MASTEC INC
Form 11-K
June 28, 2013
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 11-K

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2012

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission File Number 001-08106

A. Full title of the plan and the address of the plan, if different from that of the issuer Named below:

The MasTec, Inc. 401(k) Retirement Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

MasTec, Inc.

800 S. Douglas Road, Suite 1200

Coral Gables, FL 33134

Table of Contents

TABLE OF CONTENTS

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Trustees

The MasTec, Inc. 401(k) Retirement Plan

Coral Gables, FL

We have audited the accompanying statements of net assets available for benefits of The MasTec, Inc. 401(k) Retirement Plan (the Plan) as of December 31, 2012 and December 31, 2011, and the related statement of changes in net assets available for benefits for the year ended December 31, 2012. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2012 and 2011, and the changes in net assets available for benefits for the year ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year), schedule of delinquent deposits of participant contributions, and schedule of reportable transactions as of and for the year ended December 31, 2012 are presented for purposes of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedules are the responsibility of the Plan s management. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BDO USA, LLP
Miami, FL

Certified Public Accountants

June 28, 2013

Table of Contents

The MasTec, Inc. 401(k)

Retirement Plan

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31, 2012	December 31, 2011
Investments, at fair value	$ 51,129,975	$ 38,527,107
Receivables:		
Contributions from employer	2,561,379	1,604,474
Contributions from plan participants	161,478	73,094
Notes receivable from plan participants	1,813,796	1,689,006
Payables:		
Refunds to plan participants	(108,564)	(103,501)
Accrued plan expenses		(3,382)
Total net assets available for benefits	$ 55,558,064	$ 41,786,798

See accompanying notes to the financial statements

Table of Contents

The MasTec, Inc. 401(k)

Retirement Plan

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

for the Year Ended December 31, 2012

Additions to net assets available for benefits attributed to:	
Investment income:	
Net appreciation in fair value of investments	$ 6,361,401
Dividend and interest income	439,807
Other investment income	62,344
Total investment income	6,863,552
Interest income on notes receivable from plan participants	71,973
Contributions:	
Participants	7,341,914
Employer	2,594,629
Transfer of assets from CAM Communications, Inc. 401(k) Plan and EC Source Services, LLC 401(k) Plan	1,614,322
Rollover and other	960,985
Total contributions	12,511,850
Total additions	19,447,375
Deductions to net assets available for benefits attributed to:	
Benefits paid to participants	(5,526,485)
Administrative expenses	(149,625)
Total deductions	(5,676,110)
Net increase in net assets available for benefits	13,771,266
Net assets available for benefits at beginning of year	41,786,798
Net assets available for benefits at end of year	$ 55,558,064

See accompanying notes to the financial statements

5

Table of Contents

The MasTec, Inc. 401(k)

Retirement Plan

NOTES TO FINANCIAL STATEMENTS

for the Year Ended December 31, 2012

NOTE A DESCRIPTION OF PLAN

Description of the Plan

The following description of The MasTec, Inc. 401(k) Retirement Savings Plan (the Plan), as amended, provides only general information. The EC Source Services, LLC 401(k) Plan and the CAM Communications, Inc. 401(k) Plan were merged into the Plan effective January 1, 2012 and August 27, 2012, respectively. Participants should refer to the Summary Plan Description for a more complete description of the Plan s provisions.

General

The Plan is a defined contribution plan covering all eligible employees of MasTec, Inc. (the Company) who have completed at least thirty days of service. Employees enter the Plan on the first day of the month coinciding with or the next month following the date on which they meet the eligibility requirements. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Contributions

Each year, participants may elect to defer from 1% to 75% of pretax annual compensation received during the year, subject to certain limitations as defined by the Plan. Participants may contribute amounts representing distributions from other qualified defined contribution or defined benefit plans at the discretion of the Plan administrator. The company match is the lesser of 2.5% of the employee s salary or 100% of the employee s contribution to the Plan. The match is credited on an annual basis to employees of record as of December 31st with 50% of the payment made in the Company s common stock and the other 50% of the payment made in cash. The company match for the fiscal year 2012 was credited to the employees of record as of December 31, 2012 on February 27, 2013.

