

DYCOM INDUSTRIES INC

Form DEF 14A

October 27, 2009

Table of Contents

**United States
Securities and Exchange Commission
Washington, D.C. 20549**

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

DYCOM INDUSTRIES, INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Edgar Filing: DYCOM INDUSTRIES INC - Form DEF 14A

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:

 - (2) Form, Schedule or Registration Statement No.:

 - (3) Filing Party:

 - (4) Date Filed:
-

Table of Contents

**DYCOM INDUSTRIES, INC.
11770 U.S. Highway 1, Suite 101
Palm Beach Gardens, Florida 33408**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To Be Held On November 24, 2009**

To our Shareholders:

The Annual Meeting of Shareholders (the Annual Meeting) of Dycom Industries, Inc. (the Company) will be held at 11:00 a.m., local time, on Tuesday, November 24, 2009, at the City Club of the Palm Beaches, 11780 U.S. Highway 1, Suite 600, Palm Beach Gardens, Florida 33408.

At the Annual Meeting, you will be asked to vote on the following proposals, which are more fully described in the Proxy Statement accompanying this notice:

1. To elect three directors; and
2. To ratify the appointment of Deloitte & Touche LLP as the Company's independent auditor for fiscal 2010.

The Board of Directors has fixed the close of business on Friday, October 2, 2009, as the record date for determining the shareholders entitled to notice of and to vote at the Annual Meeting.

By Order of the Board of Directors,

Richard B. Vilsoet
Secretary
Palm Beach Gardens, Florida
October 27, 2009

YOUR VOTE IS IMPORTANT

Whether or not you plan to attend in person, it is important that your shares be represented and voted. You can vote your shares by signing and dating the enclosed proxy card and returning it in the accompanying envelope or via the Internet or telephone. You will find specific instructions for voting via the Internet or telephone on the proxy card. If you decide to attend the Annual Meeting and prefer to vote by ballot, your proxy will be revoked automatically and only your vote at the Annual Meeting will be counted. If you hold your shares through a broker and wish to vote at the meeting, you will need to obtain a proxy from the institution that holds your shares.

If you choose to attend the meeting, you will be asked to present valid picture identification, and if you hold your shares through a broker, you will be asked to present a copy of your brokerage statement showing your stock ownership as of October 2, 2009.

TABLE OF CONTENTS

<u>GENERAL INFORMATION</u>	1
<u>PROPOSAL 1 ELECTION OF DIRECTORS</u>	4
<u>BOARD OF DIRECTORS AND CORPORATE GOVERNANCE INFORMATION</u>	5
<u>Board Meetings and Attendance</u>	6
<u>Board Independence</u>	6
<u>Committees of the Board</u>	6
<u>Code of Ethics for Senior Financial Officers and Business Code of Conduct and Ethics</u>	8
<u>Executive Sessions of Non-Management Directors</u>	8
<u>Communications with the Board of Directors</u>	8
<u>Director Candidates</u>	9
<u>Director Compensation</u>	9
<u>Director Compensation Table</u>	11
<u>Compensation Committee Interlocks and Insider Participation</u>	12
<u>EXECUTIVE COMPENSATION</u>	13
<u>Compensation Discussion and Analysis</u>	13
<u>Compensation Committee Report</u>	28
<u>Summary Compensation Table</u>	29
<u>Grant of Plan-Based Awards Table</u>	30
<u>Outstanding Equity Awards Table</u>	32
<u>Option Exercises and Stock Vested Table</u>	35
<u>Potential Payments Upon Termination of Employment or Change of Control</u>	35
<u>Employment and Separation Agreements</u>	37
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	45
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	46
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	48
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	48
<u>PROPOSAL 2 RATIFICATION OF THE APPOINTMENT OF THE INDEPENDENT AUDITOR</u>	49
<u>PRINCIPAL ACCOUNTING FIRM FEES</u>	49
<u>AUDIT COMMITTEE REPORT</u>	50
<u>ADDITIONAL INFORMATION</u>	51
<u>Proposals for Fiscal Year 2010 Annual Meeting of Shareholders</u>	51
<u>Expenses of Solicitation</u>	51
<u>Other Matters</u>	51
<u>Notice of Internet Availability of Proxy Materials</u>	51

