

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM S-3  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

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

DELAWARE 1623 59-1259279  
(State or other jurisdiction of (Primary Standard Industrial (I.R.S. Employer  
incorporation or organization) Classification Code Number) Identification No.)

3155 N.W. 77TH AVENUE  
MIAMI, FLORIDA 33122-1205  
(305) 599-1800

(Address, including zip code, and telephone number,  
including area code, of Registrant's principal executive offices)

JOSE M. SARIEGO, ESQ.  
SENIOR VICE PRESIDENT - GENERAL COUNSEL  
MASTEC, INC.  
3155 N.W. 77TH AVENUE  
MIAMI, FLORIDA 33122-1205  
(305) 599-2314

(Name, address, including zip code, and telephone number,  
including area code, of agent for service)

COPIES TO:

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885 THIRD AVENUE  
NEW YORK, NEW YORK 10022

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO PUBLIC: AS SOON AS  
PRACTICABLE AFTER THIS REGISTRATION STATEMENT BECOMES EFFECTIVE.

If the only securities being registered on this Form are being offered  
pursuant to dividend or interest reinvestment plans, please check the following  
box. [ ]

If any of the securities being registered on this Form are to be offered on  
a delayed or continuous basis pursuant to Rule 415 under the Securities Act of  
1933, other than securities offered only in connection with dividend or interest  
reinvestment plans, check the following box. [ ]

If this Form is filed to register additional securities for an offering  
pursuant to Rule 462(b) under the Securities Act, please check the following box  
and list the Securities Act registration number of the earlier effective  
registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. [ ]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED/1/	PROPOSED MAXIMUM OFFERING PRICE PER SHARE/2/	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE/2/	AMOUNT OF REGISTRATION FEE/2/
Common Stock (\$.10 par value)	2,600,000 shares	\$29.125	\$75,725,000	\$26,115

- (1) Includes 340,000 shares which are subject to the Underwriters' over-allotment option.
- (2) Estimated solely for the purpose of calculating the registration fee, pursuant to Rule 457(c), on the basis of the average of the high and low prices of the Common Stock, \$.10 par value, of the Registrant on the Nasdaq National Market on August 26, 1996.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

SUBJECT TO COMPLETION  
PRELIMINARY PROSPECTUS DATED AUGUST , 1996

[ ] SHARES

MASTEC, INC.

COMMON STOCK

Of the \_\_\_\_\_ shares (the "Shares") of common stock, \$.10 par value (the "Common Stock"), of MasTec, Inc. (the "Company") offered hereby (the "Offering"), \_\_\_\_\_ Shares are being offered by the Company and \_\_\_\_\_ Shares are being offered by certain stockholders of the Company (the "Selling Stockholders"). See "Principal and Selling Stockholders." The Company will not receive any proceeds from the sale of Shares by the Selling Stockholders.

On \_\_\_\_\_, 1996, the closing price for the Common Stock as quoted on the Nasdaq National Market, under the symbol "MASX," was \$\_\_\_\_\_ per share. See "Price Range of Common Stock."

SEE "RISK FACTORS" ON PAGE 12 FOR A DISCUSSION OF CERTAIN RISKS ASSOCIATED WITH AN INVESTMENT IN THE COMMON STOCK.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to the Public	Underwriting Discount(1)	Proceeds to the Company(2)	Proceeds to the Selling Stockholders
Per Share	\$	\$	\$	\$
Total(3)	\$	\$	\$	\$

- (1) The Company and the Selling Stockholders have agreed to indemnify the Underwriters (as defined herein) against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting."
- (2) Before deducting offering expenses payable by the Company estimated at \$\_\_\_\_\_.
- (3) The Company has granted the Underwriters an option exercisable within 30 days to purchase up to an aggregate of \_\_\_\_\_ additional shares of Common Stock at the public offering price per share, less the Underwriting Discount, solely to cover over-allotments, if any. If such option is exercised in full, the total Price to the Public, Underwriting Discount and Proceeds to the Company will be \$ \_\_\_\_\_, \$ \_\_\_\_\_, and \$ \_\_\_\_\_, respectively. See "Underwriting."

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The Shares are being offered by the Underwriters, subject to prior sale, when, as and if delivered to and accepted by them, subject to certain other conditions. The Underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part. It is expected that delivery of the Shares will be made against payment therefor in New York, New York on or about \_\_\_\_\_, 1996.

BEAR, STEARNS & CO. INC.

JEFFERIES & COMPANY, INC.

The date of this Prospectus is August \_\_, 1996.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NASDAQ NATIONAL MARKET, OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITERS MAY ENGAGE IN PASSIVE MARKET MAKING TRANSACTIONS IN THE COMMON STOCK ON THE NASDAQ NATIONAL MARKET IN ACCORDANCE WITH RULE 10b-6A UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SEE "UNDERWRITING."

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and, in accordance therewith, files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information filed by the Company can be inspected and copied at the public reference facilities maintained by the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 and at the following regional offices of the Commission: Seven World Trade Center, Suite 1300, New York, New York 10048; and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material can be obtained at prescribed rates by writing to the Commission, Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. The Common Stock is listed on the Nasdaq National Market under the symbol "MASX." Reports, proxy and information statements and other information concerning the Company can also be inspected at the Nasdaq National Market at 1735 17th Street, N.W., Washington, D.C. 20006.

This Prospectus constitutes part of a Registration Statement on Form S-3 (together with all amendments and exhibits thereto, the "Registration Statement") and does not contain all of the information set forth in the Registration Statement, certain parts of which have been omitted in accordance with the rules and regulations of the Commission. For further information with respect to the Company and the securities offered hereby, reference is made to the Registration Statement and to the exhibits and schedules thereto. Statements made in this Prospectus as to the contents of any contract, agreement or other document referred to are not necessarily complete. With respect to each such contract, agreement or other document filed as an exhibit to the Registration Statement, reference is made to the exhibit for a more complete description of the matter involved, and such statement is qualified in its entirety by such reference.

INFORMATION INCORPORATED BY REFERENCE

The following documents, previously filed by the Company with the Commission pursuant to the Exchange Act, are incorporated herein by reference:

The Company's Annual Report on Form 10-K for the year ended December 31, 1995;

The Company's Quarterly Reports on Form 10-Q for the quarters ended March 31 and June 30, 1996;

The Company's Current Reports on Form 8-K filed April 1, May 15, and July 15, 1996; and

The Company's Proxy Statement for its 1996 Annual Meeting of Stockholders filed April 29, 1996.

Each document filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, subsequent to the date of this Prospectus but prior to the termination of the offering to which this Prospectus relates, shall be deemed to be incorporated by reference into this Prospectus and made a part of this Prospectus from the date any such document is filed. Any statements contained in a document incorporated or deemed to be incorporated by reference in this Prospectus shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained in this Prospectus (or in any other subsequently filed document which also is incorporated or deemed to be incorporated by reference herein) specifically modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed to constitute a part of this Prospectus except as so modified or superseded.

THE COMPANY HEREBY UNDERTAKES TO PROVIDE WITHOUT CHARGE TO EACH PERSON TO WHOM A COPY OF THIS PROSPECTUS HAS BEEN DELIVERED, UPON WRITTEN OR ORAL REQUEST OF SUCH PERSON TO MASTEC, INC., 3155 N.W. 77TH AVENUE, SUITE 135, MIAMI, FLORIDA 33122-1205, TELEPHONE (305) 599-1800, ATTENTION: NANCY J. DAMON, CORPORATE SECRETARY, A COPY OF ANY OR ALL OF THE DOCUMENTS DESCRIBED ABOVE (OTHER THAN EXHIBITS TO SUCH DOCUMENTS) THAT HAVE BEEN INCORPORATED BY REFERENCE IN THIS PROSPECTUS.

## PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information and financial statements, including the notes thereto, appearing elsewhere in this Prospectus and incorporated by reference into this Prospectus. Unless otherwise indicated, the information in this Prospectus assumes the Underwriters' over-allotment option will not be exercised. Unless the context otherwise requires, the Company includes Sistemas e Instalaciones de Telecomunicacion, S.A. ("Sintel").

### THE COMPANY

MasTec, Inc. (together with its subsidiaries and affiliates, "MasTec" or the "Company") 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 ("outside plant services"), including the installation of aerial, underground and buried copper, coaxial and fiber optic cable networks and the construction of wireless antenna networks for telecommunications service companies such as local exchange carriers, long-distance carriers, competitive access providers, cable television operators and wireless phone companies. The Company also installs central office switching equipment ("switching"), and provides design, installation and maintenance of integrated voice, data and video local area networks and wide area networks inside buildings ("inside wiring"). The Company believes it is the largest independent contractor providing telecommunications infrastructure construction services in the United States and Spain and one of the largest in Argentina, Chile and Peru.

The Company is able to provide a full range of infrastructure services to its telecommunications company customers. Domestically, the Company provides outside plant services to local exchange carriers such as BellSouth Telecommunications, Inc. ("BellSouth"), U.S. West Communications, Inc. ("U.S. West"), SBC Communications, Inc., United Telephone of Florida, Inc. (a subsidiary of Sprint Corporation) and GTE Corp. MasTec currently has 18 exclusive, multi-year service contracts ("master contracts") with regional bell operating companies ("RBOCs") and other local exchange carriers to provide for all of their outside plant requirements up to a specific dollar amount per job and within certain geographic areas. Internationally, the Company provides outside plant services, turn-key switching system installation and inside wiring services to Telefonica de Espana, S.A. ("Telefonica"), the sole provider of local and long distance telephony in Spain, under multi-year contracts similar to those in the U.S., Telefonica has committed to award Sintel, a recently acquired subsidiary of the Company, a minimum of 75 billion Spanish pesetas ("Peseta") of work in Spain over a three-year period commencing January 1, 1996 at market prices (anticipated to be approximately \$200 million per annum based on current exchange rates).

The Company also provides outside plant services to long distance carriers such as MCI Communications Corporation and Sprint Corporation, competitive access providers such as MFS Communications Company, Inc., Sprint Metro and MCI Metro (the local telephone subsidiaries of Sprint and MCI), cable television operators such as Time Warner, Inc., Continental Cablevision, Inc. and Media One, and wireless communications providers such as PCS Primeco and Sprint Spectrum, L.P. Inside wiring services are being provided by the Company to large corporate customers such as First Union National Bank ("First Union"), IBM, Medaphis Corp., Smith Barney, Inc. and Dean Witter Reynolds, Inc. and to universities and government agencies.



The telecommunications industry is undergoing fundamental changes in most markets throughout the world. The Telecommunications Act of 1996 in the United States, agreements among participating countries in the European Union and privatization and regulatory initiatives in Latin America are removing barriers to competition. In addition, growing customer demand for enhanced voice, video and data telecommunications has increased bandwidth requirements and highlighted network bandwidth limitations in many markets.

The Company believes that these industry trends will create increased demand for telecommunications infrastructure services in four ways:

- . Increased customer demand for bandwidth will compel telecommunications service providers to continue upgrading existing networks to broadband technologies such as fiber optic cable.
- . Competitive pressures will force existing service providers to attempt to reduce their cost structures, leading to increased outsourcing of outside plant services to lower cost independent contractors.
- . New service providers entering previously monopolistic markets will ultimately require their own infrastructure.
- . Deployment of more powerful multimedia computers in business will increase the demand for inside wiring services to install communications networks with greater bandwidth capacity.

The Company believes that it is well positioned to capitalize on these trends and is pursuing a strategy of growth in its core business through internal expansion and strategic acquisitions. The Company believes that the volume of business generated under existing contracts will increase as a result of the expected increase in demand for its services. In addition, the Company believes that its reputation for quality and reliability, operating efficiency, financial strength, technical expertise, presence in key geographic areas and ability to achieve economies of scale provide competitive advantages in bidding for and winning new contracts for telecommunications infrastructure projects.

The Company also plans to continue to make strategic acquisitions. In April 1996, MasTec acquired Sintel, the largest telecommunications infrastructure contractor in Spain, from Telefonica (the "Sintel Acquisition"). This acquisition has positioned the Company to take advantage of increased competition anticipated in Europe and the rapid upgrading of telecommunications services expected in Latin America. In the United States, the Company is continuing to pursue opportunities to acquire selected operators that will enable the Company to expand its geographic coverage and customer base without the risks and expense of start-up operations and to acquire additional management talent for future growth.

THE OFFERING

Common Stock Offered by:

The Company.....[           ] Shares  
Selling Stockholders.....[           ] Shares  
Total.....[           ] Shares

Use of Proceeds.....The net proceeds of the Offering to the Company will be used to fund the Company's growth strategy, including making acquisitions, funding working capital, capital expenditures and other general corporate purposes. The Company may also reduce certain indebtedness, subject to reborrowing. The Company will not receive any proceeds from the sale of Shares by the Selling Stockholders.

Nasdaq National Market Symbol.....MASX

SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables present selected historical and pro forma financial information of the Company as of the dates and for the periods indicated. This information is derived from the audited Consolidated Financial Statements for the three years ended December 31, 1995, and from the unaudited Condensed Consolidated Financial Statements for the six months ended June 30, 1996 and 1995, both of which appear elsewhere in this Prospectus (collectively, the "Financial Statements"). These financial statements, the related notes, and the discussion in this Prospectus under the captions "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" are important and should be read in conjunction with the selected financial information presented below.

Selected unaudited pro forma financial information is provided for the year ended December 31, 1995 and the six month periods ended June 30, 1996 and 1995 to reflect the acquisition of Sintel and the Related Transactions as if these transactions had taken place on January 1, 1995. See "Management's Discussion and Analysis of Financial Condition and Results of Operations-Overview" for a discussion of the Sintel Acquisition and Related Transactions. The pro forma financial information is presented solely for illustrative purposes and does not purport to represent what the Company's results of operations would have been if such transactions had been effected on the date indicated or to represent the financial position or results of operations that may be expected in the future.

The unaudited information set forth below includes, in the opinion of management, all material adjustments, consisting only of normal recurring accruals, necessary for a fair presentation.

HISTORICAL CONSOLIDATED FINANCIAL INFORMATION  
(In thousands, except per share amounts)

	YEAR ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	1993 (1)	1994 (2)	1995	1995	1996 (3)
Income statement data:					
Revenue	\$44,683 =====	\$111,294 =====	\$174,583 =====	\$ 73,797 =====	\$171,181 =====
Operating income	5,474	9,881	17,827	10,533	17,861
Interest expense, net of interest and dividend income (4)	(182)	2,118	1,605	1,199	3,036
Special charges (5)	0	0	23,086	0	0
Other (expense) income, net	(81)	1,009	2,028	1,659	415
Equity (losses) in earnings of unconsolidated companies and minority interest	1,177	247	(139)	25	979
Provision (benefit) for income taxes (6)	2,539 -----	3,211 -----	(1,835) -----	4,119 -----	6,151 -----
Income (loss) from continuing operations	4,213 =====	5,808 =====	(3,140) =====	6,899 =====	10,068 =====
Net income (loss)	\$ 4,213 =====	\$ 6,633 =====	\$ (609) =====	\$ 8,813 =====	\$ 10,081 =====
Average shares outstanding (7)	10,250 =====	16,077 =====	16,046 =====	16,168 =====	16,312 =====
Earnings (loss) per share from continuing operations	\$ 0.41 =====	\$ 0.36 =====	\$ (0.20) =====	\$ 0.43 =====	\$ 0.62 =====
Balance sheet data:					
Property and equipment, net		\$ 40,102	\$ 44,571	\$ 48,384	\$ 55,485
Total assets		142,452	170,163	153,700	418,616
Total long-term debt		35,956	44,226	31,435	79,729
Stockholders' equity		50,874	50,504	59,762	72,251

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
(In thousands, except per share amounts.)

	YEAR ENDED	SIX MONTHS ENDED	
	DECEMBER 31, 1995	1995	1996
Income statement data:			
Revenue	\$430,085	\$186,258	\$254,876
Special charges-operations (8)	30,157	20,712	2,176
Operating income	7,205	(5,309)	25,303
Interest expense, net of interest and dividend income (4)	14,921	7,659	6,682
Special charges-other (5)	23,086	0	0
Other income, net	3,690	1,739	632
Equity in earnings of unconsolidated companies and minority interest	1,717	1,329	1,884
Provision (benefit) for income taxes	(7,896)	(3,204)	7,873
Income (loss) from continuing operations	\$(17,499)	\$(6,696)	\$13,264
Average shares outstanding	16,046	16,168	16,312
Earnings (loss) per share from continuing operations	\$(1.09)	\$(0.42)	\$0.81

- (1) Includes the results and financial condition of Church & Tower, Inc. and Church & Tower of Florida, Inc. (collectively, "Church & Tower") only.
- (2) Includes the results of Church & Tower for the full year 1994, the results of Burnup & Sims, Inc. ("Burnup & Sims") from March 11, 1994 through the end of 1994, and the results of Designed Traffic Installation Company, Inc. ("DTI") from June 22, 1994 through the end of 1994.
- (3) Includes the results of operations of Sintel for the two months ended June 30, 1996.
- (4) Included is interest due to stockholders from outstanding notes amounting to \$223,000 for the year ended December 31, 1994, \$135,000 for the year ended December 31, 1995 and \$135,000 and \$0 for the six months ended June 30, 1995 and 1996, respectively, net of interest accrued from notes from stockholders amounting to \$304,000 for the year ended December 31, 1994, \$289,000 for the year ended December 31, 1995 and \$193,000 and \$91,000 for the six months ended June 30, 1995 and 1996, respectively.
- (5) Consists of writedowns of certain real estate and other investments.
- (6) Church & Tower was not subject to income taxes because it was an S corporation and, consequently, income from continuing operations for 1993 and the results of operations prior to the Burnup Acquisition have been adjusted to reflect a pro forma provision for income taxes. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for discussion of the Burnup Acquisition.
- (7) The 1993 average shares outstanding reflect the shares of Common Stock of the Company received by the former shareholders of Church & Tower pursuant to the Burnup Acquisition.
- (8) Consists of severance costs relating to workforce reductions at Sintel.

## RISK FACTORS

AN INVESTMENT IN THE SHARES INVOLVES A HIGH DEGREE OF RISK. IN ADDITION TO THE OTHER INFORMATION CONTAINED OR INCORPORATED BY REFERENCE HEREIN, THE FOLLOWING FACTORS SHOULD BE CONSIDERED CAREFULLY IN EVALUATING THE COMPANY AND ITS BUSINESS PROSPECTS BEFORE PURCHASING ANY SHARES.

THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 PROVIDES A "SAFE HARBOR" FOR FORWARD-LOOKING STATEMENTS. CERTAIN STATEMENTS INCLUDED IN THIS PROSPECTUS ARE FORWARD-LOOKING, SUCH AS STATEMENTS REGARDING THE COMPANY'S GROWTH STRATEGY. SUCH FORWARD-LOOKING STATEMENTS ARE BASED ON THE COMPANY'S CURRENT EXPECTATIONS AND ARE SUBJECT TO A NUMBER OF RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS IN THE FUTURE TO DIFFER SIGNIFICANTLY FROM RESULTS EXPRESSED OR IMPLIED IN ANY FORWARD-LOOKING STATEMENTS MADE BY, OR ON BEHALF OF, THE COMPANY. THESE RISKS AND UNCERTAINTIES INCLUDE, BUT ARE NOT LIMITED TO, UNCERTAINTIES RELATING TO THE COMPANY'S RELATIONSHIPS WITH KEY CUSTOMERS AND IMPLEMENTATION OF THE COMPANY'S GROWTH STRATEGY. THESE AND OTHER RISKS ARE DETAILED BELOW AS WELL AS IN OTHER DOCUMENTS FILED BY THE COMPANY WITH THE COMMISSION.

### DEPENDENCE ON KEY CUSTOMERS

For the year ended December 31, 1995, Sintel and the Company derived a substantial portion of their revenue from the provision of telecommunications infrastructure services to certain key customers. Approximately 88% of Sintel's revenue was derived from services performed for Telefonica and its affiliates; and approximately 42% of the Company's revenue from continuing operations was derived from services performed for BellSouth. On a pro forma basis, after giving effect to the Sintel Acquisition, 52% of the Company's revenue from continuing operations for the year ended December 31, 1995 would have been derived from services performed for Telefonica, and 17% of its revenue would have been derived from services performed for BellSouth. 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 BellSouth for a significant portion of its revenue. There are a number of factors that could adversely affect Telefonica or BellSouth and their ability or willingness to fund capital expenditures in the future, which in turn could negatively affect the Company, including the potential adverse nature of, or the uncertainty caused by, changes in governmental regulation, technological changes, increased competition, adverse financing conditions for the industry and economic conditions generally.

### RISK INHERENT IN GROWTH STRATEGY

The Company has grown rapidly through the acquisition of other companies, including Sintel. The Company anticipates that it will make additional acquisitions and is actively seeking and evaluating new acquisition candidates. There can be no assurance, however, that the Company will be able to continue to identify and acquire appropriate businesses or obtain financing for such acquisitions on satisfactory terms. The Company's growth strategy presents the risks inherent in assessing the value, strengths and weaknesses of growth opportunities, in evaluating the costs and uncertain returns of expanding the operations of the Company, and in integrating existing operations with new acquisitions. The Company's growth strategy also assumes there will continue to be significant increases in demand for telecommunications infrastructure services. There can be no assurance, however, that such demand will materialize. The Company's anticipated growth may

place significant demands on the Company's management and its operational, financial and marketing resources. The Company's operating results could be adversely affected if it is unable to successfully integrate new companies into its operations. Future acquisitions by the Company could result in potentially dilutive issuances of securities, the incurrence of additional debt and contingent liabilities, and amortization expenses related to goodwill and other intangible assets, which could materially adversely affect the Company's profitability.

#### CERTAIN RISKS ASSOCIATED WITH SINTEL

##### Historical Operating Losses.

During 1993, 1994 and 1995, Sintel experienced net losses of \$22.5 million, \$5.6 million, and \$15.6 million, respectively (based on the average exchange rate for each period). In 1991, 1992 and 1993 Telefonica significantly reduced its capital expenditure for telecommunications infrastructure construction services. During these years, Sintel was unable to adjust its cost structure to keep pace with the resultant decline in revenue primarily due to the high cost of service and restrictive Spanish labor laws. However, Sintel was able to negotiate reductions in its workforce in 1993, 1994 and 1995 at a cost of \$24 million, \$4.3 million and \$30.1 million, respectively. The Company intends to continue to reduce Sintel's cost structure to maintain and improve profitability. There can be no assurance that the Company's efforts will be successful or that other factors such as greater than anticipated reductions in demand or prices for Sintel's services or greater than anticipated labor costs will not have a material adverse effect on Sintel's financial condition or business prospects.

##### Labor Relations

Substantially all of Sintel's work force in Spain is unionized. The labor agreement with Sintel's employee representatives has expired and negotiations are on-going for a new labor agreement. There can be no assurance that a new labor agreement with Sintel's employee representatives can be negotiated successfully or on favorable terms. Sintel has suffered strikes and work stoppages in the past, none of which has had a material adverse effect on Sintel. Future strikes or work stoppages, or the failure to negotiate a labor agreement on competitive terms, could have a material adverse effect on Sintel.

##### Non-Majority Control of Latin American Affiliates

Sintel owns 50% or less of the affiliates through which it does business in Argentina, Chile and Peru. As a result, the Company may not be able to cause these companies to pay dividends and other distributions and its lack of majority control may inhibit the Company's ability to implement strategies that it favors.

## RISK OF INVESTMENT IN FOREIGN OPERATIONS

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, currency devaluation, hyper-inflation, confiscatory taxation 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.

## CURRENCY EXCHANGE RISKS

The Company conducts business in several foreign currencies that 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.

## DEPENDENCE ON SENIOR MANAGEMENT

The Company's businesses are managed by a small number of key executive officers, including Jorge Mas, the Company's President and Chief Executive Officer, and Jorge L. Mas, the Company's Chairman. The loss of services of certain of these executives could have a material adverse effect on the business, financial condition and results of operations of the Company. The Company's success may also be dependent on its ability to hire and retain additional qualified management personnel. There can be no assurance that the Company will be able to hire and retain such personnel.

## COMPETITION

The Company competes with other independent contractors in most of the markets in which it operates. While the Company believes that it has greater expertise, experience and resources than its competitors in many of the markets in which it operates, there are relatively few barriers to entry into such markets and, as a result, any business that has access to adequate financing and persons who possess technical expertise may become a competitor of the Company. Because of the highly competitive bidding environment in the United States for the services provided by the Company, the price of a contractor's bid has often been the deciding factor in determining whether such contractor was awarded a master contract or contract for a particular project. There can be no assurance that the Company's competitors will not develop the expertise, experience and resources to provide services that achieve greater market acceptance or that are superior in both price and quality to the Company's services, or that the Company will be able to maintain and enhance its competitive position.

The Company also faces competition from the in-house service organizations of RBOCs, which employ personnel who perform some of the same types of services as those provided by the



Company. Although a significant portion of these services is currently outsourced, there can be no assurance that existing or prospective customers of the Company will continue to outsource telecommunications infrastructure services in the future.

#### TECHNOLOGICAL CHANGES

The telecommunications industry is subject to rapid changes in technology. Wireline systems used for the transmission of video, voice and data face potential displacement by various technologies, including wireless technologies such as direct broadcast satellite television and cellular telephony. An increase in the use of such technologies could, over the long term, have an adverse effect on the Company's wireline operations.

#### CONTROLLING SHAREHOLDERS

After giving effect to the Offering, Jorge Mas, the Company's President and Chief Executive Officer, and his father, Jorge L. Mas, the Company's Chairman, together with other family members, will beneficially own approximately \_\_\_% of the outstanding shares of common stock of the Company. Accordingly, they will have the effective power to control the election of the Company's directors and to effect certain fundamental corporate transactions.

#### SHARES ELIGIBLE FOR FUTURE SALE

Future sales of shares by existing stockholders under Rule 144 of the Securities Act or the issuance of shares of Common Stock upon the exercise of options could materially adversely affect the market price of shares of Common Stock and could materially impair the Company's future ability to raise capital through an offering of equity securities. The Company has registered 800,000 shares of Common Stock for issuance upon exercise of options granted to its employees under the Company's 1994 Stock Incentive Plan and an additional 400,000 shares of Common Stock for issuance upon the exercise of options granted to its non-employee directors under the Company's 1994 Stock Option Plan for Non-Employee Directors. Options to purchase approximately 132,000 shares are currently exercisable. The Company has also filed a shelf registration statement on Form S-4 covering 500,000 shares of Common Stock to be used solely for future acquisitions. No prediction can be made as to the effect, if any, that market sales of such shares or the availability of such shares for future sales will have on the market price of shares of Common Stock prevailing from time to time.

#### ANTI-TAKEOVER PROVISIONS

The Company's certificate of incorporation and bylaws and certain provisions of the Delaware General Corporation Law (the "DGCL") may make it difficult in some respects to effect a change in control of the Company and replace incumbent management. The existence of these provisions may have a negative impact on the price of the Common Stock, may discourage third party bidders from making a bid for the Company, or may reduce any premiums paid to stockholders for their Common Stock. In addition, the Board of Directors of the Company has the authority to fix the rights and preferences of, and to issue shares of, the Company's preferred stock, and to take other actions that may have the effect of delaying or preventing a change of control of the Company without the action of its stockholders.

USE OF PROCEEDS

The net proceeds to the Company of the Offering (assuming a public offering price of \$\_\_\_\_\_ per share of Common Stock) are estimated to be \$\_\_\_\_\_ (\$\_\_\_\_\_ if the Underwriters' over-allotment option is exercised in full). The Company will not receive any of the net proceeds of the sale of Common Stock by the Selling Stockholders. See "Certain Relationships and Related Transactions."

The Company intends to use the net proceeds of the Offering to fund its growth strategy, including making acquisitions, funding working capital needs, capital expenditures and other general corporate purposes. The Company also may repay, subject to reborrowing, a portion of its credit facility with Shawmut Capital Corporation n/k/a Fleet Capital Corporation and its revolving credit facility with a wholly-owned finance subsidiary of Telefonica. At June 30, 1996, the Company's indebtedness under these facilities totaled \$70.4 million, with interest rates ranging from LIBOR (London Interbank Offered Rate) plus 2.00% (7.49% at June 30, 1996) to MIBOR (Madrid Interbank Offered Rate) plus 0.30% (9.12% at June 30, 1996). These facilities have been used for working capital purposes, capital expenditures and to make acquisitions. See Note 4 to the Condensed Consolidated Financial Statements for a further description of the Company's indebtedness, including these facilities.

PRICE RANGE OF COMMON STOCK

The Common Stock is traded on the Nasdaq National Market under the symbol MASX. The following table sets forth, for the periods indicated, the high and low closing sale prices of the Common Stock as reported on the Nasdaq National Market.

	High ---	Low ---
1994:		
-----		
First Quarter.....	\$ 9 1/8	\$5 15/16
Second Quarter.....	9	6 3/4
Third Quarter.....	8 1/2	7
Fourth Quarter.....	10 1/4	7
1995:		
-----		
First Quarter.....	13 1/2	10 1/8
Second Quarter.....	13 1/8	9 3/4
Third Quarter.....	13 1/8	10
Fourth Quarter.....	13 1/4	9 1/8
1996:		
-----		
First Quarter.....	12 5/8	9 1/2
Second Quarter.....	35 3/4	11 3/8
Third Quarter (through August 26).....	29 7/8	18 3/4

On August 26, 1996, the closing sale price of the Common Stock as reported on the Nasdaq National Market was \$29 11/16 per share.

DIVIDEND POLICY

The Company has not paid any cash dividends on its capital stock since the Burnup Acquisition. The Company currently intends to retain any earnings to finance the development and expansion of the Company's business and does not anticipate paying any cash dividends in the foreseeable future. Furthermore, the Company's credit facilities currently limit the Company's ability to pay dividends.

CAPITALIZATION

The following table sets forth the capitalization of the Company at June 30, 1996 and the capitalization of the Company as of such date as adjusted to reflect the sale of Common Stock offered by the Company in this Offering (assuming a public offering price of \$\_\_\_\_\_ per share of Common Stock) and the anticipated use of proceeds therefrom. See "Use of Proceeds." The information set forth in the table below should be read in conjunction with the Financial Statements of the Company and the notes thereto included elsewhere in this Prospectus.

	JUNE 30, 1996	
	ACTUAL	AS ADJUSTED
	(In thousands)	
Total indebtedness.....	\$141,138	
	-----	
Stockholders' equity:		
Common Stock.....	2,643	
Capital surplus.....	139,653	
Retained earnings.....	15,744	
Treasury shares.....	(85,749)	
Accumulated translation adjustments.....	(40)	
	-----	
Total stockholders' equity.....	72,251	
	-----	
Total capitalization.....	\$213,389	
	=====	

SELECTED CONSOLIDATED FINANCIAL DATA

The following tables present selected historical and pro forma financial information of the Company as of the dates and for the periods indicated. This information is derived from the audited Consolidated Financial Statements for the three years ended December 31, 1995 and from the unaudited Consolidated Financial Statements for the six months ended June 30, 1996 and 1995, both of which appear elsewhere in this Prospectus (collectively, the "Financial Statements"). These financial statements, the related notes, and the discussion in this Prospectus under the captions "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" are important and should be read in conjunction with the selected financial information presented below.

Selected unaudited pro forma financial information is provided for the year ended December 31, 1995 and the six month periods ended June 30, 1996 and 1995 to reflect the acquisition of Sintel and the Related Transactions as if these transactions had taken place on January 1, 1995. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a discussion of the Sintel Acquisition and the Related Transactions. The pro forma financial information is presented solely for illustrative purposes and does not purport to represent what the Company's results of operations would have been if such transactions had been consummated on the date indicated or to represent the financial position or results of operations that may be expected in the future.

The unaudited information set forth below includes, in the opinion of management, all material adjustments, consisting only of normal recurring accruals, necessary for a fair presentation.

