

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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FILER

BURNUP & SIMS INC

CIK: **15615** | IRS No.: **591259279** | State of Incorporation: **DE** | Fiscal Year End: **0430**
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SIC: **1623** Water, sewer, pipeline, comm & power line construction

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1994
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 0-3797

MasTec, Inc.

(Exact name of registrant as specified in its charter)

Delaware

59-1259279

(State or other jurisdiction of incorporation
or organization)

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

8600 N.W. 36th Street, Miami, FL

33166

(Address of principal executive offices)

(Zip Code)

(305) 599-1800

(Registrant's telephone number, including area code)

Burnup & Sims Inc.
One North University Drive
Ft. Lauderdale, Florida 33324
April 30

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

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

Yes No

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

Class of Common Stock

Outstanding as of
March 31, 1994

Documents Incorporated by Reference

a.) Form 8-K, dated March 11, 1994 concerning acquisition of Church & Tower, Inc. and Church & Tower of Florida, Inc.

MasTec, Inc.
Form 10-Q
March 31, 1994
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MasTec, Inc.
 STATEMENTS OF INCOME
 (In Thousands Except Per Share Amounts)

	THREE MONTHS ENDED MARCH 31,	
	1994 (Unaudited) -----	1993 (Unaudited) -----
Revenues	\$ 17,157 -----	\$ 13,729 -----
Costs and Expenses		
Costs of Revenues (exclusive of depreciation and amortization shown separately below)	13,190	8,929
General and Administrative	2,107	1,080
Depreciation and Amortization	553	184
Interest Expense-		
Borrowings	327	40
Notes to Shareholders	60	0
Interest and Dividend Income	(135)	(62)
Other	(104)	(4)
	-----	-----
Total Costs and Expenses	15,998 -----	10,167 -----
Income before credit for income taxes, equity in earnings (losses) of unconsolidated joint venture and minority interest	1,159	3,562
Credit for Income Taxes	(398) -----	0 -----
Income before equity in earnings (losses) of unconsolidated joint venture and minority interest	1,557	3,562

Equity in earnings (losses) of unconsolidated joint ventures	45	(500)
Minority interest	0	(3)
	-----	-----
NET INCOME	\$ 1,602	\$ 3,059
	=====	=====
Average Shares Outstanding	16,045	10,250
Earnings Per Share	\$ 0.10	\$ 0.30

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

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MasTec, Inc.
BALANCE SHEETS
(In Thousands)

	MARCH 31, 1994 (Unaudited)	DECEMBER 31, 1993 (Audited)
	-----	-----
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 10,868	\$ 8,930
Accounts Receivable-Net and Unbilled Revenues	27,773	6,751
Inventories	3,636	0
Deferred and Refundable Income Taxes	4,143	0
Notes Receivable from Shareholders	3,570	0
Other	2,173	186
	-----	-----
Total Current Assets	52,163	15,867
	-----	-----
Investment in Preferred Stock and Long-Term Notes Receivable	11,403	0
	-----	-----
Property-At Cost	45,170	6,066
Accumulated Depreciation	(1,949)	(1,434)
	-----	-----
Property-Net	43,221	4,632
	-----	-----

Goodwill	3,801	0
	-----	-----
Real Estate Investments and Other Assets	24,818	826
	-----	-----
TOTAL ASSETS	\$ 135,406	\$ 21,325
	=====	=====

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

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MasTec, Inc.
BALANCE SHEETS
(In Thousands)

	MARCH 31, 1994 (Unaudited)	DECEMBER 31, 1993 (Audited)
	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Maturities of Debt	\$ 4,610	\$ 508
Current Portion of Notes		
Payable to Shareholders	1,000	500
Accounts Payable	9,458	2,265
Accrued Insurance	4,396	818
Accrued Compensation	1,736	241
Accrued Interest	1,262	-
Accrued and Deferred Income Taxes	182	-
Other	6,193	2,443
	-----	-----
Total Current Liabilities	28,837	6,775
	-----	-----

Other Liabilities	26,501	28
	-----	-----
Long-Term Debt	10,733	1,079
Notes Payable to Shareholders	2,000	2,500
Convertible Subordinated Debentures	21,875	0
	-----	-----
Shareholders' Equity		
Common Stock	1,603	1,025
Capital Surplus	43,450	-
Retained Earnings	407	9,918
	-----	-----
Total	45,460	10,943
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 135,406	\$ 21,325
	=====	=====

