

OXBRIDGE RE HOLDINGS Ltd
Form 10-K
March 18, 2015
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

þ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2014

OR

“ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For The Transition Period From _____ To _____

Commission File Number 1-36346

OXBRIDGE RE HOLDINGS LIMITED
(Exact name of registrant as specified in its charter)

Cayman Islands
(State or other jurisdiction of incorporation or organization)

Not Applicable
(I.R.S. Employer Identification No.)

Harbour Place, Ground Floor

103 South Church Street

P.O. Box 469

Grand Cayman, Cayman Islands
(Address of principal executive offices)

KY1-9006
(Zip Code)

Registrant's telephone number, including area code: (345) 749-7570

Securities Registered Pursuant to Section 12(b) of the Exchange Act:

Title of Each Class	Name of Each Exchange on Which Registered
Ordinary Shares, par value \$0.001 (USD) per share	The NASDAQ Capital Market
Warrants	The NASDAQ Capital Market
Securities Registered Pursuant to Section 12(g) of the Exchange Act: None	

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Edgar Filing: OXBRIDGE RE HOLDINGS Ltd - Form 10-K

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Table of Contents

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting common equity held by non-affiliates of the registrant was \$8,846,672 (based upon the quoted closing sale price per share of the registrant's ordinary shares on The NASDAQ Capital Market) on the last business day of the registrant's most recently completed second fiscal quarter (June 30, 2014). For purposes of this calculation, the registrant has assumed that its directors and executive officers as of June 30, 2014 were affiliates.

As of March 12, 2015, 6,060,000 ordinary shares, par value \$0.001 (USD) per share, were outstanding.

Documents Incorporated by Reference:

None.

Table of Contents

OXBRIDGE RE HOLDINGS LIMITED

Index to Annual Report on Form 10-K

Year Ended December 31, 2014

	Page
<u>CAUTIONARY STATEMENTS FOR FORWARD-LOOKING INFORMATION</u>	2
<u>PART I.</u>	
ITEM 1. <u>BUSINESS</u>	2
ITEM 1A. <u>RISK FACTORS</u>	13
ITEM 1B. <u>UNRESOLVED STAFF COMMENTS</u>	31
ITEM 2. <u>PROPERTIES</u>	31
ITEM 3. <u>LEGAL PROCEEDINGS</u>	31
ITEM 4. <u>MINE SAFETY DISCLOSURES</u>	31
<u>PART II.</u>	
ITEM 5. <u>MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES</u>	32
ITEM 6. <u>SELECTED FINANCIAL DATA</u>	35
ITEM 7. <u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	35
ITEM 7A. <u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	45
ITEM 8. <u>FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA</u>	45
ITEM 9. <u>CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE</u>	45
ITEM 9A. <u>CONTROLS AND PROCEDURES</u>	45
ITEM 9B. <u>OTHER INFORMATION</u>	46
<u>PART III.</u>	
ITEM 10. <u>DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE</u>	46
ITEM 11. <u>EXECUTIVE COMPENSATION</u>	53
ITEM 12. <u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS</u>	55
ITEM 13. <u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE</u>	57

ITEM 14.	<u>PRINCIPAL ACCOUNTING FEES AND SERVICES</u>	58
	<u>PART IV.</u>	
ITEM 15.	<u>EXHIBITS, FINANCIAL STATEMENT SCHEDULES</u>	59
	<u>INDEX TO EXHIBITS</u>	60
	<u>SIGNATURES</u>	62

Table of Contents

SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

Unless otherwise indicated, references to we, us, our, our company, or the Company in this Annual Report on Form 10-K refer to Oxbridge Re Holdings Limited and its wholly-owned subsidiary, Oxbridge Reinsurance Limited, unless the context dictates otherwise.

All statements in this Annual Report on Form 10-K, including in the section entitled *Management's Discussion and Analysis of Financial Condition and Results of Operations* (refer to Part I, Item 7 of this Annual Report on Form 10-K), other than statements of historical fact, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). These forward-looking statements generally are identified by the words such as believe, project, predict, expect, anticipate, estimate, intend, plan, may, should, will, would, will be, will continue, and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from our historical results and the forward-looking statements and you should not place undue reliance on the forward-looking statements. A detailed discussion of risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in the section entitled *Risk Factors* (refer to Part I, Item 1A, of this Annual Report on Form 10-K). We undertake no obligation, other than imposed by law, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Readers are cautioned not to place undue reliance on the forward-looking statements which speak only to the dates on which they were made.

PART I

ITEM 1 BUSINESS

Overview

We are a Cayman Islands exempted company that was organized in April 2013 to provide reinsurance business solutions primarily to property and casualty insurers in the Gulf Coast region of the United States. Through our licensed reinsurance subsidiary, Oxbridge Reinsurance Limited, we write fully collateralized policies to cover property losses from specified catastrophes. We specialize in underwriting medium frequency, high severity risks, where we believe sufficient data exists to analyze effectively the risk/return profile of reinsurance contracts.

Our company was formed by investors with significant experience in the U.S. property and casualty insurance market who saw an opportunity to provide more competitive reinsurance products to property and casualty insurance providers in the Gulf Coast region. Oxbridge Reinsurance Limited, our reinsurance subsidiary, was approved by the Cayman Islands Monetary Authority as a licensed Class C insurance company under Cayman Islands law in April 2013. In June 2013, we completed a private placement in the amount of \$6.7 million. Following the private placement in June 2013, we entered into our initial reinsurance contracts with Claddaugh Casualty Insurance Company, Ltd. (Claddaugh), a captive reinsurance company and a subsidiary of HCI Group, a Florida-based, publicly traded holding company (HCI Group). Our core business is focused on the provision of property catastrophe reinsurance coverage to a broad range of select insurance companies and other reinsurers and we have since entered into additional reinsurance contracts with a number of third-party insurers and reinsurers.

Table of Contents

We underwrite reinsurance contracts on a selective and opportunistic basis as opportunities arise based on our goal of achieving favorable long-term returns for our shareholders. Our goal is to achieve long-term growth in book value per share by writing business that will generate attractive underwriting profits relative to the risk we bear. Unlike other insurance and reinsurance companies, we do not intend to pursue an aggressive investment strategy and instead intend to focus our business on underwriting profits rather than investment profits. However, we remain opportunistic with respect to investment income, and intend to increase shareholder value through supplemental investment income when favorable opportunities are available. Our business focus is on fully collateralized reinsurance contracts for property catastrophes in the Gulf Coast region of the United States with an initial emphasis on Florida, and within that market and risk category, we will attempt to select the most economically attractive opportunities across a variety of property and casualty insurers. As our capital base grows, however, we expect that we will consider growth opportunities in other geographic areas and risk categories.

Our Business Strategy

Our goal is to achieve attractive risk-adjusted returns for our shareholders through the prudent management of underwriting risks relative to our capital base. To achieve this objective, the following are the principal elements of our business strategy.

Maintain a Commitment to Disciplined Underwriting. We employ a disciplined and data-driven underwriting approach to select a diversified portfolio of risks that we believe will generate an attractive return to our shareholders over the long term. Neither our underwriting nor our investment strategies are designed to generate smooth or predictable quarterly earnings, but rather to optimize growth in book value per share over the long term.

Focus on Risk Management. We treat risk management as an integral part of our underwriting and business management processes. Substantially all of our reinsurance contracts contain loss limitation provisions that limit our losses to the value of the assets collateralizing our reinsurance contracts.

Partial Deployment of Capital. We will treat risk management as an integral part of our underwriting and business management processes. We expect that substantially all of our reinsurance contracts will contain loss limitation provisions that limit our losses to the value of the assets collateralizing our reinsurance contracts.

Take Advantage of Market Opportunities. Although our business is initially focused on catastrophe coverage for Gulf Coast insurers with an initial emphasis on Florida, we intend to continuously evaluate various market opportunities in which our business may be strategically or financially expanded or enhanced in the future. Such opportunities could take the form of diversifying our business into other geographic or market areas. Such opportunities could also include quota share reinsurance contracts, joint ventures, renewal rights transactions, corporate acquisitions of other insurers or reinsurers, or the formation of insurance or reinsurance platforms in new markets. We believe the environment in the reinsurance and insurance markets will continue to produce opportunities for us, either through organic expansion, through acquisitions, or a combination of both.

Table of Contents

The Reinsurance Industry

General

Reinsurance is an arrangement in which an insurance company, referred to as the reinsurer, agrees to assume from another insurance company, referred to as the ceding company or cedant, all or a portion of the insurance risks that the ceding company has underwritten under one or more insurance contracts. In return, the reinsurer receives a premium for the insured risks that it assumes from the ceding company, although reinsurance does not discharge the ceding company from its liabilities to policyholders. It is standard industry practice for primary insurers to reinsure portions of their insurance risks with other insurance companies under reinsurance agreements or contracts. This permits primary insurers to underwrite policies in amounts larger than the risks they are willing to retain. Reinsurance is generally designed to:

Reduce the ceding company's net liability on individual risks, thereby assisting it in managing its risk profile and increasing its capacity to underwrite business as well as increasing the limit to which it can underwrite on a single risk;

assist the ceding company in meeting applicable regulatory and rating agency capital requirements;

assist the ceding company in reducing the short-term financial impact of sales and other acquisition costs; and

enhance the ceding company's financial strength and statutory capital.

When reinsurance companies purchase reinsurance to cover their own risks assumed from ceding companies, this is known as retrocessional reinsurance. Reinsurance or retrocessional reinsurance can benefit a ceding company or reinsuring company, referred to herein as a retrocedant, as applicable, in various ways, such as by reducing exposure to individual risks and by providing catastrophe protection from larger or multiple losses. Like ceding companies, retrocedants can use retrocessional reinsurance to manage their overall risk profile or to create additional underwriting capacity, allowing them to accept larger risks or to write more business than would otherwise be possible, absent an increase in their capital or surplus.

Reinsurance contracts do not discharge ceding companies from their obligations to policyholders. Ceding companies therefore generally require their reinsurers to have, and to maintain, either a strong financial strength rating or security, in the form of collateral, as assurance that their claims will be paid.

Insurers generally purchase multiple tranches of reinsurance protection above an initial retention elected by the insurer. The amount of reinsurance protection purchased by an insurer is typically determined by the insurer through both quantitative and qualitative methods. In the event of losses, the amount of loss that exceeds the amount of reinsurance protection purchased is retained by the insurer. As a program is constructed from the ground up, each tranche added generally has a lower probability of loss than the prior tranche and therefore is generally subject to a lower reinsurance premium charged for the reinsurance protection purchased. Insurer catastrophe programs are typically supported by multiple reinsurers per program.

Table of Contents

Reinsurance brokers play an important role in the reinsurance market. Brokers are intermediaries that assist the ceding company in structuring a particular reinsurance program and in negotiating and placing risks with third-party reinsurers. In this capacity, the broker is selected and retained by the ceding company on a contract-by-contract basis, rather than by the reinsurer. Though brokers are not parties to reinsurance contracts, reinsurers generally receive premium payments from brokers rather than ceding companies, and reinsurers that do not provide collateralized reinsurance are frequently required to pay amounts owed on claims under their policies to brokers. These brokers, in turn, pay these amounts to the ceding companies that have reinsured a portion of their liabilities with reinsurers.

Types of Reinsurance Contracts

Property reinsurance products are often written in the form of treaty reinsurance contracts, which are contractual arrangements that provide for the automatic reinsurance of a type or category of risk underwritten. Treaty reinsurance premiums, which are typically due in installments, are a function of the number and type of contracts written, as well as prevailing market prices. The timing of premiums written varies by line of business. The majority of property catastrophe business is written at the January and June annual renewal periods, depending on the type and location of the risks covered. Most hurricane and wind-storm coverage, particularly in the Gulf-coast region of the United States, is written at the June annual renewal periods.

Property catastrophe reinsurance contracts are typically all risk in nature, providing protection to the ceding company against losses from hurricanes and other natural and man-made catastrophes such as floods, earthquakes, tornadoes, storms and fires, referred to herein collectively as perils. The predominant exposures covered by these contracts are losses stemming from property damage and business interruption resulting from a covered peril. Coverage can also vary from all natural perils, which is the most expansive form, to more limited types such as windstorm-only coverage.

Property catastrophe reinsurance contracts are typically written on an excess-of-loss basis, which provides coverage to the ceding company when aggregate claims and claim expenses from a single occurrence for a covered peril exceed an amount that is specified in a particular contract. The coverage provided under excess-of-loss reinsurance contracts may be on a worldwide basis or may be limited in scope to specific regions or geographical areas. Under these contracts, protection is provided to an insurer for a portion of the total losses in excess of a specified loss amount, up to a maximum amount per loss specified in the contract.

Excess-of-loss contracts are typically written on a losses-occurring basis, which means that they cover losses that occur during the contract term, regardless of when the underlying policies came into force. Premiums from excess-of-loss contracts are earned ratably over the contract term, which is ordinarily 12 months. Most excess-of-loss contracts provide for a reinstatement of coverage following a covered loss event in return for an additional premium.

Table of Contents

The Florida Property and Casualty Insurance Market

General Overview

Florida's property and casualty insurance market has undergone significant changes in the past few decades. This market, which was formerly dominated by large, national, multi-line insurance companies, now includes: (i) Citizens Property Insurance Corporation (Citizens), a state-sponsored insurance company created by the Florida Legislature; (ii) Florida-based insurance companies that focus primarily on writing property insurance policies in the state of Florida; and (iii) Florida-based subsidiaries of national insurance companies that focus on writing property insurance policies in the state of Florida. While these three types of insurance companies participate in the market at varying levels, Citizens and the Florida-based insurance companies are now the dominant market participants. Within the private market, which excludes Citizens, there is an emerging prominence of small insurance companies, which have limited capitalization and a limited ability to diversify.

According to The State of Florida's Property Insurance Market 2nd Annual Report Released in January 2013 for the Florida Legislature by The Florida Catastrophic Storm Risk Management Center (the Report), the shift from a market dominated by large, national, multi-line insurance companies to a market dominated by Citizens and the smaller, Florida-based insurance companies has resulted in an increased reliance on the global reinsurance market for diversification and capital. For the smaller, Florida-based insurance companies, reinsurance companies serve as the primary means of accessing broader capital markets.

Catastrophic Events

While the Florida property and casualty insurance market faces various challenges, the primary challenge is the potential for exposure to catastrophic windstorms. According to the Report, the state of Florida has:

more than \$1.8 trillion in insured residential property exposure;

more than \$4 billion in expected average annual losses due to windstorms (with respect to residential and commercial residential properties only); and

nearly \$60 billion in 1-in-100 probable maximum losses due to windstorms (with respect to residential and commercial residential properties only).

According to Technical Memorandum NWS NHC-6, entitled The Deadliest, Costliest, and Most Intense United States Tropical Cyclones from 1851 to 2010 (and Other Frequently Requested Hurricane Facts) (the NOAA Memorandum) published by the National Oceanic and Atmospheric Administration (the NOAA), [f]orty percent of all U.S. hurricanes and major hurricanes were in Florida, and [s]ixty percent of category 4 or higher hurricane strikes have occurred in either Florida or Texas. The NOAA Memorandum also indicates that, between 1851 and 2010, there were 114 hurricane strikes and 37 major hurricanes in Florida. For these purposes, a major hurricane is a category 3, 4, or 5 hurricane.

Table of Contents

The following table shows the number of major hurricanes that struck Florida between 1952 and 2014, a span of 62 years, on a year-by-year basis:

FLORIDA HURRICANE HISTORY

Category 3 or Greater, 1952-2014

1952: None	1972: None	1992: 1	2012: None
1953: None	1973: None	1993: None	2013: None
1954: None	1974: None	1994: None	2014: None
1955: None	1975: 1	1995: 1	
1956: None	1976: None	1996: None	
1957: None	1977: None	1997: None	
1958: None	1978: None	1998: None	
1959: None	1979: None	1999: None	
1960: 1	1980: None	2000: None	
1961: None	1981: None	2001: None	
1962: None	1982: None	2002: None	
1963: None	1983: None	2003: None	
1964: None	1984: None	2004: 3	
1965: 1	1985: 1	2005: 2	
1966: None	1986: None	2006: None	
1967: None	1987: None	2007: None	
1968: None	1988: None	2008: None	
1969: None	1989: None	2009: None	
1970: None	1990: None	2010: None	
1971: None	1991: None	2011: None	

Source: National Oceanic and Atmospheric Administration (<http://www.nhc.noaa.gov/data/>)

For information regarding risks faced by our company due to weather-related incidents, see the risk factor on page [18] entitled *Our property and property catastrophe reinsurance operations will make us vulnerable to losses from catastrophes and may cause our results of operations to vary significantly from period to period.*

Our Reinsurance Contracts and Products

We intend to write primarily property, property catastrophe, and short-tail specialty and casualty reinsurance. We currently expect that substantially all of the reinsurance products we write in the foreseeable future will be in the form of treaty reinsurance contracts. When we write treaty reinsurance contracts, we do not evaluate separately each of the individual risks assumed under the contracts and are therefore largely dependent on the individual underwriting decisions made by the cedant. Accordingly, as part of our initial review and renewal process, we carefully review and analyze the cedant's risk management and underwriting practices in evaluating whether to provide treaty reinsurance and in appropriately pricing the treaty.