HISTORICAL CONSOLIDATED FINANCIAL STATEMENTS  
(In thousands, except per share amounts)

	YEAR ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	1993 (1)	1994 (2)	1995	1995	1996 (3)
Income statement data:					
Revenue	\$44,683	\$111,294	\$174,583	\$ 73,797	\$171,181
Costs of revenue and expenses:					
Costs of revenue	28,729	83,952	130,762	52,914	128,925
Depreciation and amortization	609	4,439	6,913	2,888	5,295
General and administrative expenses	9,871	13,022	19,081	7,462	19,100
	-----	-----	-----	-----	-----
Operating income	5,474	9,881	17,827	10,533	17,861
Interest expense (4)	133	3,587	4,954	2,228	5,107
Interest and dividend income (5)	315	1,469	3,349	1,029	2,071
Special charges (6)	0	0	23,086	0	0
Other (expense) income, net	(81)	1,009	2,028	1,659	415
Equity (losses) in earnings of unconsolidated companies and minority interest	1,177	247	(139)	25	979
Provision (benefit) for income taxes (7)	2,539	3,211	(1,835)	4,119	6,151
	-----	-----	-----	-----	-----
Income (loss) from continuing operations	\$ 4,213	\$ 5,808	\$ (3,140)	\$ 6,899	\$ 10,068
	=====	=====	=====	=====	=====
Net income (loss)	\$ 4,213	\$ 6,633	\$ (609)	\$ 8,813	\$ 10,081
	=====	=====	=====	=====	=====
Average shares outstanding (8)	10,250	16,077	16,046	16,168	16,312
	=====	=====	=====	=====	=====
Earnings (loss) per share from continuing operations	\$ 0.41	\$ 0.36	\$ (0.20)	\$ 0.43	\$ 0.62
	=====	=====	=====	=====	=====
Balance sheet data:					
Property and equipment, net		\$ 40,102	\$ 44,571	\$ 48,384	\$ 55,485
Total assets		142,452	170,163	153,700	418,616
Total long-term debt		35,956	44,226	31,435	79,729
Stockholders' equity		50,874	50,504	59,762	72,251

PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS  
(In thousands, except per share amounts)

	Year ended	Six months ended	
	December 31, 1995	1995	June 30, 1996
Income statement data:			
Revenue	\$430,085	\$186,258	\$254,876
Costs of revenue and expenses:			
Costs of revenue	323,895	137,206	187,495
Depreciation and amortization	10,106	4,575	6,624
Special charges-operations (9)	30,157	20,712	2,176
General and administrative expenses	58,722	29,074	33,278
	-----	-----	-----
Operating income (loss)	7,205	(5,309)	25,303
Interest expense (4)	19,263	9,282	9,502
Interest and dividend income (5)	4,342	1,623	2,820
Special charges (6)	23,086	0	0
Other income, net	3,690	1,739	632
Equity in earnings of unconsolidated companies and minority interest	1,717	1,329	1,884
(Benefit) provision for income taxes	(7,896)	(3,204)	7,873
	-----	-----	-----
(Loss) income from continuing operations	\$ (17,499)	\$ (6,696)	\$ 13,264
	=====	=====	=====
Average shares outstanding	16,046	16,168	16,312
	=====	=====	=====
(Loss) earnings per share from continuing operations	\$ (1.09)	\$ (0.42)	\$ 0.81
	=====	=====	=====

- (1) Includes the results and financial condition of Church & Tower only.
- (2) Includes the results of Church & Tower for the full year 1994, the results of Burnup & Sims from March 11, 1994 through the end of 1994, and the results of DTI from June 22, 1994 through the end of 1994.
- (3) Includes the results of operation of Sintel for the two months ended June 30, 1996.
- (4) Included is interest due to stockholders from outstanding notes amounting to \$223,000 for the year ended December 31, 1994, \$135,000 for the year ended December 31, 1995 and \$135,000 and \$0 for the six months ended June 30, 1995 and 1996, respectively.
- (5) Included is interest accrued from notes from stockholders amounting to \$304,000 for the year ended December 31, 1994, \$289,000 for the year ended December 31, 1995 and \$193,000 and \$91,000 for the six months ended June 30, 1995 and 1996, respectively.
- (6) Consists of writedowns of certain real estate and other investments.
- (7) Church & Tower was not subject to income taxes because it was an S corporation and, consequently, income from continuing operations for 1993 and the results of operations prior to the Burnup Acquisition have been adjusted to reflect a pro forma provision for income taxes.
- (8) The 1993 average shares outstanding reflect the shares of Common Stock of the Company received by the former shareholders of Church & Tower pursuant to the Burnup Acquisition.
- (9) Consists of severance costs relating to workforce reductions at Sintel.

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 and related 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 local and wide area networks inside buildings, and the installation of central office equipment. The Company also provides infrastructure services to public utilities and the traffic control and highway safety industry, and general construction services consisting of design-and-build projects which the Company undertakes with private businesses and state and local governmental authorities.

The Company was formed through the combination of Church & Tower and Burnup & Sims, two established names in the U.S. telecommunications construction services industry. On March 11, 1994, the shareholders of Church & Tower acquired 65% of the outstanding common stock of Burnup & Sims in a reverse acquisition (the "Burnup Acquisition"). Following the change in control, the senior management of Burnup & Sims was replaced by Church & Tower management and the name of Burnup & Sims was changed to "MasTec, Inc." During the three fiscal years prior to the acquisition, Burnup & Sims incurred increasing net losses culminating in a net loss of \$9.3 million for fiscal 1993. Following the Burnup Acquisition, the Company implemented a number of strategic initiatives to improve operating efficiencies, including the elimination of duplicative facilities, consolidation of subsidiaries and the implementation of tighter control over bidding procedures and purchasing. As a result of these initiatives, Burnup & Sims' operations made a positive contribution to MasTec's operating profit in 1994.

Since the Burnup Acquisition, the Company has followed a two-pronged strategy of growth through internal growth and expansion and through acquisitions. As a result, the Company's revenue has increased from \$27.3 million in the second quarter of 1994, the first full quarter after the Burnup Acquisition, to \$108.6 million in the second quarter of 1996.

In April 1996, the Company purchased Sintel, a company engaged in telecommunications infrastructure construction services in Spain, Argentina, Chile and Peru, from Telefonica for approximately \$39.5 million (at then current exchange rates), of which \$5.2 million in cash was paid at closing and the balance will be financed by Telefonica over the next two years. In conjunction with the acquisition, Telefonica made a capital contribution, purchased buildings no longer in use by Sintel and reimbursed certain tax credits it had used, collectively referred to as the "Related Transactions." The proceeds from these transactions totaled approximately \$41 million, which was used to repay Sintel indebtedness. In addition, Telefonica committed to certain minimum levels of work over the next three years. See "Business - General."

The Sintel Acquisition gives the Company a significant international presence and more than doubles the size of the Company in terms of revenue and number of employees. In Argentina, Chile and Peru, the Company operates through joint ventures in which it holds interests ranging from 38%



to 50%. See Notes 2 and 7 to the Condensed Consolidated Financial Statements for pro forma financial information and geographic information, respectively. Included in the Company's results for the quarter ended June 30, 1996 are the results of operations of Sintel from May 1, 1996 through June 30, 1996.

Following two years of losses in 1993 and 1994, Sintel's current management implemented a cost reduction program to restore Sintel to profitability. Under the program, Sintel (a) reorganized its corporate structure from five to two divisions, (b) consolidated its offices and reduced management personnel, (c) consolidated its field operations and reduced the number of its occupied buildings, (d) instituted procedures to improve billing and collections as well as to lengthen the aging of its accounts payable, and (e) reduced general expenses. In addition, Sintel restructured its workforce by laying off approximately 500 full time workers and reassigning other workers to more profitable operations.

Sintel is continuing its cost reduction program under the Company's ownership. As a result of this program, Sintel's cost of revenue has decreased from 75.0% of revenue in the six months ended June 30, 1995 to 71.2% of revenue for the six months ended June 30, 1996, and its general and administrative expense has declined from 19.2% to 16.3% of revenue during the same respective six month periods. Operating margin has improved as a result from 4.2% to 10.9% of revenue (excluding special charges) for the same periods. See "- Pro Forma Six Months Ended June 30, 1996 Compared To Pro Forma Six Months Ended June 30, 1995."

#### Results of Operations

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

Costs of revenue includes direct labor costs, subcontractor costs and expenses, materials not supplied by the customer, fuel, equipment rental and insurance.

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 Financial Statements and notes thereto included elsewhere herein.

Three Months Ended June 30, 1996 Compared to Three Months Ended June 30, 1995.

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

	1996	1995
	----	----
Revenue	100.0%	100.0%
Costs of revenue, excluding depreciation	75.1%	71.3%
Depreciation and amortization	2.8%	4.0%
General and administrative expenses	11.6%	9.3%
Interest expense	3.2%	2.7%
Interest and dividend income, other income, net, equity in earnings of unconsolidated companies and minority interest	2.1%	5.5%
Income from continuing operations	5.9%	11.4%

Revenue. Revenue increased by approximately \$69.4 million or 177% from \$39.2 million in 1995 to \$108.6 million in 1996, primarily due to international (\$37.5 million) and domestic (\$6.5 million) acquisitions, new master contracts, increased volume under existing contracts and other new business (\$17.8 million), and an increase of \$7.6 million in general construction services revenue.

Costs of revenue, excluding depreciation. Costs of revenue as a percentage of revenue increased from 71.3% in 1995 to 75.1% in 1996 primarily due to operations in new geographic areas. Domestic and international margins for the three months ended June 30, 1996 were 24.2% and 26.2%, respectively. The domestic margin decreased as compared with the domestic margin for the period ended June 30, 1995, primarily because of costs incurred at the commencement of new contracts resulting from mobilization and startup costs, as well as costs incurred in recruiting and training new personnel. The Company has experienced similar declines in the past upon the commencement of new contracts. Domestic gross margin has increased since the quarters ended September 30, 1995 (22.2%) and December 31, 1995 (23.3%) when the Company began to significantly expand and grow, and has remained near the gross margin for the three months ended March 31, 1996 (24.3%).

Depreciation and amortization. Depreciation and amortization as a percentage of revenue decreased from 4.0% in 1995 to 2.8% in 1996 due to revenue growth and Sintel's lesser dependence on its own equipment, as it typically uses subcontractors to supply heavy equipment when needed.

General and administrative expenses. General and administrative expenses as a percentage of revenue increased from 9.3% in 1995 to 11.6% 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 domestic and international revenue for the three months ended June 30, 1996 were 9.8% and 15.3%, respectively. Sintel initiated a cost reduction program that has reduced general and administrative expenses from 19.2% of international revenue for the six months ended June 30, 1995 to 16.3% for the same period in 1996. This cost reduction program is continuing under the Company's ownership. Domestically,

general and administrative expenses as a percentage of domestic revenue are approximately the same for the three months ended June 30, 1996 as for the comparable period in 1995.

Interest expense. Interest expense increased from \$1.1 million in 1995 to \$3.4 million in 1996. Included in interest expense for the three months ended June 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.

Interest and dividend income to other income, net, equity in earnings of unconsolidated companies and minority interest. Interest and dividend income for the second 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 second quarter of 1996 consists primarily of interest accrued on a note receivable entered into in the third quarter of 1995. Other income for 1995 included the favorable settlement of 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 for the two months since the Sintel Acquisition.

Six Months Ended June 30, 1996 Compared to Six Months Ended June 30, 1995.

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

	1996 ----	1995 ----
Revenue	100.0%	100.0%
Costs of revenue, excluding depreciation	75.3%	71.7%
Depreciation and amortization	3.1%	3.9%
General and administrative expenses	11.2%	10.1%
Interest expense	3.0%	3.0%
Interest and dividend income, other income, net, equity in earnings of unconsolidated companies and minority interest	2.0%	3.7%
Income from continuing operations	5.9%	9.3%

Revenue. Revenue increased by approximately \$97.4 million or 132% from \$73.8 million in 1995 to \$171.2 million in 1996, primarily due to international (\$37.5 million) and domestic (\$13.5 million) acquisitions, new master contracts, increased volume under existing contracts and other new business (\$35.4 million), and an increase of \$11.0 million in general construction services.

Costs of revenue, excluding depreciation. Costs of revenue as a percentage of revenue increased from 71.7% in 1995 to 75.3% in 1996 primarily due to operations in new geographic areas. Domestic and international margins for the six months ended June 30, 1996 were 24.3% and 26.2%, respectively. The same trends discussed in the quarter to quarter discussion above impacted the six months' comparison.

Depreciation and amortization. Depreciation and amortization as a percentage of revenue decreased from 3.9% in 1995 to 3.1% in 1996 due to revenue growth and Sintel's lesser dependence on its own equipment, as it typically uses subcontractors to supply heavy equipment when needed.

General and administrative expenses. General and administrative expenses as a percentage of revenue increased from 10.1% in 1995 to 11.2% in 1996. The increase in general and administrative expenses as a percentage of revenue is primarily due to higher general and administrative expenses of the international operations, which approximated 15.3% of international revenue. The same trends discussed in the quarter to quarter discussion above impacted the six months' comparison.

Interest expense. Interest expense increased from \$2.2 million in 1995 to \$5.1 million in 1996. Included in interest expense for the six months ended June 30, 1996 is \$1.4 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.

Interest and dividend income, other income, net, equity in earnings of unconsolidated companies and minority interest. Interest and dividend income and other income, net, increased from \$2.7 million in 1995 to \$3.5 million in 1996 as a result of interest accrued on notes receivable and equity in earnings of unconsolidated companies. The increase from 1995 to 1996 was partially offset by the sale of a preferred stock investment.

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.)

Pro Forma Six Months Ended June 30, 1996 Compared to Pro Forma Six Months Ended June 30, 1995.

The following information and discussion is based on the unaudited pro forma results of operations for the Company assuming the Sintel Acquisition and the Related Transactions took place on January 1, 1995 and are based on the results from continuing operations of the Company and Sintel for the periods indicated. This discussion is presented for illustrative purposes only and is not necessarily indicative of the results of operations of the Company that actually would have occurred had the Sintel Acquisition been consummated on January 1, 1995. The discussion should be read in conjunction with the Financial Statements of the Company and the notes thereto included elsewhere herein.

The operating results for Sintel included in the pro forma information for the respective six month periods reflect certain trends that may be significant to understanding the pro forma results. The six months ended June 30, 1996 reflect substantial improvements in Sintel's cost structure, which were a direct result of Sintel's cost reduction program as previously discussed. Revenue increased at Sintel by 7.6% as compared to the six months ended June 30, 1995 while cost of revenue decreased as a percentage of revenue from 75% to 71.2% and general and administrative

expense decreased as a percentage of revenue from 19.2% to 16.3% in the two six month periods. Sintel's revenue represents approximately 60.0% of the Company's pro forma revenue for the six months ended June 30, 1995 and approximately 47.5% of pro forma revenue for the comparative 1996 period.

The following table sets forth certain pro forma consolidated financial data as a percentage of pro forma revenue for the six months ended June 30, 1996 and 1995.

	1996	1995
	-----	-----
Revenue	100.0%	100.0%
Costs of revenue, excluding depreciation	73.6%	73.7%
Special charge, operations	0.9%	11.1%
Depreciation and amortization	2.6%	2.5%
General and administrative expenses	13.1%	15.6%
Interest expense	3.7%	5.0%
Interest and dividend income, other income, net, equity in earnings of unconsolidated companies and minority interest	2.1%	2.5%
Income (loss) from continuing operations	5.2%	(3.6)%

Revenue. Revenue increased by approximately \$68.6 million or 37% from \$186.2 million in 1995 to \$254.8 million in 1996, primarily due to new master contracts, increased volume under existing contracts and other new business (\$35.4 million), domestic acquisitions of \$13.5 million, international growth of \$8.7 million, and an increase of \$11.0 million in general construction services revenue.

Costs of revenue, excluding depreciation. Costs of revenue as a percentage of revenue decreased from 73.7% in 1995 to 73.6% in 1996. International operations reduced costs of revenue as a percentage of revenue from 75.0% in 1995 to 71.2% in 1996. The improvement is a direct result of changes implemented by Sintel's management, primarily reductions in personnel (see "- Special charges-operations"). Domestically, costs of revenue increased from 71.7% to 75.7% primarily due to start-up costs associated with operations in new geographic areas.

Special charges-operations. Special charges-operations consists of severance costs incurred and paid by Sintel from workforce reductions under a cost reduction program. In 1994, new management was installed at Sintel with a focus on improving profitability. As a result, Sintel's management began a program to reduce costs and approximately 375 employees were terminated during the six months ended June 30, 1995, resulting in a charge of \$20.7 million for the period. The plan continued

through 1995 and Sintel recorded approximately \$30.2 million in severance costs for the year. In 1996, Sintel continued to accept voluntary terminations to further reduce its workforce, incurring an additional \$2.2 million in the six months ended June 30, 1996. As a result of its evaluation of the Sintel Acquisition, the Company adopted a plan designed to further reduce the Sintel workforce and recorded a reserve for anticipated severance costs. Approximately \$1.5 million was charged against this reserve in the two months ended June 30, 1996.

**Depreciation and amortization.** Depreciation and amortization as a percentage of revenue increased from 2.5% in 1995 to 2.6% in 1996, or from \$4.6 million in 1995 to \$6.6 million in 1996. The increase in dollar amount is due to domestic fleet added in the second part of 1995 to support internal growth.

**General and administrative expenses.** General and administrative expenses as a percentage of revenue decreased from 15.6% in 1995 to 13.1% in 1996. The decrease in general and administrative expenses as a percentage of revenue is primarily due to a significant reduction in general and administrative expenses of the international operations in connection with the cost reduction program discussed above. The general and administrative expenses of the international operations approximated 16.3% and 19.2% of international revenue in 1996 and 1995, respectively. This cost reduction program is continuing under the Company's ownership. Domestically, general and administrative expenses as a percentage of revenue are approximately the same for the first half of 1996 as for the comparable period in 1995.

**Interest expense.** Interest expense was \$9.5 million and \$9.3 million for 1996 and 1995, respectively, but decreased as a percentage of revenue from 5.0% in 1995 to 3.7% in 1996. Interest expense for domestic operations was approximately 3.0% of revenue for both 1996 and 1995. Average debt levels for Sintel were greater during 1995 due to its use of revolving credit facilities to fund the severance costs discussed above. At the end of 1995, Telefonica (which then owned Sintel) contributed approximately \$16.0 million in new capital to Sintel, which was used to lower debt levels, resulting in lower interest expense in 1996.

**Interest and dividend income, other income, net, equity in earnings of unconsolidated companies and minority interest.** Interest and dividend income and other income, net, increased from \$4.7 million in 1995 to \$5.3 million in 1996 as a result of interest accrued on notes receivable and equity in earnings of unconsolidated companies. The increase from 1995 to 1996 was partially offset by the sale of a preferred stock investment. On a pro forma basis, the equity in earnings of unconsolidated subsidiaries operating in Argentina, Chile and Peru increased by \$520,000 when compared to the same period in 1995.

## Year End Comparisons

The following table sets forth certain historical consolidated financial data as a percentage of revenue for the years ended December 31, 1995, 1994 and 1993.

	Year ended December 31,		
	1995	1994(1)	1993(1)
Revenue	100.0%	100.0%	100.0%
Costs of revenue, excluding depreciation	74.9%	75.4%	64.3%
Depreciation and amortization	4.0%	4.0%	1.4%
General and administrative expenses	10.9%	11.7%	22.1%
Interest expense	2.8%	3.2%	0.3%
Interest and dividend income and other income, net, equity in earnings (losses) of unconsolidated companies and minority interest	3.1%	2.2%	0.5%
Special charge--real estate and investments write-downs	13.2%	0.0%	0.0%
(Loss) income from continuing operations (1)	(1.8)%	5.2%	9.4%

(1) Income from continuing operations as a percentage of revenue has been adjusted to reflect a tax provision as though the Company had been subject to taxation as a C corporation.

## Year Ended December 31, 1995 Compared to Year Ended December 31, 1994

Revenue. Revenue increased by approximately \$63.3 million or 57% from \$111.3 million in 1994 to \$174.6 million in 1995, primarily due to expansion into new contract areas and the full year's effect in 1995 of acquisitions in 1994, including the Burnup Acquisition. See Note 2 to the Consolidated Financial Statements. Revenue generated under the Company's master contracts was \$113.6 million and \$76.2 million or 65% and 68% for 1995 and 1994, respectively.

Costs of revenue, excluding depreciation. Costs of revenue as a percentage of revenue decreased from 75.4% in 1994 to 74.9% in 1995, primarily due to improved margins resulting from improved operating efficiencies, improved productivity due to the use of more modern equipment, and the Company's renegotiation of an unprofitable master contract assumed as part of the Burnup Acquisition.

Depreciation and amortization. Depreciation and amortization as a percentage of revenue was 4.0% in both 1995 and 1994. Depreciation expense increased from \$4.4 million in 1994 to \$6.9 million in 1995 primarily due to a fleet replacement program related to the Burnup & Sims fleet acquired in the Burnup Acquisition and an increase in capital expenditures resulting from expansion into new contract areas.

General and administrative expenses. General and administrative expenses as a percentage of revenue declined from 11.7% in 1994 to 10.9% in 1995. General and administrative expenses

increased by approximately \$6.1 million from 1994 to 1995 due primarily to the impact of the Burnup Acquisition as the 1994 results exclude the results of operations (including general and administrative expenses) for Burnup & Sims from January 1 to March 11, 1994. Additionally, the Company expended approximately \$1.6 million in 1995 related to pursuing and monitoring investment opportunities abroad.

Interest expense. Interest expense increased from \$3.6 million in 1994 to \$5.0 million in 1995 primarily due to new borrowings used for equipment purchases, to fund notes receivable and to make investments in unconsolidated companies. See Note 2 to the Consolidated Financial Statements.

Interest and dividend income and other income, net, equity in earnings (losses) of unconsolidated companies and minority interest. Interest and dividend income increased from \$1.5 million in 1994 to \$3.3 million in 1995 as a result of dividends earned on the preferred stock investment acquired in the Burnup Acquisition and the interest accrued on notes receivable. See "Business--Telecommunications Investments." Other income increased by \$1.0 million from 1994 to 1995 as a result of a \$1,350,000 favorable settlement of a lawsuit. See Note 14 to the Consolidated Financial Statements.

Special charge-real estate and investments write-downs. In 1995, the Company incurred special charges totaling \$18.6 million to adjust the carrying values of its non-core real estate investments to estimated net realizable value based on preliminary offers received by the Company. In addition, the Company wrote down its preferred stock investment to the amount realized by its disposal in early 1996. See Note 5 to the Consolidated Financial Statements.

Year Ended December 31, 1994 Compared to Year Ended December 31, 1993

Revenue. Revenue increased by approximately \$66.6 million or 149% from \$44.7 million in 1993 to \$111.3 million in 1994. Revenue in telecommunications and related construction services increased \$71.6 million as a result of the Burnup Acquisition and other acquisitions in 1994 and increased \$4.2 million due to additional volume in 1994 under master contracts in effect at December 31, 1993. These increases in revenue were offset by a decrease of \$9.2 million in revenue from the Company's general construction services segment due to the completion of a significant project in the latter part of 1993.

Costs of revenue, excluding depreciation. Costs of revenue increased as a percentage of revenue from 64.3% in 1993 to 75.4% in 1994, primarily due to less profitable operations acquired in connection with the Burnup Acquisition.

Depreciation and amortization. Depreciation and amortization expenses increased to \$4.4 million in 1994, or 4.0% of revenue, from \$609,000 or 1.4% of revenue in 1993. The increase is primarily a result of (a) amortization of certain costs associated with the acquisitions made in 1994 and (b) an increase in depreciation due to the purchase of new equipment as part of a fleet replacement program for Church & Tower implemented in the latter part of 1993.

General and administrative expenses. General and administrative expenses increased by approximately \$3.2 million from 1993 to 1994 but decreased to 11.7% of revenue in 1994 compared



to 22.1% of revenue in 1993. In the fourth quarter of 1993, in anticipation of the change in tax status resulting from the Burnup Acquisition, bonuses were paid to certain employee/stockholders of Church & Tower, which significantly increased the general and administrative expenses of the Company for 1993. Additionally, non-recurring expenses associated with provisions for litigation and environmental expenditures were made in 1993. Excluding the bonuses and nonrecurring expenses, general and administrative expenses as a percentage of revenue would have been 11.3% in 1993.

Interest expense. Interest expense increased from \$133,000 in 1993 to \$3.6 million in 1994 due to (a) notes issued to pay for acquisitions made in 1994 other than the Burnup Acquisition, (b) debt incurred by Church & Tower shareholders in connection with the Burnup Acquisition and (c) debt assumed from Burnup & Sims following the acquisition.

Interest and dividend income and other income, net, equity in earnings (losses) of unconsolidated companies and minority interest. Interest and dividend income increased from \$315,000 in 1993 to \$1.5 million in 1994 due to dividend income earned on the preferred stock acquired in the Burnup Acquisition and interest earned on notes issued to stockholders prior to the Burnup Acquisition. Other income increased \$1.1 million from a net expense of \$81,000 in 1993 to \$1.0 million of income in 1994, primarily due to gains recognized on the sale of machinery and equipment of \$609,000 and the rental of certain equipment. The equity in earnings of unconsolidated companies decreased in 1994 by \$940,000 from 1993. During 1993, the Company recorded income of approximately \$1,187,000 related to its joint venture for the removal of debris related to Hurricane Andrew. The project undertaken by this joint venture was substantially completed in 1993.

Upon consummation of the Burnup Acquisition, Church & Tower's election to be treated as an S corporation was terminated and, accordingly, the Company recognized a net deferred tax asset of approximately \$435,000 related to deductible temporary differences. This benefit was included in the provision for income taxes for 1994. The Company was not subject to taxation in 1993 and prior years as the result of its S corporation election under the Internal Revenue Code.

See Note 1 to the Consolidated Financial Statements as to the impact of the new accounting standards to be implemented during 1996, the effect of which the Company does not believe will be material.

#### Financial Condition, Liquidity and Capital Resources

The Company's balance sheet as of June 30, 1996 reflects the impact of the Sintel Acquisition and the conversion of the Company's 12% Subordinated Convertible Debentures to Common Stock (the "Debentures"). (See Notes 2 and 4 to the Condensed Consolidated Financial Statements.)

The Company's primary source of liquidity has been cash flow from operating activities, external sources of financing, and the proceeds from the sale of non-core assets. During the six months ended June 30, 1996, \$42.7 million was generated from operations compared to \$10.5 million in the comparable period of 1995. Operating cash flows for the 1996 period includes the collection of a significant amount of international receivables. The Company's major international customer's payment terms are 180 days and require all unbilled work near the end of the year (work in

progress) to be billed prior to the close of the year. Accordingly, the second quarter has higher collections for the international operations than other quarters as the additional work in process billed in December is collected. Also, during the six months ended June 30, 1996, the Company invested \$7.6 million in acquisitions and received \$8.6 million from the sale of non-core assets. Cash paid for capital expenditures was \$2.8 million and an additional \$6.0 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 June 30, 1996, working capital was approximately \$95.9 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 June 30, 1996 are the net assets of 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.

As a result of expansion into new contract areas and continuing a fleet replacement program, the Company estimates spending approximately \$14.0 million in capital expenditures in 1996, primarily on existing domestic operations.

The Company has completed two acquisitions and increased its investment in an unconsolidated company during the six months ended June 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 5 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, 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 also anticipates that certain of its telecommunications investments and non-core assets will be converted into cash within the next twelve months.

#### Impact of Inflation

The primary inflationary factor affecting the Company's operations is increased labor costs. A substantial portion of the Company's domestic revenue is derived from services performed under

master contracts, which typically include provisions to increase contract prices on an annual basis based on increases in the Construction Price Index. Accordingly, the Company believes that increases in labor costs will not have a significant impact on its domestic results of operations. In Spain, the Company's labor costs are governed by a labor agreement with the Company's employee representatives that establishes wages and other compensation. The Company currently is negotiating a new labor agreement with its employee representatives, which the Company anticipates will not result in significant increases in labor costs.

#### Environmental Matters

The Company is in the process of removing, restoring and upgrading underground fuel storage tanks. As explained more fully in the notes to the Financial Statements, the Company does not expect the costs of completing this process to be material.

## BUSINESS

### GENERAL

The Company 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 ("outside plant services"), including the installation of aerial, underground and buried copper, coaxial and fiber optic cable networks and the construction of wireless antenna networks for telecommunications service companies such as local exchange carriers, long-distance carriers, competitive access providers, cable television operators and wireless phone companies. The Company also installs central office switching equipment ("switching"), and provides design, installation and maintenance of integrated voice, data and video local area networks and wide area networks inside buildings ("inside wiring"). The Company believes it is the largest independent contractor providing telecommunications infrastructure construction services in the United States and Spain and one of the largest in Argentina, Chile and Peru.

The Company is able to provide a full range of infrastructure services to its telecommunications company customers. Domestically, the Company provides outside plant services to local exchange carriers such as BellSouth, U.S. West, SBC Communications, Inc., United Telephone of Florida, Inc. (a subsidiary of Sprint Corporation) and GTE Corp. MasTec currently has 18 exclusive, multi-year service contracts ("master contracts") with RBOCs and other local exchange carriers to provide all of their outside plant requirements up to a specific dollar amount per job and within certain geographic areas. These contracts typically generate revenues ranging between \$3,000,000 and \$30,000,000 over their respective terms. Internationally, the Company provides outside plant services, turn-key switching system installation and inside wiring services to Telefonica under multi-year contracts similar to those in the U.S. Telefonica has committed to award Sintel a minimum of 75 billion Pesetas of work in Spain over a three year period commencing January 1, 1996 at market prices (anticipated to be \$200 million per annum based on current exchange rates).

The Company also provides outside plant services to long distance carriers such as MCI Communications Corporation and Sprint Corporation, competitive access providers such as MFS Communications Company, Inc., Sprint Metro and MCI Metro (the local telephone subsidiaries of Sprint and MCI), cable television operators such as Time Warner, Inc., Continental Cablevision, Inc. and Media One, and wireless communications providers such as PCS Primeco and Sprint Spectrum, L.P. Inside wiring services are being provided by the Company to large corporate customers such as First Union, IBM, Medaphis Corp., Smith Barney, Inc. and Dean Witter Reynolds, Inc. and to universities and government agencies.

The Company also provides design, installation and maintenance services (similar to those provided to telecommunications companies) to public utilities and the traffic control and highway safety industry. From time to time, the Company provides general construction and project management services to state and local governments.

The Company's executive offices are located at 3155 N.W. 77th Avenue, Miami, Florida, 33122-1205, telephone number (305) 599-1800.

## COMPANY HISTORY AND SINTEL ACQUISITION

The Company was formed in March 1994 through the combination of Church & Tower and Burnup & Sims, two established names in the telecommunications infrastructure construction industry that have been servicing the infrastructure needs of the telecommunications and public utility industries since 1969 and 1929, respectively. In March 1994, the current principal stockholders of the Company acquired approximately 65% of the outstanding common stock of Burnup & Sims, a public company, in the Burnup Acquisition. The name of Burnup & Sims was changed to MasTec, Inc. and current management assumed control of the combined operations. The current management team successfully integrated the operations of Church & Tower with Burnup & Sims, a company whose revenue for the fiscal year immediately preceding the combination was approximately three times as large as that of Church & Tower. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a discussion of strategic initiatives implemented following the Burnup Acquisition and the resulting financial impact.

To position itself to take advantage of expected increased demand for telecommunications infrastructure services arising from the deregulation and privatization of telecommunications systems in Europe and Latin America, the Company acquired Sintel from Telefonica on April 30, 1996. Sintel is the principal provider of telecommunications construction services to Telefonica and its affiliates in Spain, providing more than twice the volume of these services as Sintel's next largest competitor, and is one of the principal providers of these services to Telefonica's affiliates in Argentina, Chile and Peru. Telefonica has agreed to use its best efforts to afford Sintel the opportunity to provide infrastructure services on telecommunications projects in which Telefonica participates as a leader or co-leader worldwide and not to compete with Sintel at least until April 2001. Two members of Telefonica's management, including the vice president of telecommunications infrastructure services purchasing, serve on Sintel's board of directors.

Like the Burnup Acquisition, the Sintel Acquisition significantly increased the size of the Company; Sintel's revenue for the fiscal year ended December 31, 1995 was one and a half times greater than the Company's revenue for the same period. See "Management's Discussion and Analysis of Financial Condition and Results of Operations-Overview" for a description of the terms of the Sintel Acquisition.

## RECENT TRENDS AND COMPANY STRATEGY

### Recent Trends in the Telecommunications Industry

The telecommunications industry is undergoing fundamental changes in most markets throughout the world. The Telecommunications Act of 1996 in the United States, agreements among participating countries in the European Union and privatization and regulatory initiatives in Latin America are removing barriers to competition. In addition, growing customer demand for enhanced voice, video and data telecommunications have increased bandwidth requirements and highlighted network bandwidth limitations in many markets.

Increased Capital Expenditures on Network Construction and Upgrades. The Telecommunications Act of 1996, which was signed into law in February 1996, removes barriers to

competition and enables local and long distance carriers and cable television operators to enter each other's markets. The Company believes that deregulation will lead to increased construction of competing telecommunications networks as communications service providers expand into new markets. The Company also believes that increased competition among these providers to furnish enhanced voice, video and data services requiring greater bandwidth will lead to further upgrades of existing networks from copper to broadband fiber optic cable.

The Company also believes that continuing deregulation and privatization of telecommunications providers in Europe and Latin America will spur competition and increase demand for the Company's services. In Spain, the expected opening of the Spanish telecommunications market to competition in 1998 and the passage in 1995 of legislation authorizing and regulating the provision of cable television services are expected to increase the demand for infrastructure construction as new competitors enter the market and build their own networks. In Latin America, the ongoing deregulation and privatization of telecommunications services and the improving economies in the region have stimulated renewed capital investment in telecommunications systems.

In addition, the deployment of more powerful multi-media computers in business and the convergence of voice communications systems with data and video networks have resulted in increased demands for additional bandwidth within the internal communications networks of many domestic and international companies. Many businesses are upgrading their internal communications networks to personal computer-based servers interconnected with fiber optic cables, increasing the demand for inside wiring services.

