

DYCOM INDUSTRIES INC

Form DEF 14A

October 29, 2007

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**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:

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- o Fee paid previously with preliminary materials.
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(1) Amount Previously Paid:

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(3) Filing Party:

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**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 20, 2007**

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 20, 2007, at the City Club of the Palm Beaches, 11780 U.S. Highway 1, Suite 600, Palm Beach Gardens, Florida 33408. The Annual Meeting will be held for the following purposes:

1. To elect three directors;
2. To vote upon a proposal to approve the Company s 2007 Non-Employee Directors Equity Plan; and
3. To transact such other business as may properly come before the Annual Meeting or any adjournments of the Annual Meeting.

The Board of Directors has fixed the close of business on Monday, October 1, 2007, as the record date for determining the shareholders entitled to notice of and to vote at the Annual Meeting.

**IMPORTANT**

Please mark, date, sign and return the enclosed proxy card promptly so that your shares can be voted. If you attend the Annual Meeting, you may withdraw your completed proxy and vote in person.

BY ORDER OF THE BOARD OF DIRECTORS,

Richard B. Vilsoet  
*Secretary*

October 29, 2007

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

**PROXY STATEMENT**

**ANNUAL MEETING OF SHAREHOLDERS  
Tuesday, November 20, 2007**

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 20, 2007, 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), for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders.

Only shareholders of record at the close of business on October 1, 2007 (the Record Date) will be entitled to notice of and to vote at the Annual Meeting. On October 1, 2007, the Company had 41,050,086 shares of common stock, par value \$0.331/3, issued and outstanding. All shares outstanding on the Record Date are entitled to vote. Each share of common stock entitles the holder thereof to one vote.

A proxy card that is properly marked, signed, dated and returned in time for the Annual Meeting will be voted in accordance with the instructions contained therein. If no instructions are indicated, each share of common stock represented by proxy will be voted for the election of the listed nominee directors and for approval of the Company's 2007 Non-Employee Directors Equity Plan (the 2007 Directors Plan).

This Proxy Statement and the accompanying proxy card are being mailed to shareholders on or about October 29, 2007. Any shareholder giving a proxy has the power to revoke the proxy prior to its use. The proxy can be revoked 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.

The presence in person or by proxy of the holders of a majority of the common stock will constitute a quorum. A quorum is necessary to transact business at the Annual Meeting. With the exception of the election of directors, which requires a plurality of the votes cast, the affirmative vote of a majority of the shares of common stock represented at the Annual Meeting is required to approve any other proposals. 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.

A copy of the Company's Annual Report to Shareholders, including financial statements for the fiscal years ended July 28, 2007 and July 29, 2006, is enclosed with this Proxy Statement, but such documentation does not constitute a part of the proxy soliciting material.

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The Company's Articles of Incorporation provides that the Board of Directors shall be divided into three classes, with each class having as equal a number of directors as possible. Three director nominees have been nominated for election at the Annual Meeting. The nominees are Thomas G. Baxter, Charles M. Brennan, III and James A. Chiddix. Each nominee was selected by the Corporate Governance Committee and approved by the Board of Directors for submission to the Company's shareholders. Thomas G. Baxter and Charles M. Brennan, III 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 year 2010 Annual Meeting of Shareholders. James A. Chiddix has been nominated for a one-year term expiring at the fiscal year 2008 Annual Meeting of Shareholders. If any director nominees become unable to accept nomination or election, which is not anticipated, the persons acting under such proxies will vote for the election of such other person as the Board of Directors may recommend.

<b>Nominees for Election</b>	<b>Age</b>	<b>Principal Occupation for Past Five Years and Directorships in Public Companies</b>	<b>Director Since</b>	<b>Term Expires At Annual Meeting For</b>
Thomas G. Baxter	60	Mr. Baxter has been an advisor of Churchill Ventures Ltd since July 2006. 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.	2005	2010
Charles M. Brennan, III	65	Mr. Brennan has served as Chairman of the Board of Directors of MYR Group, Inc. since March 2006. Mr. Brennan was Chairman and Chief Executive Officer of MYR Group, Inc. from 1989 to April 2000. Mr. Brennan is a director of Rogers Corporation.	2002	2010
James A. Chiddix	62	Mr. Chiddix has served as Vice Chairman of the Board of Directors of OpenTV Corp. since May 2007 and has been a director since 2004. Mr. Chiddix was Executive Chairman and Chief Executive Officer of OpenTV Corp. from May 2004 through April 2007 and President of Mystro TV (a business unit of Time Warner, Inc.) from July 2001 to January 2004. Mr. Chiddix is currently a director of	N/A	2008