Our contracts are written on an excess-of-loss basis, generally with a per-event cap. We generally receive the premium for the risk assumed and indemnify the cedant against all or a specified portion of losses and expenses in excess of a specified dollar or percentage amount. Our contracts are generally both single-year or multi-year contracts and our

policy years generally commence on June 1 of each year and end on May 31 of the following year.

The bulk of our portfolio of risks is assumed pursuant to traditional reinsurance contracts. However, we may also from time to time take underwriting risk by purchasing a catastrophe-linked bond, or via a transaction booked as an industry loss warranty (as described below) or an indemnity swap. An indemnity swap is an agreement which provides for the exchange between two parties of different portfolios of catastrophe exposure with similar expected loss characteristics (for example, U.S. earthquake exposure for Asian earthquake exposure).

Table of Contents

We believe our most attractive near-term opportunity is in property catastrophe reinsurance coverage for insurance companies. In addition to seeking profitable pricing, we manage our risks with contractual limits on our exposure. Property catastrophe reinsurance contracts are typically all risk in nature, meaning that they protect against losses from earthquakes and hurricanes, as well as other natural and man-made catastrophes such as tornados, fires, winter storms, and floods (where the contract specifically provides for such coverage). Losses on these contracts typically stem from direct property damage and business interruption. We generally write property catastrophe reinsurance on an excess-of-loss basis. These contracts typically cover only specific regions or geographical areas.

We are not licensed or admitted as an insurer in any jurisdiction other than the Cayman Islands. In addition, we do not have a financial rating and do not expect to have one in the near future. Many jurisdictions such as the United States do not permit clients to take credit for reinsurance on their statutory financial statements if such reinsurance is obtained from unlicensed or non-admitted insurers without appropriate collateral. As a result, we anticipate that all of our clients will require us to fully collateralize the reinsurance contracts we bind with them. Each of our contracts are fully collateralized and separately structured, with our liability being limited to the value of the assets held in the trust. We are generally not required to top-up the value of the assets held as collateral in respect of a particular reinsurance agreement. For each reinsurance agreement, a reinsurance trust is established in favor of the cedant, and the trustee of the reinsurance trust is a large bank that is agreed upon by our company and the cedant. The premium for the contract is ordinarily deposited into the trust, together with additional capital from our company, up to the coverage limit. Each reinsurance contract contains express limited recourse language to the effect that the liabilities of the relevant reinsurance contract are limited to the realizable value of the collateral held in respect of that contract. Upon the expiration of the reinsurance contract, the assets of the trust net of insured losses and other expenses are transferred to our company.

Underwriting and Retrocessional Coverage

In January 2014, we entered into an Underwriting Advisory Agreement with Resonant Consultants, Ltd., or Resonant. Under this agreement, we had the right to engage Resonant's underwriting consulting services from time to time in connection with reinsurance contracts that we proposed to enter into. Our relationship with Resonant is not exclusive. Resonant is a British Virgin Islands company owned and organized by E.W. Ted Blanch, who was a non-employee director of our company from May 2013 through October 2013. The Underwriting Advisory Agreement expired on December 31, 2014, and under the agreement, we paid the minimum fees of \$150,000 to Resonant during the year ended December 31, 2014.

Most of our reinsurance contracts have other reinsurers participating as lead underwriters, and these lead underwriters generally set the premium for the risk. We follow the premium pricing of the lead underwriters in most cases subject to the guidance of the Underwriting Committee of our Board of Directors. Each quarter, our Board of Directors will set parameters for the maximum level of capital to be deployed for the quarter and the expected premium and risk profile that each of our contracts must meet.

We have no current plans to purchase retrocessional coverage. However, we may do so in the future to manage our overall exposure and to balance our portfolio. We have not yet purchased retrocessional coverage but expect that, if we do, we will only purchase uncollateralized retrocessional coverage from a reinsurer with a minimum financial strength rating of A- from either A.M. Best or Standard & Poors.

Table of Contents

Marketing and Distribution

We expect that, in the future, the majority of our business will be sourced through reinsurance brokers. Brokerage distribution channels provide us with access to an efficient, variable distribution system without the significant time and expense that would be incurred in creating an in-house marketing and distribution network. Reinsurance brokers receive a brokerage commission that is usually a percentage of gross premiums written.

We intend to build relationships with global reinsurance brokers and captive insurance companies located in the Cayman Islands. Our management team has significant relationships with most of the primary and specialty broker intermediaries in the reinsurance marketplace in our target market. We believe that maintaining close relationships with brokers will give us access to a broad range of reinsurance clients and opportunities.

Brokers do not have the authority to bind us to any reinsurance contract. We review and approve all contract submissions in our corporate offices located in the Cayman Islands. From time to time, we may also enter into relationships with managing general agents who could bind us to reinsurance contracts based on narrowly defined underwriting guidelines.

Investment Strategy

Our company's business focus is primarily on underwriting profit. However, we remain opportunistic with respect to investment income, and intend to increase shareholder value through supplemental investment income when favorable opportunities are available. Most of our company's capital is held in trust accounts that collateralize the reinsurance policies that we write. The investment parameters for capital held in such trust accounts is generally established by the cedant for the relevant policy. Our investments are held in cash, fixed-maturity securities and equity securities.

Funds that are not held in collateralized trust accounts are generally invested in a conservative manner, with a focus on generating income while equally being liquid.

Our Board of Directors periodically reviews our investment policy and returns.

Claims Management

We are a newly formed company and have not experienced any claims. We anticipate that, for the foreseeable future, we will enter into only a limited number of reinsurance contracts and that therefore claims, if any, will be handled on a case-by-case basis.

Loss Reserves

Loss reserves represent estimates, including actuarial and statistical projections at a given point in time, of the ultimate settlement and administration costs of claims incurred (including claims incurred but not reported (IBNR)). Estimates are not precise in that, among other things, they are based on predictions of future developments and estimates of future trends in claims severity and frequency and other variable factors such as inflation. It is likely that the ultimate liability will be greater or less than such estimates and that, at times, this variance will be material.

Table of Contents

For our property and other catastrophe policies, we initially establish our loss reserves based on loss payments and case reserves reported by ceding companies. As we are not the only reinsurer on a contract, the lead reinsurer will set the loss amount estimates for the contract and the cedant will have the ability to pay for case losses consistent with that amount on our pro-rata share of the contract.

We then add to these case reserves our estimates for IBNR. To establish our IBNR estimates, in addition to the loss information and estimates communicated by cedants, we also use industry information, knowledge of the business written by us, management's judgment and general market trends observed from our underwriting activities. We may also use our computer-based vendor and proprietary modeling systems to measure and estimate loss exposure under the actual event scenario, if available. Although the loss modeling systems assist with the analysis of the underlying loss, and provide us with information and the ability to perform an enhanced analysis, the estimation of claims resulting from catastrophic events is inherently difficult because of the variability and uncertainty of property catastrophe claims and the unique characteristics of each loss.

If IBNR estimates are made, we assess the validity of the assumptions we use in the reserving process on a quarterly basis during an internal review process. During this process actuaries verify that the assumptions we have made continue to form what they consider to be a sound basis for projection of future liabilities.

Although we believe that we are prudent in our assumptions and methodologies, we cannot be certain that our ultimate payments will not vary, perhaps materially, from the estimates we have made. If we determine that adjustments to an earlier estimate are appropriate, such adjustments are recorded in the quarter in which they are identified. The establishment of new reserves, or the adjustment of reserves for reported claims, could result in significant upward or downward changes to our financial condition or results of operations in any particular period. We regularly review and update these estimates, using the most current information available to us.

Our estimates, if any, are reviewed annually by an independent actuary in order to provide additional insight into the reasonableness of our loss reserves.

Competition

The reinsurance industry is highly competitive. We expect to compete with major reinsurers, most of which are well established, have significant operating histories and strong financial strength ratings and have developed long-standing client relationships.

Our competitors include Third Point Reinsurance Ltd., Blue Capital Reinsurance Holdings Ltd., ACE Ltd., Everest Re, General Re Corporation, Hannover Re Group, Munich Reinsurance Company, Partner Re Ltd., Swiss Reinsurance Company, Transatlantic Reinsurance Company, Berkshire Hathaway, PartnerRE Ltd., Acolus and Nephila, as well as smaller companies and other niche reinsurers. Although we seek to provide coverage where capacity and alternatives are limited, we directly compete with these larger companies due to the breadth of their coverage across the property and casualty market in substantially all lines of business. We also compete with smaller companies and other niche reinsurers from time to time. While we have a limited operating history, we believe that our unique approach to multi-year underwriting will allow us to be successful in underwriting transactions against more established competitors.

Table of Contents

Employees

As of March 12, 2015, we had two employees, both of whom were full time employees. We believe that our relations with our employees are good. None of our employees are subject to collective bargaining agreements, and we are not aware of any current efforts to implement such agreements. We believe that we will continue to have relatively few employees and intend to outsource many functions, such as information technology and human resources, to specialist firms in the Cayman Islands if and when we determine that such functions are necessary. We intend to use the expertise of our Board of Directors and where necessary, external consultants to provide any other service we may require from time to time.

Legal Proceedings

We are not currently involved in any litigation or arbitration. We anticipate that, similar to the rest of the insurance and reinsurance industry, we will be subject to litigation and arbitration in the ordinary course of business.

REGULATION AND CAPITAL REQUIREMENTS

Our wholly-owned subsidiary, Oxbridge Reinsurance Limited, holds a Class C Insurer's License issued in accordance with the terms of the Insurance Law (as revised) of the Cayman Islands (the Law), and is subject to regulation by the Cayman Islands Monetary Authority (CIMA), in terms of the Law. As the holder of a Class C Insurer's License, Oxbridge Reinsurance Limited is permitted to undertake insurance business approved by CIMA.

Oxbridge Reinsurance Limited is subject to minimum capital and surplus requirements, and our failure to meet these requirements could subject us to regulatory action. Pursuant to The Insurance (Capital and Solvency) (Classes B, C and D Insurers) Regulations, 2012 (the Capital and Solvency Regulations) published under the Law, Oxbridge Reinsurance Limited is required to maintain the statutory minimum capital requirement (as defined under the Capital and Solvency Regulations) of \$500 and prescribed capital requirement (as defined under the Capital and Solvency Regulations) of \$500, and a minimum margin of solvency equal to or in excess of the total prescribed capital requirement. Any failure to meet the applicable requirements or minimum statutory capital requirements could subject us to further examination or corrective action by CIMA, including restrictions on dividend payments, limitations on our writing of additional business or engaging in finance activities, supervision or liquidation.

CIMA may at any time direct Oxbridge Reinsurance Limited, in relation to a policy, a line of business or the entire business, to cease or refrain from committing an act or pursuing a course of conduct and to perform such acts as in the opinion of CIMA are necessary to remedy or ameliorate the situation. See the discussion in *Risk Factors* under the heading *Any suspension or revocation of our reinsurance license would materially impact our ability to do business and implement our business strategy* for more information.

In addition, as a Cayman Islands exempted company, we may not carry on business or trade locally in the Cayman Islands except in furtherance of our business outside the Cayman Islands and we are prohibited from soliciting the public of the Cayman Islands to subscribe for any of our securities or debt. We are further required to file a return with the Registrar of Companies in January of each year and to pay an annual registration fee at that time.

The Cayman Islands has no exchange controls restricting dealings in currencies or securities.

Table of Contents

Available Information

Our website is located at www.oxbridgere.com, and our investor relations website is located at <http://irdirect.net/OXBR>. Copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available, free of charge, on our investor relations website as soon as reasonably practicable after we file such material electronically with or furnish it to the Securities and Exchange Commission (the SEC). The SEC also maintains a website that contains our SEC filings. The address of the SEC's website is www.sec.gov.

Table of Contents

ITEM 1A RISK FACTORS

Risks Relating to Our Business

We are recently formed company and have limited historical information available for investors to evaluate our performance or a potential investment in our securities.

We have a limited history of operations. We were incorporated in April 2013 and began underwriting reinsurance transactions in June 2013. As a result, we have a limited operating history on which to estimate of our future earnings prospects, which may make it difficult for investors to evaluate an investment in our securities. In addition, because our underwriting and investment strategies may differ from other participants in the property and casualty reinsurance market, you may not be able to compare our business or prospects to other property and casualty reinsurers.

In addition, we cannot assure you that we will raise the funds necessary to further capitalize our subsidiary in order to grow our business. In general, reinsurance and insurance companies in their initial stages of development present substantial business and financial risks and may suffer significant losses. They must develop business relationships, establish operating procedures, hire staff, install information technology systems, implement management processes and complete other tasks appropriate for the conduct of their intended business activities. In particular, our ability to implement our strategy to penetrate the reinsurance market depends on, among other things:

our ability to attract clients;

our ability to attract and retain personnel with underwriting, actuarial and accounting and finance expertise;

our ability to outsource certain functions of our business without hiring additional personnel;

our ability to evaluate the risks we assume under reinsurance contracts that we write; and

the risk of being deemed a passive foreign investment company or an investment company if we are unable to implement our business plan and are deemed to not be in the active conduct of an insurance business or to not be predominantly engaged in an insurance business.

We cannot assure you that there will be sufficient demand for the reinsurance products we plan to write to support our planned level of operations, or that we will accomplish the tasks necessary to implement our business strategy. In addition, the business we have written to date is not mature and may be subject to greater losses than we have anticipated.

Table of Contents

We will need additional capital in the future in order to grow and operate our business. Such capital may not be available to us or may not be available to us on favorable terms. Furthermore, our raising additional capital could dilute your ownership interest in our company.

We expect that we will need to raise additional capital in the future through public or private equity or debt offerings or otherwise in order to:

further capitalize our reinsurance subsidiary and implement our growth strategy;

fund liquidity needs caused by underwriting or investment losses;

replace capital lost in the event of significant reinsurance losses or adverse reserve developments;

meet applicable statutory jurisdiction requirements; and/or

respond to competitive pressures.

Additional capital may not be available on terms favorable to us, or at all. Further, any additional capital raised through the sale of equity could dilute your ownership interest in our company and may cause the market price of our ordinary shares and warrants to decline. Additional capital raised through the issuance of debt may result in creditors having rights, preferences and privileges senior or otherwise superior to those of our ordinary shares and warrants.

Our results of operations will fluctuate from period to period and may not be indicative of our long-term prospects.

We anticipate that the performance of our reinsurance operations and our investment portfolio will fluctuate from period to period. Fluctuations will result from a variety of factors, including:

reinsurance contract pricing;

our assessment of the quality of available reinsurance opportunities;

the volume and mix of reinsurance products we underwrite;

loss experience on our reinsurance liabilities;

our ability to assess and integrate our risk management strategy properly; and

the performance of our investment portfolio.

In particular, we plan to underwrite products and make investments to achieve favorable return on equity over the long term. In addition, our opportunistic nature and focus on long-term growth in book value will result in fluctuations in total premiums written from period to period as we concentrate on underwriting contracts that we believe will generate better long-term, rather than short-term, results. Accordingly, our short-term results of operations may not be indicative of our long-term prospects.

Table of Contents

The positions held by Paresh Patel and Sanjay Madhu may present, and make us vulnerable to, difficult conflicts of interest and related legal challenges.

Sanjay Madhu, our President and Chief Executive Officer, is also a member of the Board of Directors of HCI Group. In addition, Paresh Patel, the non-executive Chairman of our Board of Directors, also holds the positions of Chairman of the Board, President and Chief Executive Officer at HCI Group, a company whose subsidiaries primarily operate in the property and casualty insurance and reinsurance markets. Mr. Patel is not an employee of our company and, as such, does not serve our company on a full-time basis.

Because both of Mr. Madhu and Mr. Patel serve on the board of directors at both HCI Group and our company, potential conflicts of interest may arise should the interests of HCI Group and our company diverge. These relationships and potential conflicts could also result in contracts between us and HCI Group and/or its subsidiaries that are less favorable to us than contracts that could be negotiated with other third parties.

