

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, 1996  
Commission file number 0-3797

MASTEC, INC.

-----  
(Exact name of registrant as specified in its charter)

Delaware

59-1259279

-----  
(State or other jurisdiction  
of incorporation or organization)

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

3155 N.W. 77th Avenue, Miami, FL

33122-1205

-----  
(Address of principal executive offices)

-----  
(Zip Code)

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

Former name, former address and former fiscal year, if changed since last  
report:

8600 N.W. 36th Street, Miami, FL 33166-6699  
-----

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 the number of shares outstanding of each of the issuer's classes of  
common stock, as of the latest practicable date.

Class of Common Stock

Outstanding as of  
November 1, 1996

-----  
\$ 0.10 par value

-----  
16,767,645

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PART I FINANCIAL INFORMATION

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MasTec, Inc.  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(In Thousands Except Per Share Amounts)

	THREE MONTHS ENDED SEPTEMBER 30, (Unaudited)		NINE MONTHS ENDED SEPTEMBER 30, (Unaudited)	
	1996	1995	1996	1995
Revenue	\$142,394	\$46,642	\$313,575	\$120,439
Costs of revenue and expenses:				
Costs of revenue, excluding depreciation	103,260	36,296	232,185	89,210
Depreciation and amortization	3,740	1,878	9,035	4,766
General and administrative expenses	19,993	4,772	39,093	12,234
Operating income	15,401	3,696	33,262	14,229
Interest expense -				
Borrowings	3,197	1,099	8,304	3,217
Notes to stockholders	0	25	0	135
Interest and dividend income	959	925	2,939	1,761
Interest on notes from stockholders	46	48	137	241
Special charges - real estate writedown	0	15,386	0	15,386
Other income, net	544	102	959	1,761
Income (loss) from continuing operations before equity in earnings (losses) of unconsolidated companies, income taxes and minority interest	13,753	(11,739)	28,993	(746)
Equity in earnings (losses) of unconsolidated companies	586	(158)	1,789	(169)
Provision (benefit) for income taxes	4,789	(4,409)	10,940	(290)
Minority interest	188	(50)	412	(86)
Income from continuing operations	9,362	(7,438)	19,430	(539)
Discontinued operations (Note 5):				
Income (loss) from discontinued operations (net of applicable income taxes)	163	(353)	110	109
Gain on disposal of discontinued operations (net of applicable income taxes)	0	1,904	66	3,356
Net income	\$ 9,525	\$(5,887)	\$19,606	\$ 2,926
Weighted average shares outstanding	17,093	16,047	16,572	16,043
Earnings (loss) per share:				
Continuing operations	\$ 0.55	\$ (0.46)	\$ 1.17	\$ (0.03)
Discontinued operations	.01	0.10	.01	0.21
	\$ 0.56	\$ (0.37)	\$ 1.18	\$ 0.18

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

MasTec, Inc.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(In Thousands)

	September 30, 1996 (unaudited)	December 31, 1995
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,324	\$ 1,076
Accounts receivable-net and unbilled revenue	269,152	45,922
Notes receivable and accrued interest	29,655	27,505
Inventories	5,230	2,819
Other current assets	36,544	27,878
	-----	-----
Total current assets	343,905	105,200
	-----	-----
Property and equipment	74,353	55,806
Accumulated depreciation	(19,281)	(11,235)
	-----	-----
Property-net	55,072	44,571
	-----	-----
Investments in and advances to unconsolidated companies	29,397	14,847
Notes receivable from stockholders	1,770	1,770
Other assets	10,495	3,775
	-----	-----
TOTAL ASSETS	\$ 440,639	\$ 170,163
	=====	=====

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

MasTec, Inc.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(In Thousands)

	September 30, 1996 (unaudited)	December 31, 1995
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current maturities of debt	\$ 66,727	\$ 27,863
Accounts payable	134,599	19,026
Other current liabilities	35,060	13,744
	-----	-----
Total current liabilities	236,386	60,633
	-----	-----
Other liabilities	43,764	14,800
	-----	-----
Long-term debt	78,834	34,601
Convertible subordinated debentures	0	9,625
	-----	-----
Total long-term debt	78,834	44,226
	-----	-----
Commitments and contingencies		
Stockholders' equity:		
Common stock	2,643	2,643
Capital surplus	139,677	134,186
Retained earnings	25,269	5,663
Accumulated translation adjustments	(237)	1
Treasury stock	(85,697)	(91,989)
	-----	-----
Total stockholders' equity	81,655	50,504
	-----	-----
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 440,639</b>	<b>\$ 170,163</b>
	=====	=====

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

MasTec, Inc.  
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY  
(In Thousands)  
for the nine months ended September 30, 1996  
(unaudited)

	Common Stock Issued Shares	Amount	Capital Surplus	Retained Earnings	Accumulated Translation	Treasury Stock	Total
Balance December 31, 1995	26,435	\$ 2,643	\$ 134,186	\$ 5,663	\$ 1	\$ (91,989)	\$ 50,504
Net Income				19,606			19,606
Cumulative Effect of Translation					(238)		(238)
Stock issued to Employees from Treasury Shares			10			168	178
Stock Issued for Debentures from Treasury Shares			5,481			6,124	11,605
-----							
Balance September 30, 1996	26,435	\$ 2,643	\$ 139,677	\$ 25,269	\$ (237)	\$ (85,697)	\$ 81,655
=====							