Table of Contents

**DYCOM INDUSTRIES, INC.
11770 U.S. Highway 1, Suite 101
Palm Beach Gardens, Florida 33408**

PROXY STATEMENT

**ANNUAL MEETING OF SHAREHOLDERS
Tuesday, November 24, 2009**

GENERAL INFORMATION

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Dycom Industries, Inc. (the Company) for use at the Annual Meeting of Shareholders to be held on Tuesday, November 24, 2009, at the City Club of the Palm Beaches, 11780 U.S. Highway 1, Suite 600, Palm Beach Gardens, Florida 33408, at 11:00 a.m., local time, or at any adjournments thereof (the Annual Meeting). This Proxy Statement and the accompanying proxy card are being mailed to shareholders on or about October 27, 2009.

What will I be voting on?

At the meeting, you and our other shareholders will be voting on the following:

the election of three (3) directors; and

the ratification of the appointment of Deloitte & Touche LLP as the Company's independent auditor for fiscal 2010.

Who may vote?

You may vote if you owned common stock of the Company as of the close of business on October 2, 2009, the record date for the Annual Meeting. Each share of the Company's common stock is entitled to one vote on each matter to be voted on. As of the record date, there were 38,994,161 shares of the Company's common stock outstanding and entitled to vote at the Annual Meeting.

Who may attend the Annual Meeting?

All shareholders of record at the close of business on October 2, 2009, or their duly appointed proxies, may attend the Annual Meeting. Please be prepared to present valid photo identification for admission to the meeting. Cameras, recording devices and other electronic devices will not be permitted at the Annual Meeting.

If you hold shares in street name (that is, in a brokerage account or through a bank or other nominee) and you plan to attend the Annual Meeting, you will need to bring a copy of a statement reflecting your share ownership as of the record date and check in at the registration desk at the Annual Meeting.

Table of Contents

What are the voting recommendations of the Board of Directors?

The Board of Directors recommends that you vote your shares FOR each of the nominees named in this Proxy Statement for election to the Board of Directors and FOR the ratification of the appointment of Deloitte & Touche LLP as the Company's independent auditor for fiscal 2010.

How do I vote?

You may vote your shares in any of the following manners:

- by signing and dating the enclosed proxy card and returning it in the accompanying envelope;
- by going to the website *www.proxyvote.com*, with your proxy card in hand, and following the instructions;
- by telephone following the instructions included with your proxy card; or
- by written ballot at the Annual Meeting.

If you are a stockholder of record and you attend the Annual Meeting, you may deliver your completed proxy card in person. If you hold your shares in street name and you wish to vote at the Annual Meeting, you will need to obtain a proxy from the broker or nominee that holds your shares.

Whether or not you plan to attend the Annual Meeting, we encourage you to vote by proxy as soon as possible.

What if I hold my shares in street name ?

Many shareholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own name. This is often called holding shares in street name. As summarized below, there are some distinctions between record shareholders and street name holders.

If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, you are considered the shareholder of record for those shares, and these proxy materials are being sent directly to you.

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of those shares and you hold your shares in street name. In this case, proxy materials are being forwarded to you by your broker or nominee. As the beneficial owner, you have the right to direct your broker how to vote and are also invited to attend the Annual Meeting. However, because you are not a shareholder of record, you may not vote these shares in person at the Annual Meeting unless you bring with you a proxy from your broker or nominee. Your broker or nominee has enclosed a voting instruction card for you to use in directing the vote of your shares.

Can I change my mind after I vote?

Yes. If you are a shareholder of record, you may change your vote or revoke your proxy at any time before it is voted at the Annual Meeting by filing an instrument of revocation with the Secretary of the Company or by submitting a proxy bearing a later date than the proxy being revoked prior to the Annual Meeting. Additionally, shareholders who attend the Annual Meeting may revoke a previously granted proxy and vote in person. If you hold your shares in street name and wish to change your vote at the Annual Meeting, you will need to obtain a proxy from the broker or nominee that holds your shares.

Table of Contents

Will my shares be voted if I do not provide my proxy?

