DYCOM INDUSTRIES INC
Form 10-Q
March 02, 2012

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

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended January 28, 2012

[ ] 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 001-10613

DYCOM INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

Florida (State or other jurisdiction of incorporation or organization)	59-1277135 (I.R.S. Employer Identification No.)
11770 US Highway 1, Suite 101, Palm Beach Gardens, Florida (Address of principal executive offices)	33408 (Zip Code)

Registrant's telephone number, including area code: (561) 627-7171

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $0.33 1/3 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

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 by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [ ]	Accelerated filer [X]	Non-accelerated filer [ ]	Smaller reporting company [ ]
	(Do not check if a smaller reporting company)		

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

There were 34,001,149 shares of common stock with a par value of $0.33 1/3 outstanding at February 29, 2012.

Dycom Industries, Inc.
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

DYCOM INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	January 28, 2012	July 30, 2011
	(Dollars in thousands)	
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	$ 86,195	$ 44,766
Accounts receivable, net	102,698	138,552
Costs and estimated earnings in excess of billings	83,493	90,855
Inventories	30,263	20,558
Deferred tax assets, net	15,393	15,957
Income taxes receivable	4,437	8,685
Other current assets	12,641	10,938
Total current assets	335,120	330,311
PROPERTY AND EQUIPMENT, NET	156,315	149,439
GOODWILL	174,849	174,849
INTANGIBLE ASSETS, NET	52,972	56,279
OTHER	12,846	13,877
TOTAL NON-CURRENT ASSETS	396,982	394,444
TOTAL ASSETS	$ 732,102	$ 724,755
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 31,602	$ 39,399
Current portion of debt	167	232
Billings in excess of costs and estimated earnings	1,307	749
Accrued insurance claims	24,999	26,092
Other accrued liabilities	41,355	52,041
Total current liabilities	99,430	118,513
LONG-TERM DEBT	187,500	187,574
ACCRUED INSURANCE CLAIMS	22,642	23,344
DEFERRED TAX LIABILITIES, NET NON-CURRENT	42,883	39,923
OTHER LIABILITIES	3,752	3,550
Total liabilities	356,207	372,904
COMMITMENTS AND CONTINGENCIES, Notes 10, 11, and 16		
STOCKHOLDERS' EQUITY:		
	-	-

Preferred stock, par value $1.00 per share: 1,000,000 shares authorized: no shares issued and outstanding				
Common stock, par value $0.33 1/3 per share: 150,000,000 shares authorized: 33,951,216 and 33,487,640 issued and outstanding, respectively		11,317		11,162
Additional paid-in capital		120,573		112,991
Accumulated other comprehensive income		154		299
Retained earnings		243,851		227,399
Total stockholders' equity		375,895		351,851
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	732,102	$	724,755

See notes to the condensed consolidated financial statements.

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DYCOM INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended	
	January 28, 2012	January 29, 2011
	(Dollars in thousands, except per share amounts)	
REVENUES:		
Contract revenues	$ 267,407	$ 218,203
EXPENSES:		
Costs of earned revenues, excluding depreciation and amortization	220,239	181,621
General and administrative (including stock-based compensation expense of $1.6 million, and $1.0 million, respectively)	24,275	21,835
Depreciation and amortization	15,528	15,787
Total	260,042	219,243
Interest income	8	34
Interest expense	(4,185)	(3,773)
Loss on debt extinguishment	-	(5,738)
Other income, net	2,357	2,207
INCOME (LOSS) BEFORE INCOME TAXES	5,545	(8,310)
PROVISION (BENEFIT) FOR INCOME TAXES:		
Current	2,082	(4,626)
Deferred	(22)	1,410
Total	2,060	(3,216)
NET INCOME (LOSS)	$ 3,485	$ (5,094)
EARNINGS (LOSS) PER COMMON SHARE:		
Basic earnings (loss) per common share	$ 0.10	$ (0.14)
Diluted earnings (loss) per common share	$ 0.10	$ (0.14)
SHARES USED IN COMPUTING EARNINGS (LOSS) PER COMMON SHARE:		
Basic	33,759,015	35,221,017
Diluted	34,636,520	35,221,017

See notes to the condensed consolidated financial statements.

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DYCOM INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Six Months Ended			
	January 28, 2012		January 29, 2011	
	(Dollars in thousands, except per share amount)			
REVENUES:				
Contract revenues	$	586,981	$	479,787
EXPENSES:				
Costs of earned revenues, excluding depreciation and amortization		475,426		390,943
General and administrative (including stock-based compensation expense of $3.0 million, and $1.8 million, respectively)		49,633		44,660
Depreciation and amortization		31,486		31,403
Total		556,545		467,006
Interest income		25		63
Interest expense		(8,375)		(7,481)
Loss on debt extinguishment		-		(5,738)
Other income, net		5,317		3,964
INCOME BEFORE INCOME TAXES		27,403		3,589
PROVISION (BENEFIT) FOR INCOME TAXES:				
Current		7,454		(24)
Deferred		3,498		1,960
Total		10,952		1,936
NET INCOME	$	16,451	$	1,653
EARNINGS PER COMMON SHARE:				
Basic earnings per common share	$	0.49	$	0.05
Diluted earnings per common share	$	0.48	$	0.05
SHARES USED IN COMPUTING EARNINGS PER COMMON SHARE:				
Basic		33,633,596		36,343,068
Diluted		34,431,419		36,566,672

See notes to the condensed consolidated financial statements.

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DYCOM INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended	
	January 28, 2012	January 29, 2011
	(Dollars in thousands)	
OPERATING ACTIVITIES:		
Net income	$ 16,451	$ 1,653
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	31,486	31,403
Bad debt expense, net	68	87
Gain on sale of fixed assets	(5,139)	(3,510)
Deferred income tax provision	3,498	1,960
Stock-based compensation	2,968	1,772
Amortization of debt issuance costs	646	2,402
Excess tax benefit from share-based awards	(979)	(180)
Change in operating assets and liabilities:		
Accounts receivable, net	35,257	21,243
Costs and estimated earnings in excess of billings, net	7,919	12,925
Other current assets and inventory	(13,927)	(4,677)
Other assets	239	735
Income taxes receivable	5,332	(1,905)
Accounts payable	(799)	(7,876)
Accrued liabilities, insurance claims, and other liabilities	(12,169)	(8,476)
Net cash provided by operating activities	70,851	47,556
INVESTING ACTIVITIES:		
Capital expenditures	(43,438)	(21,247)
Proceeds from sale of assets	8,942	5,554
Cash paid for acquisitions	-	(36,500)
Changes in restricted cash	550	25
Net cash used in investing activities	(33,946)	(52,168)
FINANCING ACTIVITIES:		
Proceeds from issuance of 7.125% senior subordinated notes due 2021	-	187,500
Principal payments on long-term debt	(140)	(87,101)
Debt issuance costs	-	(4,355)
Repurchases of common stock	-	(34,239)
Exercise of stock options and other	4,013	506
Restricted stock tax withholdings	(328)	(196)
Excess tax benefit from share-based awards	979	180
Net cash provided by financing activities	4,524	62,295
Net increase in cash and equivalents	41,429	57,683
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	44,766	103,320

CASH AND EQUIVALENTS AT END OF PERIOD	$	86,195	$	161,003

SUPPLEMENTAL DISCLOSURE OF OTHER CASH FLOW ACTIVITIES AND NON-CASH INVESTING AND FINANCING ACTIVITIES:

Cash paid during the period for:				
Interest	$	7,727	$	8,448
Income taxes	$	2,486	$	2,775
Purchases of capital assets included in accounts payable or other accrued liabilities at period end	$	3,066	$	1,475
Accrued costs for debt issuance included in accounts payable and accrued liabilities at period end	$	-	$	600

See notes to the condensed consolidated financial statements.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting Policies

Basis of Presentation – Dycom Industries, Inc. (“Dycom” or the “Company”) is a leading provider of specialty contracting services. These services are provided throughout the United States and include engineering, construction, maintenance and installation services to telecommunications providers, underground facility locating services to various utilities including telecommunications providers, and other construction and maintenance services to electric and gas utilities and others. Dycom also provides services in Canada.

