

DYCOM INDUSTRIES INC

Form 10-Q/A

August 01, 2006

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-Q/A
(Amendment No. 1)

(Mark One)

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

For the quarterly period ended April 29, 2006

OR

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

For the transition period from _____ to _____

Commission file number 0-5423

DYCOM INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Florida

59-1277135

(State of incorporation)

(IRS Employer Identification No.)

11770 U.S. Highway One, Suite 101
Palm Beach Gardens, Florida

33408

(Address of principal executive offices)

(Zip Code)

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

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 No

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

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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

There were 40,316,697 shares of common stock with a par value of \$0.33 1/3 outstanding at May 21, 2006.

EXPLANATORY NOTE

Dycom Industries, Inc. (the Company) is filing this Amendment No. 1 (Amendment) to its quarterly report on Form 10-Q for the quarter ended April 29, 2006, filed with the Securities Exchange Commission on May 26, 2006 (Original Filing), to modify Part I, Item 2, *Management's Discussion and Analysis of Financial Condition and Results of Operations* (MD&A), to add expanded disclosures related to the Company's fiscal 2006 and fiscal 2005 goodwill impairment charges. As required, we are including in this Amendment the complete text of MD&A. The only changes to the text in the MD&A are as follows:

Critical Accounting Policies and Estimates, Valuation of Goodwill and Intangible Assets, (page 32 of the Original Filing) was amended to add expanded disclosure related to the fiscal 2006 Can Am Communications (Can Am) reporting unit goodwill impairment charge and the fiscal 2005 White Mountain Cable Construction reporting unit goodwill impairment charge, including the key assumptions used in the fair value analysis of both.

Results of Operations, Goodwill Impairment Charge (page 37 of the Original Filing) was amended to add expanded disclosure related to the Can Am goodwill impairment charge.

Additionally, Item 6. of Part II, *Exhibits*, of this Amendment has been revised to contain currently-dated certifications from our Chief Executive Officer and Chief Financial Officer, as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002. The certifications of our Chief Executive Officer and Chief Financial Officer are attached to this Form 10-Q/A as Exhibits 31.1, 31.2, 32.1, and 32.2, respectively.

As the Amendment only relates to the MD&A, the previously issued unaudited Consolidated Financial Statements and Notes thereto in the Original Filing are unchanged. No attempt has been made in this Amendment to modify or update disclosures in the Original Filing, except related to the goodwill impairment charges in the MD&A, as discussed above. All information in this Amendment is as of the date of the Original Filing and does not reflect any subsequent information or events occurring after the date of the Original Filing. Information not affected by the Amendment is unchanged and reflects the disclosure made at the time of the Original Filing. Accordingly, this Amendment should be read in conjunction with the Original Filing and the Company's filings made with the Securities and Exchange Commission subsequent to the Original Filing, including any amendments to those filings.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
Overview

We are 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 locating services to various utilities including telecommunications providers, and other construction and maintenance services to electric utilities and others. For the nine months ended April 29, 2006, specialty contracting services related to the telecommunications industry, underground utility locating, and electric and other construction and maintenance to electric utilities and others contributed approximately 73.3%, 21.1%, and 5.6%, respectively, to our total revenues.

We conduct operations through our subsidiaries. Our revenues may fluctuate as a result of changes in the capital expenditure and maintenance budgets of our customers, and changes in the general level of construction activity. The capital expenditures and maintenance budgets of our telecommunications customers may be impacted by consumer demands on telecom providers, the introduction of new communication technologies, the physical maintenance needs of their infrastructure, the actions of the Federal Communications Commission, and general economic conditions.

A significant portion of our services are covered by multi-year master service agreements, and we are currently a party to over 200 of these agreements. Master service agreements generally are for contract periods of one or more years and contain customer specified service requirements, such as discrete unit pricing for individual tasks. To the extent that such contracts specify exclusivity, there are often a number of exceptions, including the ability by the customer to issue to others work orders valued above a specified dollar limit, the self-performance of the work by the customer's in house workforce if available, and the ability to use others when jointly placing facilities with another utility. In most cases, a customer may terminate these agreements for convenience with written notice.

The remainder of our services is provided pursuant to contracts for specific projects. Long-term contracts relate to specific projects with terms in excess of one year from the contract date. Short-term contracts generally are three to four months in duration. A portion of our contracts include retainage provisions under which 5% to 10% of the contract invoicing is withheld by the customer subject to project completion in accordance with the contract specifications.

We recognize revenues using the units of delivery or cost-to-cost measures of the percentage of completion method of accounting. Revenues from services provided to customers are recognized when services are performed. A significant majority of our contracts are based on units of delivery and revenue is recognized as each unit is completed. Revenue from other contracts is recognized using the cost-to-cost measures of the percentage of completion method and is based on the ratio of contract costs incurred to date to total estimated contract costs.

The following table summarizes our revenues from long-term contracts, including multi-year master service agreements, as a percentage of total revenue:

	% of Revenue For the Three Months Ended		% of Revenue For the Nine Months Ended	
	April 29, 2006	April 30, 2005	April 29, 2006	April 30, 2005
Multi-year master service agreements	68.2%	52.8%	61.5%	52.9%
Other long-term contracts	15.5%	34.6%	17.7%	32.8%
Total long-term contracts	83.7%	87.4%	79.2%	85.7%

The percentage increase in revenue derived from multi-year master service agreements is primarily due to agreements in place at Prince Telecom Holdings, Inc. (Prince) which was acquired in December 2005. Many of the Prince agreements are multi-year master service agreements which have increased the multi-year master service agreements as a percentage of total long-term contracts. The percentage decrease in total long-term contracts as a

percentage of total contract revenue for the three months ended April 29, 2006 as compared to the prior year is due to a reduction in work for a significant customer pursuant to a long-term contract. The percentage decrease in total long-term contracts as a percentage of total contract revenue for the nine months ended April 29, 2006 is primarily due to work performed during the current fiscal year related to the hurricanes that impacted the Southeastern United States

in the second half of calendar 2005 and due to a reduction in work for a significant customer pursuant to a long term contract. Hurricane restoration services were performed pursuant to short-term contracts.