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

MasTec, Inc.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(In Thousands)

	NINE MONTHS ENDED SEPTEMBER 30,	
	1996	1995
	----- (Unaudited)	
Cash flows from operating activities:		
Net income	\$19,606	\$ 2,926
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interest	412	(86)
Depreciation and amortization	9,035	4,766
Special charge - real estate writedown	0	15,386
Equity in (earnings) losses of unconsolidated companies	(1,789)	169
Net gain on sale of discontinued operations	(105)	(3,771)
Gain on sale of assets	(100)	(7)
Changes in assets and liabilities net of effect of acquisitions and divestitures:		
Accounts receivable-net and unbilled revenue	22,710	(13,740)
Inventories and other current assets	(5,656)	(737)
Other assets	(2,627)	(1,184)
Accounts payable and expenses	(1,696)	5,469
Accrued income taxes	(3,521)	3,968
Other current liabilities	3,415	252
Net assets of discontinued operations	(195)	0
Deferred taxes	2,410	(9,371)
Other liabilities	1,404	454
	-----	
Net cash provided by operating activities	43,303	4,494
	-----	
Cash flows from investing activities:		
Cash acquired in acquisitions	999	148
Cash paid for acquisitions	(6,164)	(1,750)
Repayment of notes receivable	440	35
Proceeds from sale of preferred stock	5,100	0
Capital expenditures	(4,420)	(8,014)
Investment in unconsolidated companies	(1,651)	0
Proceeds from sale of real estate and other assets	3,900	2,426
Repayment of loans to stockholders	0	1,800
Investment in note receivable	0	(25,000)
Distributions from unconsolidated companies	0	79
Net proceeds from sale of discontinued operations	0	20,899
	-----	
Net cash used in investing activities	(1,796)	(9,377)
	-----	

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

MasTec, Inc.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(In Thousands)

	NINE MONTHS ENDED SEPTEMBER 30,	
	1996	1995
	(Unaudited)	
Cash flows from financing activities:		
Proceeds from Revolver	\$ 5,853	\$ 20,025
Borrowings	3,200	0
Debt repayments	(48,470)	(32,367)
Net proceeds from common stock issued from treasury	178	123
Proceeds from Term Loans	0	16,653
Repayment of loans from stockholders	0	(2,500)
Financing costs	0	(516)
Net cash (used in) provided by financing activities	(39,239)	1,418
Net increase in cash and cash equivalents	2,268	(3,465)
Effect of translation on cash	(20)	0
Cash and cash equivalents - beginning of period	1,076	5,612
Cash and cash equivalents - end of period	\$ 3,324	\$ 2,147
	=====	=====
Supplemental disclosures of cash flow information:		
Cash paid during the period:		
Interest	\$ 7,740	\$ 3,077
Income taxes	\$ 8,151	\$ 5,690

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



MasTec, Inc.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)  
(In Thousands)

Supplemental disclosure of non-cash investing and financing activities:

	1996
	-----
	(unaudited)
Acquisition of Carolina Com-Tec	
Fair value of assets acquired:	
Accounts receivable	\$ 3,660
Inventories	722
Other current assets	26
Property and equipment	657
Other assets	11
	-----
Total non-cash assets	5,076
	-----
Liabilities	2,873
Long-term debt	576
	-----
Total liabilities assumed	3,449
	-----
Net non-cash assets acquired	1,627
Cash acquired	167
	-----
Fair value of net assets acquired	1,794
Excess over fair value of assets acquired	4,956
	-----
Purchase price	\$ 6,750
	=====
Seller financing	\$ 3,500
Cash paid for acquisition	1,000
Contingent consideration	2,250
	-----
Purchase price	\$ 6,750
	=====

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

MasTec, Inc.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)  
(In Thousands)

Supplemental disclosure of non-cash investing and financing activities:

	1996	1995
	-----	-----
	(unaudited)	(unaudited)
Acquisition of Sintel		
Fair value of assets acquired:		
Accounts receivable	\$242,280	
Inventories	2,258	
Other current assets	10,088	
Property and equipment	8,093	
Investment in unconsolidated companies	9,373	
Other assets	2,094	
	-----	
Total non-cash assets	274,186	
	-----	
Liabilities	158,390	
Long-term debt	78,024	
	-----	
Total liabilities assumed	236,414	
	-----	
Net non-cash assets acquired	37,772	
Cash acquired	832	
	-----	
Purchase price	\$38,604	
	=====	
Seller financing	\$33,061	
Cash paid for acquisition	5,164	
Acquisition costs paid by the Company	379	
	-----	
Purchase price	\$38,604	
	=====	
Acquisition of ULM:		
Fair value of assets acquired:		
Account receivable		\$ 167
Other current assets		67
Property		2,688
Other assets		50
		-----
Total non-cash assets		2,972
		-----
Liabilities		71
Long-term debt		93
		-----
Total liabilities assumed		164
		-----
Net non-cash assets acquired		2,808
Cash acquired		148
		-----
Purchase price		\$ 2,956
		-----

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

MasTec, Inc.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)  
(In Thousands)

Supplemental disclosure of non-cash investing and financing activities:

