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 June 30, 2001

Commission File Number 001-08106

MASTEC, INC.
(Exact name of registrant as specified in its charter)

Florida	65-0829355
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
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: Not Applicable

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes_X_ No____.

As of August 13, 2001 MasTec, Inc. had 47,784,003 shares of common stock, $0.10 par value, outstanding.

MASTEC, INC.
FORM 10-Q
TABLE OF CONTENTS

Part I. Financial Information

Item 1. Financial Statements

Unaudited Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2001 and June 30, 2000.. 3

Consolidated Balance Sheets as of June 30, 2001 (Unaudited) and December 31, 2000......................... 4

Unaudited Consolidated Statement of Changes in Shareholders' Equity for the Six Months Ended June 30, 2001............. 5

Unaudited Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2001 and June 30, 2000.......... 6

Notes to Consolidated Financial Statements (Unaudited)..... 8

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition........................15

Item 3. Quantitative and Qualitative Disclosures About Market Risk...22

Part II. Other Information

Item 1. Legal Proceedings..................................22

Item 4. Submission of Matters to a Vote of Securities
        Holders...23

Signatures..24

MASTEC, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
Revenue				
North America	$ 316,254	$ 286,418	$ 640,063	$ 548,790
International	13,966	11,279	27,369	21,601
	330,220	297,697	667,432	570,391
Costs of revenue	272,750	224,933	538,108	433,862
Depreciation	13,564	13,183	26,882	26,661
Amortization	2,771	2,675	5,648	6,176
General and administrative expenses	36,164	21,930	84,078	45,042
Interest expense	5,152	4,303	9,864	9,859
Interest income	2,770	1,054	5,203	2,267
Other (loss) income, net	(6,047)	4,873	(5,606)	5,253
Income before provision for income taxes and minority interest	(3,458)	36,600	2,449	56,311
Benefit (provision) for income taxes	1,290	(15,120)	(1,184)	(23,499)
Minority interest	6	(138)	(130)	7
Net (loss) income	$ (2,162)	$ 21,342	$ 1,135	$ 32,819
Basic weighted average common shares outstanding	47,763	46,823	47,739	45,314
Basic earnings per share	$ (0.05)	$ 0.46	$ 0.02	$ 0.72
Diluted weighted average common shares outstanding	47,763	49,055	48,980	47,445
Diluted earnings per share	$ (0.05)	$ 0.44	$ 0.02	$ 0.69

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

MASTEC, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands)

	June 30, 2001	December 31, 2000
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 14,970	$ 18,457
Accounts receivable, unbilled revenue and retainage, net	354,057	386,480
Inventories	21,446	19,643
Other current assets	18,885	29,184
Total current assets	409,358	453,764
Property and equipment, net	156,868	159,673
Intangibles, net	261,143	262,398
Other assets	137,669	80,510
Total assets	$ 965,038	$ 956,345

Liabilities and Shareholders' Equity

Current liabilities:		
Current maturities of debt	$ 70,943	$ 5,685
Accounts payable	85,814	85,797
Other current liabilities	65,315	119,845
Total current liabilities	222,072	211,327
Other liabilities	42,896	38,530
Long-term debt	199,337	206,160
Commitments and contingencies (Note 4)		
Shareholders' equity:		
Common stock	4,777	4,770
Capital surplus	347,118	346,099
Retained earnings	167,485	166,350
Foreign currency translation adjustments	(18,647)	(16,891)
Total shareholders' equity	500,733	500,328
Total liabilities and shareholders' equity	$ 965,038	$ 956,345

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

MASTEC, INC.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(In thousands)
(Unaudited)

	Common Stock		Capital	Retained	Foreign Currency Translation	
	Shares	Amount	Surplus	Earnings	Adjustments	Total
Balance December 31, 2000	47,702	$ 4,770	$ 346,099	$ 166,350	$ (16,891)	$ 500,328
Net income				1,135		1,135
Foreign currency translation adjustments					(1,756)	(1,756)
Stock issued	70	7	1,019			1,026
Balance June 30, 2001	47,772	$ 4,777	$ 347,118	$ 167,485	$ (18,647)	$ 500,733

