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

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] Quarterly Report Pursuant To Section 13 or 15(d)
of the Securities Exchange Act of 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2000

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 1-5581

I.R.S. Employer Identification Number 59-0778222

WATSCO, INC.
(a Florida Corporation)
2665 South Bayshore Drive, Suite 901
Coconut Grove, Florida 33133
Telephone: (305) 714-4100

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO _

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the last practicable date: 23,792,345 shares of the Company's Common Stock ($.50 par value), excluding treasury shares of 2,343,000, and 3,228,806 shares of the Company's Class B Common Stock ($.50 par value) were outstanding as of May 4, 2000.

PART I. FINANCIAL INFORMATION

WATSCO, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
March 31, 2000 and December 31, 1999
(In thousands, except per share data)

	March 31, 2000 (Unaudited)	December 31, 1999
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,882	$ 7,484
Accounts receivable, net	169,052	164,999
Inventories	241,928	223,887
Other current assets	25,806	18,699
Total current assets	443,668	415,069
Property, plant and equipment, net	31,975	31,427
Intangible assets, net	130,852	131,556
Other assets	10,899	10,854
	$ 617,394	$ 588,906

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Current portion of long-term obligations	$ 1,976	$ 5,915
Accounts payable	94,120	89,997
Accrued liabilities	27,840	26,895
Total current liabilities	123,936	122,807
Long-term obligations:		
Borrowings under revolving credit agreement	189,560	155,000
Bank and other debt	4,123	4,415
Total long-term obligations	193,683	159,415
Deferred income taxes and other liabilities	4,949	4,968
Shareholders' equity:		
Common Stock, $.50 par value	13,050	13,036
Class B Common Stock, $.50 par value	1,613	1,591
Paid-in capital	202,479	202,106
Unearned compensation related to outstanding restricted stock	(6,199)	(5,998)
Unrealized loss on investments, net of tax	(749)	(669)
Retained earnings	108,329	105,971
Treasury stock, at cost	(23,697)	(14,321)
Total shareholders' equity	294,826	301,716
	$ 617,394	$ 588,906

See accompanying notes to condensed consolidated financial statements.

WATSCO, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
Three Months Ended March 31, 2000 and 1999
(In thousands, except per share data)
(Unaudited)

	2000	1999
Revenue	$ 286,344	$ 260,383
Cost of sales	218,877	199,109
Gross profit	67,467	61,274
Selling, general and administrative expenses	59,428	54,115
Operating income	8,039	7,159
Interest expense, net	3,176	3,262
Income before income taxes	4,863	3,897
Income taxes	1,809	1,450
Net income	3,054	2,447
Retained earnings at beginning of period	105,971	79,340
Common stock cash dividends	(696)	(714)
Retained earnings at end of period	$ 108,329	$ 81,073
Basic earnings per share	$ 0.11	$ 0.09
Diluted earnings per share	$ 0.11	$ 0.08
Weighted average shares and equivalent shares used to calculate earnings per share:		
Basic	27,690	28,600
Diluted	28,686	29,820

See accompanying notes to condensed consolidated financial statements.

WATSCO, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Three Months Ended March 31, 2000 and 1999
(In thousands)
(Unaudited)

	2000	1999
Cash flows from operating activities:		
Net income	$ 3,054	$ 2,447
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	2,965	2,635
Provision for doubtful accounts	1,128	1,113
Deferred income taxes	(23)	(259)
Non-cash stock contribution to 401(k) plan	75	--
Changes in operating assets and liabilities, net of effects of acquisitions:		
Accounts receivable	(5,181)	(1,832)
Inventories	(18,041)	(26,656)
Accounts payable and accrued liabilities	5,075	583
Other, net	(7,634)	(6,927)
Net cash used in operating activities	(18,582)	(28,896)
Cash flows from investing activities:		
Business acquisitions, net of cash acquired	--	(17,544)
Capital expenditures	(2,326)	(1,302)
Purchases of marketable securities	--	(823)
Net cash used in investing activities	(2,326)	(19,669)
Cash flows from financing activities:		
Net borrowings under revolving credit agreement	34,560	47,900
Net borrowings (repayments) of bank and other debt	(4,231)	230
Net proceeds from issuances of common stock	49	218
Common stock dividends	(696)	(714)
Acquisition of common stock	(9,376)	--
Net cash provided by financing activities	20,306	47,634
Net decrease in cash and cash equivalents	(602)	(931)
Cash and cash equivalents at beginning of period	7,484	7,249
Cash and cash equivalents at end of period	$ 6,882	$ 6,318

See accompanying notes to condensed consolidated financial statements.