	1996 ----- (unaudited)	1995 ----- (unaudited)
Acquisition of ULM:		
Note payable issued to ULM stockholder		\$ 800
Cash paid for acquisition		1,750
Contingent consideration		406
		-----
Purchase price		\$ 2,956
		=====
Sale of Lectro:		
Assets sold:		
Account receivable		\$ 2,158
Inventories		1,770
Other current assets		22
Property		1,832
Other assets		4
		-----
Total non-cash assets		5,786
		-----
Liabilities		1,878
Long-term debt		343
		-----
Total liabilities		2,221
		-----
Net non-cash assets sold		3,565
		=====
Sale price		\$ 12,350
Transaction costs		(521)
Note receivable		(450)
		-----
Net cash proceeds		\$ 11,379
		=====
Property acquired through financing arrangements	\$ 7,596	\$ 7,901
	=====	=====

In 1996, the Company converted \$11.6 million of its 12% Convertible Subordinated Debentures into Common Stock. Common Stock was issued from treasury at a cost of \$ 6.1 million. See Note 4 to the Condensed Consolidated Financial Statements

In 1996, the Company's purchase of an additional 3% interest in Supercanal, S.A. was financed in part by the sellers for \$2 million. See Note 2 to the Condensed Consolidated Financial Statements.

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

1. CONSOLIDATION AND PRESENTATION:

The accompanying unaudited condensed consolidated financial statements of MasTec, Inc. ("MasTec" or the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions for Form 10-Q and Rule 10-01 of Regulation S-X. They do not include all information and notes required by generally accepted accounting principles for complete financial statements and should be read in conjunction with the audited financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 1995. The year end condensed balance sheet data was derived from audited financial statements but does not include all disclosures required by generally accepted accounting principles. The financial information furnished reflects all adjustments, consisting only of normal recurring accruals which are, in the opinion of management, necessary for a fair presentation of the financial position and results of operations for the periods presented. The results of operations are not necessarily indicative of future results of operations or financial position of MasTec.

The financial position and results of operations of the Company's foreign subsidiaries are measured using local currency as the functional currency. The Company translates foreign currency financial statements by translating balance sheet accounts at the exchange rate on the balance sheet date and income statement accounts at the average exchange rate for the period. Translation gains and losses are recorded in stockholders' equity, and realized gains and losses are reflected in income.

2. ACQUISITIONS

Carolina Com-Tec

In February 1996, the Company purchased for \$6,750,000 the outstanding stock of Carolina Com-Tec, Inc., a company engaged in installing and maintaining voice, data and video networks. The stockholders of Carolina Com-Tec, Inc. received \$1.0 million at closing, a \$2.0 million, 12% note paid June 1, 1996, and a \$1.5 million 8% note, payable in quarterly installments over four years. The balance of the purchase price is payable over the next four years based on future pre-tax earnings of Carolina Com-Tec, Inc. The assets and liabilities resulting from the acquisition are disclosed in the supplemental schedule of non-cash investing and financing activities in the Condensed Consolidated Statements of Cash Flows.

Supercanal

In March 1996, the Company acquired an additional 3% of Supercanal, S.A. ("Supercanal"), an Argentine cable television company, in exchange for \$2.0 million and the Company's interest in an Argentine radio station and newspaper which were acquired in October 1995 at the time of the Company's initial investment in Supercanal. The additional 3% investment was financed by the sellers and is payable over nine months at 12% interest.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 1996 (unaudited)

In July 1996, the Company contributed its ownership interest in Supercanal to a holding company. Concurrently, Multicanal, S.A., one of the leading cable television operators in Argentina, acquired a 20% interest in the holding company for up to \$17.7 million in cash, subject to adjustment based on the number of Supercanal subscribers. MasTec's interest in the holding company was reduced to approximately 28.5% as a result of Multicanal's investment. Under the purchase agreement, Multicanal also will provide programming and management services to Supercanal.

#### Sintel

On April 30, 1996, the Company purchased from Telefonica de Espana, S.A. ("Telefonica"), 100% of the capital stock of Sistemas e Instalaciones de Telecomunicacion, S.A. ("Sintel"), a company engaged in telecommunications infrastructure construction services in Spain, Argentina, Chile, and Peru. The purchase price for Sintel was Spanish Pesetas ("Pesetas") 4.9 billion (US\$39.5 million at an exchange rate of 124 Pesetas to one U.S. dollar). An initial payment of Pesetas 650 million (US\$5.2 million) was made at closing. An additional Pesetas 650 million (US\$5.2 million) is due on December 31, 1996, with the balance of the purchase price, Pesetas 3.6 billion (US\$29.1 million), due in two equal installments on December 31, 1997 and 1998. As part of the terms of the purchase and sale agreement with Telefonica, Sintel sold certain buildings to Telefonica and Telefonica repaid certain tax credits and made a capital contribution to Sintel (the "Related Transactions"). The total proceeds from the Related Transactions were approximately \$41 million. The assets and liabilities resulting from the acquisition are disclosed in the supplemental schedule of non-cash investing and financing activities in the Condensed Consolidated Statements of Cash Flows. The Sintel acquisition gives the Company a significant international presence. See Note 7 regarding geographic information.