The condensed consolidated financial statements include the results of Dycom and its subsidiaries, all of which are wholly-owned. All intercompany accounts and transactions have been eliminated and the financial statements reflect all adjustments, consisting of only normal recurring accruals that are, in the opinion of management, necessary for a fair presentation of such statements. These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). However, the financial statements do not include all of the financial information and footnotes required by GAAP for complete financial statements. Additionally, the results of operations for the three and six months ended January 28, 2012 are not necessarily indicative of the results that may be expected for the entire year. These unaudited condensed consolidated financial statements should be read in conjunction with the Company’s audited financial statements for the entire year ended July 30, 2011 included in the Company’s 2011 Annual Report on Form 10-K, filed with the SEC on September 2, 2011.

On November 19, 2010, the Company acquired certain assets and assumed certain liabilities of Communication Services, Inc. (“Communication Services”). On December 23, 2010, the Company acquired the outstanding common stock of NeoCom Solutions, Inc. (“NeoCom”). The operating results of the businesses acquired by the Company are included in the accompanying condensed consolidated financial statements from their respective acquisition dates. See Note 3 for further discussion of these acquisitions.

Accounting Period – The Company uses a fiscal year ending on the last Saturday in July.

Debt issuance and tender offer – On January 21, 2011, Dycom Investments, Inc., a subsidiary of the Company, issued $187.5 million aggregate principal amount of 7.125% senior subordinated notes due 2021 (the “2021 Notes”) in a private placement. In January 2011 a portion of the net proceeds was used to fund the Company’s purchase of $86.96 million aggregate principal amount of its outstanding 8.125% senior subordinated notes due 2015 (the “2015 Notes”) at a price of 104.313% of the principal amount. The purchase was made pursuant to a cash tender offer for any and all of the Company’s $135.35 million in aggregate principal amount of outstanding 2015 Notes. In addition, proceeds of the issuance of the 2021 Notes were used to fund the Company’s redemption in February 2011 of the remaining $48.39 million outstanding aggregate principal amount of 2015 Notes at a price of 104.063% of the principal amount. During the three months ended January 29, 2011, the Company recognized debt extinguishment costs of $4.0 million, comprised of tender premiums and legal and professional fees associated with the tender offer and $1.7 million for the write-off of deferred debt issuance costs related to the transaction. During the quarter ending April 30, 2011, as a result of the redemption in February 2011, the Company recognized a loss on debt extinguishment of approximately $2.6 million related to the call premium and write-off of debt issuance costs for the 2015 Notes redeemed. See Note 10 of the Notes to the Company’s Condensed Consolidated Financial Statements for additional information regarding the debt issuance and tender offer.

Use of Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. For the Company, key estimates include: recognition of revenue for costs and estimated earnings in excess of billings, the fair value of goodwill, the assessment of impairment of intangibles and other long-lived assets, income taxes, accrued insurance claims, asset lives used in computing depreciation and amortization, allowance for doubtful accounts, stock-based compensation expense for performance-based stock awards, and accruals for contingencies, including legal matters. At the time they are made, the Company believes that such estimates are fair when considered in conjunction with the consolidated financial position and results of operations taken as a whole. However, actual results could differ from those estimates and such differences may be material to the financial statements.

Restricted Cash – As of January 28, 2012 and July 30, 2011, the Company had approximately $4.1 million and $4.7 million in restricted cash, respectively, which is held as collateral in support of the Company's insurance obligations. Restricted cash is included in other current assets and other assets in the condensed consolidated balance sheets and changes in restricted cash are reported in cash flows used in investing activities in the condensed consolidated statements of cash flows.

Comprehensive Income (Loss) – During the three and six months ended January 28, 2012 and January 29, 2011, the Company did not have any material changes in its equity resulting from non-owner sources. Accordingly, comprehensive income (loss) approximated the net income (loss) amounts presented for the respective period's operations.

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Fair Value of Financial Instruments – Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 820, Fair Value Measurements and Disclosures (“ASC Topic 820”), defines and establishes a measurement framework for fair value and expands disclosure requirements. ASC Topic 820 requires that assets and liabilities carried at fair value are classified and disclosed in one of the following three categories: (1) Level 1 - Quoted market prices in active markets for identical assets or liabilities; (2) Level 2 - Observable market-based inputs or unobservable inputs that are corroborated by market data; and (3) Level 3 - Unobservable inputs not corroborated by market data which require the reporting entity’s own assumptions. The Company’s financial instruments consist primarily of cash and equivalents, restricted cash, accounts and other receivables, income taxes receivable and payable, accounts payable and certain accrued expenses, and long-term debt. The carrying amounts of these items approximate fair value due to their short maturity, except for the Company’s outstanding 2021 Notes. The Company determined that the fair value of the 2021 Notes at January 28, 2012 was $191.0 million based on quoted market prices as compared to a carrying value of $187.5 million.

Segment Information – The Company operates in one reportable segment as a specialty contractor, providing engineering, construction, maintenance and installation services to telecommunications providers, underground facility locating services to various utilities including telecommunications providers, and other construction and maintenance services to electric and gas utilities and others. All of the Company’s operating segments have been aggregated into one reporting segment due to their similar economic characteristics, nature of services and production processes, type of customers, and service distribution methods. The Company’s services are provided by its various subsidiaries throughout the United States and in Canada. One of the Company’s operating segments earned revenues from contracts in Canada of approximately $2.5 million and $6.2 million during the three and six months ended January 28, 2012, respectively, and $1.4 million and $3.2 million during the three and six months ended January 29, 2011, respectively. The Company had no material long-lived assets in the Canadian operations at January 28, 2012 or July 30, 2011.

Recently Issued Accounting Pronouncements

In September 2011, the FASB issued Accounting Standards Update No. 2011-08, Intangibles – Goodwill and Other (Topic 350): Testing Goodwill for Impairment (“ASU 2011-08”). ASU 2011-08 permits entities testing for goodwill impairment to perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in ASC Topic 350, Intangibles – Goodwill and Other. ASU 2011-08 does not change how goodwill is calculated or assigned to reporting units, nor does it revise the requirement to assess goodwill at least annually for impairment. ASU 2011-08 is effective for goodwill impairment tests performed in interim and annual periods for fiscal years beginning after December 15, 2011 with early adoption permitted. The Company does not intend to early adopt this guidance and the adoption is not expected to have a material effect on the Company’s condensed consolidated financial statements.