A significant portion of our revenue comes from several large customers. The following table reflects the percentage of total revenue from customers contributing at least 2.5% of our total revenue in either the three or nine month periods ending April 29, 2006 or April 30, 2005:

	For the Three Months Ended	
	April 29, 2006	April 30, 2005
BellSouth	22.6%	16.7%
Verizon	19.4%	32.8%
Comcast	8.2%	7.7%
EMBARQ (Formerly Sprint)	6.8%	6.7%
Charter	4.1%	3.6%
DIRECTV	3.1%	3.0%
Alltell	3.1%	2.4%
Qwest	2.9%	3.2%

	For the Nine Months Ended	
	April 29, 2006	April 30, 2005
BellSouth	22.3%	16.0%
Verizon	18.4%	24.1%
Comcast	7.9%	13.0%
EMBARQ (Formerly Sprint)	7.7%	7.5%
Charter	5.0%	3.5%
DIRECTV	3.1%	3.3%
Alltell	2.9%	2.3%
Qwest	2.9%	4.2%
Adelphia	2.7%	1.4%

Cost of earned revenues includes all the direct costs of providing services under our contracts, including those for construction personnel, subcontractors, operation of capital equipment (excluding depreciation), and insurance. For a majority of our contracts, our customers provide the materials that are to be used and we provide the personnel, tools, and equipment necessary to perform the installation and maintenance services. The materials supplied by our customers are not included in our revenue or costs of sales as the customer retains the financial and performance risk associated with the materials. We retain the risk of loss, up to certain limits, for claims related to automobile liability, general liability, workers compensation, employee group health, and locate damages. Locate damage claims result from property and other damages arising in connection with our utility locating services. A change in claims experience or actuarial assumptions related to these risks could materially affect our results of operations.

General and administrative costs include all of our costs at the corporate level, as well as costs of our subsidiaries management personnel and administrative overhead. These primarily consist of employee compensation and related expenses, including stock-based compensation, professional fees, provision or recoveries of bad debt experience, and other costs that are not directly related to the provision of services under our customer contracts. Our senior management, including senior managers of our subsidiaries, performs substantially all sales and marketing functions as part of their management responsibilities and, accordingly, we have not incurred material sales and marketing expenses.

Acquisitions

During December 2005, we acquired Prince for a purchase price of approximately \$65.4 million, including transaction fees. Prince installs and maintains customer premise equipment, including set top boxes and cable

modems, for leading cable multiple system operators throughout the United States. During September 2004, we acquired certain assets and assumed certain liabilities of RJE Telecom, Inc. (RJE) for a cash purchase price of approximately \$9.8 million. RJE provides specialty contracting services primarily to telephone companies.

As part of our growth strategy, we may acquire companies that expand, complement, or diversify our business. We regularly review opportunities and periodically engage in discussions regarding possible acquisitions. Our ability to sustain our growth and maintain our competitive position may be affected by our ability to successfully integrate any businesses acquired.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. On an ongoing basis, we evaluate these estimates and assumptions, including those related to revenue recognition for costs and estimated earnings in excess of billings, allowance for doubtful accounts, accrued self-insured claims, valuation of goodwill and intangible assets, asset lives used in computing depreciation and amortization, including amortization of intangibles, and accounting for income taxes, contingencies and litigation. Application of these estimates and assumptions requires the exercise of judgment as to future uncertainties and, as a result, actual results could differ materially from these estimates. Our critical accounting policy regarding goodwill and intangible assets is described below. Please refer to Management's Discussion and Analysis of Financial Condition and Results of Operations-Critical Accounting Policies and Estimates included in our Annual Report on Form 10-K for the year ended July 30, 2005 for further information regarding our other critical accounting policies and estimates.

Goodwill and Intangible Assets As of April 29, 2006, we had \$216.2 million of goodwill, \$4.7 million of indefinite-lived intangible assets and \$45.4 million of finite-lived intangible assets, net of accumulated amortization. As of July 30, 2005, we had \$194.1 million of goodwill, \$4.7 million of indefinite-lived intangible assets and \$28.6 million of finite-lived intangible assets, net of accumulated amortization. We account for goodwill in accordance with Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets. Our reporting units are tested annually in accordance with SFAS No. 142 during the fourth fiscal quarter of each year to determine whether their carrying value exceeds their fair market value. Should this be the case, the value of the goodwill or indefinite-lived intangibles may be impaired and written down. Goodwill and other indefinite-lived intangible assets are also tested for impairment on an interim basis if an event occurs or circumstances change between annual tests that would more likely than not reduce the fair value of the reporting unit below its carrying amount. If we determine the fair value of the goodwill or other identifiable intangible asset is less than the carrying value, an impairment loss is recognized in an amount equal to the difference. Impairment losses, if any, are reflected in operating income or loss in the consolidated statements of operations.

In accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, we review finite-lived intangible assets for impairment whenever an event occurs or circumstances change which indicates that the carrying amount of such assets may not be fully recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. Measurement of an impairment loss is based on the fair value of the asset compared to its carrying value. If we determine the fair value of the asset is less than the carrying value, an impairment loss is incurred in an amount equal to the difference. Impairment losses, if any, are reflected in operating income or loss in the consolidated statements of operations.

We use judgment in assessing goodwill and intangible assets for impairment. Estimates of fair value are based on our projection of revenues, operating costs, and cash flows of each reporting unit considering historical and anticipated future results, general economic and market conditions as well as the impact of planned business or operational strategies. The valuations employ a combination of present value techniques to measure fair value and consider market factors. Generally, we engage third party specialists to assist us with our valuations. Changes in our judgments and projections could result in a significantly different estimate of the fair value of the reporting units and could result in an impairment of goodwill.

As a result of the purchase price allocations from our prior acquisitions and due to our decentralized structure, our goodwill is included in multiple reporting units. Due to the cyclical nature of our business, and the other factors described under Risk Factors in our Form 10-K for the fiscal year ended July 30, 2005, the profitability of our individual reporting units may periodically suffer from downturns in customer demand and other factors. These factors may have a relatively more pronounced impact on the individual reporting units as compared to the Company as a whole and might adversely affect the fair value of the reporting units. If material adverse conditions occur that impact our reporting units, our future determinations of fair value may not support the carrying amount of one or more

of our reporting units, and the related goodwill would need to be written down to an amount considered recoverable.