Mr. Madhu's service as President and Chief Executive Officer of Oxbridge Re Holdings Limited and as a director of HCI Group, as well as Mr. Patel's service on the board of directors of our company and HCI Group, could also raise a potential challenge under anti-trust laws. Section 8 of the Clayton Antitrust Act, or the Clayton Act, prohibits a person from serving as a director or officer in any two competing corporations under certain circumstances. If HCI Group and Oxbridge Re Holdings Limited are in the future deemed to be competitors within the meaning of the Clayton Act, certain thresholds relating to direct competition between HCI Group and Oxbridge Re Holdings Limited are met, and the Department of Justice and/or Federal Trade Commission challenge the arrangement, Mr. Madhu and/or Mr. Patel may be required to resign his positions with one of the companies and/or fines or other penalties could be assessed against Mr. Madhu, Mr. Patel, and Oxbridge Re Holdings Limited. We expect that our company and HCI Group and its subsidiaries will have different business focuses and marketing strategies, thus minimizing the risk of direct competition. However, it is possible that the potential for direct competition may exist with respect to the business that we pursue with insurance companies other than HCI Group and its subsidiaries.

The business relationships between us and HCI Group, together with the positions held by our directors and executives with HCI Group, may present difficult conflicts of interest and business opportunity issues.

We may continue to derive a substantial portion of our business from HCI Group subsidiaries during our first few years of operation. Sanjay Madhu, our Chief Executive Officer and a member of our Board of Directors, is also a member of the board of directors of HCI Group and a former executive officer of HCI Group. Also, Paresh Patel, the non-executive Chairman of our Board of Directors and largest shareholder of our company, is the Chairman, President, and Chief Executive Officer of HCI Group. Because of these business relationships, various conflicts of interest could arise with respect to business opportunities that could be advantageous to HCI Group or its subsidiaries, on the one hand, and us or any of our subsidiaries, on the other hand. Moreover, because of these relationships, HCI Group may have the ability to otherwise significantly influence certain business decisions by us, including our writing of future policies. These relationships and potential conflicts of interest could also result in contracts between us and HCI Group and/or its subsidiaries that are less favorable to us than contracts that could be negotiated with other third parties.

Table of Contents

Reinsurance of HCI Group's insurance subsidiaries' business could expose us to substantial risk of loss.

A significant portion of our business is currently with HCI Group's insurance subsidiaries, and we may continue to have a significant portion of our reinsurance contracts with these subsidiaries in the future. Accordingly, our results of operations may be highly dependent on the results of operations of HCI Group's insurance subsidiaries. HCI Group insurance subsidiaries write business in Florida, and as a result, a single catastrophe occurrence, destructive weather pattern, terrorist attack, regulatory development or other condition or general economic trend disproportionately affecting the state of Florida could have a material adverse effect on the subsidiary, and therefore, our financial condition and results of operations.

Failure to become rated by A.M. Best, or receipt of a negative rating, could significantly and negatively affect our ability to grow.

Companies, insurers and reinsurance brokers use ratings from independent ratings agencies as an important means of assessing the financial strength and quality of reinsurers. This rating reflects the rating agency's opinion of our financial strength, operating performance and ability to meet obligations. It is not an evaluation directed toward the protection of investors or a recommendation to buy, sell or hold our securities. A.M. Best assigns ratings based on its analysis of balance sheet strength, operating performance and business profile.

Currently, A.M. Best has not assigned us a financial strength rating, and we do not intend to seek a rating in the foreseeable future. Without a rating, or if we received a negative rating, our growth potential and business strategy will be limited because of the need to collateralize the insurance policies that we write.

Established competitors with greater resources may make it difficult for us to effectively market our products or offer our products at a profit.

The reinsurance industry is highly competitive. We compete with major reinsurers, all of which have substantially greater financial, marketing and management resources than we do. Competition in the types of business that we seek to underwrite is based on many factors, including:

premium charges;

the general reputation and perceived financial strength of the reinsurer;

relationships with reinsurance brokers;

terms and conditions of products offered;

ratings assigned by independent rating agencies;

speed of claims payment and reputation; and

the experience and reputation of the members of our underwriting team in the particular lines of reinsurance we seek to underwrite.

Table of Contents

Additionally, although the members of our underwriting team have general experience across many property and casualty lines, they may not have the requisite experience or expertise to compete for all transactions that fall within our strategy of offering customized frequency and severity contracts at times and in markets where capacity and alternatives may be limited.

Our competitors include Third Point Reinsurance Ltd., Blue Capital Reinsurance Holdings Ltd., ACE Ltd., Everest Re, General Re Corporation, Hannover Re Group, Munich Reinsurance Company, Partner Re Ltd., Swiss Reinsurance Company, Transatlantic Reinsurance Company, Berkshire Hathaway, PartnerRe Ltd, Aeolus, and Nephila, as well as smaller companies and other niche reinsurers. Although we seek to provide coverage where capacity and alternatives are limited, we will directly compete with these larger companies due to the breadth of their coverage across the property and casualty market in substantially all lines of business.

We cannot assure you that we will be able to compete successfully in the reinsurance market. Our failure to compete effectively could significantly and negatively affect our financial condition and results of operations and may increase the likelihood that we may be deemed to be a passive foreign investment company or an investment company.

If actual renewals of our existing contracts do not meet expectations, our premiums assumed in future years and our future results of operations could be materially adversely affected.

Many of our contracts are generally written for a one-year term. In our financial forecasting process, we make assumptions about the renewal of our prior year's contracts. The insurance and reinsurance industries have historically been cyclical businesses with periods of intense competition, often based on price. If actual renewals do not meet expectations or if we choose not to write on a renewal basis because of pricing conditions, our premiums assumed in future years and our future operations would be materially adversely affected.

Reputation is an important factor in the reinsurance industry, and our lack of an established reputation may make it difficult for us to attract or retain business.

Reputation is a very important factor in the reinsurance industry, and competition for business is, in part, based on reputation. Although our reinsurance policies will be fully collateralized, we are a relatively newly formed reinsurance company and do not yet have a well-established reputation in the reinsurance industry. Our lack of an established reputation may make it difficult for us to attract or retain business. In addition, we do not have or currently intend to obtain financial strength ratings, which may discourage certain counterparties from entering into reinsurance contracts with us.

If our losses and loss adjustment expenses greatly exceed our loss reserves, our financial condition may be significantly and negatively affected.

Our results of operations and financial condition will depend upon our ability to accurately assess the potential losses and loss adjustment expenses associated with the risks we reinsure. Reserves are estimates at a given time of claims an insurer ultimately expects to pay, based upon facts and circumstances then known, predictions of future events, estimates of future trends in claim severity and other variable factors. The inherent uncertainties of estimating loss reserves are generally greater for reinsurance companies as compared to primary insurers, primarily due to:

the lapse of time from the occurrence of an event to the reporting of the claim and the ultimate resolution or settlement of the claim;

Table of Contents

the diversity of development patterns among different types of reinsurance treaties; and

the necessary reliance on the client for information regarding claims.

As we have only recently commenced operations, our estimation of reserves may be less reliable than the reserve estimations of a reinsurer with a greater volume of business and an established loss history. Our actual losses and loss adjustment expenses paid may deviate substantially from the estimates of our loss reserves and could negatively affect our results of operations. If our loss reserves are later found to be inadequate, we would increase our loss reserves with a corresponding reduction in our net income and capital in the period in which we identify the deficiency, and such a reduction would also negatively affect our results of operations. If our losses and loss adjustment expenses greatly exceed our loss reserves, our financial condition may be significantly and negatively affected.

The property and casualty reinsurance market may be affected by cyclical trends.

We write reinsurance in the property and casualty markets, which tend to be cyclical in nature. Ceding company underwriting results, prevailing general economic and market conditions, liability retention decisions of companies and ceding companies and reinsurance premium rates each influence the demand for property and casualty reinsurance. Prevailing prices and available surplus to support assumed business then influence reinsurance supply. Supply may fluctuate in response to changes in return on capital realized in the reinsurance industry, the frequency and severity of losses and prevailing general economic and market conditions.

Continued increases in the supply of reinsurance may have consequences for the reinsurance industry generally and for us, including lower premium rates, increased expenses for customer acquisition and retention, less favorable policy terms and conditions and/or lower premium volume. Furthermore, unpredictable developments, including courts granting increasingly larger awards for certain damages, increases in the frequency of natural disasters (such as hurricanes, windstorms, tornados, earthquakes, wildfires and floods), fluctuations in interest rates, changes in the investment environment that affect market prices of investments and inflationary pressures, affect the industry's profitability. The effects of cyclicalities could significantly and negatively affect our financial condition and results of operations.

Our property and property catastrophe reinsurance operations will make us vulnerable to losses from catastrophes and may cause our results of operations to vary significantly from period to period.

Our reinsurance operations expose us to claims arising out of unpredictable catastrophic events, such as hurricanes, hailstorms, tornados, windstorms, earthquakes, floods, fires, explosions, and other natural or man-made disasters. The incidence and severity of catastrophes are inherently unpredictable but the loss experience of property catastrophe reinsurers has been generally characterized as low frequency and high severity. Claims from catastrophic events could reduce our earnings and cause substantial volatility in our results of operations for any fiscal quarter or year and adversely affect our financial condition. Corresponding reductions in our surplus levels could impact our ability to write new reinsurance policies.

Table of Contents

Catastrophic losses are a function of the insured exposure in the affected area and the severity of the event. Because accounting regulations do not permit reinsurers to reserve for catastrophic events until they occur, claims from catastrophic events could cause substantial volatility in our financial results for any fiscal quarter or year and could significantly and negatively affect our financial condition and results of operations.

We could face unanticipated losses from war, terrorism, and political unrest, and these or other unanticipated losses could have a material adverse effect on our financial condition and results of operations.

Like other reinsurers, we face potential exposure to large, unexpected losses resulting from man-made catastrophic events, such as acts of war, acts of terrorism and political instability. These risks are inherently unpredictable and recent events may indicate that the frequency and severity of these types of losses may increase. It is difficult to predict the timing of these events or to estimate the amount of loss that any given occurrence will generate. To the extent that losses from these risks occur, our financial condition and results of operations could be significantly and negatively affected.

We depend on our clients' evaluations of the risks associated with their insurance underwriting, which may subject us to reinsurance losses.

In the proportional reinsurance business, in which we assume an agreed percentage of each underlying insurance contract being reinsured, or quota share contracts, we do not separately evaluate each of the original individual risks assumed under these reinsurance contracts. Therefore, we are largely dependent on the original underwriting decisions made by ceding companies. We are subject to the risk that the clients may not have adequately evaluated the insured risks and that the premiums ceded may not adequately compensate us for the risks we assume. We also do not separately evaluate each of the individual claims made on the underlying insurance contracts under quota share arrangements. Therefore, we are dependent on the original claims decisions made by our clients.

Changing climate conditions may adversely affect our financial condition, profitability or cash flows.

Climate change, to the extent it produces extreme changes in temperatures and changes in weather patterns, could impact the frequency or severity of weather events and wildfires. Further, it could impact the affordability and availability of homeowners insurance, which could have an impact on pricing. Changes in weather patterns could also affect the frequency and severity of other natural catastrophe events to which we may be exposed. The occurrence of these events would significantly and negatively affect our financial condition and results of operations.

Operational risks, including human or systems failures, are inherent in our business.

Operational risks and losses can result from, among other things, fraud, errors, failure to document transactions properly or to obtain proper internal authorization, failure to comply with regulatory requirements, information technology failures or external events.

We believe that our modeling, underwriting and information technology and application systems are critical to our business and our growth prospects. Moreover, we rely on our information technology and application systems to further our underwriting process and to enhance our ability to compete successfully. A major defect or failure in our internal controls or information technology and application systems could result in management distraction, harm to our reputation or increased expenses.

Table of Contents

The effect of emerging claim and coverage issues on our business is uncertain.

As industry practices and legal, judicial and regulatory conditions change, unexpected issues related to claims and coverage may emerge. It is possible that certain provisions of our future reinsurance contracts, such as limitations or exclusions from coverage or choice of forum, may be difficult to enforce in the manner we intend, due to, among other things, disputes relating to coverage and choice of legal forum. These issues may adversely affect our business by either extending coverage beyond the period that we intended or by increasing the number or size of claims. In some instances, these changes may not manifest themselves until many years after we have issued insurance or reinsurance contracts that are affected by these changes. As a result, we may not be able to ascertain the full extent of our liabilities under our insurance or reinsurance contracts for many years following the issuance of our contracts. The effects of unforeseen development or substantial government intervention could adversely impact our ability to adhere to our goals.

We are required to maintain sufficient collateral accounts, which could significantly and negatively affect our ability to implement our business strategy.

We are not licensed or admitted as a reinsurer in any jurisdiction other than the Cayman Islands. Certain jurisdictions, including the United States, do not permit insurance companies to take credit for reinsurance obtained from unlicensed or non-admitted insurers on their statutory financial statements unless appropriate security measures are implemented. Consequently, we must continue to maintain sufficient funds in escrow accounts to serve as collateral for our reinsurance contracts. Because we intend to continue to utilize our funds (rather than utilizing the credit markets) to serve as collateral for our reinsurance obligations, we may not be able to fully utilize our capital to expand our reinsurance coverage as rapidly as other reinsurers.

The inability to obtain business provided from brokers could adversely affect our business strategy and results of operations.

We anticipate that a substantial portion of our business will be placed primarily through brokered transactions, which involve a limited number of reinsurance brokers. If we are unable to identify and grow the brokered business provided through one or more of these reinsurance brokers, many of whom may not be familiar with our Cayman Islands jurisdiction, this failure could significantly and negatively affect our business and results of operations.

Table of Contents

The involvement of reinsurance brokers may subject us to their credit risk.

As a standard practice of the reinsurance industry, reinsurers frequently pay amounts owed on claims under their policies to reinsurance brokers, and these brokers, in turn, remit these amounts to the ceding companies that have reinsured a portion of their liabilities with the reinsurer. In some jurisdictions, if a broker fails to make such a payment, the reinsurer might remain liable to the client for the deficiency notwithstanding the broker's obligation to make such payment. Conversely, in certain jurisdictions, when the client pays premiums for policies to reinsurance brokers for payment to the reinsurer, these premiums are considered to have been paid and the client will no longer be liable to the reinsurer for these premiums, whether or not the reinsurer has actually received them. Consequently, we assume a degree of credit risk associated with the brokers that we do business with.

We may be unable to purchase reinsurance for the liabilities we reinsure, and if we successfully purchase such reinsurance, we may be unable to collect, which could adversely affect our business, financial condition and results of operations.

Retrocessional coverage (reinsurance for the liabilities we reinsure) may not always be available to us. From time to time, we expect that we will purchase retrocessional coverage for our own account in order to mitigate the effect of a potential concentration of losses upon our financial condition. The insolvency or inability or refusal of a reinsurer of reinsurance to make payments under the terms of its agreement with us could have an adverse effect on us because we remain liable to our client. From time to time, market conditions have limited, and in some cases have prevented, reinsurers from obtaining the types and amounts of retrocession that they consider adequate for their business needs. Accordingly, we may not be able to obtain our desired amounts of retrocessional coverage or negotiate terms that we deem appropriate or acceptable or obtain retrocession from entities with satisfactory creditworthiness. Our failure to establish adequate retrocessional arrangements or the failure of our retrocessional arrangements to protect us from overly concentrated risk exposure could significantly and negatively affect our business, financial condition and results of operations.

U.S. and global economic downturns could harm our business, our liquidity and financial condition and the price of our securities.

Weak economic conditions may adversely affect (among other aspects of our business) the demand for and claims made under our products, the ability of customers, counterparties and others to establish or maintain their relationships with us, our ability to access and efficiently use internal and external capital resources and our investment performance. Volatility in the U.S. and other securities markets may adversely affect our investment portfolio and our resulting results of operations.

Our ability to implement our business strategy could be delayed or adversely affected by Cayman Islands employment restrictions.

Under Cayman Islands law, persons who are not Caymanian, do not possess Caymanian status, or are not otherwise entitled to reside and work in the Cayman Islands pursuant to provisions of the Immigration Law (2013 Revision) of the Cayman Islands, which we refer to as the Immigration Law, may not engage in any gainful occupation in the Cayman Islands without an appropriate governmental work permit. The failure to obtain work permits, or extensions thereof, for our employees could prevent us from continuing to implement our business strategy.

Table of Contents

If we lose or are unable to retain our senior management and other key personnel and are unable to attract qualified personnel, our ability to implement our business strategy could be delayed or hindered, which, in turn, could significantly and negatively affect our business.