In September 2011, the FASB issued Accounting Standards Update No. 2011-09, Compensation – Retirement Benefits – Multiemployer Plans (Subtopic 715-80): Disclosures about an Employer’s Participation in a Multiemployer Plan (“ASU 2011-09”). ASU 2011-09 requires enhanced disclosures about an employer’s participation in a multiemployer pension plan to address transparency concerns from various users of financial statements. Such disclosures include, but are not limited to, the amount of employer contributions made to each significant plan and to all plans in the aggregate, as well as a description of the nature and effect of any changes affecting comparability for each period in which a statement of operations is presented. Additionally, ASU 2011-09 requires disclosure of the nature of the plan benefits, a qualitative description of the extent to which the employer could be responsible for the obligations of the plan, including benefits earned by employees during employment with another employer and other quantitative information to help users understand the financial information for each significant plan. ASU 2011-09 is effective for fiscal years ending after December 15, 2011, with retrospective application for all prior periods presented. The adoption of this guidance is not expected to have a material effect on the Company's condensed consolidated financial statements.

2. Computation of Earnings (Loss) Per Common Share

Basic earnings (loss) per common share is computed based on the weighted average number of shares outstanding during the period, excluding unvested restricted share units. Diluted earnings per common share includes the weighted average common shares outstanding for the period and dilutive potential common shares, including unvested time vesting and certain performance vesting restricted share units. Performance vesting restricted share units are only included in diluted earnings (loss) per common share calculations for the period if all the necessary performance conditions are satisfied and their impact is not anti-dilutive. Common stock equivalents related to stock options are excluded from diluted earnings (loss) per common share calculations if their effect would be anti-dilutive. For the three months ended January 29, 2011, all common stock equivalents related to stock options and unvested restricted shares and restricted share units were excluded from the diluted loss per share calculation as their effect would be anti-dilutive due to the Company's net loss for the period. The following is a reconciliation of the numerator and denominator of the basic and diluted earnings (loss) per common share computation as required by FASB ASC Topic 260, Earnings Per Share.

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	For the Three Months Ended		For the Six Months Ended	
	January 28, 2012	January 29, 2011	January 28, 2012	January 29, 2011
	(Dollars in thousands except per share amounts)			
Net income (loss) available to common stockholders (numerator)	$ 3,485	$ (5,094)	$ 16,451	$ 1,653
Weighted-average number of common shares (denominator)	33,759,015	35,221,017	33,633,596	36,343,068
Basic earnings (loss) per common share	$ 0.10	$ (0.14)	$ 0.49	$ 0.05
Weighted-average number of common shares	33,759,015	35,221,017	33,633,596	36,343,068
Potential common stock arising from stock options, and unvested restricted share units	877,505	-	797,823	223,604
Total shares-diluted (denominator)	34,636,520	35,221,017	34,431,419	36,566,672
Diluted earnings (loss) per common share	$ 0.10	$ (0.14)	$ 0.48	$ 0.05
Anti-dilutive weighted shares excluded from the calculation of earnings (loss) per share	1,220,534	3,835,140	2,011,358	2,954,748

3. Acquisitions

On November 19, 2010, the Company acquired certain assets and assumed certain liabilities of Communication Services, a provider of outside plant construction services to telecommunications companies in the Southeastern and South Central United States. The anticipated benefits of this acquisition include incremental growth opportunities with existing customers and geographic expansion. The purchase price for Communication Services was $9.0 million paid from cash on hand and the assumption of approximately $0.9 million in capital lease obligations. Approximately $0.9 million of the purchase price has been placed in escrow until November 2012 and will be used to satisfy any indemnification obligations of the sellers that may arise.

On December 23, 2010, the Company acquired NeoCom, based in Woodstock, Georgia. NeoCom provides services to construct, install, optimize and maintain wireless communication facilities in the Southeastern United States. The anticipated benefits of this acquisition include incremental growth opportunities with new and existing customers, including wireless service providers. The purchase price for NeoCom was $27.5 million paid from cash on hand. Approximately $2.8 million of the purchase price has been placed in escrow until June 2012 and will be used to satisfy indemnification obligations of the seller that may arise.

The Communication Services and NeoCom acquisitions were not material to the Company.

4. Accounts Receivable

Accounts receivable consists of the following:

	January 28, 2012	July 30, 2011
	(Dollars in thousands)	
Contract billings	$98,360	$136,371
Retainage and other receivables	4,747	2,549
Total	103,107	138,920
Less: allowance for doubtful accounts	(409)	(368)
Accounts receivable, net	$102,698	$138,552

As of January 28, 2012, the Company expected to collect all retainage balances above within the next twelve months.

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The allowance for doubtful accounts changed as follows:

	For the Three Months Ended		For the Six Months Ended	
	January 28, 2012	January 29, 2011	January 28, 2012	January 29, 2011
	(Dollars in thousands)			
Allowance for doubtful accounts at beginning of period	$376	$581	$368	$559
Bad debt expense, net	32	13	68	87
Amounts recovered (charged) against the allowance	1	(48)	(27)	(100)
Allowance for doubtful accounts at end of period	$409	$546	$409	$546

5. Costs and Estimated Earnings on Contracts in Excess of Billings

Costs and estimated earnings in excess of billings, net, consists of the following:

	January 28, 2012	July 30, 2011
	(Dollars in thousands)	
Costs incurred on contracts in progress	$ 68,382	$ 71,685
Estimated to date earnings	15,111	19,170
Total costs and estimated earnings	83,493	90,855
Less: billings to date	(1,307)	(749)
	$ 82,186	$ 90,106
Included in the accompanying consolidated balance sheets under the captions:		
Costs and estimated earnings in excess of billings	$ 83,493	$ 90,855
Billings in excess of costs and estimated earnings	(1,307)	(749)
	$ 82,186	$ 90,106

The above amounts include revenue for services from contracts based both on the units-of-delivery and the cost-to-cost measures of the percentage of completion method.

6. Property and Equipment

Property and equipment, including amounts for assets subject to capital leases, consists of the following:

	January 28, 2012	July 30, 2011
	(Dollars in thousands)	
Land	$ 3,036	$ 3,165
Buildings	10,892	11,707
Leasehold improvements	4,692	4,554
Vehicles	218,559	216,648
Computer hardware and software	57,278	54,998
Office furniture and equipment	5,565	5,477
Equipment and machinery	139,654	127,412
Total	439,676	423,961

Less: accumulated depreciation		(283,361)		(274,522)
Property and equipment, net	$	156,315	$	149,439

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Depreciation expense and repairs and maintenance, including amounts for assets subject to capital leases, were as follows:

	For the Three Months Ended		For the Six Months Ended	
	January 28, 2012	January 29, 2011	January 28, 2012	January 29, 2011
	(Dollars in thousands)			
Depreciation expense	$13,911	$14,102	$28,179	$28,151
Repairs and maintenance expense	$3,704	$3,280	$8,237	$7,012

7. Goodwill and Intangible Assets

Changes in the carrying amount of goodwill for fiscal 2012 are as follows:

	As of July 30, 2011	Six Months Ended January 28, 2012 Impairment Losses	Other	As of January 28, 2012
	(Dollars in thousands)			
Goodwill	$ 370,616	$ -	$ -	$ 370,616
Accumulated impairment losses	(195,767)	-	-	(195,767)
	$ 174,849	$ -	$ -	$ 174,849

The Company's intangible assets consist of the following:

	January 28, 2012	July 30, 2011
	(Dollars in thousands)	
Intangible Assets:		
Carrying amount:		
Customer relationships	$ 89,145	$ 89,145
UtiliQuest trade name	4,700	4,700
Trade names	2,860	2,860
Non-compete agreements	150	150
	96,855	96,855
Accumulated amortization:		
Customer relationships	42,781	39,601
Trade names	1,069	957
Non-compete agreements	33	18
Net Intangible Assets	$ 52,972	$ 56,279

Amortization expense for finite-lived intangible assets for the three months ended January 28, 2012 and January 29, 2011 was $1.6 million and $1.7 million, respectively. Amortization expense for finite-lived intangible assets for each of the six months ended January 28, 2012 and January 29, 2011 was $3.3 million. The remaining weighted average amortization period for all intangible assets as of January 28, 2012 is 9.8 years, while the remaining weighted average amortization periods for customer relationships, trade names, and non-compete agreements are 9.9 years, 8.6 years, and 3.9 years, respectively. The customer relationships of Communication Services and NeoCom have an estimated useful life of 15 years. Amortization of the Company's customer relationships is recognized on an accelerated basis related to the expected economic benefit of the intangible asset, while amortization of other finite-lived intangibles is recognized on a straight-line basis over the estimated useful life.

The Company's goodwill resides in multiple reporting units. The profitability of individual reporting units may periodically suffer from downturns in customer demand and other factors resulting from the cyclical nature of the Company's business, the high level of competition existing within the Company's industry, the concentration of the Company's revenues from a limited number of customers, and the level of overall economic activity. During times of economic slowdown, the Company's customers may reduce capital expenditures and defer or cancel pending projects. Individual reporting units may be impacted by these factors to a greater extent than the Company as a whole. As a result, demand for the services of one or more of the Company's reporting units could decline resulting in an impairment of goodwill or intangible assets.

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As of January 28, 2012, the Company believes the carrying value of its goodwill and other indefinite-lived intangible assets is recoverable; however, there can be no assurances that they will not be impaired in future periods. Certain of the Company's reporting units also have other intangible assets including customer relationships, trade names, and non-compete intangibles. As of January 28, 2012, management believes that the carrying amounts of the intangible assets are recoverable. However, if adverse events were to occur or circumstances were to change indicating that the carrying amount of such assets may not be fully recoverable, the assets would be reviewed for impairment and the assets could be impaired.

8. Accrued Insurance Claims

The Company retains the risk of loss, up to certain limits, for claims relating to automobile liability, general liability (including locate damages), workers' compensation, and employee group health. With regard to losses occurring in fiscal 2012, the Company has retained the risk of loss up to $1.0 million on a per occurrence basis for automobile liability, general liability and workers' compensation. These retention amounts are applicable to all of the states in which the Company operates, except with respect to workers' compensation insurance in three states in which the Company participates in a state sponsored insurance fund. Aggregate stop loss coverage for automobile liability, general liability and workers' compensation claims is $38.7 million for fiscal 2012. For losses under the employee health plan, the Company is party to an agreement under which it retains the risk of loss, on an annual basis, of the first $250,000 of claims per participant. In addition, the Company retains the risk of loss for the first $550,000 of claim amounts that aggregate across all participants that exceed $250,000.

	January 28, 2012	July 30, 2011
	(Dollars in thousands)	
Amounts expected to be paid within one year:		
Accrued auto, general liability and workers' compensation	$ 15,578	$ 16,708
Accrued employee group health	3,292	2,728
Accrued damage claims	6,129	6,656
	24,999	26,092
Amounts expected to be paid beyond one year:		
Accrued auto, general liability and workers' compensation	20,097	20,539
Accrued damage claims	2,545	2,805
	22,642	23,344
Total accrued insurance claims	$ 47,641	$ 49,436

9. Other Accrued Liabilities

Other accrued liabilities consist of the following:

	January 28, 2012	July 30, 2011
	(Dollars in thousands)	
Accrued payroll and related taxes	$ 18,140	$ 18,959
Accrued employee benefit and incentive plan costs	6,216	9,683
Accrued construction costs	9,423	11,743
Accrued interest and related bank fees	650	703
Other	6,926	10,953
Total other accrued liabilities	$ 41,355	$ 52,041

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10. Debt

The Company’s outstanding indebtedness consists of the following:

	January 28, 2012	July 30, 2011
	(Dollars in thousands)	
7.125% senior subordinated notes due 2021	$ 187,500	$ 187,500
Capital leases	167	306
	187,667	187,806
Less: current portion	167	232
Long-term debt	$ 187,500	$ 187,574

On June 4, 2010, the Company entered into a five-year $225.0 million senior secured revolving credit agreement (the “Credit Agreement”) with a syndicate of banks. The Credit Agreement has an expiration date of June 4, 2015 and provides for maximum borrowings of $225.0 million, including a sublimit of $100.0 million for the issuance of standby letters of credit. Subject to certain conditions, the Credit Agreement provides for the ability to enter into one or more incremental facilities, in an aggregate amount not to exceed $75.0 million, either by increasing the revolving commitments under the Credit Agreement and/or in the form of term loans. In connection with the issuance of the 2021 Notes, the Company entered into an amendment (the “Amendment”) to the Credit Agreement. The Amendment modified the Credit Agreement to permit the issuance of the 2021 Notes so long as the net cash proceeds of the 2021 Notes were to be used to refinance, prepay, repurchase, redeem, retire and/or defease the Company’s 2015 Notes in their entirety within sixty days of issuance. Any remaining net cash proceeds could be used for general corporate purposes. The issuance of the portion of the 2021 Notes in excess of the $175.0 million reduced the amount of other indebtedness permitted by the Credit Agreement by $12.5 million.

The Company’s obligations under the Credit Agreement are guaranteed by certain subsidiaries and secured by a pledge of (i) 100% of the equity of the Company’s material domestic subsidiaries and (ii) 100% of the non-voting equity and 65% of the voting equity of first-tier material foreign subsidiaries, if any, in each case excluding certain unrestricted subsidiaries. The Credit Agreement replaced the Company’s prior credit facility which was due to expire in September 2011.

Borrowings under the Credit Agreement (other than swingline loans as defined in the Credit Agreement) bear interest at a rate equal to either (a) the administrative agent’s base rate, described in the Credit Agreement as the highest of (i) the sum of the federal funds rate and 0.50%; (ii) the administrative agent’s prime rate; and (iii) the eurodollar rate (defined in the Credit Agreement as the British Bankers’ Association LIBOR Rate, divided by the aggregate of 1.00% and one (1) less a reserve percentage (as defined in the Credit Agreement), or (b) the eurodollar rate, in addition to an applicable margin based on the Company’s consolidated leverage ratio, in each case. Swingline loans bear interest at a rate equal to the administrative agent’s base rate and a margin based on the Company’s consolidated leverage ratio. Based on the Company’s current consolidated leverage ratio, revolving borrowings would be eligible for a margin of 1.50% for borrowings based on the administrative agent’s base rate and 2.50% for borrowings based on the eurodollar rate.