If you are a shareholder of record and you do not vote or provide a proxy, your shares will not be voted.

Your shares may be voted if they are held in street name, even if you do not provide the brokerage firm with voting instructions. Brokerage firms have the authority under New York Stock Exchange rules to vote shares for which their customers do not provide voting instructions on certain routine matters. The election of directors and the ratification of the appointment of the independent auditor are both considered routine matters under these rules.

What constitutes a quorum?

The presence in person or by proxy of the holders of a majority of the common stock of the Company will constitute a quorum. A quorum is necessary to transact business at the Annual Meeting. Shares of common stock represented by proxies that reflect abstentions or broker non-votes (i.e., shares held by a broker or nominee which are represented at the Annual Meeting, but with respect to which such broker or nominee is not empowered to vote on a particular proposal) will be counted as shares that are present and entitled to vote for purposes of determining the presence of a quorum.

What vote is required to approve each proposal?

The affirmative vote of a majority of the shares of common stock represented and entitled to vote at the Annual Meeting is required to ratify the appointment of Deloitte & Touche LLP as the Company's independent auditor for fiscal year 2010. Directors are elected by a plurality of the votes cast by the shares of common stock represented and entitled to vote at the Annual Meeting.

Will any other matters be voted on at the Annual Meeting?

As of the date of this Proxy Statement, management of the Company knows of no other matter that will be presented for consideration at the Annual Meeting other than those matters discussed in this Proxy Statement. If any other matters properly come before the Annual Meeting and call for a vote of shareholders, validly executed proxies in the enclosed form returned to the Company will be voted in accordance with the recommendation of the Board of Directors, or, in absence of such a recommendation, in accordance with the judgment of the proxy holders.

Deadline for Appointment of Proxies by Telephone or the Internet or Returning Your Proxy Card

Company shareholders should complete and return the proxy card as soon as possible. To be valid, your proxy card must be completed in accordance with the instructions on it and received by us **no later than 11:59 p.m., Eastern Time, on November 23, 2009**. If you appoint your proxy by telephone or the Internet, we must receive your appointment **no later than 11:59 p.m., Eastern Time, on November 23, 2009**. If your common shares are held in street name, you should return your proxy card or voting instruction card in accordance with the instructions on that card or as provided by the bank, brokerage firm or other nominee who holds Company common stock on your behalf.

* * * *

A copy of the Company's Annual Report to Shareholders, including financial statements for the fiscal years ended July 25, 2009 and July 26, 2008, is enclosed with this Proxy Statement, but such documentation does not constitute a part of the proxy soliciting material.

Table of Contents

PROPOSAL 1

ELECTION OF DIRECTORS

The Articles of Incorporation of the Company provide that the Board of Directors shall be divided into three classes, with each class having as equal a number of directors as possible. The Board of Directors currently consists of seven members.

Three director nominees have been nominated for election at the Annual Meeting. The nominees are Stephen C. Coley, Patricia L. Higgins and Steven E. Nielsen. Each nominee was selected by the Corporate Governance Committee and approved by the Board of Directors for submission to shareholders of the Company. Stephen C. Coley, Patricia L. Higgins and Steven E. Nielsen are each currently serving terms that expire at the Annual Meeting and each has been nominated for a three-year term expiring at the fiscal 2012 annual meeting of shareholders.

Each of the nominees has consented to serve if elected to the Board of Directors. If any director nominees become unable to accept nomination or election, which is not anticipated, the persons named as proxies will vote for the election of such other person as the Board of Directors may recommend. Proxies cannot be voted for a greater number of persons than the number of nominees named below.

NOMINEES FOR ELECTION AT THIS MEETING

The following table sets forth the name, age and principal occupation of each nominee for election as a director of the Company:

Stephen C. Coley
Director since 2003
Age 64

Mr. Coley is a Director Emeritus of McKinsey & Company, Inc. Mr. Coley was a Management Consultant with McKinsey & Company, Inc. from July 1975 to January 2004. Mr. Coley is currently a director of Flagstone Reinsurance Holdings Limited.