Effective January 1, 2013, the Plan adopted a Safe Harbor match, which will provide for a match of 100% of the first 3% and 50% of the next 2% of the contribution made to the plan up to a maximum 4% employer match. The match is credited on a quarterly basis, in the months of April, July, October, and January of the following year. The Company s matching contribution is funded 50% in the form of the Company s common stock, which is not subject to participant direction, and 50% in cash, which is invested in accordance with each participant s investment directive.

Contributions from participants are recorded when payroll deductions are made. The Plan is required to return contributions received during the Plan year in excess of the Internal Revenue Service (IRS) limits. Participants pre-tax contribution limit is $17,000 and $16,500 for 2012 and 2011, respectively. Participants who have attained age 50 during the calendar year are eligible to make catch-up contributions to the Plan. The IRS limit for the catch-up contribution amount is $5,500 for 2012 and 2011.

Upon enrollment, a participant may direct employee contributions, in 1% increments, to any of the Plan s fund options. Participants may change their investment options daily.

Participants Accounts

Each participant s account is credited with the participant s contributions and allocations of the Company s contribution and the Plan s investment results. The benefit to which a participant is entitled is the benefit that can be provided from the participant s vested account. Upon distribution of the account to a participant who separates from service before vesting, the portion of the account attributable to the Company s contributions is forfeited. Forfeited balances of participants nonvested accounts are used to reduce future Company contributions or pay administrative expenses of the Plan.

Table of Contents

Vesting

Participants are immediately vested in their voluntary contributions plus actual earnings thereon.

Vesting in the Company s contributed portions of their account plus actual earnings thereon is based on the years of vesting service. A Plan year during which an employee works at least 1,000 hours is counted as one year of vesting service. This is based upon the following gradual vesting scale:

Years of Service	Percentage
1	33%
2	66%
3 or more	100%

A participant also becomes 100% vested in the remainder of his or her account upon the occurrence of any of the following events:

(a) The participant dies while in service as an employee;

(b) The participant becomes totally and permanently disabled while still in service as an employee; or

(c) The Plan is terminated by the Company.

Effective January 1, 2013, in accordance with the Safe Harbor provisions, participants vest immediately in the Safe Harbor Company contributions made after January 1, 2013.

Forfeitures

Forfeitures of nonvested participant account balances are allocated to the general funds of the Plan and can be used to pay administrative expenses of the Plan and to reduce contributions otherwise required of the employer. At December 31, 2012 and 2011, unallocated forfeited accounts totaled $39,254 and $298,940, respectively, and are recorded in the Plan s investment in the Guaranteed Income Fund. The Company has elected to use the forfeitures to pay certain plan expenses. During the year ended December 31, 2012, Plan forfeitures totaling $25,385 were used to pay administrative fees. As of December 31, 2012, there no expenses accrued that were expected to be paid with forfeitures.

Notes Receivable from Participants

Notes receivable from participants consist of participant loans that are secured by the balance in the participant account. A participant is only entitled to make a withdrawal from his or her account prior to separation from service if the participant qualifies for a hardship withdrawal or a participant loan. Each participant may have only one loan outstanding at any given time. The Plan s loan feature allows participants and beneficiaries to borrow up to a maximum equal to the lesser of $50,000 or 50% of their accrued vested benefit. The loans bear interest at the published prime rate in the Wall Street Journal plus 1%, at the date of the loan. The annual interest rate charged on employee loans outstanding during the year ended December 31, 2012 ranged from 4.00% to 9.75%. Loan terms range from 1 to 5 years or may exceed 5 years for the purchase of a primary residence. Loans provide level amortization for repayments to be made not less frequently than on a quarterly basis. Repayment generally is made by payroll deduction. Participants pay certain administrative expenses associated with the loan, including document preparation and filing fees. If any scheduled loan repayments remain outstanding for greater than 90 days, the participant loan will be placed in default, at which time the participant can elect from certain remediation options, including distribution. If no remediation occurs, the loan is reported as a deemed distribution. Notes receivable from participants are stated at cost, plus accrued interest, which approximates fair value.

Payments of Benefits

Upon termination of service due to death, disability, or retirement, a participant is entitled to receive payment of the vested accrued benefit in a single lump sum or the payment can be deferred until a later retirement age upon election

Table of Contents

by the participant. For termination of service due to other reasons, a participant is entitled to receive only the vested percentage of his account balance.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Plan are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and present the net assets available for Plan benefits as of December 31, 2012 and 2011 and changes in net assets available for Plan benefits as of December 31, 2012.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan provides for various investment options and combinations from which participants may choose, including the Company stock fund, mutual funds, pooled separate accounts and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that these risks in the near term would materially affect participants account balances and the amounts reported in the statement of net assets available for benefits.

