheet and (B) do not exceed that reserve as adjusted for the passage of time through the Closing Date in accordance with past custom and practice of Seller and its Subsidiaries in filing their Tax Returns.

vi) None of the Assumed Liabilities is an obligation to make a payment that is not deductible under Code Section 280G.

vii) Seller has no liability for Taxes of any person under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract or otherwise.

m. Financial Statements.

i) Set forth on Schedule 8(m)(i) are true and complete copies of the unaudited balance sheet of the Seller as to the Business only as of December 31, 2005 (being hereinafter referred to as the “December 31, 2005 Balance Sheet”), and the related unaudited internally prepared statements of operations and shareholders’ equity for the year then ended (collectively, with the December 31, 2005 Balance Sheet, the “Financial Statements”). The December 31, 2005 Balance Sheet fairly presents in all material respects the financial condition of the Business as of the date thereof and the other related year end statements included in the Financial Statements fairly present in all material respects the results of operations of the Business for the fiscal year then ended; and each of the Financial Statements is consistent with the financial statements utilized for the preparation of the Seller’s audited consolidated financial statements and has been prepared from and in accordance with the books and records of the Seller except as otherwise noted therein.

ii) Set forth on Schedule 8(m)(ii) are true and complete copies of the unaudited balance sheet of the Seller as to the Business only as of September 30, 2006 (being herein referred to as the “Interim Balance Sheet”), and the related unaudited internally prepared statements of operations and shareholders’ equity for the fiscal period then ended (collectively, with the Interim Balance Sheet, the “Interim Financial Statements”). The Interim Balance Sheet fairly presents in all material respects the financial condition of the Business as of the date thereof and the other related internally prepared statements included in the Interim Financial Statements fairly present in all material respects the results of operations of the Business for the fiscal period then ended, subject to normal recurring year-end adjustments (the effect of which will not, individually or in the aggregate, be materially adverse). Each of the Interim Financial Statements has been prepared from and in accordance with the books and records of the Seller except as otherwise noted therein.

iii) Except as set forth on Schedule 8(m)(iii), the Business has no liabilities or obligations of any type (whether accrued, contingent, absolute, fixed or otherwise) that are required by GAAP to be reflected or reserved against on a balance sheet prepared in accordance with GAAP principles that were not (i) fully reflected in, reserved against or

otherwise disclosed in the Interim Balance Sheet or (ii) incurred since September 30, 2006 in the Ordinary Course of Business and not in breach of this Agreement.

iv) Notwithstanding anything to the contrary set forth herein, the Seller makes no representation or warranty in this Section 8(m) with respect to the adequacy of its reserves against accounts receivable. Liability of Seller to Buyer, if any, for the inadequacy of such reserves shall only be as provided by Section 7 in connection with the Purchase Price adjustment.

n. Events Subsequent to Interim Balance Sheet. Since the date of the Interim Balance Sheet the Seller has not, with respect to the Business or the Assets:

- i) engaged in any practice, taken any action, or entered into any transaction with respect to the Business outside the Ordinary Course of Business;
- ii) sold, transferred, conveyed, assigned or otherwise disposed of any of the Assets, except sales of Inventory, machinery and equipment in the Ordinary Course of Business;
- iii) waived, released or canceled any claims against third parties or debts owing to it or any rights which have any value, other than credits, reductions of claims, discounts and similar concessions to customers in the Ordinary Course of Business;
- iv) made any changes in its accounting systems, policies, principles or practices;
- v) suffered or permitted the creation of any security interest over any of the Assets other than in the Ordinary Course of Business or Permitted Encumbrances; or
- vi) entered into any transaction or arrangement of any kind, including transactions or arrangements in the Ordinary Course of Business as contemplated by Sections 8(n)(i)-(v), that (i) requires or reasonably may in the future require the Seller to pay or guarantee amounts or transfer assets or interests having fair market value in excess of in the aggregate \$75,000, (ii) has a term, or requires the performance of any obligations by the Seller over a period, in excess of one year, or (iii) involves any director, officer or employee of the Seller or any of the Affiliates of such individuals or any Affiliate of the Seller.

o. Real Property. Schedule 8(o) sets forth a true and complete list of all ITS Leases which constitute the only Leases currently in effect with respect to the Business. Other than the office and yard space currently occupied by the Business located at 2801 SW 46th Avenue, Fort Lauderdale, Florida, parts of which are used exclusively by the Business, Seller has no Owned Real Property used exclusively by the Business.

p. Intellectual Property. Schedule 2(c) sets forth a complete list of the Acquired Intellectual Property and whether it is licensed to or owned by Seller. Except as set forth on Schedule 8(p) and except for Excluded Assets:

i) to the Knowledge of the Seller, the conduct of the Business by the Seller does not currently infringe on any material Intellectual Property of any other Person;

ii) as of the date of this Agreement, no action is pending or, to the Knowledge of the Seller, has been threatened against the Seller regarding the infringement by the Business of any material Intellectual Property owned by any other Person;

iii) to the Knowledge of the Seller, as of the date of this Agreement there is no current infringement or unauthorized use by any other Person of any material Acquired Intellectual Property; and

iv) Seller is not in material default or material breach of any license to any Acquired Intellectual Property that would give rise to any right of termination; to the Knowledge of Seller, no other party thereto is in default or breach thereof; and no such Intellectual Property license is the subject of any notice of termination given or threatened.

q. **Powers of Attorney.** There are no outstanding powers of attorney relating to the Business.

r. **Insurance.** The Seller maintains insurance for the Business reasonable in amounts and coverage for a business of its size and character. Schedule 8(r) sets forth a true, accurate and complete list of all claims (other than health and related claims) that have been made by Seller within the past year under any workmen's compensation, general liability, property or other insurance policy held by Seller or its Affiliates with respect to the Assets or the operations of the Business. Except as set forth on Schedule 8(r), there are no pending or, to the Knowledge of Seller, prospective claims under any insurance policy with respect thereto. Such claim information includes the following information with respect to each accident, loss or other event: (i) the identity of the claimant; (ii) the date of the occurrence and (iii) the status as of the report date.

s. **Accounts Receivable.** Each Acquired Receivable represents a valid obligation arising from a sale actually made or services actually performed by Seller in the Ordinary Course of Business. Except as set forth on Schedule 8(s), Seller has performed all of its obligations required thereby to deliver the goods or perform the services to which such account receivable relates.

t. **Condition and Sufficiency of Assets.** The Assets constitute all the assets, properties and rights that are required for or (except for the Excluded Assets and Inventory sold in the Ordinary Course of Business and assets used to provide services to Buyer pursuant to the Transition Services Agreement) currently used in connection with the conduct of the Business as it is presently conducted and has been conducted since the date of the Interim Balance Sheet.

u. **Inventory.** The Acquired Inventory is all of the Inventory of the Business, other than Inventory sold in the Ordinary Course of Business.

v. **Customers and Suppliers.**

i) Schedule 8(v)(i) sets forth a true, accurate and complete list of:

1) the twenty (20) largest customers of the Business in terms of revenue earned during the period beginning January 1, 2006 and ending on September 30, 2006 (collectively, the “Major Customers”); and

2) the twenty (20) largest suppliers of the Business in terms of purchases during the period beginning January 1, 2006 and ending on September 30, 2006 (collectively, the “Major Suppliers”).

ii) Since the date of the Interim Balance Sheet, except as set forth on Schedule 8(v)(ii), there has been no material dispute, between Seller or any of its Affiliates and any Major Customer or Major Supplier and no Major Customer or Major Supplier has communicated to Seller in writing that it intends to reduce materially its purchases from, or sales to, the Business.

w. **Environmental Matters.** Except as set forth on Schedule 8(w):

i) Permits. The Seller possesses all Environmental Permits necessary in order to conduct the Business as it is now being conducted (the “ITS Environmental Permits”). A true and complete copy of each ITS Environmental Permit has been made available to Buyer. Each ITS Environmental Permit is in full force and effect. The Seller is in compliance, in all material respects, with all requirements, terms and provisions of the ITS Environmental Permits, and has filed on a timely basis (and updated as required) all reports, notices, applications or other documents required to be filed pursuant to the Environmental Permits.

ii) Compliance With Environmental Laws. With respect to the operation of the Business, the Seller is in compliance with all Environmental Permits and Environmental Laws.

iii) Reports, Disclosures and Notifications. The Seller has prepared and filed on a timely basis (and updated as required) all reports, disclosures, notifications, applications, pollution prevention, stormwater prevention or discharge prevention or response plans or other emergency or contingency plans required to be filed under Environmental Laws, with respect to the Business or any of Seller’s operations at the Property, including without limitation, Title III of the Superfund Amendments and Reauthorization Act, 42 U.S.C. §11001 et seq. Schedule 8(w)(iii) lists all such reports, disclosures, notifications, applications and plans filed by Seller with respect to the Business under Environmental Laws. Copies of all such reports, disclosures, notifications, applications and plans made available to Buyer are true, accurate and complete.

iv) Notices. The Seller has not received any written notice from any Governmental Authority that Seller or the Properties: (1) is in violation of the requirements of any Environmental Permit or Environmental Laws; (2) is the subject of any suit, claim, proceeding, demand, order, investigation or request or demand for information arising under any Environmental Permit or Environmental Laws; or (3) has actual or potential liability under any

Environmental Laws, including without limitation, CERCLA, RCRA or any comparable state or local Environmental Laws.

v) No Reporting or Remediation Obligations. There are no Environmental Conditions arising out of or relating to Seller, the Business, or the use, operation or occupancy by Seller of the Properties that result or reasonably could be expected to result in (1) any obligation of Seller to file any report or notice, to obtain any Environmental Permit, to conduct any investigation, sampling or monitoring or to effect any environmental cleanup or remediation, whether on-site or offsite; or (2) liability, either to governmental agencies, including Environmental Authorities, or third parties, for damages (whether to person, property or natural resources), cleanup costs or remedial costs of any kind or nature whatsoever.

vi) Liens and Encumbrances. No federal, state, local or municipal governmental agency or authority, including without limitation any Environmental Authority, has obtained or asserted an encumbrance or lien upon the Properties or the Assets as a result of any Release, use or cleanup of any Hazardous Material for which Seller is legally responsible, nor has any such Release, use or cleanup occurred which could result in the assertion or creation of such a lien or encumbrance.

vii) Storage, Transport or Disposal of Hazardous Materials.

1) To Seller's Knowledge, there is not now nor has there ever been located on the Properties any areas or vessels used or intended for the treatment, storage, deposit or disposal of Hazardous Materials, including, but not limited to, drum storage areas, surface impoundments, incinerators, landfills, tanks, lagoons, ponds, waste piles or deep well injection systems, other than quantities of materials regularly used for routine maintenance and cleaning of the Properties in the Ordinary Course of Business that are used and stored in compliance, in all material respects, with Environmental Laws.

2) The Seller has not transported for storage, treatment or disposal, by contract, agreement or otherwise, or arranged for the transportation, storage, treatment or disposal, of any Hazardous Material at or to any location including, without limitation, any location used for the treatment, storage or disposal of Hazardous Materials.

x. Labor Relations; Employees.

i) Except as set forth in Schedule 8(c)(i), there is no labor strike, work stoppage, arbitration, lawsuit or administrative proceeding relating to labor or employment matters, or other labor dispute pending, or to the Knowledge of Seller, threatened against the Seller with respect to the Business. The Seller is in compliance with all applicable laws, regulations, orders and agreements to which it is a party, relating to the employment of labor, wages and hours, labor relations, civil rights, safety and health, and/or workers' compensation;

ii) The Seller is not now and never has been a party to or bound by any collective bargaining agreement or union contract which covers or covered the employees of the Business;

iii) No employee of the Business is party to an employment agreement with the Seller.

y. Limitations on Representations and Warranties.

i) EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS SECTION 8, THE SELLER DISCLAIMS ALL LIABILITY AND RESPONSIBILITY FOR ANY REPRESENTATION, WARRANTY, STATEMENT MADE OR INFORMATION COMMUNICATED (WHETHER ORALLY OR IN WRITING) TO THE BUYER (INCLUDING ANY OPINION, INFORMATION OR ADVICE WHICH MAY HAVE BEEN PROVIDED TO BUYER OR ANY OF ITS AFFILIATES BY ANY SHAREHOLDER, PARTNER, DIRECTOR, OFFICER, EMPLOYEE, ACCOUNTING FIRM, LEGAL COUNSEL, OR OTHER AGENT, CONSULTANT, OR REPRESENTATIVE OF SELLER).

ii) THE SELLER MAKES NO REPRESENTATIONS OR WARRANTIES TO THE BUYER EXCEPT AS CONTAINED IN THIS SECTION 8, AND ANY AND ALL STATEMENTS MADE OR INFORMATION COMMUNICATED BY SELLER OR ITS REPRESENTATIVES OUTSIDE OF THIS AGREEMENT (INCLUDING BY WAY OF THE DOCUMENTS CONTAINED IN THE DATA ROOM), WHETHER VERBALLY OR IN WRITING, ARE DEEMED TO HAVE BEEN SUPERSEDED BY THIS AGREEMENT, IT BEING INTENDED THAT NO SUCH PRIOR STATEMENTS OR COMMUNICATIONS SHALL SURVIVE THE EXECUTION AND DELIVERY OF THIS AGREEMENT.