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

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

	Six Months Ended June 30, 2001	2000
Cash flows from operating activities:		
Net income	$ 1,135	$ 32,819
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	32,530	32,837
Minority interest	130	(7)
Gain on sale of assets	(484)	(7,349)
Changes in assets and liabilities net of effect of acquisitions:		
Accounts receivables, unbilled revenue and retainage, net	(12,126)	(25,920)
Inventories	(1,564)	(4,701)
Other assets, current and non-current portion	(5,019)	(13,415)
Accounts payable	465	(14,534)
Other current liabilities	(22,238)	(9,000)
Other liabilities	(2,568)	(1,329)
Net cash used in operating activities	(9,739)	(10,599)
Cash flows from investing activities:		
Capital expenditures	(23,529)	(28,252)
Cash paid for acquisitions (net of cash acquired) and contingent consideration	(26,300)	(17,374)
Repayment of notes receivable, net	-	946
Investment in unconsolidated companies and distribution to joint venture partner	(1,451)	(4,900)
Proceeds from sale of assets	1,285	15,232
Net cash used in investing activities	(49,995)	(34,348)
Cash flows from financing activities:		
Borrowings (repayments) on revolving credit facilities, net	56,814	(75,446)
Net proceeds from common stock issued	229	132,595
Net cash provided by financing activities	57,043	57,149
Net (decrease) increase in cash and cash equivalents	(2,691)	12,202
Effect of translation on cash	(796)	316
Cash and cash equivalents - beginning of period	18,457	27,635
Cash and cash equivalents - end of period	$ 14,970	$ 40,153

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

MASTEC, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Unaudited)

Supplemental disclosure of non-cash investing and financing activities:

During the six months ended June 30, 2001, we completed certain acquisitions which have been accounted for as purchases. The fair value of the net assets excluding goodwill acquired totaled $2.4 million and was comprised primarily of $3.0 million of accounts receivable, $1.7 million of property and equipment, $0.5 million of other assets and $0.2 million in cash, offset by $3.0 million of assumed liabilities. The excess of the purchase price over the fair value of net assets acquired was $2.7 million and was allocated to goodwill. The total purchase price of $5.1 million is comprised of $4.2 million in cash and the balance in seller financing. During the six months ended June 30, 2001, we paid approximately $22.3 million related to contingent consideration from earlier acquisitions of which $0.6 million was reflected as additional goodwill and $21.7 million reflected as a reduction in other current liabilities.

During the six months ended June 30, 2000, we completed certain acquisitions which have been accounted for as purchases. The fair value of the net assets excluding goodwill acquired totaled $1.0 million and was comprised primarily of $3.3 million of accounts receivable, $1.8 million of property and equipment, $0.5 million of other assets and $1.4 million in cash, offset by $6.0 million of assumed liabilities. The excess of the purchase price over the fair value of net assets acquired was $16.4 million and was allocated to goodwill. The total purchase price of $17.4 million was comprised of $12.1 million in cash, $4.7 million in stock and $0.6 million in seller financing. We also issued 183,759 shares of common stock with a value of $14.9 million related to the payment of contingent consideration from earlier acquisitions. Of the $14.9 million, $0.2 million was recorded as a reduction of other current liabilities and $14.7 million as additional goodwill. During the six months ended June 30, 2000, we paid approximately $6.7 million related to contingent consideration for earlier acquisitions of which $5.2 was reflected as additional goodwill and $1.5 reflected as a reduction in other current liabilities.

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

MASTEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Basis for Presentation of Consolidated Financial Statements

The accompanying unaudited consolidated financial statements of MasTec, Inc. 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 together with the audited financial statements and notes thereto included in our annual report on Form 10-K for the year ended December 31, 2000. The balance sheet data as of December 31, 2000 was derived from audited financial statements but does not include all disclosures required by generally accepted accounting principles. Certain reclassifications have been made to conform to the 2001 presentation. 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, results of operations and cash flows for the quarterly periods presented. The results of operations for the periods presented are not necessarily indicative of our future results of operations for the entire year.