The following information presents the unaudited pro forma condensed results of operations for the nine months ended September 30, 1996 and 1995 as if the Company's acquisition of Sintel and the Related Transactions had occurred on January 1, 1995. The Sintel acquisition has been treated as a "purchase" as the term is used under generally accepted accounting principles. Management's preliminary estimate of fair value approximated that of the carrying value of the net assets acquired after reflecting a reserve for employee terminations net of deferred taxes. The final allocation will be contingent upon final assessment of the fair value of the net assets acquired. The allocation reflects management's best estimate based upon currently available information and significant differences are not expected. The pro forma results, which include adjustments to increase interest expense resulting from the debt incurred pursuant to the Sintel acquisition ( \$700,000 and \$1.8 million for 1996 and 1995, respectively), offset by the reduction in interest and depreciation expenses resulting from the Related Transactions ( \$1 million and \$3.3 million for 1996 and 1995, respectively) and a tax benefit at 35% for each period are presented for informational purposes only and are not necessarily indicative of the future results of operations or financial position of the Company or the results of operations or financial position of the Company had the Sintel acquisition and the Related Transactions occurred January 1, 1995.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 SEPTEMBER 30, 1996 (unaudited)

	Pro forma results of operations for the nine months ended September 30,	
	1996	1995
Revenue	\$397,270	\$299,924
Income (loss) from continuing operations	22,626	(14,861)
Net income (loss)	22,802	(11,396)
Earnings (loss) per share:		
Continuing operations	\$ 1.37	(0.93)
Discontinued operations	.01	0.22
	-----	-----
Net income (loss)	\$ 1.38	\$ (0.71)
	=====	=====

The pro forma results for the nine months ended September 30, 1996 and 1995 include special charges incurred by Sintel related to a restructuring plan of \$1.4 million and \$ 16.3 million, net of tax, respectively.

3. SIGNIFICANT CUSTOMERS AND CONCENTRATION OF CREDIT RISK

The Company derives a substantial portion of its revenue from the provision of telecommunication infrastructure services to Telefonica and to Bell South Telecommunications, Inc. ("Bell South"). For the nine months ended September 30, 1996, approximately 32% and 17% of the Company's revenue was derived from services performed for Telefonica and Bell South, respectively. Revenue generated by Sintel from Telefonica is included from May 1, 1996 (see Note 2). Although the Company's strategic plan envisions diversification of its customer base, the Company anticipates that it will continue to be dependent on Telefonica and its affiliates and Bell South for a significant portion of its revenue in the future.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 SEPTEMBER 30, 1996 (unaudited)

4. DEBT

Debt is summarized as follows (in thousands):	September 30, 1996	December 31, 1995
	-----	-----
Revolver, Fleet Credit Facility at LIBOR plus 2.00% (7.44% and 7.69% at September 30, 1996 and December 31, 1995, respectively)	\$ 16,835	\$ 10,982
Term Loans, Fleet Credit Facility, at LIBOR plus 2.25% (7.69% and 7.94% at September 30, 1996 and December 31, 1995, respectively)	19,461	23,262
Revolving credit facility, at MIBOR plus 0.30% (8% at September 30, 1996 due November 1, 1996)	37,561	0
Other bank facilities, at interest rates from 8.1% to 9.3%	10,025	0
Notes payable for equipment, at interest rates from 6.0% to 8.5% due in installments through the year 2000	18,908	14,682
Notes payable for acquisitions, at interest rates from 7% to 12% due in installments through February 2000	39,276	8,382
Real estate mortgage notes, at interest rates from 8.53% to 9.5% due in installments through the year 2001	2,850	2,531
12% Convertible Subordinated Debentures	645	12,250
	-----	-----
Total debt	145,561	72,089
Less current maturities	66,727	(27,863)
	-----	-----
Long term debt	\$78,834	\$ 44,226
	=====	=====

Not included in the preceding table at September 30, 1996 and December 31, 1995 is approximately \$2.0 million in capital leases related to discontinued operations (see Note 5).

On May 31, 1996, the Company called its 12% Convertible Subordinated Debentures (the "Debentures") effective June 30, 1996. All but \$645,000 of the Debentures were converted to Common Stock, increasing the number of shares outstanding by 690,456.

The Company maintains a \$40.0 million credit facility with Shawmut Capital Corporation n/k/a Fleet Capital Corporation (the "Fleet Credit Facility") maturing January 2000 and also maintains several other credit facilities for the purpose of financing equipment purchases. Additionally, the Company has several credit facilities denominated in Pesetas, one of which is a revolving credit facility with a wholly-owned finance subsidiary of Telefonica. At September 30, 1996, the Company had \$ 80.6 million (10.4 billion Pesetas) of debt denominated in Pesetas, including the acquisition debt of \$33.1 million incurred pursuant to the Sintel acquisition (see Note 2).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 SEPTEMBER 30, 1996 (unaudited)

Debt agreements contain, among other things, restrictions on the payment of dividends and require the observance of certain financial covenants such as minimum levels of cash flow and tangible net worth, all of which were met at September 30, 1996.

5. DISCONTINUED OPERATIONS

In the third quarter of 1995, the Company determined to concentrate its resources and better position itself to achieve its strategic growth objectives by disposing of all of the general products segment that the Company acquired as part of the Burnup & Sims Inc. ("Burnup & Sims") acquisition ( the "Burnup Acquisition"). These operations and assets include Southeastern Printing Company, Inc. ("Southeastern"), Lectro Products, Inc. ("Lectro") and Floyd Theatres, Inc. ("Floyd Theatres").

In March 1995, the Company sold the indoor theater assets of Floyd Theatres for approximately \$11.5 million of which \$1.8 million was used to satisfy liabilities not assumed by the buyer and transaction costs incurred. A gain of \$1.5 million net of tax, resulted from this transaction in the first quarter of 1995. The remaining outdoor theater operations of Floyd Theatres are currently being marketed for sale for the underlying real estate value. Southeastern is being offered for sale and Lectro was sold during the third quarter of 1995 for \$12.4 million.