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<b>Directors Whose Terms Continue Beyond the Meeting</b>	<b>Age</b>	<b>Principal Occupation for Past Five Years and Directorships in Public Companies</b>	<b>Director Since</b>	<b>Term Expires At Annual Meeting For</b>
Charles B. Coe	59	Mr. Coe was President of BellSouth Network Services, from 2000 to 2001. Mr. Coe is a director of Internap Network Services Corporation.	2005	2008
Stephen C. Coley	62	Mr. Coley was a Management Consultant with McKinsey & Company, Inc. from July 1975 to January 2004. Mr. Coley is a Director Emeritus of McKinsey & Company, Inc. and a director of Flagstone Reinsurance Holdings Limited.	2003	2009
Steven E. Nielsen	44	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. Mr. Nielsen is a director of SBA Communications Corporation.	1996	2009
Jack H. Smith	62	Mr. Smith was a partner of Ernst & Young LLP from October 1984 to July 2005 and managing partner of the Jacksonville, Florida office from 1996 to July 2005.	2005	2009

**Recommendation of the Board of Directors**

**The Board of Directors recommends that shareholders vote FOR the election of Thomas G. Baxter, Charles M. Brennan, III and James A. Chiddix as directors.**

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**CORPORATE GOVERNANCE**

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. The Company periodically reviews these documents in light of corporate governance developments and modifies the documents as appropriate.

**Board of Directors and Its Committees**

The Board of Directors has established five committees: an Audit Committee, a Compensation Committee, a Corporate Governance Committee, an Executive Committee and a Finance Committee.

**Audit Committee.** The Audit Committee currently consists of Charles M. Brennan, III, Charles B. Coe and Jack H. Smith. The Audit Committee operates in accordance with a written charter, a copy of which is available on the Company s website at www.dycomind.com. A copy 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.

The Audit Committee s primary responsibility is to assist the Board of Directors in the oversight of (1) the quality and integrity of the Company s financial statements and related disclosure, internal controls and financial reporting, (2) the Company s compliance with applicable legal and regulatory requirements, (3) the independent auditor s qualification, independence and performance and (4) the performance of the Company s internal audit function and control functions. The Audit Committee also approves the fees paid to the Company s independent auditors.

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 the Company s Corporate Governance Guidelines. In addition, the Board of Directors has determined that the Chairman of the Audit Committee, Charles M. Brennan, III, and Jack H. Smith each 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. The SEC has indicated that the designation of Mr. Brennan and Mr. Smith as an audit committee financial expert does not make them an expert for any purpose, impose on them any duties, obligations or liability that are greater than the duties, obligations or liability imposed on them as members 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 met nine times during fiscal 2007.

**Compensation Committee.** The Compensation Committee currently consists of Thomas G. Baxter, Charles B. Coe and Stephen C. Coley. 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 the Company s Corporate Governance Guidelines. The Compensation Committee operates in accordance with a written charter, a copy of which is available on the Company s website at www.dycomind.com. A copy 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.

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The Compensation Committee's primary responsibilities are to recommend to the Board of Directors the compensation of the directors, to determine the compensation of the Chief Executive Officer, and to approve the compensation of the other executive officers. Additionally, the Compensation Committee administers the Company's equity-based and incentive compensation plans, policies and programs. The Compensation Committee is responsible for reviewing and discussing with management the Company's compensation discussion and analysis included elsewhere in this Proxy Statement. The Compensation Committee met nine times during fiscal 2007.

**Corporate Governance Committee.** The Corporate Governance Committee currently consists of Stephen C. Coley, Charles M. Brennan, III and Joseph M. Schell. 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 the Company's Corporate Governance Guidelines. The Corporate Governance Committee operates in accordance with a written charter, a copy of which is available on the Company's website at [www.dycomind.com](http://www.dycomind.com). A copy 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.

The Corporate Governance Committee's primary responsibilities are to recommend 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; to recommend to the Board of Directors persons to fill vacancies on the Board of Directors; to recommend to the Board of Directors the appointment of officers of the Company; to recommend to the Board of Directors the appointment of its members to serve on the five committees of the Board of Directors; to periodically review the number and functions of the committees of the Board of Directors; to evaluate the performance of individual directors on an annual basis; to evaluate the performance of the Chief Executive Officer on an annual basis and submit its evaluation to the Compensation Committee; to review the independence of outside directors on an annual basis; to review management succession and development plans; to establish criteria and processes for, and lead the Board of Directors and each committee in, their respective annual self-evaluations; to develop and monitor compliance with a set of corporate governance guidelines; and to counsel the Board of Directors on other corporate governance matters. The Corporate Governance Committee met four times during fiscal 2007.