Our comprehensive income (loss) for the six months ended June 30, 2001 and 2000 was ($0.6) million and $32.6 million, respectively. The components of comprehensive income (loss) are net income (loss) and foreign currency translation adjustments.

In July 2001, the Financial Accounting Standards Board (the FASB) issued SFAS No. 141, Business Combinations. SFAS No. 141 requires that all business combinations initiated after June 30, 2001, be accounted for using the purchase method. The FASB also issued SFAS No. 142, Goodwill and Other Intangible Assets. SFAS No. 142 requires that goodwill be assessed at least annually for impairment by applying a fair-value based test. Goodwill will no longer be subject to amortization over its estimated useful life. In addition, acquired intangible assets are required to be recognized and amortized over their useful lives if the benefit of the asset is based on contractual or legal rights. While most provisions of SFAS No. 142 are effective for the Company beginning January 1, 2002, goodwill and intangible assets acquired after June 30, 2001, will be subject immediately to the non-amortization and amortization provisions of the statement, respectively. The Company is currently analyzing the provisions of SFAS No. 142 and has not yet made a determination of the impact the adoption will have on the consolidated financial statements.

MASTEC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2 - Debt

Debt is comprised of the following (in thousands):

	June 30, 2001	December 31, 2000
Revolving credit facility at LIBOR plus 1.0% (4.75% at June 30, 2001 and 7.64% at December 31, 2000)	$ 65,221	$ 7,000
Other bank facilities at LIBOR plus 1.50% (5.36% at June 30, 2001 and 8.06% at December 31, 2000)	2,077	517
Notes payable for equipment, at interest rates from 7.5% to 8.5% due in installments through the year 2004	4,368	6,161
Notes payable for acquisitions, at interest rates from 7.0% to 8.0% due in installments through February 2002	2,796	2,362
7.75% senior subordinated notes due February 2008	195,818	195,805
Total debt	270,280	211,845
Less current maturities	(70,943)	(5,685)
Long-term debt	$ 199,337	$ 206,160

We have a credit facility that provides for borrowings up to an aggregate of $100.0 million. Amounts outstanding under the revolving credit facility mature on June 9, 2002. We are currently negotiating with our existing bank group to amend the existing facility to extend the maturity date and modify other terms and conditions including certain financial ratio coverages. We are currently required to pay an unused facility fee ranging from .25% to .50% per annum on the facility, depending upon certain financial covenants. The credit facility is secured by a pledge of shares of certain of our subsidiaries. Interest under the credit facility accrues at rates based, at our option, on the agent bank's base rate plus a margin of up to .50% depending on certain financial covenants or 1.0% above the overnight federal funds effective rate, whichever is higher, or its LIBOR Rate (as defined in the credit facility) plus a margin of 1.00% to 2.25%, depending on certain financial covenants.

The credit facility and the senior subordinated notes contain customary events of default and covenants which prohibit, among other things, making investments in excess of a specified amount, incurring additional indebtedness in excess of a specified amount, paying dividends in excess of a specified amount, making capital expenditures in excess of a specified amount, creating liens, prepaying other indebtedness, including the senior notes, and engaging in certain mergers or combinations without the prior written consent of the lenders. The credit facility also provides that we must maintain certain financial ratio coverages, requiring, among other things minimum ratios at the end of each fiscal quarter of debt to earnings and earnings to interest expense.

Note 3 - Operations by Segments and Geographic Areas

The following table sets forth, for the three months and six months ended June 30, 2001 and 2000, certain information about segment results of operations and segment assets (in thousands):

Three Months 2001	Datacom Network Services	Energy Network Services	International (1)	Other (2)	Consolidated
Revenue	$276,528	$ 39,726	$ 13,966	$ -	$330,220
Depreciation	11,360	1,883	-	321	13,564
Amortization	2,326	222	223	-	2,771
Income (loss) before provision for income taxes and minority interest	6,219(3)	4,171	(274)	(13,574)	(3,458)