Administrative Expenses

All administrative expenses of the Plan are chargeable to the Plan. The Company may, at its sole discretion, pay any such expenses, in whole or in part. During 2012, the Company has elected to pay certain plan expenses with forfeitures.

Benefit Payments

Benefits are recorded when paid. At December 31, 2012 and 2011, there were no amounts allocated to accounts of persons who had elected to withdraw from the Plan, but had not been paid.

Investment Valuation and Income Recognition

Plan investments are stated at estimated fair values. MasTec, Inc. stock is valued at its quoted price on the last business day of the Plan year. Estimated fair values of the pooled separate accounts and the fixed income fund have been determined based on the fair values of the funds. At December 31, 2012, Prudential Retirement and Annuity Company (Prudential) is the Trustee and custodian of the Plan. As described in Accounting Standard Codification (ASC) 946, Subtopic 210, investment contracts held by a defined contribution plan are required to be reported at fair value. Contract value, which represents net contributions plus interest at the contract rate, approximates fair value. The contracts are fully benefit-responsive, as defined in ASC 946, Subtopic 210.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Table of Contents

Fair Value Measurements

ASC 820, Fair Value Measurement and Disclosures, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The following describes the three levels of the fair value hierarchy under ASC 820 and the extent to which the Plan uses fair value to measure financial instruments and information about the inputs used to value those financial instruments:

Basis of Fair Value Measurement

Level 1	Observable inputs that reflect quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
Level 2	Observable inputs, other than quoted prices included in Level 1, for the asset or liability or prices for similar assets or liabilities. The Plan assets identified as Level 2 include certain pooled separate accounts and the fully benefit-responsive contract.
Level 3	Valuations that are derived from techniques in which one or more of the significant inputs are unobservable (including assumptions about risk). The Plan did not classify any assets as Level 3.

A financial instrument s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following tables set forth by level within the fair value hierarchy individual investments that represent the Plan s net assets as of December 31, 2012 and 2011 as follows:

	Investment Assets at Fair Value as of December 31, 2012			
Investment Contract #768019 with Prudential:	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual funds				
Growth (1)	$ 11,822,403	$	$	$ 11,822,403
Value (2)	8,381,176			8,381,176
Foreign blend (3)	5,602,684			5,602,684
Real Estate (4)	716,525			716,525
International Bond (5)	547,274			547,274
Total mutual funds	$ 27,070,062	$	$	$ 27,070,062
Guaranteed Income Fund (6)	$	$ 8,410,081	$	8,410,081
Pooled separate accounts				
Fixed income (7)	$	$ 4,189,744	$	$ 4,189,744
Blend (8)	2,879,816			2,879,816
Balanced (9)		1,204,792		1,204,792
Total pooled separate accounts	$ 2,879,816	$ 5,394,536	$	$ 8,274,352
MasTec, Inc. stock (a)	$ 7,375,366			$ 7,375,366
Interest-bearing cash	$ 114			$ 114
Total investment assets at fair value	$ 37,325,358	$ 13,804,617	$	$ 51,129,975

Table of Contents

	Investment Assets at Fair Value as of December 31, 2011			
Investment Contract #768019 with Prudential:	Level 1	Level 2	Level 3	Total
Mutual funds				
Growth (1)	$ 8,664,513	$	$	$ 8,664,513
Value (2)	6,378,561			6,378,561
Foreign blend (3)	3,581,428			3,581,428
Real Estate (4)	472,966			472,966
International Bond (5)	361,809			361,809
Total mutual funds	$ 19,459,277	$	$	$ 19,459,277
Guaranteed Income Fund (6)	$	$ 7,855,950	$	$ 7,855,950
Pooled separate accounts				
Fixed income (7)	$	$ 3,426,329	$	$ 3,426,329
Blend (8)	2,287,007			2,287,007
Balanced (9)		653,758		653,758
Total pooled separate accounts	$ 2,287,007	$ 4,080,087	$	$ 6,367,094
MasTec, Inc. stock (a)	$ 4,844,705			$ 4,844,705