The Company incurs fees under the Credit Agreement for the unutilized commitments at rates that range from 0.50% to 0.625% per annum, fees for outstanding standby letters of credit at rates that range from 2.00% to 2.75% per annum and fees for outstanding commercial letters of credit at rates that range from 1.00% to 1.375% per annum, in each case based on the Company's consolidated leverage ratio. At the Company's current ratio, fees for unutilized commitments, outstanding standby letters of credit and commercial letters of credit are at rates per annum of 0.50%, 2.50% and 1.25%, respectively.

The Credit Agreement contains certain affirmative and negative covenants, including limitations with respect to indebtedness, liens, investments, distributions, mergers and acquisitions, dispositions of assets, sale-leaseback transactions, transactions with affiliates and capital expenditures. The Credit Agreement contains financial covenants that require the Company to (i) maintain a consolidated leverage ratio of not greater than 3.00 to 1.00, as measured on a trailing four-quarter basis at the end of each fiscal quarter and (ii) maintain a consolidated interest coverage ratio of not less than 2.75 to 1.00 for fiscal quarters ending July 31, 2010 through April 28, 2012 and not less than 3.00 to 1.00 for the fiscal quarter ending July 28, 2012 and each fiscal quarter thereafter, as measured on a trailing four-quarter basis at the end of each fiscal quarter. As of January 28, 2012, the Company had no outstanding borrowings and $39.1 million of outstanding standby letters of credit issued under the Credit Agreement. The outstanding standby letters of credit are issued as part of the Company’s insurance program. At January 28, 2012, the Company was in compliance with the financial covenants and had additional borrowing availability of up to $185.9 million, as determined by the most restrictive covenants of the Credit Agreement.

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On January 21, 2011, Dycom Investments, Inc. (“Issuer”) accepted tenders for $86.96 million in aggregate principal amount of outstanding 2015 Notes pursuant to its previously announced tender offer to purchase, for cash, any and all of its $135.35 million in aggregate principal amount of outstanding 2015 Notes. Holders of the accepted 2015 Notes received total consideration of $1,043.13 per $1,000 principal amount of 2015 Notes tendered (which included a $20 consent payment per $1,000 principal amount of 2015 Notes tendered). The total cash payment to purchase the tendered 2015 Notes, including accrued and unpaid interest, was approximately $92.6 million. As a result of its retirement of the 2015 Notes during the three months ended January 29, 2011, the Company recognized debt extinguishment costs of $4.0 million, comprised of tender premiums and legal and professional fees associated with the tender offer and $1.7 million for the write-off of deferred debt issuance costs.

On February 21, 2011, the Issuer redeemed the remaining $48.39 million outstanding aggregate principal amount of 2015 Notes not tendered pursuant to the tender offer described above at a redemption price of 104.063% of the principal amount, in addition to accrued and unpaid interest. As a result of the redemption in February 2011, the Company recognized a loss on debt extinguishment of approximately $2.6 million during the quarter ended April 30, 2011 related to the call premium and write-off of debt issuance costs for the 2015 Notes redeemed.

Additionally, on January 21, 2011, the Issuer issued and sold $187.5 million aggregate principal amount of 7.125% senior subordinated notes due 2021. The 2021 Notes are guaranteed by certain of the Company’s subsidiaries. A portion of the net proceeds from the sale of the 2021 Notes was used to fund the Company’s purchase of the 2015 Notes pursuant to the tender offer and redemption described above.

The indenture governing the 2021 Notes contains covenants that limit, among other things, the ability of the Company and its subsidiaries to incur additional debt and issue preferred stock, make certain restricted payments, consummate specified asset sales, enter into transactions with affiliates, incur liens, impose restrictions on the ability of the Company’s subsidiaries to pay dividends or make payments to the Company and its restricted subsidiaries, merge or consolidate with another person, and dispose of all or substantially all of its assets. As of January 28, 2012, the principal amount outstanding under the 2021 Notes was $187.5 million.

The Company has $0.2 million in capital lease obligations it assumed in connection with the November 2010 acquisition of Communication Services as of January 28, 2012. The capital leases include obligations for certain vehicles and equipment and expire at various dates in fiscal 2012.

11. Income Taxes

The Company accounts for income taxes under the asset and liability method. This approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities. The Company’s effective income tax rate differs from the statutory rate for the tax jurisdictions where it operates primarily as the result of the impact of non-deductible and non-taxable items and tax credits recognized in relation to pre-tax results.

As of both January 28, 2012 and July 30, 2011, the Company had total unrecognized tax benefits of $2.1 million which would reduce the Company’s effective tax rate during future periods if it is subsequently determined that those liabilities are not required. The Company recognizes interest related to unrecognized tax benefits in interest expense and penalties in general and administrative expenses. Interest expense related to unrecognized tax benefits was immaterial for each of the three and six months ended January 28, 2012 and January 29, 2011.

12. Other Income, Net

The components of other income, net, are as follows:

	For the Three Months Ended		For the Six Months Ended	
	January 28, 2012	January 29, 2011	January 28, 2012	January 29, 2011
	(Dollars in thousands)			
Gain on sale of fixed assets	$2,220	$1,980	$5,139	$3,510
Miscellaneous income, net	137	227	178	454
Total other income, net	$2,357	$2,207	$5,317	$3,964

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13. Capital Stock

On May 25, 2011 the Board of Directors authorized $20.0 million for share repurchases to be made over the subsequent eighteen month period in open market or private transactions.

The Company has made the following repurchases under the current and prior share repurchase authorizations:

Three Months Ending	Number of Shares Repurchased	Total Consideration (Dollars in thousands)	Average Price Per Share
April 24, 2010	475,602	$ 4,489	$ 9.44
October 30, 2010	3,239,900	$ 31,036	$ 9.58
January 29, 2011	291,500	$ 3,203	$ 10.99
April 30, 2011	1,278,100	$ 21,252	$ 16.63
July 30, 2011	580,000	$ 9,057	$ 15.62

All shares repurchased have been subsequently cancelled. As of January 28, 2012, approximately $10.9 million remained authorized for repurchases through November 2012.

14. Stock-Based Awards

Stock-based awards are granted by the Company under its 2003 Long-term Incentive Plan (“2003 Plan”) and the 2007 Non-Employee Directors Equity Plan (“2007 Directors Plan” and, together with the 2003 Plan, the “Plans”). The Company also has several other plans under which awards are outstanding but under which no further awards will be granted, including expired plans. The Company’s policy is to issue new shares to satisfy equity awards under the Plans. Under the terms of the Plans, stock options are granted at the closing price on the date of the grant, generally vest ratably over a four year period, and are exercisable over a period of up to ten years. The Plans also provide for the grants of time based restricted share units (“RSUs”), that currently vest ratably over a four year period from the date of grant. Additionally, the 2003 Plan provides for the grants of performance based restricted share units (“Performance RSUs”). Outstanding Performance RSUs vest over a three year period from the grant date if certain Company performance goals are achieved.