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

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

	THREE MONTHS ENDED	
	MARCH 31,	
	1994	1993
	-----	-----
	(Unaudited)	(Unaudited)
Cash Flows from Operating Activities:		
Net Income	\$ 1,602	\$ 3,059
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:		
Minority Interest in Consolidated Joint Ventures	0	3
Depreciation and Amortization	553	184

Equity in (Earnings) Losses of Unconsolidated Joint Ventures	(45)	500
Changes in Assets and Liabilities Net of Effect of Reverse Acquisition of Burnup:		
Accounts Receivable and Unbilled Revenues-Net	(3,291)	(2,469)
Inventories and Other Current Assets	446	609
Accounts Payable and Accrued Expenses	1,154	384
Other Assets	376	0
Accrued Interest and Income Taxes	(1,047)	(295)
Other-Current Liabilities	(1,651)	226
Other Liabilities	1,540	
	-----	-----
Net Cash Provided (Used) by Operating Activities	(363)	2,201
	-----	-----
Cash Flows from Investing Activities:		
Cash Acquired in Reverse Acquisition	6,291	
Investments in Unconsolidated Joint Ventures	0	(260)
Capital Expenditures	(278)	(589)
Distribution from Unconsolidated Joint Ventures		65
Loans to Shareholders	(3,570)	0
	-----	-----
Net Cash Provided (Used) by Investing Activities	2,443	(784)
	-----	-----
Cash Flows from Financing Activities:		
Proceeds from Note Payable	0	989
Debt Repayments	(142)	(361)
	-----	-----
Net Cash Provided (Used) by Financing Activities	(142)	628
	-----	-----
Net Increase in Cash and Cash Equivalents	1,938	2,045
Cash and Cash Equivalents - Beginning of Period	8,930	10,190
	-----	-----
Cash and Cash Equivalents - End of Period	\$ 10,868	\$ 12,235
	=====	=====
Supplemental disclosures of Cash Flow information:		
Cash Paid During the Period:		
Interest	\$ 77	\$ 40
	=====	=====

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

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MasTec, Inc.

STATEMENTS OF CASH FLOWS

(Continued)

(In Thousands)

Supplemental Schedule of non-cash investing activities:

Fair Value of Assets and Liabilities Acquired

Accounts Receivables	\$ 17,731
Inventories and Other Current Assets	7,176
Investments	11,403
Property	38,831
Goodwill	3,817
Real Estate Investments and Other Assets	24,368

Total Non-Cash Assets	\$103,326

Liabilities	41,007
Long-Term Debt	35,756

Total Liabilities Assumed	\$ 76,763

Net Non-Cash Assets Acquired	26,563
Cash Acquired	6,291

Purchase Price	\$ 32,854
	=====

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

MasTec, Inc.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 1994 (Unaudited)

1. CONSOLIDATION AND PRESENTATION

On March 11, 1994, Church & Tower, Inc. ("CT") and Church & Tower of Florida, Inc. ("CTF" and, together with CT, "CT Group"), privately held corporations under common control, were acquired (the "Acquisition") through an exchange of stock, by Burnup & Sims Inc. ("Burnup"), a Delaware public company. Immediately following the acquisition, the name of Burnup was changed to MasTec, Inc. ("MasTec" or the "Company") and its fiscal year end was changed to December 31.

The accompanying unaudited condensed consolidated financial statements of MasTec 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 general accepted accounting principles for complete financial statements. The 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 operation or financial position of MasTec.

Under generally accepted accounting principles, the Acquisition was accounted for as a purchase by the CT Group and, therefore, the 1993 financial statements presented are those of the CT Group only. In addition, the results for the three months ended March 31, 1994, include the operations of the CT Group during such period and the operations of Burnup during the period March 11, 1994, through March 31, 1994.

The following information presents the unaudited pro forma condensed results of operations for the three months ended March 31, 1994 and 1993 of the CT Group and Burnup as if the Acquisition had occurred on January 1, 1993. Appropriate adjustments have been made related to purchase accounting and other matters related to the Acquisition. These results are presented for informational purposes only and are not necessarily indicative of the future results of operations or financial position of MasTec or the results of operations or financial position of MasTec had the Acquisition occurred on January 1, 1993.