Patricia L. Higgins
Director since 2008
Age 59

Ms. Higgins was President, Chief Executive Officer, and a director of Switch & Data Facilities Company, Inc., a provider of neutral interconnection and collocation services, from September 2000 to February 2004. Prior to that, Ms. Higgins served as Chairman and Chief Executive Officer of The Research Board, a consulting and research services company for information technology from May 1999 to August 2000. Prior to 1999, Ms. Higgins was the Chief Information Officer of Alcoa Inc. and also held senior management positions at UNISYS Corporation, Verizon (NYNEX) and AT&T Inc. Ms. Higgins is currently a director of Barnes and Noble, Inc., Internap Network Services Corporation, The Travelers Companies, Inc. and Visteon Corporation.

Steven E. Nielsen
Director since 1996
Age 46

Mr. Nielsen has been the President and Chief Executive Officer of the Company since March 1999; President and Chief Operating Officer from August 1996 to March 1999; and Vice President from February 1996 to August 1996.

Table of Contents

DIRECTORS WHOSE TERMS CONTINUE BEYOND THE MEETING

Thomas G. Baxter
Director since 2005
Term expires 2010
Age 62

Mr. Baxter was an advisor of Churchill Ventures Ltd from July 2006 to December 2008. From October 2001 to January 2005 Mr. Baxter was President of Time Warner Cable, a division of Time Warner Inc. Mr. Baxter was President and Chief Executive Officer of Audible, Inc. from February 2000 to July 2001 and an operating partner of Evercore Partners, from 1998 to 2000. Mr. Baxter was a director of Dycom Industries, Inc. from January 1999 to December 2001.

Charles M. Brennan, III
Director since 2002
Term expires 2010
Age 67

Mr. Brennan served as Chairman of the Board of Directors of MYR Group, Inc. from March 2006 to December 2007. Mr. Brennan was Chairman and Chief Executive Officer of MYR Group, Inc. from 1989 to April 2000. Mr. Brennan is currently a director of Rogers Corporation.

James A. Chiddix
Director since 2007
Term expires 2011
Age 64

Mr. Chiddix has served as Vice Chairman of the Board of Directors at OpenTV Corp. since May 2007; he was Executive Chairman and Chief Executive Officer at OpenTV Corp. from 2004 to 2007. Mr. Chiddix was President of Time Warner Inc.'s Interactive Video Division from 2001 through 2004, and was Senior Vice President, Technology and Chief Technology Officer at Time Warner Cable from 1986 through 2001. Mr. Chiddix is currently a director at ARRIS Group, Inc., Symmetricom, Inc., Virgin Media, Inc. and Shougang Concord Technology Holdings.

Charles B. Coe
Director since 2005
Term expires 2011
Age 61

Mr. Coe was President of BellSouth Network Services, from 2000 to 2001; prior to this Mr. Coe held various other executive positions at BellSouth Corporation over a 15 year period. Mr. Coe is currently a director of Internap Network Services Corporation.

Recommendation of the Board of Directors

The Board of Directors recommends that shareholders vote FOR the election of Stephen C. Coley, Patricia L. Higgins and Steven E. Nielsen as directors.

BOARD OF DIRECTORS AND CORPORATE GOVERNANCE INFORMATION

The Company is committed to sound corporate governance and to full compliance with New York Stock Exchange (NYSE), Securities and Exchange Commission (SEC) and other regulatory and legal requirements. In furtherance of these goals the Board of Directors has adopted a Business Code of Conduct and Ethics, a Code of Ethics for Senior Financial Officers, Corporate Governance Guidelines and written charters for each of its Corporate Governance Committee, Compensation Committee and Audit Committee, all of which are available on the Company's website at www.dycomind.com. Copies of each may also be obtained, without charge, upon written request to the Secretary of the Company at 11770 U.S. Highway 1, Suite 101, Palm Beach Gardens, Florida 33408. These documents are periodically reviewed in light of corporate governance developments and modified as appropriate. Please note that the information contained in or connected to the Company's website is not intended to be part of this Proxy Statement.