Although we only employ two individuals, both of whom are members of senior management, our future success depends to a significant extent on the efforts of our senior management and other key personnel (who have not yet been hired) to implement our business strategy. We believe there are only a limited number of available, qualified executives with substantial experience in our industry. In addition, we will need to add personnel, including underwriters, to implement our business strategy. We could face challenges attracting personnel to the Cayman Islands. Accordingly, the loss of the services of one or more of the members of our senior management or other key personnel (when hired), or our inability to hire and retain other key personnel, could delay or prevent us from fully implementing our business strategy and, consequently, significantly and negatively affect our business.

We do not currently maintain key man life insurance with respect to any of our senior management. If any member of senior management dies or becomes incapacitated, or leaves the Company to pursue employment opportunities elsewhere, we would be solely responsible for locating an adequate replacement for such senior management and for bearing any related cost. To the extent that we are unable to locate an adequate replacement or are unable to do so within a reasonable period of time, our business may be significantly and negatively affected.

There are differences under Cayman Islands corporate law and Delaware corporate law with respect to interested party transactions which may benefit certain of our shareholders at the expense of other shareholders.

Under Cayman Islands corporate law, a director may vote on a contract or transaction where the director has an interest as a shareholder, director, officer or employee provided such interest is disclosed. None of our contracts will be deemed to be void because any director is an interested party in such transaction and interested parties will not be held liable for monies owed to the company. Under Delaware law, interested party transactions are voidable.

Risks Relating to Insurance and Other Regulations

Any suspension or revocation of our reinsurance license would materially impact our ability to do business and implement our business strategy.

Oxbridge Reinsurance Limited is licensed as an insurer only in the Cayman Islands by the CIMA, and we do not intend to obtain a license in any other jurisdiction. The suspension or revocation of our license to do business as a reinsurance company in the Cayman Islands for any reason would mean that we would not be able to enter into any new reinsurance contracts until the suspension ended or we became licensed in another jurisdiction. Any such suspension or revocation of our license would negatively impact our reputation in the reinsurance marketplace and could have a material adverse effect on our results of operations.

As a regulated insurance company, Oxbridge Reinsurance Limited is subject to the supervision of CIMA and CIMA may at any time direct Oxbridge Reinsurance Limited, in relation to a policy, a line of business or the entire business, to cease or refrain from committing an act or pursuing a course of conduct and to perform such acts as in the opinion of CIMA are necessary to remedy or ameliorate the situation.

Table of Contents

Furthermore, in certain circumstances, including when CIMA is of the opinion that:

a licensee either is or appears to be likely to become unable to meet its obligations as they fall due;

a licensee is carrying on its business in a manner which is seen as detrimental to the general public interest or to the interests of its creditors or policy holders;

the activities of any member of the licensee's insurance group are detrimental to those interests of the licensee's creditors, as well as its policy holders;

a licensee has contravened the Law or the Money Laundering Regulations (2009 Revision) of the Cayman Islands;

the licensee has failed to comply with a condition of its license such as maintaining a margin of solvency as prescribed by CIMA;

the direction and/or management of the licensee's business has not been conducted in a fit and proper manner;

a director, manager or officer of the licensee's business is not someone who would qualify or be seen as a person suitable to hold the respective position;

any person who is either holding or acquiring control or ownership of the licensee is not a fit and proper person to have such control or ownership;

the licensee has ceased to carry on business; or

the licensee is placed in liquidation or is dissolved;

CIMA may take one of a number of steps, including:

requiring the licensee to take steps to rectify the matter;

suspending the license of the licensee pending a full inquiry into the licensee's affairs; revoking the license;

imposing conditions upon the licensee in terms of decisions made by it, including the suspension of voting rights or nullification of votes cast by it, and amending or revoking any such condition;

requiring the substitution or removal of any director, manager or officer of the licensee, at the expense of the licensee;

appointing a person to advise the licensee on the proper conduct of its affairs, at the expense of the licensee; appointing a person to assume control of the licensee's affairs; or

otherwise requiring such action to be taken by the licensee as CIMA considers necessary.

Table of Contents

Failures to comply with a direction given by CIMA may be punishable by a fine of up to five hundred thousand Cayman Islands dollars (US\$609,756.10 based on the Cayman Islands pegged exchange rate of CI\$0.82 per US\$1.00 as of March 12, 2015) or imprisonment for a term of five years or both, and a fine of an additional ten thousand Cayman Islands dollars (US\$12,195.12) for every day after conviction on which the offense so continues.

Our reinsurance subsidiary is subject to minimum capital and surplus requirements, and our failure to meet these requirements could subject us to regulatory action.

Pursuant to the Capital and Solvency Regulations, Oxbridge Reinsurance Limited, our reinsurance subsidiary, is required to maintain the statutory minimum capital requirement (as defined under the Capital and Solvency Regulations) of \$500 and prescribed capital requirement (as defined under the Capital and Solvency Regulations) of \$500, and a minimum margin of solvency equal to or in excess of the total prescribed capital requirement. Any failure to meet the applicable requirements or minimum statutory capital requirements could subject us to further examination or corrective action by CIMA, including restrictions on dividend payments, limitations on our writing of additional business or engaging in finance activities, supervision or liquidation.

As a holding company, we will depend on the ability of our subsidiaries to pay dividends.

We are a holding company and do not have any significant operations or assets other than our ownership of the shares of our subsidiaries (currently only Oxbridge Reinsurance Limited). Dividends and other permitted distributions from our subsidiaries will be our primary source of funds to meet ongoing cash requirements, including future debt service payments, if any, and other expenses, and to pay dividends to our shareholders if we choose to do so. Oxbridge Reinsurance Limited, as well as some of our future subsidiaries, will be subject to applicable law as well as significant regulatory restrictions limiting their ability to declare and pay dividends. The inability of our subsidiaries to pay dividends in an amount sufficient to enable us to meet our cash requirements at the holding company level could have an adverse effect on our operations and our ability to pay dividends to our shareholders if we choose to do so and/or meet our debt service obligations, if any.

We are subject to the risk of possibly becoming an investment company under U.S. federal securities law.

In the United States, the Investment Company Act of 1940, as amended (the Investment Company Act), regulates certain companies that invest in or trade securities. We rely on an exemption under the Investment Company Act for an entity organized and regulated as a foreign insurance company which is engaged primarily and predominantly in the reinsurance of risks on insurance agreements. The law in this area is subjective and there is a lack of guidance as to the meaning of primarily and predominantly under the relevant exemption to the Investment Company Act. For example, there is no standard for the amount of premiums that need to be written relative to the level of an entity's capital in order to qualify for the exemption. If this exception were deemed inapplicable, we would have to seek to register under the Investment Company Act as an investment company, which, under the Investment Company Act, would require an order from the SEC. Our inability to obtain such an order could have a significant adverse impact on our business, as we might have to cease certain operations or risk substantial penalties for violating the Investment Company Act.

Registered investment companies are subject to extensive, restrictive and potentially adverse regulation relating to, among other things, capital structure, leverage, management, dividends and transactions with affiliates. Registered investment companies are not permitted to operate their business in the manner in which we operate (and intend to operate) our business. Specifically, if we were required to register under the Investment Company Act,

Table of Contents

provisions of the Investment Company Act would limit (and in some cases even prohibit) our ability to raise additional debt and equity securities or issue options or warrants (which could impact our ability to compensate key employees), limit our ability to use financial leverage, limit our ability to incur indebtedness, and require changes to the composition of our Board of Directors. Provisions of the Investment Company Act would also prohibit (subject to certain exceptions) transactions with affiliates. Accordingly, if we were required to register as an investment company, we would not be permitted to have many of the relationships that we have or expect that we may have with affiliated companies.

If at any time it were established that we had been operating as an investment company in violation of the registration requirements of the Investment Company Act, there would be a risk, among other material adverse consequences, that we could become subject to monetary penalties or injunctive relief, or both, or that we would be unable to enforce contracts with third parties or that third parties could seek to obtain rescission of transactions with us undertaken during the period in which it was established that we were an unregistered investment company.

To the extent that the laws and regulations change in the future so that contracts we write are deemed not to be reinsurance contracts, we will be at greater risk of not qualifying for the Investment Company Act exemption. Additionally, it is possible that our classification as an investment company would result in the suspension or revocation of our reinsurance license.

Insurance regulations to which we are, or may become, subject, and potential changes thereto, could have a significant and negative effect on our business.

Although we do not presently expect that we will conduct business in any jurisdiction other than the Cayman Islands, we cannot assure you that insurance regulators in the United States or elsewhere will not review our activities and claim that we are subject to such jurisdiction's insurance licensing requirements. In addition, we are subject to indirect regulatory requirements imposed by jurisdictions that may limit our ability to provide reinsurance. For example, our ability to write reinsurance may be subject, in certain cases, to arrangements satisfactory to applicable regulatory bodies, and proposed legislation and regulations may have the effect of imposing additional requirements upon, or restricting the market for, non-U.S. reinsurers such as Oxbridge Reinsurance Limited, with whom domestic companies may place business. We do not know of any such proposed legislation pending at this time.

Furthermore, we may not be able to comply fully with, or obtain desired exemptions from, revised statutes, regulations and policies that currently, or may in the future, govern the conduct of our business. Failure to comply with, or to obtain desired authorizations and/or exemptions under, any applicable laws could result in restrictions on our ability to do business or undertake activities that are regulated in the jurisdiction in which operate and could subject us to fines and other sanctions. In addition, changes in the laws or regulations to which our subsidiary is subject or may become subject, or in the interpretations thereof by enforcement or regulatory agencies, could have a material adverse effect on our business, our business plans, and our growth strategy.

We will likely be exposed to credit risk due to the possibility that counterparties may default on their obligations to us.

Due to our investments in our portfolio, we are exposed to credit risk due to the possibility that counterparties may default on their obligations to us. Issuers or borrowers whose securities or debt we hold, customers, reinsurers, clearing agents, exchanges, clearing houses and other financial intermediaries and guarantors

Table of Contents

may default on their obligations to us due to bankruptcy, insolvency, lack of liquidity, adverse economic conditions, operational failure, fraud or other reasons. Such defaults could have a significant and negative effect on our results of operations, financial condition and cash flows.

Risks Relating to our Securities

Provisions of our Third Amended and Restated Memorandum and Articles of Association (Articles) could adversely affect the value of our securities.

Our Articles permit our Board of Directors to allot, issue, grant options over or otherwise dispose of further shares (including fractions of such share) with or without preferred, deferred or other rights or restrictions, whether in regard to dividend or other distribution, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they consider appropriate. Accordingly, our Board of Directors may authorize the issuance of preferred shares with terms and conditions and under circumstances that could have an effect of discouraging a takeover or other transaction, deny shareholders the receipt of a premium on their ordinary shares in the event of a tender or other offer for ordinary shares and have a depressive effect on the value of our ordinary shares.

Provisions of the Companies Law of the Cayman Islands could prevent a merger or takeover of our company.

As compared to mergers under corporate law in the United States, it may be more difficult to consummate a merger of two or more companies in the Cayman Islands or the merger of one or more Cayman Islands companies with one or more overseas companies, even if such transaction would be beneficial to our shareholders. The Companies Law of the Cayman Islands, as amended (the Companies Law), permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) merger means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company and (b) a consolidation means the combination of two or more constituent companies into a combined company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the shareholders and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

In addition, there are statutory provisions that facilitate the reconstruction and amalgamation of companies, provided that the arrangement is approved by a majority in number of each class of shareholders or creditors (representing 75% by value) with whom the arrangement is to be made and who must, in addition, represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and

Table of Contents

subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

the statutory provisions as to the required majority vote have been met;

the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;

the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and

the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Law.

When a takeover offer is made and accepted by holders of 90% of the shares within four months, the offeror may, within a two-month period commencing on the expiration of such four month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands, but such objection is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction is thus approved, the dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of certain corporations incorporated in the United States, including Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Holders of our securities may have difficulty obtaining or enforcing a judgment against us, and they may face difficulties in protecting their interests because we are incorporated under Cayman Islands law.

Because we are a Cayman Islands company, there is uncertainty as to whether the Grand Court of the Cayman Islands would recognize or enforce judgments of United States courts obtained against us predicated upon the civil liability provisions of the securities laws of the United States or any state thereof, or be competent to hear original actions brought in the Cayman Islands against us predicated upon the securities laws of the United States or any state thereof.

We are incorporated as an exempted company limited by shares under the Companies Law. A significant amount of our assets are located outside of the United States. As a result, it may be difficult for persons purchasing our securities to effect service of process within the United States upon us or to enforce judgments against us or judgments obtained in U.S. courts predicated upon the civil liability provisions of the federal securities laws of the United States or any state of the United States.

Although there is no statutory enforcement in the Cayman Islands of judgments obtained in the United States, the courts of the Cayman Islands will, based on the principle that a judgment by a competent foreign court will impose upon the judgment debtor an obligation to pay the sum for which judgment has been given, recognize and enforce a foreign judgment of a court of competent jurisdiction if such judgment is final, for a liquidated sum, not in respect of

taxes or a fine or penalty if not inconsistent with a Cayman Islands judgment in respect of the same

Table of Contents

matters, and was not obtained in a manner, and is not of a kind, the enforcement of which is contrary to the public policy of the Cayman Islands. There is doubt, however, as to whether the courts of the Cayman Islands will, in an original action in the Cayman Islands, recognize or enforce judgments of U.S. courts predicated upon the civil liability provisions of the securities laws of the United States or any state of the United States on the grounds that such provisions are penal in nature. Furthermore, a Cayman Islands court may stay proceedings if concurrent proceedings are being brought elsewhere.

Unlike many jurisdictions in the United States, Cayman Islands law does not specifically provide for shareholder appraisal rights on a merger or consolidation of an entity. This may make it more difficult for shareholders to assess the value of any consideration they may receive in a merger or consolidation or to require that the offeror give a shareholder additional consideration if he believes the consideration offered is insufficient. In addition, shareholders of Cayman Islands exempted companies such as ours have no general rights under Cayman Islands law to inspect corporate records and accounts. Our directors have discretion under our Articles to determine whether or not, and under what conditions, the corporate records may be inspected by shareholders, but are not obligated to make them available to shareholders. This fact may make it more difficult for shareholders to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest. Finally, subject to limited exceptions, under Cayman Islands law, a minority shareholder may not bring a derivative action against our Board of Directors.

Provisions of our Articles may reallocate the voting power of our ordinary shares.

In certain circumstances, the total voting power of our ordinary shares held by any one person will be reduced to less than 9.9% of the total voting power of the total issued and outstanding ordinary shares. In the event a holder of our ordinary shares acquires shares representing 9.9% or more of the total voting power of our total ordinary shares, there will be an effective reallocation of the voting power of the ordinary shares as described in the Articles.

We are an emerging growth company and we cannot be certain whether the reduced disclosure requirements and relief from certain other significant obligations that are applicable to emerging growth companies will make our securities less attractive to investors.

We are an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012, or JOBS Act, and we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, less extensive disclosure obligations regarding executive compensation in our periodic reports and proxy statements, exemptions from the requirements to hold a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved and an extended transition period for complying with new or revised accounting standards. This may make comparison of our financial statements with any other public company that is either not an emerging growth company or is an emerging growth company that has opted out of using the extended transition period difficult, as different or revised standards may be used by such companies. We cannot predict if investors will find our securities less attractive because we will rely on these exemptions. If some investors find our securities less attractive as a result, there may be a less active trading market for our securities and the price of our securities may be more volatile.

Table of Contents

Risks Relating to Taxation

We may become subject to taxation in the Cayman Islands which would negatively affect our results.

Under current Cayman Islands law, we are not obligated to pay any taxes in the Cayman Islands on either income or capital gains. The Governor-in-Cabinet of Cayman Islands has granted us an exemption from the imposition of any such tax on us for twenty years from April 23, 2013. We cannot be assured that after such date we would not be subject to any such tax. If we were to become subject to taxation in the Cayman Islands, our financial condition and results of operations could be significantly and negatively affected.

We may be subject to United States federal income taxation.

We are incorporated under the laws of the Cayman Islands and intend to operate in a manner that will not cause us to be treated as engaging in a United States trade or business and will not cause us to be subject to current United States federal income taxation on our income. However, because there are no definitive standards provided by the Internal Revenue Code of 1986, as amended (the Code), regulations or court decisions as to the specific activities that constitute being engaged in the conduct of a trade or business within the United States, and as any such determination is essentially factual in nature, we cannot assure you that the United States Internal Revenue Service, or the IRS, will not successfully assert that we are engaged in a trade or business in the United States and thus are subject to current United States federal income taxation.