During the third quarter of fiscal 2006, we recognized a goodwill impairment charge of approximately \$14.8 million related to our Can Am Communications (Can Am) reporting unit. Although Can Am continues to provide services to significant customers, it has underperformed compared to expectations due to its inability to achieve projected revenue growth and due to operational inefficiencies at existing levels of work. Can Am began incurring operating losses during fiscal 2006, primarily as a result of poor performance on existing contracts due to high job management costs during the period of reduced work levels. In addition, Can Am failed to achieve projected revenue growth due to declines in demand from existing customers and its inability to secure new customer work at pricing levels sufficient to offset operating costs. The Company recently changed the senior management at Can Am, integrating certain of its operations with another subsidiary or subsidiaries of the Company, in order to improve operational efficiency at the current work levels. However, we are uncertain of the time period that the changes will take to improve the performance of Can Am and the extent to which the changes may be effective. While management does not expect Can Am to generate material losses in future periods, we determined that the anticipated cash flows from new opportunities were subject to a higher degree of uncertainty than previously anticipated and that future cash flows would not likely be sufficient to support the carrying value of Can Am s goodwill balance.

The combination of the above factors had the effect of reducing the expected future cash flows of the Can Am reporting unit over the seven year period used in our SFAS No. 142 impairment analysis and are circumstances that we determined would be more likely than not to reduce the fair value of the reporting unit below its carrying amount. Accordingly, the Company performed an interim goodwill impairment test as of April 29, 2006. As a result of the impairment analysis, management determined that the estimated fair value of the reporting unit was less than its carrying value and, consequently, a goodwill impairment charge was recognized to write off Can Am's goodwill.

As a result of our fiscal 2005 annual impairment analysis, we determined that the goodwill of our White Mountain Cable Construction (WMCC) reporting unit was impaired and consequently recorded a goodwill impairment charge of approximately \$29.0 million during the fourth quarter of fiscal 2005. This determination was primarily the result of a change in management's expectations of long-term cash flows from reduced work levels for a significant customer, a shift in the timing of expected cash flows from another customer to later periods in our forecast which reduced the present value of the future cash flows from this customer and WMCC's operational underperformance during the fourth quarter of 2005. The combination of these factors had an adverse impact on the anticipated future cash flows of the WMCC reporting unit used in the annual impairment analysis performed during the fourth quarter of fiscal 2005.

The reduced work levels at WMCC were primarily the result of a reduction in demand from a single significant customer. This was due to the customer's decisions regarding the allocation of their capital spending away from work that management anticipated would be performed by WMCC. In performing the SFAS No. 142 impairment assessment, management determined that this shift in demand was more than temporary, consequently impacting the seven year forecast used in the Company's goodwill analysis. This change in the allocation of capital spending by the customer away from work provided by WMCC did not have an adverse impact on other subsidiaries of the Company. The historical cash flows of WMCC had been positive, but trended downward during fiscal 2005 as WMCC incurred losses. This negative trend was the result of unanticipated poor operating performance due to unforeseen job site conditions which impacted productivity, an inability to effectively secure and manage subcontractors at acceptable cost and the under absorption of general and administrative expenses. During the fourth quarter of fiscal 2005 management had expected improvements in operating performance as the level of work increased, however, as a result of the factors specified above WMCC incurred an operating loss during the fourth quarter ended July 30, 2005. As a result of these factors, management determined that WMCC would be unable to meet expected profitability measures at the existing work levels which indicated that the anticipated long-term cash flows from the business would be materially less than previously expected over the seven year cash flow period used in the SFAS No. 142 impairment analysis. Although we have made operational changes in an effort to improve the performance and profitability of WMCC and management does not expect WMCC to generate material losses in future periods, we are uncertain of the time period that the changes will take to improve the performance and the extent to which the changes may be effective.

The estimate of fair value of the Can Am and WMCC reporting units were based on our projection of revenues, operating costs, and cash flows considering historical and anticipated future results, general economic and market conditions as well as the impact of planned business and operational strategies. The valuations employed a combination of present value techniques to measure fair value and considered market factors. The key assumptions used to determine the fair value of our reporting units during the fiscal 2005 annual impairment test and for Can Am in fiscal 2006 were (a) expected cash flow periods of seven years; (b) terminal values based upon terminal growth rate of 4.0%; and (c) a discount rate of 13.0% which was based on our best estimate of the weighted average cost of capital adjusted for risks associated with the reporting units. The key assumptions used to determine the fair value of our reporting units during fiscal 2004 were (a) expected cash flow periods ranging from three to seven years; (b) terminal values based upon terminal growth rates ranging from 3.0% to 5.0%; and (c) discount rates ranging from 12%-13% which was based on our best estimate of the weighted average cost of capital adjusted for risks associated with the reporting units. Management believes the rates used are consistent with the risks inherent in our current business model and with industry discount rates. Changes in our judgments and estimates could result in a significantly different estimate of the fair value of the reporting units and could result in an impairment of goodwill. A variance in the discount rate used could have had a significant impact on the amount of goodwill impairment charges recorded. For example, a 1% change in the discount rate would have caused an increase or decrease in the WMCC goodwill

impairment charges by approximately \$0.6 million. Additionally, a 1% change in the discount rate would have changed the estimated fair value of our reporting units and may have caused other reporting units to incur impairment charges.

While the estimated fair value for the majority of the reporting units significantly exceeded their carrying value for the annual goodwill impairment test in fiscal 2005, one reporting unit had an estimated fair value that exceeded its carrying value by a narrow margin. Specifically, that reporting unit had a goodwill balance of approximately \$8.1 million at July 30, 2005 and had an estimated fair value that exceeded the carrying value by approximately 6%, excluding the cash balance of the reporting unit from both the fair value and the carrying value. We believe that the goodwill is recoverable as of April 29, 2006; however, there can be no assurances that the goodwill will not be impaired in future periods.