Increased Outsourcing of Infrastructure Services to Fewer Qualified Contractors. To meet increased price competition in the local exchange market resulting from deregulation, the Company believes that telecommunications service providers, particularly the RBOCs, will attempt to reduce costs by outsourcing services such as infrastructure construction that are outside their core competencies. Independent contractors such as the Company typically have lower cost structures, primarily as a result of lower overhead costs, than the in-house construction departments of the RBOCs. In addition to expanding the scope of outsourced services, telecommunications companies and business customers increasingly are seeking comprehensive solutions to their infrastructure needs by turning to fewer qualified contractors to provide a full range of infrastructure services.

#### Company Strategy

The Company believes that it is well positioned to capitalize on these trends and is pursuing a strategy of growth in its core business through internal expansion and strategic acquisitions. The Company believes that the volume of business generated under existing contracts will increase as a result of the increase in demand for its services. The Company intends to continue providing services to its existing customers under its present long-term contracts and, if possible, to extend these agreements beyond their current terms. In addition, the Company believes that its reputation for quality and reliability, operating efficiency, financial strength, technical expertise, presence in key geographic areas and ability to achieve economies of scale provide competitive advantages in bidding for and winning new contracts for telecommunications infrastructure projects. The Company intends to pursue aggressively the larger, more technically complex infrastructure projects where its competitive advantages will have the greatest impact.

The Company also plans to continue to make strategic acquisitions. The Sintel Acquisition has positioned the Company to take advantage of increased competition anticipated in Europe and the rapid upgrading of telecommunications services expected in Latin America. In the United States, the Company is continuing to pursue opportunities to acquire selected operators that will enable the Company to expand its geographic coverage and customer base without the risks and expense of start-up operations and to acquire additional management talent for future growth. For example, the acquisition of two master contractors since the Burnup Acquisition has enabled the Company to expand its existing operations in Tennessee and enter the Alabama market. The Company believes there are attractive consolidation opportunities in the fragmented telecommunications infrastructure construction industry. The Company believes that it can apply its resources and expertise to acquisitions in new markets to expand the business of the acquired company. In certain cases, these "add-on" acquisitions also should improve operating margins through economies of scale, such as the elimination of duplicative administrative overhead and more efficient utilization of personnel and equipment. Corporate-wide economies of scale, particularly with respect to equipment purchases, are also made possible by the Company's greater buying power.

#### SERVICES, MARKETS AND CUSTOMERS

##### Telecommunications Construction - United States Operations

Outside Plant Construction. The Company's principal domestic business consists of outside plant services for telecommunications providers, including local exchange carriers, competitive access providers, and cable television operators. Outside plant services consist of all of the services necessary to design, install and maintain the physical facilities used to provide telecommunications services from the provider's central office, switching center or cable head-end to the ultimate consumer's home or business. These services include the placing and splicing of cable, the excavation of trenches in which to place the cable, the placing of related structures such as poles, anchors, conduits, manholes, cabinets and closures, the placing of drop lines from the main transmission lines to the customer's home or business, and the maintenance and removal of these facilities. With the exception of drop line placement, the Company also provides these services to long distance carriers. The Company has developed expertise in directional boring, a highly specialized and increasingly necessary method of placing buried cable networks in congested urban markets without digging a trench.

The Company is capable of providing a full range of outside plant services to its telecommunications company customers. RBOCs, however, have in-house departments that typically handle placing of aerial and underground cable, cable splicing, and aerial drop line placement. The Company's customers generally supply materials such as cable, conduit and telephone equipment, and the Company provides the expertise, personnel, tools and equipment necessary to perform the required services.

The Company currently provides telecommunications construction services to customers in Alabama, Arizona, California, Colorado, Florida, Georgia, Michigan, North Carolina, South Carolina, Tennessee and Texas. Principal customers for telecommunications outside plant services include BellSouth, U.S. West, SBC Communications, Inc., the long distance and local exchange

subsidiaries of both MCI Communications Corporation and Sprint Corporation, GTE Corp., MFS Communications Company, Inc., Time Warner, Inc., Continental Cablevision, Inc. and Media One.

Services rendered to the Company's local exchange customers are performed primarily under master contracts, which are exclusive service contracts to provide all of the carrier's outside plant requirements up to a specified dollar amount per job and within certain geographic areas. These contracts typically generate revenue ranging between \$3,000,000 and \$30,000,000 over their respective terms, typically two to three years. Each master contract contemplates hundreds of individual construction and maintenance projects valued generally at less than \$100,000 each. These contracts typically are awarded on a competitive bid basis, although customers are sometimes willing to extend these contracts beyond their original terms. The Company currently has 18 master contracts with telecommunications customers, covering defined regions within the southeastern and southwestern United States, including 13 with different divisions of two RBOCs and five with two non-Bell local exchange carriers.

In addition to services rendered pursuant to master contracts, the Company provides outside plant services on individual projects awarded on a competitive bid basis. While such projects are generally substantially larger than the individual projects covered by master contracts, they typically require the provision of services identical to those rendered under master contracts.

The Company also provides turn-key design, installation and maintenance services to the wireless communications industry, including site preparation, design and construction of communications towers, placement of antennas and associated wiring, and construction of equipment huts. In May 1996, the Company was awarded a contract by Sprint Spectrum, L.P. to build 100 personal communications service ("PCS") transmission towers in southeast Florida.

Inside Plant Construction ("Inside Wiring"). The Company provides design, installation and maintenance of integrated voice, data and video networks inside buildings for large companies with multiple locations such as First Union, IBM, Dean Witter Reynolds, Inc., and Smith Barney, Inc., for college campuses such as the University of Miami and for medical facilities such as Carolina Medical Center.

Inside wiring services consist of designing, installing and maintaining local area networks and wide area networks linking the customers' voice communications networks at multiple locations with their data and video services. This type of work is similar to outside plant construction; both involve the placing and splicing of copper, coaxial and fiber optic cables. Inside wiring is less capital intensive than outside plant construction but requires a more technically proficient work force.

The Company's contracts to service First Union and IBM are similar to master contracts in the outside plant business because they grant the Company the exclusive right to provide inside wiring to these customers within certain geographic regions. The Company also provides inside wiring services on individual projects that are awarded on a competitive bid basis. The Company intends to take advantage of the fragmentation of the inside wiring industry by marketing a full range of inside wiring services to large corporations with multiple locations across the country. Increasingly, these types of customers are seeking a single vendor to provide all of their inside



wiring; First Union, for example, used more than 50 different vendors to provide the services that the Company now provides.

#### Telecommunications Construction - International Operations (Sintel)

Sintel is a Spanish company which has provided telecommunications construction services to Telefonica and Telefonica's affiliates since 1950. Through Sintel, the Company is the principal provider of telecommunications infrastructure services to Telefonica and its affiliates in Spain, and one of the principal providers of these services to Telefonica's affiliates in Argentina, Chile and Peru. Telefonica is the sole provider of local and long distance telephony in Spain. Through its affiliate, Telefonica Internacional, S.A. ("Telefonica Internacional"), Telefonica owns interests ranging from 19% to 44% in the local telephone companies of Argentina, Chile and Peru.

Spanish Operations. In Spain, Sintel's principal business is providing outside plant, inside wiring services and equipment installation to Telefonica and its affiliates. These services are substantially similar to those provided by the Company in the United States. Sintel also installs Telefonica telephone equipment in residences and businesses. Sintel subcontracts certain outside plant services to reduce personnel expenses and to minimize investment in equipment. Sintel's Spanish operations are concentrated in Spain's three largest commercial centers -- Madrid, Barcelona and Valencia -- and surrounding areas, although Sintel maintains a presence throughout Spain.

Sintel provides for the largest percentage of Telefonica's outside plant services requirements. Sintel provides the bulk of these services under three separate service contracts, which are similar to master contracts, for distinct types of outside plant services: (a) placement and splicing of communications lines; (b) trenching and placing of conduits; and (c) placing of drop lines to residences and businesses. These agreements set the unit prices at which Sintel will render services to Telefonica and establish the percentage of Telefonica's requirements in these categories that will be satisfied by Sintel in particular geographic areas of Spain. Each of the agreements is for a three-year term. Telefonica enters into similar agreements with Sintel's principal competitors in Spain. The Company believes that Telefonica considers various factors in awarding these contracts and setting their terms, including price, quality, technical proficiency and the contractor's relationship with Telefonica. Telefonica also awards individual projects through a competitive bidding process.

In recent years, Telefonica has reduced the number of contractors with which it will enter into comprehensive services agreements. Because of Sintel's historical relationship with Telefonica and Telefonica's commitment to award Sintel a specified minimum amount of work in Spain during the next three years, the Company expects that Sintel will continue to be the principal provider of these services to Telefonica in Spain.

In addition to outside plant services, Sintel provides inside wiring services to Telefonica that are substantially similar to those provided by the Company in the United States. Sintel also installs transmission equipment, central office switching equipment, power generating equipment and cellular equipment for telecommunications systems for Telefonica. The equipment installed includes multiplexers, carrier systems and microwave systems, and central office equipment such as frames, protectors, connector blocks, batteries and power systems, and cellular antennas and cell sites. The contracts for this work are awarded on a competitive bid basis.

Telefonica currently has a monopoly on the provision of local and long distance telephony in Spain, and Sintel derives approximately 88% of its revenue from the provision of services to Telefonica and its Spanish affiliates. As a result of European Union initiatives, Spain must liberalize its telecommunications industry between 1998 and 2003 to permit competitors to Telefonica. Although the Spanish government has not yet established a timetable for deregulation, it is expected that a second provider of public switched telephony will be allowed to begin operating in Spain by January 1, 1998, and that the industry will be completely open to competition by the year 2000. The Company believes that the demise of Telefonica's monopoly will increase demand for outside plant services in Spain as new service providers build competing networks. The Company intends to use Sintel's position as Spain's principal independent telecommunications infrastructure contractor to obtain a significant percentage of the work created by the increased demand for outside plant services.

Sintel also installs and maintains cable television networks for Telefonica and its affiliates. The Spanish cable television market has been underdeveloped due to the lack of legislation authorizing and regulating the provision of cable television services in Spain. In December 1995, the Spanish legislature passed such legislation. The telecommunications law is being modified in certain respects by the Spanish government, and regulations implementing the law are not expected to be adopted until later this year. Once the legal structure for the provision of cable television services has been completed, the Company anticipates that the demand for these services will increase significantly. The Company further believes that this increased demand will require the construction of additional cable television networks, including connections to individual homes and businesses. Sintel has entered into a joint venture with Abengoa, S.A., one of Spain's largest construction companies and the second largest provider of telecommunications services to Telefonica, to build broadband cable television networks in Spain.

Sintel also provides outside plant, inside wiring and equipment installation of computer networks for government agencies and private businesses; designs, installs and maintains radio communications and other wireless networks; provides infrastructure services to the radio and television broadcasting industry; and installs and maintains traffic control and highway safety devices and equipment.

Latin American Operations. Sintel has operations in Argentina, Chile and Peru conducted through companies in which Sintel holds a nonmajority interest. Sintel holds a 50% interest in its affiliate in Argentina and a 38% interest in its affiliate in Peru. Telefonica Internacional holds a 25% interest in both the Argentina and Peru affiliates. Although Sintel does not hold a majority interest in these companies, it effectively controls their operational management. Sintel and a subsidiary of Sociedad Macri, one of the largest commercial groups in Argentina, each hold a 50% interest in Sintel's affiliate in Chile and share operational management.

Sintel's Latin American affiliates primarily provide outside plant services, cable television installation and similar services to Telefonica's local telephone company affiliate in each of the countries in which the Sintel affiliate is located: Telefonica de Argentina (TASA) in Argentina; Compania de Telefonos de Chile (CTC) in Chile; and Telefonica del Peru in Peru. In the past, Telefonica has invited its suppliers in Spain, including Sintel, to follow Telefonica's expansion into Latin America and provide the same services to Telefonica's local affiliates. As part of the sale of

Sintel to the Company, Telefonica has agreed to use its best efforts to give Sintel the opportunity to provide infrastructure services on telecommunications projects in which Telefonica participates as a leader or co-leader worldwide.

#### Related Infrastructure Construction Businesses

**Infrastructure Construction for Public Utilities.** The Company provides infrastructure construction services to public utilities, including the Miami Dade Water and Sewer Authority, the City of Austin, the City of San Antonio Utilities Department, Jacksonville Electric Authority and Memphis Light, Gas and Water Division. These services, which are substantially similar to the outside plant services provided to telecommunications companies, include directional boring of conduit and pipes, trenching, placing of electric cables, and restoring asphalt and concrete surfaces. Services to all of these customers except the City of San Antonio are provided under exclusive master contracts with two to three year terms.

The Company also provides right-of-way clearance services to public utilities, primarily rural electric cooperatives in Alabama, Florida and Georgia, and to non-utility companies such as railroads.

**Traffic Control and Highway Safety Infrastructure Construction.** The Company provides infrastructure construction services to the traffic control and highway safety industry. These services consist of installing and maintaining traffic signals and their associated supporting mechanisms (such as mast-arm poles, conduit, electrical wiring and sensors), installing and maintaining traffic controllers, connecting signals and controllers with fiber optic cables, and erecting signs on highways and expressways. The Company also provides turn-key installation and maintenance services for airport runway lighting systems. Technology convergence has led to the development of "smart highways," which employ video cameras, remote controlled traffic signals, "talking" message signs, road sensors and other similar devices interconnected by fiber optic cable to a central computer that monitors and controls traffic flow remotely. The Company has constructed a portion of Georgia's first smart highway system in Atlanta. The labor, equipment and expertise required for traffic control and highway safety systems construction are similar to those required for telecommunications construction, such as the installation of fiber optic or coaxial cable and conduit for electronically controlled signage and other traffic control systems.

These services primarily are rendered on specific projects awarded on a competitive bid basis. Customers include state transportation departments, cities and counties, highway contractors and private developers, principally in Florida and Georgia. The Company conducts this business both as a prime contractor and as a subcontractor.

#### General Construction Services

From time to time, the Company provides general construction and project management services to municipalities and state and local governments. The Company's project management services consist of the overall coordination of construction projects from the design to build phases, including pre-construction management, bonding requirements, coordination of subcontractors, inspections and assurances of on-time delivery. All such projects are awarded through a competitive bid process. Currently, the Company is the project manager for improvements to a

system of water pumping stations operated by the Miami-Dade Water and Sewer Authority, construction of a detention facility for the Broward County Sheriff's Office, and construction of several primary learning centers for the Dade County School system.

#### TELECOMMUNICATIONS INVESTMENTS

The Company has invested in certain telecommunications businesses located in or servicing Latin America and the Caribbean. These include a minority interest in Supercanal, S.A. and related entities, which operate a cable television system in Argentina. In addition, the Company has made a loan to the holding company for Consorcio Ecuatoriano de Telecomunicaciones, S.A., an Ecuadorian cellular company. This loan is convertible into equity under certain circumstances. See Notes 2 and 9 to the Condensed Consolidated Financial Statements and Note 2 to the Consolidated Financial Statements for a further discussion of these investments. The Company is evaluating these investments to enhance their value to the Company's stockholders.

#### SUPPLIERS

The Company's customers supply the majority of the raw materials and supplies necessary to carry out the Company's contracted work. The Company is not dependent on any one supplier for any raw materials or supplies that the Company obtains for its own account.

#### SEASONALITY

The Company's telecommunications construction business is subject to some seasonality, and in some years the Company has experienced a reduction in revenue during the months of December and January relative to other months. This reduction is due, in large part, to reduced expenditures and work order requests of the Company's telecommunications customers, particularly Telefonica and the RBOCs, at the end of their budgetary years, which typically end in December. Severe winter weather conditions may also affect demand for the Company's services.

#### COMPETITION

The Company competes with other independent contractors in most of the markets in which it operates. Most companies engaged in the same or similar business tend to operate in a specific, limited geographic area, although larger competitors may bid on a particular project without regard to location. Although the Company believes it is the largest provider of telecommunications infrastructure services to the telecommunications industry in the United States and Spain, neither the Company nor any of its competitors can be considered dominant in the industry on a national or international basis. The Company also faces competition from the in-house construction and maintenance departments of RBOCs, which employ personnel who perform some of the same types of services as those provided by the Company.

#### EMPLOYEES

The Company has approximately 5,100 employees, 2,600 of whom are employed in domestic operations and 2,500 of whom are employed by Sintel. Substantially all of the Sintel

employees are unionized. See "Risk Factors - Certain Risks Associated with Sintel -- Labor Relations" for a description of the current state of labor relations at Sintel.

#### PROPERTIES

The Company's corporate headquarters are located in a 60,000 square foot building in Miami, Florida owned by the Company. The Company also has regional offices located in Miami, Tampa, Atlanta, Austin and Charlotte. Sintel's principal executive offices are located in leased premises in Madrid, Spain. See "Management's Discussion and Analysis of Financial Condition and Results of Operations-Overview" for a description of the sale of Sintel's owned property in Spain to Telefonica and the consolidation of Sintel's operations.

The Company's principal operations are conducted from field offices, equipment yards and temporary storage locations, none of which the Company believes is material to its operations because most of the Company's services are performed on the customers' premises or on public rights of way. In addition, the Company believes that equally suitable alternative locations are available in all areas where it currently does business.

The Company owns several assets in the United States that are unrelated to its core construction business and that it intends to sell. Among these assets are (a) a printing and labeling business, including a 60,000 square foot printing plant in Stuart, Florida; (b) approximately 1,500 acres of unimproved land in Florida; and (c) four non-operating drive-in theaters located in central and southwest Florida. All of these properties were assets of Burnup & Sims acquired as part of the Burnup Acquisition. The Company is actively attempting to dispose of all of these assets to concentrate its resources on its core telecommunications construction and related businesses.

#### LEGAL PROCEEDINGS

The following is a summary of material legal proceedings involving the Company.

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 in 1989 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.

In November 1993, Mr. Kahn filed a class action and derivative complaint against Burnup & Sims, the members of its Board of Directors, 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 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 BellSouth arising from certain work performed by a subcontractor of the Company from 1991 to 1993 and a second lawsuit filed by the County of Gilpin, Colorado, against the Company in connection with work performed for U.S. West during 1992. The amounts claimed against the Company in these two lawsuits in the aggregate total approximately \$1.5 million. Both lawsuits were filed in November 1995 and are in the process of discovery. The Company believes that the allegations asserted by BellSouth and Gilpin County in these lawsuits are without merit and intends to defend these lawsuits vigorously.

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 consummation of the Burnup Acquisition.

The Company is a party to other pending legal proceedings arising in the normal course of business, none of which the Company believes is material to the Company's financial condition or results of operations.

MANAGEMENT

EXECUTIVE OFFICERS, DIRECTORS AND KEY EMPLOYEE

The table below sets forth the names and ages of the directors, executive officers and significant employees of the Company as well as the positions and offices held by such persons. A summary of the background and experience of each of these individuals is set forth after the table. Each director holds office for a three year term and until his successor has been elected and qualified. Officers serve at the discretion of the Company's Board of Directors. Jorge Mas is the son of Jorge L. Mas. There are no other family relationships among the directors or officers of the Company.

NAME	AGE	POSITION
- - - - -	---	-----
Jorge L. Mas	57	Chairman of the Board of Directors
Eliot C. Abbott	47	Director
Arthur B. Laffer	56	Director
Samuel C. Hathorn, Jr.	53	Director
Jose S. Sorzano	55	Director
Jorge Mas	33	President amd Chief Executive Officer, Director
Ismael Perera	47	Senior Vice President-Operations
Edwin D. Johnson	40	Senior Vice President-Chief Financial Officer
Ubiratan Simoes Rezende	48	Senior Vice President-International Operations
Carlos A. Valdes	33	Senior Vice President-Business Development
Jose M. Sariego	42	Senior Vice President-General Counsel

Carmen M. Sabater	32	Corporate Controller
Nancy J. Damon	46	Corporate Secretary
Jose Luis Ucieda	53	President of Sintel

Jorge L. Mas was elected Chairman of the Board of Directors of the Company on March 11, 1994, the effective date of the Burnup Acquisition. Mr. Mas has been the President and Chief Executive Officer of Church & Tower of Florida, Inc., one of the Company's largest subsidiaries, since 1969. Mr. Mas serves on the Board of Directors of First Union National Bank of Florida, N.A.

Eliot C. Abbott was elected to the Board of Directors on March 11, 1994 in connection with the Burnup Acquisition. From 1976 until September 30, 1995, Mr. Abbott was a stockholder in the Miami law firm of Carlos & Abbott. Since October 1, 1995, Mr. Abbott has been a member of the international law firm of Kelley Drye & Warren.

Arthur B. Laffer was elected to the Board of Directors on March 11, 1994 in connection with the Burnup Acquisition. Mr. Laffer has been Chairman of the Board of Directors of A.B. Laffer, V.A. Canto & Associates, an economic research and financial consulting firm, since 1979; Chief Executive Officer, Laffer Advisors Inc., an investment advisor and broker-dealer, since 1981; and Chief Executive Officer, Calport Asset Management, a money management firm, since 1992. Mr. Laffer is a director of U.S. Filter Corporation.

Samuel C. Hathorn, Jr. has been a member of the Board of Directors since 1981. He has been president and a director of Trendmaker Homes since 1981 and president of Centennial Homes, Inc. since December 1, 1990, each of which is a subsidiary of Weyerhaeuser Co.

Jose S. Sorzano was elected to the Board of Directors on November 6, 1994. Mr. Sorzano has been Chairman of the Board of Directors of The Austin Group, Inc., an international corporate consulting firm, since 1989. Mr. Sorzano was also Special Assistant to the President for National Security Affairs from 1987 to 1988; Associate Professor of Government, Georgetown University, from 1969 to 1987; President, Cuban American National Foundation, from 1985 to 1987; and Ambassador and U.S. Deputy to the United Nations from 1983 to 1985.

Jorge Mas has served as President, Chief Executive Officer and a director of the Company since March 11, 1994, the date of the Burnup Acquisition. Prior to that time and during the past five years, Mr. Mas served as the President and Chief Executive Officer of Church & Tower, Inc. (and its predecessor company, Communications Contractors, Inc.). In addition, Mr. Mas is the Chairman of the Board of Directors of Neff Corp., Atlantic Real Estate Holding Corp. and U.S. Development Corp. (all private companies controlled by Mr. Mas) and, during all or a portion of the past five years, has served as the President and Chief Executive Officer of these corporations.

Ismael Perera has served as Senior Vice President-Operations of the Company since March 11, 1994, the date of the Burnup Acquisition. From August 1993 until March 1994, he served as the Vice President-Operations of Church & Tower, Inc. From 1970 until July 1993, Mr. Perera served in various capacities in network operations for BellSouth, including most recently as a Senior Director of Network Operations from 1985 to 1993.

Edwin D. Johnson was elected Senior Vice President-Chief Financial Officer of the Company in March 1996. During the last 10 years, Mr. Johnson served in various capacities with Attwoods plc., a British waste services company, including chief financial officer and member of the board of directors during the final three years.

Ubiratan Simoes Rezende was elected Senior Vice President-International Operations of the Company in March 1996. From August 1995 to March 1996, Mr. Rezende was Dean of Graduate Studies and International Programs at La Roche College. From 1991 to 1993, Mr. Rezende was visiting professor of the Paul Nitze School of Advanced International Studies at Johns Hopkins University, and from 1979 to 1992 he was a professor at the Center of Social and Economic affairs at the University of Santa Catarina in Brazil. Mr. Rezende also has served as Chief of Staff of the Organization of American States and as Executive Vice President of the holding company for the Perdigao Group, the second largest food processing company in Brazil.

Carlos A. Valdes has served as Senior Vice President-Business Development since March 11, 1994, the date of the Burnup Acquisition. Prior to that time, Mr. Valdes served as the Chief Financial Officer of Church & Tower, Inc. from 1991 to 1994 and as a Vice President of First Union National Bank of Florida N.A. from 1986 to 1991.

Jose M. Sariego has served as Senior Vice President-General Counsel since September 1995. Prior to joining the Company, Mr. Sariego was Senior Corporate Counsel and Secretary of Telemundo Group, Inc., a Spanish language television network, from August 1994 to August 1995. From January 1990 to August 1994, Mr. Sariego was a partner in the Miami office of Kelley Drye & Warren, an international law firm.

Carmen M. Sabater has served as the Corporate Controller of the Company since April 1994. Prior to joining the Company, Ms. Sabater was a Senior Manager (1993-1994) and Manager (1989-1993) with Deloitte & Touche L.L.P.

Nancy J. Damon has served as the Corporate Secretary of the Company since March 11, 1994. Prior to that time, Ms. Damon served as a paralegal at the Company from February 1990 until March 1994.

#### KEY EMPLOYEE

Jose Luis Ucieda, is the president of Sintel, a position he has held since July 1994. Prior to joining Sintel, Mr. Ucieda was the Chief Financial Officer of Grupo Anaya, S.A., a textbook, magazine and software publishing company, from February 1987 to 1994. Among other positions, Mr. Ucieda was also Chief Executive Officer of Schweppes S.A., a beverage manufacturer and Distributor, from 1978 to 1984, and was Chief Financial Officer of Tabacalera, S.A., the Spanish tobacco manufacturing monopoly, from 1974 to 1978.



PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth, as of August \_\_, 1996, and adjusted at that date to reflect the sale of the Company's Common Stock offered hereby, information with respect to the beneficial ownership of the Company's Common Stock by (a) each Selling Stockholder, (b) each person known to the Company to beneficially own more than 5% of the outstanding shares of the Company's Common Stock, (c) each director of the Company and each executive officer, and (d) all executive officers and directors of the Company as a group. Unless otherwise indicated, (a) each such stockholder has sole voting and investment power with respect to the shares beneficially owned by such stockholder and (b) has the same address as the Company.

	SHARES BENEFICIALLY OWNED PRIOR TO THE OFFERING		SHARES TO BE SOLD IN THE OFFERING	SHARES BENEFICIALLY OWNED AFTER THE OFFERING	
	NUMBER OF SHARES	PERCENT OF CLASS		NUMBER OF SHARES	PERCENT OF CLASS
Eliot C. Abbott	15,000 (1)	*	-	15,000 (1)	*
Nancy J. Damon	400 (1)	*	-	400 (1)	*
Samuel C. Hathorn, Jr.	5,200 (2)	*	-	5,200 (2)	*
Edwin D. Johnson	4,500	*	-	4,500	*
Arthur B. Laffer	40,000 (1)	*	-	40,000 (1)	*
Jorge L. Mas	5,318,965 (3)	31%	-	-	-
Jorge Mas	3,921,970 (1)(4)	23%	-	-	-
Ismael Perera	18,492 (1)	*	-	18,492 (1)	*
Ubiratan Simoes Rezende	-	-	-	-	-
Carmen M. Sabater	3,000 (1)	*	-	3,000 (1)	*
Jose M. Sariego	2,500 (1)	*	-	2,500 (1)	*
Jose S. Sorzano	5,000 (1)	*	-	5,000 (1)	*
Carlos A. Valdes	16,438 (1)	*	-	16,438 (1)	*
All executive officers and directors as a group (13 persons)	9,351,465 (1)(5)	56%	-	-	-
FMR Corp., 82 Devonshire Street, Boston, MA 02109	1,693,500	10%	-	1,693,500	10%

(1) The amounts shown include shares covered by options exercisable within 60 days of August \_\_, 1996 as follows: Jorge Mas 12,000 shares; Eliot C. Abbott 15,000 shares; Arthur B. Laffer 40,000 shares; Ismael Perera and Carlos A. Valdes 16,000 shares each; Carmen M. Sabater 3,000 shares; Jose M. Sariego 2,000 shares; Jose S. Sorzano 5,000 shares and Nancy J. Damon 400 shares.

(2) Includes 200 shares held by the children of Mr. Hathorn, as to which Mr. Hathorn disclaims beneficial ownership.

(3) Includes 5,250,000 shares owned of record by Jorge L. Mas Canosa Holding I Limited Partnership, a Texas limited partnership ("Jorge L. Mas Holdings"), and 68,965 shares owned of record by the Mas Family Foundation, Inc., a Florida not-for-profit corporation (the "Family Foundation"). The sole general partner of Jorge L. Mas Holdings is Jorge L. Mas Holdings Corporation, a Texas corporation that is wholly-owned by Mr. Mas. Jorge L. Mas, Jorge Mas and other members of the Jorge L. Mas family are the sole members and directors of the Family Foundation. Mr. Mas disclaims beneficial ownership of the shares owned by the Family Foundation.

(4) Includes 3,844,000 shares owned of record by Jorge Mas Holding I Limited Partnership, a Texas limited partnership ("Jorge Mas Holdings"), 68,965 shares owned of record by the Family Foundation, 12,000 shares covered by options exercisable within 60 days of August \_\_, 1996, and five shares owned of record individually. The sole general partner of Jorge Mas Holdings is Jorge Mas Holdings Corporation, a Texas corporation that is wholly-owned by Mr. Mas. Mr. Mas disclaims beneficial ownership of the shares owned by the Family Foundation.

(5) The 68,985 shares owned by Mas Family Foundation, Inc. are counted once for ownership percentage purposes.

\* Less than 1%

#### CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company purchases and leases construction equipment from a company controlled by Mr. Jorge Mas. During 1995, the Company paid approximately \$544,000 for equipment rentals and approximately \$322,000 for equipment purchases from this affiliate. The Company also makes available certain office space and the part-time services of certain employees to affiliates. The Company believes the value of the space and services is not material.

In 1994, Church & Tower, Inc. and Church & Tower of Florida, Inc. provided Messrs. Jorge L. Mas, Chairman of the Board and President of Church & Tower of Florida, Inc., Jorge Mas, President and Chief Executive Officer of Church & Tower, Inc., and Juan Carlos Mas and Jose Ramon Mas, each a shareholder of Church & Tower, Inc. and a son of Jorge L. Mas, with a loan of \$2,000,000, \$1,280,000, \$158,000 and \$132,000, respectively, bearing interest at prime plus 2% (10.5% at December 31, 1995) with interest due annually and principal due on December 31, 1996. The loans were made to assist these individuals in meeting their estimated federal income tax obligations related to the 1993 S corporation earnings of Church & Tower, Inc. and Church & Tower of Florida, Inc. As of June 30, 1996, Jorge L. Mas, Jorge Mas, Juan Carlos Mas and Jose Ramon Mas remained indebted to the Company for \$1,000,000, \$480,000, \$158,000 and \$132,000, respectively, plus accrued interest.

For the year ended December 31, 1995, the Company paid approximately \$114,000 in legal fees to Carlos & Abbott, P.A. a law firm of which Eliot C. Abbott was a stockholder.

#### SELECTION OF AUDITORS

On May 8, 1995, the Board of Directors dismissed Price Waterhouse L.L.P. as the Company's independent auditors. The Audit Committee of the Board of Directors unanimously recommended to the Board of Directors that Coopers & Lybrand L.L.P. be retained as the new independent auditors effective June 29, 1995, and the Board of Directors approved this recommendation.

None of the reports of Price Waterhouse L.L.P. on the financial statements of the Company filed for the 1994 fiscal year contained an adverse opinion or a disclaimer of opinion, or were qualified or modified as to uncertainty, audit scope or accounting principles. During the 1994 fiscal year and the subsequent interim period preceding the dismissal of Price Waterhouse L.L.P., there was no disagreement between the Company and Price Waterhouse L.L.P. on any manner of accounting principle or practice, financial statement disclosure, or auditing scope or procedure that would have

caused Price Waterhouse L.L.P. to have made reference to the subject matter of the disagreement in connection with its reports, and during such period no reportable event occurred.

#### DESCRIPTION OF CAPITAL STOCK

The authorized capital stock of the Company consists of 50,000,000 shares of Common Stock, \$.10 par value, and 5,000,000 shares of preferred stock, \$1.00 par value (the "Preferred Stock"). Upon completion of the Offering, there will be \_\_\_\_\_ shares of Common Stock issued and outstanding. No shares of Preferred Stock are outstanding.

#### COMMON STOCK

The holders of Common Stock are entitled to one vote per share on all matters submitted to a vote of the stockholders. Holders of Common Stock do not have cumulative rights, so that holders of more than 50% of the shares of Common Stock are able to elect all of the Company's directors eligible for election in a given year. For a description of the classification of the Board of Directors, see "--Delaware Law and Certain Provisions of Certificate of Incorporation and By-laws." The holders of Common Stock are entitled to dividends and other distributions if and when declared by the Board of Directors out of assets legally available therefor, subject to the rights of any holder of Preferred Stock that may from time to time be outstanding. See "Dividend Policy." Upon the liquidation, dissolution or winding up of the Company, the holders of shares of Common Stock are entitled to share pro rata in the distribution of all of the Company's assets remaining available for distribution after satisfaction of all the Company's liabilities and the payment of the liquidation preference of any Preferred Stock that may be outstanding. The holders of Common Stock have no preemptive or other subscription rights to purchase shares of stock of the Company, and there are no redemption or sinking fund provisions applicable to the Common Stock. Immediately upon consummation of this Offering, all of the then outstanding shares of Common Stock will be validly issued, fully paid and nonassessable.

The transfer agent and registrar for the Common Stock is First Union National Bank of North Carolina.