We may be treated as a PFIC, in which case a U.S. holder of our ordinary shares should be subject to disadvantageous rules under U.S. federal income tax laws.

Significant potential adverse United States federal income tax consequences generally apply to any United States person who owns shares in a passive foreign investment company, or PFIC. In general, a non-U.S. corporation is classified as a PFIC for a taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to certain look-through rules, either (i) 75% or more of its gross income is passive income, or (ii) 50% or more of the average quarterly value of its gross assets is attributable to assets that produce passive income or are held for the production of passive income. In general, either of Oxbridge Re Holdings Limited or Oxbridge Reinsurance Limited would be deemed to be a PFIC for a taxable year if 75% or more of its income constitutes passive income or 50% or more of its assets produce passive income.

Passive income generally includes interest, dividends and other investment income but does not include income derived in the active conduct of an insurance business by a corporation predominantly engaged in an insurance business. This exception for insurance companies is intended to ensure that a bona fide insurance company's income is not treated as passive income, except to the extent such income is attributable to financial reserves in excess of the reasonable needs of the insurance business. We believe that we are currently operating and intend to continue operating our business with financial reserves at a level that should not cause us to be deemed PFICs, although we cannot assure you the IRS will not successfully challenge this conclusion. In addition, sufficient risk must be transferred under an insurance company's contracts with its insureds in order to qualify for the insurance exception. Whether our insurance contracts possess adequate risk transfer for purposes of determining whether income under our contracts is insurance income, and whether we are predominantly engaged in the insurance business, are subjective in nature and there is very little authority on these issues. We cannot assure you that the IRS will not successfully challenge the level of risk transfer under our reinsurance contracts for purposes of the insurance company exception, nor can we cannot assure you that the IRS will not successfully challenge our

Table of Contents

interpretation of the scope of the active insurance company exception and our qualification for the exception. Further, the IRS may issue regulatory or other guidance that causes us to fail to qualify for the active insurance company exception on a prospective or retroactive basis. Therefore, we cannot assure you that we will satisfy the exception for insurance companies and will not be treated as PFICs currently or in the future. Although we do not expect that we were a PFIC in 2014, nor do we expect to be a PFIC in 2015 or thereafter, no assurance can be provided in that regard or as to our status in future years. If you are a United States person, we advise you to consult your own tax advisor concerning the potential tax consequences to you under the PFIC rules.

We may be treated as a CFC and may be subject to the rules for related person insurance income, and in either case this may subject a U.S. holder of our ordinary shares to disadvantageous rules under U.S. federal income tax laws.

Controlled Foreign Corporation. United States persons who, directly or indirectly or through attribution rules, own 10% or more of our ordinary shares, which we refer to as United States 10% shareholders, may be subject to the controlled foreign corporation, or CFC, rules. Under the controlled foreign corporation rules of the Code, each United States 10% shareholder must annually include his pro rata share of the controlled foreign corporation's subpart F income, even if no distributions are made. In general, a foreign insurance company will be treated as a controlled foreign corporation only if United States 10% shareholders collectively own more than 25% of the total combined voting power or total value of the company's shares for an uninterrupted period of 30 days or more during any year. We believe that the anticipated dispersion of our ordinary shares among holders and the restrictions placed on transfer, issuance or repurchase of our ordinary shares, will generally prevent shareholders who acquire ordinary shares from being United States 10% shareholders. In addition, because our Articles prevent any person from holding 9.9% or more of the total combined voting power of our shares (whether held directly, indirectly, or constructively), unless such provision is waived by the unanimous consent of our Board of Directors, we believe no persons holding ordinary shares should be viewed as United States 10% shareholders of a CFC for purposes of the CFC rules. We cannot assure you, however, that these rules will not apply to you. If you are a United States person we strongly urge you to consult your own tax advisor concerning the controlled foreign corporation rules.

Related Person Insurance Income. A different definition of CFC is applicable in the case of a foreign corporation which earns related person insurance income (RPII). RPII is a Code Subpart F insurance income attributable to insurance policies or reinsurance contracts where the person that is directly or indirectly insured or reinsured is a RPII shareholder or a related person to the RPII shareholder. A RPII shareholder is a United States person who owns, directly or indirectly through foreign entities, any amount of our ordinary shares. Generally, for purposes of the RPII rules, a related person is someone who controls or is controlled by the RPII shareholder or someone who is controlled by the same person or persons which control the RPII shareholder. Control is measured by either more than 50% in value or more than 50% in voting power of shares after applying certain constructive ownership rules. For purposes of taking into account RPII, and subject to the exceptions described below, Oxbridge Reinsurance Limited will be treated as a CFC if our RPII shareholders collectively own, indirectly, 25% or more of the total combined voting power or value of their respective shares on any day during a taxable year. If Oxbridge Reinsurance Limited is a CFC for an uninterrupted period of at least 30 days during any taxable year under the special RPII rules, any U.S. Holder that owns ordinary shares on the last day of any such taxable year must include in gross income for U.S. federal income tax purposes the U.S. Holder's allocable share of the RPII of Oxbridge Reinsurance Limited for the entire taxable year, subject to certain modifications. Among other exceptions, the RPII rules do not apply if the insurance company's RPII, determined on a gross basis, is less than 20% of such respective entity's gross insurance income for such taxable year. We do not believe that the 20% gross insurance income

Table of Contents

threshold will be met. However, we cannot assure you that this is or will continue to be the case. Consequently, we cannot assure you that a person who is a direct or indirect United States shareholder will not be required to include amounts in its income in respect of RPII in any taxable year.

United States tax-exempt organizations who own ordinary shares may recognize unrelated business taxable income.

If you are a United States tax-exempt organization you may recognize unrelated business taxable income if a portion of our Code Subpart F insurance income is allocated to you. In general, Code Subpart F insurance income will be allocated to you if we are a CFC as discussed above and you are a United States 10% shareholder or there is related person insurance income and certain exceptions do not apply. Although we do not believe that any United States persons will be allocated Code Subpart F insurance income, we cannot assure you that this will be the case. If you are a United States tax-exempt organization, we advise you to consult your own tax advisor regarding the risk of recognizing unrelated business taxable income.

Changes in United States tax laws may be retroactive and could subject us, and/or United States persons who own ordinary shares to United States income taxation on our undistributed earnings.

The tax laws and interpretations regarding whether a company is engaged in a United States trade or business, is a CFC, has RPII, or is a PFIC are subject to change, possibly on a retroactive basis. There are currently no regulations regarding the application of the PFIC rules to an insurance company and the regulations regarding RPII are still in proposed form. New regulations or pronouncements interpreting or clarifying such rules may be forthcoming from the IRS. We are not able to predict if, when or in what form such guidance will be provided and whether such guidance will have a retroactive effect.

ITEM 1B UNRESOLVED STAFF COMMENTS

The Company has no unresolved written comments regarding its periodic or current reports from the staff of the SEC.

ITEM 2 PROPERTIES

We currently lease office space at Harbour Place office building at 103 South Church Street, Georgetown, Grand Cayman. We believe that the Harbour Place office is suitable and sufficient for us to conduct our operations for the foreseeable future.

ITEM 3 LEGAL PROCEEDINGS

We are not currently involved in any litigation or arbitration. We anticipate that, similar to the rest of the insurance and reinsurance industry, we will be subject to litigation and arbitration in the ordinary course of business.

ITEM 4 MINE SAFETY DISCLOSURES

Not applicable.

Table of Contents**PART II****ITEM 5 MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES****Market Information for Ordinary Shares**

Our ordinary shares began trading on The NASDAQ Capital Market under the symbol OXBR on May 9, 2014. Prior to that date, there was no public trading market for our ordinary shares. The following table sets forth the high and low sales price per share of our ordinary shares as reported on The NASDAQ Capital Market for the periods indicated:

Year Ended December 31, 2014	High	Low
First Quarter (March 27 through March 31)	\$ 8.02	\$ 6.60
Second Quarter	\$ 7.89	\$ 5.03
Third Quarter	\$ 8.86	\$ 5.06
Fourth Quarter	\$ 7.85	\$ 5.49

Holder of Record and Tax Information

As of March 12, 2015, there were 21 holders of record of our ordinary shares. There are no current applicable Cayman Islands laws, decrees or regulations relating to restrictions on the import or export of capital or exchange controls affecting remittances of dividends, interest and other payments to non-resident holders of our ordinary shares. There are no existing laws or regulations of the Cayman Islands imposing taxes or containing withholding provisions to which United States holders of our ordinary shares are subject. There are no reciprocal tax treaties between the Cayman Islands and the United States.

Table of Contents**Dividend Policy**

The declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on our results of operations and cash flows, our financial position and capital requirements, general business conditions, rating agency guidelines (if applicable), any legal, tax, regulatory and contractual restrictions on the payment of dividends, and any other factors considered relevant by our Board of Directors. Our ability to pay dividends will also depend on the requirements of any future financing agreements to which we may be a party and the ability of our reinsurance subsidiary to pay dividends to us. Although Oxbridge Re Holdings Limited is not subject to any significant legal prohibitions on the payment of dividends, Oxbridge Reinsurance Limited, our reinsurance subsidiary, is subject to Cayman Islands regulatory constraints that affect its ability to pay dividends to us and include a minimum net worth requirement. Currently, the minimum net worth requirement for Oxbridge Reinsurance Limited is \$500. As of December 31, 2014, Oxbridge Reinsurance Limited exceeded the minimum requirement. By law, Oxbridge Reinsurance Limited is restricted from paying a dividend if such a dividend would cause its net worth to drop to less than the required minimum.

The following table shows the frequency and amount of all cash dividends declared on our ordinary shares for the fiscal year 2014:

Declaration Date	Payment Date	Record Date	Per Share Amount
January 19, 2014	February 14, 2014	December 31, 2013	\$0.12
January 19, 2014	February 21, 2014	December 31, 2013	\$0.12
July 5, 2014	August 29, 2014	August 8, 2014	\$0.12
November 1, 2014	November 28, 2014	November 17, 2014	\$0.12

Any future determination to declare cash dividends will be made at the discretion of our Board of Directors, subject to applicable laws, and will depend on a number of factors, including our financial condition, results of operations, capital requirements, contractual restrictions, general business conditions and other factors that our Board of Directors may deem relevant.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information, as of December 31, 2014, with respect to our equity compensation plans.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
			1,000,000

Equity compensation plans
approved by shareholders

33

Table of Contents

On December 19, 2014, the Company's shareholders at an Annual General Meeting approved the Company's 2014 Omnibus Incentive Plan (the "Plan"). Under the Plan, the Compensation Committee of the Board of Directors has discretion to grant equity and cash incentive awards to eligible individuals, including the issuance of up to 1,000,000 of the Company's ordinary shares.

The Plan permits the grant of options (including incentive share options), share appreciation rights, restricted shares, restricted share units, performance shares, performance units, annual cash incentives, long-term cash incentives, dividend equivalent units and other types of share-based awards.

As of December 31, 2014, there were no incentive awards outstanding under the Plan.

Unregistered Sales of Equity Securities

There were no sales of unregistered securities during the year ended December 31, 2014.

Use of Proceeds

On February 28, 2014, our Registration Statement on Form S-1, as amended (File No. 333-193577) (the "Initial Registration Statement"), relating to our initial public offering of our units, ordinary shares, and warrants was declared effective by the SEC. In order to increase the number of units, ordinary shares, and warrants registered under the Initial Registration Statement, we filed another Registration Statement on Form S-1 (File No. 333-194648) pursuant to Rule 462(b), which was effective upon filing on March 18, 2014 (the "462(b) Registration Statement"). The Initial Registration Statement together with the 462(b) Registration Statement covered the offer and sale by us of 4,884,650 units (the "Units"), with each Unit consisting of one ordinary share and one warrant (each, a "Warrant"), which were sold to the public on March 26, 2014 at a price of \$6.00 per Unit. Each Warrant may be exercised to acquire one ordinary share at an exercise price equal to \$7.50 per ordinary share (which is 125% of the public offering price) until March 26, 2019. Our initial public offering closed on March 26, 2014 resulting in aggregate gross proceeds to us of approximately \$29.3 million and aggregate net proceeds of approximately \$26.9 million after deducting an aggregate of \$1,491,822 in commissions paid to placement agents and approximately \$865,000 in offering expenses.

There has been no material change in the use of proceeds from our initial public offering as described in the final prospectus filed with the SEC on March 21, 2014.

Issuer Purchases of Equity Securities

There were no repurchases of the Company's ordinary shares by the Company in the fourth quarter of the Company's fiscal year ended December 31, 2014.

Table of Contents

ITEM 6 SELECTED FINANCIAL DATA

As a smaller reporting company as defined by Rule 229.10(f)(1) of the Exchange Act, we are not required to provide the information under this item and we have elected to exclude this information as our operating history does not cover the requisite five-year period.

ITEM 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is intended to help the reader understand our business, financial condition, results of operations, liquidity and capital resources. You should read this discussion in conjunction with our Consolidated Financial Statements and the related notes contained elsewhere in this Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

This discussion contains forward-looking statements that are not historical facts, including statements about our beliefs and expectations. These statements are based upon current plans, estimates and projections. Our actual results may differ materially from those projected in these forward-looking statements as a result of various factors. See *Forward Looking Statements* appearing at the beginning of this Annual Report on Form 10-K and Item 1A, *Risk Factors*.

Overview and Trends

We are a Cayman Islands specialty property and casualty reinsurer that provides reinsurance solutions through our subsidiary, Oxbridge Reinsurance Limited. We focus on underwriting fully-collateralized reinsurance contracts primarily for property and casualty insurance companies in the Gulf Coast region of the United States, with an emphasis on Florida. We specialize in underwriting medium frequency, high severity risks, where we believe sufficient data exists to analyze effectively the risk/return profile of reinsurance contracts.

We underwrite reinsurance contracts on a selective and opportunistic basis as opportunities arise based on our goal of achieving favorable long-term returns on equity for our shareholders. Our goal is to achieve long-term growth in book value per share by writing business that generates attractive underwriting profits relative to the risk we bear. Unlike other insurance and reinsurance companies, we do not intend to pursue an aggressive investment strategy and instead will focus our business on underwriting profits rather than investment profits. However, we intend to complement our underwriting profits with investment profits on an opportunistic basis. Our primary business focus is on fully collateralized reinsurance contracts for property catastrophes, primarily in the Gulf Coast region of the United States, with an emphasis on Florida. Within that market and risk category, we attempt to select the most economically attractive opportunities across a variety of property and casualty insurers. As our capital base grows, however, we expect that we will consider growth opportunities in other geographic areas and risk categories.

Our level of profitability is primarily determined by how adequately our premiums assumed and investment income cover our costs and expenses, which consist primarily of acquisition costs and other underwriting expenses, claim payments and general and administrative expenses. One factor leading to variation in our operational results is the timing and magnitude of any follow-on offerings we undertake (if any), as we are able to deploy new capital to collateralize new reinsurance treaties and consequently, earn additional premium revenue. In addition, our results of operations may be seasonal in that hurricanes and other tropical storms typically occur during the period from June 1 through November 30. Further, our results of operations may be subject to significant variations due to factors affecting the property and casualty insurance industry in general, which include competition, legislation, regulation, general economic conditions, judicial trends, and fluctuations in interest rates and other changes in the investment

environment.

Because we employ an opportunistic underwriting and investment philosophy, period-to-period comparisons of our underwriting results may not be meaningful. In addition, our historical investment results may not necessarily be indicative of future performance. Due to the nature of our reinsurance and investment strategies, our operating results will likely fluctuate from period to period.

Table of Contents

Due to influx of new risk capital from alternative capital market participants such as hedge funds and pension funds, we believe that the reinsurance industry is currently over-capitalized, and will continue in this trend for the foreseeable future. The over-capitalization of the market is not uniform as there are a number of insurers and reinsurers that have suffered and continue to suffer from capacity issues. We continue to assess the opportunities that may be available to us with insurance and reinsurance companies with this profile. If the reinsurance market continues to soften, our strategy is to reduce premium writings rather than accept mispriced risk, and conserve our capital for a more opportune environment. Significant rate increases could occur if financial and credit markets experience adverse shocks that result in the loss of capital of insurers and reinsurers, or if there are major catastrophic events, especially in North America. The persistent low interest rate environment has reduced the earnings of many insurance and reinsurance companies and we believe that the continuation of low interest rates, coupled with the reduction of prior years' reserve redundancies, could cause the industry to adopt overall higher pricing.

PRINCIPAL REVENUE AND EXPENSE ITEMS

Revenues

We derive our revenues from two principal sources:

premiums assumed from reinsurance on property and casualty business; and

income from investments.