Additionally, as of April 29, 2006, there were two other reporting units with goodwill balances totaling approximately \$31.4 million that have experienced declining revenue and operating results due to a reduction in demand from the customers they serve. This decline is primarily the result of reduced spending by cable providers to upgrade their networks in recent periods compared to historical levels. Our fiscal 2005 annual impairment test of goodwill indicated that the estimated fair value of each of these reporting units was significantly in excess of their carrying values. We believe that the goodwill is recoverable as of April 29, 2006; however, there can be no assurances that the goodwill will not be impaired in future periods.

Results of Operations

The following table sets forth, as a percentage of revenues earned, certain items in our consolidated statements of operations for the periods indicated:

	For the Three Months Ended			
	April 29, 2006	(dollars in millions)		April 30, 2005
Revenues	\$258.7	100.0%	\$247.7	100.0%
Expenses:				
Cost of earned revenue, excluding depreciation	211.1	81.6	195.9	79.1
General and administrative	21.1	8.2	20.9	8.5
Depreciation and amortization	12.2	4.7	11.5	4.7
Goodwill impairment charge	14.8	5.7		
Total	259.3	100.2	228.4	92.2
Interest income	0.3	0.1	0.4	0.2
Interest expense	(3.6)	(1.4)	(0.1)	
Other income, net	2.9	1.1	3.2	1.3
(Loss) income before income taxes	(1.0)	(0.4)	22.8	9.2
Provision for income taxes	5.5	2.1	9.1	3.7
Net (loss) income	\$ (6.5)	(2.5)%	\$ 13.7	5.5%

	For the Nine Months Ended			
	April 29, 2006	(dollars in millions)		April 30, 2005
Revenues	\$763.7	100.0%	\$735.4	100.0%
Expenses:				
Cost of earned revenue, excluding depreciation	627.4	82.2	586.6	79.8
General and administrative	59.7	7.8	57.8	7.9
Depreciation and amortization	35.8	4.7	35.6	4.8
Goodwill impairment charge	14.8	1.9		
Total	737.8	96.6	680.0	92.5
Interest income	1.5	0.2	0.8	0.1
Interest expense	(8.5)	(1.1)	(0.3)	(0.1)
Other income, net	4.3	0.6	5.0	0.7
Income before income taxes	23.3	3.1	60.8	8.3
Provision for income taxes	15.2	2.0	24.1	3.3

Net income	\$ 8.1	1.1%	\$ 36.7	5.0%
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Revenues. The following table presents information regarding total revenues by type of customer for the three months ended April 29, 2006 and April 30, 2005:

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	For the Three Months Ended April 29, 2006		April 30, 2005		Increase	% Increase
	Revenue	% of Total (dollars in millions)	Revenue	% of Total		
Telecommunications	\$ 192.2	74.3%	\$ 185.8	75.0%	\$ 6.4	3.4%
Utility line locating	54.2	21.0%	54.0	21.8%	0.2	0.4%
Electric utilities and other customers	12.3	4.7%	7.9	3.2%	4.4	56.0%
Total contract revenues	\$ 258.7	100.0%	\$ 247.7	100.0%	\$ 11.0	4.5%

Revenues increased \$11.0 million, or 4.5%, in the three months ended April 29, 2006 as compared to the three months ended April 30, 2005. Of this increase, \$6.4 million was attributable to an increase in specialty contracting services provided to telecommunications companies, \$0.2 million was attributable to an increase in underground utility locating services revenues, and \$4.4 million was attributable to an increase to electric utilities and other construction and maintenance services revenues. Prince, acquired in December 2005, contributed \$25.6 million of revenues from telecommunications services during the three months ended April 29, 2006. The following table presents revenue by type of customer excluding the amounts attributed to the Prince acquisition:

	For the Three Months Ended			% Increase (Decrease)
	April 29, 2006	April 30, 2005	Increase (Decrease)	
	(dollars in millions)			
Telecommunications	\$ 166.6	\$ 185.8	\$ (19.2)	(10.4)%
Utility line locating	54.2	54.0	0.2	0.4%
Electric utilities and other customers	12.3	7.9	4.4	56.0%
	233.1	247.7	(14.6)	(5.9)%
Revenues from acquired company	25.6		25.6	
Total contract revenues	\$ 258.7	\$ 247.7	\$ 11.0	4.5%

Excluding revenue from Prince for the three month period ended April 29, 2006, revenues from telecommunications services for the three months ended April 29, 2006 were \$166.6 million compared to \$185.8 million for the three months ended April 30, 2005, a decrease of 10.4%. This decrease in telecommunications service revenues was primarily attributable to a decrease in revenues from one of our significant customers engaged in a fiber deployment project. This decrease was partially offset by \$8.8 million in hurricane restoration services performed in the current three month period as compared to none in the same prior year period, and due to additional revenues from new contracts with existing customers.

Total revenues from underground utility line locating for the three months ended April 29, 2006 were \$54.2 million compared to \$54.0 million for the three months ended April 30, 2005, an increase of 0.4%. This increase is primarily the result of additional work performed for existing customers.

Our total revenues from electric utilities and other construction and maintenance services increased \$4.4 million, or 56.0% for the three months ended April 29, 2006 as compared to the three months ended April 30, 2005. The increase was primarily attributable to additional work performed for both existing and new customers.