Table of Contents

Board Meetings and Attendance

The Board of Directors held eight meetings during the fiscal year ended July 25, 2009. All directors attended at least 75% of the meetings of the Board of Directors and the committees of the Board of Directors, if any, on which they served during the periods for which they have served as a director. Attendance at the annual meeting of shareholders is expected of all directors as if it were a regular meeting. All of the directors attended the annual meeting of shareholders held on November 25, 2008.

Board Independence

In accordance with our Corporate Governance Guidelines, the Board of Directors monitors the independence of its members on an ongoing basis using standards set forth in the guidelines. The guidelines reflect the requirements set forth in the NYSE Corporate Governance listing standards. Under these standards, the Board of Directors has determined that each of the six non-management members of the Board of Directors, including the two non-management director nominees that are currently members of the Board of Directors, is independent and that such group constitutes a majority of the Board of Directors. Mr. Nielsen, who serves as our President and Chief Executive Officer, is not independent.

Committees of the Board

The Board of Directors has the authority to appoint committees to perform certain management and administrative functions and currently has an Audit Committee, a Compensation Committee, a Corporate Governance Committee, an Executive Committee and a Finance Committee.

Audit Committee. The Audit Committee met seven times during fiscal 2009. The following directors are current members of the Audit Committee: Charles M. Brennan, III, Charles B. Coe and Stephen C. Coley. The Board of Directors has determined that each of the members of the Audit Committee is independent within the meaning of the NYSE Corporate Governance listing standards and our Corporate Governance Guidelines. In addition, the Board of Directors has reviewed the qualifications and experience of each of the Audit Committee members and determined that all members of the Audit Committee are financially literate as defined by the NYSE listing standards. The Board of Directors has determined that the Chair of the Audit Committee, Charles M. Brennan, III, qualifies as an audit committee financial expert within the meaning of applicable regulations of the SEC, promulgated pursuant to the Sarbanes-Oxley Act of 2002, and has accounting or related financial management expertise within the meaning of the NYSE listing standards. The SEC has indicated that the designation of Mr. Brennan as an audit committee financial expert does not make him an expert for any purpose, impose any duties, obligations or liability that are greater than the duties, obligations or liability imposed as a member of the Audit Committee and the Board of Directors in the absence of such designation, or affect the duties, obligations or liability of any other member of the Audit Committee or Board of Directors.

The Audit Committee has responsibility for, among other things, assisting the Board of Directors in the oversight of:

the quality and integrity of the Company's financial statements and related disclosure, internal controls and financial reporting;

the Company's compliance with applicable legal and regulatory requirements;

the independent auditor's qualification, independence and performance;

the performance of the Company's internal audit function and control functions; and approval of the fees paid to the Company's independent auditors.

Table of Contents

Compensation Committee. The Compensation Committee met eleven times during fiscal 2009. The Compensation Committee currently consists of Thomas G. Baxter, Charles B. Coe and Patricia L. Higgins. The Board of Directors has determined that each of the members of the Compensation Committee is independent within the meaning of the NYSE Corporate Governance listing standards and our Corporate Governance Guidelines.

Under its charter, the Compensation Committee has responsibility for, among other things:

recommending to the Board of Directors the compensation of the directors;

determining the compensation of the Chief Executive Officer and approving the compensation of the other executive officers;

administering the Company's equity-based and incentive compensation plans, policies and programs; and

reviewing and discussing with management the Company's compensation discussion and analysis included elsewhere in this Proxy Statement.

Pursuant to its charter, the Compensation Committee is empowered to hire outside advisors as it deems appropriate to assist it in the performance of its duties. The Compensation Committee has sole authority to retain or terminate any compensation consultants or advisors and to approve their fees. The Compensation Committee has engaged Compensation Strategies, Inc. as an independent executive compensation consulting firm to provide executive compensation consulting services to the Compensation Committee. In fiscal 2009, Compensation Strategies, Inc. attended eight Compensation Committee meetings.

For additional discussion on the services provided by Compensation Strategies, Inc. to the Compensation Committee, as well as the Compensation Committee's role and the process and procedures for the consideration and determination of executive compensation, see *Director Compensation* beginning on page 9 of this Proxy Statement and *Executive Compensation - Compensation Discussion and Analysis*, beginning on page 13 of this Proxy Statement.