MasTec, Inc.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 1994 (Unaudited)

MasTec, INC.
 PRO FORMA RESULTS OF OPERATIONS
 FOR THE THREE MONTHS ENDED MARCH 31
 (In Thousands Except Per Share Amounts)

	1994 ---- (Unaudited)	1993 ---- (Unaudited)
Revenues	\$ 37,425	\$ 46,725
Net Loss	(1,750)	(814)
Loss Per Share	\$ (0.11)	\$ (0.05)

Revenues in 1994 decreased by \$9.3 million mainly as a result of the completion in the latter part of 1993 of a construction project, a reduction in the type of work performed in early 1993 in Dade County as a result of Hurricane Andrew, and uncommonly harsh winter conditions which reduced the volume and efficiency of outside service activity.

The net loss for the period increased was due mainly to the reduction in revenue as gross margin remained at approximately the same level (13% and 12% in 1994 and 1993, respectively).

The most significant adjustments to the balance sheet resulting from the Acquisition are disclosed in the supplemental schedule of non-cash investing activities in the statement of cash flows. The purchase price "paid" by the CT Group consisted of the market value of Burnup stock not acquired by CT Group shareholders in the merger of \$32,355,000 (5,777,592 shares at a market value of \$5.60 per share) and \$550,000 in acquisition costs incurred by the CT Group, resulting in a total purchase price of \$ 32,896,000.

2. Capital Surplus and Retained Earnings

As indicated in Note 1, effective March 31, 1994, the CT Group, upon its acquisition with Burnup, would no longer be eligible under the S Corporation provisions of the Internal Revenue Code. As a result, undistributed retained earnings of CT Group at March 1, 1994 became permanently capitalized and were transferred to capital surplus.

MasTec, Inc.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1994 (Unaudited)

A reconciliation of retained earnings between December 31, 1993 and March 31, 1994 is as follows:

Retained earnings, December 31, 1993	\$ 9,918
Net Income for the three months ended March 31, 1994	1,602
Transfer to capital surplus	(11,113)

Retained earnings, March 31, 1994	\$ 407
	=====

A reconciliation of capital surplus between December 31, 1993 and March 31, 1994 is as follows:

Capital surplus, December 31, 1993	\$ 0
Capital surplus arising from purchase of Burnup	31,330
Transfer from retained earnings	11,113
Adjustment of CT capital stock to \$0.10 par value	1,025
Stock issue cost	(18)

	\$43,450
	=====

3. Related Party Transactions

Notes Receivable from certain shareholders bear interest at the prime rate plus 2% (8.5% at March 31, 1994). See Note 4 regarding amounts payable to shareholders.

4. Other Liabilities

Other Liabilities are summarized as follows (Dollars in Thousands):

	March 31, 1994	December 31, 1993
Deferred Income Taxes	\$ 16,461	\$ 0
Accrued Interest - Non-Current	2,072	0
Accrued Insurance	7,940	0
Minority Interest in Consolidated Joint Ventures	28	28
	-----	-----
	\$ 26,501	\$ 28
	=====	=====

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MasTec, Inc.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1994 (Unaudited)

5. Debt

Debt is summarized as follows (Dollars in Thousands):

	March 31, 1994	December 31, 1993
Term Loan payable to Bank, at Prime plus 1/2% (7% at March 31, 1994, due June 1995)	\$ 9,263	\$ 0
Term Loan payable to Bank, at 7.7%	1,463	1,587
Notes Payable to Shareholders, at Prime plus 2% (8.5% at March 31,1994)	3,000	3,000
Capital Leases and Other, at Interest Rates from 7% to 13% due in installments through 2000	1,992	0
12% Convertible Subordinated Debentures due 2000	24,500	0
	-----	-----
Total Debt	40,218	4,587
Less Current Maturities	(5,610)	(1,008)
	-----	-----
Non-Current Debt	\$ 34,608	\$ 3,579
	=====	=====

The indenture under which the 12% convertible subordinated debentures (the "Debentures") are issued requires 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 a conversion price of \$16.79 per share. At March 31, 1994, approximately 1,459,000 shares were reserved for conversion.