The following table presents information regarding total revenues by type of customer for the nine months ended April 29, 2006 and April 30, 2005:

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	For the Nine Months Ended					
	April 29, 2006		April 30, 2005		%	
	Revenue	% of Total (dollars in millions)	Revenue	% of Total	Increase	Increase
Telecommunications	\$ 559.4	73.3%	\$ 551.0	74.9%	\$ 8.4	1.5%
Utility line locating	161.2	21.1%	154.9	21.1%	6.2	4.0%
Electric utilities and other customers	43.1	5.6%	29.4	4.0%	13.7	46.7%
Total contract revenues	\$ 763.7	100.0%	\$ 735.4	100.0%	\$ 28.4	3.9%

Revenues increased \$28.4 million, or 3.9%, in the nine months ended April 29, 2006 as compared to the nine months ended April 30, 2005. Of this increase, \$8.4 million was a result of an increase in specialty contracting services provided to telecommunications companies, \$6.2 million was a result of increased underground utility locating services revenues, and \$13.7 million was due to increased electric utilities and other construction and maintenance services revenues. Prince, acquired in December 2005 and RJE, acquired in September 2004, contributed \$37.3 million and \$39.1 million, respectively, of revenues from telecommunications services during the nine months ended April 29, 2006. The following table presents revenue by type of customer excluding the amounts attributed to the Prince and RJE acquisitions:

	For the Nine Months Ended			
	April 29, 2006	April 30, 2005	Increase (Decrease)	Increase (Decrease)
	(dollars in millions)			
Telecommunications	\$ 483.0	\$ 520.6	\$ (37.6)	(7.2)%
Utility line locating	161.2	154.9	6.2	4.0%
Electric utilities and other customers	43.1	29.4	13.7	46.7%
	687.3	704.9	(17.6)	(2.5)%
Revenues from acquired companies	76.4	30.5	46.0	150.9%
Total contract revenues	\$ 763.7	\$ 735.4	\$ 28.4	3.9%

Excluding revenue from acquired companies for each nine month period, revenues from telecommunications services for the nine months ended April 29, 2006 were \$483.0 million compared to \$520.6 million for the nine months ended April 30, 2005, a decrease of 7.2%. This decrease in telecommunications service revenues was primarily attributable to a decrease in revenue from a significant customer engaged in a fiber deployment project and due to a decrease in revenue from one of our significant customers who completed an upgrade project to their network in the prior year. The decrease was partially offset by a net increase of \$47.0 million of hurricane restoration services performed in the current nine month period as compared to the same prior year period, and from revenues from new contracts with existing customers.

Total revenues from underground utility line locating for the nine months ended April 29, 2006 were \$161.2 million compared to \$154.9 million for the nine months ended April 30, 2005, an increase of 4.0%. This increase is primarily the result of additional work performed for existing customers and work performed related to the

hurricanes that impacted the Southeastern United States during the later part of calendar 2005.

Our total revenues from electric utilities and other construction and maintenance services increased \$13.7 million, or 46.7%, in the nine months ended April 29, 2006 as compared to the nine months ended April 30, 2005. The increase was primarily attributable to work pursuant to a specific customer contract that commenced in the later part of fiscal 2005, which we completed during the first half of fiscal 2006, and additional work performed for both existing and new customers.

Costs of Earned Revenues. Costs of earned revenues, including the results of Prince since the acquisition date, increased \$15.1 million to \$211.1 million in the three months ended April 29, 2006 from \$195.9 million in the three months ended April 30, 2005. The primary components of this dollar increase were direct labor and subcontractor costs taken together, equipment and other direct costs, and direct materials which increased \$7.4 million, \$6.3 million, and \$1.3 million, respectively, due to higher levels of operations during the period. As a percentage of contract revenues, costs of earned revenues increased 2.5% for the three months ended April 29, 2006, as compared to the three months ended April 30, 2005. Included in this increase was 1.8% for equipment and other direct costs primarily as a result of increased overall insurance costs for self-insured claims, an increase in vehicle and equipment rental

and maintenance costs, and increased fuel costs for our vehicles and equipment. Direct labor and subcontracted labor combined contributed 0.4% of the increase primarily as a result of the mix of work provided which was more labor intensive in the current period. Direct materials contributed 0.3% to the increase due to an increase in the number of projects for which we provided materials to the customer compared to the same period in the prior year.

Costs of earned revenues, including the results of Prince since the acquisition date, increased \$40.8 million to \$627.4 million in the nine months ended April 29, 2006 from \$586.6 million in the nine months ended April 30, 2005. The primary components of this dollar increase were equipment and other direct costs, direct labor and subcontractor costs taken together, and direct materials which increased \$18.8 million, \$18.0 million, and \$4.0 million, respectively, due to higher levels of operations during the nine months ended April 29, 2006. As a percentage of contract revenues, costs of earned revenues increased 2.4% for the nine months ended April 29, 2006, as compared to the nine months ended April 30, 2005. Increases for equipment and other direct costs was primarily the result of increased overall insurance costs as a result of higher premiums and loss development activity for self-insured claims, increased fuel costs for our vehicles and equipment, increased vehicle rentals related to hurricane restoration services performed, and increased equipment and vehicle maintenance costs due to maintenance activities, all of which contributed 1.9% of the increase. Increases in direct materials accounted for 0.3% of the increase due to an increase in the number of projects for which we provided materials to the customer compared to the same period last year. The remaining portion of the change is comprised of increases in direct labor and subcontracted labor as a result of additional labor costs related to hurricane restoration services performed in Southeastern United States which is more labor intensive than other projects.

General and Administrative Expenses. General and administrative expenses increased \$0.2 million to \$21.1 million in the three months ended April 29, 2006 as compared to \$20.9 million in the three months ended April 30, 2005. General and administrative expenses increased \$1.9 million to \$59.7 million for the nine months ended April 29, 2006 as compared to \$57.8 million in the nine months ended April 30, 2005. The increase in total general and administrative expenses for the three and nine month periods was primarily a result of an increase in stock-based compensation expenses and from general and administrative costs of Prince, which was acquired in December 2005. These dollar amount increases were partially offset by decreased professional fees primarily as a result of reduced Sarbanes Oxley implementation costs, and improved bad debt experience during the three and nine months ended April 29, 2006 compared to the three and nine months ended April 30, 2005. The total amount of stock-based compensation expense for the three and nine month periods ended April 29, 2006 was \$1.4 million and \$3.3 million, respectively, as compared to \$0.3 million and \$0.7 million for the three and nine month periods ended April 30, 2005, respectively. The increase in stock-based compensation resulted from applying SFAS No. 123(R) to our unvested stock options outstanding and restricted stock awards granted to employees and officers in December 2005 (see Note 15 in Notes to Condensed Consolidated Financial Statements). Prior to SFAS No. 123(R) our stock-based awards primarily consisted of stock options, for which we did not recognize expense as we accounted for stock-based compensation under APB Opinion No. 25. In accordance with SFAS No. 123(R), we now recognize compensation expense over the vesting period for stock options. Our restricted stock grants are also accounted for under SFAS No. 123(R) and we have recognized compensation expense based on the fair value at the date of grant over the requisite service periods of the awards.