9. Buyer's Representations and Warranties. Buyer represents and warrants to Seller as follows:

a. Status and Authority. Buyer is, and at the Closing will be, a limited liability company, duly organized, validly existing, and in good standing under the laws of the State of Delaware with full limited liability company power and authority to conduct business as contemplated to be conducted. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been validly authorized by all appropriate limited liability company action. This Agreement has been duly and validly executed and delivered by Buyer and constitutes a valid and binding obligation of Buyer, enforceable against it in accordance with its terms.

b. Litigation. There are no suits, actions, claims, arbitrations, administrative, or other proceedings or governmental investigations pending or threatened against or affecting Buyer in any court or before or by any federal, state, local, or other governmental department or agency that seek to restrain or prohibit the consummation, legality or validity of this Agreement or the transactions contemplated hereby or which would materially impair the ability of the Buyer to consummate such transactions.

c. Agreement Not in Breach of Other Instruments. The execution and delivery of this Agreement by Buyer, the consummation by Buyer of the transactions

contemplated hereby, and the fulfillment by Buyer of the terms hereof, will not violate any provision of the formation or operating documents of Buyer nor will they result in the breach of any term or provision of, or constitute a default under, or conflict with, or cause the acceleration of any obligation under, any loan agreement, note, debenture, indenture, mortgage, deed of trust, lease, contract, agreement, or other obligation of any description to which Buyer is a party or by which it is bound, or constitute a violation of Applicable Law.

d. Investment Intent. The Buyer has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its purchase of the Assets, and the Buyer is capable of bearing the economic risks of such investment, including a complete loss of its investment. In evaluating the suitability of the investment, the Buyer has relied solely upon the representations, warranties, covenants and agreements made by the Seller herein and the Buyer has not relied upon any other representations or other information (whether oral or written and including any projections or supplemental data) made or supplied by or on behalf of the Seller or any Affiliate, employee, agent or other representative of the Seller.

e. No Knowledge of Misrepresentations or Omissions. Buyer has no actual knowledge as of the date hereof that the representations and warranties of the Seller in this Agreement, as modified by the disclosures set forth in the Disclosure Schedules, are not true and correct in all material respects, or that there are any material errors in, or material omissions from, the disclosures set forth in the Disclosure Schedules.

f. Solvency. Upon and immediately after the consummation of the transactions contemplated by this Agreement and the incurrence of any indebtedness for borrowed money used to finance such transactions, the assets of the Buyer will exceed the liabilities of the Buyer. In connection with the consummation of the transactions contemplated by this Agreement and the incurrence of any indebtedness for borrowed money used to finance such transactions, the Buyer will not incur debts that are beyond its ability to pay as such debts mature and Buyer will have sufficient cash flows to perform all of its obligations hereunder and pursuant to the General Agreement of Indemnity.

g. Inspections. Buyer acknowledges that Seller has made no representation or warranty as to the prospects, financial or otherwise, of the Business except as expressly set forth in this Agreement. Buyer agrees that it shall accept the Assets and the Assumed Liabilities as they exist on the Closing Date based on Buyer's inspection, examination, determination with respect thereto as to all matters, and without reliance upon any express or implied representations or warranties of any nature, whether in writing, orally or otherwise, made by or on behalf of or imputed to Seller, except as expressly set forth in the Agreement.

10. Survival. All of the representations and warranties of Seller contained in Sections 8(a), (b) (as to the first two sentences), (g)(i) and (l) and Section 20, and all of the representations and warranties of Buyer contained in this Agreement shall survive the Closing without time limit, subject to any applicable statute of limitation. All other representations and warranties of Seller contained elsewhere in this Agreement or in any certificate delivered pursuant hereto shall survive the Closing and continue in full force and effect for a period of eighteen (18) months

thereafter. The covenants and agreements made in Sections 10, 18, 20 and 21 shall survive in full force and effect indefinitely, and the covenants and agreements made in Section 11(a)(iv) shall survive in full force and effect until the expiration provided for such covenants.

11. Seller's Covenants. Seller agrees that, between the date hereof and the Closing Date, inclusive, unless otherwise consented to in writing by the Buyer:

a. **Accuracy of Representations and Warranties**. Seller shall not take any action that would (a) render untrue, in any material respect, any of the representations or warranties of Seller herein contained that are not qualified by materiality or (b) render untrue, in any respect, any of the representations or warranties of Seller herein contained that are qualified by materiality.

b. **Conduct of Business**. Except as set forth on Schedule 11(b), Seller shall:

- i) conduct the Business only in the Ordinary Course of Business consistent with past practice;
- ii) not, directly or indirectly, encourage, solicit, initiate or continue any discussions or negotiations with, or provide any information to, negotiate with or enter into any agreement with, any person, entity or group concerning any sale of the Business or the Assets, any purchase of a business similar to the Business or any similar transaction, other than such asset sales or purchases as are in the Ordinary Course of Business;
- iii) not waive any rights under any Material Contracts;
- iv) not place any Encumbrances upon any of the Assets or incur any indebtedness with respect to the Business;
- v) not pay any bonus, or forgive any indebtedness of any officer or employee of the Business without Buyer's prior written consent, which consent shall not be unreasonably delayed, conditioned or withheld;
- vi) with respect to the Business, not enter into any new contracts for the sale of goods or the provision of services which will not be fully completed prior to the Closing Date without Buyer's prior written consent, which consent shall not be unreasonably delayed, conditioned or withheld;
- vii) with respect to the Business, not enter into any new leases;
- viii) with respect to the Business, not hire any new managers or senior managers without Buyer's prior written consent, which consent shall not be unreasonably delayed, conditioned or withheld;
- ix) acquire or dispose of any assets of the Business in the aggregate in excess of \$50,000 without Buyer's prior written consent, which consent shall not be unreasonably delayed, conditioned or withheld; or

x) agree to take any of the foregoing actions.

c. **Right of Inspection.** Prior to the Closing, Seller shall provide to Buyer and its representatives reasonable access, during normal business hours and upon reasonable notice, the Assets for reasonable inspection and to make copies thereof at Buyer's expense and to complete its due diligence; provided, however, that such access does not unreasonably disrupt the normal operations of Seller or the Business.

d. **Noncompetition; Nonsolicitation; etc.**

i) Seller covenants and agrees, as an inducement to Buyer to enter into this Agreement and to consummate the transactions contemplated hereby, that Seller will not, directly or indirectly, for a period of five years following the Closing in the United States or any territories of the United States carry on or participate in the ownership, management or control of a Competing Business; provided that Seller and its Affiliates shall not be prohibited from continuing to provide to customers of the Business or any other Persons the services Seller and its Affiliates provide as of the date hereof (excluding the services provided by the Business and not otherwise provided by Seller or its Affiliates). In addition, neither Seller nor its Affiliates shall be prohibited from providing duct, duct bank, conduit and Lighting Work (build, engineer, install, maintain) or communications, satellite, energy and broadband services (including municipal WIFI, WIMAX and other wireline or wireless broadband technologies). Furthermore, Seller and its Affiliates shall not be prohibited from providing any services outside the United States and its territories or providing services to clients other than State Departments of Transportation; provided, however, that Seller and its Affiliates may provide services to the Departments of Transportation of the States of Arizona, Nevada and Texas which Seller and its Affiliates provide as of the date hereof (excluding the services provided by the Business and not otherwise provided by Seller or its Affiliates). "Lighting Work" includes lighting structures or installing/maintaining/supporting other equipment on lighting structures.

ii) Nothing contained in this Section 11(d) shall limit or restrict the right of Seller to hold and make investments in securities of any Person that has securities listed on a national securities exchange or admitted to trading privileges thereon or actively traded in a generally recognized over-the-counter market, provided that the aggregate equity interest therein of Seller does not exceed (5%) of the outstanding shares or interests in such Person at the time of Seller's investment therein provided that such Seller does not take any active management role. Notwithstanding any provisions of this Section 11(d) to the contrary, if Seller acquires securities of any Person that is engaged in a competing business, Seller shall not be deemed to be in violation of this Section 11(d), provided that at the time of acquisition the competing business represents less than 25% of the gross revenues of the acquired Person for the acquired Person's most recently completed fiscal year.

iii) From and after the date of this Agreement until the fifth anniversary of the Closing Date, Seller shall not, without the prior written approval of Buyer, directly or indirectly solicit any individual who was a non-exempt (within the meaning of the Fair Labor Standards Act) Transferred Employee to terminate his or her employment relationship with Buyer; provided, however, that the foregoing shall not apply to individuals hired as a result

of the use of an independent employment agency (so long as the agency was not directed to solicit a particular individual or a class of individuals that could only be satisfied by employees of Buyer) or as a result of the use of a general solicitation (such as an advertisement) not specifically directed to employees of Buyer. From and after the date of this Agreement until the fifth anniversary of the Closing Date, Seller will not induce or seek to induce any contractor, supplier, client or customer of Buyer to terminate its relationship with Buyer in respect of the Business.

iv) Seller recognizes and agrees that a breach by Seller of any of the covenants and agreements in this Section 11(d) could cause irreparable harm to Buyer, that Buyer's remedies at law in the event of such breach would be inadequate, and that, accordingly, in the event of such breach a restraining order or injunction or both may be issued against Seller, in addition to any other rights and remedies that may be available to Buyer under Applicable Law. If this Section 11(d) is more restrictive than permitted by the Applicable Laws of the jurisdiction in which Buyer seeks enforcement hereof, this Section 11(d) shall be limited to the extent required to permit enforcement under such Applicable Laws.

e. **Bonds on Current Projects.** From and after the date of this Agreement, Seller shall maintain and continue at its sole expense all performance and completion bonds, and all collateral currently securing such bonds, relating to the Current Projects and use commercially reasonable efforts to obtain the consent of the issuer of each such bond to the continuation of such bond after the Closing.

f. **ERP System.** From and after the date of this Agreement, Seller shall permit Buyer to commence development and initiation of a new ERP system for the Business in accordance with procedures, specifications and a budget to be agreed upon by the parties. The amount of any budgeted costs incurred by Seller, up to \$50,000, prior to Closing with respect to the ERP system shall be deducted from the amount of Target Working Capital.

g. **Expense Reimbursement and Termination Fee.** If this Agreement is terminated by Buyer pursuant to Section 16(a)(iii) or Buyer or Seller pursuant to Section 16(a)(v), Seller shall reimburse to Buyer, within sixty (60) days after the Termination Date, its reasonable documented out of pocket expenses (including, without limitation, attorneys and accountants fees) incurred through the Termination Date in connection with its financial, legal and due diligence review of the Business, the negotiation of this Agreement and the transactions contemplated by this Agreement up to a maximum amount of \$500,000. In the event Seller breaches its obligations hereunder, notwithstanding satisfaction prior to the Termination Date of all of the conditions to Closing described in Sections 14 and 15, then, as Buyer's sole and exclusive remedy (other than its right to receive reimbursement of expenses as provided in this Section 11(g)), Seller shall pay to Buyer within sixty (60) days of such breach, a termination fee of \$400,000 in consideration of Buyer's time, effort and resources expended in connection with this Agreement and the transactions contemplated hereby. Upon Buyer's receipt of such Termination Fee and Expense Reimbursement, Buyer shall deliver a release to Seller of any and all claims Buyer may have against Seller, its Affiliates and their successors and assigns in connection with the transactions contemplated hereby.

h. Notice of Developments. From the date of the Agreement until the Closing Date, the Seller will give the Buyer prompt written notice upon becoming aware of any material development affecting the Assets or the Business, or any event or circumstance that could reasonably be expected to result in a breach of, or inaccuracy in, any of the Seller's representations and warranties; provided, however, that no such disclosure will be deemed to prevent or cure any breach of, or inaccuracy in any representation or warranty set forth in this Agreement. The Seller shall periodically update Schedules 2(c), 2(d), 2(e), 2(f), 2(g) and 2(i) through the Closing Date at such times as are reasonably requested by Buyer but in no event more frequently than bi-monthly and the Assets acquired at Closing shall include the Assets set forth on such updated Schedules. The Seller will be entitled to deliver to the Buyer a supplement to the Schedules that discloses to the Buyer in reasonable detail any facts and circumstances arising after the date of the Agreement that would constitute a breach of the representations and warranties set forth in Section 8 as of the date hereof or the Closing Date. The delivery of such supplements shall not limit or constitute a waiver of Buyer's right to indemnification for breaches of representations and warranties pursuant to Section 19(a).