The following table summarizes the stock-based awards activity during the six months ended January 28, 2012:

	Stock Options		RSUs		Performance RSUs	
	Shares	Weighted Average	Share Units	Weighted Average	Share Units	Weighted Average

		Exercise Price		Grant Price		Grant Price
Outstanding as of July 30, 2011	3,879,555	$ 15.91	215,319	$ 11.56	149,552	$ 10.49
Granted	124,816	$ 19.44	92,801	$ 19.45	721,596	$ 19.47
Options Exercised/Share Units Vested	(385,208)	$ 10.42	(79,046)	$ 12.30	(17,745)	$ 10.04
Forfeited or cancelled	(46,006)	$ 13.51	(2,356)	$ 12.47	(67,253)	$ 10.13
Outstanding as of January 28, 2012	3,573,157	$ 16.65	226,718	$ 14.44	786,150	$ 18.78
Exercisable options as of January 28, 2012	2,112,970	$ 20.01				

The Performance RSUs in the above table represent the maximum number of awards which may vest under the outstanding grants assuming that all performance criteria are met. Approximately 67,000 Performance RSUs outstanding as of July 30, 2011 were cancelled during the first quarter of fiscal 2012 due to certain fiscal 2011 performance criteria not being met.

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Compensation expense for stock-based awards is based on the fair value at the measurement date and is included in general and administrative expenses in the condensed consolidated statements of operations. The compensation expense and the related tax benefit recognized related to stock options and restricted share units for the three and six months ended January 28, 2012 and January 29, 2011 are as follows:

	For the Three Months Ended		For the Six Months Ended	
	January 28, 2012	January 29, 2011	January 28, 2012	January 29, 2011
	(Dollars in thousands)			
Stock-based compensation expense	$ 1,642	$ 981	$ 2,968	$ 1,772
Tax benefit recognized	$ (729)	$ (247)	$ (1,101)	$ (490)

The Company evaluates compensation expense quarterly and recognizes expense for performance based awards only if management determines it is probable that the performance criteria for the awards will be met. The total amount of expense ultimately recognized is based on the number of awards that actually vest and fluctuates as a result of performance criteria, as well as the timing and vesting period of all stock-based awards. Accordingly, the amount of compensation expense recognized during any fiscal year may not be representative of future stock-based compensation expense.

Under the Plans, the maximum total unrecognized compensation expense and weighted-average period over which the expense would be recognized subsequent to January 28, 2012 is shown below. For performance based awards, the unrecognized compensation cost is based on the maximum amount of restricted share units that can be earned under outstanding awards. If the performance goals are not met, no compensation expense will be recognized for these share units and compensation expense previously recognized will be reversed.

	Unrecognized Compensation Expense (In thousands)	Weighted-Average Period (In years)
Stock options	$ 9,680	2.7
Unvested RSUs	$ 3,124	3.1
Unvested Performance RSUs	$ 14,334	2.6

15. Related Party Transactions

The Company leases administrative offices from entities related to officers of the Company’s subsidiaries. The total expense under these arrangements was $0.4 million for each of the three months ended January 28, 2012 and January 29, 2011 and $0.8 million and $0.7 million for the six months ended January 28, 2012 and January 29, 2011, respectively.

16. Commitments and Contingencies

On October 20, 2010, Prince Telecom, LLC (“Prince”), a wholly-owned subsidiary of the Company, was named as a defendant in a lawsuit in the United States District Court for the District of Oregon. The plaintiffs, three former employees of Prince, alleged various wage and hour claims, including that employees were not paid for all hours worked and were subject to improper wage deductions. Plaintiffs sought to certify as a class current and former employees of Prince who worked in the State of Oregon. On October 15, 2010, the plaintiffs’ attorneys and Prince entered into a memorandum of understanding pursuant to which the parties agreed to the terms of a proposed settlement with respect to the lawsuit. On May 18, 2011, the Court entered an Order approving the settlement and dismissed the action with prejudice subject to final administration of the terms of the settlement. During the first quarter of fiscal 2011, the Company recorded approximately $0.5 million in other accrued liabilities with respect to the settlement, which was paid in June 2011.

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On May 13, 2011, a proposed settlement was reached with respect to the Company's two remaining wage and hour class action lawsuits. In connection with an agreement to settle the two lawsuits entered into by the Company, Prince, Cavo Broadband Communications, LLC, Broadband Express, LLC ("BBX") and the plaintiffs' attorneys, the Company recorded $0.6 million in other accrued liabilities during the third quarter of fiscal 2011. The first of the two lawsuits, which commenced on June 17, 2010, was brought by a former employee of Prince against Prince, the Company and certain unnamed U.S. affiliates of Prince and the Company (the "Affiliates") in the United States District Court for the Southern District of New York. The lawsuit alleged that Prince, the Company and the Affiliates violated the Fair Labor Standards Act by failing to comply with applicable overtime pay requirements. The plaintiff sought unspecified damages and other relief on behalf of himself and a putative class of similarly situated current and former employees of Prince, the Company and/or the Affiliates. The second of the lawsuits, which commenced on September 10, 2010, was brought by two former employees of BBX against BBX in the United States District Court for the Southern District of Florida. The lawsuit alleged that BBX violated the Fair Labor Standards Act by failing to comply with applicable overtime pay requirements. The plaintiffs sought unspecified damages and other relief on behalf of themselves and a putative class of similarly situated current and former employees of BBX. On August 12, 2011, the United States District Court for the Southern District of New York issued an Order approving the consolidation of the two lawsuits and approving the terms of the settlement, which was paid in December 2011.

As part of the Company's insurance program, it retains the risk of loss, up to certain limits, for claims related to automobile liability, general liability, workers' compensation, employee group health, and locate damages, and the Company has established reserves that it believes to be adequate based on current evaluations and experience with these types of claims. For these claims, the effect on the Company's financial statements is generally limited to the amount needed to satisfy its insurance deductibles or retentions.

From time to time, the Company and its subsidiaries are parties to various other claims and legal proceedings. It is the opinion of the Company's management, based on information available at this time, that such other pending claims or proceedings will not have a material effect on its consolidated financial statements.

Performance Bonds and Guarantees

The Company has obligations under performance and other surety contract bonds related to certain of its customer contracts. Performance bonds generally provide the Company's customer with the right to obtain payment and/or performance from the issuer of the bond if the Company fails to perform its contractual obligations. As of January 28, 2012, the Company had $193.3 million of outstanding performance and other surety contract bonds and no events have occurred in which the customers have exercised their rights under the bonds.

The Company has periodically guaranteed certain obligations of its subsidiaries, including obligations in connection with obtaining state contractor licenses and leasing real property.

Letters of Credit

The Company has standby letters of credit issued under its Credit Agreement as part of its insurance program. These standby letters of credit collateralize the Company's obligations to its insurance carriers in connection with the settlement of potential claims. As of January 28, 2012, the Company had $39.1 million outstanding standby letters of credit issued under the Credit Agreement.