General and administrative expenses decreased as a percentage of contract revenues to 8.2% in the three months ended April 29, 2006 from 8.5% in the three months ended April 30, 2005. The decrease in general and administrative expenses as a percent of contract revenue for the three months ended April 29, 2006 as compared to April 30, 2005 was the result of increased revenues on the relatively stable general and administrative costs. The decreases were offset in part by the impact of the stock-based compensation expense during the period. General and administrative expenses as a percentage of contract revenues was 7.8% and 7.9% in the nine months ended April 29, 2006 and April 30, 2005, respectively. Although general and administrative expenses as a percentage of contract revenues in the nine months ended April 29, 2006 and April 30, 2005 were relatively consistent, the nine months ended April 29, 2006 included \$2.6 million in additional stock-based compensation expense due to implementation of SFAS No. 123(R). Offsetting the impact of the stock-based compensation expense, compared to prior year, was the effect of increased revenues on the relatively stable general and administrative costs.

Depreciation and Amortization. Depreciation and amortization increased to \$12.2 million in the three months ended April 29, 2006 from \$11.5 million in the three months ended April 30, 2005 and remained the same as a percentage of contract revenues at 4.7% in the three months ended April 29, 2006 and April 30, 2005. Depreciation and amortization increased to \$35.8 million in the nine months ended April 29, 2006 from \$35.6 million in the nine months ended April 30, 2005 and decreased as a percentage of contract revenues to 4.7% in the nine months ended April 29, 2006 from 4.8% in the nine months ended April 30, 2005. The dollar amount of the increase for the three and nine month periods as compared to prior year are primarily a result of the addition of fixed assets and amortizing intangibles of Prince acquired in December 2005. These increases were partially offset by fixed assets becoming fully depreciated during the periods. The percentage decrease for the current nine month period is a result of \$28.4 million in increased revenues on slightly increased depreciation costs.

Goodwill impairment charge. During the third quarter of fiscal 2006, we recognized a goodwill impairment charge of approximately \$14.8 million related to our Can Am reporting unit. Although Can Am continues to provide services to significant customers, it has underperformed compared to expectations due to its inability to achieve projected revenue growth and due to operational inefficiencies at existing levels of work. Can Am began incurring operating losses during fiscal 2006, primarily as a result of poor performance on existing contracts due to high job management

costs during the period of reduced work levels. In addition, Can Am failed to achieve projected revenue growth due to declines in demand from existing customers and its inability to secure new customer work at pricing levels sufficient to offset operating costs. The Company recently changed the senior management at Can Am, integrating certain of its operations with another subsidiary of the Company, in order to improve operational efficiency at the current work levels. However, we are uncertain of the time period that the changes will take to improve the performance of Can Am and the extent to which the changes may be effective. While management does not expect Can Am to generate material losses in future periods, we determined that the anticipated cash flows from new opportunities were subject to a higher degree of uncertainty than previously anticipated and that future cash flows would not likely be sufficient to support the carrying value of Can Am's goodwill balance.

The combination of the above factors had the effect of reducing the expected future cash flows of the Can Am reporting unit over the seven year period used in our SFAS No. 142 impairment analysis and are circumstances that we determined would be more likely than not to reduce the fair value of the reporting unit below its carrying amount. Accordingly, the Company performed an interim goodwill impairment test as of April 29, 2006. As a result of the impairment analysis, management determined that the estimated fair value of the reporting unit was less than its carrying value and, consequently, a goodwill impairment charge was recognized to write off Can Am's goodwill.

Interest Income. Interest income decreased to \$0.3 million for the three months ended April 29, 2006 as compared to \$0.4 million for the three months ended April 30, 2005. Interest income increased to \$1.5 million for the nine months ended April 29, 2006 as compared to \$0.8 million for the nine months ended April 30, 2005. The decrease for the three month period ended April 29, 2006 as compared to prior year is primarily related to reduced levels on cash on hand. The increase for the nine month period ended April 29, 2006 as compared to prior year is primarily a result of higher interest rates for the current nine month period.

Interest Expense. Interest expense increased to \$3.6 million for the three months ended April 29, 2006 as compared to \$0.1 million for the three months ended April 30, 2005. Interest expense increased to \$8.5 million for the nine months ended April 29, 2006 as compared to \$0.3 million for the nine months ended April 30, 2005. The increase is due to the issuance of \$150.0 million of 8.125% senior subordinated notes (Notes) and borrowings from our Credit Facility (see Note 10 in the Notes to Condensed Consolidated Financial Statements).

Other Income, Net. Other income, which primarily includes net gains on the sale of idle assets, decreased to \$2.9 million for the three months ended April 29, 2006 as compared to \$3.2 million for the three months ended April 30, 2005. Other income decreased to \$4.2 million for the nine months ended April 29, 2006 as compared to \$5.0 million for the nine months ended April 30, 2005. The decrease was primarily a result of a lesser number of assets sold during the current periods as compared to the prior year periods.

Income Taxes. The following table presents our income tax expense and effective income tax rate for the three and nine months ended April 29, 2006 and April 30, 2005 (dollars in millions):

	For the Three Months Ended		For the Nine Months Ended	
	April 29, 2006	April 30, 2005	April 29, 2006	April 30, 2005
Income taxes	\$ 5.5	\$ 9.1	\$ 15.2	\$ 24.1
Effective income tax rate	(553.7)%	39.8%	65.2%	39.6%

Our effective income tax rate for the three months ended April 29, 2006 is a result of the non-cash goodwill impairment charge of \$14.8 million (see Note 7 in the Notes to Consolidated Financial Statements) which was non deductible for income tax purposes. The increase in our effective income tax rate for the nine months ended April 29, 2006 as compared to April 30, 2005 is also due to the goodwill impairment charge which was a non cash item for the period. Other variations in our tax rate are primarily attributable to the impact of other non-deductible and non taxable items for tax purposes in relation to a lower pre-tax income during fiscal 2006.