Debt agreements contain, among other things, restrictions on the payment of dividends and require the maintenance of certain financial covenants. Pursuant to its loan agreements, the Company is currently prohibited from declaring or paying dividends.

6. Earnings Per Share and Capital Stock

Earnings per share is based on the weighted average number of common shares outstanding. Fully diluted earnings per share is not presented as the effect of common stock equivalents is anti-dilutive or not material. Earnings per share for the three months ended March 31, 1993, gives retroactive effect to the 10,250,000 shares received by the former stockholders of the CT Group.

At March 31, 1994, the Company had 50,000,000 shares of \$.10 par value common stock (the "Common Stock") authorized and 16,027,592 shares outstanding, and 5,000,000 shares of authorized but unissued preferred stock.

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MasTec, Inc.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1994 (Unaudited)

7. Stock Option Plans

Options to purchase 163,100 shares of Common Stock under the Company's 1976 and 1978 Stock Option Plans were exercised, as well as stock appreciation rights with respect to 55,965 shares. The 1976 plan was replaced by the 1994 Stock Incentive Plan (the "1994 Plan"). In addition, approximately 19,000 options remain outstanding under the 1976 Plan and may be still exercised in accordance with the terms of the 1976 plan.

In connection with the Acquisition, the Company's stockholders approved the 1994 Stock Option Plan for Non-Employee Directors (the "Directors' Plan") and the 1994 Plan. The Directors' Plan options to purchase up to 400,000 shares issuable to the non-employee members of the Company's Board of Directors. Options to purchase 30,000 shares have been granted to Board members, none of which are exercisable, at March 31, 1994. The options permit the non-employee director to exercise for a period of up to ten years from the date of grant an exercise price equal to the fair market value of such shares on the date the option is granted.

The 1994 Plan authorized options to purchase up to 800,000 shares of the

Company's Common Stock of which 200,000 shares may be awarded as restricted stock. At March 31, 1994, options to purchase 131,000 had been granted. 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 at an exercise price no less than the fair market value of the shares at the grant date. At March 31, 1994 shares had been granted, of which were none are exercisable.

8. Income Taxes

The CT Group had elected to be treated as an S Corporation under the Internal Revenue Code and, therefore the results of operations for the three months ended March 31, 1993, do not include a provision for income taxes, as the income of the Group passed directly to the stockholders. On March 1, 1994, the CT Group's election to be treated as an S Corporation was terminated. The income tax provision for the three months ended March 31, 1994, includes the operations of the CT Group for the month of March, 1994, and the operations of Burnup for the period from March 11, 1994, (date of Acquisition) through March 31, 1994. The effect of recognizing a net deferred tax asset of approximately \$435,000 at March 1, 1994, in connection with the change in tax status, is included in the provision for income taxes for the three months ended March 31, 1994.

The Company accounts for income taxes under Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes". Deferred income taxes reflect the net effects of (a) temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and (b) operating loss and tax credit carryforwards. The tax effects of significant items comprising the Company's net deferred tax liability as of March 31, 1994 are as follows (in thousands of dollars):

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MasTec, Inc.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1994 (Unaudited)

Tax Effect of Taxable Temporary Differences:

Differences between book and tax basis of property	\$ 17,916
Other	2,734

	20,650

Tax Effect of Deductible Temporary Differences:

Reserves not currently deductible	(6,034)
Operating loss carryforwards	(603)

Tax credit carryforwards	(112)

	(6,749)

Valuation allowance	615

Net deferred tax liability	\$ 14,516
	=====

There was no change in the valuation allowance for the period ended March 31, 1994.