WATSCO, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2000
(Amounts in thousands, except share data)
(Unaudited)

1. The condensed consolidated balance sheet as of December 31, 1999, which has been derived from the Company's audited financial statements, and the unaudited interim condensed consolidated financial statements, have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in the annual financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to those rules and regulations, although the Company believes the disclosures made are adequate to make the information presented not misleading. In the opinion of management, all adjustments necessary for a fair presentation have been included in the condensed consolidated financial statements herein. As discussed in Note 6, amounts in the condensed consolidated statements of income and retained earnings and statements of cash flows have been restated in 1999 to include Dunhill Staffing Systems Inc. ("Dunhill") as continuing operations.

2. The results of operations for the quarter ended March 31, 2000, are not necessarily indicative of the results for the year ending December 31, 2000. The sale of the Company's products and services is seasonal with revenue generally increasing during the months of May through August.

3. The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

4. Basic earnings per share is computed by dividing net income by the total weighted average shares outstanding. Diluted earnings per share additionally assumes, if dilutive, any added dilution from common stock equivalents. Shares used to calculate earnings per share for the three months ended March 31, 2000 and 1999 are as follows:

	2000	1999
Weighted average shares outstanding	27,690,468	28,600,139
Dilutive stock options	995,832	1,220,183
Shares for diluted earnings per share	28,686,300	29,820,322
Options outstanding which are not included in the calculation of diluted earnings per share because their impact is antidilutive	2,397,799	1,737,000

5. The Company has adopted Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income." SFAS No. 130 establishes standards for the reporting and display of comprehensive income and its components in the financial statements. Comprehensive income consists of net income and changes in the value of available-for-sale securities at March 31, 2000 and 1999. The components of the Company's comprehensive income are as follows for the three months ended March 31, 2000 and 1999:

	2000	1999
Net income	$3,054	$2,447
Unrealized holding losses on investments arising during the period net of income taxes	(80)	(607)
Comprehensive income	$2,974	$1,840

6. In November 1997, the Company's Board of Directors approved a plan to dispose of its staffing service subsidiary, Dunhill. During the period in which it was reported as a discontinued operation, the Company did not receive any acceptable offers for Dunhill. Therefore, in 1999, the Company decided to retain Dunhill as part of its continuing operations and has accordingly restated operating results and net cash flows in 1999 to include Dunhill in continuing operations.

   Unaudited summarized financial information for the quarter that Dunhill was reported as a discontinued operation is as follows:

Revenue	$13,006
Operating profit	$ 248

7. During 1999, the Company completed the acquisition of six wholesale distributors of air conditioning and heating products and one staffing service franchise.

   Acquisitions have been accounted for under the purchase method of accounting and, accordingly, their results of operations have been included in the unaudited condensed consolidated statement of income and retained earnings beginning on their respective dates of acquisition.

   The Company's unaudited pro forma consolidated results of operations assuming all significant acquisitions occurred on January 1, 1999 is as follows for the three months ended March 31, 1999:

Revenue	$269,460
Net income	$ 3,275
Diluted earnings per share	$ 0.11

   The unaudited pro forma consolidated results of operations is not necessarily indicative of either the results of operations that would have occurred had the above companies been acquired on January 1, 1999 for the period presented or of future results of operations.

8. In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS No. 133 also requires that changes in derivatives' fair value be recognized currently in earnings unless specific hedge accounting criteria are met. The impact of SFAS No. 133 on the Company's consolidated financial statements will depend on a variety of factors, including future interpretive guidance from the FASB, the extent of the Company's hedging activities, the type of hedging instruments used and the effectiveness of such instruments. The Company has not quantified the impact of adopting SFAS No. 133. In June 1999, the FASB issued SFAS 137, "Accounting for Derivative Instruments and Hedging Activities-Deferral of the effective date of FASB Statement 133 - an amendment to FASB Statement No. 133," which delayed the implementation date for SFAS 133 for one year to fiscal years beginning after June 15, 2000.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

QUARTER ENDED MARCH 31, 2000 VS. QUARTER ENDED MARCH 31, 1999

RESULTS OF OPERATIONS

The following table presents the Company's consolidated financial results for the three months ended March 31, 2000 and 1999, expressed as a percent of revenue:

	2000	1999
Revenue	100.0 %	100.0 %
Cost of sales	(76.4)	(76.5)
Gross profit	23.6	23.5
Selling, general and administrative expenses	(20.8)	(20.8)
Operating income	2.8	2.7
Interest expense, net	(1.1)	(1.2)
Income taxes	(0.6)	(0.6)
Net income	1.1 %	0.9 %

The above table and following narrative includes the results of operations acquired during 1999. These acquisitions were accounted for under the purchase method of accounting and, accordingly, their results of operations have been included in the consolidated results of the Company beginning on their respective dates of acquisition. Data presented in the following narratives referring to "same-store basis" excludes the effects of operations acquired or locations opened and closed during the prior twelve months. Amounts in 1999 have been restated to include Dunhill in continuing operations.