Discontinued operations include management's best estimates of the amounts expected to be realized on the sale of these assets. While the estimates are based on current negotiations, the amounts the Company will ultimately realize could differ from the amounts assumed in arriving at the loss on disposal of the discontinued operations.

Summary operating results of discontinued operations, excluding net gains on disposal and estimated loss during the phase-out period, are as follows (in thousands):

	For the nine months ended September 30,	
	1996	1995
Revenue	\$ 9,679	\$ 19,267
Earnings before income taxes	\$ 179	\$ 123
Provision for income taxes	69	14
Net income from discontinued operations	\$ 110	\$ 109



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 SEPTEMBER 30, 1996 (unaudited)

The following comprises the net assets of discontinued operations (in thousands):

	September 30, 1996	December 31, 1995
	-----	
Receivables, net	\$2,140	\$ 1,432
Inventory	943	1,047
Property, plant and equipment, net	8,499	9,101
Other assets	320	160
Land held for sale	855	855
Less:		
Capital leases	1,980	2,140
Accounts payable	598	280
Accrued liabilities and reserve for loss on disposal	3,479	3,775
	-----	
	\$ 6,700	\$ 6,400
	=====	

6. EARNINGS PER SHARE

Earnings per share is determined by dividing the income for the period by the weighted average of outstanding shares for the period after giving effect to dilutive stock options. The weighted average shares includes shares issued from the conversion of the Debentures from the date of conversion. Fully diluted earnings per share is not disclosed because the result is anti-dilutive. A pro forma primary earnings per share calculation assuming the conversion of the Debentures took place at the beginning of the year is not presented because the conversion of the Debentures did not have an impact on the Company's earnings per share .

7. GEOGRAPHIC INFORMATION

The Company's principal source of revenue is the provision of telecommunication infrastructure construction services in the United States and Spain. The Company did not have significant international operations in 1995, accordingly, only 1996 geographic information is presented below:

	Nine months ended September 30, 1996
Revenue	
Domestic	\$206,286
International	107,289
	-----
Total	\$313,575
	=====
Operating income	
Domestic	\$22,740
International	10,522
	-----
Total	\$33,262
	=====
Identifiable assets	
Domestic	\$116,534
International	229,352
Corporate	94,753
	-----
Total	\$440,639
	=====

There are no transfers between geographic areas. Operating income consists of revenue less operating expenses, and does not include interest expense, interest and other income, equity in earnings of unconsolidated companies, minority interest and income taxes. Domestic operating income is net of corporate general and administrative expenses. Identifiable assets of geographic areas are those assets used in the Company's operations in each area. Corporate assets include cash and cash equivalents, investments in unconsolidated companies, net assets of discontinued operations, real estate held for sale and notes receivable.

8. CONTINGENCIES

In December 1990, Albert H. Kahn, a stockholder of the Company, filed a purported class action and derivative suit against Burnup & Sims, the members of its Board of Directors, and National Beverage Corporation ("NBC"). The complaint alleges, among other things, that Burnup & Sims' Board of Directors and NBC, as Burnup & Sims' then largest stockholder, breached their respective fiduciary duties in approving certain transactions, including the distribution to Burnup & Sims' stockholders of all of the common stock of NBC owned by Burnup & Sims and the exchange by NBC of shares of common stock of Burnup & Sims for certain indebtedness of NBC held by Burnup & Sims. The lawsuit seeks to rescind these transactions and to recover damages in an unspecified amount.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 1996 (unaudited)

In November 1993, Mr. Kahn filed a class action and derivative complaint against Burnup & Sims, the members of its Board of Directors, Church & Tower, Inc. and Church & Tower of Florida, Inc. (collectively, "Church & Tower"), and Jorge L. Mas, Jorge Mas and Juan Carlos Mas, the principal stockholders of Church & Tower. The 1993 lawsuit alleges, among other things, that the Burnup & Sims Board of Directors and NBC breached their respective fiduciary duties by approving the terms of the Burnup Acquisition; and that Church & Tower and its principal stockholders had knowledge of the fiduciary duties owed by NBC and the Burnup & Sims Board of Directors and knowingly and substantially participated in the breach thereof. The lawsuit also claims derivatively that each member of the Burnup & Sims Board of Directors engaged in mismanagement, waste and breach of their fiduciary duties in managing Burnup & Sims' affairs. On March 7, 1994, the Delaware court in which these suits were filed denied plaintiff's motion to enjoin the Burnup Acquisition. Each of the foregoing lawsuits is in discovery and no trial date has been set. The Company believes that the allegations in each of the lawsuits are without merit and intends to defend these lawsuits vigorously.

The Company is involved in a lawsuit filed by Bell South arising from certain work performed by a subcontractor of the Company in 1993. The amount claimed against the Company approximates \$ 900,000. The lawsuit, filed in November 1995, is in the early stages of discovery. The Company believes that the allegations asserted by Bell South are without merit and intends to defend this lawsuit vigorously. On September 27, 1996 the Company settled a previously disclosed lawsuit with Gilpin County, Colorado for \$115,000.

All of the claims asserted in the lawsuits described above, with the exception of the second lawsuit filed by Albert Kahn in 1993, arise from activities undertaken prior to March 11, 1994, the date of the Burnup Acquisition.