Corporate Governance Committee. The Corporate Governance Committee met six times during fiscal 2009. The Corporate Governance Committee currently consists of James A. Chiddix, Stephen C. Coley and Patricia L. Higgins. The Board of Directors has determined that each of the members of the Corporate Governance Committee is independent within the meaning of the NYSE Corporate Governance listing standards and our Corporate Governance Guidelines.

The Corporate Governance Committee has responsibility for, among other things:

recommending to the Board of Directors the director nominees for election by the Company's shareholders, including those nominees that are recommended by shareholders in accordance with the procedures set forth below under the caption *Director Candidates* ;

recommending to the Board of Directors persons to fill vacancies on the Board of Directors;

recommending to the Board of Directors the appointment of officers of the Company;

periodically reviewing the number and functions of the five committees of the Board of Directors and recommending to the Board of Directors the appointment of its members to serve on the committees;

evaluating on an annual basis the performance of individual directors and the independence of outside directors;

evaluating the performance of the Chief Executive Officer on an annual basis and submitting its evaluation to the Compensation Committee;

Table of Contents

reviewing management succession and development plans;

establishing criteria and processes for, and lead the Board of Directors and each committee in, their respective annual self-evaluations; and

developing and monitoring compliance with a set of corporate governance guidelines.

Executive Committee. The Executive Committee met twice during fiscal 2009. The Executive Committee currently consists of Thomas G. Baxter, Charles M. Brennan, III and Steven Nielsen. The Executive Committee is empowered to act for the full Board of Directors during intervals between Board of Directors meetings, with the exception of certain matters that by law may not be delegated.

Finance Committee. The Finance Committee met six times during fiscal 2009. The Finance Committee currently consists of Thomas G. Baxter, Charles M. Brennan, III and Charles B. Coe. The principal functions of the Finance Committee are to set policy for short-term investments; to review borrowing arrangements; and to recommend changes in the capital structure and operating budget of the Company.

Code of Ethics for Senior Financial Officers and Business Code of Conduct and Ethics

The Company has adopted a Code of Ethics for Senior Financial Officers and a Business Code of Conduct and Ethics, each of which is a code of ethics as that term is defined in Item 406(b) of Regulation S-K. The Code of Ethics for Senior Financial Officers applies to the Chief Executive Officer, Chief Financial Officer, Controller and other employees performing similar functions, including the Chief Accounting Officer. The Business Code of Conduct and Ethics applies to all directors, officers, managers and employees of the Company. The Code of Ethics for Senior Financial Officers and the Business Code of Conduct and Ethics reflects the Company's expectation that its directors, officers and other employees conduct themselves with the highest standard of business ethics. The Company discloses amendments to, or a waiver from, provisions of the Code of Ethics for Senior Financial Officers and the Business Code of Conduct and Ethics by posting such information on the Company's website at the address specified above.

Executive Sessions of Non-Management Directors

In accordance with the Company's Corporate Governance Guidelines, non-management directors meet without management present at regularly scheduled executive sessions (at least quarterly). The lead non-management director, who is currently Stephen C. Coley, presides at such sessions.

Communications with the Board of Directors

The Board of Directors has adopted a formal process by which shareholders and other interested parties may communicate with one or more of the Company's non-management directors, the non-management directors as a group, a committee or the full Board of Directors. Shareholders who wish to communicate with a director or director group should direct their communications in writing to:

Dycom Industries, Inc.
c/o Richard B. Vilsoet, Secretary
11770 U.S. Highway 1, Suite 101
Palm Beach Gardens, Florida 33408

Table of Contents

The Secretary of the Company has primary responsibility for monitoring director related communications from shareholders and other interested parties and forwarding collected communications to the intended recipient provided they meet certain criteria. In general, communications are forwarded to the intended director or director group as long as the communications do not relate to ordinary business, legal or administrative matters or other non-substantive or inappropriate matters further described in the Company's Internal Process for Handling Communications to Directors. All concerns and complaints relating to accounting, internal accounting controls or auditing matters, as well as complaints regarding violations of the Business Code of Conduct and Ethics or Code of Ethics for Senior Financial Officers, will be referred to the Audit Committee in accordance with the Company's Whistleblower Policy and Procedures. Both the Internal Process for Handling Communications to Directors and the Whistleblower Policy and Procedures are available on the Company's website at www.dycomind.com.

