As fiscal 2017 begins, we look back on our second consecutive year of extraordinary performance. Total revenue increased $650 million; organic revenue adjusted for the 53rd week required by our 52/53 week calendar grew 22.7%; adjusted EBITDA* increased from $265 million to $390 million and adjusted diluted earnings* grew from $2.41 to $4.48 per share. All of the industry developments we anticipated delivered robust opportunities throughout the year: fiber to the home and fiber to the node, fiber to small and medium businesses, cable network capacity expansion, Connect America Fund - Phase II projects, and market share growth. We enhanced the returns provided by these broad customer opportunities with well-timed capital allocation decisions and opportunistic refinancings.

Even more extraordinary, however, has been our growth over the last five fiscal years. From fiscal 2012 through fiscal 2016 total revenue grew at a compound annual growth rate of 22.1%. Adjusted EBITDA increased at a 30.3% compound annual growth rate while adjusted diluted earnings per share increased at a 40.8% compound annual growth rate. Someone who acquired one share of our stock at the beginning of fiscal 2012 and held it through the end of fiscal 2016 earned a 40.4% compound annual return, just less than the growth rate in earnings over the same period.

Yet while we are pleased with our one year and five year performance, we understand that past and current performance is only relevant to a current shareholder if it indicates our potential for future growth. Mindful of this perspective, we believe strongly that the opportunities for growth in our business today exceed those of any other time in the company's history.

Our company has benefitted mightily over the last five years from the push to deploy fiber optic telecommunications networks to serve individual homes, neighborhoods, and businesses, and to augment wireless infrastructure. This push by our customers has been the result of technological advances, consumer demand, and competitive realities as the number and use of popular bandwidth-intensive applications have grown exponentially. Because our company operates almost exclusively in the United States, third-party analysis of this powerful trend has focused on the capital spending plans of the largest domestic wireline telephone and cable companies as well as wireless carriers. While this view is understandable given our domestic focus, it has promoted a shallow and myopic understanding of the extent and durability of fiber optic network deployments. As a result, slight reported variations in near-term tactics by domestic market participants have on occasion been dramatically and imprecisely extrapolated in ways that call into question our intermediate and long-term growth outlook.

The error of this approach is obvious to those knowledgeable about the progress of fiber optic deployments globally. Across the developed and developing world, large fiber optic networks are being

*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.

deployed in dozens of countries. The technological advances, consumer demand, and competitive realities so evidently driving deployments in the United States are also at work in countries as large as Japan, where over 70% of broadband connections are served by fiber optics, and to countries as small as Denmark and Portugal, where in excess of 20% of broadband connections are served by fiber optics. While network owners and regulatory policy vary from country to country, the perceived societal benefits from expanding the speed and quality of telecommunications networks are unquestioned. In fact, in many countries, fiber optic deployments have enabled wireline telephone companies to compete for and regain broadband share from cable operators and from homes that had previously gone solely to wireless connections.

To better understand these competitive dynamics in detail, Canada is instructive. The Canadian telecommunications market is highly concentrated. Two integrated carriers operate large wireline and wireless networks and two cable multiple system operators do the same. It is telling that, unlike in the United States, no new market participants have emerged to directly attack either the integrated carriers or the cable multiple system operators. Accordingly, the vast majority of competition for consumer and business customers is between the incumbent operators. Both integrated carriers have large fiber-to-the-home programs which they assert are premised on the opportunity to gain competitive advantage. Both cable multiple system operators are responding with technology deployments to dramatically expand the bandwidth available on their networks. One market participant stated on a recent earnings call "…I think we and our competitors have been consistent that we are battling house by house in areas where we are investing and they are investing." Furthermore, the largest integrated Canadian wireless and wireline carriers are predicating their investments, at least in part, on the expected need for a very robust fiber infrastructure to support 5G next generation wireless networks. In this they echo the largest United States integrated wireless and wireline carriers who have explicitly stated the same view.

