As fiscal 2018 begins we look back on our third consecutive year of outstanding performance. Total revenue increased $394 million; organic revenue* adjusted for the 53rd week required by our 52/53 week calendar for fiscal 2016 grew 14.1%; adjusted EBITDA* increased from $390 million to $442 million and adjusted diluted earnings* grew from $4.48 to $5.26 per share. Revenue, adjusted EBITDA and adjusted EPS were each, all-time records for the company. Fiber-to-the-home deployments for telephone companies increased and fiber deep capacity expansion projects for a cable operator accelerated. But more important, fiscal 2017 provided an initial glimmer of what we believe will be one of the most significant industry developments to occur in the last 25 years: the initial deployments of converged wireless/wireline multi-use networks. In order to appreciate just how significant the magnitude of this development may be for the industry and for Dycom, a review of the last 25 years of industry history is instructive.

Fiscal 2017 marked my 25th fiscal year at Dycom. Over that period of time, I have been extraordinarily fortunate to participate in an industry that has presented immense growth opportunities as new technologies have continuously reshaped the telecommunications landscape. Dycom's small role in those large telecommunications industry changes has enabled tremendous compound annual growth rates (CAGR) and value creation. Our results from fiscal 1993 through fiscal 2017 (dollars in thousands, except share price):

	1993	2017	CAGR
Revenue	$136,941	$3,066,880	13.8%
Backlog	$134,217	$6,015,800	17.2%
Share Price	$1.33	$90.30	19.2%
Market Capitalization	$25,523	$2,807,182	21.7%

These results were produced despite the two business cycle recessions of 2001-2002 and 2007-2009 and the dot.com technology meltdown that resulted in widespread bankruptcies and liquidations in the cable television and long distance telecommunication industries. In addition, while nascent at the beginning of the period, wireless carriers and satellite video providers both dramatically increased competitive pressures on the formerly entrenched incumbent telephone companies and cable multiple system operators, pressuring their customer growth and revenues.

In hindsight, Dycom's growth over the last 25 years was a straightforward function of the vast opportunities afforded by our core telephone company and cable customers despite these headwinds. These vast opportunities emerged steadily and ineluctably as telephone and cable companies responded to the promise of new technologies and mounting competitive pressures. Over time their product offerings have converged, with each industry offering video, voice and data services to both consumers and businesses.

In 1993 the telephone industry was dominated by the seven regional bell operating companies that

*Organic revenue growth, Adjusted EBITDA and Adjusted diluted earnings per share are Non-GAAP financial measures. Please refer to Appendix A of this Annual Report for a reconciliation of these measures to the most directly comparable financial measures calculated and presented in accordance with U.S. generally accepted accounting principles.

had been created by the breakup of AT&T nine years before. These companies provided only local services and were prohibited from participating in the long distance telecommunications market. The majority of their revenues were produced by selling voice circuits to consumers and charging long distance companies for the use of their local networks to terminate long distance calls. Cable companies at this time were coping with the regulatory consequences of the 1992 Cable Act that provided for increased consumer protections and promoted increased competition. The vast majority of cable's revenues were produced by selling linear analog video offerings to consumers. This industry equilibrium began to shift with the advent of consumer internet access technologies and the explosion of new "dot.com" companies. These companies were created to take advantage of the internet's revolutionary ability to create new business to consumer products. The Telecommunications Reform Act would profoundly and irreversibly accelerate that shift.

Enacted in 1996, The Telecommunications Reform Act aimed fundamentally to increase competition in communications. In the words of the Federal Communications Commission, the goal of the law was to "let anyone enter any communications business—to let any communications business compete in any market against any other."[1] The consequences of the Act were immediate. In the five years following its passage, cable companies invested vast amounts of capital to rewire their coaxial cable networks and add fiber optic cable technologies to vastly expand their networks' digital and data capabilities. Those capabilities became the infrastructural foundation for cable's entry into consumer and small and medium enterprise voice services beginning in 2003 and later cable's expansion into providing data services to small, medium and eventually large enterprises in direct competition with telephone companies. These services are now provided throughout the nation. Likewise, telephone companies invested capital to rewire their copper cable networks and add fiber optic cable technologies to expand their networks' capabilities. These capabilities, as well as the capabilities enabled when certain telephone companies eventually deployed fiber optic technologies direct to consumers and businesses and eliminated copper network elements altogether, enabled telephone companies beginning in 2004 to provide linear video product offerings to what has become a growing portion of the country.