9. Contingencies

Albert H. Kahn v. Nick A. Caporella, et al., Civil Action No. 11890 was filed on December 1990 by a stockholder of the Company in the Court of Chancery of the State of Delaware in and for New Castle County against the Company, the members of the Board of Directors, and against National Beverage Corporation ("NBC"), as a purported class action and derivative lawsuit. In May 1993, plaintiff amended its class action and shareholder derivative complaint (the "Amended Complaint"). The class action claims allege, among other things, that the Board of Directors, and NBC as its then largest stockholder, breached their respective fiduciary duties in approving (i) the distribution to the Company's stockholders of all of the common stock of NBC owned by it (the "Distribution") and (ii) the exchange by NBC of 3,846,153 shares of Common Stock for certain indebtedness of NBC held by the Company (the "Exchange") (the Distribution and the Exchange are hereinafter referred to as the "1991 Transaction"), and allegedly placing the interests of NBC ahead of the interests of the other stockholders of the Company. The derivative action claims allege, among other things, that the Board of Directors had breached its fiduciary duties by approving executive officer compensation arrangements, by financing NBC's operations on a current basis, and by permitting the interests of the Company to be subordinated to those of NBC. In the lawsuit, plaintiff seeks to rescind the 1991 Transaction and to recover damages in an unspecified amount.

The Amended Complaint alleges that the Special Transaction Committee that approved the 1991 Transaction was not independent and that, therefore, the 1991 Transaction was not protected by the business judgment rule or conducted in accordance with a settlement agreement (the "1990 Settlement") entered into in 1990 pertaining to certain prior litigation. The Amended Complaint also makes

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MasTec, Inc.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1994 (Unaudited)

other allegations which involve (i) further violations of the 1990 Settlement by the Company's engaging in certain transactions not approved by the Special Transaction Committee; (ii) the sale of a subsidiary of the Company to a former officer of the Company, (iii) the timing of the 1991 Transaction and (iv) the

treatment of executive stock options in the 1991 Transaction.

In November 1993, plaintiff filed a class action and derivative complaint, Civil Action 13248, (the "1993 Complaint") against the Company, the members of the Board of Directors, CT, CTF, Jorge Mas Canosa, Jorge Mas and Juan Carlos Mas (CT,CTF, Jorge Mas Canosa, Jorge Mas and Juan Carlos Mas are referred to as the "CT Defendants"). In December 1993, plaintiffs amended the 1993 Complaint ("1993 Amended Complaint"). The 1993 Amended Complaint alleges, among other things, that (i) the Board of Directors and NBC, as the Company's largest stockholder at the time, breached their respective fiduciary duties by approving the Acquisition Agreement and the Redemption (as defined in the Proxy Statement dated February 10, 1994) which, according to the allegations of the 1993 Complaint, benefits Mr. Caporella at the expense of the Company's stockholders, (ii) the CT Defendants had knowledge of the fiduciary duties owed by NBC and the Board of Directors and knowingly and substantially participated in their breaches thereof, (iii) the Special Transaction Committee of the Board of Directors which approved the Acquisition Agreement and Redemption was not independent and, as such, was not in accordance with the 1990 Settlement, (iv) the Board of Directors breached its fiduciary duties by failing to take an active and direct role in the sale of the Company and failing to ensure the maximization of stockholder value in the sale of control of the company, and (v) the Board of Directors and NBC, as the Company's largest stockholder at the time, breached their respective fiduciary duties by failing to disclose completely all material information regarding the Acquisition Agreement and the Redemption.

The 1993 Complaint also claims derivatively that each member of the Board of Directors engaged in mismanagement, waste and breach of their fiduciary duties in managing the Company's affairs. On November 29, 1993, plaintiff filed a motion for an order preliminarily and permanently enjoining the Acquisition and the Redemption. On March 7, 1994, the court heard arguments with respect to plaintiff's motion to enjoin the Acquisition and Redemption and on March 10, 1994, the court denied plaintiff's request for injunctive relief.

The Company believes that the allegations in the complaint, the Amended Complaint, the 1993 Complaint and the 1993 Amended Complaint are without merit, and intends to vigorously defend these actions.

William C. Deviney, Jr. v. Burnup & Sims Inc., et al. Civil Action No. 152350 was filed in the Chancery Court of the First Judicial District of Hines County, Mississippi on May 3, 1993. The plaintiff in this action filed suit seeking specific performance of alleged obligations of the Company pursuant to a stock purchase agreement and related agreements entered into in 1988. Pursuant to the agreements, the Company sold to plaintiff a minority interest in a Telephone Services subsidiary and granted to plaintiff an option to purchase the remaining stock if certain conditions were satisfied. Alternatively, plaintiff seeks unspecified damages for breach of contract and for alleged breaches of fiduciary duties, and seeks an award of punitive damages and attorneys' fees for alleged bad faith conduct in connection with the stock

MasTec, Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL CONDITION
MARCH 31, 1994

purchase agreement and related matters. The Company believes that the allegations in the complaint are without merit and is vigorously defending this action. Additionally, the Company has filed counterclaims which, among other things, seek a declaratory judgment that the plaintiff's failure to satisfy certain material conditions terminated his rights under the stock purchase agreement. The evidentiary portion of the trial proceedings relative to these actions concluded on November 19, 1993 and the Court has not yet rendered a verdict.