#### PREFERRED STOCK

The Company's Restated Certificate of Incorporation (the "Certificate") authorizes the Company's Board of Directors to issue Preferred Stock in series and to establish the number of shares to be included in each such series and to fix the designations, powers, preferences and rights of the shares of each such series and any qualifications, limitations or restrictions thereof. Because the Board of Directors has the power to establish the preferences and rights of the shares of any such series of Preferred Stock, it may afford the holders of any Preferred Stock that may be outstanding, preferences, powers and rights (including voting rights) senior to the rights of the holders of Common Stock. The issuance of Preferred Stock may have the effect of delaying, deferring or preventing a change in control of the Company.

DELAWARE LAW AND CERTAIN PROVISIONS OF CERTIFICATE OF INCORPORATION AND BY-LAWS

The Certificate, the Company's By-laws (the "By-laws") and Section 203 of the DGCL contain certain provisions that may make the acquisition of control of the Company by means of a tender offer, open market purchase, proxy fight or otherwise, more difficult.

**Business Combinations.** The Company is a Delaware corporation and is subject to Section 203 of the DGCL. In general, subject to certain exceptions, Section 203 of the DGCL prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless: upon consummation of such transaction, the interested stockholder owned 85% of the voting stock of the corporation outstanding at the time the transaction commenced (excluding for purposes of determining the number of shares outstanding those shares owned by (x) persons who are directors and also officers and (y) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer); the business combination is, or the transaction in which such person became an interested stockholder was, approved by the board of directors of the corporation before the stockholder became an interested stockholder; or the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of the corporation's stockholders by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder. For purposes of Section 203, a "business combination" includes mergers, asset sales and other transactions resulting in a financial benefit to the interested stockholder; an "interested stockholder" is a person who, together with affiliates and associates, owns (or, in the case of affiliates and associates of the issuer, did own within the last three years) 15% or more of the corporation's voting stock other than a person who owned such shares on December 23, 1987.

In addition to the requirements in Section 203 described above, the Certificate requires the affirmative vote of the holders of at least 80% of the voting power of all outstanding shares of the Company entitled to vote at an election of directors, voting together as a single class, to approve certain business combinations proposed by an individual or entity that is the beneficial owner, directly or indirectly, of more than 10% of the outstanding voting stock of the Company. This voting requirement is not applicable to "business combinations" if either (a) the Company's Board of Directors has approved a memorandum of understanding with such other corporation with respect to and substantially consistent with such transaction prior to the time that such other corporation became a holder of more than 10% of the outstanding voting stock of the Company; or (b) the transaction is proposed by a corporation of which a majority of the outstanding voting stock is owned of record or beneficially by the Company and/or any one or more of its subsidiaries. For purposes of this discussion, a "business combination" includes any merger or consolidation of the Company with or into another corporation, any sale or lease of all or any substantial part of the property and assets of the Company, or issuances of securities of the Company in exchange for sale or lease to the Company of property and assets having an aggregate fair market value of \$1 million or more.

**Classified Board of Directors and Related Provisions.** The Certificate provides that the number of directors of the Company shall be fixed from time to time by, or in the manner provided in, the By-laws. The By-laws provide that the number of directors will be six, the Board of Directors will be divided into three classes of directors, with each class having a number as nearly equal as

possible, and that directors will serve for staggered three-year terms. As a result, one-third of the Company's Board of Directors will be elected each year. The classified board provision could prevent a party who acquires control of a majority of the outstanding voting stock of the Company from obtaining control of the Board of Directors until the second annual stockholders meeting following the date the acquirer obtains the controlling interest.

Directors may be removed with or without cause by the affirmative vote of the holders of 80% of all outstanding voting stock entitled to vote. A majority of the entire Board of Directors may also remove any director for cause. Vacancies on the Board of Directors may be filled by a majority of the remaining directors, or by the stockholders.

Authorized and Unissued Preferred Stock. Upon consummation of the Offering, there will be 5,000,000 authorized and unissued shares of Preferred Stock. The existence of authorized and unissued Preferred Stock may enable the Board of Directors to render more difficult or to discourage an attempt to obtain control of the Company by means of a merger, tender offer, proxy contest or otherwise. For example, if in the due exercise of its fiduciary obligations, the Board of Directors were to determine that a takeover proposal is not in the Company's best interests, the Board of Directors could cause shares of Preferred Stock to be issued without stockholder approval in one or more private offerings or other transactions that might dilute the voting or other rights of the proposed acquiror or insurgent stockholder or stockholder group or create a substantial voting block in institutional or other hands that might undertake to support the position of the incumbent Board of Directors. In this regard, the Certificate grants the Board of Directors broad power to establish the designations, powers, preferences and rights of each series of Preferred Stock. See "--Preferred Stock."

Stockholder Action by Written Consent. The By-laws provide that stockholder action can be taken only at an annual meeting or special meeting of stockholders and can only be taken by written consent in lieu of a meeting with the unanimous written consent of the stockholders.

Indemnification. The Certificate provides that the Company shall indemnify each director and officer of the Company to the fullest extent permitted by law and limits the liability of directors to the Company and its stockholders for monetary damages in certain circumstances. The Certificate also provides that the Company may purchase insurance on behalf of the directors, officers, employees and agents of the Company against certain liabilities they may incur in such capacity, whether or not the Company would have the power to indemnify against such liabilities.

#### DIVIDEND RESTRICTIONS

The Company's credit facilities currently limit the Company's ability to pay dividends on the Common Stock. The payment of dividends on the Common Stock is also subject to the preference that may be applicable to any then outstanding Preferred Stock.

UNDERWRITING

Subject to the terms and conditions set forth in an underwriting agreement (the "Underwriting Agreement") among the Company, the Selling Stockholders and the underwriters listed below (the "Underwriters"), the Company and the Selling Stockholders have agreed to sell to each of the Underwriters, and each of the Underwriters has severally agreed to purchase the respective number of shares of Common Stock set forth opposite its name below.

Underwriters -----	Number of Shares -----
Bear, Stearns & Co., Inc. Jefferies & Company, Inc.	-----
TOTAL	\$ =====

The Underwriting Agreement provides that the obligations of the Underwriters thereunder are subject to certain conditions precedent and that the Underwriters are severally committed to take and pay for all of the Shares if any are taken. If any of the Shares are purchased by the Underwriters pursuant to the Underwriting Agreement, all such Shares (other than the shares of Common Stock covered by the over-allotment option described below) must be so purchased. The Underwriting Agreement also provides that the Company and the Selling Stockholders will indemnify the Underwriters against certain liabilities in connection with the offer and sale of the Shares, including liabilities under the Securities Act of 1933, as amended, and contribute to payments that the Underwriters may be required to make in respect thereof.

The Company and the Selling Stockholders have been advised by the Underwriters that they propose initially to offer the Common Stock to the public at the public offering price set forth on the cover page of this Prospectus and to certain dealers at such price less a concession not in excess of \_\_\_\_\_. The Underwriters may allow and such dealers may reallocate a concession not in excess of \_\_\_\_\_ on sales to certain other dealers. After the initial public offering of the Shares, the public offering price and other selling terms may be changed by the Underwriters.

The Company has granted to the Underwriters an option to purchase up to an aggregate of \_\_\_\_\_ additional shares of Common Stock, at the initial public offering price less underwriting discounts and commissions, solely to cover over-allotments. Such option may be exercised at any time until 30 days after the date of this Prospectus. To the extent that the Underwriters exercise such option, each of the Underwriters will be committed, subject to certain conditions, to purchase a number of option shares proportionate to such Underwriter's initial commitment as indicated in the preceding table.

The Company and the Selling Stockholders have agreed not to issue, sell or otherwise dispose of any Common Stock or any security convertible into or exchangeable or exercisable for Common Stock of the Company for a period of 120 days from the date of execution of the Underwriting Agreement, subject to certain exceptions specified in the Underwriting Agreement.

In connection with this Offering, certain Underwriters and Selling Stockholders (and any of their affiliated purchasers) who are qualified registered market makers on the Nasdaq National

Market, may engage in passive market transactions in the Common Stock on the Nasdaq National Market in accordance with Rule 10b-6A under the Exchange Act during the two business day period before commencement of offers or sales of the Common Stock in this Offering. The passive market making transactions must comply with the applicable volume and price limits and be identified as such. In general, a passive market maker may display its bid at a price not in excess of the highest independent bid for the security, and, if all independent bids are lowered below the passive market maker's bid, then such bid must be lowered when certain purchase limits are exceeded.

#### LEGAL MATTERS

The validity of the shares of the Common Stock offered hereby will be passed upon for the Company by Fried, Frank, Harris, Shriver & Jacobson, 1001 Pennsylvania Avenue, N.W., Washington, D.C. 20004. Certain legal matters in connection with the Common Stock offered hereby will be passed upon for the Underwriters by Latham & Watkins, 885 Third Avenue, New York, New York 10022.

#### EXPERTS

The audited financial statements of the Company as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995 included in this Prospectus have been audited by Coopers & Lybrand L.L.P., independent public accountants, as stated in its report with respect thereto.

The audited financial statements of Sintel as of December 31, 1995, 1994 and 1993 and for each of the three years in the period ended December 31, 1995 incorporated by reference in this Prospectus have been audited by Arthur Andersen, independent public accountants, as stated in its report with respect thereto.

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MASTEC, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(In Thousands, Except Per Share Amounts)

	THREE MONTHS ENDED JUNE 30, (UNAUDITED)		SIX MONTHS ENDED JUNE 30, (UNAUDITED)	
	1996	1995	1996	1995
Revenue	\$108,634	\$39,174	\$171,181	\$73,797
Costs of revenue and expenses:				
Costs of revenue, excluding depreciation	81,595	27,925	128,925	52,914
Depreciation and amortization	3,033	1,583	5,295	2,888
General and administrative expenses	12,622	3,630	19,100	7,462
Operating income	11,384	6,036	17,861	10,533
Interest expense-				
Borrowings	(3,430)	(995)	(5,107)	(2,093)
Notes to stockholders	0	(66)	0	(135)
Interest and dividend income	1,156	441	1,980	836
Interest on notes from stockholders	76	95	91	193
Other income, net	407	1,593	415	1,659
Income from continuing operations before equity in earnings of unconsolidated companies, income taxes and minority interest	9,593	7,104	15,240	10,993
Equity in earnings (losses) of unconsolidated companies	837	0	1,203	(11)
Provision for income taxes	3,828	2,679	6,151	4,119
Minority interest	229	(22)	224	(36)
Income from continuing operations	6,373	4,447	10,068	6,899
Discontinued operations (Note 5):				
(Loss) income from discontinued operations (net of applicable income taxes)	(39)	205	(53)	462
Gain on disposal of discontinued operations (net of applicable income taxes)	66	0	66	1,452
Net income	\$ 6,400	\$ 4,652	\$ 10,081	\$ 8,813

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

MASTEC, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(In Thousands, Except Per Share Amounts)

	THREE MONTHS ENDED JUNE 30, (Unaudited)		SIX MONTHS ENDED JUNE 30, (Unaudited)	
	1996	1995	1996	1995
Net income	\$ 6,400	\$ 4,652	\$10,081	\$ 8,813
Weighted average shares outstanding	16,468	16,166	16,312	16,168
Earnings per share:				
Continuing operations	\$ 0.39	\$ 0.28	\$ 0.62	\$ 0.43
Discontinued operations	0.00	0.01	0.00	0.12
	\$ 0.39	\$ 0.29	\$ 0.62	\$ 0.55

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

MASTEC, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(In Thousands)

	June 30, 1996 ----- (Unaudited)	December 31, 1995 -----
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,219	\$ 1,076
Accounts receivable-net and unbilled revenue	253,566	45,922
Notes receivable and accrued interest	29,329	27,505
Inventories	5,016	2,819
Other current assets	31,578	27,878
	-----	-----
Total current assets	320,708	105,200
	-----	-----
Property and equipment	71,357	55,806
Accumulated depreciation	(15,872)	(11,235)
	-----	-----
Property-net	55,485	44,571
	-----	-----
Investments in and advances to unconsolidated companies	30,174	14,847
Notes receivable from stockholders	1,770	1,770
Other assets	10,479	3,775
	-----	-----
<b>TOTAL ASSETS</b>	<b>\$ 418,616</b> =====	<b>\$ 170,163</b> =====

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

MASTEC, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(In Thousands)

	June 30, 1996	December 31, 1995
	-----	-----
	(Unaudited)	
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current maturities of debt	\$ 61,409	\$ 27,863
Accounts payable	129,403	19,026
Other current liabilities	33,984	13,744
	-----	-----
Total current liabilities	224,796	60,633
	-----	-----
Other liabilities	41,840	14,800
	-----	-----
Long-term debt	79,729	34,601
Convertible subordinated debentures	0	9,625
	-----	-----
Total long-term debt	79,729	44,226
	-----	-----
Commitments and contingencies		
Stockholders' equity:		
Common stock	2,643	2,643
Capital surplus	139,653	134,186
Retained earnings	15,744	5,663
Accumulated translation adjustments	(40)	1
Treasury stock	(85,749)	(91,989)
	-----	-----
Total stockholders' equity	72,251	50,504
	-----	-----
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$418,616</b>	<b>\$170,163</b>
	=====	=====

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

MASTEC, INC.  
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY  
(IN THOUSANDS)  
FOR THE SIX MONTHS ENDED JUNE 30, 1996

	Common Stock		Capital Surplus	Retained Earnings	Accumulated Translation	Treasury Stock	Total
	Issued Shares	Amount					
Balance December 31, 1995	\$26,435	\$2,643	\$134,186	\$ 5,663	\$ 1	\$(91,989)	\$50,504
Net income				10,081			10,081
Cumulative effect of Translation					(41)		(41)
Stock issued to employees from Treasury Shares			(7)			123	116
Stock issued for debentures from Treasury Shares			5,474			6,117	11,591
Balance June 30, 1996	\$26,435	\$2,643	\$139,653	\$15,744	\$(40)	\$(85,749)	\$72,251

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

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

	SIX MONTHS ENDED	
	JUNE 30,	
	1996	1995
	-----	
	(Unaudited)	
Cash flows from operating activities:		
Net income	\$10,081	\$ 8,813
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interest	224	(36)
Depreciation and amortization	5,295	2,888
Equity in (earnings) losses of unconsolidated companies	(1,203)	11
Net gain on sale of discontinued operations	(105)	(2,304)
Loss (gain) on sale of assets	93	(138)
Changes in assets and liabilities net of effect of acquisitions and divestitures:		
Accounts receivable net and unbilled revenue	38,296	(6,776)
Inventories and other current assets	421	(849)
Other assets	(2,165)	160
Accounts payable and expenses	(10,377)	6,952
Accrued income taxes	444	1,317
Other current liabilities	(94)	(643)
Net assets of discontinued operations	1,785	556
Deferred taxes	(319)	(310)
Other liabilities	293	853
	-----	-----
Net cash provided by operating activities	42,669	10,494
	-----	-----
Cash flows from investing activities:		
Cash acquired in acquisitions	999	0
Cash paid for acquisitions	(6,169)	0
Repayment of notes receivable	766	0
Proceeds from sale of preferred stock	5,100	0
Repayment of loans to shareholders	0	1,800
Capital expenditures	(2,808)	(7,170)
Investment in unconsolidated companies	(1,410)	0
Distributions from unconsolidated companies	0	79
Net proceeds from sale of discontinued operations	0	9,718
Proceeds from sale of real estate and other assets	3,535	1,218
	-----	-----
Net cash provided by investing activities	13	5,645
	-----	-----

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

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

	SIX MONTHS ENDED	
	JUNE 30,	
	1996	1995
	-----	
	(Unaudited)	
Cash flows from financing activities:		
Proceeds from Revolver Borrowings	\$4,798	\$ 0
Proceeds from Term Loan	3,200	0
Proceeds from Equipment Loan	0	12,000
Debt repayments	0	2,584
Repayment of loans from shareholders	(50,612)	(20,718)
Net proceeds from common stock issued from treasury	0	(2,500)
Financing costs	116	75
	0	(516)
	-----	
Net cash used in financing activities	(42,498)	(9,075)
	-----	
Effect of translation on cash	(41)	0
Net increase in cash and cash equivalents	143	7,064
Cash and cash equivalents - beginning of period	1,076	5,612
	-----	
Cash and cash equivalents - end of period	\$1,219	\$12,676
	=====	
Supplemental disclosures of cash flow information:		
Cash paid during the period:		
Interest	\$5,013	\$2,568
Income taxes	\$3,957	\$4,121

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

MASTEC, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)  
(In Thousands)

Supplemental disclosure of non-cash investing and financing activities:

	1996
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 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 ----
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	158,117	
Long-term debt	78,024	
	-----	
Total liabilities assumed	236,141	
	-----	
Net non-cash assets acquired	38,045	
Cash acquired	832	
	-----	
Purchase price	\$ 38,877	
	=====	
Seller financing	33,465	
Cash paid for acquisition	5,164	
Acquisition costs paid by the Company	248	
	-----	
Purchase price	\$ 38,877	
	=====	
Property acquired through financing arrangements	\$ 5,952	\$2,921
	=====	=====
Property disposed		
Receivable arising from the sale of equipment	\$ 0	\$1,200
	=====	=====

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

MASTEC, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)  
(In Thousands)

Supplemental disclosure of non-cash investing and financing activities:

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 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 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 acquired in October 1995 at the time of the Company's initial investment in Supercanal. The additional 3% was financed by the sellers and is payable over nine months at 12% interest.

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's 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.

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") (the "Sintel Acquisition"), 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 reimbursed certain tax credits it had used 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. In Argentina, Chile and Peru, the Company operates through joint ventures in which it holds interests ranging from 38% to 50% and accounts for these investments under the equity method. See Note 7 regarding geographic information.

The following information presents the unaudited pro forma condensed results of operations for the six months ended June 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 \$1.2 million for 1996 and 1995, respectively), offset by the reduction in interest and depreciation expenses resulting from the Related Transactions (\$1 million and \$2.2 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.

	Pro forma results of operations for the six months ended June 30,	
	1996	1995
	-----	-----
Revenue	\$254,876	\$186,258
Income (loss) from continuing operations	13,264	(6,696)
Net income (loss)	13,277	(4,782)
Earnings (loss) per share:		
Continuing operations	\$0.81	\$(0.42)
Discontinued operations	0.00	0.12
Net income (loss)	0.81	(0.30)

The pro forma results for the six months ended June 30, 1996 and 1995 include special charges incurred by Sintel related to a restructuring plan of \$1.4 million and \$13.5 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 BellSouth Telecommunications, Inc. ("BellSouth"). For the six months ended June 30, 1996, approximately 22% and 20% of the Company's revenue was derived from services performed for Telefonica and BellSouth, 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 BellSouth for a significant portion of its revenue in the future.

### 4. DEBT

Debt is summarized as follows (in thousands):

	June 30, 1996	December 31, 1995
Revolver, Fleet Credit Facility at LIBOR plus 2.00% (7.49% and 7.25% at June 30, 1996 and December 31, 1995, respectively)	\$ 15,780	\$ 10,982
Term Loans, Fleet Credit Facility, at LIBOR plus 2.25% (7.74% and 7.94% at June 30, 1996 and December 31, 1995, respectively)	20,517	23,262
Revolving credit facility, at MIBOR plus 0.30% (9.12% at June 30, 1996 due November 1, 1996)	34,056	0
Other bank facilities, at interest rates from 8.0% to 9.4%	7,186	0
Notes payable for equipment, at interest rates from 6.7% to 9.5% due in installments through the year 2000	18,593	14,682
Notes payable for acquisitions, at interest rates from 7% to 12% due in installments through February 2000	41,657	8,382
Real estate mortgage notes, at interest rates from 8.53% to 9.5% due in installments through the year 2001	2,690	2,531
12% Convertible Subordinated Debentures due June 1996	659	12,250
	-----	-----
Total debt	141,138	72,089
Less current maturities	(61,409)	(27,863)
	-----	-----
Long-term debt	\$ 79,729	\$ 44,226
	=====	=====

Not included in the preceding table at June 30, 1996 and December 31, 1995 is approximately \$2.1 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 \$659,000 of the Debentures were converted to Common Stock, increasing the number of shares outstanding by 690,219.

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 June 30, 1996, the Company had \$74.4 million ( 9.5 billion Pesetas) of debt denominated in Pesetas, including the acquisition debt of \$33.2 million incurred pursuant to the Sintel Acquisition (See Note 2).

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 June 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.

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 six months ended June 30, 1996	1995
	-----	-----
Revenue	\$6,275	\$16,219
	=====	=====
(Loss) earnings before income taxes	\$ (86)	\$ 734
(Benefit) provision for income taxes	(33)	272
	-----	-----
Net (loss) income from discontinued operations	\$ (53)	\$ 462
	=====	=====

The following comprises the net assets of discontinued operations which are included in other current assets (in thousands):

	June 30, 1996	December 31, 1995
	-----	-----
Receivables, net	\$1,865	\$1,432
Inventory	1,032	1,047
Property, plant and equipment, net	8,697	9,101
Other assets	53	51
Land held for sale	1,095	964
Less:		
Capital leases	2,059	2,140
Accounts payable	252	280
Accrued liabilities and reserve for loss on disposal	3,607	3,775
	-----	-----
	\$6,824	\$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 supplementary 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:

	Six months ended June 30, 1996
Revenue	
Domestic	\$133,641
International	37,540
	-----
Total	\$171,181
	=====
Operating income	
Domestic	\$ 14,249
International	3,612
	-----
Total	\$ 17,861
	=====
Identifiable assets	
Domestic	\$103,319
International	212,467
Corporate	102,830
	-----
Total	\$418,616
	=====

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 NBC for certain indebtedness of NBC held by Burnup & Sims. The lawsuit seeks to rescind these transactions and to recover damages in an unspecified amount.



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 from 1991 to 1993 and a second lawsuit filed by the County of Gilpin, Colorado, against the Company in connection with work performed for U.S. West, Inc. in 1992. The amounts claimed against the Company in these two lawsuits in the aggregate total approximately \$1.5 million. Both lawsuits were filed in November 1995 and are in the early stages of discovery. The Company believes that the allegations asserted by Bell South and Gilpin County are without merit and intends to defend these lawsuits vigorously.

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. SUBSEQUENT EVENTS

An agreement has been signed by the principal stockholder of the holding company for Consorcio Ecuatoriano de Telecomunicaciones, S.A. ("Conecell") to sell the holding company's stock to Inter-American Communications Corporation ("ICCA"), a U.S. public company, for consideration totaling approximately \$105 million, subject to certain conditions. As a result of the agreement, the maturity date of the Company's \$25 million note receivable plus accrued interest thereon by its terms automatically has been extended to August 30, 1996. The Company will likely extend the due date further to allow additional time for the transaction to be completed. The consideration for the sale is a combination of cash, promissory notes of ICCA and ICCA common stock. If the transaction is completed, the Company would, under the terms of its loan, receive approximately \$35 million of the total consideration in a combination of cash, promissory notes of ICCA and ICCA common stock.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and  
Stockholders of MasTec, Inc.  
Miami, Florida

We have audited the accompanying consolidated balance sheets of MasTec, Inc. and subsidiaries (formerly Church & Tower) as of December 31, 1995 and 1994, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 consolidated financial position of MasTec, Inc. and subsidiaries as of December 31, 1995 and 1994, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles.

COOPERS & LYBRAND, L.L.P.

Miami, Florida  
March 22, 1996

MASTEC, INC.  
CONSOLIDATED STATEMENTS OF INCOME  
For the three years ended December 31, 1995  
(In Thousands, Except Per Share Amounts)

	1995	1994	1993
	-----	-----	-----
Revenue	\$174,583	\$111,294	\$44,683
Costs of revenue and expenses:			
Costs of revenue, excluding depreciation	130,762	83,952	28,729
Depreciation and amortization	6,913	4,439	609
General and administrative expenses	19,081	13,022	9,871
Operating income	17,827	9,881	5,474
Interest expense			
Borrowings	(4,819)	(3,364)	(133)
Notes to stockholders	(135)	(223)	0
Interest and dividend income	3,060	1,165	315
Interest on notes from stockholders	289	304	0
Other income (expense), net	2,028	1,009	(81)
Special charge-real estate and investments write-downs	(23,086)	0	0
(Loss) income from continuing operations before equity in (losses) earnings of unconsolidated companies, income taxes and minority interest	----- (4,836)	----- 8,772	----- 5,575
(Loss) equity in earnings of unconsolidated companies	(300)	247	1,187
(Benefit) provision for income taxes	(1,835)	2,325	0
Minority interest	161	0	(10)
(Loss) income from continuing operations	----- (3,140)	----- 6,694	----- 6,752
Discontinued operations (Note 16):			
Income from discontinued operations (net of applicable income taxes)	38	825	0
Net gain on disposal of discontinued operations net of a provision of \$6,405 to write down related assets to realizable values and including operating losses during phase-out period (net of applicable income taxes)	2,493	0	0
Net (loss) income	----- \$(609)	----- \$7,519	----- \$6,752
	=====	=====	=====
Unaudited pro forma data:			
Income before income taxes	0	10,396	6,752
Provision for income taxes (1)	0	3,763	2,539
Pro forma net (loss) income (1)	----- \$(609)	----- \$ 6,633	----- \$ 4,213
	=====	=====	=====

MASTEC, INC.  
CONSOLIDATED STATEMENTS OF INCOME  
For the three years ended December 31, 1995  
(In Thousands, Except Per Share Amounts)

	1995	1994	1993
	-----	-----	-----
Pro forma net (loss) income (1)	\$ (609)	\$ 6,633	\$ 4,213
	=====	=====	=====
Weighted Average shares outstanding	16,046	16,077	10,250
(Loss) earnings per share (1):			
Continuing operations	\$ (0.20)	\$ 0.36	\$ 0.41
Discontinued operations	0.16	0.05	0.00
	-----	-----	-----
Net loss (income)	\$ (0.04)	\$ 0.41	\$ 0.41
	=====	=====	=====

(1) Net income and earnings per share amounts for 1994 and 1993 have been adjusted to include a provision for income taxes as though the Company had been subject to taxation for the entire year. See Note 17 for quarterly financial data and reported earnings per share.

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

MASTEC, INC.  
CONSOLIDATED BALANCE SHEETS  
As of December 31, 1995 and 1994  
(In Thousands)

	1995	1994
	-----	-----
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,076	\$ 5,612
Accounts receivable-net and unbilled revenue	49,057	33,122
Notes receivable	25,892	715
Inventories	2,819	4,111
Deferred and refundable income taxes	1,116	1,368
Theater assets held for sale	0	7,414
Net assets of discontinued operations	6,400	0
Investment in preferred stock	5,100	0
Real estate held for sale	12,292	0
Other current assets	1,448	700
	-----	-----
Total current assets	105,200	53,042
	-----	-----
Property and equipment-at cost	55,806	46,204
Accumulated depreciation	(11,235)	(6,102)
	-----	-----
Property-net	44,571	40,102
	-----	-----
Investments in unconsolidated companies	14,847	284
Investment in preferred stock	0	9,000
Notes receivable from stockholders	1,770	3,570
Real estate investments	0	34,604
Other assets	3,775	1,850
	-----	-----
<b>TOTAL ASSETS</b>	<b>\$170,163</b>	<b>\$142,452</b>
	=====	=====

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

MASTEC, INC.  
CONSOLIDATED BALANCE SHEETS  
As of December 31, 1995 and 1994  
(In Thousands)

	1995	1994
	-----	-----
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Current maturities of debt	27,863	8,229
Current portion of notes payable to stockholders	0	1,000
Accounts payable	19,026	8,512
Accrued insurance	3,016	4,227
Accrued compensation	1,804	2,193
Accrued interest	601	631
Accrued income taxes	1,627	0
Other current liabilities	6,696	5,966
	-----	-----
<b>Total current liabilities</b>	<b>60,633</b>	<b>30,758</b>
	-----	-----
Deferred income taxes	5,238	16,286
Accrued insurance	7,439	6,893
Other liabilities	2,123	1,685
	-----	-----
<b>Total other liabilities</b>	<b>14,800</b>	<b>24,864</b>
	-----	-----
Long-term debt	34,601	15,206
Notes payable to stockholders	0	1,500
Convertible subordinated debentures	9,625	19,250
	-----	-----
<b>Total long-term debt</b>	<b>44,226</b>	<b>35,956</b>
	-----	-----
Commitments and contingencies		
Stockholders' equity:		
Common stock	2,643	2,643
Capital surplus	134,186	134,094
Retained earnings	5,663	6,272
Accumulated translation adjustments	1	0
Treasury stock	(91,989)	(92,135)
	-----	-----
<b>Total stockholders' equity</b>	<b>50,504</b>	<b>50,874</b>
	-----	-----
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$170,163</b>	<b>\$142,452</b>
	=====	=====

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

MASTEC, INC.  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
For the three years ended December 31, 1995  
(In Thousands)

	Common Stock		Capital Surplus	Retained Earnings	Accumulated Translation Adjustment	Treasury Stock	Total
	Issued Shares	Amount					
Balance December 31, 1992	10,250	1,025		\$ 14,666			\$ 15,691
Net income				6,752			6,752
Distributions to stockholders				(11,500)			(11,500)
Balance December 31, 1993	10,250	1,025		9,918			10,943
Net income				7,519			7,519
Retained earnings of Church Church & Tower transferred to capital surplus			11,165	(11,165)			0
Equity acquired in reverse acquisition	16,185	1,618	122,969			(92,232)	32,355
Stock issuance costs for reverse acquisition			(18)				(18)
Stock issued to employees from treasury stock			(22)			96	74
Stock issued for debentures from treasury shares						1	1
Balance December 31, 1994	26,435	2,643	134,094	6,272		(92,135)	50,874
Net loss				(609)			(609)
Stock issued to 401(k) Retirement Savings Plan from treasury shares			92			146	238
Accumulated translation adjustment					1		1
Balance December 31, 1995	26,435	2,643	134,186	5,663	1	\$(91,989)	\$ 50,504

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

MASTEC, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the three years ended December 31, 1995  
(In Thousands)

	1995	1994	1993
	-----	-----	-----
Cash flows from operating activities:			
Net (loss) income	\$ (609)	\$ 7,519	\$ 6,752
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	6,913	5,474	609
Minority interest	(161)	0	10
Equity in losses (earnings) of unconsolidated companies	300	(247)	(1,187)
Special charge-real estate and investment write downs	23,086	0	0
Gain on sale of discontinued operations	(2,667)	0	0
(Gain) loss on sale of assets	(156)	(609)	283
Stock issued to employees from treasury stock	0	74	0
Changes in assets and liabilities net of effects of acquisitions and divestitures:			
Accounts receivable-net and unbilled revenues	(20,322)	(8,249)	2,577
Inventories and other current assets	(1,626)	(128)	111
Other assets	(2,545)	511	(538)
Accounts payable and accrued expenses	10,929	139	(968)
Accrued and refundable income taxes	1,754	1,133	0
Other current liabilities	(1,194)	(2,900)	762
Net assets of discontinued operations	963	0	0
Deferred income taxes	(10,092)	884	0
Other liabilities	1,023	(9)	0
	-----	-----	-----
Net cash provided by operating activities	5,596	3,592	8,411
	-----	-----	-----
Cash flows used in investing activities:			
Capital expenditures	(14,668)	(4,272)	(2,036)
Investment in notes receivable	(25,000)	0	0
Investments in unconsolidated companies	(7,408)	0	(660)
Notes to stockholders	0	(3,570)	0
Repayment of notes to stockholders	1,800	0	0
Cash acquired in acquisitions	148	6,585	0
Cash paid in acquisitions	(1,750)	(1,850)	0
Proceeds from sale of assets	2,934	664	0
Repayment of notes receivable	443	0	0
Distributions from unconsolidated companies	245	277	1,484
Net proceeds from sale of discontinued operations	21,293	0	0
	-----	-----	-----
Net cash used in investing activities	(21,963)	(2,166)	(1,212)
	-----	-----	-----



MASTEC, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the three years ended December 31, 1995  
(In Thousands)

	1995	1994	1993
	-----	-----	-----
Cash flows from financing activities:			
Proceeds from Term Loan	12,000	1,000	0
Proceeds from Equipment Loan	12,500	0	0
Proceeds from Revolver	21,625	0	0
Financing costs	(516)	0	0
Proceeds from note payable	5,450	0	989
Debt repayments	(26,966)	(5,244)	(948)
Debt repayments-Revolver	(10,000)	0	0
Repayments of notes from stockholders	(2,500)	(500)	0
Distributions to shareholders	0	0	(8,500)
Net proceeds from common stock issued from treasury	238	0	0
	-----	-----	-----
Net cash provided by (used in) financing activities	11,831	(4,744)	(8,459)
	-----	-----	-----
Net decrease in cash and cash equivalents	(4,536)	(3,318)	(1,260)
Cash and cash equivalents - beginning of period	5,612	8,930	10,190
	-----	-----	-----
Cash and cash equivalents - end of period	\$ 1,076	\$ 5,612	\$ 8,930
	=====	=====	=====
Cash paid during the period:			
Interest	\$ 4,984	\$ 3,984	134
Income taxes	\$ 7,527	\$ 1,695	0

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

MASTEC, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the three years ended December 31, 1995  
(In Thousands)

Supplemental disclosure of non-cash investing and financing activities:

	1995
	-----
Acquisition of ULM:	
Fair value of assets acquired:	
Accounts 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
	-----
Note payable issued on ULM stockholder	\$ 800
Cash paid for acquisition	1,750
Contingent consideration	406
	-----
Purchase price	\$ 2,956
	=====
Sale of Lectro:	
Assets sold:	
Accounts 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
	=====

MASTEC, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the three years ended December 31, 1995  
(In Thousands)

	1994
Acquisition of Burnup & Sims:	
Fair value of net assets acquired:	
Accounts receivable, net of allowances of \$1,482	\$ 18,274
Inventories and other current assets	7,524
Investments	9,000
Property	40,685
Real estate investments and other assets	32,645
	-----
Total non-cash assets	\$108,128
	-----
Liabilities	\$ 49,559
Long-term debt	31,776
	-----
Total liabilities assumed	\$ 81,335
	-----
Net non-cash assets acquired	26,793
Cash acquired	6,362
	-----
Net value of assets acquired	\$ 33,155
	=====
Purchase price	\$ 33,155
	=====
Acquisition of DTI:	
Fair value of net assets acquired:	
Accounts receivable	\$ 2,878
Inventories and other current assets	389
Property	1,270
Real estate investments and other assets	550
	-----
Total non-cash assets	\$ 5,087
	-----
Liabilities	1,988
Long-term debt	471
	-----
Total liabilities assumed	\$ 2,459
	-----
Net non-cash assets acquired	2,628
Cash acquired	223
	-----
Purchase price	\$ 2,851
	-----
Note payable issued to DTI's stockholders	\$ 1,851
Cash paid for acquisition	1,000
	-----
Purchase price	\$ 2,851
	=====

MASTEC, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the three years ended December 31, 1995  
(In Thousands)

	1995	1994
	-----	-----
Acquisition of assets of Buchanan:		
Fair value of net assets acquired:		
Equipment		\$3,828
Liabilities assumed		\$2,978
		-----
Cash paid for acquisition		\$ 850
		=====
Property acquired through financing arrangements	\$9,452	\$2,989
	=====	=====
Property acquired through capital leases	0	\$1,764
	=====	=====

In 1995, the Company's purchase of Supercanal was financed in part by the seller for \$7 million.