Premiums assumed include all premiums received by a reinsurance company during a specified accounting period, even if the policy provides coverage beyond the end of the period. Premiums are earned over the term of the related policies. At the end of each accounting period, the portion of the premiums that are not yet earned are included in the unearned premiums reserve and are realized as revenue in subsequent periods over the remaining term of the policy. Our policies typically have a term of twelve months. Thus, for example, for a policy that is written on July 1, 2014, one-half of the premiums will be earned in 2014 and the other half will be earned during 2015.

Premiums from reinsurance on property and casualty business assumed are directly related to the number, type and pricing of contracts we write.

Premiums assumed are recorded net of change in loss experience refund, which consists of changes in amounts due to the cedants under two of our reinsurance contracts. These contracts contain retrospective provisions that adjust premiums in the event losses are minimal or zero. We recognize a liability pro-rata over the period in which the absence of loss experience obligates us to refund premiums under the contracts, and we will derecognize such liability in the period in which a loss experience arises. The change in loss experience refund is negatively correlated to loss and loss adjustment expenses described below.

Income from our investments is primarily comprised of interest income, dividends and net realized gains on investment securities. Such income is primarily from the Company's investment capital, some of which is held in trust accounts that collateralize the reinsurance policies that we write. The investment parameters for capital held in such trust accounts is generally established by the cedant for the relevant policy.

Expenses

Our expenses consist primarily of the following:

losses and loss adjustment expenses;

policy acquisition costs and underwriting expenses; and

Table of Contents

general and administrative expenses.

Loss and loss adjustment expenses are a function of the amount and type of reinsurance contracts we write and of the loss experience of the underlying coverage. As described below, loss and loss adjustment expenses are based on the claims reported by our company's ceding insurers, and where necessary, may include an actuarial analysis of the estimated losses, including losses incurred during the period and changes in estimates from prior periods. Depending on the nature of the contract, loss and loss adjustment expenses may be paid over a period of years.

Policy acquisition costs and underwriting expenses consist primarily of brokerage fees, ceding commissions, premium taxes and other direct expenses that relate to our writing of reinsurance contracts. We amortize deferred acquisition costs over the related contract term.

General and administrative expenses consist of salaries and benefits and related costs, including costs associated with our professional fees, rent and other general operating expenses consistent with operating as a public company.

Table of Contents**RESULTS OF OPERATIONS**

The following table summarizes our results of operations for the year ended December 31, 2014 and for the period from April 4, 2013 (date of incorporation) to December 31, 2013 (dollars in thousands, except per share amounts):

	Year Ended December 31, 2014	Period from April 4, 2013 (date of incorporation) to December 31, 2013
Revenue		
Assumed premiums	\$ 14,293	4,886
Change in loss experience refund payable	(5,766)	(1,367)
Change in unearned premiums reserve	(3,708)	(2,036)
Net premiums earned	4,819	1,483
Net realised investment gains	641	
Net investment income	99	
Total revenue	5,559	1,483
Expenses		
Policy acquisition costs and underwriting expenses	431	96
Preopening and organizational costs		145
General and administrative expenses	1,128	389
Total expenses	1,559	630
Net income	\$ 4,000	853
Earnings per share		
Basic and Diluted	\$ 0.82	0.88
Weighted average shares outstanding		
Basic and Diluted	4,862,479	972,540
Dividends paid per share	\$ 0.48	

Performance ratios to net premiums earned:

Loss ratio	0%	0%
Acquisition cost ratio	8.9%	6.5%
Expense ratio	32.4%	32.7%
Combined ratio	32.4%	32.7%

Comparison of the Year Ended December 31, 2014 to the Period from April 4, 2013 (Date of Incorporation) to December 31, 2013

General. Net income for the year ended December 31, 2014 was \$4 million, or \$0.82 per basic and diluted share, compared to a net income of \$853 thousand, or \$0.88 per basic and diluted share, for the period from April 4, 2013 (date of incorporation) to December 31, 2013. The increase in net income of \$3.15 million, from \$853 thousand to \$4 million was primarily due to an increase in net premiums earned coupled with the fact that we began operating and underwriting in June 2013, and as such, only seven months of revenue was recognized during the period from April 4, 2013 (date of incorporation) to December 31, 2013, compared with recognition of one year of revenue in 2014. Additionally, all preopening and organizational costs amounting to \$145 thousand were expensed during the period from April 4, 2013 (date of incorporation) to December 31, 2013. Finally, we began investing in fixed-maturity and equity securities during August 2014 and earned \$740 thousand of investment income, compared to \$0 of investment income in the period from April 4, 2013 (date of incorporation) to December 31, 2013.

Although net income increased for the year ended December 31, 2014 when compared to the period from April 4, 2013 (date of incorporation) to December 31, 2013, the basic and diluted share value fell slightly from \$0.88 to \$0.82. This was solely due to the higher level of weighted-average outstanding shares during the year ended December 31, 2014, when compared to the period from April 4, 2013 (date of incorporation) to December 31, 2013.

Table of Contents

Premium Income. Premiums earned reflects the pro-rata inclusion into income of premiums assumed (net of loss experience refund) over the life of our reinsurance contracts.

Net premiums earned for the year ended December 31, 2014 increased \$3.3 million, or 225%, to \$4.8 million, from \$1.5 million for the period from April 4, 2013 (date of incorporation) to December 31, 2013. The growth of net premiums earned was driven by continued growth in the number and size of reinsurance contracts placed.

Assumed premiums for the year ended December 31, 2014 increased \$9.4 million, or 193%, to \$14.3 million, from \$4.9 million for the period from April 4, (date of incorporation) to December 31, 2013. The growth of assumed premiums, and consequently, the growth of net premiums earned of as indicated above, was driven by continued growth in the number and size of reinsurance contracts placed. Additionally, our initial contracts were effective from June 1, 2013, and as such, premiums for the period from April 4, 2013 (date of incorporation) to December 31, 2013 represent only seven months of revenue, when compared to year ended December 31, 2014. During the year ended December 31, 2014, we successfully completed our initial public offering and consequently, we were able to underwrite additional fully-collateralized reinsurance contracts with part of the proceeds of the initial public offering.

Losses Incurred. There were no losses incurred for the year ended December 31, 2014 or period from April 4, 2013 (date of incorporation) to December 31, 2013.

Policy Acquisition Costs and Underwriting Expenses. Acquisition costs represent the amortization of the brokerage fees and federal excise taxes incurred on reinsurance contracts placed. Additionally, included within policy acquisition costs and underwriting expenses for the year ended December 31, 2014, are underwriting consulting expenses of \$150 thousand, which were paid under the terms of an agreement with Resonant Consultants, Inc.

Policy acquisition costs and underwriting expenses for the year ended December 31, 2014 increased \$335 thousand, or 349%, to \$431 thousand, from \$96 thousand for the period from April 4, 2013 (date of incorporation) to December 31, 2013. The increase is due in part to the underwriting consulting expenses as mentioned above, as well as the increase in assumed premiums, which also resulted in increased brokerage fees and federal excise taxes (which are paid with respect to new reinsurance contracts). Additionally, our initial reinsurance contracts were effective from June 1, 2013, and as such, acquisition costs and underwriting expenses for the period from April 4, 2013 (date of incorporation) to December 31, 2013 represent only seven months of acquisition costs, when compared to the year ended December 31, 2014.

General and Administrative Expenses. General and administrative expenses for the year ended December 31, 2014 increased \$739 thousand, or 190%, to \$1.1 million, from \$389 thousand for the period from April 4, 2013 (date of incorporation) to December 31, 2013. The increase is due primarily to the fact that we commenced operations in June 2013, and as such, general and administrative expenses for the period ended December 31, 2013 represent only seven months of general and administrative expenses, when compared to the year ended December 31, 2014. Additionally, following our successful initial public offering in March 2014, we saw a significant increase in our general and administrative expenses during the year ended December 31, 2014 because of an increase in business activities and operations following the initial public offering.

MEASUREMENT OF RESULTS

We use various measures to analyze the growth and profitability of business operations. For our reinsurance business, we measure growth in terms of premiums assumed and we measure underwriting profitability by examining our loss, underwriting expense and combined ratios. We analyze and measure profitability in terms of net income and return on average equity.

Table of Contents

Premiums Assumed. We use gross premiums assumed to measure our sales of reinsurance products. Gross premiums assumed also correlates to our ability to generate net premiums earned. See also the analysis above relating to the growth in premiums assumed.

Loss Ratio. The loss ratio is the ratio of losses and loss adjustment expenses incurred to premiums earned and measures the underwriting profitability of our reinsurance business. There were no losses incurred during the year ended December 31, 2014 or period from April 4, 2013 (date of incorporation) to December 31, 2013.

Acquisition Cost Ratio. The acquisition cost ratio is the ratio of policy acquisition costs and other underwriting expenses to net premiums earned. The acquisition cost ratio measures our operational efficiency in producing, underwriting and administering our reinsurance business. The acquisition cost ratio increased from 6.5% for the period from April 4, 2013 (date of incorporation) to December 31, 2013 to 8.9% for the year ended December 31, 2014. This increase is due primarily to the recording of underwriting consulting expenses of \$150 thousand for the year ended December 31, 2014 as well as the placement of additional reinsurance contracts during the year ended December 31, 2014.

Expense Ratio. The expense ratio is the ratio of policy acquisition costs, other underwriting expenses and other administrative expenses to net premiums earned. We use the expense ratio to measure our operating performance. The expense ratio remained substantially the same over the year ended December 31, 2014 and period from April 4, 2013 (date of incorporation) to December 31, 2013.

Combined Ratio. We use the combined ratio to measure our underwriting performance. The combined ratio is the sum of the loss ratio and the expense ratio. If the combined ratio is at or above 100%, we are not underwriting profitably and may not be profitable. The combined ratio of 32.4% and 32.7% for the year ended December 31, 2014 and period from April 4, 2013 (date of incorporation) to December 31, 2013 is the same as the expense ratio above, given that we have not experienced losses.

SELECTED QUARTERLY FINANCIAL DATA

Selected quarterly financial data for 2014 and 2013 are shown in the following table. The quarterly financial data includes, in the opinion of management, all recurring adjustments necessary for a fair presentation of the results of operations for the interim periods (dollars in thousands, except per share amounts).

	2014 Three Months Ended			
	Dec. 31	Sep. 30	June 30	Mar. 31
Total revenue	\$ 2,161	\$ 1,851	\$ 899	\$ 648
Total expenses	471	475	358	255
Net income	1,690	1,376	541	393
Basic and Diluted earnings per share	\$ 0.28	\$ 0.23	\$ 0.09	\$ 0.28
Dividends paid per share	\$ 0.12	\$ 0.12	\$	\$ 0.24
Book value per share	\$ 6.12	\$ 5.95	\$ 5.84	\$ 5.75

Growth in book value per share	3%	2%	2%	-14%**
--------------------------------	----	----	----	--------

** - decrease in book value per share due to dilution in book value per share as a result of the completion of our initial public offering on March 26, 2014.

Table of Contents**SELECTED QUARTERLY FINANCIAL DATA (continued)**

	2013 Three Months Ended			
	Dec. 31	Sep. 30	June 30	Mar. 31
Total revenue	\$ 635	\$ 635	\$ 213	\$
Total expenses	256	162	212	
Net income	379	473	1	
Basic and Diluted earnings per share	\$ 0.34	\$ 0.42	\$	\$
Dividends paid per share	\$	\$	\$	\$
Book value per share	\$ 6.68	\$ 6.36	\$ 5.96	\$
Growth in book value per share	5%	7%	0%	

FINANCIAL CONDITION DECEMBER 31, 2014 COMPARED TO DECEMBER 31, 2013

Restricted Cash and Cash Equivalents. As of December 31, 2014, our restricted cash and cash equivalents increased by \$22.7 million, or 210%, to \$33.5 million, from \$10.8 million as of December 31, 2013. The increase is primarily a result of our successful placement of new reinsurance contracts in June and July 2014, and the placement of cash in trust accounts as collateral under these contracts.

Investments. We had no investments at December 31, 2013. As of December 31, 2014, we had investment securities available for sale with a fair value of \$11.8 million. During the year ended December 31, 2014, the Investment Committee of our Board of Directors approved the purchase of fixed-maturity and equity securities, which are included within our investment guidelines.

Premiums Receivable. There were no premiums receivable at December 31, 2013, as under the terms of our initial reinsurance contracts underwritten in June 2013, all premiums were due to be paid at contract inception. As of December 31, 2014, we had \$4.1 million in premiums receivable, which represents outstanding premium installments under our new reinsurance contracts for the treaty year commencing June 1, 2014.

Loss Experience Refund Payable. As of December 31, 2014, our loss experience refund payable increased by \$5.7 million, or 422%, to \$7.1 million, from \$1.4 million at December 31, 2013. The increase is due primarily to the recognition of a pro-rated liability over the year ended December 31, 2014, because the absence of loss experience under two of our reinsurance contracts obligates us to refund premium to two of our ceding reinsurers.

Unearned Premiums Reserve. As of December 31, 2014, our unearned premiums reserve increased by \$3.7 million, or 182%, to \$5.7 million, from \$2 million at December 31, 2013. The increase is due primarily to the successful placement of additional and larger reinsurance contracts for the treaty year effective June 1, 2014.

Shareholders Equity. As of December 31, 2014, shareholders equity increased by \$29.3 million to \$36.7 million, or 392%, from \$7.5 million at December 31, 2013. The increase is due to the net proceeds received upon completion of our initial public offering on March 26, 2014 as well as our net income of \$4 million for the year ended December 31, 2014 offset by dividends paid to shareholders of \$1.7 million. See the disclosure in Note 6 of the notes to the

Consolidated Financial Statements included within this Annual Report on Form 10-K for additional information.

Table of Contents

LIQUIDITY AND CAPITAL RESOURCES

General

We are organized as a holding company with substantially no operations of our own. Our operations are conducted through our sole reinsurance subsidiary, Oxbridge Reinsurance Limited, which underwrites risks associated with our property and casualty reinsurance programs. We have minimal continuing cash needs which are principally related to the payment of administrative expenses and shareholder dividends. There are restrictions on Oxbridge Reinsurance Limited's ability to pay dividends which are described in more detail below.

Sources and Uses of Funds

Our sources of funds primarily consist of premium receipts (net of brokerage fees and federal excise taxes, where applicable) and investment income, including interest, dividends and realized gains. We use cash to pay losses and loss adjustment expenses, other underwriting expenses, dividends, and general and administrative expenses. Substantially all of our surplus funds, net of funds required for cash liquidity purposes, are invested in accordance with our investment guidelines. Our investment portfolio is primarily comprised of cash and highly liquid securities, which can be liquidated, if necessary, to meet current liabilities. We believe that we have sufficient flexibility to liquidate any long-term securities that we own in a rising market to generate liquidity.

Since inception, we have financed our cash flow requirements through the proceeds from the issuance of our securities and net premiums received. In May 2013, we issued and sold 1,115,350 ordinary shares in a private placement to a group of accredited investors, including certain of our officers and directors, for an aggregate purchase price of approximately \$6.7 million. During the year ended December 31, 2014, our cash positions increased by approximately \$4.6 million primarily as a result of the completion of our initial public offering on March 26, 2014 and the use of approximately half of the proceeds from our initial public offering to increase the statutory capital and surplus of our insurance subsidiary and to use as collateral under our new reinsurance contracts. We believe our cash from the proceeds from the issuance of our securities, net premiums and investment income will be sufficient to cover our cash outflows for at least the next 12 months.

Operating Activities

For the year ended December 31, 2014 and period from April 4, 2013 (date of incorporation) to December 31, 2013, the net cash provided by operating activities was \$8.7 million and \$4.2 million, respectively. The increase in operating cash was primarily driven by our continuous operating profitability over the year ended December 31, 2014, compared with only seven months of operations during the period from April 4, 2013 (date of incorporation) to December 31, 2013.

Investing Activities

For the year ended December 31, 2014 and period from April 4, 2013 (date of incorporation) to December 31, 2013, the net cash used in investing activities was \$29.3 million and \$10.1 million, respectively. The increase in cash used in investing activities was primarily driven by additional restricted cash and cash equivalents being placed in trust accounts, along with net investment purchases being made during the year ended December 31, 2014.

Financing Activities

For the year ended December 31, 2014 and period from April 4, 2013 (date of incorporation) to December 31, 2013, the net cash provided by financing activities was \$25.2 million and \$6.6 million, respectively. The increase in net cash provided by financing activities was due to the proceeds we received through the initial public offering (net of offering expenses), partially offset by \$1.7 million in total dividends paid to shareholders. On January 19, 2014, our Board of Directors declared a dividend of \$0.12 per ordinary share for each of the third quarter and the fourth quarter of 2013. Additionally, on July 6, 2014 and November 1, 2014, our Board of Directors declared a dividend of \$0.12 per ordinary share for the second and third quarter of 2014, respectively.