Three Months 2000	Datacom Network Services	Energy Network Services	International (1)	Other (2)	Consolidated
Revenue	$249,527	$ 36,891	$ 11,279	$ -	$297,697
Depreciation	10,431	2,408	-	344	13,183
Amortization	1,496	202	977	-	2,675
Income (loss) before provision for income taxes and minority interest	35,640	3,486	4,214(4)	6,740	36,600

Six Months 2001	Datacom Network Services	Energy Network Services	International (1)	Other (2)	Consolidated
Revenue	$564,320	$ 75,743	27,369	$ -	$667,432
Depreciation	22,640	3,594	-	648	26,882
Amortization	4,496	424	445	283	5,648
Income (loss) before provision for income taxes and minority interest	17,085(3)	7,085	(162)	(21,559)	2,449
Capital expenditures	19,139	1,450	52	2,888	23,529
Total assets	724,909	87,434	63,235	89,460	965,038

Six Months 2000	Datacom Network Services	Energy Network Services	International (1)	Other (2)	Consolidated
Revenue	$474,536	$ 74,254	$ 21,601	$ -	$570,391
Depreciation	20,519	5,349	-	793	26,661
Amortization	2,766	404	3,006	-	6,176
Income (loss) before provision for income taxes and minority interest	62,697	5,593	3,204(4)	(15,183)	56,311
Capital expenditures	25,883	1,835	534	-	28,252
Total assets	540,115	81,769	89,414	109,318	820,616

(1) For the six months ended June 30, 2001 and 2000, consists of our Brazilian operations. As of June 30, 2001 and 2000, total assets for Brazil consisted of $47.1 million and $50.4 million, respectively and the remainder relates to our interest in international assets not related to our core business.

(2) Consists of non-core construction and corporate operations, which includes interest expense, net of interest income. For the three months ended June 30, 2001 and 2000, interest expense, net of interest income, was $2.5 million and $3.5 million, respectively, and $4.8 million and $8.2 million for the six months ended June 30, 2001 and 2000, respectively. The three and six months results for the period ended June 30, 2001 include an impairment charge of $6.5 million related to our equity investment in a client.

(3) Includes a $16.0 million and $38.0 million reserve charge for the three months and six months ended June 30, 2001, respectively. Additionally, in 2001, margins were impacted by excess personnel and equipment resulting from less than anticipated demand for certain services provided by our datacom services network, cost associated with inefficient workforce,

losses on projects not properly bid and inefficiencies due to exiting contracts related to clients experiencing financial difficulties.

(4) Includes a $4.5 million net gain on sale of a non-core international asset.

There are no significant transfers between geographic areas and segments. Total assets are those assets used in our operations in each segment. Corporate assets include domestic cash and cash equivalents, non-core assets held for sale and notes receivable.

Note 4 - Commitments and Contingencies

We have lawsuits pending in Florida federal court against Sintel International Corp., a subsidiary of Artcom Technologies, Inc., to recover more than $5.0 million due under a promissory note and for breach of contract. We are also pursuing other claims against Artcom affiliates totaling approximately $4.0 million. Artcom has responded by suing us in federal court in Florida to recover approximately $6.0 million (subject to trebling) it alleges we received as a result of certain allegedly unauthorized transactions by two former employees of Artcom that occurred after we sold the company.

In a related matter, the labor union representing the workers of Sistemas e Instalaciones de Telecomunicacion S.A. ("Sintel"), a sister company of Sintel International, has instigated an investigative action with a Spanish federal court alleging that five former members of the board of directors of Sintel, including Jorge Mas, the Chairman of the Board of MasTec, and his brother Juan Carlos Mas, a MasTec executive, approved a series of allegedly unlawful transactions that led to the bankruptcy of Sintel. We are also named as a potentially liable party. The union alleges Sintel and its creditors were damaged in the approximate amount of 13 billion pesetas ($66.0 million at June 30, 2001 exchange rates). Neither we nor our executives have yet been served in the action.

In January 2001, we filed suit in Florida state court against Broward County, Florida, to recover approximately $5.0 million for work performed to construct a detention facility for the Broward Sheriff's Office ("BSO"). The BSO filed a separate lawsuit in response to our lawsuit, claiming $13.0 million in damages for alleged delays in constructing the facility. The court in which these actions are pending has dismissed the BSO's complaint without prejudice to refile.