Jorge Gamez, as Personal Representative of the Estate of Jorge A. Gamez, deceased, vs. Church & Tower, Inc., a Florida Corporation, et al. Civil Action 93-07318 CA 20, filed in the Circuit Court of the 11th Judicial Circuit in and for Dade County, Florida on March 22, 1993, and amended on April 20, 1994, to include MasTec, Inc. The claim alleges that a Group employee was negligent in the operation of a truck and trailer combination which resulted in a death. Although no amounts are stated in the preliminary case filings, the plaintiff has made a demand for \$7.2 million.

The Company is also a defendant in other legal actions arising in the normal course of business.

Management believes, based on consultations with legal counsel, that the amount provided in the accompanying financial statements is adequate to cover the estimated losses expected to be incurred in connection with these matters.

RESULTS OF OPERATIONS

Three Months Ended March 31, 1994 vs. Three Months Ended March 31, 1993

The results for the quarter ended March 31, 1994 include three months of operations of the CT Group and operating results of Burnup for the period March 11, 1994 through March 31, 1994. (See Note 1 to the Condensed Consolidated Financial Statements.)

Revenues for the first quarter increased by approximately \$3.4 million primarily resulting from the inclusion of the Burnup revenues (approximately \$10.7 million), offset by a \$4.6 million decrease in revenues from the Company's construction services segment due to the completion of a project included in last year's results and by a \$3.7 million decrease in revenues from telephone contract services due to the decline in post-hurricane Andrew related activities.

Costs of revenues approximated 77% and 65% of revenues in 1994 and 1993, respectively, due to reduced economies of scale related to the volume decline, as well as lower margins realized on certain Burnup contracts.

General and administrative expenses increased by approximately \$1 million to

12% of revenues from 8% of revenues due primarily to the impact of the Acquisition and costs related to the addition of administrative personnel and increased marketing efforts with respect to opportunities to provide utility services in Central and South America and the development of personal communications services ("PCS"). The Company has undertaken a study for purposes of bidding on the assignment of the spectrum for PCS by the Federal Communications Commission.

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MasTec, Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL CONDITION
MARCH 31, 1994

Depreciation and amortization increased as a percentage of revenues to 3% from 1% due to the decline in revenues, the effect of the Acquisition and additional depreciation expense resulting from a fleet replacement program implemented by the CT Group in the later part of 1993.

Interest expense increased due to debt assumed pursuant to the Acquisition and newly issued notes to shareholders.

The increase in interest and dividend income results from the Acquisition. Other income increased due to the rental of certain equipment to third parties.

Equity in earnings of unconsolidated joint ventures increased due to losses incurred during the first quarter of 1993 resulting from the nonpayment of certain change orders, of which certain claims were subsequently settled.

The credit for income taxes approximates 34% of pretax income for the three months ended March 31, 1994. Upon consummation of the Acquisition, the CT Group'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 reduced by a provision for the results of operations of the consolidated group for the month of March 1994 at an effective tax rate of 37.5%. The Company was not subject to tax in 1993.

FINANCIAL CONDITION
LIQUIDITY AND CAPITAL RESOURCES

March 31, 1994 vs. December 31, 1993

The Company's cash position increased to \$10.9 million at March 31, 1994 from \$8.9 million at December 31, 1993. Cash of \$.4 million was used by operating activities due primarily to changes in various components of working capital, particularly an increase in accounts receivable. This increase in receivables was primarily the result of the Company's contractual arrangement with a certain utility which provides for payments to be made at the completion of specific stages under the contract which are yet to be completed. The Company is currently negotiating with the customer to modify the contract to provide payment at earlier stages of completion. Cash of \$2.4 million was provided by

investing activities, including \$6.3 million provided by the Acquisition and \$3.6 million used for loans to shareholders. Cash of \$0.1 million was used during the quarter for debt repayments.