Net Income (Loss). Net income (loss) was \$(6.5) million and \$8.1 million in the three and nine months ended April 29, 2006, respectively, as compared to \$13.7 million and \$36.7 million in the three and nine months ended April 30, 2005, respectively.

Liquidity and Capital Resources

Capital requirements. We primarily use capital to purchase equipment and maintain sufficient levels of working capital in order to support our contractual commitments to customers. Our working capital needs are influenced by the level of operations during the period and generally increase with higher levels of revenues. Additionally, our working capital requirements are influenced by the timing of the collection of accounts receivable outstanding from our customers for work previously performed. The Company believes that none of its significant customers are experiencing significant financial difficulty as of April 29, 2006. Our sources of cash have historically been operating activities, debt, equity offerings, bank borrowings, and proceeds from the sale of idle and surplus equipment and real property. Cash and cash equivalents totaled \$13.6 million at April 29, 2006 compared to \$83.1 million at July 30, 2005.

	For the Nine Months Ended	
	April 29, 2006	April 30, 2005
	(dollars in millions)	
Net cash flows:		
Provided by operating activities	\$ 65.1	\$ 67.4
Used in investing activities	\$(102.3)	\$ (22.1)
Used in financing activities	\$ (32.2)	\$ (1.0)

Cash from operating activities. During the nine months ended April 29, 2006, net cash provided by operating activities was \$65.1 million compared to \$67.4 million for the nine months ended April 30, 2005. Net cash provided by operating activities was comprised primarily of net income, adjusted for the gain on disposal of assets and non-cash items. Non-cash items during the nine months ended April 29, 2006 primarily included depreciation, amortization, non-cash stock-based compensation, deferred income taxes, gain on disposal of assets, and the goodwill impairment charge of approximately \$14.8 million. Changes in working capital and changes in other long term assets and liabilities combined provided \$8.1 million of operating cash flow during the nine month period ended April 29, 2006 as compared to using \$6.5 million of operating cash flow for the nine months ended April 30, 2005. Components of these working capital changes which provided operating cash flow for the nine months ended April 29, 2006 included decreases in accounts receivable of \$21.4 million attributable to collection and billing activities, and a decrease in other assets and current assets of \$1.7 million as a result of decrease in prepaid insurance and other prepaid costs. Components of the working capital changes which used operating cash flow for the nine months ended April 29, 2006 were increases in net unbilled revenue of \$1.5 million due to current period operating levels, decreases in accounts payable and accrued self-insured claims and other liabilities of \$2.6 million and \$5.0 million, respectively, attributable to the timing of receipt and payment of invoices, and increases in income taxes receivable, net, of \$5.9 million due to the timing of our quarterly income tax payments.

Based on quarterly revenues, days sales outstanding for accounts receivable, net was 54.1 days as of April 29, 2006 compared to 49.2 days at April 30, 2005. Based on quarterly revenues, days sales outstanding for costs and estimated earnings in excess of billings, net was 24.1 days as of April 29, 2006 compared to 25.1 days at April 30, 2005. The increase in days sales outstanding for accounts receivable and costs and estimated earnings in excess of billings, net is due to slower payment patterns from significant customers in the current period as compared to prior year.

Cash used in investing activities. For the nine months ended April 29, 2006, net cash used in investing activities was \$102.3 million as compared to \$22.1 million for the nine months ended April 30, 2005. During the nine months ended April 29, 2006, we paid \$65.4 million in connection with the acquisition of Prince. During the nine months ended April 30, 2005, we paid \$9.8 million in connection with the acquisition of RJE and received escrowed funds in connection with the First South acquisition. For the nine months ended April 29, 2006 and April 30, 2005, investing activities included capital expenditures of \$41.7 million, including approximately \$7.0 million paid during the nine months ended April 29, 2006 that was accrued as of July 30, 2005, and \$42.0 million, respectively. These amounts were offset in part by \$5.0 million and \$7.0 million, respectively, in proceeds from the sale of idle assets. Restricted cash increased \$0.3 million during the nine months ended April 29, 2006 as compared to a decrease in restricted cash of \$1.4 million during the nine months ended April 30, 2005 related to funding provisions of our employee health plan. Net proceeds from the sale and purchases of short-term investments contributed were \$20.0 million for the nine months ended April 30, 2005, while there were no net proceeds during the nine months ended April 29, 2006.

Cash used in financing activities. For the nine months ended April 29, 2006, net cash used in financing activities was \$32.2 million compared to cash used of \$1.0 million for the nine months ended April 30, 2005. Proceeds from long-term debt were \$248.0 million in the nine months ended April 29, 2006 and consisted of \$98.0 million in borrowings on our revolving Credit Agreement (Credit Agreement), of which \$87.0 million was subsequently repaid, and the issuance of the Notes having an aggregate principal amount of \$150.0 million. The Notes and Credit Agreement are guaranteed by substantially all of our subsidiaries. In connection with the Credit Agreement borrowings and Notes, we incurred \$4.8 million in debt issuance costs during the nine months ended April 29, 2006.

The proceeds of the outstanding debt were used to repurchase 8.76 million shares of our common stock for an aggregate purchase price of \$186.2 million, including fees and expenses. During the nine months ended April 29, 2006, we withheld 10,542 shares of restricted stock that vested to certain of our officers and remitted approximately \$0.2 million to the Internal Revenue Service to satisfy the required tax withholdings. Additionally, we made principal payments of \$4.4 million on our capital leases and other notes payable and had proceeds from the exercise of stock options of \$2.4 million for the nine months ended April 29, 2006. For the nine months ended April 30, 2005, debt issuance costs of \$1.4 million and debt payments and \$3.2 million were partially offset by the proceeds from the exercise of employee stock options of \$3.7 million.

Compliance with Senior Notes and Credit Agreement

The indenture governing the Notes contains certain covenants that restrict our ability to: make certain payments, including the payment of dividends, incur additional indebtedness and issue preferred stock, create liens, enter into sale and leaseback transactions, merge or consolidate with another entity, sell assets, and enter into transactions with affiliates. As of April 29, 2006, we were in compliance with all covenants and conditions under the Notes.