In November 1997, we filed a suit against Miami-Dade County in Florida state court alleging breach of contract and seeking damages exceeding $3.0 million in connection with the county's refusal to pay amounts due to us under a multi-year agreement to perform road restoration work for the Miami-Dade Water and Sewer Department ("MWSD"), a department of the county. The county has counterclaimed against us seeking unspecified damages.

We are vigorously litigating the actions described above. We are also a party to other pending legal proceedings arising in the normal course of business, none of which we believe is material to our financial position or results of operations.

In August, we agreed to pay our former president and chief executive officer $10 million in severance, payable in five equal installments on September 3, 2001 and January 2, April 1, July 1 and October 1, 2002. The agreement provides for a two-year consulting and non-compete period.

In July, we agreed to purchase an additional 37% minority interest of our Brazilian joint venture from our joint venture partner for $10.0 million. The purchase price is payable $5.0 million at closing scheduled for no later than August 31, 2001, and $5.0 million in October 2001. Following the closing, we will own 88% of the joint venture.

Our operations in Brazil are 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. We 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 our Brazilian operations.

Note 5 - Client Credit Risk

Recently, certain of our clients, including competitive local exchange carriers, have filed for bankruptcy or have been experiencing financial difficulties. We review all our clients on a regular basis, and as a result increased our reserves by $16.0 million and $38.0 million during the three and six months ended June 30, 2001, to reflect the fact that clients may be unable to meet their obligations to us in the future.

Included in other non-current assets are amounts due from two clients totaling $86.2 million who have defaulted, subsequent to June 30, 2001, under the terms of their financing agreements with us and other lenders. We have stopped substantially all work for these clients. Additionally, we no longer accrue interest income related to these arrangements. Subsequent to June 30, 2001, one of these clients representing $42.5 million of the total and in whom we have a $6.5 million equity investment, announced a layoff of one-fourth of its workforce and is in negotiations with senior lenders regarding a restructuring of its debt. We have taken an impairment charge of $6.5 million related to our equity investment in this client.

Should additional clients file for bankruptcy or experience difficulties, or should anticipated recoveries in existing bankruptcy and other workout situations fail to materialize, we could experience reduced cash flows and losses in excess of current reserves.

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

Except for historical information, the matters discussed below contain forward-looking statements, such as statements regarding MasTec's future results and anticipated trends in the industries and economies in which MasTec operates. These forward-looking statements are based on MasTec's current expectations and are subject to a number of risks, uncertainties, and assumptions, including that our revenue may differ from that projected, that we may be further impacted by slowdowns in our clients' businesses, deterioration in our clients' financial condition or in the economy in general, our reserves may be inadequate or our equity investments may be impaired and we may experience increased costs associated with realigning our business or may be unsuccessful in those efforts any of which may impact our compliance with our covenants under our outstanding debt. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from results expressed or implied in any forward-looking statements made by MasTec. These and other risks are detailed in documents filed by MasTec with the Securities and Exchange Commission, including our registration statement on Form S-3 (No. 333-90027). MasTec does not undertake any obligation to revise these forward-looking statements to reflect future events or circumstances

General

We are a leading end-to-end voice, video, data and energy network infrastructure solution for a broad range of communications, broadband, energy and other corporate clients. We have a diverse client base representing all the major segments of the industries we serve. We design, build, install, maintain and monitor internal and external networks and transmission facilities for communication, computing and energy systems. We are a national services provider, operating from more than 200 service locations throughout the United States, Canada and Brazil.