Significant adjustments to the balance sheet were recorded as a result of the Burnup transaction, (see Note 1 to the Condensed Consolidated Financial Statements) as more fully detailed in the supplemental schedule of non-cash investing activities of the Condensed Consolidated Statement of Cash Flows for the three months ended March 31, 1994.

Debt agreements contain, among other things, restrictions on the payment of dividends and require the maintenance of certain financial covenants. Pursuant

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MasTec, Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
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MARCH 31, 1994

to such covenants, the Company is currently prohibited from declaring or paying dividends. (See Note 4 to the Condensed Consolidated Financial Statements.)

The Company anticipates that operating cash requirements, capital expenditures, and debt service will substantially be funded from cash flow generated by operations and, to a lesser extent, trade and external financing. The Company currently has no material commitments for capital expenditures; however, it is continuously evaluating the need for fleet improvements.

MasTec, Inc.

PART II - OTHER INFORMATION

MARCH 31, 1994

Item 1. Legal Proceedings

See Note 9 to the Condensed Consolidated Financial Statements.

Item 4. Results of Votes of Security Holders.

The 1993 Annual and Special Meeting of Stockholders of Burnup & Sims Inc. (the "Meeting") was held on Friday, March 11, 1994 for the purpose of (1) electing one director, (2) approving the Acquisition and Redemption (see note 9 to the Condensed Consolidated Financial Statements), (3) approving an amendment to the Company's certificate of incorporation (the "Certificate") changing the name of the Company to MasTec, Inc. (4) approving an amendment to the Certificate increasing the total number of shares of Common Stock which the Company is authorized to issue from 25,000,000 to 50,000,000, (5) approving an amendment to the Certificate to eliminate all designations, powers, preferences, rights and qualifications, limitations and restrictions prescribed in the Certificate relating to the 5,000,000 authorized shares of preferred stock, (6) approving an amendment to the Certificate to adopt the provisions of Section 102(b)(7) of Delaware General Corporation Laws relating to the liability of directors, (7) approving an amendment to the Certificate to broaden the corporate powers of the Company to the maximum extent permitted by the Delaware General Corporation Laws and make certain other clarifications

to the Certificate, (8) approving the Company's 1994 stock option plan for Non-Employee Directors, and (9) approving the Company's 1994 Stock Incentive Plan.

The following summarizes the results of the vote for each issue listed above:

Issue	Number of Shares Voted		
	For	Against or Withheld	Abstaining
1	8,040,149	295,627	0
2	6,445,375	90,278	45,149
3	8,152,157	104,398	59,421
4	7,824,602	465,643	45,731
5	6,011,994	500,283	81,606
6	7,890,166	349,013	96,797
7	7,564,843	349,235	64,740
8	5,964,410	549,872	79,601
9	5,986,055	515,131	79,616

At the meeting, Mr. Samuel C. Hathorn, Jr. was elected as Class II director. Mr. William A. Morse remains a Class I director until his term expires at the annual meeting of stockholders in 1995.

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MasTec, Inc.

PART II - OTHER INFORMATION

MARCH 31, 1994

At a meeting of the Board of Directors held subsequent to the Meeting, Messrs. Nick A. Caporella and Leo J. Hussey resigned as directors in accordance with the terms of the Acquisition Agreement. In addition, Mr. Cecil D. Conlee resigned from the Board. Messrs. Jorge L. Mas Canosa, Jorge Mas, Eliot C. Abbott, and Arthur B. Laffer were appointed to the Board.

Item 5. Other Information

Burnup consummated its acquisition of Church & Tower, Inc. and Church & Tower of Florida, Inc. (See Note 1 to the condensed consolidated financial statements.)

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits.

Not applicable.

(b) Reports on Form 8-K.

On March 18, 1994, the Company filed Form 8-K regarding the Acquisition the Securities and Exchange Commission.

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MasTec, Inc.
SIGNATURES

FORM 10-Q

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

MasTec, Inc.
Registrant

Date: May 13, 1994

/s/ Carlos A. Valdes

Carlos A. Valdes
Sr. Vice-President - Finance
(Principal Financial Officer)
and
Authorized Officer of the
Registrant

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