17. Concentration of Credit Risk

The Company's customer base is highly concentrated, with the current top five customers as of the six months ended January 28, 2012 accounting for approximately 59.1% and 60.5% of its total revenues for the six months ended

January 28, 2012 and January 29, 2011, respectively. CenturyLink, Inc. (“CenturyLink”), AT&T Inc. (“AT&T”), Comcast Corporation (“Comcast”), and Verizon Communications, Inc. (“Verizon”) represent a significant portion of the Company’s customer base and were over 10% or more of total revenue during the three or six months ended January 28, 2012 or January 29, 2011 as reflected in the following table:

	For the Three Months Ended		For the Six Months Ended	
	January 28, 2012	January 29, 2011	January 28, 2012	January 29, 2011
CenturyLink*	14.5%	10.5%	13.9%	9.8%
AT&T	13.5%	22.1%	14.4%	22.7%
Comcast	12.5%	16.2%	12.7%	15.9%
Verizon	9.9%	7.4%	11.0%	7.7%

*For comparison purposes, revenues from CenturyLink, Inc. and Qwest Communications International, Inc. have been combined for periods prior to their April 2011 merger.

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The Company believes that none of its significant customers were experiencing financial difficulties which would materially impact the collectability of the Company's trade accounts receivable and costs in excess of billings as of January 28, 2012. Customers representing 10% or more of combined amounts of trade accounts receivable and costs and estimated earnings in excess of billings as of January 28, 2012 or July 30, 2011 had the following outstanding balances and the related percentage of the Company's total outstanding balances:

	January 28, 2012		July 30, 2011	
	Amount	% of Total	Amount	% of Total
	(Dollars in millions)			
CenturyLink	$ 28.0	15.0%	$ 41.4	18.0%
Verizon	$ 22.2	11.9%	$ 26.4	11.5%
Windstream Corporation	$ 19.7	10.6%	$ 20.5	8.9%
AT&T	$ 19.6	10.5%	$ 29.2	12.7%
Comcast	$ 19.6	10.5%	$ 22.5	9.8%

18. Supplemental Consolidating Financial Statements

As of January 28, 2012, the outstanding aggregate principal amount of the Company's 2021 Notes was $187.5 million. The 2021 Notes were issued by Dycom Investments, Inc. (the "Issuer") in fiscal 2011 as further discussed in Note 10. The following condensed consolidating financial statements present, in separate columns, financial information for (i) Dycom Industries, Inc. ("Parent") on a parent only basis, (ii) the Issuer, (iii) the guarantor subsidiaries for the 2021 Notes on a combined basis, (iv) other non-guarantor subsidiaries on a combined basis, (v) the eliminations and reclassifications necessary to arrive at the information for the Company on a consolidated basis, and (vi) the Company on a consolidated basis. The condensed consolidating financial statements are presented in accordance with the equity method. Under this method, the investments in subsidiaries are recorded at cost and adjusted for the Company's share of subsidiaries' cumulative results of operations, capital contributions, distributions and other equity changes. Intercompany charges (income) between the Parent and subsidiaries are recognized in the condensed consolidating financial statements during the period incurred and the settlement of intercompany balances is reflected in the condensed consolidating statement of cash flows based on the nature of the underlying transactions.

Each guarantor and non-guarantor subsidiary is wholly-owned, directly or indirectly, by the Issuer and the Parent. The Notes are fully and unconditionally guaranteed on a joint and several basis by each guarantor subsidiary and Parent. There are no contractual restrictions limiting transfers of cash from guarantor and non-guarantor subsidiaries to Issuer or Parent, within the meaning of Rule 3-10 of Regulation S-X.

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DYCOM INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
JANUARY 28, 2012

	Parent	Issuer	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations and Reclassifications	Dycom Consolidated
			(Dollars in thousands)			
ASSETS						
CURRENT ASSETS:						
Cash and equivalents	$ -	$ -	$ 85,313	$ 882	$ -	$ 86,195
Accounts receivable, net	-	-	100,379	2,319	-	102,698
Costs and estimated earnings in excess of billings	-	-	82,490	1,003	-	83,493
Inventories	-	-	30,217	46	-	30,263
Deferred tax assets, net	1,132	-	14,361	165	(265)	15,393
Income taxes receivable	4,437	-	-	-	-	4,437
Other current assets	7,139	37	4,827	638	-	12,641
Total current assets	12,708	37	317,587	5,053	(265)	335,120
PROPERTY AND EQUIPMENT, NET	8,970	-	127,002	20,893	(550)	156,315
GOODWILL	-	-	174,849	-	-	174,849
INTANGIBLE ASSETS, NET	-	-	52,972	-	-	52,972
DEFERRED TAX ASSETS, NET NON-CURRENT	-	54	8,067	179	(8,300)	-
INVESTMENT IN SUBSIDIARIES	711,523	1,402,334	-	-	(2,113,857)	-
INTERCOMPANY RECEIVABLES	-	-	856,532	3,084	(859,616)	-
OTHER	6,081	4,549	1,986	230	-	12,846
TOTAL NON-CURRENT ASSETS	726,574	1,406,937	1,221,408	24,386	(2,982,323)	396,982
TOTAL ASSETS	$ 739,282	$ 1,406,974	$ 1,538,995	$ 29,439	$ (2,982,588)	$ 732,102
LIABILITIES AND STOCKHOLDERS' EQUITY						
CURRENT LIABILITIES:						
Accounts payable	$ 2,550	$ -	$ 28,809	$ 243	$ -	$ 31,602
Current portion of debt	-	-	167	-	-	167
Billings in excess of costs and estimated earnings	-	-	1,307	-	-	1,307

Accrued insurance claims	622	-	24,300	77	-	24,999
Deferred tax liabilities	-	193	4	68	(265)	-
Other accrued liabilities	3,333	739	35,766	1,517	-	41,355
Total current liabilities	6,505	932	90,353	1,905	(265)	99,430
LONG-TERM DEBT	-	187,500	-	-	-	187,500
ACCRUED INSURANCE CLAIMS	728	-	21,857	57	-	22,642
DEFERRED TAX LIABILITIES, NET NON-CURRENT	737	-	48,594	1,852	(8,300)	42,883
INTERCOMPANY PAYABLES	352,609	507,019	-	-	(859,628)	-
OTHER LIABILITIES	2,808	-	939	5	-	3,752
Total liabilities	363,387	695,451	161,743	3,819	(868,193)	356,207
Total stockholders' equity	375,895	711,523	1,377,252	25,620	(2,114,395)	375,895
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 739,282	$ 1,406,974	$ 1,538,995	$ 29,439	$ (2,982,588)	$ 732,102

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DYCOM INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET
JULY 30, 2011