Revenue for the three months ended March 31, 2000 increased $26.0 million, or 10%, compared to the same period in 1999. On a same-store basis, revenue increased $16.8 million, or 7%. Such increase was primarily due to additional sales generated by expanded product lines of equipment in certain large markets and favorable industry conditions.

Gross profit for the three months ended March 31, 2000 increased $6.2 million, or 10%, as compared to the same period in 1999, as a result of the aforementioned revenue increases. Gross profit margin in the first quarter increased to 23.6% in 2000 from 23.5% in 1999. On a same-store basis, gross profit increased $3.7 million, or 6% and gross profit margin decreased to 23.4% in 2000 from 23.5% in 1999.

Selling, general and administrative expenses for the three months ended March 31, 2000 increased $5.3 million, or 10%, compared to the same period in 1999, primarily due to increased selling and delivery costs related to increased sales. Selling, general and administrative expenses as a percent of revenue remained unchanged at 20.8% in both 2000 and 1999. On a same-store basis, selling, general and administrative expenses increased $3.6 million, or 7%, primarily due to revenue increases. Selling, general and administrative expenses on a same-store basis as a percent of revenue increased to 20.7% in 2000 from 20.6% in 1999.

Interest expense, net for the first quarter in 2000 decreased approximately $0.9 million, or 3%, compared to the same period in 1999, primarily due to lower average borrowings during the quarter, offset by a rise in interest rates.

The effective tax rate was 37.2% for the three months ended March 31, 2000 and 1999.

LIQUIDITY AND CAPITAL RESOURCES

The Company maintains a bank-syndicated revolving credit agreement that provides for borrowings of up to $315.0 million, expiring on August 8, 2002. Borrowings under the unsecured agreement are used to fund seasonal working capital needs and for other general corporate purposes, including acquisitions. Borrowings under the agreement, which aggregated $189.6 million at March 31, 2000, bear interest at primarily LIBOR-based rates plus a spread that is dependent upon the Company's financial performance (LIBOR plus .5% at March 31, 2000). The revolving credit agreement contains customary affirmative and negative covenants including certain financial covenants with respect to the Company's consolidated net worth, interest and debt coverage ratios and limits capital expenditures and dividends in addition to other restrictions.

On January 31, 2000, the Company entered into a $125.0 million private placement shelf facility. The uncommitted loan facility provides the Company a source of long-term, fixed-rate financing as a complement to the variable rate borrowings available under its existing revolving credit facility. There were no outstanding borrowings under the agreement as of March 31, 2000.

The Company's Board of Directors has authorized the repurchase, at management's discretion, of up to three million shares of the Company's stock in the open market or via private transactions. As of March 31, 2000, the Company had purchased approximately 2.3 million shares at a cost of approximately $24.0 million.

Working capital increased to $319.7 million at March 31, 2000 from $292.3 million at December 31, 1999, primarily due to the Company's seasonal build-up of inventory in preparation for the spring and summer selling seasons. This increase was funded primarily by borrowings under the Company's revolving credit agreement.

Cash and cash equivalents decreased $0.6 million during the first quarter of 2000. Principal sources of cash during the quarter were borrowings under the revolving credit agreement and profitable operations. The principal uses of cash were to fund working capital needs, the Company's repurchase of its common stock, and repayments of bank and other debt.

The Company has adequate availability of capital from operations and its revolving credit agreement to fund present operations and anticipated growth, including expansion in its current and targeted market areas. The Company continually evaluates potential acquisitions and has held discussions with a number of acquisition candidates; however, the Company currently has no binding agreement with respect to any acquisition candidates. Should suitable acquisition opportunities or working capital needs arise that would require additional financing, the Company believes that its financial position and earnings history provide a solid base for obtaining additional financing resources at competitive rates and terms.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's primary market risk exposure consists of interest rate risk. The Company's objective in managing the exposure to interest rate changes is to limit the impact of interest rate changes on earnings and cash flows and to lower its overall borrowing costs. To achieve its objectives, the Company uses interest rate swaps to manage net exposure to interest rate changes to its borrowings. These swaps are entered into with a group of financial institutions with investment grade credit ratings, thereby minimizing the risk of credit loss. All items described below are non-trading.

At March 31, 2000, the Company had various interest rate swap agreements with an aggregate notional amount of $60 million to manage its net exposure to interest rate changes related to a portion of the borrowings under the revolving credit agreement. The interest rate swap agreements effectively convert a portion of the Company's LIBOR-based variable rate borrowings into fixed rate borrowings with a weighted average pay rate of 6.4%.