During 1995, MasTec issued \$146,000 of common stock from treasury for purchases made by the MasTec, Inc. 401(k) Retirement Savings Plan. Capital surplus was increased by \$92,000.

During 1994, MasTec sold equipment in exchange for a note receivable for \$631,000.

During 1994, MasTec issued \$96,000 of common stock from treasury to its employees. Capital surplus was reduced by \$22,000.

During 1993, Church & Tower declared distributions to stockholders of \$11,500,000. Of the amounts declared, \$8,500,000 was paid in cash in 1993, \$500,000 in 1994 and \$2,500,000 was paid in 1995.

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

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES:

Nature of business

The Company's principal business consists of the installation and maintenance of aerial, underground and buried copper and fiber optic cable, underground conduit, manhole systems and related construction for local telephone companies, including Regional Bell Operating Companies such as BellSouth Telecommunications, Inc., U.S. West, Inc. and SBC Communications, Inc. (d/b/a Southwestern Bell), and non-Bell local telephone companies such as Sprint Corp. and GTE Corp. (collectively, "telcos"). The Company also provides construction services to non-telco public utilities that are similar to the telecommunications construction services it provides to telcos. The Company also provides telecommunications construction services to long-distance telephone companies, competitive access providers, and cable television operators primarily in the United States and to local and long-distance telephone companies and CATV operators in Latin America.

The Company also provides services that are complimentary to the Company's construction business, such as the installation and maintenance of traffic control and signalization devices, the clearance of utility company rights of way, the installation and maintenance of "smart highway" signalization devices and the construction of transmission towers for wireless services providers. These services are rendered to municipalities, public utilities, private businesses and government agencies such as state departments of transportation. The Company also designs, installs and maintains local area communications networks for private businesses.

In addition, the Company also provides general construction and project management services to municipalities and state and local governments.

Management's estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of consolidation

The Consolidated Financial Statements include MasTec, Inc. and its subsidiaries (the "Company" or "MasTec"). All material intercompany accounts and transactions have been eliminated. Certain prior year amounts have been reclassified to conform to the current presentation. The 1994 income statement has been reclassified to reflect the discontinuation of certain non-core operations acquired as part of the Acquisition (as defined below). (See Note 16.)

The Combined Financial Statements for the years ended December 31, 1993 include the accounts of Church & Tower of Florida, Inc. and Church & Tower, Inc. and its majority owned joint venture, collectively referred to as the "Church & Tower". All material intercompany accounts and transactions have been eliminated.

On March 11, 1994, Church & Tower acquired Burnup & Sims, Inc. ("Burnup & Sims") in a purchase transaction accounted for as a reverse acquisition (the "Burnup Acquisition"). (See Note 2.)

#### Revenue recognition

Revenue and related costs for short-term construction projects, which includes master contracts, are recognized when the projects are completed.

Revenue from long-term construction contracts are accounted for by the percentage-of-completion method under which income is recognized based on the estimated stage of completion of individual contracts. Losses, if any, on such contracts are provided for when they become known. Billings in excess of costs and estimated earnings on uncompleted contracts are classified as current liabilities. Any costs in excess of billings are classified as current assets.

The Company also provides management, coordination, consulting and administration services for construction projects. Compensation for such services is recognized ratably over the term of the service agreement.

#### Earnings per share

Earnings per share is computed by dividing net income by the weighted average number of common and common equivalent shares during the period. Outstanding stock options are considered common stock equivalents and are included in the calculation using the treasury stock method. In computing the 1995 loss per share, stock options are not considered because they have an anti-dilutive effect.

Fully diluted earnings per share, assuming conversion of the Debentures with corresponding adjustments for interest expense, net of tax, is not presented because the effect of conversion is anti-dilutive. Earnings per share for the year ended December 31, 1993 was computed using the number of shares outstanding after giving retroactive effect to the 10,250,000 shares received by the former shareholders of Church & Tower.

#### Cash and cash equivalents

The Company considers all short-term investments with maturities of three months or less when purchased to be cash equivalents. At December 31, 1995 and 1994, cash and cash equivalents included time deposits of \$470,000 and \$1.4 million, respectively.

The Company places its temporary cash investments with high credit quality financial institutions. At times, such investments may be in excess of the F.D.I.C. insurance limits. The Company has not experienced any loss to date on these investments.

#### Inventories

Inventories (consisting principally of material and supplies) are carried at the lower of first-in, first-out cost or market.

#### Property and equipment, net

Property and equipment are recorded at cost, less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful life of the assets as follows: buildings and improvements -- 5 to 20 years and machinery and equipment -- 3 to 7 years. Leasehold improvements are amortized over the shorter of the term of the lease or the estimated useful lives of the improvements.

Expenditures for repairs and maintenance are charged to expense as incurred. Expenditures for betterments and major improvements are capitalized. The carrying amounts of assets sold or retired and related accumulated depreciation are eliminated in the year of disposal and the resulting gains and losses are included in income.

## Investments

The Company's investment in preferred stock, consisting of 150,000 shares of 7% cumulative preferred stock with a liquidation value of \$15,000,000, and in real estate located primarily in Florida, acquired in connection with the Burnup Acquisition, are stated at their estimated fair value. (See Note 5 regarding special charge to adjust the value of the Company's real estate and investments held for sale.) Investments in unconsolidated companies are accounted for following the equity method of accounting.

## Accrued insurance

The Company is self-insured for certain health care, property and casualty and worker's compensation exposure and, accordingly accrues the estimated losses not otherwise covered by insurance.

## Income taxes

Prior to March 11, 1994, Church & Tower was taxed under the Subchapter S provisions of the Internal Revenue Code (IRC), which provide that taxable income be included in the federal income tax returns of the individual stockholders. Accordingly, no provision for income taxes has been recorded in the combined statements of income for the year ended December 31, 1993.

As a result of the Burnup Acquisition, the Company became a taxable corporation and effective for the year ended December 31, 1994, records income taxes using the liability method. Under this method, the Company records deferred taxes based on temporary taxable and deductible differences between the tax bases of the Company's assets and liabilities and their financial reporting bases. A valuation allowance is established when it is more likely than not that some or all of the deferred tax assets will not be realized.

## Environmental expenditures

Environmental expenditures that result from the remediation of an existing condition caused by past operations are expensed. Liabilities are recognized when cleanup requirements are probable and the cost can be reasonably estimated.

## Changes in accounting standards

Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of", is effective for fiscal years beginning after December 15, 1995. This statement requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This pronouncement is not expected to have a material impact on the financial statements of the Company.

SFAS No. 123, "Accounting for Stock-Based Compensation" is effective for transactions entered into in fiscal years that begin after December 15, 1995. This pronouncement establishes financial accounting and reporting standards for stock-based employee compensation plans. It encourages, but does not require companies to recognize compensation expense for grants of stock, stock options and other equity instruments to employees based on new fair value accounting rules. Companies that choose not to adopt the new fair value accounting rules will be required to disclose pro forma net income and earnings per share under the new method. The Company anticipates adopting the disclosure provisions of SFAS No. 123, although the impact of such disclosure has not been determined.

## 2. ACQUISITIONS AND INVESTING ACTIVITIES

### Burnup & Sims

Church & Tower was acquired, through an exchange of stock, effective March 11, 1994, by Burnup & Sims, a publicly traded company with business activities similar to Church & Tower. As a result of the Burnup Acquisition, the stockholders of Church & Tower received approximately 65% of the shares of Burnup & Sims in exchange for 100% of the shares of Church & Tower. Immediately following the Burnup Acquisition, the name of Burnup & Sims was changed to MasTec, Inc. and its fiscal year end was changed to December 31.

Under generally accepted accounting principles, the Burnup Acquisition was accounted for as a reverse acquisition whereby Church & Tower was considered the acquirer and, therefore, the 1993 financial statements presented are those of Church & Tower only. In addition, the results for the year ended December 31, 1994 include the operations of Church & Tower during all of 1994 and the operations of Burnup & Sims from March 11, 1994 to December 31, 1994.

The purchase price "paid" by Church & Tower for Burnup consisted of the market value of Burnup & Sims Common Stock not acquired by Church & Tower shareholders in the merger, which equaled \$32,355,000 (5,777,592 shares outstanding at an average market price of \$5.60 per share) and \$800,000 of acquisition costs incurred by Church & Tower, resulting in a total purchase price of \$33,155,000.

### DTI

On June 22, 1994, the Company acquired all of the outstanding shares of stock of Designed Traffic Installation Company ("DTI"), for \$1,000,000 in cash and a promissory note in the amount of \$1,851,000 in a transaction accounted for as a purchase. The Company may also pay an additional amount contingent upon certain specific percentages of net pretax earnings earned by DTI over the next four years. An estimate of such contingent consideration based on earnings has been recorded in the accompanying financial statements.

### Buchanan

On July 26, 1994, the Company purchased from Buchanan Contracting Company machinery and equipment and the seller's rights under two master contracts with BellSouth Telecommunications, Inc. covering the Montgomery, Alabama and Memphis, Tennessee areas, the name "Buchanan Contracting Company Incorporated" and certain leases for \$850,000 in cash, a promissory note of \$1,061,000 and an assumption of debt related to the equipment purchased of \$1,917,000. The acquisition was accounted for as a purchase.

### Devono Loan

On July 14, 1995, the Company made a \$25.0 million term loan to Devono Company Limited, a British Virgin Islands corporation ("Devono"), at an annual interest rate of 15% for a term of 180 days (the "Devono Loan"). Devono may extend the term of the Devono Loan at an annual interest rate of 17.5% for two additional ninety day periods, the first of which 90-day extensions has been exercised. The Devono Loan is non-recourse to Devono, and, in the event of a default, the Company's sole recourse will be to its security interest in 40% of the outstanding and issued shares of the common stock of an Ecuadorian company that owns a 52.6% interest in Consorcio Ecuatoriano de Telecomunicaciones, S.A. ("Conecell"), a company operating a cellular phone network in the Republic of Ecuador. Pursuant to the loan agreement, the Company may elect to be repaid by Devono transferring the pledged shares of Cempresa S.A. to the Company.

### ULM

On July 17, 1995, the Company purchased for \$2.96 million the outstanding stock of Utility Line Maintenance, Inc. ("ULM"), a company engaged in the utility right of way clearance business. The stockholder of ULM received \$1.75



million at closing, a 48 month 8% note for \$800,000 with the balance of the purchase price to be paid over the next four years based on future pre-tax earnings of ULM.

#### Triduct/Sealand

On October 10, 1995, the Company purchased from Sealand Construction and Engineering Systems, Inc. and Triduct Corporation (collectively referred to as "Sealand") certain machinery and equipment and the seller's rights under two master contracts with BellSouth Telecommunications, Inc. covering the Huntsville and Decatur, Alabama area for approximately \$2.1 million.

#### Supercanal

On October 19, 1995, the Company acquired a 33% interest in Supercanal, S.A., a CATV operator in Argentina, as well as interests in a magazine, a newspaper and a radio station. The total purchase price was \$13.6 million, \$6.6 million of which was paid at closing and \$7.0 million of which is payable over 24 months at 8% interest. In March 1996, the Company acquired an additional 3% of Supercanal, S.A. in exchange for \$2.0 million and the Company's interest in the radio station and newspaper.

#### Teleport

Also in November 1995, the Company purchased an FCC-licensed international long distance teleport facility for the reception and retransmission of voice, data and video from Latin America and the Caribbean to the United States. The purchase price for the teleport facility, which is located on four acres in Miami, Florida, was approximately \$750,000. As of December 31, 1995, the Company had invested approximately \$600,000 in telecommunications and other equipment in the facility.

#### TPP

In November 1995, the Company agreed to purchase 28.6% of Telecomunicaciones Publicas y Privadas, S.A. de C.V. ("TPP"), a Mexican public pay telephone company, for \$6.0 million, with an option to purchase an additional 21.4%. At December 31, 1995, the Company had invested \$670,000 representing a 4.3% interest.

The costs of certain acquisitions described above were allocated to the estimated fair value of acquire assets and liabilities assumed based on independently and internally generated information obtained to date. The most significant adjustment to the balance sheet resulting from the acquisitions are disclosed in the supplemental schedule of non-cash investing and financing activities in the consolidated statement of cash flows.

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 note due 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 following information presents the unaudited pro forma consolidated results of operations for the year ended December 31, 1994 of MasTec as if the Burnup & Sims and DTI acquisitions had occurred at the beginning of 1994, after giving effect to certain adjustments, including depreciation of assets acquired, reduced interest income as a result of the redemption of subordinated debentures and other receivables of Burnup & Sims, and the related income tax effect of the adjustments, including the conversion to a taxable corporation. The unaudited pro forma results presented below reflects reclassification of discontinued operations.

(In Thousands, Except Per Share Amounts)

	1994
Revenue	\$130,660
Income from continuing operations	3,561
Net income	4,079
Earnings per share from continuing operations	0.22
Earnings per share	0.25

These results are presented for informational purposes only and are not necessarily indicative of the results of operations or financial position of MasTec had the Burnup & Sims and DTI acquisitions occurred at the beginning of 1994 or of future results of the combined companies.

### 3. ACCOUNTS RECEIVABLE-NET

Accounts receivable are net of an allowance for doubtful accounts of \$1,146,000, \$1,404,000, and \$250,000 at December 31, 1995, 1994 and 1993, respectively. The Company had no allowance at December 31, 1992. The Company recorded a provision for doubtful accounts of \$425,000, \$268,000 and \$250,000 during 1995, 1994 and 1993, respectively. In addition, the Company recorded write-offs of \$683,000, \$596,000 and \$0 during 1995, 1994 and 1993, respectively.

Accounts receivable include retainage which has been billed but is not due until completion of performance and acceptance by customers, and claims for additional work performed outside original contract terms. Retainage aggregated \$2,561,000 and \$1,491,000 at December 31, 1995 and 1994, respectively.

### 4. PROPERTY AND EQUIPMENT:

Property and equipment was comprised of the following as of December 31, 1995 and 1994 (in thousands):

	1995	1994
Land	\$ 5,645	\$10,878
Buildings and improvements	5,362	3,879
Machinery and equipment	43,605	30,354
Office furniture and equipment	1,194	1,093
	-----	-----
	55,806	46,204
Less-accumulated depreciation	(11,235)	(6,102)
	-----	-----
	\$ 44,571	\$40,102
	=====	=====

### 5. REAL ESTATE AND INVESTMENTS WRITE-DOWNS

In the third quarter of 1995, the Company decided to accelerate the pace of its disposal of non-core real estate assets by selling the majority of these assets in a bulk sale. Primarily as a result of the Company's decision, the Company recorded a special charge of \$15.4 million to adjust the carrying values of its real estate investments to estimated net realizable value based on offers received by the Company to dispose of certain real estate in a bulk transaction. The original value assigned to the real estate investments contemplated the disposition of the properties on an individual basis and no consideration had previously been given to a bulk sale. In February 1996, the Company sold 342 acres of real estate resulting in an additional

charge of \$3.2 million which was recorded in the fourth quarter of 1995 to reduce the carrying value of such real estate to the value realized.

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, the proceeds of which have been invested in short-term investments.

6. DEBT:

Debt is summarized as follows as of December 31, 1995 and 1994 (in thousands):

	1995	1994
	-----	-----
Revolver, at LIBOR plus 2.00% (7.25% at December 31, 1995)	\$10,982	0
Term Loan, at LIBOR plus 2.25% (7.88% at December 31, 1995)	10,126	0
Term Loan, at 7.7% fixed	636	1,144
Equipment Loan, at LIBOR, plus 2.25% (7.88% at December 31, 1995)	12,500	0
Other note payables for equipment, at 7.42% due in monthly installments through the year 2000	5,352	0
Note payable for equipment, at interest rates from 6.0% to 9.5% due in installment through the year 2000	9,330	3,899
Note payable, at 7% due in four semi-annual installments through July 1996	958	1,851
Note payable, at 7% due in eight quarterly installments through July 1, 1996	265	796
Note payable, at 8% due in 48 monthly installments through June 1999	701	0
Note payable, at 8% due in 24 monthly installments through October 1997	6,458	0
Real estate mortgage note, at 8.53%, monthly installments of \$12.5 commencing February 1996, with a final installment of \$2,200 in the year 2001	2,070	0
Real estate mortgage note, at 9.5% quarterly due November 1996	461	0
12% Convertible Subordinated Debentures	12,250	21,875
Term Loan, at prime rate plus 0.5% (9% at December 31, 1994)	0	8,294
Term Loan, at prime rate plus 0.5% (9% at December 31, 1994)	0	1,000
Notes payable to stockholders, at prime rate plus 2% (10.5% at December 31, 1994)	0	2,500
Capital leases, at interest rates from 6% to 12% due in installments through the year 2000	0	3,826
	-----	-----
Total Debt	72,089	45,185
Less Current Maturities	(27,863)	(9,229)
	-----	-----
Long Term Debt	\$44,226	\$35,956
	=====	=====

Not included in the preceding table at December 31, 1995 is approximately 2.2 million in capital leases related to discontinued operations (see Note 16).

The 12% Convertible Subordinated Debentures (the "Debentures") require an annual payment to a sinking fund, which commenced November 15, 1990, calculated to retire 75% of the issue prior to maturity. The Company has the option to redeem all or part of the Debentures prior to the due date by paying the principal amount at face value. The Debentures are convertible into Common Stock at an adjusted conversion price of \$16.79 per share. At December 31, 1995, approximately

730,000 shares were reserved for conversion. The terms of the Debentures include certain restrictions on the payment of dividends. On April 17, 1995, the Company prepaid \$7.0 million of the Debentures.

The Company maintains a \$40.0 million credit facility with Shawmut Capital Corporation n/k/a Fleet Capital Corporation (the "Shawmut Credit Facility"). The Shawmut Credit Facility is comprised of three sub-facilities: a \$12.0 million term loan (the "Term Loan") collateralized by certain equipment, a \$15.5 million revolving loan (the "Revolver") collateralized by receivables and inventory and a \$12.5 million equipment revolver term loan (the "Equipment Loan") collateralized by new or used equipment purchased under the Equipment Loan facility. The Company used a portion of the proceeds of the Term Loan to repay \$10.4 million in term loans outstanding at December 31, 1994. The remaining portion of the Term Loan was used primarily to finance new equipment purchases and costs associated with obtaining the Shawmut Credit Facility.

Interest on the Term Loan and Equipment Loan accrue, at the Company's option, at the rate of prime or 2.25% over LIBOR. Interest on the Revolver accrues, at the Company's option, at the rate of prime or 2.00% over LIBOR. The Shawmut Credit Facility required the Company to pay a commitment fee of \$162,500 and an unused line fee at an annual rate of one quarter of one percent of the amount of the unused facility. The Term Loan is payable in quarterly installments based upon a ten year amortization. The Equipment Loan is payable in quarterly installments based on a four year amortization commencing January 1996. The Shawmut Credit Facility expires in January 2000. 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. The Company has letters of credit outstanding totaling \$3.8 million. These letters of credit were issued primarily as security to the Company's insurance administrators as part of its self-insurance program.

At December 31, 1995 debt matures as follows:

1996	\$27,863
1997	14,416
1998	10,831
1999	9,691
2000	3,264
after 2000	6,024
	-----
Total	\$72,089
	=====

#### 7. LEASED PROPERTIES

The Company leases certain operating equipment, offices and equipment yard facilities under cancelable and noncancelable agreements.

Future minimum lease payments under all leases with initial or remaining noncancelable lease terms in excess of one year at December 31, 1995 are as follows (in thousands):

	Operating Leases -----
1996	\$577
1997	373
1998	104
	-----
Total minimum lease payments	\$1,054
	=====

Lease agreements frequently include renewal options and require that the Company pay for utilities, taxes, insurance and maintenance expense. Options to purchase are also included in some lease agreements, particularly capital leases.

See Note 6 regarding capital leases of discontinued operations.

## 8. STOCK OPTION PLANS

The Company had two non-qualified stock option plans (the "1976 and 1978 Plans") which were replaced by the 1994 Stock Incentive Plan (the "1994 Plan").

The 1976 Plan provides that options may be exercised in four increments beginning 18 months subsequent to the date of grant. Upon exercise of the option, the Company will reduce the optionee's purchase price by an amount equal to the increase in the fair market value on the exercise date of the shares being purchased over the fair market value of such shares on the date the option was granted. The purchase price, however, cannot exceed 85% of the fair market value of such shares on the exercise date, and in no event can the exercise price be less than \$.10 per share. The holder of the option has the alternative right to cancel such option and instead to exercise stock appreciation rights entitling the holder to receive cash under certain circumstances. The 1978 Plan provides that options may be exercised in four increments beginning one year subsequent to the date of grant. There is no subsequent adjustment of the purchase price. Approximately 26,100 shares have been reserved for and may still be issued in accordance with the terms of options issued under the 1976 and 1978 Plans.

The 1994 Plan authorized the grant of options or awards of up to 800,000 shares of the Company's Common Stock of which 200,000 shares of common stock may be awarded as restricted stock. As of December 31, 1995, options to purchase 279,100 shares had been granted, 22,120 of which were exercisable at December 31, 1995. Options become exercisable over a five year period in equal increments of 20% per year beginning the year after the date of grant and must be exercised within 10 years from the date of grant. Options are issued with an exercise price no less than the fair market value of the shares at the grant date.

The Company also adopted the 1994 Stock Option Plan for Non-Employee Directors (the "Directors' Plan"). The Directors' Plan authorized the grant of options to purchase up to 400,000 shares of the Company's common stock to the non-employee members of the Company's Board of Directors. Options to purchase 45,000 shares have been granted to two Board members, 5,000 of which are exercisable at December 31, 1995. The options granted become exercisable ratably over a three year period from the date of grant and may be exercised for a period of up to ten years beginning the year after the date of grant at an exercise price equal to the fair market value of such shares on the date the option is granted.

Approximately 1,200,000 shares of Common Stock have been reserved for issuance under the 1994 Plan and Directors Plan.

In addition, during 1994 options to purchase 100,000 shares of common stock at \$5.75 per share were granted to a director outside the Directors' Plan in lieu of the Director's Plan and annual fees paid to the director. Compensation expense of \$42,500 in connection with the issuance of this option is being recognized annually over the five year vesting period. The options are exercisable ratably over a five year period beginning the year after the date of grant and may be exercised for a period of up to ten years beginning the year after the date of grant.

The following is a summary of all stock option transactions:

	Shares	Exercise Price
Outstanding December 31, 1993	0	
Options outstanding under acquired plans	32,800	\$ 0.10-\$2.00
Granted	240,500	\$ 5.75-\$7.94
Exercised	(1,500)	\$ 2.00
Canceled	0	
	-----	-----
Outstanding December 31, 1994	271,800	\$ 0.10-\$7.94
Granted	202,000	\$10.25-\$13.38
Exercised	(2,100)	\$ 0.10-\$7.94
Canceled	(21,500)	\$ 0.10-\$13.38
	-----	-----
Outstanding December 31, 1995	450,200	\$ 0.10-\$13.38
	=====	=====

#### 9. INCOME TAXES

Prior to March 11, 1994, the Company was an S Corporation under the IRC and, therefore, the results of operations for the year ended December 31, 1993, do not include a provision for income taxes, as the income of the Company passed directly to the stockholders.

On March 11, 1994, the Company became a taxable corporation and the effect of recognizing the change in tax status of approximately \$435,000 is included in the provision for income taxes for the year ended December 31, 1994.

The provision for income taxes consists of the following (in thousands):

	1995	1994
	-----	-----
Current		
Federal	\$ 4,821	\$2,444
State	(284)	375
	-----	-----
	4,537	2,819
	-----	-----
Deferred		
Federal	(5,879)	(422)
State	(493)	(72)
	-----	-----
	(6,372)	(494)
	-----	-----
(Benefit) provision for income taxes	(1,835)	2,325
Discontinued operations	135	552
	-----	-----
Total	\$(1,700)	\$2,877
	=====	=====

The tax effects of significant items comprising the Company's net deferred tax liability as of December 31, 1995 and 1994 are as follows (in thousands):

	1995	1994
	-----	-----
Deferred tax assets:		
Accrued self insurance	\$ 2,773	\$ 2,619
Operating loss and tax credit carryforward	543	422
Accrual for disposal of discontinued operations	1,503	0
All other	2,708	2,639
	-----	-----
Total deferred tax assets	\$ 7,527	\$ 5,680
	-----	-----
Deferred tax liabilities:		
Property and equipment	\$ 5,873	\$ 4,070
Asset revaluations	2,604	15,219
All other	2,820	2,241
	-----	-----
Total deferred tax liabilities	\$11,297	\$21,530
	-----	-----
Valuation allowance	400	0
	-----	-----
Net deferred tax liabilities	\$ 4,170	\$15,850
	=====	=====

The net change in the valuation allowance for deferred tax assets in 1995 was an increase of \$400,000. The change relates primarily to foreign net operating losses generated in the current year.

Deferred tax assets of \$1,068,000 and \$436,000 for 1995 and 1994, respectively, have been recorded in current assets in the accompanying consolidated financial statements.

A reconciliation of the difference between actual income tax expense and income taxes for continuing operations computed at the federal statutory tax rate is as follows:

	1995	1994
	----	----
U.S. federal statutory rate applied to pretax income	(35)%	34%
State and local taxes	(2)	5
Effect of individual exclusion	(5)	(2)
Change in tax status	0	(9)
Foreign loss producing no tax benefit	6	0
Adjustment of prior years' taxes	(5)	0
Change in federal statutory tax rate	9	0
Change in state tax filing status	(8)	0
Other	3	(2)
	-----	-----
(Benefit) Provision for income taxes	(37)%	26%
	=====	=====

The Internal Revenue Service is currently auditing the tax returns of Burnup & Sims for the fiscal years ended April 30, 1989 through April 30, 1993. Adjustments, if any, as a result of this audit will be recorded as an adjustment to purchase accounting.

## 10. CAPITAL STOCK

The Company has authorized 50,000,000 shares of its \$.10 par value Common Stock. At December 31, 1995 and 1994, 26,434,814 shares of Common Stock were issued, 16,055,056 and 16,038,581 shares were outstanding, respectively, and 10,379,758 and 10,396,233 were held in treasury, respectively. At December 31, 1993, the Company's stockholders' equity was retroactively restated to account for the Burnup Acquisition in March 1994. The restatement gives effect to the number of shares of Common Stock received by Church & Tower shareholders at the date of the Burnup Acquisition.

At the date of the Burnup Acquisition, the Company transferred Church & Tower's previously reported undistributed earnings and profits of approximately \$11,165,000 to capital surplus.

At December 31, 1995, the Company had 5,000,000 shares of authorized but unissued preferred stock.

## 11. BUSINESS SEGMENTS:

Business segment information is summarized as follows (in thousands):

	1995	1994	1993
	-----	-----	-----
Revenue:			
Telecommunication construction services	\$172,010	\$110,609	\$34,010
General Construction services	2,539	685	10,673
Telecommunication operations	34	0	0
	-----	-----	-----
Total	\$174,583	\$111,294	\$44,683
	=====	=====	=====
(Loss) income from continuing operations before equity in (losses) earnings of unconsolidated companies, income taxes and minority interest:			
Telecommunication construction service	\$ 14,969	\$ 11,291	\$ 9,351
General construction services	1,410	140	2,266
Telecommunications operations	(1,241)	0	0
Corporate	(19,974)	(2,659)	(6,042)
	-----	-----	-----
Total	\$ (4,836)	\$ 8,772	\$ 5,575
	=====	=====	=====
Identifiable assets:			
Telecommunication construction service	92,082	64,668	17,405
General construction services	2,115	1,344	400
Telecommunication operations	45,135	0	0
Corporate and discontinued operations	30,831	76,440	3,520
	-----	-----	-----
Total	\$170,163	142,452	21,325
	=====	=====	=====
Depreciation and amortization expense:			
Telecommunication construction services	6,454	4,329	609
Telecommunication operations	2	0	0
Corporate	457	110	0
	-----	-----	-----
Total	6,913	4,439	609
	=====	=====	=====
Capital expenditures:			
Telecommunication construction services	20,431	5,901	2,036
Telecommunication operations	1,061	0	0
Corporate and discontinued operations	2,628	3,124	0
	-----	-----	-----
Total	\$ 24,120	\$ 9,025	\$ 2,036
	=====	=====	=====

The Company's operations are organized into three principal business segments, telecommunications and related construction services, general construction services, and telecommunications operations. There are no material intersegment



sales or transfers. Identifiable assets are those assets used for operations in each business segment. Corporate assets are principally invested in cash, preferred stock, real estate, and the net assets of the discontinued operations. (See Note 16 regarding discontinued operations.)

#### 12. RELATED PARTY TRANSACTIONS:

The Company rents and purchases construction equipment from affiliates. During 1995, 1994 and 1993, the Company incurred approximately \$544,000, \$617,000 and \$249,000, respectively, of equipment rental expense and purchased approximately \$332,000, \$528,000 and \$1,432,000, respectively, from these affiliates. Additionally, at December 31, 1995 and 1994 the Company had recorded \$106,000 and \$169,000 as amounts due from affiliates. These amounts are included in accounts receivable in the accompanying balance sheets.

During 1993, the Company declared distributions of Subchapter S earnings to stockholders of \$11,500,000. Of the amounts declared, \$2,500,000, \$500,000 and \$8,500,000 were paid in cash during 1995, 1994 and 1993, respectively. Notes receivable from stockholders bear interest at the prime rate plus 2% (10.5% at December 31, 1995). Interest on the notes is payable annually with principal due on July 15, 1996.

The Company also leases one equipment storage facility from a stockholder at an annual rent of \$48,000 expiring on October 31, 1998.

#### 13. SIGNIFICANT CUSTOMERS AND CONCENTRATION OF CREDIT RISK:

The Company provides telecommunications and related construction services primarily to BellSouth Telecommunications, Inc. Revenue from this entity for the years ended December 31, 1995, 1994 and 1993 were approximately \$73.1 million, \$48.3 million and \$29.1 million, respectively. Accounts receivable from the Company's three largest customers at December 31, 1995 and 1994 were \$19.3 million and \$11.6 million, respectively.

In addition, the Company recognized revenue from a municipality in connection with a construction project of approximately \$10.7 million during the year ended December 31, 1993.

#### 14. COMMITMENTS AND 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 in 1989 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.

In November 1993, Mr. Kahn filed a class action and derivative complaint against Burnup & Sims, the members of its Board of Directors, 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 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 BellSouth arising from certain work performed by a subcontractor of the Company from 1991 to 1993 and a second lawsuit filed by the County of Gilpin, Colorado, against the Company in connection with work performed for U.S. West during 1992. The amounts claimed against the Company in these two lawsuits in the aggregate total approximately \$1.5 million. Both lawsuits were filed in November 1995 and are in the process of discovery. The Company believes that the allegations asserted by BellSouth and Gilpin County in these lawsuits are without merit and intends to defend these lawsuits vigorously.