Results of Operations

The following tables state for the periods indicated our consolidated operations in dollar and percentage of revenue terms for 2000 and 2001 (dollars in thousands) :

	Three Months Ended June 30,				Six Months Ended June 30,			
	2001		2000		2001		2000	
Revenue	$330,220	100.0%	$297,697	100.0%	$667,432	100.0%	$570,391	100.0%
Costs of revenue	272,750	82.6	224,933	75.5	538,108	80.6	433,862	76.0
Depreciation	13,564	4.1	13,183	4.4	26,882	4.0	26,661	4.7
Amortization	2,771	0.8	2,675	0.9	5,648	0.9	6,176	1.1
General and administrative expenses	36,164	11.0	21,930	7.4	84,078	12.6	45,042	7.9
Interest expense, net of interest income	2,382	0.7	3,249	1.1	4,661	0.7	7,592	1.3
Other (loss) income, net	(6,047)	(1.8)	4,873	1.6	(5,606)	(0.8)	5,253	0.9
(Loss) income before (benefit) provision for income taxes and minority interest	(3,458)	(1.0)	36,600	12.3	2,449	0.4	56,311	9.9
Benefit (provision) for income taxes	1,290	0.4	(15,120)	(5.1)	(1,184)	(0.2)	(23,499)	(4.1)
Minority interest	6	-	(138)	-	(130)	-	7	-
Net (loss) income	$ (2,162)	(0.6)%	$ 21,342	7.2%	$ 1,135	0.2%	$ 32,819	5.8%

Three Months Ended June 30, 2001
Compared to Three Months Ended June 30, 2000

The following table sets forth the revenue and change in revenue by operating segments, in dollar and percentage terms (in thousands):

	Three Months Ended June 30,		Change	
	2001	2000	$	%
Datacom network services	$276,528	$249,527	$ 27,001	10.8%
Energy network services	39,726	36,891	2,835	7.7
International	13,966	11,279	2,687	23.8
	$330,220	$297,697	$ 32,523	10.9%

Our revenue was $330.2 million for the three months ended June 30, 2001, compared to $297.7 million for the same period in 2000, representing an increase of $32.5 million or 10.9% primarily due to datacom services. While we experienced growth in the second quarter of 2001, the growth rate was lower than originally anticipated and revenue for the remainder of 2001 is not expected to increase due to a reduction in capital expenditures by incumbent telecom clients and our decision to reduce services to emerging telecommunications carriers.

Our costs of revenue were $272.8 million or 82.6% of revenue for the three months ended June 30, 2001, compared to $224.9 million or 75.5% of revenue for the same period in 2000. In 2001, margins were impacted by excess personnel and equipment resulting from less than anticipated demand for certain services provided by our datacom services network, cost associated with inefficient workforce, losses on projects not properly bid and inefficiencies due to exiting contracts related to clients experiencing financial difficulties.

Depreciation was $13.6 million or 4.1% of revenue for the three months ended June 30, 2001, compared to $13.2 million or 4.4% of revenue for the same period in 2000. The decline in depreciation as a percentage of revenue in 2001 was due to an increase in our revenue base.

Amortization was $2.8 million or 0.8% of revenue for the three months ended June 30, 2001, compared to $2.7 million or 0.9% of revenue for the same period in 2000. Amortization of goodwill net of tax was $2.1 million in 2001 and $1.9 million in 2000.

General and administrative expenses were $36.2 million or 11.0% of revenue for the three months ended June 30, 2001, compared to $21.9 million or 7.4% of revenue for the same period in 2000. Included in general and administrative expense in 2001 is a provision of $16.0 million related to reserves for receivables due from clients who have recently filed for bankruptcy or who have experienced difficulties. Excluding the reserve, general and administrative expenses were 6.1% of revenue. The decline in general and administrative expenses as a percentage of revenue in 2001, excluding the provision for bad debts, was due primarily to our ability to continue to support higher revenue with a comparatively lower administrative base.

Interest expense, net of interest income, was $2.4 million or 0.7% of revenue for the three months ended June 30, 2001, compared to $3.2 million or 1.1% of revenue for the same period in 2000. The decrease in net interest expense of $0.8 million was due primarily to interest accrued under our financing arrangements with our clients. We have ceased accruing interest income related to these arrangements.

Other (expense) income, was $(6.0) million or (1.8)% of revenue for the three months ended June 30, 2001, compared to $4.9 million or 1.6% of revenue for the same period in 2000. In 2001, the loss was primarily due to an impairment charge of $6.5 million related to our equity investment in a client. In 2000, we recognized a net gain of $4.5 million related to non-core international assets.