Director Candidates

Pursuant to its charter and the Company's Corporate Governance Guidelines, the Corporate Governance Committee is responsible for recommending to the Board of Directors the director nominees for election by shareholders of the Company, including those nominees that are recommended by shareholders in accordance with the procedures set forth in the Company's By-Laws. The process followed by the Corporate Governance Committee to identify and evaluate director candidates includes requests to directors and others for recommendations, engagements of third-party search firms, meetings from time to time to evaluate biographical information and background materials relating to potential candidates, and interviews of selected candidates by members of the Corporate Governance Committee and the Board of Directors.

In considering whether to recommend any particular candidate for inclusion in the slate of recommended director nominees, the Corporate Governance Committee will consider numerous attributes, including the candidate's integrity, business acumen, knowledge of the Company's business and industry, age, experience and conflicts of interest. The Corporate Governance Committee does not assign specific weights to particular criteria, and no particular criterion is a prerequisite for a prospective nominee. The Corporate Governance Committee believes that the backgrounds and qualifications of our directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will allow the Board of Directors to fulfill its responsibilities and operate effectively.

The Corporate Governance Committee considers director nominee candidates from many sources, including shareholders. If a shareholder wishes to recommend a nominee for director, written notice should be sent to the Secretary of the Company in accordance with the instructions set forth later in this Proxy Statement under Proposals for Year 2010 Annual Meeting of Shareholders. Assuming that appropriate biographical and background material has been provided on a timely basis, the Corporate Governance Committee will evaluate shareholder-recommended candidates by following substantially the same process, and applying substantially the same criteria, as it follows for candidates submitted by others.

Director Compensation

The Company's compensation program for non-employee directors is designed to enable the Company to attract, retain and motivate highly qualified directors to serve on the Board of Directors. The program is also intended to further align the interests of the directors with those of the shareholders by compensating directors with a mix of cash and equity-based compensation. Directors who are employees of the Company receive no additional compensation for serving on the Board of Directors or its committees. The Compensation Committee periodically receives reports on the competitiveness

Table of Contents

of director compensation for non-employee directors from its independent compensation consultant and is responsible for recommending to the Board of Directors changes in director compensation. In November 2008, Compensation Strategies, Inc. prepared a report regarding the annual equity awards made to directors.

Directors Fees. Non-employee directors received the following fees in fiscal 2009: (i) an annual retainer fee of \$30,000; and (ii) a fee of \$10,000 for service as Audit Committee chair, \$7,500 for service as Compensation Committee chair and \$5,000 for service as Corporate Governance Committee chair.

During fiscal 2009, non-employee directors received \$2,250 for each regular or special meeting of the Board of Directors attended in person and \$1,000 for each telephonic meeting. Non-employee directors received \$1,250 for each regular meeting attended in person of the Audit, Corporate Governance, Finance and Executive Committees, and \$750 for each telephonic meeting. Non-employee directors received \$1,250 for each Compensation Committee meeting at which executive or director compensation was approved, whether attended in person or telephonically, and \$750 for all other meetings. All directors are reimbursed for reasonable expenses incurred in connection with all meetings.