In connection with issuance of the Notes, we entered into an amendment (the Amendment) to our Credit Agreement. After giving effect to the Amendment, we are required to (i) maintain a consolidated leverage ratio of not greater than 3.00 to 1.0., (ii) maintain an interest coverage ratio of not less than 2.75 to 1.00, as measured at the end of each fiscal quarter and (iii) maintain consolidated tangible net worth, which shall be calculated at the end of each fiscal quarter, of not less than \$50.0 million plus 50% of consolidated net income (if positive) from September 8, 2005 to the date of computation plus 75% of the equity issuances made from September 8, 2005 to the date of computation. As of April 29, 2006, we had \$11.0 million of borrowings and \$44.7 million of outstanding letters of credit issued under the Credit Agreement. The outstanding letters of credit are primarily issued to insurance companies as part of our self-insurance program. At April 29, 2006, we were in compliance with all financial covenants and conditions under the Credit Agreement.

Contractual Obligation. Our various contractual obligations and funding commitments related to our long-term debt have changed since our Annual Report on Form 10-K for the year ended July 30, 2005 as described above for the Notes and borrowings under the Credit Agreement and in Note 10, Long-Term Debt in the accompanying Notes to Condensed Consolidated Financial Statements.

Related party transactions. We lease administrative offices from entities related to officers of certain of our subsidiaries. The total expense under these arrangements for each of the three months ended April 29, 2006 and April 30, 2005 was \$0.3 million. The total expense under these arrangements for the nine months ended April 29, 2006 and April 30, 2005 were \$1.0 million and \$0.9 million, respectively.

Sufficiency of Capital Resources. We believe that our capital resources, together with existing cash balances, are sufficient to meet our financial obligations, including required interest payments on our Notes, lease commitments, and to support our normal replacement of equipment at our current level of business for at least the next twelve months. Our future operating results and cash flows may be affected by a number of factors including our success in bidding on future contracts and our ability to manage controllable costs effectively. To the extent we seek to grow by acquisitions that involve consideration other than our stock, our capital requirements may increase.

Backlog. Our backlog is comprised of the uncompleted portion of services to be performed under job-specific contracts and the estimated value of future services that we expect to provide under long-term requirements contracts, including master service agreements. In many instances our customers are not contractually committed to specific volumes of services under a contract. However, the customer is obligated once the services are requested by the customer and provided by us. Many of our contracts are multi-year agreements, and we include in our backlog the amount of services projected to be performed over the terms of the contracts based on our historical relationships with customers and our experience in procurements of this nature. For certain multi-year projects relating to fiber deployments for one of our significant customers, we have included in the April 29, 2006 backlog amounts relating to anticipated work in calendar years 2006 and 2007. As of July 30, 2005, we included in backlog only those amounts for work through calendar 2005. These fiber deployment projects, when initially installed, are not required for the day-to-day provision of services by our customer. Consequently, these programs have generally been subject to more uncertainty, as compared to those of our other customers, with regards to activity levels. We have taken our current approach to the backlog for these fiber deployment projects as a result of the customer's expressed continued commitment to the program and our having recently agreed to two year pricing. Our estimates of a customer's requirements during a particular future period may not be accurate at any point in time.

Our backlog at April 29, 2006 and July 30, 2005 was \$1.6 billion and \$1.1 billion, respectively. We expect to complete approximately 50.8% of our current backlog during the next twelve months.

Seasonality and Quarterly Fluctuations

Our revenues are affected by seasonality. Most of our work is performed outdoors and as a result, our results of operations are impacted by extended periods of inclement weather. Generally, inclement weather occurs during the winter season which falls during our second and third quarters of the fiscal year. In addition, a disproportionate

percentage of total holidays fall within our second quarter, which impacts the number of available workdays.

In addition, we have experienced and expect to continue to experience quarterly variations in revenues and net income as a result

of other factors, including:

the timing and volume of customers' construction and maintenance projects,

budgetary spending patterns of customers,

the commencement or termination of master service agreements and other long-term agreements with customers,

costs incurred to support growth internally or through acquisitions,

fluctuation in results of operations caused by acquisitions,

changes in mix of customers, contracts, and business activities, and

fluctuations in insurance expense due to changes in claims experience and actuarial assumptions.

Accordingly, operating results for any fiscal period are not necessarily indicative of results that may be achieved for any subsequent fiscal period.

Special Note Concerning Forward-Looking Statements

This Quarterly Report on Form 10-Q, including the Notes to the Condensed Consolidated Financial Statements and this Management's Discussion and Analysis of Financial Condition and Results of Operations, contains forward-looking statements. The words believe, expect, anticipate, intend, forecast, project, and similar expressions identify forward-looking statements. Such statements may include, but may not be limited to, the anticipated outcome of contingent events, including litigation, projections of revenues, income or loss, capital expenditures, plans for future operations, growth and acquisitions, financial needs or plans and the availability of financing, and plans relating to our services including backlog, as well as assumptions relating to the foregoing. These forward-looking statements are based on management's current expectations, estimates and projections. Forward looking statements are subject to risks and uncertainties that may cause actual results in the future to differ materially from the results projected or implied in any forward-looking statements contained in this report. Such risks and uncertainties include: business and economic conditions in the telecommunications industry affecting our customers, the adequacy of our insurance and other reserves and allowances for doubtful accounts, whether the carrying value of our assets may be impaired, whether our recent acquisition can be effectively integrated into our existing operations, the impact of any future acquisitions, the anticipated outcome of contingent events, including litigation, liquidity needs and the availability of financing. Such forward looking statements are within the meaning of that term in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

PART II. OTHER INFORMATION

Item 6. Exhibits

Exhibits furnished pursuant to the requirements of Form 10-Q/A:

Number	Description
(31.1)	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
(31.2)	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
(32.1)	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(32.2)	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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.

DYCOM INDUSTRIES, INC.

Registrant

Date: August 1, 2006

/s/ Steven E. Nielsen

Name: Steven E. Nielsen

Title: President and Chief Executive Officer

Date: August 1, 2006

/s/ Richard L. Dunn

Name: Richard L. Dunn

Title: Senior Vice President and Chief
Financial Officer