The inevitability of broad fiber optic deployments in the developed world is beyond challenge: it is a competitive necessity. The close resemblance between current industry developments in the United States and Canada, despite different network operators and regulatory regimes, is illustrative of the powerful technology, consumer, and competitive trends driving those deployments in both of those countries and around the world.

In the United States, we are in the early stages of a network deployment whose ultimate duration will be measured in decades. Currently, the United States is estimated to possess approximately 125 million homes, with that number gradually increasing as new housing is constructed. Of those 125 million homes, it is likely, based on the stated plans of those companies who have been deploying fiber networks longest, that 75% or approximately 95 million homes will eventually be passed by a fiber optic network. As in Canada, we expect that a very large proportion of those homes passed will be passed by at least two competitive, high-speed, high-capacity fiber wireline networks and that those investments will be required, at least in part, by the demands of next-generation 5G wireless networks for extremely robust wireline connections. In the United States, given the existence of a large and well capitalized new industry participant with wireline and wireless interests, it may be that more than two networks will be deployed in some geographic areas. Accordingly, we expect that the equivalent of almost 200 million homes will be passed. Industry experts estimate that approximately 26 million are currently passed by fiber optic networks, less than 15% of the eventual total we expect.

In summary, our opportunities are massive in size, scope and duration.

In prior shareholder letters, we have shared the strategic decisions made over many years to position the company to prosper from the massive industry opportunities we now address. While, with the benefit of hindsight, these decisions have proven to be sound, for long periods of time these

continued

very same decisions appeared and, at times felt, ill conceived. The ultimate value of an intense focus on providing engineering and construction services to telecommunications companies was not always obvious, especially as many industry participants focused elsewhere. The confidence that the returns generated by this intense focus would more than offset the risks of increasing our scale with and reliance on an ever decreasing number of customers was often in question, particularly as our customers continuously merged with one another and our results suffered during the last recession. Continuing to expand the company's capabilities through an acquisition program targeted on an industry thought to be in secular decline required significant fortitude when almost all public and private capital was flowing elsewhere. And finally, repurchasing a significant amount of our shares so as to reallocate the benefit of future opportunities was not easy when our stock price indicated that the market did not believe we would ever grow consistently or create value for our shareholders.

Yet no matter how sound these strategic decisions have proven to be, these decisions alone did not produce the financial results of the last two years or the growth of the last five years. These results were directly attributable to the extraordinary skills and dedication of our employees. It is the thousands of sound judgments made in the field by our employees every day that ensure that we serve our customers productively and safely, providing high quality services even while growing the scale of the company dramatically. For example, it is our employees' hard work and innovative spirit that enabled us to become more administratively efficient, reducing our general and administrative expenses as a percentage of revenue from 8.8% to 8.1% from fiscal 2015 to fiscal 2016, increasing earnings by $0.36 per share. In periods of rapid growth it is not unusual for companies to lose control of quality, safety and expenses as management teams are under great pressure to meet heightened customer delivery expectations. Our skilled people did not. For that they have my thanks, and the thanks of all Dycom shareholders.

Last August marked my 20th anniversary as president of this company. Over that time the technologies we deploy have changed dramatically, the customers we serve have decreased in number, but increased in size, and our financial results have grown in magnitude to numbers I never imagined possible 20 years ago. Yet despite all of these changes, the formula for success in our business today remains the same as when I became president: skilled people working with the best tools and equipment delivering great service to customers better than anyone else. So long as we never forget to follow that formula as we grow, our future is bright.

To our retiring director Tom Baxter thanks for your 11 years of service. Your wise counsel and strong leadership leave us a much better company. To my fellow directors and shareholders, thanks for your support over the last 20 years. Together we have created something special. The best is yet to come.

Sincerely,

Steven Nielsen
President and Chief Executive Officer

THE PEOPLE CONNECTING AMERICA®