SAFE HARBOR STATEMENT

This quarterly report contains statements which, to the extent they are not historical fact, constitute "forward looking statements" under the securities laws, including statements regarding acquisitions, financing agreements and industry, demographic and other trends affecting the Company. All forward looking statements involve risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to differ materially from those contemplated or projected, forecasted, estimated, budgeted, expressed or implied by or in such forward looking statements. The forward looking statements in this document are intended to be subject to the safe harbor protection provided under the securities laws.

The Company's shareholders should also be aware that while the Company does, at various times, communicate with securities analysts, it is against the Company's policies to disclose to such analysts any material non-public information or other confidential information. Accordingly, our shareholders should not assume that the Company agrees with all statements or reports issued by such analysts. To the extent such statements or reports contain projections, forecasts or opinion by such analysts about our Company, such reports are not the responsibility of the Company.

For additional information identifying some other important factors which may affect the Company's operations and markets and could cause actual results to vary materially from those anticipated in the forward looking statements, see the Company's Securities and Exchange Commission filings, including but not limited to, the discussion included in the Business section of the Company's Form 10-K under the heading "Other Information".

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

There have been no significant changes from the information reported in the Annual Report on Form 10-K for the period ended December 31, 1999, filed on March 31, 2000.

Item 2. Changes in Securities and Use of Proceeds

None

Item 3. Defaults upon Senior Securities

None

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

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits

10.14 Exhibit A-1 dated January 1, 2000 to Employment Agreement and Incentive Plan dated January 31, 1996 by and between Watsco, Inc. and Albert H. Nahmad #

27. Financial Data Schedule (for SEC use only) #

(b) Reports on Form 8-K

None

SIGNATURES

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

WATSCO, INC.

(Registrant)

By: /S/ BARRY S. LOGAN

Barry S. Logan
Vice President and Secretary
(Chief Financial Officer)

May 9, 2000

EXHIBIT INDEX

EXHIBIT	DESCRIPTION
10.14	Exhibit A-1 dated January 1, 2000 to Employment Agreement and Incentive Plan dated January 31, 1996 by and between Watsco, Inc. and Albert H. Nahmad.
27	Financial Data Schedule

EXHIBIT 10.14

EXHIBIT A-1

2000 PERFORMANCE GOALS AND PERFORMANCE BASED COMPENSATION

I. FORMULA

		PERFORMANCE BASED COMPENSATION FORMULA
A.	EARNINGS PER SHARE For each $.01 increase..	$65,250
B.	INCREASE IN COMMON STOCK PRICE	
	(i) If the price of a share of Common Stock on 12/31/00 does not exceed $11.56...	$ 0
	(ii) If the price of a share of Common Stock on 12/31/00 exceeds $11.56 but does not equal or exceed $15.00, for each $0.0625 increase in per share price of a share of Common Stock above $11.56...	$ 7,500
	(iii) If the price of a share of Common Stock on 12/31/00 equals or exceeds $15.00, for each $0.0625 increase in per share price of a share of Common Stock above $11.56......................	$10,000

II. METHOD OF PAYMENT

A. CASH. The Performance Based Compensation determined for 2000 under the formula set forth in Section I above shall be paid in cash if and to the extent such Compensation does not exceed $500,000.

B. RESTRICTED STOCK. If the Performance Based Compensation determined for 2000 under the formula set forth in Section I above exceeds $500,000 (such excess amount being referred to as the "Additional Amount"), the Executive shall be granted a number of shares of restricted Class B Common Stock of the Company (the "Shares") equal to the amount determined by dividing (i) two times the Additional Amount, by (ii) the closing price for the Class B Common Stock of the Company on the American Stock Exchange as of the close of trading on December 31, 2000. The value of any fractional shares shall be paid in cash. The restrictions on the Shares shall lapse on the first to occur of (i) October 15, 2015, (ii) termination of the Executive's employment with the Company by reason of Executive's disability or death, (iii) the Executive's termination of employment with the Company for Good Reason, (iv) the Company's termination of Executive's employment without Cause, or (v) the occurrence of a Change in Control of the Company ("Good Reason," "Cause", and "Change in Control" to be defined in a manner consistent with the most recent grant of Restricted Stock by the Company to the Executive).

Dated: Effective as of January 1, 2000

/s/ PAUL MANLEY

Paul Manley, Chairman
Compensation Committee

Acknowledged and Accepted:

/s/ ALBERT H. NAHMAD

Albert H. Nahmad

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE WATSCO,
INC. FORM 10-Q FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2000 AND IS QUALIFIED IN
ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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3-MOS
DEC-31-2000
MAR-31-2000
6,882
0
175,155
6,103
241,928
443,668
68,566
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617,394
123,936
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286,344
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