The Company is also a party to other pending legal proceedings, none of which the Company believes is material to the Company's financial condition or results of operations

#### 9. NOTES RECEIVABLE

In July 1995, the Company made a \$25.0 million one year term loan to Devono Company Limited, a British Virgin Islands corporation ("Devono"). The loan is secured by 40% of the capital stock of a holding company that owns 52.6% of the capital stock of Consorcio Ecuatoriano de Telecomunicaciones, S.A. ("Conocell"), one of two cellular phone operators in the Republic of Ecuador. The due date of the loan was extended following the signing by Devono of an agreement to sell 100% of the capital stock of the Conocell holding company (including the 40% securing the Company's loan to Devono) to Inter-American Communications Corporation ("ICCA"), a U.S. public company. Pursuant to the terms of the sale to ICCA, the Company would have received approximately \$35 million in consideration. At present, it does not appear that the sale to ICCA will be completed, although Devono has not formally terminated the agreement with ICCA. The Company is evaluating whether to extend the term of the Devono loan further to permit a sale of Devono's indirect interest in Conocell to another purchaser or to convert the loan to equity pursuant to the loan agreement. In any such future sale, the Company is entitled under the terms of its loan agreement with Devono to repayment of its loan and accrued interest, plus a certain percentage of the total purchase price.

MasTec, Inc.  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## Overview

MasTec is one of the world's leading contractors specializing in the build-out of telecommunications infrastructure. The Company's principal business consists of the design, installation, and maintenance of the outside physical plant for telephone and cable television communications systems and of integrated voice, data and video and wide area networks inside buildings. The Company also installs central office telephone equipment. The Company also provides general construction services consisting of design-and-build projects that the Company undertakes with state and local governmental authorities.

On April 30, 1996, the Company purchased from Telefonica 100% of the capital stock of Sintel, a company engaged in telecommunications infrastructure construction services in Spain, Argentina, Chile, and Peru. The acquisition of Sintel more than doubled the size of the Company in terms of revenue and assets. In Argentina, Chile and Peru, the Company operates through joint ventures in which it holds interests ranging from 38% to 50%. See Note 2 to the Condensed Consolidated Financial Statements for pro forma financial information and Note 7 for geographic information. Included in the Company's results for the nine months ended September 30, 1996 are the results of operations of Sintel from May 1, 1996 through September 30, 1996.

## Results of Operations

Revenue is generated primarily from telecommunications and related infrastructure services. Infrastructure services are provided to telephone companies, public utilities, CATV operators, other telecommunications providers, governmental agencies and private businesses. The Company also provides general construction services consisting of design-and-build projects which the Company undertakes with state and local governmental authorities.

Costs of revenue includes subcontractor costs and expenses, materials not supplied by the customer, fuel, equipment rental, insurance, operations payroll and employee benefits.

General and administrative expenses include management salaries, bonuses and benefits, rent, travel, telephone and utilities, professional fees and clerical and administrative overhead.

The following discussion of the Company's financial condition and results of operations should be read in conjunction with the Condensed Consolidated Financial Statements and Notes thereto included elsewhere herein.

Three Months Ended September 30, 1996 vs. Three Months Ended September 30, 1995.

The following table sets forth certain historical consolidated financial data as a percentage of revenue for the three months ended September 30, 1996 and 1995.

	1996	1995
	-----	-----
Revenue	100.0 %	100.0 %
Costs of revenue, excluding depreciation	72.5 %	77.8 %
Depreciation and amortization	2.6 %	4.0 %
General and administrative expenses	14.0 %	10.2 %
Interest expense	2.2 %	2.4 %
Special charges - real estate writedown	0.0 %	33.0 %
Interest and dividend income, other income, net, equity in earnings of unconsolidated companies and minority interest	1.4 %	2.1 %
Income (loss) from continuing operations	6.6 %	(16.0)%

Revenue. Revenue increased by approximately \$ 95.8 million or 205% from \$ 46.6 million in 1995 to \$ 142.4 million in 1996, primarily due to international (\$ 69.7 million) and domestic (\$ 6.8 million) acquisitions, new master contracts, increased volume under existing contracts and other new business (\$ 11.8 million), and an increase of \$ 7.5 million in general construction services revenue.

Costs of revenue, excluding depreciation . Costs of revenue as a percentage of revenue decreased from 77.8% in 1995 to 72.5% in 1996 primarily due to operations in new international geographic areas. Domestic and international margins for the three months ended September 30, 1996 were 24.8% and 30.3%, respectively. Domestically, the Company has typically experienced reduced margins at the commencement of new contracts resulting from mobilization and startup costs, as well as costs incurred in recruiting and training of new personnel. Domestic gross margin has increased since the quarters ended September 30, 1995 (22.2%) when the Company began to significantly expand and grow. Internationally, margins have improved as a result of a cost reduction program initiated by Sintel's management. This program is continuing under the Company's ownership.

Depreciation and amortization. Depreciation and amortization as a percentage of revenue decreased from 4.0% in 1995 to 2.6% in 1996 due to revenue growth and the lesser dependence by Sintel on its own equipment as Sintel typically uses subcontractors to supply heavy equipment when needed.