**Executive Committee.** 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. The Executive Committee met once during fiscal 2007.

**Finance Committee.** The Finance Committee currently consists of Thomas G. Baxter, Joseph M. Schell and Jack H. Smith. 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. The Finance Committee did not meet during fiscal 2007.

The Board of Directors held eight meetings during the fiscal year ended July 28, 2007. All of the directors attended more than 75% of the aggregate number of meetings held by the Board of Directors and its respective committees on which they served. Attendance at the annual meeting of shareholders is expected of all directors as if it were a regular meeting.

## **Board Independence**

In accordance with the Company's 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



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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 Company's directors. Mr. Nielsen, who serves as the Company's President and Chief Executive Officer, is not independent.

## **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 Company's 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 officers, managers and employees of the Company. Each code is available on the Company's website at [www.dycomind.com](http://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. The Company intends to satisfy the requirement under Item 5.05 of Form 8-K regarding disclosure of an amendment to, or a waiver from, provisions of the Code of Ethics for Senior Financial Officers by posting such information on its website at the address specified above.

## **Executive Sessions of Non-Management Directors**

In accordance with the Company's Corporate Governance Guidelines, the Company's 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 Company has adopted a formal process by which shareholders and other interested parties may communicate with one or more of the Company's directors, the Company's 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, General Counsel and Secretary, 11770 U.S. Highway 1, Suite 101, Palm Beach Gardens, Florida 33408. The Company's Secretary 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 Company's Business Code of Conduct and Ethics or Code of Ethics for Senior Financial Officers will be referred to the Company's 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](http://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 the Company's shareholders, 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,



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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. James A. Chiddix was initially identified as a director candidate by one of the Company's independent directors. Mr. Chiddix meets the independence requirements set forth in the NYSE Corporate Governance listing standards.

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 each prospective nominee. The Corporate Governance Committee believes that the backgrounds and qualifications of the Company's 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 Company's Secretary in accordance with the instructions set forth later in this Proxy Statement under "Proposals for Year 2008 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.

## **Certain Relationships and Related Transactions**

The Board of Directors has adopted written policies and procedures for the review of all transactions in which the Company is a participant and any director or nominee, executive officer or security holder of more than five percent of the Company's common stock (or, in the case of the foregoing persons, their immediate family members) has a direct or indirect financial interest.

A related person proposing to enter into such transaction must report the proposed related person transaction to the Company's General Counsel or Director of Internal Audit. The policy calls for the proposed related person transaction to be reviewed, and if deemed appropriate, approved by the Audit Committee. Generally, the Audit Committee will approve the transaction if the Audit Committee determines the transaction is beneficial to the Company and contains the same or reasonably comparable terms as would be obtained in an arm's length transaction with an unrelated third party.

Neither the Company nor any of its subsidiaries is engaged in any related party transaction with any director or executive officer of the Company, any nominee for director or any security holder known to the Company to own more than five percent of the Company's common stock.

## **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 Company's Board of Directors. The program is also intended to further align the interests of the Company's directors with those of the Company's 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 of director compensation for non-





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employee directors from its independent compensation consultant and is responsible for recommending to the Board of Directors changes in director compensation. The last such report was prepared by Mercer Human Resource Consulting in fiscal 2007. This report was considered in making the changes in director compensation on December 13, 2006 which are discussed below.

The following table sets forth the compensation for the non-employee members of the Company's Board of Directors for the fiscal year ended July 28, 2007.

Name	Fees Earned or Paid in Cash (\$) <sup>(1)(4)</sup>	Stock Awards (\$) <sup>(2)(4)</sup>	Option Awards (\$) <sup>(3)(4)</sup>	Change in Pension Value and Non-Equity Nonqualified Incentive			Total (\$)
				Plan Compensation (\$)	Deferred Compensation Earnings	All Other Compensation (\$)	
Thomas G. Baxter <sup>(6)</sup>	\$ 44,205	\$ 43,016	\$ 32,328				\$ 119,549
Charles M. Brennan, III <sup>(6)</sup>	\$ 54,757	\$ 42,767	\$ 45,425				\$ 142,949
Charles B. Coe <sup>(6)</sup>	\$ 40,747	\$ 32,298	\$ 35,668				\$ 108,713
Stephen C. Coley <sup>(6)</sup>	\$ 38,684	\$ 29,153	\$ 51,731				\$ 119,568
Joseph M. Schell <sup>(6)</sup>	\$ 38,431	\$ 40,659	\$ 46,124				\$ 125,214
Jack H. Smith <sup>(6)</sup>	\$ 33,497	\$ 26,623	\$ 34,648				\$ 94,768
Tony G. Werner <sup>(5)(6)</sup>	\$ 23,184	\$ 63,036	\$ 15,595				\$ 101,815