12. Buyer's Covenants

a. Confidentiality. Buyer acknowledges and agrees that the Confidentiality Agreement dated August 21, 2006 (the "NDA") executed by Buyer remains in full force and effect, and Buyer's obligations thereunder remain unaffected by the execution and delivery of this Agreement; provided, however, that Seller acknowledges and agrees that Buyer has directly or indirectly contacted and communicated with executives or other employees of the Seller and that such contacts and communications shall not constitute a breach by Buyer of the NDA.

b. Nonsolicitation of Employees, etc. From and after the date of this Agreement until the fifth anniversary of the Closing Date, Buyer shall not, without the prior written approval of Seller, directly or indirectly solicit any individual who is a non-exempt (within the meaning of the Fair Labor Standards Act) employee of Seller or its Affiliates to terminate his or her employment relationship with Seller or any such Affiliate; provided, however, that the foregoing shall not apply to Transferred Employees, employees of the Business as of the date hereof who are not Transferred Employees or individuals hired as a result of the use of an independent employment agency (so long as the agency was not directed to solicit a particular individual or a class of individuals that could only be satisfied by employees of Seller or its Affiliates) or as a result of the use of a general solicitation (such as an advertisement) not specifically directed to employees of Seller or its Affiliates. Buyer recognizes and agrees that a breach by Buyer of any of the covenants and agreements in this Section 12(b) could cause irreparable harm to Seller, that Seller's remedies at law in the event of such breach would be inadequate, and that, accordingly, in the event of such breach a restraining order or injunction or both may be issued against Buyer, in addition to any other rights and remedies that may be available to Seller under Applicable Law. If this Section 12(b) is more restrictive than permitted by Applicable Laws of the jurisdiction in which Seller seeks enforcement hereof, this Section 12(b) shall be limited to the extent required to permit enforcement under such Applicable Laws.

c. Buyer's Due Diligence Investigation; Certain Acknowledgements .

i) The Buyer acknowledges and agrees that the Seller has not made any representations or warranties regarding the Seller, the Business, the Assets or the operations of the Business or otherwise in connection with the transactions contemplated hereby, other than the representations and warranties expressly made by the Seller in Section 8. Without limiting the generality of the foregoing, the Buyer acknowledges and agrees that no statements or information contained in the Data Room or any presentation regarding the Business (including any management presentation or facility tour), including but not limited to any projections, forecasts and predictions, and any other estimates, data, financial information, documents, reports, statements (oral or written), summaries, abstracts, descriptions, presentations (including any management presentation or facility tour), memoranda or offering materials, is or shall be deemed to be a representation or warranty by the Seller to the Buyer, and that Buyer has not relied thereon in determining to execute this Agreement and proceed with the transactions contemplated hereby. Buyer further acknowledges and agrees that materials it has received from Seller include projections, forecasts and predictions relating to the Business; that there are uncertainties inherent in attempting to make such projections, forecasts and predictions; that Buyer is familiar with such uncertainties and is taking full responsibility for making its own evaluation of the adequacy and accuracy of all projections, forecasts, predictions and information so furnished; that Buyer shall not have any claims against Seller or its officers, directors or Affiliates with respect thereto; and that Buyer has not relied thereon. The Buyer acknowledges that no Person has been authorized by the Seller to make any representation or warranty regarding the Seller, the Business, the assets or operations of the Business or otherwise in connection with the transactions contemplated hereby and, if made, such representation or warranty may not be relied upon as having been authorized by the Seller.

ii) The Buyer acknowledges and agrees that it (i) has made its own inquiry and investigation into, and, based thereon, has formed an independent judgment concerning, the Seller and the Business, and (ii) has conducted such investigations of the Seller and the Business as the Buyer deems necessary to satisfy itself as to the operations and conditions thereof, and will rely solely on such investigations and inquiries, and the express representations and warranties of the Seller set forth in Section 8. The Buyer further acknowledges and agrees that it will not at any time assert any claim against the Seller or any of its present and former directors, officers, managers, partners, shareholders, employees, agents, Affiliates, consultants, investment bankers, attorneys, advisors or representatives, or attempt to hold the Seller or any of such Persons liable, for any inaccuracies, misstatements or omissions with respect to the information furnished by Seller or such Persons concerning the Seller or the Business, other than any inaccuracies or misstatements in the representations and warranties expressly set forth in Section 8 (subject to the limitations and expiration thereof otherwise set forth in this Agreement).

iii) Buyer acknowledges that (i) the Purchase Price has been negotiated based upon Buyer's express agreement that there would be no contingencies (financial or otherwise) to Closing other than the conditions set forth in Section 14; (ii) should the Closing occur, Buyer will acquire the Business, the Assets and Assumed Liabilities in "as is" condition and on a "where is" basis, without any representation or warranty of any kind, express

or implied, except such representations and warranties expressly set forth in Section 8 of this Agreement. Further, without limiting any representation, warranty or covenant of Seller expressly set forth herein, Buyer acknowledges that it has waived and hereby waives as a condition to Closing any further due diligence reviews, inspections or examinations with respect to the Business, including without limitation with respect to engineering, environmental, title, survey, financial, operational, regulatory and legal compliance matters.

d. Leased Assets. At the Closing, the Buyer, at its sole option and expense, shall have the option to (i) pay off, refinance or take an assignment of the leases (as legally permitted) on the vehicles and equipment of the Business, and in connection therewith shall obtain the release of the Seller for all liability under such leases or (ii) execute a sublease with the Seller on all of the leases on the vehicles and equipment of the Business consistent with the terms of Seller's lease. As soon as practicable (but in any event within sixty (60) days) after the Closing Date, the Buyer, at its sole option and expense, shall (i) pay off, refinance or take an assignment of the leases on the other leased assets of the Business, and in connection therewith shall obtain the release of the Seller for all liability under such leases or (ii) execute a sublease with the Seller on all of the other leased assets of the Business consistent with the terms of Seller's lease.

e. Preservation of and Access to Certain Information; Cooperation.

i) On and after the Closing Date, the Buyer shall preserve all books and records of the Business for a period of ten years commencing on the Closing Date, and thereafter, shall not destroy or dispose of such records without giving notice to the Seller of such pending disposal and offering the Seller such records. In the event that the Seller has not requested such materials within ninety (90) days following the receipt of notice from the Buyer, the Buyer may proceed to destroy or dispose of any books and records of the Business.

ii) From and after the Closing Date, the Buyer shall (a) afford the Seller and its representatives reasonable access upon reasonable prior notice during normal business hours, to all employees, officers, properties, agreements, records, books and affairs of the Buyer relating to the Business, including, without limitation, the engineering documentation library, and provide copies at Seller's cost of such information concerning the Business as the Seller may reasonably request in connection with the preparation of any Tax Returns, any judicial, quasi-judicial, administrative, tax, audit or arbitration proceeding, the preparation of any financial statements or reports required in accordance with Applicable Law and in connection with the defense of any third party claims and (b) cooperate fully with the Seller for any proper purpose.

f. Employment Matters. At Closing, MasTec Services, Inc. will terminate the employment of the employees listed on Schedule 12(f) (the "Transferred Employees") and the Buyer shall immediately hire the Transferred Employees and establish and make available a group medical plan for all Transferred Employees and their dependants that is substantially similar to the group medical plan available to the Transferred Employees immediately prior to the Closing under Seller's plan. Seller's plan will terminate as to the Transferred Employees at the Closing. The Buyer shall credit the Transferred Employees with all service of the

Transferred Employees recognized under any Employee Benefit Plan or Benefit Arrangements as service with the Buyer for purposes of eligibility to participate, vesting and levels of benefits available, under all Buyer Plans (as defined below). The Buyer shall waive any coverage waiting period, pre-existing condition and actively-at-work requirements under the Buyer's employee benefit plans, policies, programs, or arrangements (the "Buyer Plans") and shall provide that any expenses incurred before the Closing Date by a Transferred Employee (and his or her dependents) during the calendar year of the Closing shall be taken into account for purposes of satisfying the applicable deductible, coinsurance and maximum out-of-pocket provisions, and applicable annual and/or lifetime maximum benefit limitations of the Buyer Plans. The Buyer Plans shall not require contributions by Transferred Employees at a rate that exceeds the rate in effect for other similarly situated employees of the Buyer. Seller shall use commercially reasonable efforts to assist Buyer in its effort to hire James Fowler, Lewis Black, John Coyne and the other Transferred Employees following the Closing. If requested by Buyer, Seller will use commercially reasonable efforts to assist Buyer in its efforts to hire Marcelino Iturrey. Notwithstanding anything to the contrary set forth herein, under no circumstances shall Seller's obligations pursuant to the two immediately preceding sentences require Seller to expend any funds or take any actions that would otherwise disrupt the operations of Seller's business.

g. Project Completion. Seller is currently obligated to complete the Current Projects. Following the Closing, Buyer shall complete each of the Current Projects as expeditiously as possible in accordance with the terms of such projects and will use best efforts to collect all payments due and payable thereunder as soon as practicable following the Closing Date.

h. Seller's Intellectual Property. Following the Closing, Buyer shall not, and shall cause all of its Affiliates not to, use the Intellectual Property of the Seller other than the Acquired Intellectual Property, including without limitation: (i) ceasing and desisting from all use of the MasTec Marks and all variations thereof in any form as previously registered, licensed or used by the Seller or the Business in connection with any goods or services, or used as business names, trade names, fictitious names and any other uses, as well as all use of any of the other Intellectual Property of the Seller and its Affiliates; and (ii) removing, destroying, erasing or otherwise eliminating all references to any of the foregoing Intellectual Property from any signage and any other tangible matter, electronic displays or other depictions of any kind which are of a permanent nature and from all clothing, signs, materials, vehicles and any other tangible matter or electronic systems or media in any form owned, controlled, leased, licensed, operated, possessed or otherwise used by Buyer or any of its Affiliates.

