



**DYCOM INDUSTRIES, INC.  
RELATED PARTY TRANSACTION APPROVAL POLICY**

**I. POLICY**

It is the policy of the Board of Directors (the “Board”) of Dycom Industries, Inc. (the “Company”) that the Company enter into or ratify Related Party Transactions (as defined below) only when the Board, acting through the Audit Committee (the “Committee”), determines that the Related Party Transaction in question is in, or is not inconsistent with, the best interests of the Company and its shareholders. Therefore, the Company has adopted the procedures set forth below for the review, approval or ratification of Related Party Transactions.

Certain Related Party Transactions must be disclosed pursuant to Item 404(a) of Regulation S-K of the Securities and Exchange Commission (“SEC”) in the Company’s filings with the SEC. The rules of the SEC also require disclosure regarding the Company’s policies and procedures for the review, approval and ratification of Related Party Transactions. In addition, SEC rules and New York Stock Exchange listing standards require the Board to assess whether relationships or transactions exist that may be relevant to the determination of the independence of the Company’s directors. This independence determination is made by the Board, and a director’s independence may be affected by his or her engaging in a Related Party Transaction. The Florida Business Corporations Act also requires the Board to consider the interests of directors in any transaction to which the Company is a party. The Company’s directors and executive officers are also subject to the Company’s Code of Business Conduct and Ethics, which outlines responsibilities and reporting related to actual and potential conflicts of interest.

**II. RESPONSIBILITY**

The Committee is responsible for establishing, administering and interpreting this Related Party Transaction Approval Policy (the “Policy”).

**III. DEFINITIONS**

“Related Party Transaction” means (1) any financial transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) or any series of similar transactions, arrangements or relationships, where the amount involved will exceed \$120,000 in any fiscal year, in which the Company (including any of its subsidiaries) is a participant and in which a Related Person has a direct or indirect material interest; and (2) any amendment or modification to an existing Related Party Transaction.

“Related Persons” include:

- any person who is, or at any time since the beginning of the Company’s last fiscal year was, a director or executive officer of the Company or a nominee to become a director of the Company;
- any person who is known to be the beneficial owner of more than 5% of any class of the Company’s voting securities;



- any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law (including adoptive relationships) of the director, executive officer, nominee or more than 5% beneficial owner, and any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee or more than 5% beneficial owner; and
- any firm, corporation or other entity in which any of the foregoing persons is employed or is a partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest.

#### **IV. STANDARDS FOR APPROVAL OF TRANSACTIONS**

The Committee will analyze the following factors, in addition to any other factors the Committee deems appropriate, in determining whether to approve a Related Party Transaction:

- whether the terms are fair and reasonable to the Company, have resulted from arm's length negotiations and are on terms at least as favorable as would apply if the transaction did not involve a Related Person;
- whether there are demonstrable business reasons for the Company to enter into the Related Party Transaction;
- the approximate dollar value of the transaction(s) and whether the transaction is material to the Related Person and/or the Company;
- the role the Related Person has played in arranging the Related Party Transaction;
- whether the Related Party Transaction could impair the independence of a director;
- whether the Related Party Transaction is permitted under covenants contained in the Company's material debt agreements;
- the structure of the Related Party Transaction; and
- the interests of all Related Persons in the Related Party Transaction and whether the Related Party Transaction would present an improper conflict of interest for any director or executive officer of the Company, taking into account the foregoing factors and any other factors the Committee deems relevant.

A Related Party Transaction will only be approved by the Committee if the Committee determines that the Related Party Transaction is beneficial to the Company and the terms of the Related Party Transaction are fair to the Company.

#### **V. APPROVAL PROCESS**

Related Party Transactions will be brought to the attention of the General Counsel and, ultimately, the Committee in a number of ways. Each of the Company's directors and executive officers completes a questionnaire on an annual basis designed to elicit information about any relationships that could lead to potential Related Party Transactions. In addition, it is the responsibility of each director and executive officer to bring any Related Party Transaction in which he or she may become involved to the General Counsel for review in accordance with this policy, and each Related Person who identifies



a transaction that could constitute a Related Party Transaction under this policy and in which he or she or any immediate family member may become involved is required to bring the transaction to the attention of the General Counsel prior to entering into the transaction. In the event that approval of a proposed transaction was not sought prior to entering into the transaction, approval should be sought as soon as possible and no later than the next regularly scheduled Committee meeting. All potential Related Party Transactions that are identified will be analyzed by the General Counsel, in consultation with management and with outside counsel, as appropriate, to determine whether the transaction or relationship constitutes a Related Party Transaction requiring compliance with this policy.