- (1) Under the 2002 Directors Restricted Stock 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. Non-employee directors who own at least 7,500 shares of Company common stock must elect to receive at least 25% of their annual retainer(s) in restricted shares of Company common stock or restricted stock units. Additionally, the 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, as applicable. This column represents 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 2007. The remainder of the annual retainer fees, which were required to be paid in restricted shares, is included in the "Stock Awards" column. The total number of restricted shares and aggregate fair value which were elected to be paid in shares and therefore included in this column is as follows: Charles M. Brennan, III 441 shares having an aggregate value of \$9,819; Charles B. Coe, 177 shares having an aggregate value of \$3,600; Stephen C. Coley, 541 shares having an aggregate value of \$12,184; and Joseph M. Schell, 875 shares having an aggregate value of \$19,681. The dollar amount shown for the restricted shares reflects the amount recognized for financial statement purposes pursuant to Statement of Financial Accounting Standard No. 123(R), "Share-Based Payment," (SFAS No. 123(R)). See Note 16 to Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended July 28, 2007, regarding assumptions underlying valuation of equity awards.

- (2) Represents restricted stock awards granted to each non-employee director on the first day of each fiscal quarter and a \$50,000 supplemental annual retainer (the Supplemental Retainer ) awarded to each non-employee director on December 13, 2006 for the period from November 21, 2006 to the day immediately prior to the fiscal 2007 Annual Meeting of Shareholders. The Supplemental Retainer was paid in the form of restricted stock units ( RSU s ) that vest in substantially equal installments over three years beginning on the first anniversary of the date of grant. Each RSU entitles the recipient to one share of the Company s common stock upon settlement. The dollar amount shown reflects the amount recognized for financial statement purposes pursuant to

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SFAS No. 123(R). See Note 16 to Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended July 28, 2007, regarding assumptions underlying valuation of equity awards.

- (3) Represents the accounting expense that the Company incurred during fiscal year 2007 for stock options granted to the directors in fiscal years 2003 through 2007. The dollar amount shown reflects the amount recognized for financial statement purposes pursuant to SFAS No. 123(R). See Note 16 to Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended July 28, 2007, regarding assumptions underlying valuation of equity awards.
- (4) The following table shows the grant date fair value of shares of restricted stock, restricted stock units and stock options granted during fiscal 2007 computed in accordance with SFAS 123(R). See Note 16 to Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended July 28, 2007, regarding assumptions underlying valuation of equity awards.

	<b>Grant Date</b>	<b>Grant Date Fair Value of Restricted Stock/Units Awards (\$)</b>	<b>Grant Date Fair Value of Stock Option Awards (\$)</b>
Thomas G. Baxter	7/31/2006	\$ 1,125	\$
	10/30/2006	\$ 2,700	\$
	11/21/2006	\$	\$ 27,580
	12/13/2006	\$ 50,011	\$
	1/29/2007	\$ 2,436	\$
	4/30/2007	\$ 2,658	\$
Charles M. Brennan, III	7/31/2006	\$ 3,450	\$
	10/30/2006	\$ 3,450	\$
	11/21/2006	\$	\$ 27,580
	12/13/2006	\$ 50,011	\$
	1/29/2007	\$ 6,589	\$
	4/30/2007	\$ 5,000	\$
Charles B. Coe	7/31/2006	\$ 4,500	\$
	10/30/2006	\$ 4,500	\$
	11/21/2006	\$	\$ 27,580
	12/13/2006	\$ 50,011	\$
	1/29/2007	\$ 5,845	\$
	4/30/2007	\$ 4,500	\$

Stephen C. Coley	7/31/2006	\$	5,125	\$	
	10/30/2006	\$	5,125	\$	
	11/21/2006	\$		\$	82,739
	12/13/2006	\$	50,011	\$	
	1/29/2007	\$	11,459	\$	
	4/30/2007	\$	8,750	\$	