In both of these developments, Dycom was in the vanguard: serving our customers as they deployed vast amounts of telecommunications infrastructure.

Today we stand again at the forefront of another generational shift in the telecommunications landscape. This shift promises as many opportunities for Dycom as did the prior shift that began 25 years ago. Like that shift, this shift is founded on the emergence of new technologies whose capabilities fundamentally require vast deployments of fiber optic technology. Like the previous shift, these new capabilities possess the promise to create vast new industries such as the internet of things, autonomous vehicles and augmented reality. And finally as in the previous shift, we expect the products and businesses of our customers to converge.

We firmly believe that the convergence of wireless and wireline telecommunications networks into an integrated high bandwidth, low latency multi-use network is now at hand.

Converged wireless/wireline network opportunities are emerging in response to new wireless technologies that utilize still-developing 5G standards. These are expected to be issued in 2018/2019. The 5G standards call for tremendous increases in bandwidth and meaningful reductions in latency. In preparation, some industry participants have begun to deploy dramatically more capable fiber optic networks. They believe these networks will be absolutely required in order to take full competitive advantage of the promise of 5G technology.
These networks require not only the installation of more fiber optic cable but also the deployment of individual cables that are of unprecedented size and capability. As envisioned, these multi-use networks

[1] "Telecommunications Act of 1996", Federal Communications Commission, www.fcc.gov/general/telecommunications-act-1996

continued

will provision video, voice and data products both fixed and mobile - reordering the entire existing telecommunications landscape. Over time, converged wireless/wireline multi-use networks will blur existing distinctions between wireless and wireline companies and products, just as fiber optic technologies blurred the distinctions between traditional wireline telephone and cable companies. As new national industries are created to take advantage of these networks' extraordinary capabilities, scale will be rewarded as the telecommunications industry as a whole becomes less regional, more closely resembling today's existing wireless market.

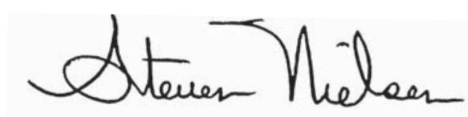
In summary, we believe we are witnessing a generational shift in the telecommunications landscape that promises to be as exciting as any in Dycom's history.

Now a personal note. As a teenager I lived in rural western Massachusetts across from a small vegetable farm. After one season of picking vegetables, I graduated next season to performing some routine tractor work. As part of training for that work, the farmer took me to a field of recently planted squash. There he taught me how to use the tractor and a farm implement called a spring harrow, to cultivate the new plants and remove weeds. I desperately wanted to succeed in learning this process as it was a much better job than bending over all day to pick green beans. Lining up the tractor with the rows of squash, I very carefully and slowly began to drag the spring harrow down the rows. As I did so, I repeatedly looked over my shoulder, making small adjustments to the path of the tractor as I feared the spring harrow might remove one squash plant then another and not the weeds. After about 30 seconds, the farmer yelled at me to stop. He advised in no uncertain terms that by constantly looking over my shoulder to avoid damaging the squash, I was in fact making it much more likely. "Pick a tree at the end of the row" he said, "drive as straight as you can for that tree and you will avoid damaging the squash. The way you are doing it now, you will never get the job done and you will rip out the squash anyway."

In my 25 years at Dycom, I have recalled that lesson often. Entrusted with the responsibility to steer the company, there have been many times when I have been tempted to make constant small adjustments to the company's strategy and question if we had the right "tree" in sight to steer by or whether we needed to look over our shoulder. Particularly during recessions and times of poor performance, it was easy to question our chosen strategic path and consider others. But today as we contemplate yet another industry shift of historic proportions, we remain confident that the next 25 years will be better than the last and that our strategic path is the right one.

To my fellow employees, thanks for your dedication and loyalty: it is an honor to work with you every day. To our retiring director Charlie Coe, thanks for your 13 years of service. Your constant counsel and insights have left us a much better company. And finally to my fellow directors and shareholders, thanks for your support. Another exciting chapter in the company's history is just beginning.

Sincerely,



Steven Nielsen
President and Chief Executive Officer

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