



October 25, 2007

Dear Stockholders,

In fiscal 2007 Pike Electric Corporation made solid progress throughout the year, demonstrating the strength and resiliency of our core model, our longstanding customer relationships and the capabilities of our workforce. As the year progressed, we implemented a number of initiatives to improve productivity and enhance profitability, even as we experienced significantly fewer storms this year versus the previous two years. We were able to achieve our goal of reducing costs while pursuing, profitable growth. We continue to see strength in the underlying fundamentals of the electric transmission and distribution market, and we expect steady growth over the long term in our core powerline business as we continue to benefit from our customers' outsourcing as well as maintenance upgrades to the existing distribution infrastructure. I am confident that Pike Electric is in an ideal position to capitalize on these positive industry dynamics in the coming years and add value to our customers and stockholders over the long term.

#### 2007 Highlights

In fiscal 2007 we focused on improving our core powerline business by exiting unprofitable business, renegotiating more favorable contracts terms and pricing and enhancing productivity, in order to lay the groundwork for profitable growth. While total revenues decreased in fiscal 2007, the decline was primarily due to substantially lower storm activity and initiatives to improve long-term profitability including exiting unprofitable business.

These recent initiatives to renegotiate more favorable contracts, exit unprofitable business and improve operational efficiencies, translated into sustainable increases in margins as the year progressed. Quarterly gross margins improved on a sequential basis throughout the year from 13.2% in the first quarter to 17.8% in the fourth quarter as core powerline revenue per billable hour increased approximately 4% year over year.

One of our key goals this past year was to enhance productivity through the development of our employee base, which included reorganization at the management level and ongoing efforts to hire and retain linemen. This is an ongoing challenge, but we continue to focus on building, training and maintaining a strong workforce by establishing Pike Electric as the employer of choice for our employees.

We continue to improve our capital structure and generate strong cash flow. Cash flow from operations for fiscal 2007 increased 5% to \$78.5 million. In addition, the Company repaid \$62.0 million of its debt in fiscal 2007, reducing total debt outstanding to \$191.5 million as of June 30, 2007.

# Pike Electric Corporation

## Long-Term Focus

We believe the key to our performance in the coming year lies in our continued focus on contract profitability, the implementation of new IT enhancements to streamline our operations, ongoing debt reduction initiatives, and training our workforce for the opportunities that lie ahead. We will keep striving to be the model of excellence in our industry.

Looking ahead, we are very confident in our ability to deliver stable, long-term profitable growth and in turn build shareholder value. While the flexibility of our business model allows us to mobilize our line crews to respond to storm activity, our focus remains on our core powerline business. Our expectation is that this business can reach a high single digit organic growth rate over time driven by strong industry fundamentals, incremental revenue from existing customer growth and the addition of new customers. Our high-quality customer base, dedicated workforce, and strong operational management team have been the cornerstone of our strategy over the past 62 years and remain the key to our ongoing pursuit of excellence in the years to come.

## Internet Availability of Proxy Materials & Video Annual Report

The Securities and Exchange Commission (SEC) has voted to let corporations save mailing and printing costs by putting lengthy investor documents on the Internet. In order to realize these savings, while also providing our investors with a convenient way to access relevant information, we have adopted the SEC's delivery recommendations of 'notice and access' and with this year's annual report are transitioning our physical documents to electronic formats.

We have made our 10-K and proxy statement available to all investors online at [www.pike.com](http://www.pike.com) or [www.investoreconnect.com](http://www.investoreconnect.com). Instead of the hardcopy wrap around the 10-K, which has traditionally added a visual element to financial statements, we have created a dynamic video. We believe this new format does an exceptional job of conveying who we are and where we're going, above and beyond our financial statements. To view the video, please visit the investor relations section of our website at [www.pike.com](http://www.pike.com).

I would like to thank our employees for their ongoing dedication and commitment to delivering exceptional service, our customers for continuing to partner with Pike, and our stockholders for your support.

Sincerely,



J. Eric Pike  
Chairman, Chief Executive Officer, and President  
Pike Electric Corporation