Table of Contents

As of December 31, 2014, we believe we had sufficient cash flows from operations to meet our liquidity requirements. We expect that our operational needs for liquidity will be met by cash, funds generated from underwriting activities and investment income, together with the net proceeds of our initial public offering. We have no plans to issue debt and expect to fund our operations for the foreseeable future from operating cash flows and the net proceeds of our initial public offering, as well as from potential future equity offerings. However, we cannot provide assurances that in the future we will not incur indebtedness to implement our business strategy, pay claims or make acquisitions.

Although Oxbridge Re Holdings Limited is not subject to any significant legal prohibitions on the payment of dividends, Oxbridge Reinsurance Limited is subject to Cayman Islands regulatory constraints that affect its ability to pay dividends to us and include a minimum net worth requirement. Currently, the minimum net worth requirement for Oxbridge Reinsurance Limited is \$500. As of December 31, 2014, Oxbridge Reinsurance Limited exceeded the minimum required. By law, Oxbridge Reinsurance Limited is restricted from paying a dividend if such a dividend would cause its net worth to drop to less than the required minimum.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table summarizes our contractual obligations as of December 31, 2014:

	Total	Payment Due by Period			
		(in thousands)			
		Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Operating Lease ⁽¹⁾	\$ 55	55			
Operating Lease ⁽²⁾	15	15			
Total	\$ 70	\$ 70			

- (1) On October 1, 2013, we entered into an operating lease agreement for residential space at Britannia Villas #616, Grand Cayman, Cayman Islands. The original term of the lease, which commenced on October 1, 2013, was 13 months. The lease was extended for another 12 months under substantially the same terms and conditions. Rent expense under this lease for year ended December 31, 2014 was \$50,400, and lease commitments at December 31, 2014 were \$42,000.
- (2) On February 3, 2014, we entered into an operating lease agreement for office space at Harbour Place, 103 South Church, Grand Cayman, Cayman Islands. The term of the lease is one year, which commenced on March 1, 2014. Rent expense under this lease for the year ended December 31, 2014 was \$30,000 and lease commitments at December 31, 2014 were \$6,000.

OFF-BALANCE SHEET ARRANGEMENTS

As of December 31, 2014, we had no off-balance sheet arrangements as defined in Item 303(a)(4) of Regulation S-K.

EXPOSURE TO CATASTROPHES

As with other reinsurers, our operating results and financial condition could be adversely affected by volatile and unpredictable natural and man-made disasters, such as hurricanes, windstorms, earthquakes, floods, fires, riots and

explosions. Although we attempt to limit our exposure to levels we believe are acceptable, it is possible that an actual catastrophic event or multiple catastrophic events could have a material adverse effect on our

Table of Contents

financial condition, results of operations and cash flows. As described under **CRITICAL ACCOUNTING POLICIES** *Reserves for Losses and Loss Adjustment Expenses* below, under United States generally accepted accounting principles (U.S. GAAP), we are not permitted to establish loss reserves with respect to losses that may be incurred under reinsurance contracts until the occurrence of an event which may give rise to a claim. As a result, only loss reserves applicable to losses incurred up to the reporting date may be established, with no provision for a contingency reserve to account for expected future losses.

CRITICAL ACCOUNTING POLICIES

We are required to make estimates and assumptions in certain circumstances that affect amounts reported in our Consolidated Financial Statements and related notes. We evaluate these estimates and assumptions on an on-going basis based on historical developments, market conditions, industry trends and other information that we believe to be reasonable under the circumstances. These accounting policies pertain to premium revenues and risk transfer, reserve for loss and loss adjustment expenses and the reporting of deferred acquisition costs.

Premium Revenue and Risk Transfer. We record premiums revenue as earned pro-rata over the terms of the reinsurance agreements and the unearned portion at the balance sheet date is recorded as unearned premiums reserve. A reserve is made for estimated premium deficiencies to the extent that estimated losses and loss adjustment expenses exceed related unearned premiums. Investment income is not considered in determining whether or not a deficiency exists.

We account for reinsurance contracts in accordance with ASC 944, **Financial Services Insurance**. Assessing whether or not a reinsurance contract meets the conditions for risk transfer requires judgment. The determination of risk transfer is critical to reporting premiums written. If we determine that a reinsurance contract does not transfer sufficient risk, we must account for the contract as a deposit liability.

Loss experience refund payable. Certain contracts include retrospective provisions that adjust premiums or result in profit commissions in the event losses are minimal or zero. Under such contracts, the Company expects to recognize aggregate liabilities payable to the ceding insurers assuming no losses occur during the contract period. In accordance with U.S. GAAP, the Company will recognize a liability in the period in which the absence of loss experience obligates the Company to pay cash or other consideration under the contract. On the contrary, the Company will derecognize such liability in the period in which a loss experience arises. Such adjustments to the liability, which accrue throughout the contract term, will reduce the liability should a catastrophic loss event covered by the Company occur.

Reserves for Losses and Loss Adjustment Expenses. We determine our reserves for losses and loss adjustment expenses on the basis of the claims reported by our ceding insurers, and for losses incurred but not reported, if any, we will use the assistance of an independent actuary. The reserves for losses and loss adjustment expenses represent management's best estimate of the ultimate settlement costs of all losses and loss adjustment expenses. We believe that the amounts that are determined by us will be adequate; however, the inherent impossibility of predicting future events with precision, results in uncertainty as to the amount which will ultimately be required for the settlement of losses and loss expenses, and the differences could be material.

Under U.S. GAAP, we are not permitted to establish loss reserves until the occurrence of an actual loss event. As a result, only loss reserves applicable to losses incurred up to the reporting date may be recorded, with no allowance for the provision of a contingency reserve to account for expected future losses. Losses arising from future events, which could be substantial, are estimated and recognized at the time the loss is incurred.

Deferred Acquisition Costs. We defer certain expenses that are directly related to and vary with producing reinsurance business, including brokerage fees on gross premiums assumed, premium taxes and certain other costs related to the acquisition of reinsurance contracts. These costs are capitalized and the resulting asset, deferred acquisition costs, is amortized and charged to expense in future periods as premiums assumed are earned. The method followed in computing deferred acquisition costs limits the amount of such deferral to its estimated realizable value. The ultimate recoverability of deferred acquisition costs is dependent on the continued profitability of our reinsurance underwriting. If our underwriting ceases to be profitable, we may have to write off a portion of our deferred acquisition costs, resulting in a further charge to income in the period in which the underwriting losses are recognized.

Table of Contents

JOBS ACT

The JOBS Act contains provisions that, among other things, reduce certain reporting requirements for an emerging growth company. We have determined that, as an emerging growth company, we will not: (i) provide an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b); (ii) provide all of the compensation disclosure that may be required of non-emerging growth public companies under the Dodd-Frank Wall Street Reform and Consumer Protection Act; (iii) comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements; (iv) disclose certain executive compensation-related items such as the correlation between executive compensation and performance and comparisons of our Chief Executive Officer's compensation to median employee compensation; or (v) comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies.

We will continue to be an emerging growth company until the earliest of: (i) the last day of the fiscal year during which we had total annual gross revenues of at least \$1 billion (as indexed for inflation); (ii) the last day of the fiscal year following the fifth anniversary of the date of our initial public offering; (iii) the date on which we have, during the previous three-year period, issued more than \$1.0 billion in non-convertible debt; and (iv) the date on which we are deemed to be a large accelerated filer, as defined under the Exchange Act.

ITEM 7A QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company as defined by Rule 229.10(f)(1) of the Exchange Act, we are not required to provide the information under this item.

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and supplementary data have been filed as a part of this Annual Report on Form 10-K as indicated in the Index to Consolidated Financial Statements and Financial Statement Schedules appearing on page 63 of this Annual Report on Form 10-K.

ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our principal executive officer and our principal financial officer, we have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this Annual Report on Form 10-K (December 31, 2014). Our disclosure controls and procedures are intended to ensure that the information we are required to

disclose in the reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including the principal executive officer and principal financial officer to allow timely decisions regarding required disclosures.

Table of Contents

Based on that evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered by this Annual Report on Form 10-K, our disclosure controls and procedures were effective.

It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system will be met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the fiscal year ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

The Annual Report on Form 10-K does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of our independent registered public accounting firm due to a transition period established by the rules of the SEC for newly public companies.

ITEM 9B OTHER INFORMATION

None.

PART III

ITEM 10 DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Board Leadership Structure and Risk Oversight

Since the Company's formation in 2013, the Company has bifurcated the positions of Chairman of the Board and Chief Executive Officer. Paresh Patel has served as Chairman of the Board since April 2013, and Sanjay Madhu has served as Chief Executive Officer of the Company since April 2013.

We believe it is the Chairman of the Board's responsibility to run the Board of Directors, and the Chief Executive Officer's responsibility to run the Company. We believe at this stage in the Company's development that it is beneficial to have a Chairman of the Board who can concentrate on leading the Board of Directors and not have to be involved in the day-to-day operations of the Company. Likewise, by having two different individuals serve as Chairman of the Board and Chief Executive Officer, our Chief Executive Officer is able to focus the vast amount of his time and energy in running the Company and furthering its operational business strategy.

We have four independent directors and two non-independent directors. We believe that the number of independent, experienced directors on our Board of Directors provides the necessary and appropriate oversight for our Company.

Management is primarily responsible for assessing and managing the Company's exposure to risk. While risk assessment is management's duty, the Audit Committee is responsible for discussing certain guidelines and policies with management that govern the process by which risk assessment and control is handled. The Audit

Table of Contents

Committee also reviews steps that management has taken to monitor the Company's risk exposure. In addition, the Underwriting Committee approves and reviews our underwriting policies and guidelines, oversees our underwriting process and procedures, monitors our underwriting performance and oversees our underwriting risk management exposure. Management focuses on the risks facing the Company, while the Audit Committee and the Underwriting Committee focus on the Company's general risk management strategies and oversee risks undertaken by the Company. We believe this division of responsibilities is the most effective approach for addressing the risks facing our Company and that our Board leadership structure supports this approach.

Board Committees and Meetings

Our Board of Directors has five committees: an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee, an Underwriting Committee and an Investment Committee. Each committee, except for the Investment Committee, has a written charter. The table below provides membership information for each of the committees for fiscal year 2014.

	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee	Underwriting Committee	Investment Committee
Paresh Patel		X		X*	X
Sanjay Madhu				X	X
Krishna Persaud		X*	X		X
Ray Cabillot	X*		X		X*
Allan Martin	X		X*		
Mayur Patel, M.D.	X	X		X	

* Committee Chairperson

Our Board of Directors held five meetings in 2014. Each of our directors attended at least 80% of the meetings of the Board of Directors in 2014.

It is our policy that directors are expected to attend the Annual General Meeting of Shareholders in the absence of a scheduling conflict or other valid reason. All of our directors attended our 2014 Annual General Meeting of Shareholders.

The Company's Nominating and Corporate Governance Committee and the Board of Directors have reviewed the responses of our directors to a questionnaire asking about their relationships (and those of immediate family members) with the Company and other potential conflicts of interest, and have considered the relationships described in Item 13 of this Annual Report on Form 10-K entitled *Certain Relationships and Related-Party Transactions* in determining their independence.

The Board of Directors has determined that (1) Paresh Patel and Sanjay Madhu do not qualify as independent directors under the applicable rules of The NASDAQ Stock Market and the SEC and (2) Krishna Persaud, Ray Cabillot, Allan Martin, and Mayur Patel qualify as independent directors under the applicable rules of The NASDAQ

Stock Market and the SEC.

Table of Contents

The Board of Directors has also determined that all of the members of the Audit Committee and the Nominating and Corporate Governance Committee qualify as independent directors under the applicable rules of The NASDAQ Stock Market. One of the members of our Compensation Committee, Paresh Patel, is not an independent director. We have relied on NASDAQ Stock Market Rule 5615(b)(1) in appointing Paresh Patel to our Compensation Committee.

NASDAQ Marketplace Rule 5615(b)(1) permits a company listing in connection with its initial public offering to phase in its compliance with the Compensation Committee composition requirements set forth in Rule 5605(d)(2) as follows: (1) one member must satisfy the independence requirements at the time of listing; (2) a majority of members must satisfy the independence requirements within 90 days of listing; and (3) all members must satisfy the independence requirements within one year of listing. We currently have three Compensation Committee members, two of which are independent. In order to meet the requirements set forth in NASDAQ Stock Market Rule 5615(b)(1), within one year of listing, we will replace the non-independent member of our Compensation Committee (Paresh Patel) with an independent member who will be a then-current member of our Board of Directors or a new member elected or appointed to our Board of Directors.

Below is a description of each committee of our Board of Directors.

Audit Committee

Our Audit Committee consists of three members – Ray Cabillot, Allan Martin and Mayur Patel. Each of these individuals meets all independence requirements for Audit Committee members set forth in applicable SEC rules and regulations and the applicable rules of The NASDAQ Stock Market. Ray Cabillot serves as Chairman of our Audit Committee and qualifies as an audit committee financial expert as that term is defined in the rules and regulations established by the SEC.

The Audit Committee has general responsibility for the oversight of our accounting, reporting and financial control practices. The Audit Committee is governed by a written charter approved by our Board of Directors, which outlines its primary duties and responsibilities and which can be found on our website at www.oxbridgere.com.

Compensation Committee

Our Compensation Committee currently consists of three members – Krishna Persaud, Mayur Patel, and Paresh Patel. Krishna Persaud serves as Chairman of our Compensation Committee. As noted above, one of the members of our Compensation Committee, Paresh Patel, is not an independent director. Our board of directors have approved that, effective March 16, 2015, Allan Martin will replace Paresh Patel on our Compensation Committee.

The purpose of our Compensation Committee is to discharge the responsibilities of our Board of Directors relating to compensation of our Chief Executive Officer and to make recommendations to our Board of Directors relating to the compensation of our other executive officers. Our Compensation Committee, among other things, assists our Board of Directors in ensuring that a proper system of compensation is in place to provide performance-oriented incentives to management. Our Compensation Committee has the authority to delegate its responsibilities to a subcommittee or to officers of the Company to the extent permitted by applicable law and the compensation plans of the Company if it determines that such delegation would be in the best interest of the Company. Our Compensation Committee may engage a compensation consultant, however, it did not engage a compensation consultant with respect to executive or director compensation for fiscal 2013 or 2014.

The Compensation Committee is governed by a written charter approved by our Board of Directors, which outlines its primary duties and responsibilities and which can be found on our website at www.oxbridgere.com.

Table of Contents

Nominating and Corporate Governance Committee

Our Nominating and Corporate Governance Committee is composed of three members – Ray Cabillot, Allan Martin, and Krishna Persaud. Allan Martin serves as the Chairman of our Nominating and Corporate Governance Committee. All of the members of our Nominating and Corporate Governance Committee qualify as independent directors under the applicable rules of The NASDAQ Stock Market.

The Nominating and Corporate Governance Committee makes recommendations to our Board of Directors as to nominations for our Board of Directors and committee members, as well as structural, governance and procedural matters. The Nominating and Corporate Governance Committee also reviews the performance of our Board of Directors and the Company's succession planning. The Nominating and Corporate Governance Committee is governed by a written charter approved by our Board of Directors, which outlines its primary duties and responsibilities and which can be found on our website at www.oxbridgere.com.

The Nominating and Corporate Governance Committee is responsible for reviewing the criteria for the selection of new directors to serve on the Board of Directors and reviewing and making recommendations regarding the composition and size of the Board of Directors. When our Board of Directors decides to seek a new member, whether to fill a vacancy or otherwise, the Nominating and Corporate Governance Committee will consider recommendations from other directors, management and others, including shareholders. In general, the Nominating and Corporate Governance Committee looks for directors possessing superior business judgment and integrity who have distinguished themselves in their chosen fields and who have knowledge or experience in the areas of insurance, reinsurance, financial services or other aspects of the Company's business, operations or activities. In selecting director candidates, the Nominating and Corporate Governance Committee also considers the interplay of the candidate's experience with the experience of the other members of our Board of Directors.

The Nominating and Corporate Governance Committee will consider, for director nominees, persons recommended by shareholders, who may submit recommendations to the Nominating and Corporate Governance Committee in care of the Company's Secretary, at Harbour Place, Ground Floor, 103 South Church, P.O. Box 469, George Town, KY1-9006, Cayman Islands. To be considered by the Nominating and Corporate Governance Committee, such recommendations must be accompanied by a description of the qualifications of the proposed candidate and a written statement from the proposed candidate that he or she is willing to be nominated and desires to serve if elected. Nominees for director who are recommended by shareholders to the Nominating and Corporate Governance Committee will be evaluated in the same manner as any other nominee for director.