13. Mutual Covenants

a. Transition Services Agreement. At Closing Buyer and Seller will enter into a Transition Services Agreement (the "Transition Services Agreement"), in a form reasonably acceptable to Buyer and Seller, pursuant to which Seller and its Affiliates would provide for a period of twelve (12) months (with respect to the services set forth in Section 13(a)(i)) or six (6) months (with respect to all other services) following the Closing the following services. (Seller's payment for such services shall be at an arm's length market price as mutually

agreed between Buyer and Seller and Buyer shall have the right to terminate specific services from time to time without penalty upon such notice as shall be mutually agreed.)

i) Oracle/IT Support. Access to and use of Seller's Oracle system and related maintenance/support, network infrastructure, firewalls and email server to permit Buyer to operate its financial systems during such period. Buyer shall pay Seller \$35,000 per month for such services.

ii) Risk Management Consulting. Seller's risk management personnel will consult with Buyer regarding setting up Buyer's program and processes.

iii) HR Services Support. Seller's HR personnel will consult with Buyer regarding set up of Buyer's HR services necessary for the transition.

iv) Payroll and Taxes Support necessary for transition.

v) Legal. Seller's in-house legal staff shall cooperate with and provide access to relevant documentation and provide reasonable support to Buyer and its counsel in connection with the Assumed Proceedings until the conclusion of such proceedings.

vi) Buyer shall pay Seller at its sole option at a reasonable hourly rate to be agreed upon between the parties or a flat fee of \$10,000 per month for all of the services set forth in Sections 13(a)(ii)-(v).

b. Cooperation. Following the Closing Date, each of the parties shall execute and deliver such documents and other papers and take such further actions as may be required by law or may be reasonably required to carry out the provisions of this Agreement and give effect to the transactions contemplated hereby.

c. Leases. Between the date of this Agreement and the Closing Date, Seller and Buyer shall negotiate in good faith the terms and conditions of fair market value lease agreements each having a term of at least three (3) years with two one year renewal options at the discretion of Buyer, between Seller, as lessor, and Buyer, as lessee, for each of the spaces currently occupied by the Business located at (i) 2801 SW 46th Avenue, Fort Lauderdale, Florida (the "Fort Lauderdale Lease"), (ii) 125 Commerce Way, Sanford, 32771 (the "Sanford Lease") and (iii) 1819 Totten Road, Fort Pierce, FL 34947 (the "Fort Pierce Lease") and together with the Fort Lauderdale Lease and the Sanford Lease, the "New Leases").

d. Current Projects Located Outside Florida. Buyer and Seller acknowledge and agree that (i) Current Projects set forth on Schedule 13(d) are located outside of the State of Florida (the "Non-Florida Current Projects"), (ii) Buyer is acquiring from Seller the Current Projects including the Non-Florida Current Projects in accordance with the terms of this Agreement, (iii) Buyer is only hiring employees of the Business conducted in the State of Florida and Buyer will not have the capacity to perform the Non-Florida Current Projects and (iv) at Buyer's sole option, Seller will perform as a subcontractor all of the Non-Florida Current Projects under the supervision of Buyer as prime contractor in accordance with subcontracts to be entered into between Buyer and Seller with respect to each such project, which subcontracts

shall (A) require Seller to furnish labor and inventory management services, (B) permit Seller the right to use Buyer's inventory and personal property to perform the Non-Florida Current Projects and (C) contain such other commercially reasonable terms and conditions as are acceptable to the Buyer and Seller including compensation based upon Seller's incurred costs, and a right in favor of Buyer to terminate the subcontracts upon 30 days notice. Notwithstanding the foregoing, Seller will not be required to perform services for Buyer to the extent such services would exceed 10% of Buyer's forward 12 month revenue.

14. **Buyer's Conditions Precedent to Closing.** The obligations of Buyer hereunder and its obligations to consummate the Closing herein provided for shall be subject to the following conditions precedent, any one or more of which may be waived by Buyer (which waiver shall also constitute a waiver of any claim Buyer may have against Seller as a result of the failure of such condition):

a. **Accuracy of Representations and Warranties.** The representations and warranties of the Seller contained in Section 8 (without giving effect to any notice or supplement to the Schedules pursuant to Section 11(h)) shall be true and correct as of the Closing as though made on and as of the Closing Date (except that those representations and warranties that address matters only as of a particular date shall remain true and correct as of such date), except for failures of such representations and warranties to be true and correct that individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect; provided, however, that for purposes of determining whether the condition in this Section 14(a) is satisfied, references to materiality qualifications contained in such representations and warranties shall be ignored.

b. **Compliance with Covenants.** Seller shall have performed and complied in all material respects with all agreements, obligations and covenants required by this Agreement to be performed or complied with by it on or prior to the Closing.

c. **Officer Certificate.** Buyer shall have received a duly executed certificate of an officer of Seller that the conditions in preceding paragraphs (a) and (b) have been satisfied.

d. **Absence of Litigation or Proceedings.** No litigation, governmental action, or other proceedings shall be commenced against Buyer, Seller or any other Person with respect to the consummation of the transactions provided for herein.

e. **Material Consents.** Each of the third party consents set forth on Schedule 14(e) shall have been obtained.

f. **Leases.** Buyer, as lessee, and Seller, as lessor, shall have entered into the New Leases.

g. **Transition Services Agreement.** Buyer shall have received the Transition Services Agreement executed and delivered by Seller.

h. **Closing Working Capital.** The Closing Working Capital shall include at least \$2,500,000 in cash or cash equivalents.

i. **Financing Contingency**. Buyer shall have sufficient cash available at Closing under credit facilities and/or unconditional financing agreements to enable Buyer to consummate the transactions contemplated by this Agreement.

j. **No Material Adverse Effect**. There shall not have occurred a Material Adverse Effect between the date hereof and the Closing Date.

15. **Seller's Conditions Precedent to Closing**. The obligations of Seller hereunder and its obligations to consummate the Closing herein provided for shall be subject to the following conditions precedent, any one or more of which may be waived by Seller (which waiver shall also constitute a waiver of any claim Seller may have against Buyer as a result of the failure of such condition):

a. **Accuracy of Representations and Warranties**. The representations and warranties of Buyer contained herein shall be true and correct at and as of the date of this Agreement and at and as of the Closing Date.

b. **Compliance with Covenants**. Buyer shall have performed and complied in all material respects with all agreements, obligations, covenants and conditions required by this Agreement to be performed and complied with by it on or prior to the Closing.

c. **Officer Certificate**. Seller shall have received a duly executed certificate of an officer of Buyer that the conditions in preceding paragraphs (a) and (b) have been satisfied.

d. **Absence of Litigation or Proceedings**. No litigation, governmental action, or other proceedings shall be commenced against Buyer, Seller or any other person with respect to the consummation of the transactions provided for herein.

e. **Material Consents**. Each of the third party consents set forth on Schedule 15(e) shall have been obtained.

f. **Leases**. Buyer, as lessee, and Seller, as lessor, shall have entered into the New Leases.

16. **Termination**

a. **Termination Events**. Anything contained herein to the contrary notwithstanding, this Agreement may be terminated and the transactions contemplated hereby abandoned at any time prior to the Closing Date:

i) By written, mutual consent of Seller and Buyer;

ii) By Seller, so long as it is not then in material breach of this Agreement, if any of the conditions set forth in Section 15 shall have become incapable of fulfillment, and shall not have been waived by Seller;

iii) By Buyer, so long as it is not then in material breach of this Agreement, if any of the conditions set forth in Section 14 shall have become incapable of fulfillment, and shall not have been waived by Buyer;

iv) By either party, if a court of competent jurisdiction or Governmental Authority shall have issued an order, decree or ruling or taken any other action (which order decree or ruling the parties hereto shall use their best efforts to lift), in each case permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement, and such order, decree, ruling or other action shall have become final or nonappealable; and

v) By either party, if the Closing does not occur on or prior to January 31, 2007 (the "Termination Date"); provided that the terminating party is not in breach of its obligations hereunder in any material respect. Notwithstanding the foregoing, the Termination Date shall be automatically extended for two months if, on the Termination Date the conditions set forth in Sections 14(e) and 15(e) shall not have been satisfied, but, each of the other conditions set forth in Sections 14 and 15 have been satisfied or waived and any consents required to satisfy the conditions in Sections 14(e) and 15(e) that have not yet been obtained are being pursued diligently and in good faith.

b. Return of Confidential Information. If the transactions contemplated by this Agreement are terminated as provided herein:

i) Buyer shall return or destroy (and promptly thereafter deliver a written certification thereof to Seller) all documents and other material received from Seller or any Affiliate of Seller relating to the transactions contemplated hereby, whether so obtained before or after the execution hereof, to Seller; and

ii) All confidential information received by Buyer with respect to the Business shall be treated in accordance with the Confidentiality Agreement, which shall remain in full force and effect notwithstanding the termination of this Agreement.

c. Effect of Termination. In the event of termination by Seller or Buyer pursuant to this Section 16, written notice thereof shall forthwith be given to the other party and the transactions contemplated by this Agreement shall be terminated, without further action by either party. If this Agreement is terminated and the transactions contemplated hereby are abandoned as described in this Section 16, this Agreement shall become void and of no further force or effect, except for Sections 12(a), 12(b), 16, 20, and 21. Nothing in this Section 16 shall be deemed to release either party from any liability for any breach by such party of the terms and provisions of this Agreement.

17. Closing. The Closing under this Agreement shall take place at the offices of Greenberg Traurig, P.A., at 1221 Brickell Avenue, Miami, FL 33131, on the next succeeding last day of a calendar month no less than five Business Days following the satisfaction of the conditions set forth in Sections 14 and 15, or at such other date, time and place as may be agreed upon by Buyer and Seller, which date is sometimes herein called the "Closing Date".

a. **Seller's Deliveries.** At the Closing, Seller shall deliver:

- i) a bill of sale for the Assets in the form acceptable to the parties (the “ Bill of Sale”) duly executed by Seller transferring the Assets in their present locations to Buyer;
- ii) an assignment of the Acquired Contracts in the form acceptable to the parties, which assignment shall also contain Buyer's undertaking and assumption of the Assumed Liabilities (the “ Assignment and Assumption Agreement”) duly executed by Seller;
- iii) the certificate of an executive officer of Seller certifying that the conditions set forth in Section 14(a) and (b) have been satisfied as of the Closing Date;
- iv) the New Leases duly executed and delivered by Seller; and
- v) the Transition Services Agreement duly executed and delivered by Seller.

b. **Buyer's Deliveries.** At the Closing, Buyer shall deliver:

- i) a wire transfer in the amount of the Cash Purchase Price in same day funds to Seller in accordance with Seller's wire transfer instructions.
- ii) the certificate of an executive officer of Buyer certifying that the conditions set forth in Section 15(a) and (b) have been satisfied as of the Closing Date;
- iii) the Assignment and Assumption Agreement duly executed by Buyer;
- iv) the Transition Services Agreement duly executed and delivered by Buyer;
- v) the Note duly executed and delivered by Buyer;
- vi) the New Leases duly executed and delivered by Buyer; and
- vii) the General Agreement of Indemnity duly executed and delivered by Buyer together with a letter of credit to secure the performance and completion of the Bonded Obligations.

18. Further Assurances. Seller and Buyer shall execute and deliver all such other instruments and take all such other action as any party may reasonably request from time to time, before or after the Closing, in order to effectuate the transactions provided for herein. The parties shall cooperate with each other and with their respective counsel and accountants in connection with any steps to be taken as a part of their respective obligations under this Agreement.

19. Indemnification.

a. **Indemnification by Seller.** Seller shall indemnify Buyer and each of its officers, directors, employees, Affiliates, successors and assigns (collectively, the "Buyer Parties") against and hold them harmless from any Losses suffered or incurred by any such indemnified party to the extent arising from

i) any breach of any representation or warranty of Seller contained in this Agreement without giving effect to any notices or supplements pursuant to Section 11(h);

ii) any breach of any covenant or agreement of Seller contained in this Agreement; or

iii) any Excluded Liabilities;

provided, however, that Seller shall not have liability pursuant to clause (a)(i) above (breaches of representations and warranties) unless the aggregate of all Losses for which Seller would, but for this proviso, be liable exceeds on a cumulative basis \$75,000 (in which event the full amount of Losses, not only the excess amount over \$75,000, shall be subject to indemnity); provided further, however, that Seller's liability hereunder shall in no event exceed \$5,000,000, which amount shall be satisfied as set forth in Section 19(g). The Seller shall not be required to indemnify, defend or hold harmless any Buyer Party against or reimburse any Buyer Party for any Losses pursuant to Section 19(a)(i) with respect to any claim, unless such claim involves Losses in excess of \$25,000 (nor shall such item be applied to or considered for purposes of calculating the aggregate amount of the Buyer Parties' Losses for purposes of the immediately preceding sentence). Buyer further acknowledges and agrees that, should the Closing occur, the Buyer Parties' sole and exclusive remedy with respect to any and all claims relating to this Agreement, the Assets and the transactions contemplated hereby (other than fraud) shall be pursuant to the indemnification provisions set forth in this Section 19(a) and hereby waives, from and after the Closing, to the fullest extent permitted under Applicable Law, any and all other rights, claims and causes of action (other than claims of, or causes of action arising from, fraud) it may have against Seller and its affiliates arising under or based upon any federal, state, local or foreign statute, law ordinance, rule or regulation or otherwise relating to this Agreement, the Assets and the transactions contemplated hereby.

b. **Indemnification by Buyer.** Buyer shall indemnify Seller and each of its officers, directors, employees, Affiliates, successors and assigns (collectively, the "Seller Parties") against and hold them harmless from any Losses suffered or incurred by any such indemnified party to the extent arising from

i) any breach of any representation or warranty of Buyer contained in this Agreement;

ii) any breach of any covenant or agreement of Buyer contained in this Agreement;

iii) any Assumed Liabilities;

iv) any Contracts retained by Seller but performed by Buyer pursuant to Section 3(r);

v) all termination and severance benefits, costs, charges and liabilities of any nature incurred with respect to the termination of any Transferred Employee on or after the Closing Date, including any claims arising out of WARN or otherwise relating to any plant closing, mass layoff or similar event under any Applicable Law or Contract occurring on or after the Closing Date; or

vi) any other liabilities of the Business arising out of or relating to the ownership or operation of the Business after the Closing Date other than Excluded Liabilities.