For the three months ended June 30, 2001, our effective tax rate was approximately 40.3% for North American operations and 33.0% for Brazilian operations, compared to 42.0% and 33.0% in 2000 for North American and Brazilian operations, respectively.

Six Months Ended June 30, 2001
Compared to Six Months Ended June 30, 2000

The following table sets forth the revenue and change in revenue by operating segments, in dollar and percentage terms (in thousands):

	Six Months Ended June 30,		Change	
	2001	2000	$	%
Datacom network services	$564,320	$474,536	$ 89,784	18.9%
Energy network services	75,743	74,254	1,489	2.0
International	27,369	21,601	5,768	26.7
	$667,432	$570,391	$ 97,041	17.0%

Our revenue was $667.4 million for the six months ended June 30, 2001, compared to $570.4 million for the same period in 2000, representing an increase of $97.0 million or 17.0% primarily due to datacom services. While we experienced growth during the six months of 2001, the growth rate was lower than originally anticipated and revenue for the remainder of 2001 is not expected to increase due to a reduction in capital expenditures by incumbent telecom clients and our decision to reduce services to emerging telecommunications carriers.

Our costs of revenue were $538.1 million or 80.6% of revenue for the six months ended June 30, 2001, compared to $433.9 million or 76.0% of revenue for the same period in 2000. In 2001, margins were impacted by excess personnel and equipment resulting from less than anticipated demand for certain services provided by our datacom services network, cost associated with inefficient workforce, losses on projects not properly bid and inefficiencies due to exiting contracts related to clients

experiencing financial difficulties.

Depreciation was $26.9 million or 4.0% of revenue for the six months ended June 30, 2001, compared to $26.7 million or 4.7% of revenue for the same period in 2000. The decline in depreciation as a percentage of revenue in 2001 was due to an increase in our revenue base.

Amortization was $5.6 million or 0.9% of revenue for the six months ended June 30, 2001, compared to $6.2 million or 1.1% of revenue for the same period in 2000. Amortization of goodwill net of tax was $4.2 million in 2001 and $4.4 million in 2000.

General and administrative expenses were $84.1 million or 12.6% of revenue for the six months ended June 30, 2001, compared to $45.0 million or 7.9% of revenue for the same period in 2000.

Included in general and administrative expense in 2001 are provisions totaling $38.0 million related to reserves for receivables due from clients who have recently filed for bankruptcy or who have experienced financial difficulties. Excluding the reserves, general and administrative expenses were 6.9% of revenue. The decline in general and administrative expenses as a percentage of revenue in 2001, excluding the provision for bad debt, was due primarily to our ability to continue to support higher revenue with a comparatively lower administrative base.

Interest expense, net of interest income, was $4.7 million or 0.7% of revenue for the six months ended June 30, 2001, compared to $7.6 million or 1.3% of revenue for the same period in 2000. The decrease in net interest expense of $2.9 million was due primarily to interest accrued under our financing arrangements with clients. We have ceased accruing interest income related to these arrangements.

Other (expense) income, was $(5.6) million or (0.8)% of revenue for the six months ended June 30, 2001, compared to $5.3 million or 0.9% of revenue for the same period in 2000. In 2001, the loss was primarily due to an impairment charge of $6.5 million related to our equity investment in a client. In 2000, we recognized a net gain of $4.5 million related to non-core international assets.

For the six months ended June 30, 2001, our effective tax rate was approximately 40.3% for North American operations and 33.0% for Brazilian operations, compared to 42.0% and 33.0% in 2000 for North American and Brazilian operations, respectively.

Financial Condition, Liquidity and Capital Resources

Our primary liquidity needs are for working capital, capital expenditures, acquisitions and investments, and debt service. Our primary sources of liquidity are cash flows from operations and borrowings under revolving lines of credit.

Net cash used in operating activities was $9.7 million for the six months ended June 30, 2001, compared to $10.6 million for the same period in 2000. Net cash used in operating activities in 2001 and 2000 was due principally to increased working capital needs.