	Parent	Issuer	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations and Reclassifications	Dycom Consolidated
			(Dollars in thousands)			
ASSETS						
CURRENT ASSETS:						
Cash and equivalents	$ -	$ -	$ 44,608	$ 158	$ -	$ 44,766
Accounts receivable, net	-	-	136,168	2,384	-	138,552
Costs and estimated earnings in excess of billings	-	-	89,120	1,735	-	90,855
Inventories	-	-	20,488	70	-	20,558
Deferred tax assets, net	1,458	-	14,596	168	(265)	15,957
Income taxes receivable	8,685	-	-	-	-	8,685
Other current assets	2,492	9	7,505	932	-	10,938
Total current assets	12,635	9	312,485	5,447	(265)	330,311
PROPERTY AND EQUIPMENT, NET	8,880	-	119,722	21,399	(562)	149,439
GOODWILL	-	-	174,849	-	-	174,849
INTANGIBLE ASSETS, NET	-	-	56,279	-	-	56,279
DEFERRED TAX ASSETS, NET NON-CURRENT	-	54	8,067	179	(8,300)	-
INVESTMENT IN SUBSIDIARIES	695,073	1,373,992	-	-	(2,069,065)	-
INTERCOMPANY RECEIVABLES	-	-	859,629	-	(859,629)	-
OTHER	6,924	4,745	1,907	301	-	13,877
TOTAL NON-CURRENT ASSETS	710,877	1,378,791	1,220,453	21,879	(2,937,556)	394,444
TOTAL ASSETS	$ 723,512	$ 1,378,800	$ 1,532,938	$ 27,326	$ (2,937,821)	$ 724,755
LIABILITIES AND STOCKHOLDERS' EQUITY						
CURRENT LIABILITIES:						
Accounts payable	$ 159	$ -	$ 38,847	$ 393	$ -	$ 39,399
Current portion of debt	-	-	232	-	-	232
Billings in excess of costs and estimated earnings	-	-	749	-	-	749

Accrued insurance claims	606	-	25,413	73	-	26,092
Deferred tax liabilities	-	193	4	68	(265)	-
Other accrued liabilities	5,651	1,106	43,340	1,944	-	52,041
Total current liabilities	6,416	1,299	108,585	2,478	(265)	118,513
LONG-TERM DEBT	-	187,500	74	-	-	187,574
ACCRUED INSURANCE CLAIMS	716	-	22,569	59	-	23,344
DEFERRED TAX LIABILITIES, NET NON-CURRENT	737	-	45,123	2,363	(8,300)	39,923
INTERCOMPANY PAYABLES	361,067	494,928	-	3,646	(859,641)	-
OTHER LIABILITIES	2,725	-	820	5	-	3,550
Total liabilities	371,661	683,727	177,171	8,551	(868,206)	372,904
Total stockholders' equity	351,851	695,073	1,355,767	18,775	(2,069,615)	351,851
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 723,512	$ 1,378,800	$ 1,532,938	$ 27,326	$ (2,937,821)	$ 724,755

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DYCOM INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)
FOR THE THREE MONTHS ENDED JANUARY 28, 2012

	Parent	Issuer	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations and Reclassifications	Dycom Consolidated
			(Dollars in thousands)			
REVENUES:						
Contract revenues	$ -	$ -	$ 264,275	$ 3,132	$ -	$ 267,407
EXPENSES:						
Costs of earned revenues, excluding depreciation and amortization	-	-	217,730	2,509	-	220,239
General and administrative	6,171	148	15,429	2,527	-	24,275
Depreciation and amortization	768	-	13,692	1,068	-	15,528
Intercompany charges (income), net	(7,701)	-	7,548	153	-	-
Total	(762)	148	254,399	6,257	-	260,042
Interest income	-	-	8	-	-	8
Interest expense	(768)	(3,413)	(4)	-	-	(4,185)
Other income (expense), net	6	-	2,352	(1)	-	2,357
INCOME (LOSS) BEFORE INCOME TAXES AND EQUITY IN EARNINGS OF SUBSIDIARIES	-	(3,561)	12,232	(3,126)	-	5,545
PROVISION (BENEFIT) FOR INCOME TAXES	-	(1,392)	4,675	(1,223)	-	2,060
NET INCOME (LOSS) BEFORE EQUITY IN EARNINGS OF SUBSIDIARIES	-	(2,169)	7,557	(1,903)	-	3,485
EQUITY IN EARNINGS OF SUBSIDIARIES	3,485	5,654	-	-	(9,139)	-
NET INCOME (LOSS)	$ 3,485	$ 3,485	$ 7,557	$ (1,903)	$ (9,139)	$ 3,485

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DYCOM INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)
FOR THE SIX MONTHS ENDED JANUARY 28, 2012

	Parent	Issuer	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations and Reclassifications	Dycom Consolidated
			(Dollars in thousands)			
REVENUES:						
Contract revenues	$ -	$ -	$ 578,092	$ 8,889	$ -	$ 586,981
EXPENSES:						
Costs of earned revenues, excluding depreciation and amortization	-	-	468,623	6,803	-	475,426
General and administrative	12,578	295	31,832	4,928	-	49,633
Depreciation and amortization	1,556	-	27,552	2,390	(12)	31,486
Intercompany charges (income), net	(15,666)	-	15,044	622	-	-
Total	(1,532)	295	543,051	14,743	(12)	556,545
Interest income	-	-	25	-	-	25
Interest expense	(1,538)	(6,827)	(10)	-	-	(8,375)
Other income (expense), net	6	-	5,413	(102)	-	5,317
INCOME (LOSS) BEFORE INCOME TAXES AND EQUITY IN EARNINGS OF SUBSIDIARIES	-	(7,122)	40,469	(5,956)	12	27,403
PROVISION (BENEFIT) FOR INCOME TAXES	-	(2,832)	16,151	(2,367)	-	10,952
NET INCOME (LOSS) BEFORE EQUITY IN EARNINGS OF SUBSIDIARIES	-	(4,290)	24,318	(3,589)	12	16,451
EQUITY IN EARNINGS OF SUBSIDIARIES	16,451	20,741	-	-	(37,192)	-
NET INCOME (LOSS)	$ 16,451	$ 16,451	$ 24,318	$ (3,589)	$ (37,180)	$ 16,451

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DYCOM INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)
FOR THE THREE MONTHS ENDED JANUARY 29, 2011

	Parent	Issuer	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations and Reclassifications	Dycom Consolidated
			(Dollars in thousands)			
REVENUES:						
Contract revenues	$ -	$ -	$ 216,162	$ 2,041	$ -	$ 218,203
EXPENSES:						
Costs of earned revenues, excluding depreciation and amortization	-	-	179,705	1,916	-	181,621
General and administrative	5,011	137	14,866	1,821	-	21,835
Depreciation and amortization	785	-	13,701	1,312	(11)	15,787
Intercompany charges (income), net	(6,600)	-	6,520	80	-	-
Total	(804)	137	214,792	5,129	(11)	219,243
Interest income	-	-	34	-	-	34
Interest expense	(804)	(2,963)	(6)	-	-	(3,773)
Loss on debt extinguishment	-	(5,738)	-	-	-	(5,738)
Other income, net	-	-	2,207	-	-	2,207
INCOME (LOSS) BEFORE INCOME TAXES AND EQUITY IN LOSSES OF SUBSIDIARIES	-	(8,838)	3,605	(3,088)	11	(8,310)
PROVISION (BENEFIT) FOR INCOME TAXES	-	(4,896)	3,596	(1,916)	-	(3,216)
NET INCOME (LOSS) BEFORE EQUITY IN LOSSES OF SUBSIDIARIES	-	(3,942)	9	(1,172)	11	(5,094)
EQUITY IN LOSSES OF SUBSIDIARIES	(5,094)	(1,152)	-	-	6,246	-
NET INCOME (LOSS)	$ (5,094)	$ (5,094)	$ 9	$ (1,172)	$ 6,257	$ (5,094)