c. Limitations on Liability.

i) For all purposes of this Agreement, “Losses” shall be net of (x) any insurance payable to the Indemnified Party from its own insurance policies (including title insurance policies) in connection with the facts giving rise to the right of indemnification, or any insurance that would have been payable to the Indemnified Party if the policies of insurance effected by or for the benefit of the Seller or the Business had been maintained after Closing on no less favorable terms than those existing at the date of this Agreement, and (y) the estimated present value of any tax benefits received by or accruing to the Indemnified Party, using a discount rate equal to the midterm applicable federal rate in effect on the date of the claim for indemnity and assuming a Tax rate equal to the maximum applicable combined statutory federal and applicable state and local income or corporation tax rate applicable to the Seller for the year in which the claim is made.

ii) No Person shall be entitled to recover under this Section 19 with respect to, and the term “Losses” shall not include, consequential damages of any kind, damages consisting of business interruption or lost profits (regardless of the characterization thereof), damages for diminution in value of the Business, damages computed on a multiple of earnings or similar basis, and indirect, special, exemplary and punitive damages.

iii) The Buyer Parties shall not be entitled to recover under this Section 19 with respect to any Losses caused by an inaccuracy or breach of any representation, warranty or covenant by the Seller contained in this Agreement if the facts, matters or circumstances relating to such inaccuracy or breach were contained in this Agreement or the Disclosure Schedules.

iv) The Buyer Parties must act promptly to avoid or mitigate any Loss which they or the Business may suffer in consequence of any fact, matter or circumstance giving rise to a claim for indemnification under this Agreement or likely to give rise to a claim for indemnification under this Agreement. The Buyer Parties shall not be entitled to recover under this Agreement to the extent of any Loss that could have been avoided but for the Buyer Parties’ failure to avoid or mitigate such Loss.

v) Any claim shall (if it has not been previously satisfied, settled or withdrawn) be deemed to have been withdrawn six (6) months after the notice is given pursuant

to Section 19(e) or, in the case of a contingent liability, six (6) months after that liability becomes an actual liability, unless legal proceedings in respect of it have been commenced by being both issued and served. No new claim may be made in respect of the facts, matters, events or circumstances giving rise to any such withdrawn claim.

vi) If any claim is based upon a liability which is contingent only, the Seller shall not be liable to pay unless and until such contingent liability gives rise to an obligation to make a payment (but the Buyer Parties have the right under Section 19(e) to give notice of that claim before such time).

vii) The Seller shall not be liable for any claim to the extent that it would not have arisen but for any voluntary act, omission or transaction carried out:

1) after Closing by the Buyer Parties outside the ordinary and usual course of business of the Business as at Closing; or

2) before Closing by Seller at the direction or request or with the consent of the Buyer Parties.

viii) Where the Seller has made a payment to a Buyer Party in relation to any claim and the Buyer Parties are entitled to recover (whether by insurance, payment, discount, credit, relief or otherwise) from a third party a sum which indemnifies or compensates the Buyer Parties (in whole or in part) in respect of the liability or loss which is the subject of a claim, the relevant Buyer Party or Buyer Parties shall (i) promptly notify the Seller of the fact and provide such information as the Seller may reasonably require (ii) take all reasonable steps or proceedings as the Seller may require to enforce such right and (iii) pay to the Seller as soon as practicable after receipt an amount equal to the amount recovered from the third party (net of taxation and less any reasonable costs of recovery) but not in excess of the amount of the indemnity payment made by Seller for which the recovery is made.

ix) The Seller shall not be liable for any claim if and to the extent it is attributable to, or the amount of such claim is increased as a result of, any (i) legislation not in force at the date of this Agreement (ii) change of law (or any change in interpretation on the basis of case law), regulation, directive, requirement or administrative practice or (iii) change in the rates of taxation in force at the date of this Agreement.

x) If a breach of the representations and warranties given by the Seller in this Agreement is capable of remedy without Loss to Buyer, the Buyer Parties shall only be entitled to compensation if the breach is not remedied within thirty (30) days after the date on which notice is served on the Seller in accordance with Section 21(a). Without prejudice to their duty to mitigate any loss, the Buyer Parties shall provide all reasonable assistance to the Seller to remedy any such breach.

d. Termination of Indemnification. The obligations to indemnify and hold harmless a party hereto pursuant to this Section 19, shall terminate at the time the applicable representation, warranty, covenant or agreement terminates pursuant to Section 10.

e. Procedures.

i) If the Seller Parties shall seek indemnification pursuant to Section 19(b), or if the Buyer Parties shall seek indemnification pursuant to Section 19(a), the Indemnified Party shall give written notice to the Indemnifying Party promptly (and in any event within thirty (30) days) after the Indemnified Party (or, if the Indemnified Party is a corporation, any officer or employee of the Indemnified Party) becomes aware of the facts giving rise to such claim for indemnification (an “Indemnified Claim”) specifying in reasonable detail the factual basis of the Indemnified Claim, stating the amount of the Losses, if known, the method of computation thereof, containing a reference to the provision of the Agreement in respect of which such Indemnified Claim arises and demanding indemnification therefor. Notwithstanding any other provision to the contrary, the Indemnifying Party shall not be required to indemnify, defend or hold harmless any Indemnified Party against or reimburse any Indemnified Party for any Losses unless the Indemnified Party has notified the Indemnifying Party in writing in accordance with this Section 19(e) of a pending or threatened claim with respect to such matters within thirty (30) days of the Indemnifying Party becoming aware of such pending or threatened claim and within the applicable survival period set forth in Section 10. If the Indemnified Claim arises from the assertion of any claim, or the commencement of any suit, action, proceeding or Remedial Action brought by a Person that is not a party hereto (a “Third Party Claim”), any such notice to the Indemnifying Party shall be accompanied by a copy of any papers theretofore served on or delivered to the Indemnified Party in connection with such Third Party Claim. With respect to any Third Party Claim asserted or brought prior to the Closing Date, notice of such Third Party Claim shall be deemed to have been delivered on the Closing Date.

ii) Upon receipt of notice of a Third Party Claim from an Indemnified Party pursuant to this Section 19(e) the Indemnifying Party will be entitled to assume the defense and control of such Third Party Claim subject to the provisions of this Section 19(e) provided that in the case of matters involving actions or claims that, if not fast paid, discharged or otherwise complied with would result in a material interruption or cessation of the conduct of the Business, the Indemnifying Party shall act promptly to avoid, to the extent practicable, any such effects on the Business. After written notice by the Indemnifying Party to the Indemnified Party of its election to assume the defense and control of a Third Party Claim, the Indemnifying Party shall not be liable to such Indemnified Party for any legal fees or expenses subsequently incurred by such Indemnified Party in connection therewith. Notwithstanding anything in this Section 19(e) to the contrary, if the Indemnifying Party does not assume defense and control of a Third Party Claim as provided in this Section 19(e), the Indemnified Party shall have the right to defend such Third Party Claim, subject to the limitations set forth in this Section 19(e), in such manner as it may deem appropriate. Whether the Indemnifying Party or the Indemnified Party is defending and controlling any such Third Party Claim, it shall select counsel, contractors, experts and consultants of reasonable recognized standing and competence, shall take all steps necessary in the investigation, defense or settlement thereof, and shall at all times diligently and promptly pursue the resolution thereof. The party conducting the defense thereof shall at all times act as if all Losses relating to the Third Party Claim were for its own account and shall act in good faith and with reasonable prudence to minimize Losses therefrom. The Indemnified Party shall, and shall cause each of its Affiliates, directors, officers, employees, and agents to, cooperate fully with the Indemnifying Party in connection with any Third Party Claim.

iii) Subject to the provisions of Sections 19(e)(ii) and 19(e)(iv) the Indemnifying Party shall be authorized to consent to a settlement of, or the entry of any judgment arising from, any Third Party Claims, and the Indemnified Party shall consent to a settlement of, or the entry of any judgment arising from, such Third Party Claims; provided, that the Indemnifying Party shall (a) pay or cause to be paid all amounts arising out of such settlement judgment concurrently with the effectiveness thereof; (b) shall not encumber any of the assets of any Indemnified Party or agree to any restriction or condition that would apply to such Indemnified Party or to the conduct of that party's business; and (c) shall obtain, as a condition of any settlement or other resolution, a complete release of each Indemnified Party against any and all damages resulting from, arising out of or incurred with respect to such settlement or other resolution. Except for the foregoing, no settlement or entry of judgment in respect of any Third Party Claim shall be consented to by any Indemnifying Party or Indemnified Party without the express written consent of the other party.

iv) In the case of the indemnification contemplated by Section 19(e)(ii), in the event that the Indemnifying Party desires to settle the matters referenced therein or consent to the entry of any judgment arising thereunder and the Indemnified Party does not wish to consent to such settlement or entry of judgment, the Indemnified Party shall have no obligation to consent to the settlement or entry of judgment provided that it agrees in writing to pay and be responsible for 100% of any Losses; provided that the Indemnified Party shall not be required to consent to any settlement or agree to be responsible for the payment of Losses thereafter incurred with respect to any matter the settlement or entry of judgment of which would require the consent of such Indemnified Party pursuant to Section 19(e)(iii). Notwithstanding the foregoing, an Indemnifying Party may, at its option and expense, participate in the defense of any Indemnified Claim.

v) If the Indemnifying Party and the Indemnified Party are unable to agree with respect to a procedural matter arising under this Section 19(e) the Indemnifying Party and the Indemnified Party shall, within ten (10) days after notice of disagreement given by either party, agree upon a third-party referee ("Referee"), who shall be an attorney and who shall have the authority to review and resolve the disputed matter. The parties shall present their differences in writing (each party simultaneously providing to the other a copy of all documents submitted) to the Referee and shall cause the Referee promptly to review any facts, law or arguments either the Indemnifying Party or the Indemnified Party may present. The Referee shall be retained to resolve specific differences between the parties within the range of such differences. Either party may request that all discussions with the Referee by either party be in each other's presence. The decision of the Referee shall be final and binding unless both the Indemnifying Party and the Indemnified Party agree. The parties shall share equally all costs and fees of the Referee.

vi) If an Indemnifying Party makes any payment on an Indemnified Claim, the Indemnifying Party shall be subrogated, to the extent of such payment, to all rights and remedies of the Indemnified Party to any insurance benefits or other claims of the Indemnified Party with respect to such claim.

f. Bonded Obligations.

i) As a material inducement for Seller to enter into this Agreement, at the Closing Buyer shall execute and deliver to Seller, a General Agreement of Indemnity in a form reasonably acceptable to Buyer and Seller (the "General Agreement of Indemnity"), pursuant to which Buyer will (i) subject to the provisions of Section 19(h) hereof, indemnify Seller and its Affiliates with respect to the performance and completion of the bonded obligations as set forth therein which shall be limited to the estimated cost to complete such bonded obligations (the "Bonded Obligations"); and (ii) agree to provide to Seller a letter of credit as of the one year anniversary of the Closing Date in an amount equal to Seller's bond exposure with respect to the Business at such time, such amount not to exceed the lesser of \$3,500,000 or the then amount of the Bonded Obligations.

ii) Following the Closing Date, Buyer and Seller shall communicate with respect to the performance and completion of the Bonded Obligations and Buyer shall afford Seller the opportunity to remedy any actual or reasonably anticipated non-performance or non-completion of any Bonded Obligation.

g. **Sources of Indemnification for Buyer.** If the Buyer has an indemnification claim against Seller pursuant to Section 19(a) (subject to the limitations and conditions set forth therein), such claim shall be satisfied 30% in cash to be paid from Seller to Buyer, 45% by reduction of the 1st Tier Earn-Out and 25% by reduction of the amount then outstanding under the Note.

20. **Brokers and Finders.** The Seller has retained Houlihan Lokey Howard & Zukin ("HLHZ") in connection with the transactions contemplated hereby and will pay all fees and expenses charged by HLHZ. Except for HLHZ, each party represents and warrants to the other that it has not employed or retained any broker or finder in connection with the transactions contemplated by this Agreement nor has it had any dealings with any person that may entitle that person to a fee or commission from any other party hereto. Each of the parties indemnifies and holds the others harmless from and against any claim, demand, or damages whatsoever by virtue of any arrangement or commitment made by it with or to any person that may entitle such person to any fee or commission from the other parties to this Agreement.