We have a credit facility that provides for borrowings up to an aggregate of $100.0 million, under which $32.7 million was available at June 30, 2001. Amounts outstanding under the credit facility mature on June 9, 2002. We are currently negotiating with our existing bank group to amend the existing facility to extend the maturity date and modify other terms and conditions including certain financial ratio coverages. We are currently required to pay an unused facility fee ranging from .25% to .50% annually on the facility, depending upon certain financial covenants. The credit facility contains customary events of default and covenants which prohibit, among other things, making investments in excess of a specified amount, incurring additional indebtedness in excess of a specified amount, paying dividends in excess of a specified amount, making capital expenditures in excess of a specified amount, creating liens, prepaying other indebtedness, including our 7.75% senior subordinated notes, and engaging in certain mergers or combinations without the prior written consent of the lenders. The credit facility also provides that we must maintain financial ratio coverages at the end of

each fiscal quarter such as debt to earnings and earnings to interest expense.

We also have $200 million, 7.75% senior subordinated notes due in February 2008, with interest due semi-annually.

During the six months of 2001, we invested $23.5 million primarily in our fleet to support revenue growth and $27.8 million in acquisitions and investments. We have reflected in other current liabilities additional consideration related to earnouts for acquisitions completed in prior years of approximately $13.9 million that we expect will be paid during 2001 in cash or common stock.

In August, we agreed to pay our former president and chief executive officer $10 million in severance, payable in five equal installments on September 3, 2001 and January 2, April 1, July 1 and October 1, 2002. The agreement provides for a two-year consulting and non-compete period.

In July, we agreed to purchase an additional 37% interest in our Brazilian joint venture from our joint venture partner for $10.0 million. The purchase price is payable $5.0 million at closing scheduled for no later than August 31, 2001, and $5.0 million in October 2001. Following the closing, we will own 88% of the joint venture

Impact of Inflation

The primary inflationary factor affecting our operations is increased labor costs. We have not experienced significant increases in labor costs to date. Our Brazilian operations may, at times in the future, be exposed to high inflation or currency devaluations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See Note 2 to Consolidated Financial Statements for disclosure about market risk.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We have lawsuits pending in Florida federal court against Sintel International Corp., a subsidiary of Artcom Technologies, Inc., to recover more than $5.0 million due under a promissory note and for breach of contract. We are also pursuing other claims against Artcom affiliates totaling approximately $4.0 million. Artcom has responded by suing us in federal court in Florida to recover approximately $6.0 million (subject to trebling) it alleges we received as a result of certain allegedly unauthorized transactions by two former employees of Artcom that occurred after we sold the company.

In a related matter, the labor union representing the workers of Sistemas e Instalaciones de Telecomunicacion S.A. ("Sintel"), a sister company of Sintel International has instigated an investigative action with a Spanish federal court alleging that five former members of the board of directors of Sintel, including Jorge Mas, the Chairman of the Board of MasTec, and his brother Juan Carlos Mas, a MasTec executive, approved a series of allegedly unlawful transactions that led to the bankruptcy of Sintel. We are also named as a potentially liable party. The union alleges Sintel and its creditors were damaged in the approximate amount of 13 billion pesetas ($66.0 million at June 30, 2001 exchange rates). Neither we nor our executives have yet been served.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITIES HOLDERS

The Annual Meeting of shareholders of MasTec was held on May 8, 2001. The holders of MasTec's common stock, $0.10 par value, were entitled to elect three Class III directors to serve until

2004 and until their successors are elected and qualified. Proxies for 44,202,636 of the 47,719,144 shares entitled to vote were received.

The following table sets forth the names of the three persons elected at the Annual Meeting to serve as directors until 2004 and the number of votes cast for or against respect to each person.

	For	Withheld
Joseph P. Kennedy II	42,425,109	1,777,527
Arthur B. Laffer	43,815,655	386,981
Jose S. Sorzano	43,679,344	523,292

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.

Date: August 14, 2001

/s/ CARMEN M. SABATER
Carmen M. Sabater
Executive Vice President -
Chief Financial Officer
(Principal Financial Officer)

Date: August 14, 2001

/s/ ARLENE VARGAS
Arlene Vargas
Vice President and Controller
(Principal Accounting Officer)