



Dycom Industries, Inc. Adopts New Shareholder Rights Plan

April 4, 2001

PRNewswire

PALM BEACH GARDENS, Fla.

Dycom Industries, Inc. announced today that its board of directors has adopted a new shareholder rights plan to replace its existing shareholder rights plan and, pursuant to the terms of the existing rights plan, declared the rights currently outstanding null and void as of the close of business on April 14, 2001. The existing rights plan, which was scheduled to expire on June 1, 2002, had become outdated and no longer afforded Dycom shareholders the intended protections against partial tender offers and other coercive, unfair or abusive takeover tactics that might be used in an attempt to gain control of Dycom without paying all shareholders a fair price for their shares. While the newly adopted rights plan provides the intended protections, it will not prevent all takeovers since it is designed to deter coercive takeover tactics and to encourage anyone attempting to acquire Dycom to first negotiate with the Dycom board of directors.

Under the newly adopted rights plan, one preferred stock purchase right will be distributed as a dividend on each share of Dycom common stock outstanding as of the close of business on April 14, 2001. Each right will entitle Dycom shareholders to buy one ten-thousandth of a share of Series A Preferred Stock of Dycom at an exercise price of \$95. The rights become exercisable only if a person or group acquires beneficial ownership of 15% or more of Dycom's outstanding common stock or commences a tender or exchange offer which would result in a person or group beneficially owning 15% or more of Dycom's outstanding common stock.

If any person becomes the beneficial owner of 15% or more of Dycom's common stock or a holder of 15% or more of Dycom's common stock engages in certain self-dealing transactions or a merger transaction in which Dycom is the surviving corporation and its common stock remains outstanding, then each right not owned by such person or certain related parties will entitle its holder to purchase, at the right's then-current exercise price, units of the Dycom's Series A Preferred Stock (or, in certain circumstances, Dycom common stock, cash, property or other securities of Dycom) having a market value equal to twice the then-current exercise price. In addition, if Dycom is involved in a merger or other business combination transaction with another person after which its common stock does not remain outstanding, or sells 50% or more of its assets or earning power to another person, each right will entitle its holder to purchase, at the right's then-current exercise price, shares of common stock of the ultimate parent of such other person having a market value equal to twice the then-current exercise price.

Dycom will generally be entitled to redeem the rights at \$0.01 per right at any time until the tenth business day following public announcement that a person or group has acquired 15% or more of its outstanding common stock.

A copy of the newly adopted rights plan is attached as an exhibit to the Current Report on Form 8-K filed by Dycom with the Securities and Exchange Commission on April 4, 2001. Also, certain provisions of the newly adopted rights plan are outlined in the letter below which is being mailed to all shareholders.

April 4, 2001

To Our Shareholders:

I am pleased to inform you that, earlier today, our board of directors adopted a new shareholder rights plan that replaces our existing shareholder rights plan. The existing rights plan, which was scheduled to expire on June 1, 2002, had become outdated and no longer afforded our shareholders the intended protections against partial tender offers and other coercive, unfair or abusive takeover tactics that might be used in an attempt to gain control of Dycom without paying all of our shareholders a fair price for their shares. Our new rights plan provides the intended protections. Concurrently with the adoption of the new rights plan, pursuant to the terms of the existing rights plan, our board of directors declared the rights currently outstanding null and void as of the close of business on April 14, 2001.

Many other major corporations have adopted rights plans similar to our new rights plan. We consider the new rights plan to be extremely valuable in protecting the equity investment of our shareholders in Dycom and our shareholders' ability to realize the full value of that investment while not foreclosing a fair acquisition offer for Dycom. The new rights plan, together with certain charter and by-law provisions and certain provisions of the Florida Business Corporations Act, is designed to safeguard all of our shareholders from abusive takeover tactics that may be used by certain bidders and that our board of directors believes are not in the best interests of our shareholders. Such tactics may unfairly pressure our shareholders, squeeze out their investment without giving them any real choice and deprive them of the full value of their shares.

Our new rights plan is not intended to, and will not, prevent a takeover of Dycom. Designed to deal with the very serious problem of unilateral actions by hostile acquirors which are calculated to deprive our board of directors and our shareholders of their ability to determine Dycom's destiny, the existence of the new rights plan should not affect any prospective offeror willing to acquire Dycom and to negotiate with the board. The rights issued under the new rights plan may generally be redeemed by Dycom up to the tenth business day after any person or group has acquired 15% or more of Dycom's common stock, and is not intended to and should not interfere with any merger or other business combination approved by our board of directors. Our board of directors did not adopt the new rights plan in response to any party's attempt to acquire Dycom and our board of directors is not aware of any such effort. Rather, the new rights plan will aid our board of directors in continuing to protect the interests of all of our shareholders.

The issuance of rights under the new rights plan does not in any way weaken the financial strength of Dycom or interfere with our business plan. As with the issuance of rights under the existing rights plan, the issuance of the rights under our new rights plan will have no dilutive effect, will not affect reported earnings per share, will not be taxable to Dycom or to our shareholders, and will not change the way in which our shareholders can trade

Dycom's shares. We have enclosed a "Summary of Rights to Purchase Preferred Stock" which provides certain information about the new rights plan and which we urge you to read carefully. As explained in the Summary of Rights to Purchase Preferred Stock, the rights will only be exercisable if and when an event arises which triggers their effectiveness. They will then operate to protect our shareholders from being deprived of their right to share in the full measure of Dycom's long-term potential.

Our board of directors believes the new rights plan will continue to serve an important role in protecting the value of your Dycom shares.

Sincerely,

Steven Nielsen, President and CEO

SOURCE: Dycom Industries, Inc.

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