21. General Provisions

a. **Notices.** All notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given, made and received when delivered against receipt or upon actual receipt of registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

If to Buyer:

LEÓN, MAYER & Co.
848 Brickell Avenue, Suite 1010
Miami, FL 33131
Attention: Benjamin G. Mayer/Andro Nodarse-León

with a copy, given in the manner
prescribed above to:

McCarter & English, LLP
245 Park Avenue
New York, NY 10167
Attention: Peter S. Twombly, Esq.

If to Seller:

MasTec North America, Inc.
800 S. Douglas Rd.
12th Floor
Coral Gables, FL 33134
Attention: Stephen Wagman

with a copy, given in the manner
prescribed above to:

MasTec North America, Inc.
800 S. Douglas Rd.
12th Floor
Coral Gables, FL 33134
Attention: Alberto de Cardenas

Any party may alter the address or addresses to which communications or copies are to be sent by giving notice of such change of address in conformity with the provisions of this paragraph for the giving of notice.

b. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida without regard to the conflicts-of-laws rules thereof.

c. Binding Nature of Agreement; Assignment . This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors, and assigns, except that no party may assign or transfer its rights or obligations under this Agreement without the prior written consent of the other parties hereto.

d. Entire Agreement. This Agreement, the Confidentiality Agreement and the schedules, exhibits and certificates to be delivered pursuant hereto constitute the entire agreement and understanding among the parties hereto with respect to the subject matter hereof and supersede all prior and contemporaneous agreements, understandings, inducements, and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. This Agreement may not be modified or amended other than by an agreement in writing executed by the parties.

e. **Dispute Resolution.** This Agreement shall be governed by and construed in accordance with the Laws of the State of Florida applicable to contracts made and to be performed therein. Any controversy or claim arising out of or relating to this Agreement or any related agreement or any of the contemplated transactions will be settled in the following manner: (i) senior executives representing each of Seller and Buyer will meet to discuss and attempt to resolve the controversy or claim, (ii) if the controversy or claim is not resolved as contemplated by clause (i), Seller and Buyer will, by mutual consent, select an independent third party to mediate such controversy or claim, provided that such mediation will not be binding upon the parties; and (iii) if such controversy or claim is not resolved as contemplated by clauses (i) and (ii), the parties will refer any dispute hereunder (to the exclusion of a court of law) to final and binding arbitration in Miami, Florida in accordance with the then existing rules for expedited arbitration (the “Rules”) of the American Arbitration Association (“AAA”), and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. The law applicable to any controversy shall be the law of the State of Florida, regardless of principles of conflicts of laws. In any arbitration pursuant to this Agreement involving a dispute in excess of \$500,000, the award or decision shall be rendered by a majority of the members of a Board of Arbitration consisting of three members, one of whom shall be appointed by each of the respective parties and the third of whom shall be the chairman of the panel and be appointed by mutual agreement of said two party-appointed arbitrators. In the event of failure of said two arbitrators to agree within twenty (20) days after the commencement of the arbitration proceeding upon the appointment of the third arbitrator, the third arbitrator shall be appointed by the AAA in accordance with the Rules. In the event of a dispute involving a sum equal to or less than \$500,000, a single arbitrator shall be appointed by the AAA in accordance with the Rules. In the event that either party shall fail to appoint an arbitrator within ten (10) days after the commencement of the arbitration proceedings, such arbitrator and the third arbitrator shall be appointed by the AAA in accordance with the Rules. Nothing set forth above shall be interpreted to prevent the parties from agreeing in writing to submit any dispute to a single arbitrator in lieu of a three member Board of Arbitration. Upon the completion of the selection of the Board of Arbitration (or if the parties agree otherwise in writing, a single arbitrator), an award or decision shall be rendered in writing within no more than thirty (30) days. The award rendered by arbitration shall be final and binding upon the parties, and judgment upon the award may be entered in any court of competent jurisdiction in the United States. Notwithstanding the foregoing, the request by either party for preliminary or permanent injunctive relief, whether prohibitive or mandatory, shall not be subject to arbitration and shall be adjudicated only by the courts of the State of Florida located in Miami-Dade County or the U.S. District Court for the Southern District of Florida. Each of the parties to this Agreement irrevocably consents to the service of process in any action or proceeding hereunder by the mailing of copies of the notice, summons and/or complaint by registered or certified airmail, postage prepaid, to the address specified in Section 21(a). The foregoing shall not limit the rights of any party to this Agreement to serve process in any other manner permitted by Applicable Law or to obtain execution of judgment in any other jurisdiction. An arbitrator(s) or court reviewing any dispute related to this Agreement pursuant to this Section may award reasonable costs for legal representation to a successful party and may apportion the costs of the arbitration or court costs between the parties if the arbitrator or court determines that such apportionment is reasonable, taking into account the circumstances of the case.

f. Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY.

g. Enforcement of Agreement. The parties acknowledge and agree that in the event of a breach of this Agreement, the non-breaching party would be irreparably damaged and could not be adequately compensated in all cases by monetary damages alone. Accordingly, in addition to any other right or remedy to which the non-breaching party may be entitled, at law or in equity, it shall be entitled to enforce any provision of this Agreement by a decree of specific performance and to temporary, preliminary and permanent injunctive relief to prevent breaches or threatened breaches of any of the provisions of this Agreement, without posting any bond or other undertaking.

h. Provisions Separable. The provisions of this Agreement are independent of and separable from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that for any reason any other or others of them may be invalid or unenforceable in whole or in part.

i. Indulgences Not Waivers. Neither the failure nor any delay on the part of either party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power, or privilege preclude any other or further exercise of the same or of any other right, remedy, power, or privilege, nor shall any waiver of any right, remedy, power, or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power, or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

j. Costs and Expenses. Each party hereto shall bear its own costs, including counsel fees and accounting fees, incurred in connection with the negotiation, preparation of and the Closing under this Agreement, and all matters incident thereto.

k. Titles Not to Affect Interpretation. The titles of paragraphs and subparagraphs contained in this Agreement are for convenience of reference only, and they neither form a part of this Agreement nor are they to be used in the construction or interpretation hereof.

l. Execution in Counterparts; Facsimile Signatures. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become effective when one or more such counterparts have been signed by each of the parties and delivered to the other party. A facsimile signature will have the same force and effect as an original signature.

m. **Gender.** Words used herein, regardless of the gender specifically used, shall be deemed and construed to include any other gender, masculine, feminine, or neuter, as the context requires.

n. **Number of Days.** In computing the number of days for purposes of this Agreement, all days shall be counted, including Saturdays, Sundays, and holidays celebrated in the United States; provided, however, that if the final day of any period falls on a Saturday, Sunday, or holiday celebrated in the United States, then the final day shall be deemed to be the next day which is not a Saturday, Sunday, or holiday celebrated in the United States.

o. **Transfer Taxes** Any sales, use or other transfer taxes arising out of or incurred in connection with the transactions contemplated by this Agreement shall be paid by Seller; provided that Buyer shall deliver to Seller any resale certificate for inventory or clearance certificate, receipts or similar documents that may be required.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

LM-ITS ACQUISITION COMPANY LLC

By: /s/Andro Nodarse-León
Name: Andro Nodarse-León
Title: Member

By: /s/Benjamin G. Mayer
Name: Benjamin G. Mayer
Title: Member

MASTEC NORTH AMERICA, INC.

By: /s/Austin J. Shanfelter
Name: Austin J. Shanfelter
Title: President and Chief Executive Officer

Exhibit A
Definitions

“Affiliate” means, with respect to any Person, any Person directly or indirectly controlling, controlled by, or under common control with such other Person. For purposes of determining whether a Person is an Affiliate, the term “control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of securities, contract or otherwise.

“Applicable Law” means, with respect to any Person, any domestic or foreign, federal, state or local statute, law, ordinance, rule, administrative interpretation, regulation, order, writ, injunction, decree or other requirement of any Governmental Authority (including any Environmental Law) applicable to such Person or any of their respective properties, assets, officers, directors, employees, consultants or agents (in connection with such officer’s, director’s, employee’s, consultant’s or agent’s activities on behalf of such Person).

“Benefit Arrangement(s)” means all life and health insurance, hospitalization, retirement, bonus, deferred compensation, incentive compensation, severance pay, disability and fringe benefit plans, holiday or vacation pay, profit sharing, seniority, and other policies, practices, agreements or statements of terms and conditions providing employee or executive compensation or benefits to Transferred Employees or any of their dependents, maintained by Seller, other than an Employee Plan.

“Business Day” means any day that is not a Saturday, Sunday, or other day on which banks are required or authorized by Applicable Law to be closed in New York, New York.

“Closing” means the consummation of the purchase and sale transaction contemplated by the Agreement.

“Closing Balance Sheet” shall have the meaning set forth in Section 7(b).

“Closing Working Capital” means the amount equal to (i) the total current assets of the Business, which shall include no less than \$2,500,000 of cash, minus (ii) the total current liabilities of the Business, calculated on a combined basis as of the close of business on the Closing Date in accordance with US GAAP (excluding footnotes) on the same basis and applying the same accounting principles, policies and practices that were used in preparing the Interim Balance Sheet and inclusive of the line items set forth in the Interim Balance Sheet. By way of example, Working Capital reflected on the Interim Balance Sheet equals \$39,741,955 (i.e. current assets of \$64,062,390 minus current liabilities of \$24,320,435).

“Competing Business” means any business operating within the United States or its territories which provides directly or indirectly through other contractors to State Departments of Transportation the highway and roadway services currently provided by the Business, including structures, signals, electronics and toll booths.

“Contracts” means all contracts, agreements, leases (including leases of real property), licenses, commitments, sales and purchase orders, and other undertakings of any kind, whether written or oral, relating exclusively to the Business.

“Current Projects” shall have the meaning set forth in Section 2(f) of this Agreement.

“Data Room” means the electronic data room hosted on Bowne Deal Room Express relating to the Business comprising the correspondence, contracts, agreements, licenses, documents and other information made available to the Buyer and its advisors.

“Defective Installation Losses” means Losses incurred by Buyer as a result of defective installation of products or the purchase or use of non-conforming goods or materials by the Business prior to the Closing Date.

“Disclosure Schedules” means the Disclosure Schedules dated the date of this Agreement relating to this Agreement.

“Employee Plans” means each “employee benefit plan” as defined in Section 3(3) of ERISA, maintained or contributed to by Seller which provides benefits to employees of the Business or their dependents.

“Encumbrances” means any mortgage, lien (except for any lien for taxes not yet due and payable), charge, restriction, pledge, security interest, option, lease or sublease, claim, right of any third party, easement, encroachment or encumbrance.

“Environmental Authority” shall mean any federal, state, regional, county or local government, agency or authority or any court in each case having judicial, regulatory or administrative authority under Environmental Laws.

“Environmental Conditions” shall mean any environmental contamination or pollution of, or the Release or Threat of Release of Hazardous Materials into, the surface water, groundwater, surface or subsurface strata, other geologic media, air and land.

“Environmental Laws” shall mean all federal, regional, state, county or local laws, statutes, ordinances, decisional law (including common law), rules, regulations, codes, orders, decrees, directives and judgments relating to health or safety, pollution, damage to or protection of the environment, Environmental Permits, Environmental Conditions, Releases or Threatened Releases of Hazardous Materials into the environment or the use, manufacture, processing, distribution, treatment, storage, generation, disposal, transport or handling of Hazardous Materials, whether existing in the past or present or hereafter enacted, rendered, adopted or promulgated. Environmental Laws shall include, but are not limited to, the following laws, and the regulations promulgated thereunder, as the same may be amended from time to time: the Comprehensive Environmental Response Compensation and Liability Act (42 U.S.C. 9601 et seq.) (“CERCLA”); the Resource Conservation and Recovery Act (42 U.S.C. 6901 et seq.) (“RCRA”); the Clean Air Act (42 U.S.C. 9401 et seq.); and the Clean Water Act (33 U.S.C. 1251 et seq.); and the comparable laws and regulations of the State of Florida.

“Environmental Liabilities” means all liabilities to the extent arising in connection with or in any way relating to the Business or Seller’s use or ownership thereof, whether vested or unvested, contingent or fixed, actual or potential, which arise under or relate to Environmental Laws including, without limitation, (i) Remedial Actions, (ii) personal injury, wrongful death, economic loss or property damage claims, (iii) claims for natural resource damages, (iv) violations of Applicable Law or (v) any Losses with respect thereto. Notwithstanding the foregoing, Environmental Liabilities shall not include any increased liabilities resulting from or arising out of a use of a facility constituting a Transferred Asset after the Closing other than the use of the facility as of the Closing Date.