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 consummation of the Burnup Acquisition.

The Company is also a defendant in other legal actions arising in the normal course of business. The Company believes, that the amount provided in the financial statements of the Company are adequate to cover the estimated losses expected to be incurred in connection with these matters.

In 1990, Trilogy Communications, Inc. filed suit against Excom Realty, Inc., a wholly owned subsidiary of the Company, for damages and declaratory relief. The Company counterclaimed for damages. On May 1, 1995, the Company settled its counterclaim for \$1.3 million, which is recorded as other income in the accompanying consolidated financial statements.

In connection with certain construction contracts, the Company has signed certain agreements of indemnity in the aggregate amount of approximately \$93.4 million, of which approximately \$49.5 million relate to the uncompleted portion of contracts in process. These agreements are to secure the fulfillment of obligations and performance of the related contracts. Included in these amounts are \$57.8 million, of which \$28.2 million relate to the uncompleted portion of contracts in process related to the general construction services segment. Management believes that no losses will be sustained from these agreements.

Federal, state and local laws and regulations govern the Company's operation of underground fuel storage tanks. The Company is in the process of removing, restoring and upgrading these tanks, as required by applicable laws, and has identified certain tanks and surrounding soil which will require remedial clean-ups. In this respect, the Company recorded in 1993 approximately \$566,000 in provisions for costs to be incurred in connection with these clean-ups. The Company does not expect future costs to be incurred in connection with these clean-ups to exceed the amounts which have been accrued in the accompanying financial statements.

#### 15. FAIR VALUE

For certain of the Company's financial instruments, including cash and cash equivalents, accounts and notes receivable, accounts payable, other accrued liabilities, and notes payable the carrying amounts approximate fair value due to their short maturities. Long term floating rate notes are carried at amounts that approximate fair value. As a result of the acquisitions described in Note 2, other financial instruments, including the Debentures and the investment in preferred stock, were recorded at their estimated fair values at the acquisition date. The estimated fair values were based on quoted market rates and third party valuations for instruments with similar risk terms and maturities. (See Note 5.)

The Company uses letters of credit to back certain insurance policies. The letters of credit reflect fair value as a condition of their underlying purpose and are subject to fees competitively determined in the market place.

The estimated fair values may not be representative of actual values of the financial instruments that could have been realized as of year end or that will be realized in the future.

#### 16. 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 Acquisition. (See Note 2.) 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. A portion of the proceeds (\$7.0 million) was used to prepay a portion of the Debentures. In August 1995, the Company sold the stock of Lectro for \$11.9 million in cash and a note receivable (the "Note") of \$450,000. Proceeds, net of transaction expenses were \$11.3 million. A gain of \$5.9 million, net of tax was recorded in the third quarter. The proceeds were used to repay \$10.0 million borrowed to finance the Devono Loan. A portion of the Note (\$250,000) is subject to adjustment based on ultimate collectability of Lectro's accounts receivable as of June 30, 1995. Any changes in proceeds from the Note as a result of any adjustments are not expected to be material.

The remaining outdoor theatre operations of Floyd Theatres are currently being marketed for sale as either operating facilities or for the underlying real estate value. In the third quarter of 1995, the Company recorded a provision of \$3.2 million, net of tax, related to Floyd Theatres' real estate to reflect a bulk sale value and estimated losses during the phase-out period. The Company has received offers to sell Southeastern. Based on these offers, a loss on disposal of \$1.8 million, net of tax, has been recorded. Disposal of these non-core assets is anticipated to be completed in 1996.

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 materially in the near term 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):

	December 31, 1995	December 31, 1994
	-----	-----
Revenue	\$21,952	\$29,902
	=====	=====
Earnings before income taxes	\$ 58	\$ 1,377
Provision for income taxes	20	552
	-----	-----
Net income from discontinued operations	\$ 38	\$ 825
	=====	=====

The following comprises the net assets of discontinued operations at December 31, 1995 (in thousands):

Receivables, net	\$ 1,432
Inventory	1,047
Property, plant and equipment, net	9,101
Other assets	51
Land held for sale	964
Less:	
Capital leases	2,140
Accounts payable	280
Accrued liabilities and reserve for loss on disposal	3,775
	-----
	\$ 6,400
	=====

(See statement of cash flows for discontinued operations disposed of during 1995).

17. QUARTERLY FINANCIAL DATA (Unaudited)

1995 (1):	First Quarter	Second Quarter	Third Quarter (2)	Fourth Quarter (3)	Total
Revenue	\$34,623 =====	\$39,174 =====	\$46,642 =====	\$54,144 =====	\$174,583 =====
Operating income	4,497 =====	6,036 =====	3,696 =====	3,598 =====	17,827 =====
Income (loss) from continuing operations	\$ 2,542	4,447	\$(7,438)	\$(2,601)	\$ (3,140)
Income (loss) from discontinued operations including gain (loss) on disposal, net of taxes	1,709 -----	205 -----	1,551 -----	(934) -----	2,531 -----
Net income (loss)	\$ 4,161 =====	\$ 4,652 =====	\$(5,887) =====	\$(3,535) =====	\$ (609) =====
Earnings per share:					
Income (loss) of continuing operations	\$ 0.15	\$ 0.28	\$ (0.46)	\$ (0.16)	\$ (0.20)
Income (loss) of discontinued operations	0.11 -----	0.01 -----	0.10 -----	(0.06) -----	0.16 -----
	\$ 0.26 =====	\$ 0.29 =====	\$(0.36) =====	\$(0.22) =====	\$(0.04) =====

(Dollars in Thousands, Except Earnings Per Share)

1994 (1):	First Quarter (5)	Second Quarter	Third Quarter	Fourth Quarter (6)	Total (7)
Revenue	\$14,350 =====	\$27,305 =====	\$36,056 =====	\$33,583 =====	\$111,294 =====
Operating income	1,156 =====	1,915 =====	3,717 =====	3,093 =====	9,881 =====
Income from continuing operations	625	1,109	2,136	1,938	5,808
Income (loss) of discontinued operations	91 -----	474 -----	470 -----	(210) -----	825 -----
Net income	716 =====	1,583 =====	2,606 =====	1,728 =====	6,633 =====
Earnings per share:					
Income from continuing operations	\$ 0.04	\$ 0.07	\$ 0.13	\$ 0.12	\$ 0.36
Income (loss) of discontinued operations	0.00 -----	0.03 -----	0.03 -----	(0.01) -----	0.05 -----
	\$ 0.04 =====	\$ 0.10 =====	\$ 0.16 =====	\$ 0.11 =====	\$ 0.41 =====

(1) Results of operations have been reclassified for discontinued operations. (See Note 16.)

(2) In the third quarter of 1995, the Company recorded a special charge of \$15.4 million to write down its real estate held for sale. (See Note 5.)

(3) In the fourth quarter of 1995, the Company recorded an additional charge of \$7.7 million to write down real estate held for sale and its investment in preferred stock. (See Note 5.)

(4) Earnings per share are computed independently for each of the quarters presented. Therefore, the sum of the quarterly per share data in 1995 does not equal the total computed for the year due to changes in the average number of shares outstanding.

(5) The first quarter of 1994 has been presented on a pro forma basis to include a provision for income taxes as though the Company had been subject to taxation during the entire quarter.

(6) In the fourth quarter of 1994, the Company recorded certain adjustments related to other quarters which increased net income by approximately \$207,000, the effect of which on previously recorded quarters was not significant. Also contributing to the increase was a successful settlement of litigation.

(7) Net income and earnings per share amounts for 1994 have been adjusted to include a provision for income taxes as though the Company had been subject to taxation for the entire year.

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NO DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THIS OFFERING OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF ANY OFFER TO BUY ANY SECURITY OTHER THAN THOSE TO WHICH IT RELATES, NOR DOES IT CONSTITUTE AN OFFER TO SELL, OR THE SOLICITATION OF ANY OFFER TO BUY, TO ANY PERSON IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED, OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO, OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF OR THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

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MASTEC, INC.

SHARES OF  
-----  
COMMON STOCK

-----  
PROSPECTUS

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BEAR, STEARNS & CO., INC.

JEFFERIES & COMPANY, INC.

AUGUST , 1996  
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PART II. INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following sets forth expenses and costs payable by the Company (other than underwriting discounts and commissions) expected to be incurred in connection with the issuance and distribution of the securities described in this Registration Statement. All amounts are estimated except for the SEC registration fee and the NASD filing fee.

	AMOUNT
	-----
Registration fee under Securities Act	\$26,115
NASD filing fee	7,573
Nasdaq fees	17,500
Legal fees and expenses	*
Accounting fees and expenses	*
Blue Sky fees and expenses	*
Printing and engraving expenses	*
Registrar and transfer agent fees	*
Miscellaneous expenses	-----
Total	\$ *
	=====

\* To be filed by amendment.

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The Company's Amended and Restated Certificate of Incorporation (the "Certificate") provides that the Company shall indemnify to the fullest extent authorized by the Delaware General Corporation Law (the "DGCL"), each person who is involved in any litigation or other proceeding because such person is or was a director or officer of the Company, against all expense, loss or liability reasonably incurred or suffered in connection therewith. The Company's By-laws provide that a director or officer may be paid expenses incurred in defending any proceeding in advance of its final disposition upon receipt by the Company of an undertaking, by or on behalf of the director or officer, to repay all amounts so advanced if it is ultimately determined that such director or officer is not entitled to indemnification.

Section 145 of the DGCL permits a corporation to indemnify any director or officer of the corporation against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with any action, suit or proceeding brought by reason of the fact that such person is or was a director or officer of the corporation, if such person acted in good faith and in a manner that he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, if he had no reason to believe his conduct was unlawful. In a derivative action, (i.e., one brought by or on behalf of the corporation), indemnification may be made only for expenses, actually and reasonably incurred by any director or officer in connection with the defense or settlement of such an action or suit, if such person acted in good faith and in a manner that he reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made if such person shall have been adjudged to be liable to the corporation, unless and only to the extent that the court in which the

action or suit was brought shall determine that the defendant is fairly and reasonably entitled to indemnity for such expenses despite such adjudication of liability.

Pursuant to Section 102(b)(7) of the DGCL, the Company's Certificate eliminates the liability of a director to the corporation or its stockholders for monetary damages for such breach of fiduciary duty as a director, except for liabilities arising (a) from any breach of the director's duty of loyalty to the corporation or its stockholders, (b) from acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) under Section 174 of the DGCL, or (d) from any transaction from which the director derived an improper personal benefit.

The Company has obtained primary and excess insurance policies insuring the directors and officers of the Company and its subsidiaries against certain liabilities they may incur in their capacity as directors and officers. Under such policies, the insurer, on behalf of the Company, may also pay amounts for which the Company has granted indemnification to the directors or officers.

Additionally, reference is made to the Underwriting Agreement filed as Exhibit 1.1 hereto, which provides for indemnification by the Underwriters of the Company, its directors and officers who sign the Registration Statement, the Selling Stockholders and persons who control the Company, under certain circumstances.

#### ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

The following documents are filed as exhibits to this registration statement:

1.1 Form of Underwriting Agreement.

3.1 Certificate of Incorporation of the Company, filed as Exhibit 3(i) to Company's Registration Statement on Form S-8 (File No. 33-55327) and incorporated by reference herein.

3.2 By-laws of the Company, filed as Exhibit 3.1 to Company's Form 10-Q for the quarter ended March 31, 1996 and incorporated by reference herein.

5.1 Opinion of Fried, Frank, Harris, Shriver & Jacobson.\*

10.1 Stock Purchase Agreement dated June 22, 1994, between MasTec, Inc. and Designed Traffic Installation Co., filed as Exhibit 2 to the Company's Form 8-K dated July 6, 1994 and incorporated by reference herein.

10.2 Loan and Security Agreement dated January 29, 1995, between the Company and Barclays Business Credit, Inc. (n/k/a Fleet Financial Corporation), filed as Exhibit 10 to the Company's Form 8-K dated February 9, 1995 and incorporated by reference herein.

10.3 Loan Agreement dated July 14, 1995 between the Company and Devono Company Limited, filed as Exhibit 10 to the Company's Form 10-Q for the quarter ended June 30, 1995 and incorporated by reference herein.



10.4 Amendment to Loan and Security Agreement dated February 29, 1996 between the Company and Fleet Capital Corporation filed as Exhibit 10.5 to the Company's Form 10-K for the year ended December 31, 1995 and incorporated by reference herein.

10.5 Stock Option Agreement dated March 11, 1994 between the Company and Arthur B. Laffer filed as Exhibit 10.6 to the Company's Form 10-K for the year ended December 31, 1995 and incorporated by reference herein.

10.6 Stock Purchase Agreement dated April 1, 1996 between the Company and Telefonica de Espana, S.A., filed as Exhibit 2.1 to the Company's Form 8-K dated April 30, 1996 and incorporated by reference herein.

21.1 Subsidiaries of the Company.

23.1 Consent of Coopers & Lybrand L.L.P.

23.2 Consent of Arthur Andersen.\*

23.3 Consent of Fried, Frank, Harris, Shriver & Jacobson (included in Exhibit 5.1 above).

24.1 Power of Attorney (included on Signature Page of this Registration Statement).

\* To be filed by amendment.

#### ITEM 17. UNDERTAKINGS.

The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual reports pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Miami, State of Florida, on August 27, 1996.

MASTEC, INC.

/s/ Edwin D. Johnson

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

The undersigned directors and officers of MasTec, Inc. hereby constitute and appoint Edwin D. Johnson and Jose M. Sariego, and each of them with full power to act without the other and with full power of substitution and resubstitution, our true and lawful attorneys-in-fact with full power to execute in our name and behalf in the capacities indicated below this Registration Statement on Form S-3 and any and all amendments thereto and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission and hereby ratify and confirm all that such attorneys-in-fact, or any of them, or their substitutes shall lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
----- [S]	----- [C]	----- [C]
/s/Jorge Mas ----- Jorge Mas	President and Chief Executive Officer (Principal Executive Officer)	August 27, 1996
/s/ Jorge L. Mas ----- Jorge L. Mas	Chairman of the Board	August 27, 1996

/s/Eliot C. Abbot                    Director                    August 27, 1996  
-----  
Eliot C. Abbot

/s/Arthur B. Laffer                Director                    August 27, 1996  
-----  
Arthur B. Laffer

/s/Samuel C. Hathorn, Jr.         Director                    August 27, 1996  
-----  
Samuel C. Hathorn, Jr.

/s/Jose S. Sorzano                 Director                    August 27, 1996  
-----  
Jose S. Sorzano

MASTEC, INC.

\_\_\_\_\_ SHARES OF COMMON STOCK

UNDERWRITING AGREEMENT

\_\_\_\_\_, 1996

Bear, Stearns & Co. Inc.  
Jefferies & Company, Inc.  
c/o Bear, Stearns & Co. Inc.  
245 Park Avenue  
New York, New York 10167

Ladies and Gentlemen:

MasTec, Inc., a Delaware corporation (the "Company") and the stockholders of the Company listed on Schedule II hereto (collectively, the "Selling Stockholders" and, together with the Company, the "Sellers") confirm their agreement with the several Underwriters listed on Schedule I hereto (collectively, the "Underwriters"), for whom Bear, Stearns & Co. Inc. and Jefferies & Company, Inc. have been duly authorized to act as representatives (the "Representatives") as follows:

1. Description of Securities. The Company and the Selling Stockholders severally propose, upon the terms and subject to the conditions set forth herein, to issue and sell to the Underwriters an aggregate of \_\_\_\_\_ shares (the "Firm Shares") of the Company's common stock, \$0.10 par value per share (the "Common Stock"). The Firm Shares consist of \_\_\_\_\_ shares to be issued and sold by the Company (the "Firm Company Shares") and \_\_\_\_\_ outstanding shares to be sold by the Selling Stockholders. The Company also proposes to sell to the Underwriters, upon the terms and conditions set forth in Section 3 hereof, up to an additional \_\_\_\_\_ shares (the "Additional Shares" and together with the Firm Company Shares, the "Company Shares") of Common Stock. The Firm Shares and the Additional Shares are hereinafter collectively referred to as the "Shares."

2. Registration Statement and Prospectus. The Company has prepared and filed with the Securities and Exchange Commission (the "Commission") in conformity with the requirements of the Securities Act of 1933, as amended (the "Act"), and the rules and regulations promulgated thereunder by the Commission (the "Securities Act Regulations"; which together with the Exchange Act Regulations (as defined below), are referred to herein as the "Regulations"), a registration statement, as amended by certain amendments thereto, on Form S-3 (File No. 333-\_\_\_\_\_), including a preliminary prospectus, subject to completion, relating to the Shares. The Company will next file with the Commission either (i) prior to the effectiveness of such registration statement, a further amendment

thereto, including therein a final prospectus or (ii) after the effectiveness of such registration statement, a final prospectus in accordance with Rules 430A and 424(b)(1) of the Securities Act Regulations, the documents so filed in either case to include all Rule 430A Information (as defined below) and to conform, in content and form, to the last printer's proof thereof furnished to and approved by the Underwriters immediately prior to such filing. If the Company files a registration statement to register any additional shares of Common Stock in connection with the offering of the Shares and relies on Rule 462(b) for such registration statement to become effective upon filing with the Commission (the "Rule 462 Registration Statement"), then any reference to "Registration Statement" herein shall be deemed to be both the registration statement referred to above (No. 333-\_\_\_\_) and the Rule 462 Registration Statement, as each such registration statement may be amended pursuant to the Act.

As used in this Underwriting Agreement (the "Agreement"), (i) the term "Effective Date" means the later of the date that the registration statement is declared effective by the Commission, or, if a post-effective amendment is filed with respect thereto, the date of such post-effective amendment's effectiveness, (ii) the term "Registration Statement" means the registration statement, as amended at the time when it becomes effective or, if a post-effective amendment is filed with respect thereto, as amended by such post-effective amendment at the time of its effectiveness, including in each case all information incorporated by reference therein, all Rule 430A Information deemed to be included therein at the Effective Date pursuant to Rule 430A of the Securities Act Regulations and all financial statements and exhibits included or incorporated by reference therein, (iii) the term "Rule 430A Information" means information with respect to the Shares and the public offering thereof permitted, pursuant to the provisions of paragraph (a) of Rule 430A of the Securities Act Regulations, to be omitted from the form of prospectus included in the Registration Statement at the time it is declared effective by the Commission, (iv) the term "Prospectus" means the form of final prospectus relating to the Shares first filed with the Commission pursuant to Rule 424(b) of the Securities Act Regulations or, if no filing pursuant to Rule 424(b) is required, the form of final prospectus included in the Registration Statement at the Effective Date and (v) the term "preliminary prospectus" means any preliminary prospectus (as described in Rule 430 of the Securities Act Regulations) with respect to the Shares that omits Rule 430A Information. Any reference herein to the Registration Statement, the Prospectus, any amendment or supplement thereto or any preliminary prospectus shall be deemed to refer to and include the documents incorporated by reference therein which were filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules and regulations of the Commission promulgated thereunder (the "Exchange Act Regulations"), and any reference herein to the terms "amend," "amendment" or "supplement" with respect to the Registration Statement or Prospectus shall be deemed to refer to and include the filing after the execution hereof of any document with the Commission deemed to be incorporated by reference therein. For purposes of this Agreement the term "subsidiaries" shall mean all direct and indirect subsidiaries of the Company, as listed on Exhibit A hereto, and shall include those corporations, partnerships and other business entities, whether domestic or foreign, which are, or under generally accepted accounting principles should be, consolidated for purposes of the Company's financial reporting.

3. Purchase and Sale of the Shares. Subject to all the terms and conditions set forth herein (i) the Company agrees to issue and sell \_\_\_\_\_ Firm Shares and (ii) each Selling Stockholder agrees, severally and not jointly, to sell the number of Firm Shares set forth opposite such Selling Stockholder's name on Schedule II hereto to each Underwriter and, upon the basis of the representations, warranties, covenants and agreements of the Company and the Selling Stockholders herein contained and subject to all the terms and conditions set forth herein, each Underwriter agrees, severally and not jointly, to purchase from the Company and the Selling Stockholders, at a purchase

price of \$\_\_\_\_\_ per Share, the number of Firm Shares set forth opposite the name of such Underwriter on Schedule I hereto (or such number of Firm Shares increased as set forth in Section 13 hereof).

The Company also agrees, subject to all the terms and conditions set forth herein, to sell to the Underwriters, and, upon the basis of the representations, warranties and agreements of the Company herein contained and subject to all the terms and conditions set forth herein, the Underwriters shall have the right to purchase from the Company, solely for the purpose of covering over-allotments in connection with sales of the Firm Shares, at the purchase price per share, pursuant to an option (the "over-allotment option") which may be exercised at any time and from time to time prior to 9:00 p.m., New York City time, on the 30th day after the date of the Prospectus (or, if such 30th day shall be a Saturday or Sunday or a holiday, on the next business day thereafter when the New York Stock Exchange is open for trading), up to an aggregate of \_\_\_\_\_ Additional Shares. Upon any exercise of the over-allotment option, each Underwriter, severally and not jointly, agrees to purchase from the Company the number of Additional Shares (subject to such adjustments as the Underwriters may determine in order to avoid fractional shares) that bears the same proportion to the aggregate number of Additional Shares to be purchased by the Underwriters as the number of Firm Shares set forth opposite the name of such Underwriter on Schedule I hereto (or such number of Firm Shares increased as set forth in Section 13 hereof) bears to the aggregate number of Firm Shares.

The Sellers hereby agree, severally and not jointly, and the Company shall, concurrently with the execution of this Agreement, deliver an agreement executed by each stockholder listed on Schedule II hereto, pursuant to which each such person agrees not to sell, offer to sell, solicit an offer to buy, contract to sell, grant any option to purchase, or otherwise transfer or dispose of any capital stock of the Company, or any securities that are convertible into or exercisable or exchangeable for capital stock of the Company, except to the Underwriters pursuant to this Agreement, for a period of \_\_\_\_\_ days from the date of the Prospectus as set forth in each such agreement, in each case, without the prior written consent of Bear, Stearns & Co., Inc., which consent will not be unreasonably withheld.

4. Offering. It is understood that the Underwriters propose to make a public offering of their respective portions of the Shares as soon after the Registration Statement and this Agreement have become effective as in the Representatives' judgment is advisable and initially to offer the Shares for sale to the public as set forth in the Prospectus.

5. Delivery of the Shares and Payment Therefor. Delivery to the Representatives of and payment for the Firm Shares shall be made at the office of Latham & Watkins, 885 Third Avenue, New York, NY 10022, at 10:00 a.m., New York City time, on \_\_\_\_\_, 1996 (the "Closing Date"). The place of closing for the Firm Shares and the Closing Date may be varied by agreement between the Representatives and the Company.

Delivery to the Underwriters of and payment for any Additional Shares to be purchased by the Underwriters shall be made at the office of Latham & Watkins, 885 Third Avenue, New York, NY 10022 at such time on such date (the "Option Closing Date"), which may be the same as the Closing Date but shall in no event be earlier than the Closing Date nor earlier than two nor later than ten business days after the giving of the notice hereinafter referred to, as shall be specified in a written notice from the Representatives to the Company of the Representatives' determination to purchase a number, specified in such notice, of Additional Shares. The place of closing for any Additional Shares and the Option Closing Date for such Shares may be varied by agreement between the Representatives and the Company.

Certificates for the Firm Shares and for any Additional Shares to be purchased hereunder shall be registered in such names and in such denominations as the Representatives shall request prior to 9:30 a.m., New York City time, on the second business day preceding the Closing Date or the Option Closing Date, as the case may be. Such certificates shall be made available to the Representatives in New York City for inspection and packaging not later than 9:30 a.m., New York City time, on the business day next preceding the Closing Date or the Option Closing Date, as the case may be. The certificates evidencing the Firm Shares and any Additional Shares to be purchased hereunder shall be delivered to the Representatives on the Closing Date or the Option Closing Date, as the case may be, against payment of the purchase price therefor by wire transfer of immediately available funds to the Company's and each of the Selling Stockholders' accounts, provided that each of the Company and the Selling Stockholders shall give at least two business days' prior written notice to the Underwriters of the information required to effect such wire transfers.

6. Covenants of the Company. The Company covenants and agrees with each Underwriter that:

(a) The Company will, if the Registration Statement has not heretofore become effective under the Act, file an amendment to the Registration Statement or, if necessary pursuant to Rule 430A of the Securities Act Regulations, file a post-effective amendment to the Registration Statement, as soon as practicable after the execution and delivery of this Agreement, and will use its best efforts to cause the Registration Statement or such post-effective amendment to become effective at the earliest possible time. If the Registration Statement has become or becomes effective pursuant to Rule 430A of the Securities Act Regulations, or filing of the Prospectus is otherwise required under Rule 424(b) of the Securities Act Regulations, the Company will file the Prospectus, properly completed, pursuant to Rule 424(b) of the Securities Act Regulations within the time period therein prescribed and will provide evidence satisfactory to the Underwriters of such timely filing. The Company in all other respects will comply fully and in a timely manner with the applicable provisions of Rule 424 and Rule 430A of the Securities Act Regulations and with Rule 462 of the Securities Act Regulations, if applicable.

(b) The Company will promptly advise the Underwriters, and, if so requested by the Underwriters, confirm such advice in writing, (i) when the Registration Statement, any Rule 462 Registration Statement or any post-effective amendment thereto has become effective and if and when the Prospectus is sent for filing pursuant to Rule 424(b) of the Securities Act Regulations, (ii) of receipt by the Company or any representative or attorney of the Company of any communications from the Commission relating to the Company, the Registration Statement, any preliminary prospectus, the Prospectus, any document incorporated by reference therein, or the transactions contemplated by this Agreement, including, without limitation, the receipt of a request by the Commission for any amendment or supplement to the Registration Statement or Prospectus, or any document incorporated by reference therein, or the receipt of any comments from the Commission, (iii) of the initiation or threatening of any proceedings for, or receipt by the Company of any notice with respect to, the issuance by the Commission of any stop order suspending effectiveness of the Registration Statement or any post-effective amendment thereto or the issuance by any state securities commission or other regulatory authority of any order suspending the qualification or exemption from qualification of the Shares for the offering or sale in any jurisdiction and (iv) during the period when the



Prospectus is required to be delivered under the Act, of any material change in the Company's condition (financial or otherwise), business, prospects, properties, assets, liabilities, net worth, results of operations, cash flows or of the happening of any event that makes any statement of a material fact made in the Registration Statement untrue or that requires the making of any additions to or changes in the Registration Statement in order to make the statements therein not misleading or that makes any statement of a material fact made in the Prospectus untrue or that requires the making of any additions to or changes in the Prospectus required to be made therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Company will use its reasonable best efforts to prevent the issuance of an order by the Commission at any time suspending the effectiveness of the Registration Statement or any post-effective amendment thereto, or by any state securities commission or other regulatory authority suspending the qualification or exemption from qualification of the Shares and, if any such order is issued, to obtain its withdrawal or lifting at the earliest possible time.

(c) The Company will furnish to the Underwriters without charge up to four signed copies of the Registration Statement (including all exhibits and all documents incorporated by reference therein, as filed with the Commission) and four signed copies of all amendments thereto, and the Company will furnish without charge to those persons designated by each Underwriter such number of conformed copies of the Registration Statement, of each preliminary prospectus, the Prospectus and all amendments of and supplements to such documents, if any, as such Underwriter may reasonably request. The Company consents to the use of the Prospectus and any amendments or supplements thereto by any Underwriter or any dealer, both in connection with the offering or sale of the Shares and for such period of time thereafter as delivery of a Prospectus is required by the Act.

(d) The Company will not file any amendment or supplement to the Registration Statement, or any document that upon filing is deemed to be incorporated by reference in the Registration Statement or Prospectus or any amendment of or supplement to the Prospectus, whether before or after the Effective Date, to which the Underwriters reasonably object in writing after being timely furnished in advance a copy thereof. The Company shall promptly prepare and file with the Commission, upon the Underwriters' reasonable request, any amendment to the Registration Statement or any supplement to the Prospectus that may be necessary or advisable in connection with the distribution of the Shares by the Underwriters. The Company will use its best efforts to cause any such amendment or supplement to become effective as promptly as possible.

(e) During the time that a prospectus relating to the Shares is required to be delivered under the Act, the Company will (i) comply as far as it is able with all requirements imposed upon it by the Act and by the Regulations, as from time to time in force, so far as necessary to permit the continuance of sales of or dealing in the Shares as contemplated by the provisions hereof and the Prospectus, and (ii) will file promptly all documents required to be filed with the Commission pursuant to Section 13 or 14 of the Exchange Act and the Exchange Act Regulations. If at any time when a prospectus relating to the Shares is required to be delivered under the Act any event shall have occurred as a result of which the Registration Statement or the Prospectus as then supplemented includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not

misleading, or if it shall be necessary, in the judgment of the Company or in the reasonable opinion of either counsel to the Company or counsel to the Underwriters, at any time to amend or supplement the Registration Statement or Prospectus to comply with the Act or the Regulations, or to file under the Exchange Act, so as to comply therewith, any document incorporated by reference in the Registration Statement or Prospectus or in any amendment or supplement thereto, the Company will notify the Underwriters promptly and prepare and file with the Commission an appropriate amendment or supplement (in form and substance satisfactory to the Underwriters) so that the statements in the Registration Statement and the Prospectus, as so amended or supplemented, will not, in the light of the circumstances existing as of the date the Prospectus is so delivered, be misleading, or so to effect such compliance with the Act or the Exchange Act and the Regulations, and the Company will use its best efforts to cause any such amendment to the Registration Statement to be declared effective as promptly as possible.

(f) The Company will cooperate with the Underwriters and Underwriters' counsel, at or prior to the time the Registration Statement becomes effective, to qualify or register the Shares for offering and sale and to determine the eligibility for investment of the Shares under the securities laws of such jurisdictions as the Underwriters may designate and to maintain such qualification or registration in effect for so long as required for the distribution thereof provided, however that the Company shall not be required in connection therewith to register or qualify as a foreign corporation or to file any general consent to service of process in any jurisdiction where it is not already so qualified or subject.

(g) The Company will make generally available (within the meaning of Section 11(a) of the Act) to its security holders and to the Underwriters as soon as practicable, but not later than 60 days after the close of the period covered thereby, an earnings statement, covering a period of at least twelve consecutive full calendar months commencing after the effective date of the Registration Statement (but in no event commencing later than 90 days after such date), that satisfies the provisions of Section 11(a) of the Act and Rule 158 of the Securities Act Regulations.

(h) The Company will apply the proceeds from the sale of the Shares as set forth under the heading "Use of Proceeds" in the Prospectus.

(i) The Company will do and perform all things required or necessary to be done and performed under this Agreement by it prior to the Closing Date and to satisfy all conditions precedent on its part to the delivery of the Shares.

(j) Prior to the Closing Date, the Company will furnish to the Underwriters, as soon as they have been prepared in the ordinary course by the Company, copies of any unaudited interim financial statements of the Company and Sistemas e Instalaciones de Telecomunicacion, S.A. ("Sintel"), for any periods subsequent to the periods covered by the financial statements appearing in the Registration Statement and the Prospectus.

(k) Neither the Company nor any of its subsidiaries will take, directly or indirectly, any action designed to, or that might reasonably be expected to, cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares. Except as permitted by the Act, the Company will not distribute any Registration

Statement, preliminary prospectus, Prospectus or other offering material in connection with the offering and sale of the Shares.

(l) The Company will use its best efforts to have the Shares listed for quotation on the Nasdaq National Market concurrently with the effectiveness of the Registration Statement.

(m) The Company will cooperate and assist in any filings required to be made by the Underwriters with the National Association of Securities Dealers, Inc. ("NASD") and in the performance of any due diligence investigation by any broker/dealer participating in the sale of the Shares.

(n) For a period of five years from Closing Date the Company will deliver without charge to the Underwriters, as they may reasonably request, promptly upon their becoming available, copies of (i) all reports or other publicly available information that the Company shall mail or otherwise make available to its stockholders and (ii) all reports, financial statements and proxy or information statements filed by the Company with the Commission or any national securities exchange and such other publicly available information concerning the Company or its subsidiaries, including without limitation, press releases.

(o) During the period of \_\_\_ days from the date of the Prospectus, the Company will not, without the prior written consent of Bear Stearns & Co., Inc., which consent will not be unreasonably withheld, directly or indirectly issue, sell, offer to sell, solicit an offer to buy, contract to sell, grant any option to purchase or otherwise transfer or dispose of or register or announce the sale or offering of any shares of capital stock of the Company, or any securities that are convertible into or exercisable or exchangeable for capital stock of the Company, other than (i) the issuance of shares of capital stock of the Company in connection with future acquisitions by the Company of assets of, or equity interests in, telecommunications and related infrastructure services businesses; (ii) the grant of stock options to employees under the Company's stock option plans; (iii) the issuance of the Company's common stock upon the exercise of outstanding stock options, warrants and convertible debt securities; and (iv) the issuance of shares of the Company's common stock pursuant to a shelf registration statement on Form S-4 (File No. 333-09607).