In connection with the Committee's review of the potential Related Party Transaction, management shall provide the Committee with the information described in Section IV and any additional information requested by the Committee.

The Committee may, in its sole discretion, approve or deny any Related Party Transaction. Approval of a Related Party Transaction may, in the discretion of the Committee, be conditioned upon the Company and the Related Person taking any actions that the Committee determines is appropriate.

Any member of the Board who has an interest in the transaction under discussion will abstain from voting on the approval of the Related Party Transaction, but may, if so requested by the Chair of the Committee, participate in some or all of the Committee's discussions of the Related Party Transaction.

If a Related Party Transaction will be ongoing, the Committee may establish guidelines for the Company's management and the Related Parties involved to follow in connection with ongoing dealings with the Related Person and participation in the Related Party Transaction, respectively. Thereafter, the Committee shall periodically (but no less than annually) review and assess ongoing relationships with the Related Person to see that they are in compliance with such guidelines and that the Related Party Transaction remains appropriate. To the extent the terms of the Related Party Transaction materially deviate from the guidelines established by the Committee, the Related Person and/or Company management should inform the Committee of such changes.

## **VI. PRE-APPROVED TRANSACTIONS**

The Committee has reviewed the types of Related Party Transactions described below and determined that each of the following Related Party Transactions shall be deemed to be pre-approved by the Committee:

- Any employment by the Company of an executive officer of the Company if:
  - a) the related compensation is required to be reported in the Company's proxy statement under Item 402 of the SEC's compensation disclosure requirements (generally applicable to "named executive officers"), or
  - b) the executive officer is not an immediate family member of another executive officer or director of the Company, the related compensation would be reported in the Company's proxy statement under Item 402 of the SEC's compensation disclosure requirements if the executive officer was a "named executive officer", and the Company's Compensation Committee approved (or recommended that the Board approve) such compensation;



- Any compensation paid to a director if the compensation is required to be reported in the Company's proxy statement under Item 402 of the SEC's compensation disclosure requirements;
- Any transaction with another company at which a Related Person's only relationship is as an employee (other than an executive officer), director or beneficial owner of less than 10% of that company's shares, if the aggregate amount involved does not exceed the greater of \$120,000, or 2 percent of that company's total annual revenues;
- Any transaction where the Related Person's interest arises solely from the ownership of the Company's common stock and all holders of the Company's common stock received the same benefit on a *pro rata* basis (e.g. dividends);
- Any transaction involving a Related Person where the rates or charges involved are determined by competitive bids;
- Any transaction with a Related Person involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services; and
- Indemnification payments made pursuant to the Company's Restated Articles of Incorporation or Restated By-laws or pursuant to any agreement or instrument between the Company and the Related Person.

Directors, executive officers and employees should consult with the Company's General Counsel as to any questions of whether a transaction could be considered a Related Party Transaction, including application of Item 404(a) of Regulation S-K.

## **VII. REPORTING OF FAMILY RELATIONSHIPS**

An officer, director or nominee for directorship of the Company (a "Directly Related Person") shall from time to time disclose in writing to the General Counsel of the Company the identity of any person who is an immediate family member of such Directly Related Person and who has, or may have, a direct or indirect interest in a transaction that the Company may enter. The General Counsel shall then promptly report to the Committee for consideration any Related Party Transaction involving such immediate family member (excluding transactions exempt or pre-approved under this policy). In such a case, the Directly Related Person shall be deemed to have satisfied this policy with respect to such transactions unless such Directly Related Person has actual knowledge that a specific transaction violates this policy.

## **VIII. DISCLOSURE**

All Related Party Transactions that are required to be disclosed in the Company's filings with the Securities and Exchange Commission, as required by the Securities Act of 1933 and the Exchange Act and related rules and regulations, shall be so disclosed in accordance with such laws, rules and regulations.