General and administrative expenses. General and administrative expenses as a percentage of revenue increased from 10.2% in 1995 to 14.0% in 1996 primarily due to the acquisition of Sintel, which has a more costly overhead structure than the Company's domestic operations. Domestic and international general and administrative expenses as a percentage of revenue for the three months ended September 30, 1996 were 9.7% and 18.6%, respectively. Domestically, general and administrative expenses as a percentage of revenue declined when compared to the same period in 1995 primarily due to increased domestic volume. Internationally, general and administrative expenses have declined on a nine month basis from 17.8% of revenue for 1995 to 17.2% of revenue for the nine months ended September 30, 1996.

Interest expense. Interest expense increased from \$1.1 million in 1995 to \$3.2 million in 1996 . Included in interest expense for the three months ended September 30, 1996 is \$ 1.4 million of interest expense incurred by the international operations to fund working capital needs. Interest expense also increased due to new borrowings used for acquisitions, for equipment purchases, to fund notes receivable and to make investments in unconsolidated companies. The increase is partially offset by the conversion of \$12.3 million of the Company's Debentures on June 30, 1986. See Note 4 to the Condensed Consolidated Financial Statements.

Special charge - real estate writedown. Results for the third quarter of 1995 include a special charge of \$15.4 million to reflect certain real estate holdings at their estimated net realizable value.

Interest and dividend income, other income, net, equity in earnings (losses) of unconsolidated companies and minority interest. Interest and dividend income for the third quarter of 1995 includes \$300,000 of dividend income on an investment in preferred stock. The preferred stock was disposed of in the first quarter of 1996. Interest and dividend income reported for the third quarter of 1996 consists primarily of interest accrued on a note receivable entered into in the third quarter of 1995. See Note 9 to the Condensed Consolidated Financial Statements. Other income for 1995 included the favorable settlement of a litigation in the amount of \$1,350,000. Equity in earnings of unconsolidated companies, which was insignificant prior to the acquisition of Sintel, consists primarily of the Company's share of earnings in Sintel's joint ventures in Argentina, Chile and Peru.

Discontinued operations. As discussed in Note 5 to the Condensed Consolidated Financial Statements, the company sold Lectro for \$12.4 million at a gain, net of tax, of \$5.9 million. The Company estimated a loss of \$4.0 million, net of tax, from the operations and a writedown to net realizable value through the disposal date of the remaining business in the General Products segment. The Company has received offers to purchase Southeastern, but has not yet entered into any agreements to sell the company.

Nine Months Ended September 30, 1996 vs. Nine Months Ended September 30, 1995.

The following table sets forth certain historical consolidated financial data as a percentage of revenue for the nine months ended September 30, 1996 and 1995.

	1996	1995
	-----	-----
Revenue	100.0 %	100.0 %
Costs of revenue, excluding depreciation	74.0 %	74.1 %
Depreciation and amortization	2.9 %	4.0 %
General and administrative expenses	12.5 %	10.2 %
Interest expense	2.6 %	2.8 %
Special Charges - real estate writedown	-	12.8 %
Interest and dividend income, other income, net, equity in earnings (losses) of unconsolidated companies and minority interest	1.7 %	3.1 %
Income (loss) from continuing operations	6.2 %	(0.4)%

Revenue. Revenue increased by approximately \$ 193.2 million or 160% from \$120.4 million in 1995 to \$ 313.6 million in 1996, primarily due to international (\$ 107.3 million) and domestic (\$ 20.3 million) acquisitions, new master contracts, increased volume under existing contracts and other new business (\$ 47.1 million), and an increase of \$18.5 million in general construction services.

Costs of revenue, excluding depreciation . Costs of revenue as a percentage of revenue decreased from 74.1% in 1995 to 74.0% in 1996 primarily due to international operations and improvement in domestic margins since the Company's domestic expansion which began in the third quarter of 1995. Domestic and international margins for the nine months ended September 30, 1996 were 24.5% and 28.8%, respectively. The same trends discussed in the quarter to quarter discussion above impacted the nine months' comparison.

Depreciation and amortization. Depreciation and amortization as a percentage of revenue decreased from 4.0% in 1995 to 2.9% in 1996 due to revenue growth and the lesser dependence by Sintel on its own equipment as Sintel typically uses subcontractors to supply heavy equipment when needed.

General and administrative expenses. General and administrative expenses as a percentage of revenue increased from 10.2% in 1995 to 12.5% in 1996. The increase in general administrative expenses as a percentage of revenue is primarily due to higher general and administrative expenses of the international operations, which approximated 17.3% of international revenue. The same trends discussed in the quarter to quarter discussion above impacted the nine months' comparison.

Interest expense. Interest expense increased from \$3.4 million in 1995 to \$ 8.3 million in 1996. Included in interest expense for the nine months ended September 30, 1996 is \$ 2.8 million of interest expense incurred by the international operations to fund its working capital needs. Interest expense also increased due to new borrowings used for acquisitions, for equipment purchases, to fund notes receivable and to make investments in unconsolidated companies. Partially offsetting the increase was the conversion of the Company's 12% Debentures on June 30, 1996.

Interest and dividend income, other income, net, equity in earnings (losses) of unconsolidated companies and minority interest. Interest and dividend income and other income, net, increased from \$3.7 million in 1995 to \$ 5.4 million in 1996 as a result of equity in earnings of unconsolidated companies, primarily those acquired as part of the Sintel acquisition, and interest income accrued on a note receivable. The increase from 1995 to 1996 was partially offset by the sale of a preferred stock investment, which reduced dividend income in the 1996 period.