(p) The Company shall cause each person listed on Schedule II to enter into an agreement in the form set forth in Exhibit D to the effect that they will not, for a period of 180 days after the commencement of the public offering of the Shares, request or demand the filing of a registration statement with respect to, offer, sell, contract to sell or otherwise dispose of any shares of Common Stock (or any securities convertible into or exercisable or exchangeable for Common Stock) or grant any options or warrants to purchase any shares of Common Stock without the prior written consent of Bear, Stearns & Co. Inc., which consent will not be unreasonably withheld.

(q) The Company will comply with all the provisions of any undertakings contained in the Registration Statement under the heading "Incorporation of Certain Documents by Reference."

7. Representations and Warranties of the Company and the Selling Stockholders.

(1) The Company represents and warrants to each Underwriter that:

(a) When the Registration Statement becomes effective, when any post-effective amendment to the Registration Statement becomes effective, when the Prospectus is first filed with the Commission pursuant to Rule 424(b) of the Securities Act Regulations, when any supplement to or amendment of the Prospectus is filed with the Commission, and at the Closing Date, the Registration Statement (which, as defined includes all documents incorporated by reference therein) and, if filed at such time, the Prospectus (which, as defined includes all documents incorporated by reference therein) and any amendments thereof and supplements thereto will comply in all material respects with the applicable provisions of the Act, the Exchange Act and the Regulations, and such Registration Statement (which, as defined includes all documents incorporated by reference therein) did not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading; and such Prospectus (including all documents incorporated by reference therein) or supplement thereto did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. When any related preliminary prospectus was first filed with the Commission (whether filed as part of the Registration Statement or an amendment thereof or pursuant to Rule 424(a) of the Regulations) and when any amendment or supplement thereto was first filed with the Commission, such preliminary prospectus and any amendment or supplement thereto complied in all material respects with the applicable provisions of the Act and the Regulations and did not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. No representation or warranty is made in this subsection (a), however, with respect to any statements in or omissions from the Registration Statement or the Prospectus or any related preliminary prospectus or any amendment or supplement thereto based upon and conforming with information furnished in writing by or on behalf of the Underwriters or the Selling Stockholders to the Company expressly for use therein. The Company acknowledges for all purposes under this Agreement (including Section 11 hereof) that the statements set forth in the last paragraph on the front cover page of the Prospectus, the two paragraphs on the inside front cover page of the Prospectus and in the first and second paragraphs and the third sentence of the third paragraph below the table under the caption "Underwriting" in the Prospectus constitute the only written information furnished to the Company by the Underwriters for use in the Prospectus or any preliminary prospectus (or any amendments or supplements thereto).

(b) The Company and the transactions contemplated by this Agreement meet the requirements for using Form S-3 under the Act. The documents incorporated by reference in the Registration Statement, the Prospectus, any amendment or supplement thereto or any Preliminary Prospectus and any further documents incorporated by reference, when they became or become effective under the Act or were or are filed with the Commission under the Exchange Act, as the case may be, conformed or will conform in all material respects with the requirements of the Act or the Exchange Act, as applicable, and the Regulations; no such document when it was or is filed (or, if an amendment with respect to any such document was or is filed, when such amendment was filed), contained an untrue statement of a material fact

or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading.

(c) There are no contracts or documents of the Company or any of its subsidiaries that are required to be described or referred to in the Registration Statement, or to be filed as exhibits thereto or in or to any of the documents incorporated by reference therein by the Act, the Exchange Act or by the Regulations other than those described or referred to therein or filed as exhibits thereto.

(d) No stop order suspending the effectiveness of the Registration Statement or preventing or suspending the use of any preliminary prospectus has been issued and no proceedings for that purpose have been commenced or are pending before or, to the knowledge of the Company, are contemplated by the Commission. No stop order suspending the sale of the Shares in any jurisdiction designated by the Representatives has been issued and no proceedings for that purpose have been commenced or are pending or, to the knowledge of the Company, are contemplated.

(e) Each of the Company and its subsidiaries (A) has been duly organized, is validly existing as a corporation in good standing under the laws of its respective jurisdiction of incorporation, (B) has all requisite corporate power and authority to carry on its business as it is currently being conducted and as described in the Registration Statement and the Prospectus and to own, lease and operate its properties and (C) is duly qualified and in good standing as a foreign corporation authorized to do business in each jurisdiction in which the nature of its business or its ownership or leasing of property requires such qualification except, with respect to this clause (C), where the failure to be so qualified or in good standing does not and could not reasonably be expected to (x) individually or in the aggregate, result in a material adverse effect on the properties, business, results of operations, condition (financial or otherwise), affairs or prospects of the Company and its subsidiaries, taken as a whole, (y) interfere with or adversely affect the issuance or marketability of the Shares pursuant hereto or (z) in any manner draw into question the validity of this Agreement (any of the events set forth in clauses (x), (y) or (z), a "Material Adverse Effect"). All of the issued and outstanding shares of capital stock of, or other ownership interests in, each subsidiary have been duly authorized and validly issued, and, with respect to the capital stock, are fully paid and non-assessable and were not issued in violation of or subject to any preemptive or similar rights and, except as set forth in the Prospectus or on Exhibit A, are owned by the Company directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or other restriction on transferability or voting. Except as set forth in the Prospectus or on Exhibit A, neither the Company nor any of its subsidiaries owns or holds any interest in any corporation, partnership, trust or association, joint venture or other entity.

(f) All of the outstanding shares of capital stock of the Company have been duly authorized, validly issued and are fully paid and nonassessable and were not issued in violation of any preemptive or similar rights; the Shares have been duly authorized and, when issued and delivered to the Underwriters against payment therefor in accordance with the terms hereof, will be validly issued, fully paid and nonassessable and free of any preemptive or similar rights. The authorized, issued and outstanding capital stock of the Company conforms in all respects to the description thereof set forth in the Registration Statement and Prospectus. Except as set forth in the Prospectus, there are no outstanding subscriptions, rights, warrants,

calls, commitments of sale or options to acquire, or instruments convertible into or exchangeable or exercisable for, any capital stock or other equity interest in the Company or any of its subsidiaries.

(g) The Company has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby, including, without limitation, the corporate power and authority to issue, sell and deliver the Company Shares as provided herein.

(h) This Agreement has been duly and validly authorized, executed and delivered by the Company and is the legal, valid and binding agreement of the Company, enforceable against it in accordance with its terms, except insofar as indemnification and contribution provisions may be limited by applicable law or equitable principles and subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization or similar laws affecting the rights of creditors generally and subject to general principles of equity.

(i) None of the Company or any of the subsidiaries is (A) in violation of its charter or bylaws, (B) in default in the performance of any bond, debenture, note, indenture, mortgage, deed of trust or other agreement or instrument to which it is a party or by which it is bound or to which any of its properties is subject, or (C) in violation of any local, state, Federal or Spanish law, statute, ordinance, rule, regulation, requirement, judgment or court decree applicable to the Company or any subsidiary or any of their assets or properties (whether owned or leased) other than, in the case of clauses (B) and (C), any default or violation that could not reasonably be expected to have a Material Adverse Effect. To the best knowledge of the Company, there exists no condition that, with notice, the passage of time or otherwise, would constitute a default under any such document or instrument, except for defaults that could not reasonably be expected to have a Material Adverse Effect.

(j) All of the Company's subsidiaries are listed on Exhibit A hereto. None of (A) the execution, delivery or performance by the Company of this Agreement and (B) the issuance and sale of the Company Shares violate, conflict with or constitute a breach of any of the terms or provisions of, or a default under (or an event that with notice or the lapse of time, or both, would constitute a default), or require consent under, or result in the imposition of a lien or encumbrance on any properties of the Company or any subsidiary, or an acceleration of any indebtedness of the Company or any subsidiary pursuant to, (i) the charter or bylaws of the Company or any subsidiary, (ii) any bond, debenture, note, indenture, mortgage, deed of trust or other agreement or instrument to which the Company or any subsidiary is a party or by which any of them or their property is or may be bound, (iii) any statute, rule or regulation applicable to the Company or any subsidiary or any of their respective assets or properties or (iv) any judgment, order or decree of any court or governmental agency or authority having jurisdiction over the Company or the subsidiaries or any of their assets or properties, except in the case of clauses (ii), (iii) and (iv) for such violations conflicts, breaches, defaults, consents, impositions of liens or accelerations that would not singly, or in the aggregate, have a Material Adverse Effect. Other than as described in the Prospectus, no consent, approval, authorization or order of, or filing, registration, qualification, license or permit of or with, (A) any court or governmental agency, body or administrative agency or (B) any other person is required for (1) the execution, delivery and performance by the Company of this Agreement or (2) the issuance and sale of the Company Shares and the transactions contemplated hereby and thereby, except

(x) such as have been obtained and made under the Act and state securities or Blue Sky laws and regulations or such as may be required by the NASD or (y) where the failure to obtain any such consent, approval, authorization or order of, or filing registration, qualification, license or permit would not reasonably be expected to result in a Material Adverse Effect.

(k) There is (i) no action, suit, investigation or proceeding before or by any court, arbitrator or governmental agency, body or official, domestic or foreign, now pending or, to the best knowledge of the Company or any subsidiary, threatened or contemplated to which the Company or any of its subsidiaries is or may be a party or to which the business or property of the Company or any of its subsidiaries is or may be subject, (ii) no statute, rule, regulation or order that has been enacted, adopted or issued by any governmental agency or that has been proposed by any governmental body or (iii) no injunction, restraining order or order of any nature by a federal or state court or foreign court of competent jurisdiction to which the Company or any subsidiary is or may be subject or to which the business, assets or property of the Company or any subsidiary are or may be subject that, in the case of clauses (i), (ii) and (iii) above, (x) is required to be disclosed in the Registration Statement or the Prospectus and that is not so disclosed, (y) could reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect or (z) might interfere with, adversely affect or in any manner question the validity of the issuance and sale of the Shares or any of the other transactions contemplated by this Agreement and the Registration Statement.

(l) Except as set forth in the Prospectus, there is (i) no significant unfair labor practice complaint pending against the Company or any subsidiary nor, to the best knowledge of the Company, threatened against any of them, before the National Labor Relations Board, any state or local labor relations board or any foreign labor relations board, and no significant grievance or significant arbitration proceeding arising out of or under any collective bargaining agreement is so pending against the Company or any subsidiary or, to the best knowledge of the Company, threatened against any of them, (ii) no significant strike, labor dispute, slowdown or stoppage pending against the Company or any subsidiary nor, to the best knowledge of the Company, threatened against the Company or any subsidiary and (iii) to the best knowledge of the Company, no union representation question existing with respect to the employees of the Company or any subsidiary that, in the case of clauses (i), (ii) or (iii), could reasonably be expected to result in a Material Adverse Effect. To the best knowledge of the Company, except as set forth in the Prospectus, no collective bargaining organizing activities are taking place with respect to the Company and the subsidiaries. None of the Company or any subsidiary has violated (A) any federal, state or local law or foreign law relating to discrimination in hiring, promotion or pay of employees, (B) any applicable wage or hour laws or (C) any provision of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or the rules and regulations thereunder, which in the case of clause (A), (B) or (C) above could reasonably be expected to result in a Material Adverse Effect.

(m) None of the Company or any subsidiary has violated any environmental, safety or similar law or regulation applicable to it or its business or property relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("Environmental Laws"), lacks any permit, license or other approval required of it under applicable Environmental Laws or is violating any term or condition of such permit, license or approval which could reasonably be expected to, either individually or in the aggregate, have a Material Adverse Effect.

(n) Each of the Company and the subsidiaries has (i) good and marketable title to all of the properties and assets described in the Prospectus as owned by it, free and clear of all liens, charges, encumbrances and restrictions, except such as are described in the Registration Statement or as would not have a Material Adverse Effect, (ii) peaceful and undisturbed possession under all material leases to which any of them is a party as lessee, (iii) all licenses, certificates, permits, authorizations, approvals, franchises and other rights from, and has made all declarations and filings with, all federal, state and local authorities, all self-regulatory authorities and all courts and other tribunals (each an "Authorization") necessary to engage in the business conducted by any of them in the manner described in the Prospectus, except as described in the Prospectus or where failure to hold such Authorizations would not, individually or in the aggregate, have a Material Adverse Effect and (iv) no reason to believe that any governmental body or agency is considering limiting, suspending or revoking any such Authorization. All such Authorizations are valid and in full force and effect and each of the Company and the subsidiaries is in compliance in all material respects with the terms and conditions of all such Authorizations and with the rules and regulations of the regulatory authorities having jurisdiction with respect thereto. All material leases to which the Company and the subsidiaries is a party are valid and binding and no default by the Company or any subsidiary has occurred and is continuing thereunder and, to the best knowledge of the Company and the subsidiaries, no material defaults by the landlord are existing under any such lease that could reasonably be expected to result in a Material Adverse Effect.

(o) Each of the Company and the subsidiaries owns, possesses or has the right to employ all patents, patent rights, licenses (including all state, local or other jurisdictional regulatory licenses), inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, software, systems or procedures), trademarks, service marks and trade names, inventions, computer programs, technical data and information (collectively, the "Intellectual Property") presently employed by it or its subsidiaries in connection with the businesses now operated by it or which are proposed to be operated by it or its subsidiaries free and clear of and without violating any right, claimed right, charge, encumbrance, pledge, security interest, restriction or lien of any kind of any other person, except where the failure to own or possess or have the right to employ any Intellectual Property could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. None of the Company or any subsidiary has received any notice of infringement of or conflict with asserted rights of others with respect to any of the foregoing. To the best knowledge of the Company, except where the infringement could not reasonably be expected to have a Material Adverse Effect, the use of the Intellectual Property in connection with the business and operations of the Company and the subsidiaries does not infringe on the rights of any person.

(p) None of the Company or any subsidiary, or to the best knowledge of the Company, any of their respective officers, directors, partners, employees, agents or affiliates or any other person acting on behalf of the Company or any subsidiary has, directly or indirectly, given or agreed to give any money, gift or similar benefit (other than legal price concessions to customers in the ordinary course of business) to any customer, supplier, employee or agent of a customer or supplier, official or employee of any governmental agency (domestic or foreign), instrumentality of any government (domestic or foreign) or any political party or candidate for office (domestic or foreign) or other person who was, is or may be in a



position to help or hinder the business of the Company or any subsidiary (or assist the Company or any subsidiary in connection with any actual or proposed transaction) which (i) might subject the Company or any subsidiary, or any other individual or entity to any damage or penalty in any civil, criminal or governmental litigation or proceeding (domestic or foreign), which could reasonably be expected to have a Material Adverse Effect, (ii) if not given in the past, might have had a material adverse effect on the assets, business or operations of the Company or any subsidiary or (iii) if not continued in the future, might have a Material Adverse Effect.

(q) All material tax returns required to be filed by the Company and each of the subsidiaries in all jurisdictions have been so filed. All taxes, including withholding taxes, penalties and interest, assessments, fees and other charges due or claimed to be due from such entities or that are due and payable have been paid, other than those being contested in good faith and for which adequate reserves have been provided or those currently payable without penalty or interest. To the knowledge of the Company, there are no material proposed additional tax assessments against the Company, the assets or property of the Company or any subsidiary.

(r) None of the Company or the subsidiaries is (i) an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended or (ii) a "holding company" or a "subsidiary company" or an "affiliate" of a holding company within the meaning of the Public Utility Holding Company Act of 1935, as amended.

(s) Except as disclosed in the Prospectus, no holders of any securities of the Company or any of the subsidiaries or their respective affiliates or of any options, warrants or other convertible or exchangeable securities of the Company or the subsidiaries or their respective affiliates are entitled to include any such securities in or to have such securities registered under the Registration Statement.

(t) Each of the Company and the subsidiaries maintains third-party insurance or has established self-insurance arrangements covering its properties, operations, personnel and businesses. Such third-party insurance or self-insurance arrangements insures against such losses and risks as are adequate in accordance with customary industry practice to protect the Company and the subsidiaries and their respective businesses. None of the Company or any subsidiary has received notice from any third-party insurer or agent of such insurer that substantial capital improvements or other expenditures will have to be made in order to continue such insurance. All such insurance is outstanding and duly in force on the date hereof.

(u) None of the Company or any of its subsidiaries has taken, directly or indirectly, any action designed to, or that might reasonably be expected to, cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares. Except as permitted by the Act, the Company has not distributed any Registration Statement, preliminary prospectus, Prospectus or other offering material in connection with the offering and sale of the Shares.

(v) Subsequent to the respective dates as of which information is given in the Registration Statement and up to the Closing Date, except as set forth in the Registration Statement, there has not been any material adverse change in the business, prospects, properties, assets, liabilities, operations, condition (financial or otherwise), results of operations or cash flows of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, and since the date of the latest balance sheet included in the Registration Statement, neither the Company nor any of its subsidiaries has incurred or undertaken any liabilities or obligations, direct or contingent, which are material to the Company and its subsidiaries, taken as a whole, except for liabilities or obligations which were incurred or undertaken in the ordinary course of business or are reflected in the Registration Statement and the Prospectus. Subsequent to the dates as of which information is given in the Registration Statement and the Prospectus, except as disclosed therein, there has not been any decrease in the capital stock of the Company, any increase in long-term indebtedness or any material increase in short-term indebtedness of the Company, any of its subsidiaries or any payment of or declaration to pay any dividends or any other distribution with respect to the capital stock of the Company.

(w) Coopers & Lybrand L.L.P., whose reports are included or incorporated by reference in the Registration Statement, are independent certified public accountants with regard to the Company as required by the Act and the Securities Act Regulations. Arthur Andersen, whose reports are included or incorporated by reference in the Registration Statement, are independent certified public accountants of Sintel as required by the Act and the Securities Act Regulations.

(x) The consolidated historical financial statements of the Company, its subsidiaries and the related notes and schedules included in the Registration Statement and the Prospectus comply in all material respects with the requirements of the Act and the Securities Act Regulations, including, without limitation, Regulation S-X, and present fairly the financial position of the Company and its subsidiaries as of the dates indicated and the results of operations and cash flows of the Company and its subsidiaries for the periods therein specified. Such historical consolidated financial statements (including the related notes and schedules) have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods therein specified, subject in the case of interim statements to normal year-end audit adjustments. Since the date of the latest of such historical consolidated financial statements, there has been no material adverse change in the financial position, results of operations or business of the Company and its subsidiaries, taken as a whole.

(y) The financial information of the Company and its subsidiaries set forth in the Prospectus under the captions "Prospectus Summary -- Summary Consolidated Financial Data," "Capitalization," "Selected Consolidated Financial Data," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" has been fairly stated in all material respects in relation to the relevant financial statements of the Company and its subsidiaries and from which such information has been derived.

(z) The pro forma financial information and the related notes thereto included in the Registration Statement have been prepared in accordance with the Commission's rules and guidelines with respect to pro forma financial statements, have been properly compiled on the

pro forma basis described therein and, in the opinion of the Company, the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein.

(aa) Except pursuant to this Agreement, there are no contracts, agreements or understandings between the Company and any other person that would give rise to a valid claim against the Company or any of the Underwriters for a brokerage commission, finder's fee or like payment in connection with the issuance, purchase and sale of the Shares.

(bb) Each certificate signed by any officer of the Company and delivered to the Underwriters or counsel for the Underwriters shall be deemed to be a representation and warranty by the Company to the Underwriters as to the matters covered thereby.

(cc) The Company has complied with all provisions of Section 517.075, Florida Statutes, relating to doing business with the Government of Cuba or with any person or any affiliate located in Cuba.

(dd) Each of the Company Shares and this Agreement, as or when executed and delivered, will conform in all material respects to the descriptions thereof contained in the Registration Statement and the Prospectus.

(ee) The Company has delivered to the Underwriters true and correct executed copies of the acquisition agreement (the "Acquisition Agreement"), dated as of April 30, 1996, with respect to the purchase of Sintel, and all related documents and there have been no material amendments, alterations, modifications or waivers thereto other than those as to which the Underwriters shall previously have been advised. The Acquisition Agreement is the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except insofar as indemnification and contribution provisions may be limited by applicable law or equitable principles and subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization or similar laws affecting the rights of creditors generally and subject to general principles of equity. The Company has not received any notice from, or given any notice to, any other party indicating that the Company or such other party is in breach of or in default under the Acquisition Agreement. To the best knowledge of the Company, no other party to the Acquisition Agreement is in breach of or in default under the Acquisition Agreement, nor has any assertion been made by the Company of any such breach or default. The Company is not in breach of or in default under, nor has any event occurred which (with or without the giving of notice or the passage of time or both) would result in any breach of or default under, the Acquisition Agreement.

(ff) The closing contemplated by the Acquisition Agreement has occurred, and the Company has purchased all of the issued and outstanding stock of Sintel in accordance with the Acquisition Agreement. The execution, delivery and performance by the Company of the Acquisition Agreement, and the consummation by the Company of the transactions contemplated thereby, was duly authorized by all necessary corporate action on the part of the Company.

(2) Each Selling Stockholder severally represents and warrants to each Underwriter, and, with respect to Section 7(2)(j), covenants and agrees with each Underwriter, that:

(a) Such Selling Stockholder is the lawful owner of the Shares to be sold by such Selling Stockholder pursuant to this Agreement and has, and on the Closing Date (and Option Closing Date, if applicable) will have, good and clear title to such Shares, free of all restrictions on transfer, liens, encumbrances, security interests and claims whatsoever.

(b) Upon delivery of and payment for such Shares pursuant to this Agreement, good and clear title to such Shares will pass to the Underwriters, free of all restrictions on transfer, liens, encumbrances, security interests and claims whatsoever.

(c) Such Selling Stockholder has no reason to believe that the representations and warranties of the Company contained in this Section 7 are not true and correct, is familiar with the Registration Statement and has no knowledge of any material fact, condition or information not disclosed in the Prospectus or any supplement thereto which has adversely affected or may adversely affect the business of the Company or any of its subsidiaries; and the sale of Shares by such Selling Stockholder pursuant hereto is not prompted by any material information concerning the Company or any of its subsidiaries which is not set forth in the Prospectus or any supplement thereto.

(d) If such Selling Stockholder is a corporation, such Selling Stockholder has been duly incorporated and is an existing corporation in good standing under the laws of its jurisdiction of incorporation.

(e) Such Selling Stockholder has, and on the Closing Date will have, full legal right, power and authority to enter into this Agreement and the Custody Agreement between the Selling Stockholders and the Company, as Custodian (the "Custody Agreement") and to sell, assign, transfer and deliver such Shares in the manner provided herein and therein, and this Agreement and the Custody Agreement have been duly authorized, executed and delivered by such Selling Stockholder and each of this Agreement and the Custody Agreement is a valid and binding agreement of such Selling Stockholder enforceable in accordance with its terms, except insofar as indemnification and contribution provisions may be limited by applicable law or equitable principles and subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization or similar laws affecting the rights of creditors generally and subject to general principles of equity.

(f) The power of attorney signed by such Selling Stockholder appointing Jorge Mas as its attorney-in-fact to the extent set forth therein with regard to the transactions contemplated hereby and by the Registration Statement and the Custody Agreement has been duly authorized, executed and delivered by or on behalf of such Selling Stockholder and is a valid and binding instrument of such Selling Stockholder enforceable in accordance with its terms, and, pursuant to such power of attorney, such Selling Stockholder has authorized Jorge Mas to execute and deliver on its behalf this Agreement and any other document necessary or desirable in connection with transactions contemplated hereby and to deliver the Shares to be sold by such Selling Stockholder pursuant to this Agreement.

(g) Such Selling Stockholder has not taken, and will not take, directly or indirectly, any action designed to, or which might reasonably be expected to, cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or

resale of the Shares pursuant to the distribution contemplated by this Agreement, and other than as permitted by the Act, the Selling Stockholder has not distributed and will not distribute any prospectus or other offering material in connection with the offering and sale of the Shares.

(h) The execution, delivery and performance of this Agreement by such Selling Stockholder, compliance by such Selling Stockholder with all the provisions hereof and the consummation of the transactions contemplated hereby will not require any consent, approval, authorization or other order of any court, regulatory body, administrative agency or other governmental body (except as such may be required under the Act, state securities laws or Blue Sky laws) and will not conflict with or constitute a breach of any of the terms or provisions of, or a default under, organizational documents of such Selling Stockholder, if not an individual, or any agreement, indenture or other instrument to which such Selling Stockholder is a party or by which such Selling Stockholder or property of such Selling Stockholder is bound, or violate or conflict with any laws, administrative regulation or ruling or court decree applicable to such Selling Stockholder or property of such Selling Stockholder.

(i) Such parts of the Registration Statement, comprised of the table and notes thereto under the caption "Principal and Selling Stockholders" which specifically relate to such Selling Stockholder do not, and will not on the Closing Date (and option Closing Date, if applicable), contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of circumstances under which they were made, not misleading.

(j) At any time during the period described in paragraph 6(e) hereof, if there is any change in the information referred to in the above paragraph, the Selling Stockholders will immediately notify the Representatives of such change.

The Company and the Selling Stockholders acknowledge that each of the Underwriters and, for purposes of the opinions to be delivered to the Underwriters pursuant to Section 10 hereof, counsel to the Company and counsel to the Underwriters, will rely upon the accuracy and truth of the foregoing representations and hereby consents to such reliance.

9. Payment of Expenses. Whether or not the transactions contemplated in this Agreement are consummated or this Agreement becomes effective or is terminated, the Company agrees to pay and be responsible for all costs, expenses, fees and taxes incident to the performance of the obligations of the Company and the Selling Stockholders hereunder, including in connection with: (i) preparing, printing, duplicating, filing and distributing the Registration Statement, as originally filed and all amendments thereto (including, without limitation, financial statements and all exhibits thereto), each preliminary prospectus, the Prospectus and any amendments thereof or supplements thereto, the underwriting documents (including this Agreement) and all other documents related to the public offering of the Shares (including those supplied to the Underwriters in quantities as hereinabove stated); (ii) the preparation (including, without limitation, duplication costs) and delivery of all preliminary and final Blue Sky memoranda prepared and delivered in connection herewith; (iii) the registration with the Commission (including all filing fees incident thereto) and the issuance, transfer and delivery of the Shares to the Underwriters, including, without limitation, the fees of the transfer agent and registrar for the Company, the cost of its personnel and other internal costs, the costs of printing and engraving the certificates representing the Shares and any transfer or other taxes payable thereon; (iv) the qualification or registration of the Shares for offering and sale under state and foreign securities or Blue

Sky laws, including, without limitation, the costs of printing and mailing a preliminary and final Blue Sky memoranda and the reasonable fees and disbursements of Underwriters' counsel in relation thereto; (v) the fees, disbursements and expenses of the Company's counsel and accountants; (vi) the filing, registration, review and clearance of the terms of the public offering of the Shares with and by the NASD including, in each case, any filing fees and fees and disbursements of Underwriters' counsel in connection therewith; and (vii) "roadshow" travel and other expenses incurred in connection with the marketing and sale of the Shares (other than out-of-pocket expenses incurred by the Underwriters for travel, meals and lodging).

10. Conditions of Underwriters' Obligations. The several obligations of the Underwriters to purchase and pay for the Firm Shares, as provided herein, shall be subject to the absence from any certificates, opinions, written statements or letters furnished pursuant to this Section 10 to the Underwriters or to Underwriters' counsel of any misstatement or omission and to the satisfaction of each of the following additional conditions:

(a) All of the representations and warranties of the Company contained herein shall be true and correct on the date hereof and on the Closing Date with the same force and effect as if made on and as of the date hereof and the Closing Date, respectively. The Company shall have performed or complied with all of the agreements herein contained and required to be performed or complied with by it at or prior to the Closing Date.

(b) The Registration Statement shall have become effective (or if a post-effective amendment is required to be filed pursuant to Rule 430A under the Securities Act Regulations, such post effective amendment shall become effective) not later than 5:00 P.M., New York City time, on the date of this Agreement or at such later time and date as shall have been consented to in writing by the Representatives. At or prior to the Closing Date no stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereof shall have been issued and no proceedings therefor shall have been initiated or threatened by the Commission; and every request for additional information on the part of the Commission (including, without limitation, any request or comment with respect to the Registration Statement, the Prospectus or any document incorporated by reference therein) shall have been complied with in all material respects. No stop order suspending the sale of the Shares in any jurisdiction designated by the Representatives shall have been issued and no proceedings for that purpose shall have been commenced or be pending or, to the knowledge of the Company, be contemplated.

(c) No action shall have been taken and no statute, rule, regulation or order shall have been enacted, adopted or issued by any governmental agency which would, as of the Closing Date, prevent the issuance of the Shares; and no action, suit or proceeding shall have been commenced and be pending against or affecting or, to the best knowledge of the Company, threatened against, the Company or the subsidiaries before any court or arbitrator or any governmental body, agency or official that, if adversely determined, could reasonably be expected to result in a Material Adverse Effect.

(d) Since the date of the latest balance sheet included in the Registration Statement and the Prospectus, and except as disclosed therein or contemplated thereby, (i) there shall not have been any material adverse change, or any development that is reasonably likely to result in a material adverse change, in the capital stock or the long-term debt, or material increase in

the short-term debt, of the Company and the subsidiaries from that set forth in the Registration Statement and the Prospectus, (ii) no dividend or distribution of any kind shall have been declared, paid or made by the Company or any subsidiary on any class of its capital stock and (iii) neither the Company nor any subsidiary shall have incurred any liabilities or obligations, direct or contingent, that are material, individually or in the aggregate, to the Company and the subsidiaries, taken as a whole, and that are required to be disclosed on a balance sheet or notes thereto in accordance with generally accepted accounting principles and are not disclosed on the latest balance sheet or notes thereto included in the Registration Statement and the Prospectus. Since the date hereof and since the dates as of which information is given in the Registration Statement and the Prospectus, there shall not have occurred any material adverse change, or any development involving a prospective material adverse change, in the condition (financial or otherwise), business, properties, assets, liabilities, prospects, net worth, results of operations or cash flow of the Company and its subsidiaries.

(e) The Underwriters shall have received a certificate, dated the Closing Date, signed on behalf of the Company by (i) Jorge Mas, President and Chief Executive Officer and (ii) a principal financial officer and Secretary, in form and substance reasonably satisfactory to the Underwriters, confirming, as of the Closing Date, the matters set forth in paragraphs (a), (b), (c) and (d) of this Section 10 and that, as of the Closing Date, the obligations of the Company to be performed hereunder on or prior thereto have been duly performed and stating that each signer of such certificate has examined the Registration Statement and the Prospectus and to the best of their knowledge (A) as of the date of such certificate, such documents do not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein (in the case of the Prospectus, in the light of the circumstances under which they were made) not misleading and (B) since the Effective Date no event has occurred as a result of which it is necessary to amend or supplement the Registration Statement or Prospectus in order to make the statements therein, in the light of the circumstances under which they were made, not untrue or misleading in any material respect, and (C) there has been no document required to be filed under the Exchange Act and the Exchange Act Regulations that upon such filing would be incorporated by reference into the Prospectus that has not been so filed.

(f) All the representations and warranties of the Selling Stockholders contained in this Agreement shall be true and correct on the Closing Date with the same force and effect as if made on and as of the Closing Date and the Underwriters shall have received a certificate to such effect, dated the Closing Date, from each Selling Stockholder.

(g) At the Closing Date, the Underwriters shall have received the opinion of Fried, Frank, Harris, Shriver & Jacobson, counsel for the Company, or such other counsel reasonably satisfactory to the Underwriters, dated the Closing Date, in form and substance reasonably satisfactory to the Underwriters and Underwriters' counsel, to the effect set forth in Exhibit B hereto.

(h) At the Closing Date, the Underwriters shall have received the opinion of Jose M. Sariago, General Counsel of the Company, dated the Closing Date, in form and substance reasonably satisfactory to the Underwriters and Underwriters' counsel, to the effect set forth in Exhibit C hereto.

(i) At the time this Agreement is executed and at the Closing Date the Underwriters shall have received from each of (A) Coopers & Lybrand L.L.P., independent certified public accountants for the Company and (B) Arthur Andersen, independent certified public accountants for Sintel, in each case, dated as of the date of this Agreement and as of the Closing Date, customary comfort letters addressed to the Underwriters and in form and substance satisfactory to the Underwriters and counsel to the Underwriters with respect to the financial statements and certain financial information of the Company and Sintel, together with each of their respective direct and indirect subsidiaries contained in the Registration Statement and the Prospectus.

(j) Latham & Watkins shall have been furnished with such documents, in addition to those set forth above, as they may reasonably require for the purpose of enabling them to review or pass upon the matters referred to in this Section 10 and in order to evidence the accuracy, completeness or satisfaction in all material respects of any of the representations, warranties or conditions herein contained.

(k) On or prior to the Closing Date, the Underwriters shall have received the executed agreements referred to in Section 6(p) hereof.

(l) Prior to the Closing Date, the Company, its subsidiaries and the Selling Stockholders shall have furnished to the Underwriters such further information, certificates and documents as the Underwriters may reasonably request.