“Environmental Permits” shall mean all permits, authorizations, registrations, certificates, licenses, approvals or consents required under or issued pursuant to Environmental Laws.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“Final Closing Balance Sheet” means the Closing Balance Sheet which has become final, binding and conclusive upon Buyer and Seller in accordance with Section 7 hereof.

“GAAP” means generally accepted accounting principles, as in effect in the United States of America, consistently applied.

“Governmental Authority” means any federal, state, local, foreign, international, or multinational entity or authority exercising executive, legislative, judicial, regulatory, administrative or taxing functions of or pertaining to government.

“Hazardous Materials” shall mean any toxic or hazardous substance, material or waste and any pollutant or contaminant, or infectious or radioactive substance or material, or any substances, materials and wastes defined or deemed to be hazardous or regulated under any Environmental Laws, including without limitation, organic compounds, petroleum (and derivatives thereof), polychlorinated biphenyls, asbestos and urea formaldehyde.

“Indemnified Party” means a Person that may be entitled to be indemnified pursuant to Section 19.

“Indemnifying Party” means a Person that may be entitled to be indemnified pursuant to Section 19.

“Intellectual Property” means (i) patents, patent applications and patent disclosures, together with all reissues, continuations, continuations-in-part, revisions, extensions and reexaminations thereof; (ii) trademarks, service marks, trade dress, logos, slogans and trade names, together with all goodwill associated therewith, and applications, registrations and renewals in connection therewith; (iii) copyrights, mask works and copyrightable works, and applications, registrations and renewals in connection therewith; and (iv) trade secrets and confidential business information (including ideas, research and development, know-how,

inventions, formulas, compositions, manufacturing and production processes and techniques, designs, drawings and specifications).

“ITS Leases” means the real property leases listed on Schedule 2(d) relating to the facilities used exclusively for the Business, and any other real property leases entered into after the date of this Agreement and on or prior to the Closing Date with the consent of Buyer, exclusively for the benefit of the Business, as the same may be amended and supplemented from time to time, including the interests of Seller in any related fixtures, improvement and personal property located therein.

“Inventory” means all inventories of finished goods, stores, replacement and spare parts, packaging, labeling and other operating supplies ordered, purchased and/or on hand that are solely used or held for use solely in connection with the Business.

“Knowledge” means the actual knowledge, without inquiry, of Austin J. Shanfelter, C. Robert Campbell, Alberto de Cardenas and Stephen Wagman.

“Leases” means all leases, subleases, licenses, concessions and other agreements (written or oral), including all amendments, extensions, renewals, guaranties and other agreements with respect thereto, pursuant to which Seller holds any Leased Real Property for use solely by or in connection with the Business.

“Leased Real Property” means all leasehold or subleasehold estates and other rights to use or occupy any land, buildings, structures, improvements, fixtures or other interest in real property which is used by Seller solely in connection with the Business.

“Liabilities” means all liabilities and obligations of any kind, character or description, whether liquidated or unliquidated, known or unknown, fixed or contingent, choate or inchoate, accrued or unaccrued, absolute, determined, determinable or indeterminable or otherwise, whether presently in existence or arising hereafter.

“Losses” means any losses, damages, costs, expenses, liabilities, obligations and claims of any kind.

“MasTec Marks” means the name “MasTec” and all related and associated logos, design elements, variations, trade names, trademarks, service marks and all other marks, domain names, and rights of every kind pertaining thereto, together with the goodwill associated therewith, and shall include all confusingly similar names, marks and logos and derivations thereof, to the maximum extent permitted by law.

“Material Adverse Effect” means (i) with respect to the Business, a material adverse effect on the assets or properties of the Business taken as a whole, or (ii) with respect to any other Person, a material adverse effect on the assets or properties of such Person taken as a whole.

“Material Contracts” means the Contracts, agreements and other arrangements described in Section 8(d).

“Order” means any order, injunction, judgment, decree, ruling, assessment or arbitration award of any Governmental Authority or arbitrator.

“Ordinary Course of Business” means the Ordinary Course of Business consistent with past custom and practices (including with respect to quantity and frequency).

“Owned Real Property” means all land, together with all buildings, structures, improvements and fixtures located thereon, and all easements and other rights and interests appurtenant thereto, owned by Seller and used principally in the Business.

“Permit” means any authorization, license, consent, order, certificate, variance, permit, certification, approval or other action of, or any filing, registration or qualification with, any governmental authority (or any department, agency or political subdivision thereof) or any other regional or local public authority (or any department, agency or political subdivision thereof), and any applications for the foregoing.

“Permitted Encumbrances” means (i) any Encumbrances on the Assets arising from the lease of any personal property pursuant to Contracts included in the Assets, (ii) any Encumbrance which will be released at Closing, (iii) any Encumbrance that does not adversely affect the full use and enjoyment of the Asset for the purpose for which it is currently used, (iv) statutory liens for current taxes, special assessments or other governmental charges not yet due and payable or the amount or validity of which is being contested in good faith by appropriate proceedings, (v) mechanics’, materialmen’s, carriers’, workers’, repairers’ and similar statutory liens arising or incurred in the Ordinary Course of Business, (vi) zoning, entitlement, building and other land use regulations imposed by governmental agencies having jurisdiction over any real property, (vii) deposits or pledges made in connection with, or to secure payment of, worker’s compensation, unemployment insurance, old age pension programs mandated under applicable legal requirements or other social security, and (viii) covenants, conditions, restrictions, easements, encumbrances and other similar matters of record affecting title to but not adversely affecting current occupancy or use of the real property in any material respect.

“Person(s)” means an individual, a corporation, a general partnership, a limited partnership, a limited liability company, limited liability partnership, an association, a trust or any other entity or organization, including a government or political subdivision or agency of instrumentality thereof.

“Proceeding” means any action, arbitration, audit, hearing, investigation, litigation or suit (whether civil, criminal, administrative, judicial or investigative, whether formal or informal, whether public or private) commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Authority or arbitrator, whether arising before or after the Closing.

“Properties” means all Leased Real Property and Owned Real Property used by Seller in the conduct of the Business.

“Release” means any intentional or unintentional release, discharge, spill, leaking, pumping, pouring, emitting, emptying, injection, deposit, disposal, dispersal, dumping, leaching or migration on or into the environment or into or out of any property.

“Remedial Action(s)” means the investigation, clean-up or remediation of environmental contamination or damage caused by, related to or arising from the generation, use, handling, treatment, storage, transportation, disposal, discharge, release, or emission of hazardous substances, including, without limitation, investigations, response, removal and remedial actions under The Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, corrective action under The Resource Conservation and Recovery Act of 1976, as amended, and clean-up requirements under similar state Environmental Laws.

“Target Working Capital” means \$38,500,000.

“Tax” or “Taxes” means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, unemployment, real property, personal property, sale, use, transfer, value added, alternative, estimated, or other tax of any kind whatsoever, whether computed on a separate or consolidated, unitary or combined basis or in any other manner, including any interest, penalty, or addition thereto, whether disputed or not and including any obligation to indemnify or otherwise assume or succeed to the Tax liability of any person.

“Tax Return” means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

“Threat of Release” shall mean a reasonable likelihood of a Release that may require action in order to prevent or mitigate damage to the environment that may result from such Release.

“US GAAP” means generally accepted accounting principles and practices in effect from time to time in the United States.

“WARN” means the Worker Adjustment Retraining and Notification Act of 1988, as amended.

Exhibit B
Promissory Note

B-1

TERM PROMISSORY NOTE

U.S.\$5,000,000.00

[January] __, 2007

FOR VALUE RECEIVED, the undersigned, LM-ITS Acquisition Company LLC, a Delaware limited liability company (“**Borrower**”), hereby unconditionally PROMISES TO PAY to the order of MasTec North America, Inc., a Florida corporation (“**Lender**”), the principal amount of Five Million United States Dollars (US\$5,000,000.00) (the “**Loan**”), pursuant to the terms set forth below. Capitalized terms used but not defined herein have the respective meanings given to them in that certain Asset Purchase Agreement dated as of November 9, 2006 by and between Borrower and Lender (the “**Purchase Agreement**”).

1. **Maturity Date.** The outstanding principal amount of the Loan and any accrued but unpaid interest thereon shall be due and payable by Borrower on [January] __, 2012;¹ provided, that the outstanding principal amount of the Loan and any accrued but unpaid interest thereon automatically shall become due and payable to Lender if there has occurred (i) a Change in Control (as such term is defined in the Purchase Agreement) or (ii) a Bankruptcy Event (as such term is defined herein).

2. **Interest Periods.** Interest on the outstanding principal amount of the Loan shall be paid by Borrower to Lender on the final date of each “Interest Period” hereunder (each, an “**Interest Payment Date**”). The first such Interest Period shall commence on the date of this Note and shall terminate on (and include) [July] __, 2007.² The second Interest Period hereunder shall commence on (but exclude) the final day of the first Interest Period and shall terminate on (and include) the same day of the month within the sixth calendar month thereafter; and each subsequent Interest Period hereunder shall commence on (but exclude) the final date of the prior Interest Period and shall terminate on (and include) the same day of the month within the sixth calendar month thereafter.

3. **Interest Rate.** (a) **Cash Interest Rate.** Interest on the outstanding principal amount of the Loan shall accrue during each Interest Period hereunder at a per annum rate which shall be eight percent (8.00%) per annum for such Interest Period (the “**Cash Interest Rate**”).

(b) **PIK Interest Rate.** Notwithstanding the foregoing, Borrower, in lieu of making payments of interest at the Cash Interest Rate, may elect to make interest payments on each Interest Payment Date at a rate per annum equal to twelve percent (12.00%) for such Interest Period (the “**PIK Interest Rate**”) which shall be paid as follows: the outstanding principal amount of the Loan shall be increased on each Interest Payment Date by an amount (the “**Principal Increase**”) equal to any portion of the interest on the Loan due on such Interest Payment Date. All Principal Increases shall for all purposes of this Note be deemed to be principal of this Note, including, without limitation, for purposes of this Section 3(b).

¹ Insert date that is five years following date of Note.

² Insert date that is six months following date of Note.

(c) All interest hereunder shall be calculated on the basis of a year of 360 days and the actual number of days elapsed and shall compound daily.

4. Default Interest. If any amount owing under the Loan is not paid when due, or if any Event of Default (as defined below) occurs, all outstanding obligations and indebtedness of Borrower hereunder (including without limitation all outstanding principal amounts hereunder and all outstanding obligations of Borrower) shall at every time thereafter bear interest at five percent (5.00%) per annum above the applicable rate until all outstanding obligations and indebtedness of Borrower hereunder are paid in full.

5. Payments. All cash payments under this Note shall be made in U.S. Dollars and immediately available funds to Lender by wire transfer to an account designated by Lender, cashier's check or certified check. All payments under this Note (whether made by Borrower directly or obtained by Lender by executing upon assets of Borrower or otherwise) shall be applied against principal, interest and any other amounts due and payable hereunder in such order as Lender may in its absolute discretion select. Should any amount become due and payable hereunder on a day which is not a Business Day, such payment shall instead be due on the next succeeding Business Day, and interest thereon accruing hereunder shall be adjusted accordingly.

6. Prepayments. (a) Optional. Borrower may, without premium or penalty, prepay any portion or all of the outstanding principal amount of the Loan and/or accrued interest to the date of such prepayment.

(b) Mandatory. To the extent not prohibited by the terms of any credit facilities in favor of Borrower, Borrower shall prepay an aggregate principal amount of the Loan in an amount equal to 35% of the amount of the Excess Cash Flow of the Business (as such terms are defined in the Purchase Agreement) for any calendar year.