#### Discontinued operations

In March 1995, the Company sold the indoor theater assets of Floyd Theatres, resulting in a net gain of \$1.5 million. See Note 5 to the Condensed Consolidated Financial Statements.

## Financial Condition, Liquidity and Capital Resources

The Company's balance sheet as of September 30, 1996 reflects the impact of the Sintel acquisition and the conversion of the Debentures to Common Stock. See Notes 2 and 4 to the Condensed Consolidated Financial Statements.

The Company's primary source of liquidity during the nine months ended September 30, 1996 has been cash flow from operating activities and to a lesser extent the proceeds from the sale of non-core assets. During the nine months ended September 30, 1996, \$ 43.3 million was generated from operations compared to \$ 4.5 million in the comparable period of 1995. Operating cash flows for the 1996 period includes the collection of a significant amount of international receivables. Also, during the nine months ended September 30, 1996, the Company invested \$6.2 million in acquisitions and received \$ 9.0 million from the sale of non core assets. Cash paid for capital expenditures was \$4.4 million and an additional \$7.6 million of capital expenditures were financed. The Company used its excess cash to repay debt, principally under its revolving credit facility with a wholly owned finance subsidiary of Telefonica and debentures Sintel had outstanding as of April 30, 1996. (See Note 4 to the Condensed Consolidated Financial Statements.)

As of September 30, 1996, working capital was approximately \$ 107.5 million compared to working capital of approximately \$ 44.6 million at December 31, 1995. The significant increase in working capital is primarily attributable to the Sintel acquisition. Included in working capital at September 30, 1996, are the net assets of the discontinued operations, notes receivable (see Note 9 to the Condensed Consolidated Financial Statements) and real estate held for sale. Proceeds from the sale or repayment of these assets will be used for general corporate purposes including furthering the Company's growth strategy.

The Company has completed two acquisitions and increased its investment in an unconsolidated company during the nine months ended September 30, 1996, as detailed in Note 2 to the Condensed Consolidated Financial Statements. The combined consideration for these three transactions amounted to approximately \$48.3 million plus certain ownership interests in other unconsolidated companies. The \$48.3 million monetary consideration consists of approximately \$6.2 million in cash payments and \$42.1 million in seller financing, \$9.3 million of which is due within the next twelve months.

In March 1996, the Company sold its investment in preferred stock and was repaid certain receivables due the Company from the buyer for a total consideration of \$6.3 million. See Note 2 to the Condensed Consolidated Financial Statements.

The Company continues to pursue a strategy of growth through internal growth and expansion and through acquisitions. The Company anticipates that this growth as well as operating cash requirements, capital expenditures and debt service will be funded from cash flow generated by operations, sale of non-core assets, and external sources of financing. The success of the Company's growth strategy will be dependent in part on the Company obtaining additional capital. Although the Company believes that additional capital will be obtained, there can be no assurance that the Company will be able to obtain capital at satisfactory terms for this purpose.



The Company conducts business in several foreign currencies, which are subject to fluctuations in the exchange rate relative to the U.S. dollar. The Company attempts to balance its foreign currency denominated assets and liabilities as a means of hedging its balance sheet currency risk, but there can be no assurance that this balance can be maintained. In addition, the Company's results of operations from foreign activities are translated into U.S. dollars at the average prevailing rates of exchange during the period reported, which average rates may differ from the actual rates of exchange in effect at the time of actual conversion into U.S. dollars.

The Company's current and future operations and investments in certain foreign countries are generally subject to the risks of political, economic or social instability, including the possibility of expropriation, confiscatory taxation, hyper-inflation or other adverse regulatory or legislative developments, or limitations on the repatriation of investment income, capital and other assets. The Company cannot predict whether any of such factors will occur in the future or the extent to which such factors would have a material adverse effect on the Company's international operations.

Reference is made to the Company's registration statement on Form S-3 (No. 333-11013) filed with the Securities and Exchange Commission for a discussion of certain risks and uncertainties that could materially impact future operating results and financial condition of the Company.

PART II - OTHER INFORMATION  
SEPTEMBER 30, 1996

Item 1. Legal Proceedings.

See Note 8 to the Condensed Consolidated Financial Statements.

Item 2. Changes in Securities.

None.

Item 3. Defaults upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security-Holders.

Item 5. Other Information.

None.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.

Exhibit 27.1 Article 5 - Financial Data Schedules.

(b) Reports on Form 8-K.

On July 15, 1996, the Company filed an amended Form 8-K Current Report dated April 30, 1996 with the Securities and Exchange Commission reporting information under Item 7 thereof regarding the financial statements of Sintel and the pro forma financial information required under Item 7.

SIGNATURES

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

MasTec, Inc.  
Registrant

Date: November 13, 1996

/s/ Edwin D. Johnson  
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Edwin D. Johnson  
Senior Vice President-  
Chief Financial Officer  
(Principal Financial and  
Accounting Officer)

This schedule contains summary financial information extracted from the third quarter 10-q and is qualified in its entirety by reference to such 10-q.

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9-MOS	DEC-31-1996	
	SEP-30-1996	
		3,324
		0
	269,152	
		0
	5,230	
	343,905	
		74,353
	19,281	
	440,639	
	236,386	
		0
	0	
		0
		2,643
		79,012
440,639		
		313,575
	313,575	
		232,185
	232,185	
	42,716	
		0
	8,304	
	30,370	
		10,940
	19,430	
		176
		0
		0
		19,606
		1.18
		1.18