If any of the conditions specified in this Section 10 shall not have been fulfilled when and as required by this Agreement, or if any of the certificates, opinions, written statements or letters furnished to the Underwriters or to Underwriters' counsel pursuant to this Section 10 shall not be reasonably satisfactory in form and substance to the Underwriters and to Underwriters' counsel, all of the obligations of the Underwriters hereunder may be cancelled by the Underwriters at, or at any time prior to, the Closing Date. Notice of such cancellation shall be given to the Sellers in writing, or by telephone, telecopy, telex or telegraph, confirmed in writing.

#### 11. Indemnification.

(a) The Company and each Selling Stockholder, jointly and severally, agree to indemnify and hold harmless (i) each of the Underwriters, (ii) each person, if any, who controls any Underwriter within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act and (iii) the respective officers, directors, partners, employees, representatives and agents of any of the Underwriters or any controlling person to the fullest extent lawful, from and against any and all losses, liabilities, claims, damages and expenses whatsoever (including but not limited to attorneys' fees and any and all expenses whatsoever incurred in investigating, preparing or defending against any investigation or litigation, commenced or threatened, or any claim whatsoever, and any and all amounts paid in settlement of any claim or litigation), joint or several, to which they or any of them may become subject under the Act, the Exchange Act or otherwise, insofar as such losses, liabilities, claims, damages or expenses (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, as originally filed or any amendment thereof, or any related preliminary prospectus or the Prospectus, or in any



supplement thereto or amendment thereof, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of the preliminary prospectus or the Prospectus, in the light of the circumstances under which they were made) not misleading; provided, however, that the Company and the Selling Stockholders will not be liable in any such case to the extent, but only to the extent, that (i) any such loss, liability, claim, damage or expense arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished to the Company by or on behalf of any Underwriter expressly for use therein and (ii) the foregoing indemnity with respect to any untrue statement contained in or omitted from a preliminary prospectus shall not inure to the benefit of any Underwriter (or any person controlling such Underwriter), from whom the person asserting any such loss, liability, claim, damage or expense purchased any of the Shares which are the subject thereof if it is finally judicially determined that such loss, liability, claim, damage or expense resulted solely from the fact that the Underwriter sold Shares to a person to whom there was not sent or given, at or prior to the written confirmation of such sale, a copy of the Prospectus, as amended or supplemented, and (x) the Company shall have previously and timely furnished sufficient copies of the Prospectus, as so amended or supplemented, to such Underwriter in accordance with this Agreement, (y) the Prospectus, as so amended or supplemented, would have corrected such untrue statement or omission of a material fact and (z) such delivery to such person is required by the Securities Act; and provided further that each of the Selling Stockholders will only be liable in any such case to the extent, but only to the extent, that any such loss, liability, claim, damage or expense arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished to the Company or the Underwriters by or on behalf of such Selling Stockholder expressly for use therein. Notwithstanding the foregoing, the aggregate liability of any Selling Stockholder pursuant to the provisions of this paragraph shall be limited to an amount equal to the aggregate purchase price received by such Selling Stockholder from the sale of such Selling Stockholder's Shares hereunder. This indemnity agreement will be in addition to any liability which the Company or any Selling Stockholder may otherwise have, including under this Agreement.

(b) Each Underwriter, severally and not jointly, agrees to indemnify and hold harmless the Company, its directors, each of its officers who signed the Registration Statement and each person, if any, who controls the Company and each Selling Stockholder and each person, if any, who controls such Selling Stockholder within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act, against any losses, liabilities, claims, damages and expenses whatsoever (including but not limited to attorneys' fees and any and all expenses whatsoever incurred in investigating, preparing or defending against any investigation or litigation, commenced or threatened, or any claim whatsoever and any and all amounts paid in settlement of any claim or litigation), joint or several, to which they or any of them may become subject under the Act, the Exchange Act or otherwise, insofar as such losses, liabilities, claims, damages or expenses (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, as originally filed or any amendment thereof, or any related preliminary prospectus or the Prospectus, or in any amendment thereof or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the

circumstances under which they were made, not misleading, in each case to the extent, but only to the extent, that any such loss, liability, claim, damage or expense arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished to the Company by or on behalf of any Underwriter expressly for use therein; provided, however, that in no case shall any Underwriter be liable or responsible for any amount in excess of the underwriting discounts and commissions received by such Underwriter, as set forth on the cover page of the Prospectus. This indemnity will be in addition to any liability which any Underwriter may otherwise have, including under this Agreement.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify each party against whom indemnification is to be sought in writing of the commencement thereof (but the failure so to notify an indemnifying party shall not relieve it from any liability which it may have under this Section 11 except to the extent that it has been prejudiced in any material respect by such failure or from any liability which it may otherwise have). In case any such action is brought against any indemnified party, and it notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein, and to the extent it may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel reasonably satisfactory to such indemnified party. Notwithstanding the foregoing, the indemnified party or parties shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such indemnified party or parties unless (i) the employment of such counsel shall have been authorized in writing by one of the indemnifying parties in connection with the defense of such action, (ii) the indemnifying parties shall not have employed counsel to take charge of the defense of such action within a reasonable time after notice of commencement of the action or (iii) such indemnified party or parties shall have reasonably concluded that there may be defenses available to it or them which are different from or additional to those available to one or all of the indemnifying parties (in which case the indemnifying party or parties shall not have the right to direct the defense of such action on behalf of the indemnified party or parties), in any of which events such fees and expenses shall be borne by the indemnifying parties; provided, however, that the indemnifying party under subsection (a) or (b) above, shall only be liable for the legal expenses of one counsel (in addition to any local counsel) for all indemnified parties in each jurisdiction in which any claim or action is brought. Anything in this subsection to the contrary notwithstanding, an indemnifying party shall not be liable for any settlement of any claim or action effected without its written consent; provided, however, that such consent was not unreasonably withheld.

12. Contribution. In order to provide for contribution in circumstances in which the indemnification provided for in Section 11 is for any reason held to be unavailable from the Company or any of the Selling Stockholders or is insufficient to hold harmless a party indemnified thereunder, the Company, the Selling Stockholders and the Underwriters shall contribute to the aggregate losses, claims, damages, liabilities and expenses of the nature contemplated by such indemnification provision (including any investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claims asserted, but after deducting in the case of losses, claims, damages, liabilities and expenses suffered by the Company or any Selling

Stockholder, any contribution received by the Company or any Selling Stockholder from persons, other than the Underwriters, who may also be liable for contribution, including persons who control the Company or such Selling Stockholder within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act), to which the Company, any Selling Stockholder and one or more of the Underwriters may be subject, in such proportion as is appropriate to reflect the relative benefits received by the Company, the Selling Stockholders and the Underwriters from the offering of the Shares or, if such allocation is not permitted by applicable law or indemnification is not available as a result of the indemnifying party not having received notice as provided in Section 11, in such proportion as is appropriate to reflect not only the relative benefits referred to above but also the relative fault of the Company, the Selling Stockholders and the Underwriters in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative benefits received by the Company, the Selling Stockholders and the Underwriters shall be deemed to be in the same proportion as (x) the total proceeds from the offering of Shares (net of underwriting discounts and commissions but before deducting expenses) received by the Company or any Selling Stockholder and (y) the underwriting discounts and commissions received by the Underwriters, respectively, in each case as set forth in the table on the cover page of the Prospectus. The relative fault of the Company, the Selling Stockholders and the Underwriters shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company, the Selling Stockholders or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company, the Selling Stockholders and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 12 were determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to above. Notwithstanding the provisions of this Section 12, (i) in no case shall any Underwriter be required to contribute any amount in excess of the amount by which the underwriting discount applicable to the Shares purchased by such Underwriter pursuant to this Agreement exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of any untrue or alleged untrue statement or omission or alleged omission, (ii) the aggregate liability of any Selling Stockholder pursuant to the provisions of this paragraph shall be limited to an amount equal to the aggregate purchase price received by such Selling Stockholder from the sale of such Selling Stockholder's Shares hereunder and (iii) no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 12, (A) each person, if any, who controls an Underwriter within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act and (B) the respective officers, directors, partners, employees, representatives and agents of any of the Underwriters or any controlling person shall have the same rights to contribution as such Underwriter, and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act, shall have the same rights to contribution as the Company, subject in each case to clauses (i), (ii) and (iii) of this Section 12. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this Section 12, notify such party or parties from whom contribution may be sought, but the failure to so notify such party or parties shall not relieve the party or parties from whom contribution may be sought from any obligation it or they may have under this Section 12 or otherwise. No party shall be liable for contribution with respect to any action or claim settled without its written consent; provided, however, that such written consent was not unreasonably withheld.

13. Substitution of Underwriters.

(a) If any Underwriter or Underwriters shall default in its or their obligation to purchase Shares hereunder, and if the total number of Shares with respect to which such default relates do not (after giving effect to arrangements, if any, made pursuant to subsection (b) below) exceed 10% of the total number of Shares which the Underwriters have agreed to purchase hereunder, then such Shares to which the default relates shall be purchased by the non-defaulting Underwriters in proportion to the respective proportions which the number of Shares set forth opposite their respective names on Schedule I hereto bear to the total number of Shares set forth opposite the names of the non-defaulting Underwriters.

(b) In the event that such default relates to more than 10% of the total number of Shares, the non-defaulting Underwriters may in their discretion arrange for themselves or for another party or parties to purchase the Shares to which such default relates on the terms contained herein. In the event that within five (5) calendar days after such a default the non-defaulting Underwriters do not arrange for the purchase of the Shares to which such default relates as provided in this Section 13, this Agreement, the obligations of the Underwriters to purchase, and of the Company to sell, the Shares shall thereupon terminate without liability on the part of the Company or the Selling Stockholders with respect thereto (except in each case as provided in Sections 9, 11(a) and 12) or the Underwriters (except as provided in Sections 11(b) and 12), but nothing in this Agreement shall relieve a defaulting Underwriter of its liability, if any, to the other Underwriters, the Company and the Selling Stockholders for damages occasioned by its default hereunder.

(c) In the event that the Shares to which the default relates are to be purchased by the non-defaulting Underwriters, or are to be purchased by another party or parties as aforesaid, the Underwriters or the Company shall have the right to postpone the Closing Date for a period not exceeding five (5) business days in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus or in any other documents and arrangements, and the Company agrees to file promptly any amendment or supplement to the Registration Statement or the Prospectus which, in the opinion of Underwriters' counsel, may thereby be made necessary or advisable. The term "Underwriter" as used in this Agreement shall include any party substituted under this Section 13 with like effect as if it had originally been a party to this Agreement with respect to such Shares.

14. Effective Date of Agreement; Termination.

(a) This Agreement shall become effective when the Underwriters and the Sellers shall have received notification of the effectiveness of the Registration Statement. Until this Agreement becomes effective as aforesaid, it may be terminated by the Sellers by notifying the Underwriters or by the Underwriters by notifying the Sellers. Notwithstanding the foregoing, the provisions of this Section 14 and of Sections 11 and 12 shall at all times be in full force and effect.

(b) The Underwriters shall have the right to terminate this Agreement at any time prior to the Closing Date by notice to the Sellers from the Underwriters, without liability (other than with respect to Sections 11 and 12) on the Underwriters' part to the Sellers if, on or prior to such date, (i) the Company or any Selling Stockholder shall have failed, refused or been

unable to perform in any material respect any agreement on its part to be performed hereunder, (ii) any other condition to the obligations of the Underwriters hereunder as provided in Section 10 is not fulfilled when and as required in any material respect, (iii) in the reasonable judgment of the Underwriters any material adverse change shall have occurred since the respective dates as of which information is given in the Registration Statement in the condition (financial or otherwise), business, properties, assets, liabilities, prospects, net worth, results of operations or cash flows of the Company and the subsidiaries taken as a whole, other than as set forth in the Registration Statement, or (iv)(A) any domestic or international event or act or occurrence has materially disrupted, or in the opinion of the Underwriters will in the immediate future materially disrupt, the market for the Company's securities or for securities in general; or (B) trading in securities generally on the New York or American Stock Exchanges shall have been suspended or materially limited, or minimum or maximum prices for trading shall have been established, or maximum ranges for prices for securities shall have been required, on such exchange, or by such exchange or other regulatory body or governmental authority having jurisdiction; or (C) a banking moratorium shall have been declared by Federal or state authorities, or a moratorium in foreign exchange trading by major international banks or persons shall have been declared; or (D) there is an outbreak or escalation of armed hostilities involving the United States on or after the date hereof, or if there has been a declaration by the United States of a national emergency or war, the effect of which shall be, in the Underwriters' reasonable judgment, to make it inadvisable or impracticable to proceed with the offering or delivery of the Shares on the terms and in the manner contemplated in the Registration Statement; or (E) there shall have been such a material adverse change in general economic, political or financial conditions or if the effect of international conditions on the financial markets in the United States shall be such as, in the Underwriters' reasonable judgment, makes it inadvisable or impracticable to proceed with the delivery of the Shares as contemplated hereby.

(c) Any notice of termination pursuant to this Section 14 shall be by telephone or telephonic facsimile, confirmed in writing by letter.

(d) If this Agreement shall be terminated pursuant to any of the provisions hereof (otherwise than pursuant to (i) notification by the Underwriters as provided in Section 14(a) or (ii) Section 13(b)), or if the sale of the Shares provided for herein is not consummated because any condition to the obligations of the Underwriters set forth herein is not satisfied or because of any refusal, inability or failure on the part of the Company to perform any agreement herein or comply with any provision hereof, the Company will, subject to demand by the Underwriters, reimburse the Underwriters for all out-of-pocket expenses (including, without limitation, the fees and expenses of Underwriters' counsel) incurred by the Underwriters in connection herewith.

15. Agreements of the Selling Stockholders. Each Selling Stockholder severally agrees with the Underwriters and the Company:

(a) To pay or to cause to be paid all transfer taxes with respect to the Shares to be sold by such Selling Stockholder; and

(b) To take all reasonable actions in cooperation with the Company and the Underwriters to cause the Registration Statement to become effective at the earliest possible

time, to do and perform all things to be done and performed under this Agreement prior to the Closing Date and to satisfy all conditions precedent to the delivery of the Shares pursuant to this Agreement.

16. Survival of Representations and Agreements. All representations and warranties, covenants and agreements of the Underwriters and the Company contained in this Agreement, including, without limitation, the agreements contained in Sections 9 and 14(d), the indemnity agreements contained in Section 11 and the contribution agreements contained in Section 12, shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any Underwriter or any controlling person thereof or by or on behalf of the Company, any of their officers and directors or any controlling person thereof and shall survive delivery of and payment for the Shares to and by the Underwriters. The agreements contained in Sections 9, 11, 12 and 14(d) shall survive the termination of this Agreement, including, without limitation, termination pursuant to Section 13 or 14. The Underwriters shall inform the Company if they become aware of any breach by the Company by the Company or the Selling Stockholders.

17. Notice. All communications hereunder, except as may be otherwise specifically provided herein, shall be in writing and, if sent to the Underwriters, shall be mailed, delivered, or telexed, telegraphed or telecopied and confirmed in writing c/o Bear, Stearns & Co. Inc., 245 Park Avenue, New York, New York 10167, Attention: Corporate Finance Department, telecopy number: (212) 272-3092; and if sent to the Company, shall be mailed, delivered or telexed, telegraphed or telecopied and confirmed in writing to MasTec, Inc., 3155 N.W. 77th Avenue, Suite 130, Miami, Florida 33122-1205, Attention: Legal Department, telecopy number: (305) 406-1907 or -1908, with a copy to Fried, Frank, Harris, Shriver & Jacobson, 1001 Pennsylvania Avenue, N.W., Suite 800, Washington, D.C. 20004-2505, Attention: Stephen I. Glover; and if sent to the Selling Stockholders, shall be mailed, delivered, or telexed, telegraphed or telecopied and confirmed in writing to MasTec, Inc., 3155 N.W. 77th Avenue, Suite 130, Miami, Florida 33122-1205; Attention: Legal Department, telecopy number: (305) 406-1907 or -1908, with a copy to Fried, Frank, Harris, Shriver & Jacobson, 1001 Pennsylvania Avenue, N.W., Suite 800, Washington, D.C. 20004-2505; Attention: Stephen I. Glover; provided, however, that any notice to any party pursuant to Section 11 or 12 shall be mailed, delivered or telexed, telegraphed or telecopied and confirmed in writing to such party.

18. Parties. This Agreement shall inure solely to the benefit of, and shall be binding upon, each of the Underwriters and the Sellers and the controlling persons, directors, officers, employees and agents referred to in Sections 11 and 12, and their respective successors and assigns, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Agreement or any provision herein contained. The term "successors and assigns" shall not include a purchaser, in its capacity as such, of Shares from any of the Underwriters.

19. Construction. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

20. Headings. The headings of the paragraphs and sections of this Agreement have been inserted for convenience of reference only and do not constitute a part of this Agreement.

21. Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

[Signature page to follow]

If the foregoing correctly sets forth the understanding among the Underwriters and the Company, please so indicate in the space provided below for that purpose, whereupon this letter shall constitute a binding agreement between us.

Very truly yours,

MASTEC, INC.

By: \_\_\_\_\_  
Name: Jorge Mas  
Title: President and Chief Executive Officer

THE SELLING STOCKHOLDERS NAMED  
ON SCHEDULE II HERETO

By: \_\_\_\_\_  
Name: Jorge Mas  
Title: Attorney-in-fact

Confirmed and accepted as of  
the date first above written:

BEAR, STEARNS & CO. INC.  
JEFFERIES & COMPANY, INC.

BY: BEAR, STEARNS & CO. INC.

By: \_\_\_\_\_  
Name:  
Title:

SCHEDULE I

Underwriter -----	Amount of Shares to be Purchased -----
Bear, Stearns & Co. Inc. ....	
Jefferies & Company, Inc. ....	
Total	=====



SCHEDULE II

Selling Stockholders  
-----

Name of Selling Stockholder -----	Number of Firm Shares Being Sold -----
Total	=====

EXHIBIT A  
SUBSIDIARIES OF MASTEC, INC.

A-1

EXHIBIT B

FORM OF OPINION OF FRIED, FRANK, HARRIS, SHRIVER & JACOBSON

1. The Shares have been duly authorized, and, when issued against payment therefor, will be validly issued, and are fully paid and nonassessable and were not issued in violation of any preemptive or similar rights. The authorized, issued and outstanding capital stock of the Company conforms in all respects to the description thereof set forth in the Registration Statement and Prospectus. Except as set forth in the Prospectus, there are no outstanding subscriptions, rights, warrants, calls, commitments of sale or options to acquire, or instruments convertible into or exercisable or exchangeable for, any capital stock or other equity interest in the Company or any of its subsidiaries known to such counsel, after reasonable inquiry.

2. The Company Shares have been duly authorized and, when issued and delivered to the Underwriters against payment therefor in accordance with the terms hereof, will be validly issued, fully paid and nonassessable and, to the knowledge of such counsel after reasonable inquiry, free of any preemptive or similar rights that entitle or will entitle any person to acquire any Shares upon the issuance thereof by the Company.

3. The statements under the caption "Description of Capital Stock" in the Prospectus, insofar as such statements constitute a summary of legal matters, documents or proceedings referred to therein fairly present the information called for with respect to such legal matters, documents and proceedings.

4. None of (A) the execution, delivery or performance by the Company of the Underwriting Agreement or (B) the issuance and sale of the Shares violates, conflicts with or constitutes a breach of any of the terms or provisions of, or a default under (or an event that with notice or the lapse of time, or both, would constitute a default), or require consent under, or result in the imposition of a lien or encumbrance on any properties of the Company or any subsidiary, or an acceleration of any indebtedness of the Company or any subsidiary pursuant to, (i) the charter or bylaws of the Company or any subsidiary, (ii) any bond, debenture, note, indenture, mortgage, deed of trust or other agreement or instrument to which the Company or any subsidiary is a party or by which any of them or their property is or may be bound and which is listed as a material contract filed as an exhibit to the Company's 1995 Annual Report on Form 10-K and any subsequent Exchange Act reports (assuming that all of such agreements are governed by New York law), (iii) any local, state, federal or administrative statute, rule or regulation applicable to the Company or any subsidiary or any Selling Stockholder or any of their respective assets or properties (except with respect to the matters set forth in the opinion of \_\_\_\_\_, as to which no opinion need be expressed) or (iv) any judgment, order or decree of any court or governmental agency or authority having jurisdiction over the Company or any subsidiary or any of their assets or properties known to such counsel,

except in the case of clauses (ii), (iii) and (iv) for such violations, conflicts, breaches, defaults, consents, impositions of liens or accelerations that (x) would not, singly or in the aggregate, have a Material Adverse Effect or (y) are disclosed in the Registration Statement. Assuming compliance with applicable state securities and Blue Sky laws, as to which such counsel need express no opinion, and except for the filing of a registration statement under the Act, no consent, approval, authorization or order of, or filing, registration, qualification, license or permit of or with, any court or governmental agency, body or administrative agency is required for (1) the execution, delivery and performance by the Company of the Underwriting Agreement, (2) the issuance and sale of the Shares or (3) consummation by the Company and the subsidiaries of the transactions described in the Registration Statement except such as have been obtained and made or have been disclosed in the Registration Statement, and except where the failure to obtain such consents or waivers would not, singly or in the aggregate, have a Material Adverse Effect. To such counsel's knowledge, after reasonable inquiry, no consents or waivers from any other person are required for the execution, delivery and performance by the Company of the Underwriting Agreement or the issuance and sale of the Shares, other than such consents and waivers as have been obtained.

5. None of the Company or the subsidiaries is (i) an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended or (ii) a "holding company" or a "subsidiary company" or an "affiliate" of a holding company within the meaning of the Public Utility Holding Company Act of 1935, as amended.

6. Except as set forth in the Underwriting Agreement, to such counsel's knowledge, after reasonable inquiry, no holders of any securities of the Company or any of the subsidiaries or their respective affiliates or of any options, warrants or other convertible or exchangeable securities of the Company or the subsidiaries or their respective affiliates are entitled to include any such securities in or to have such securities registered under the Registration Statement.

7. Except as disclosed in the Registration Statement, to the knowledge of such counsel, no search of courts having been made, there is (i) no action, suit, investigation or proceeding before or by any court, arbitrator or governmental agency, body or official, domestic or foreign, now pending, or threatened or contemplated to which any of the Company or any subsidiary is or may be a party or to which the business or property of the Company or any of its subsidiaries is or may be subject, (ii) no statute, rule, regulation or order that has been enacted, adopted or issued by any governmental agency or that has been proposed by any governmental body or (iii) no injunction, restraining order or order of any nature by a federal or state court of competent jurisdiction to which any of the Company or any subsidiary is or may be subject or to which the business, assets or property of the Company or any of its subsidiaries are or may be subject has been issued that, in the case of clauses (i), (ii) and (iii) above, (x) is required to be disclosed in the Registration Statement or the Prospectus and that is not so disclosed, (y) could reasonably be expected to have, either individually or in the

aggregate, a Material Adverse Effect or (z) might interfere with, adversely affect or in any manner question the validity of the issuance and sale of the Shares or any of the other transactions contemplated by the Underwriting Agreement and the Registration Statement.

8. Such counsel is not aware of any order directed to any document incorporated by reference in the Registration Statement which has been issued by the Commission or any challenge that has been made by the Commission as to the accuracy or adequacy of any such document.

9. The Company and the transactions contemplated by the Underwriting Agreement meet the requirements for using Form S-3 under the Act. The documents filed under the Act and the Exchange Act and incorporated by reference in the Registration Statement and the Prospectus or any amendment thereof or supplement thereto or from which information is so incorporated by reference (other than the financial statements, notes and schedules thereto and other financial, statistical and accounting information included or incorporated by reference therein, as to which no opinion need be expressed) comply as to form in all material respects with the Act or the Exchange Act, as the case may be, and the Regulations.

10. The Registration Statement was declared effective under the Act on \_\_\_\_\_, 1996. To such counsel's knowledge, after reasonable inquiry, no stop order suspending the effectiveness of the Registration Statement or preventing or suspending the use of any preliminary prospectus has been issued, and no proceedings for that purpose have been instituted or threatened by the Commission.

11. The Registration Statement and the Prospectus (not including the financial statements, notes and schedules thereto, the pro forma financial statements and notes thereto and other financial, statistical and accounting information included or incorporated by reference therein, as to which no opinion need be expressed) comply as to form in all material respects with the applicable requirements of the Act and the Regulations.

12. There are no contracts or documents of the Company or any of its subsidiaries known to such counsel, after reasonable inquiry, that are required to be filed (A) as exhibits to the Registration Statement by the Act, (B) as exhibits to any of the documents incorporated by reference by the Exchange Act or (C) by the Regulations that have not been so filed.

13. The Company has authorized capital stock as set forth in the Prospectus. All the shares of capital stock of the Company outstanding prior to the issuance of the Shares are duly and validly authorized and issued, are fully paid and nonassessable and were not issued in violation of or subject to any preemptive rights.

14. The statements made in the Prospectus under the captions "Company History and Sintel Acquisition" and "Telecommunications Construction - International Operations

(Sintel)" insofar as they purport to constitute summaries or to describe the provisions of the documents, transactions or legal matters therein described, in summary form, have been reviewed by such counsel and are fair and accurate summaries in all material respects.

15. The Acquisition Agreement has been duly executed and delivered by the Company and constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with the terms of such agreement.

16. The execution and delivery by the Company of the Acquisition Agreement, and the performance of its obligations thereunder, (i) has been authorized by all necessary corporate action on the part of the Company, (ii) does not contravene any provision of the Certificate of Incorporation or By-Laws of the Company, (iii) does not require under any present statute or present regulation of any governmental agency or authority of the United States, known by such counsel to be applicable to the Company, or under the Delaware General Corporation Law, any filing by it with, or any approval or consent of, any governmental agency or authority of the United States or the State of Delaware, that has not been made or obtained and (iv) does not violate (A) any present statute, or present regulation of any government agency or authority of the United States known by such counsel to be applicable to the Company, or the Delaware General Corporation Law (except for the securities or blue sky laws of the various states, as to which such counsel may express no opinion), in either case that, in the experience of such counsel, are normally applicable to transactions of the type contemplated by the Acquisition Agreement or (B) any material agreement, court decree or order binding upon it or its property, except for such contraventions, breaches, defaults or violations that would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Company and its subsidiaries, taken as a whole.

We have participated in conferences with officers and other representatives of the Company, representatives of the independent certified public accountants of the Company and Sintel and the Underwriters and their representatives at which the contents of the Prospectus and the Registration Statement and any amendment thereof or supplement thereto and related matters were discussed and, although we have not undertaken to investigate or verify independently, and do not assume any responsibility for, the accuracy, completeness or fairness of the statements contained in the Prospectus and the Registration Statement or any amendment thereof or supplement thereto (except as indicated above), on the basis of the foregoing, no facts have come to our attention which led us to believe that the Prospectus and the Registration Statement (or any amendment thereof made prior to the Closing Date as of the date of such amendment) as of its date or the Closing Date, contained an untrue statement of a material fact or omitted to state any fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except we express no opinion as to financial statements and related notes, the financial statement schedules and other financial and statistical data included therein).

EXHIBIT C

FORM OF OPINION OF JOSE M. SARIEGO

1. Each of the Company and its subsidiaries is duly organized and validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation, and has all requisite corporate power and authority to carry on its business as it is being conducted and as described in the Registration Statement and Prospectus and to own, lease and operate its properties, and is duly qualified and in good standing as a foreign corporation authorized to do business in each jurisdiction in which the nature of its business or its ownership or leasing of property requires such qualification, except where the failure to be so qualified would not, singly or in the aggregate, have a material adverse effect on the business, financial condition or results of operations of the Company and the subsidiaries, taken as a whole. All of the issued and outstanding shares of capital stock of, or other ownership interests in, each subsidiary have been duly authorized and validly issued, are fully paid and non-assessable and were not issued in violation of or subject to any preemptive or similar rights under the Delaware General Corporation Law, and, except as set forth in the Prospectus, are owned by the Company of record, and beneficially directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or other restriction on transferability or voting. Except as set forth in the Prospectus, neither the Company nor any of its subsidiaries owns or holds any interest in any corporation, partnership, trust or association, joint venture or other entity.

2. All the outstanding shares of capital stock of the Company (including the Shares to be sold by the Selling Stockholders) have been duly authorized, validly issued, and are fully paid and nonassessable and were not issued in violation of any preemptive or similar rights. The authorized, issued and outstanding capital stock of the Company conforms in all respects to the description thereof set forth in the Registration Statement and Prospectus. Except as set forth in the Prospectus, there are no outstanding subscriptions, rights, warrants, calls, commitments of sale or options to acquire, or instruments convertible into or exercisable or exchangeable for, any capital stock or other equity interest in the Company or any of its subsidiaries known to such counsel, after reasonable inquiry.

3. The Company has all requisite corporate power and authority to execute, deliver and perform its obligations under the Underwriting Agreement to consummate the transactions contemplated thereby, including, without limitation, the corporate power and authority to issue, sell and deliver the Company Shares as provided therein.

4. The Underwriting Agreement has been duly and validly authorized, executed and delivered by the Company and, assuming due execution by the other parties thereto, is the legally valid and binding agreement of the Company.

5. The form of certificates for the Shares conforms to the requirements of the General Corporation Law of the State of Delaware.

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EXHIBIT D

FORM OF LOCK-UP AGREEMENT

MASTEC, INC.

LOCK-UP LETTER

\_\_\_\_\_, 1996

Bear, Stearns & Co. Inc.  
Jefferies & Company, Inc.  
c/o Bear, Stearns & Co. Inc.  
245 Park Avenue  
New York, New York 10167

Ladies and Gentlemen:

The undersigned understands that Bear, Stearns & Co. Inc. and Jefferies & Company, Inc. (the "Representatives") of the several underwriters (the "Underwriters"), propose to enter into an Underwriting Agreement with MasTec, Inc. (the "Company"), providing for the public offering by the Underwriters, including the Representatives, of common stock, \$0.10 par value (the "Common Stock") of the Company (the "Offering").

In consideration of the Underwriters' agreement to purchase and undertake the Offering of the Common Stock and for other good and valuable consideration, receipt of which is hereby acknowledged, the undersigned agrees that, without the prior written consent of Bear, Stearns & Co. Inc., the undersigned will not, directly or indirectly offer, sell, contract to sell, pledge or otherwise dispose of any shares of Common Stock (including, without limitation, shares of Common Stock which may be issued upon exercise of a stock option or warrant) or any securities convertible into or exercisable or exchangeable for such Common Stock for a period of \_\_\_\_ days after the commencement of the Offering.

In addition, the undersigned agrees that the Company may, and that the undersigned will, (i) with respect to any shares for which the undersigned is the record holder, cause the transfer agent for the Company to note stop transfer instructions with respect to such shares on the transfer books and records of the Company and (ii) with respect to any shares for which the undersigned is the beneficial holder but not the record holder, cause the record

holder of such shares to cause the transfer agent for the Company to note stop transfer instructions with respect to such shares on the transfer books and records of the Company.

The undersigned hereby represents and warrants that the undersigned has full power and authority to enter into this letter agreement, and that, upon request, the undersigned will execute any additional documents necessary or desirable in connection with the enforcement hereof. All authority herein conferred or agreed to be conferred shall survive the death or incapacity of the undersigned and any obligations of the undersigned shall be binding upon the heirs, personal representatives, successors, and assigns of the undersigned.

Very truly yours,

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name-Please Type)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Social Security or Taxpayer Identification No.)

\_\_\_\_\_  
Number of shares owned or  
subject to warrants, options  
or convertibles securities:

\_\_\_\_\_  
Certificate numbers:  
\_\_\_\_\_

Subsidiaries of the Registrant

Set forth below is a list of the significant subsidiaries of the Company as of August \_\_, 1996.

Burnup & Sims Communication Services, Inc.  
Burnup & Sims ComTec, Inc.  
Burnup & Sims Network Designs  
Burnup & Sims of California, Inc.  
Burnup & Sims of Texas, Inc.\*  
Burnup & Sims of the Carolinas, Inc.  
Burnup & Sims TelCom of Florida, Inc.  
Burnup & Sims TSI, Inc.  
Carolina Com-Tec, Inc.?  
Church & Tower, Inc.+  
Church & Tower Fiber Tel, Inc.  
Church & Tower of Florida, Inc.+  
Church & Tower of TN, Inc.  
Designed Traffic Installation Co., Inc.+  
LatLink Corporation  
MasTec International, Inc.  
MasTec Teleport, Inc.  
Sistemas e Instalaciones de Telecomunicacion, S.A. #  
Utility Line Maintenance, Inc. @

The jurisdiction of incorporation for each of the subsidiaries is Delaware except the following: \*Texas, +Florida, @Georgia, #Spain, ?North Carolina. All operating subsidiaries of the Company are 100% owned, with the exception of MasTec Teleport, Inc. which is 80% owned.

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the inclusion in this registration statement of Form S-3 of our report, dated March 22, 1996, on our audits of the consolidated financial statements of MasTec, Inc. and subsidiaries (formerly Church & Tower) as of December 31, 1995 and 1994, and for the years ended December 31, 1995, 1994 and 1993. We also consent to the reference to our firm under the caption "Experts."

COOPERS & LYBRAND L.L.P.

Miami, Florida  
August 27, 1996