Non-Employee Directors Equity Plan. The 2007 Non-Employee Directors Equity Plan, adopted in November 2007, provides for (i) an annual equity award to each continuing non-employee director as of the date of the Company's annual general meeting of shareholders and (ii) an equity award upon a new non-employee director's initial election or appointment to the Board of Directors. In each case, the value, type and terms of such awards are approved by the Board of Directors based on the recommendation of the Compensation Committee. Non-qualified stock options, shares of restricted stock, restricted stock units and deferred restricted stock units may be granted under the 2007 Non-Employee Directors Equity Plan. For fiscal 2009, each continuing director was granted 10,000 options to acquire shares of common stock of the Company which vest, subject to continuing service, ratably over four years following the grant date. Additionally, each director received restricted stock units valued at \$25,000, based on the closing price of the Company's common stock on the grant date. These units vest upon the one year anniversary of the date of grant. Pursuant to the 2007 Non-Employee Directors Equity Plan, non-employee directors who do not beneficially own at least 7,500 shares of Company common stock or restricted stock units must elect to receive at least 60% of their annual retainer(s) in restricted shares of Company common stock or restricted stock units, at the Company's discretion. Additionally, non-employee directors may elect to receive up to 100% of such retainer(s) in restricted shares of Company common stock or restricted stock units. The number of restricted shares of Company common stock or restricted stock units to be granted to a non-employee director is determined by (i) dividing (a) the U.S. dollar amount of the director's annual retainer(s) elected to be received in the form of restricted stock or restricted stock units by (b) the fair market value of a share of the Company's common stock on the date such fees are payable and (ii) rounding up to the nearest whole share of common stock. Non-employee directors are permitted to defer settlement of their restricted stock units until the earlier of their termination of service on the Board of Directors for any reason and a date specified by such director. Under the 2007 Non-Employee Directors Equity Plan 300,000 shares of common stock are authorized for issuance and, as of July 25, 2009, the Company had 159,813 shares available for future awards under the plan.

Table of Contents**Director Compensation Table**

The following table sets forth the compensation for the non-employee members of the Board of Directors for the fiscal year ended July 25, 2009.

Name	Fees Earned or Paid in Cash (\$)(1)(4)	Stock Awards (\$)(2)(4)	Option Awards (\$)(3)(4)	Change in Pension Value and Non-Equity Incentive Plan Deferred Other Compensation			Total (\$)
				(\$)	Earnings (\$)	(\$)	
Thomas G. Baxter(5) Charles M. Brennan, III(5)	\$ 68,752	\$ 41,477	\$ 52,548				\$ 162,777
James A. Chiddix(5)	\$ 71,806	\$ 41,477	\$ 44,075				\$ 157,358
Charles B. Coe(5)	\$ 48,502	\$ 24,575	\$ 21,965				\$ 95,042
Stephen C. Coley(5)	\$ 58,009	\$ 40,951	\$ 46,892				\$ 145,852
Patricia L. Higgins(5)	\$ 67,801	\$ 58,624	\$ 52,177				\$ 178,602
Jack H. Smith(6)	\$ 47,253	\$ 33,941	\$ 10,492				\$ 91,686
	\$ 6,000	\$ (23,856)	\$ (39,358)				\$ (57,214)

- (1) Under the 2007 Non-Employee Directors Equity Plan, non-employee directors who do not beneficially own at least 7,500 shares of Company common stock or restricted stock units must elect to receive at least 60% of their annual retainer(s) in restricted shares of common stock or restricted stock units, at the Company's discretion. Additionally, the non-employee directors may elect to receive up to 100% of such retainer(s) in restricted shares of common stock or restricted stock units, as applicable. The amounts in this column represent the fees that were earned or paid in cash plus the grant date fair value of restricted shares for the annual retainer(s) which the director elected to receive in restricted shares during fiscal 2009. The annual retainer fees which were required to be paid in restricted shares are included in the Stock Awards column. For fiscal 2009, the total number of restricted shares and aggregate grant date fair value which were elected to be paid in shares and therefore included in this column is as follows: Charles M. Brennan, III, 3,748 shares having an aggregate grant date fair value of \$30,054; Stephen C. Coley, 4,167 shares having an aggregate grant date fair value of \$35,049 and Patricia L. Higgins, 608 shares having an aggregate grant date fair value of \$6,002.
- (2) The dollar amount shown reflects the amount recognized by the Company during fiscal 2009 for financial statement purposes pursuant to SFAS No. 123(R) (without any reduction for risk of forfeiture) for restricted stock or restricted stock unit awards granted to the non-employee directors during or prior to fiscal 2009, excluding amounts a director elected to receive in restricted shares or restricted stock units (RSUs) as described in footnote (1) above. Each RSU entitles the recipient to one share of the Company's common stock upon settlement. See Note 15 to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the fiscal year

ended July 25, 2009, regarding assumptions underlying valuation of equity awards.

- (3) Represents the accounting expense that the Company incurred during fiscal 2009 for stock options granted to the directors duri