7. Representations and Warranties. To induce Lender to make the Loan under this Note, Borrower represents and warrants to Lender as follows: (i) Borrower is duly organized, validly existing and in good standing under the laws of the State of Delaware; (ii) Borrower has full power and legal right to execute and deliver this Note and to perform its liabilities hereunder; (iii) the execution and delivery by Borrower of this Note, and the performance by Borrower of its liabilities hereunder, have been duly authorized by all necessary limited liability company action, and do not contravene any law or contractual restriction binding upon or affecting such Borrower or any of its property or assets, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in Material Adverse Effect; (iv) no authorization or approval or other action by, and no notice to or filing with, any Governmental Authority is required for the due execution, delivery and performance by Borrower of this Note; (v) this Note constitutes the legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms; and (vi) there are currently no material uninsured, undischarged judgments or orders for the payment of money of record against Borrower and Borrower is not in default with respect to any judgment, writ, injunction, order, decree or consent of any court or other judicial authority, no federal or state tax liens have been filed or threatened against

Borrower, nor is Borrower in default or claimed default (beyond any applicable grace period) under any agreement for borrowed money.

8. Affirmative Covenants. So long as the Loan shall remain outstanding and unpaid, unless Lender shall otherwise consent in writing, Borrower agrees:

(a) to comply in all material respects with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, paying before the same become delinquent, all taxes, assessments and governmental charges imposed upon Borrower or its property, except to the extent contested in good faith or by appropriate proceedings;

(b) to immediately give Lender written notice of the occurrence of any event which could reasonably be expected to have a Material Adverse Effect, including (without limitation) litigation commenced, tax liens filed, defaults claimed under indebtedness for borrowed money or insolvency proceedings commenced against Borrower;

(c) during normal business hours and upon reasonable prior notice without unreasonable disruption of Borrower's business, to provide Lender, from time to time, with reasonable access to the financial books and records of Borrower and permit Lender, from time to time, to inspect and make copies (at Borrower's expense) of such books and records; and

(d) cooperate with Lender and do such further acts and execute and deliver such further instruments and documents as Lender may request to effectuate to Lender's satisfaction the transactions contemplated hereunder.

9. Negative Covenants. So long as the Loan shall remain outstanding and unpaid, unless Lender shall otherwise consent in writing, Borrower shall not, at any time:

(a) pay or cause to be paid any management fees to any Affiliate of Borrower or otherwise in excess of \$300,000 in the aggregate during any 12-month period;

(b) declare or pay any dividends, purchase, redeem, retire, defease or otherwise acquire for value any of its equity interests now or hereafter outstanding, return any capital to its stockholders, partners or members (or the equivalent Persons thereof) as such, or permit any of its subsidiaries to purchase, redeem, retire, defease or otherwise acquire for value any equity interests in Borrower or to issue or sell any equity interests therein; provided that Buyer may make annual distributions to its equity holders in an amount not to exceed the federal income tax liability of such holders as a result of Buyer's income during such period; or

(c) incur indebtedness which is senior (the "Senior Indebtedness") or pari passu to the Loan in an amount in excess of \$20 million.

10. Events of Default. Each of the following shall constitute an "Event of Default" hereunder: (a) any default in the payment of any indebtedness of Borrower, under this Note or otherwise, for money borrowed from or credit otherwise extended by Lender (or for interest thereon); (b) Borrower's becoming insolvent (however evidenced) or seeking any relief under any bankruptcy, insolvency, reorganization, receivership, intervention, liquidation, dissolution or similar law of any jurisdiction (or any person's seeking such relief against or with respect to Borrower) (a " **Bankruptcy Event**"); (c) any failure by Borrower (which failure is materially adverse to the interests of Lender) in performing any of its obligations or covenants under this Note; (d) any materially false or materially incomplete representation or warranty made or given by Borrower in connection with this Note; (e) any default(s) on the part of Borrower under any Senior Indebtedness; or (f) a Change in Control.

11. Acceleration of Principal and Interest. (a) Upon the occurrence of any Event of Default, all principal amounts outstanding under this Note shall forthwith be accelerated and become immediately due and payable, together with all unpaid interest accrued thereon and any other charges and amounts owing to Lender hereunder, all upon demand by Lender; provided, however, that all the foregoing amounts (whether constituting principal, interest or other charges and amounts) shall become immediately due and payable, automatically and without demand by Lender or notice from Lender to Borrower, and without any declaration or other action by Lender whatsoever, upon any Bankruptcy Event.

(b) Borrower shall notify Lender in writing immediately of any knowledge or notice Borrower may now or hereafter obtain regarding the occurrence or possible occurrence of any Event of Default or of any event which, with the passage of time and/or with notice or demand, would constitute or would be likely to result in an Event of Default.

12. Expenses. Borrower hereby waives presentment, demand, notice of dishonor, protest and all other demands and notices in connection with the delivery, acceptance, performance, default and enforcement of this Note. Borrower also agrees to reimburse Lender on demand for all costs, attorneys' fees (whether incurred without litigation, at trial or on appeal), attorneys' expenses, paralegals' fees and expenses, experts' fees and expenses and other expenses and charges incurred by Lender in connection with the enforcement and/or collection of this Note and/or of any judgment to which all or any part of Borrower's indebtedness hereunder is reduced.

13. Taxes. All sums payable to Lender under this Note shall be paid free and clear of all offsets, counterclaims, taxes, duties, deductions and/or withholdings whatsoever; to the extent any of the same may now or hereafter be applicable, Borrower shall be responsible for them and shall, to the extent necessary to absorb them, gross up the amount payable to Lender hereunder so that the net amount received by Lender, after all required withholdings and deductions are made (including any deductions or withholdings applicable to the additional amounts due under this paragraph), shall be the same as if no such tax, duty, deduction or withholding had been

applicable. Borrower shall make all such deductions and withholdings and shall pay the full amount so deducted to the relevant governmental or other taxing authorities. Without limiting the generality of the foregoing, Borrower agrees to pay any documentary stamp taxes, intangible taxes or other taxes which may now or hereafter apply to this Note or any payment made in respect of this Note, and Borrower shall indemnify and hold Lender harmless from and against any liability, costs, attorneys' fees, penalties, interest or expenses relating to any such taxes, as and when the same may be incurred. Nothing contained in this Section 13 should be construed as imposing upon Borrower any liability for Lender's income tax.

14. Increased Costs. To the extent that (due to future laws or regulations or changes in existing laws or regulations, or due to actions or interpretations by any governmental authorities relating to reserve or special deposit requirements or capital maintenance rules, or otherwise) Lender shall hereafter incur additional costs in connection with the extension of credit evidenced hereby, or Lender's net income in connection therewith shall be reduced, Borrower, immediately upon written notice thereof from Lender, shall reimburse Lender in the amount of all such additional costs or reductions in income; Lender's certificate as to any of the foregoing events, showing its computation of such amount of additional costs or reduced income, shall be binding upon Borrower, absent manifest error.

15. Assignability. Borrower may not assign or delegate any of its rights or duties under this Note without the prior written consent of Lender, which consent Lender may grant or deny in its sole and absolute discretion.

16. No Waiver; Amendments. No delay on the part of Lender in exercising any of its options, powers, rights or remedies hereunder, nor any partial or single exercise thereof, shall constitute a waiver thereof. No purported amendment of this Note, nor any waiver by Lender of any default, shall be effective unless made in writing and duly executed by an authorized officer of Lender; nor shall any such waiver operate as a waiver of such default on any other occasion.

17. Remedies. All of Lender's remedies provided for herein shall be cumulative and not in exclusion of any other rights and remedies Lender may at any time have in connection with this Note or under law, equity or any other agreement.

18. Severability. Any provision in this Note which is unenforceable in any jurisdiction shall be ineffective to the extent of such unenforceability without invalidating the remaining provisions hereof or affecting the enforceability of such provision in any other jurisdiction. No ambiguity in any provisions of this Note shall be construed against Lender by reason only of the fact that Lender or its legal counsel drafted such provisions.

19. Notices. All notices, demands, instructions and requests relating to this Note shall be in writing, and may be delivered in person, by mail (registered, return receipt requested), by telecopy (with the original to follow promptly) at the following addresses:

Lender:

MasTec North America, Inc.
800 S. Douglas Road
12th Floor
Coral Gables, Florida 33134
Attention: Stephen Wagman
Fax: (305) 795-8280

With a copy, given in the manner prescribed above, to:

MasTec North America, Inc.
800 S. Douglas Road
12th Floor
Coral Gables, Florida 33134
Attention: Alberto de Cardenas
Fax: (305) 406-1907

Borrower:

LM-ITS Acquisition Company LLC
c/o LEÓN, MAYER & Co.
848 Brickell Avenue, Suite 1010
Miami, FL 33131
Attention: Benjamin G. Mayer / Andro Nodarse-León

With a copy, given in the manner prescribed above, to:

McCarter & English, LLP
245 Park Avenue
New York, NY 10167
Attention: Peter S. Twombly, Esq.

20. Governing Law. This Note shall be governed by and construed under the laws of the State of Florida without regard to its principles of conflicts of laws.

21. Jurisdiction; Waiver of Immunities, Etc. (a) Borrower hereby irrevocably submits to the non-exclusive jurisdiction of any state or federal court sitting in Miami-Dade County, State of Florida, United States of America in connection with any action or proceeding relating to this Note. This Note shall also be enforceable in the courts of any other jurisdictions if Borrower or any of its assets may there be found. Borrower irrevocably agrees that any action or proceeding relating to this Note and commenced by Borrower shall be commenced by it in a state or federal court sitting in Miami-Dade County, Florida.

(b) Borrower hereby irrevocably and unconditionally waives, to the fullest extent permitted by law, any objection it may now or hereafter have to the laying of the venue of any action or proceeding relating to this Note and brought in any state or federal court sitting in Miami-Dade County, Florida, and irrevocably waives any claim that any such action or proceeding in any such court has been brought in an inconvenient forum. Furthermore, Borrower agrees that a final judgment in connection with any such action or proceeding shall be conclusive and may be enforced in any jurisdiction by suit on the judgment or in any other manner provided by law.

22. Subordination. Lender acknowledges and agrees that the Loan shall be subordinate in right of payment and collection to Senior Indebtedness in an amount up to \$20 million and surety claims pursuant to completion bonds and agrees to enter into such subordination and intercreditor agreements as the holder(s) of any Senior Indebtedness shall reasonably require. Notwithstanding the foregoing, this Note shall be senior in right of payment, performance or otherwise in all respects to all indebtedness of Borrower other than the Senior Indebtedness and surety claims pursuant to completion bonds.

23. **Waiver of Jury Trial.** Borrower (by executing this Note) and Lender (by making the Loan evidenced hereby) knowingly, voluntarily, intentionally and irrevocably waive any and all right to a trial by jury with respect to any litigation (including any claims, counterclaims, cross-claims and third-party claims) arising out of or relating to this Note or any course of conduct, course of dealing or statements or actions relating hereto; Borrower and Lender acknowledge that this jury waiver is a material inducement for Lender to make the Loan evidenced hereby; each of them certifies that no representative of the other has represented (expressly or otherwise) that the other would not or might not enforce this jury waiver, and each of them agrees that this jury waiver shall supersede any contrary provision of this Note or of any other agreement or document.

In witness whereof, the undersigned has executed and delivered this Note as of the date first above written.

LM-ITS Acquisition Company LLC

By: _____
Name:
Title:

**CERTIFICATIONS REQUIRED BY SECTION 302(A)
OF SARBANES-OXLEY ACT OF 2002**

I, Austin J. Shanfelter, certify that:

I have reviewed this quarterly report on Form 10-Q of MasTec, Inc.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

- a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
- b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2006

/s/ Austin J. Shanfelter

Austin J. Shanfelter
President and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATIONS REQUIRED BY SECTION 302(A)
OF SARBANES-OXLEY ACT OF 2002**

I, C. Robert Campbell, certify that:

I have reviewed this quarterly report on Form 10-Q of MasTec, Inc.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

- a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
- b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2006

/s/ C. Robert Campbell

C. Robert Campbell
Chief Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of MasTec, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Austin J. Shanfelter, President and Chief Executive Officer of MasTec, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 9, 2006

/s/ Austin J. Shanfelter

Austin J. Shanfelter
President and Chief Executive Officer
(Principal Executive Officer)

The certification set forth above is being furnished as an exhibit solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and is not being filed as part of the Quarterly Report on Form 10-Q for the period ended September 30, 2006, or as a separate disclosure documents of we or the certifying officers.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of MasTec, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, C. Robert Campbell, Chief Financial Officer of MasTec, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 9, 2006

/s/ C. Robert Campbell

C. Robert Campbell
Chief Financial Officer
(Principal Financial and Accounting Officer)

The certification set forth above is being furnished as an exhibit solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and is not being filed as part of the Quarterly Report on Form 10-Q for the period ended September 30, 2006, or as a separate disclosure documents of we or the certifying officers.