Underwriting Committee

The Underwriting Committee, among other things, approves and reviews our underwriting policies and guidelines, oversees our underwriting process and procedures, monitors our underwriting performance and oversees our underwriting risk management exposure. The Underwriting Committee is governed by a written charter approved by our Board of Directors, which outlines its primary duties and responsibilities and which can be found on our website at www.oxbridgere.com.

Investment Committee

The Investment Committee, among other things, approves and reviews any changes to our investment guidelines, and monitors investment performance and market, credit and interest rate exposure as a result of opportunistic investment decisions undertaken by management. The Investment Committee is governed by investment guidelines that have been approved by our Board of Directors. There is no written charter for the Investment Committee.

Table of Contents**EXECUTIVE OFFICERS**

Name	Age	Position	Position Since
Sanjay Madhu	49	Chief Executive Officer, President, and Director (Principal Executive Officer)	2013
Wrendon Timothy	34	Financial Controller and Secretary (Principal Financial and Accounting Officer)	2013

Sanjay Madhu. Mr. Madhu has served as our Chief Executive Officer and President, and as a director of our Company, since April 2013. Mr. Madhu has also served, since April 2013, as a director and the Chief Executive Officer and President of our reinsurance subsidiary, Oxbridge Reinsurance Limited. Mr. Madhu has also been a director of HCI Group, Inc., a publicly traded holding company owning subsidiaries primarily engaged in the property and casualty insurance business, since May 2007. He also served as the President of Greenleaf Capital, the real estate division of HCI Group, Inc., from June 2011 through June 2013 and as Vice President of Investor Relations for HCI Group, Inc. from February 2008 through June 2013. Mr. Madhu also served as Vice President of Marketing for HCI Group, Inc. from 2008 to 2011. In his various positions at HCI Group, Inc., Mr. Madhu's responsibilities included marketing, investor relations and management and oversight of HCI Group's real estate division. He has also been a director of HCI Group's wholly owned subsidiary, Claddaugh Casualty Insurance Company Ltd. Bermuda since July 2010. From August 2013 to April 2014, Mr. Madhu has served on the board of directors of First Home Bancorp, Inc., a bank holding company in Seminole, Florida. Mr. Madhu also served on the board of directors of Wheeler Real Estate Investment Trust, Inc., a publicly held real estate investment trust, from 2012 to June 2014. As an owner and manager of commercial properties, Mr. Madhu has been President of 5th Avenue Group LC, a real estate management company, since 2002 and was President of Forrest Terrace LC, a real estate management company, from 1999 until 2010. In addition, Mr. Madhu is an investor in banking and health maintenance organizations. He was also President of The Mortgage Corporation Network (correspondent lenders) from 1996 to 2011. Prior to that, Mr. Madhu was Vice President, mortgage division, at First Trust Mortgage & Finance, from 1994 to 1996; Vice President, residential first mortgage division, at Continental Management Associates Limited, Inc., from 1993 to 1994; and President, S&S Development, Inc. from 1991 to 1993. He attended Northwest Missouri State University, where he studied marketing and management.

Mr. Madhu brings considerable business and marketing experience to our Board of Directors.

Wrendon Timothy. Wrendon Timothy has served as our Financial Controller and Secretary since August 2013. Mr. Timothy has approximately ten years of professional experience in audit and assurance service both in Trinidad and the Cayman Islands. From September 2007 through July 2013, Mr. Timothy worked as an Audit Senior and Audit Manager at PricewaterhouseCoopers Chartered Accountants in the Cayman Islands (PwC Cayman). During his time with PwC Cayman, Mr. Timothy was responsible for, among other things, leading and managing varied audit and reissue engagements, including banks, trusts, insurance entities, and reinsurance entities; reviewing financial statements to ensure compliance with U.S. GAAP or International Financial Reporting Standards; training and development of junior staff; technical presentations to insurance managers, as well as other management functions. From September 2005 through August 2007, Mr. Timothy served as a Senior Accountant at KPMG Chartered Accountants in Trinidad and Tobago (KPMG). During his time with KPMG, Mr. Timothy led numerous financial services, retail, manufacturing and other audit engagements and prepared financial statements under International Financial Reporting Standards. Mr. Timothy is a Fellow of the Association of Chartered Certified Accountants and is currently pursuing an MBA with specialism in Finance from Heriott Watt University. Mr. Timothy is also a member

of the Cayman Islands Society of Professional Accountants (CISPA). Mr. Timothy brings considerable finance, accounting and management experience to our Company.

Table of Contents**NON-EMPLOYEE DIRECTORS**

Name	Age	Position	Director Since
Paresh Patel	52	Chairman of the Board of Directors	2013
Krishna Persaud	53	Director	2013
Ray Cabillot	51	Director	2013
Allan Martin	49	Director	2013
Mayur Patel, M.D	59	Director	2013

Paresh Patel. Mr. Patel has been the Chairman of the Board of our Company during most of the period since April 2013. Mr. Patel is also the Chief Executive Officer (since 2011) and a founder of HCI Group, Inc., a publicly traded holding company owning subsidiaries primarily engaged in the property and casualty insurance business. He has been a director of HCI Group, Inc. since its inception and has served as the Chairman of the board of directors of HCI Group, Inc. since May 2007. From 2011 to 2012, Mr. Patel also served as President of HCI Group, Inc.'s insurance subsidiary, Homeowners Choice Property & Casualty Insurance Company, Inc., which provides property and casualty homeowners insurance, condominium-owners insurance, and tenants insurance to individuals owning property in Florida. Since 2011, Mr. Patel has served as Chairman of the board of First Home Bancorp, Inc., a bank holding company in Seminole, Florida. He is a founder of NorthStar Bank, a community bank in Tampa, Florida, and from 2006 to 2010, served on the board of directors of the bank and its parent company, NorthStar Holding Company. Mr. Patel's analytical and technology skills were developed through experience with international financial, telecommunications and consulting positions. As a private investor from 2000 to 2006, Mr. Patel used statistical and probability techniques to develop and implement a system for managing money as a business to generate cash flow. Prior to that, Mr. Patel was director of customer care and billing with Global Crossing from 1998 to 2000. In that position, Mr. Patel defined business processes and systems, hired and trained department staff and led the merger of the customer care and billing systems with those of the company's acquisitions. Mr. Patel received his bachelor's and master's degrees in Electronic Engineering from Cambridge University, England.

Mr. Patel brings considerable experience in business, management, systems and technology to our Board of Directors.

Krishna Persaud. Mr. Persaud has been a director of our Company since April 2013. He has also been, since April 2013, a director of our reinsurance subsidiary, Oxbridge Reinsurance Limited. Mr. Persaud is a founder and the President, since June 2002, of KPC Properties, LLC, a real estate investment firm, where he leverages his knowledge and experience to identify opportunities to add value to real properties in the state of Florida. He implements a strategy of acquiring, adding value, and relinquishing or holding the improved asset. He has demonstrated consistent success in implementing his strategy in real estate investments. Since June 2002, Mr. Persaud has been an asset manager, demonstrating the ability to consistently exceed average market returns. From May 2007 to May 2011, Mr. Persaud was a director of HCI Group, Inc., a publicly traded holding company owning subsidiaries primarily engaged in the property and casualty insurance business. Mr. Persaud received an award from the Tampa Bay INDOUS Chamber of Commerce as one of the most successful businessmen of the year in Tampa. Previously, he spent ten years working with several consulting firms and municipalities providing design and construction management services for a wide variety of building systems and public works projects. Mr. Persaud earned his Bachelor of Science degree in Mechanical Engineering and a Master's Degree in Civil Engineering from City College of City University of New York. He holds licenses as a Professional Engineer in the States of Florida, New York and California.

Mr. Persaud brings considerable investment experience to our Board of Directors.

Ray Cabillot. Mr. Cabillot has been a director of our Company since April 2013. He has also been, since April 2013, a director of our reinsurance subsidiary, Oxbridge Reinsurance Limited. Since 1998, Mr. Cabillot has served as Chief Executive Officer and director of Farnam Street Capital, Inc., the General Partner of Farnam Street Partners L.P., a private investment partnership. Prior to his service at Farnam Street Capital, Mr. Cabillot was a Senior Research Analyst at Piper Jaffrey, Inc., an investment bank and asset management firm, from 1989 to 1997. Early in his career, Mr. Cabillot worked for Prudential Capital Corporation as an Associate Investment Manager and as an Investment Manager. Mr. Cabillot is currently a director for Pro-Dex, Inc. (PDEX) and several private companies and, from 2006 to 2010, served as director and Chairman of the board for O.I. Corporation (OICO). Mr. Cabillot earned his BA in economics from St. Olaf College and an MBA from the University of Minnesota. He is a Chartered Financial analyst (CFA).

Mr. Cabillot brings considerable investment experience to our Board of Directors.

Table of Contents

Allan Martin. Mr. Martin has been a director of our Company since April 2013. From October 2009 to present, Mr. Martin has been CEO of Atlantic Merchant Capital Investors (Atlantic), a private equity firm based in Tampa, Florida. Prior to that, from June 2005 to September 2009, Mr. Martin was CEO of Mortgage Contracting Services of Tampa, Florida (MCS). MCS is a national mortgage field services company. From January 2010 to present, Mr. Martin has been a director of Florida Capital Group and its subsidiary, Florida Capital Bank. He also serves as the bank's audit chair. Mr. Martin has been a director of Moffitt Medical Group since March 2013 and is currently Vice Chairman. He also serves as an officer and director of several additional portfolio companies of Atlantic. Mr. Martin is currently a trustee of Jesuit High School of Tampa, a director of the Raphael Foundation, and chairman of the Martin Family Foundation.

Mr. Martin brings substantial operating, investment and corporate governance experience to our Board of Directors.

Mayur Patel, M.D. Dr. Mayur Patel has been a director of our Company since October 2013. Since 1997, he has been a founding partner and a practicing physician with American Radiology Services (ARS) based in Baltimore, Maryland. In addition to practicing Radiology at three hospitals and several free standing imaging centers, Dr. Patel plays an active role in the administrative and financial functions of the group. He is an elected member of the board of directors of American Radiology Associates and in addition serves as the chairman of the finance committee. He is also a member of the Retirement, Quality Assurance and Operations committees. He has published many peer reviewed articles and also co-authored a book chapter in the field of Radiology. He has also lectured extensively both as an invited guest speaker and also at national meetings in the field of radiology and Molecular Imaging. He has held academic appointments as an Assistant Professor of Radiology at University of Vermont, School of Medicine (1989-1992) and at University of Maryland, School of Medicine (1989-2000). As a principal of ARS, he participated in the group's corporate affiliation in the capital markets with Advent International (a global private equity group) and with CML Healthcare (a Canadian based medical diagnostics service provider). Dr. Patel is a double board certified physician and a diplomat of the American Board of Radiology and American Board of Nuclear Medicine. Outside of medicine, Dr. Patel has a 20 year experience of investing in the public markets as well as in private equity offerings. Dr. Patel is the brother-in-law of Paresh Patel.

Dr. Patel brings considerable investment experience to our Board of Directors.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Based solely upon a review of Forms 3, 4, and 5 filed for the year 2014, we believe that all of our directors, officers, and 10% beneficial owners complied with all Section 16(a) filing requirements applicable to them. In addition all such forms were timely filed.

CODE OF ETHICS

We have adopted a code of ethics applicable to all employees and directors, including our principal executive officer, principal financial officer and principal accounting officer. We have posted the text of our code of ethics to our internet website: www.oxbridgere.com. To access our code of ethics, select Investor Information on our website and then select Corporate Governance, then Code of Conduct. We intend to disclose any change to or waiver from our code of ethics by posting such change or waiver to our internet website within the same section as described above.

SHAREHOLDER COMMUNICATION

Our Board of Directors has adopted a policy for handling shareholder communications to directors. Shareholders may send written communications to our Board of Directors or any one or more of the individual directors by mail, c/o

Edgar Filing: OXBRIDGE RE HOLDINGS Ltd - Form 10-K

Secretary, Oxbridge Re Holdings Limited, Harbour Place, Ground Floor, 103 South Church, P.O. Box 469, George Town, KY1-9006, Cayman Islands. There is no screening process, other than to confirm that

Table of Contents

the sender is a shareholder and to filter inappropriate materials and unsolicited materials of a marketing or publication nature. All shareholder communications that are received by the Secretary of the Company for the attention of a director or directors are forwarded to such director or directors.

ITEM 11 EXECUTIVE COMPENSATION

The following table summarizes the compensation of our Named Executive Officers or NEOs in 2014 and 2013. As described below, we have employment agreements with each of our NEOs. Neither of our NEOs had outstanding equity awards as of December 31, 2014.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary	Bonus	Non-Executive Officer Compensation			Total
				Stock Awards	Option Plan	Other	
Sanjay Madhu <i>President and Chief Executive Officer</i>	2014	\$ 200,000	\$ 60,000			\$ 9,214	\$ 269,214
	2013	\$ 91,667	\$ 9,100			\$ 3,053	\$ 103,820
Wrendon Timothy <i>Financial Controller and Corporate Secretary</i>	2014	\$ 92,128	\$ 30,000			\$ 9,214	\$ 131,342
	2013	\$ 33,500	\$ 800			\$ 2,903	\$ 37,203

(1) The amounts shown in this column include amounts contributed to our defined contribution pension plan and medical premiums on behalf of each of Messrs. Madhu and Timothy.

Employment Agreements***Sanjay Madhu***

On July 18, 2013, we entered into an executive employment agreement with Sanjay Madhu, our Chief Executive Officer and President. Under the terms of this agreement, Mr. Madhu's employment commenced on July 18, 2013 and will continue for three years unless terminated earlier. Following this initial three year term, the agreement will automatically renew for additional one year terms unless either party chooses not to renew.

The executive employment agreement entitles Mr. Madhu to receive: (1) an annual base salary of \$200,000, (2) any additional compensation granted by our Board of Directors (or a committee thereof), and (3) medical, dental, life, disability and retirement benefits.

If Mr. Madhu's employment is terminated by us for good cause or if Mr. Madhu terminates his employment with us, he will be entitled to: (1) his accrued base salary and accrued vacation pay and other paid time off, in each case through his date of termination, and (2) reimbursement for expenses accrued through his date of termination.

If Mr. Madhu's employment is terminated by us without good cause, he will be entitled to: (1) his accrued base salary and accrued vacation pay and other paid time off, in each case through the date of termination, (2) reimbursement for

expenses accrued through his date of termination, and (3) the amount of base salary that would have been payable through the term of the agreement (excluding future automatic renewals) if his employment had not been terminated. If such termination is within three years following a change of control, Mr. Madhu will be entitled to receive, in lieu of the amount described in clause (3) directly above, an amount equal to 2.9 times the total amount of his annual base salary. If Mr. Madhu's employment is terminated due to his death or incapacity, it will be deemed to be a termination without good cause.

Mr. Madhu's executive employment agreement also contains non-compete and non-solicitation provisions.

Table of Contents***Wrendon Timothy***

Wrendon Timothy is our Financial Controller and Secretary, and his employment with us commenced on August 1, 2013. The terms of his employment, as provided in an employment letter agreement between us and Mr. Timothy, will continue until July 31, 2015 and may be extended by mutual consent.

Under the agreed upon terms of employment, Mr. Timothy is entitled to receive a basic gross salary of \$80,400 per year, payable monthly. His salary will be reviewed annually and may be adjusted at our discretion. We will also pay the monthly premiums for Mr. Timothy's medical, dental and vision insurance, and match Mr. Timothy's contributions to his pension plan. Finally, Mr. Timothy will be eligible to receive a discretionary bonus and any other compensation which will be based on our financial performance and Mr. Timothy's personal performance.

We may terminate Mr. Timothy's employment without notice in the event of serious or persistent misconduct or breach of the agreed upon terms of Mr. Timothy's employment or for cause. In other circumstances, the party that wishes to terminate Mr. Timothy's employment must provide 60 days' prior written notice.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

There were no outstanding equity awards for either of our NEOs as of December 31, 2014.

DIRECTOR COMPENSATION

All directors, other than Mr. Madhu, receive compensation from us for their services as directors. Under the Articles, our directors may receive compensation for their services as may be determined by our Board of Directors. Since August 19, 2013, each of our non-employee directors receives an annual director fee of \$20,000, payable in quarterly installments of \$5,000, for service as a director. This amount was increased to \$40,000, effective August 9, 2014.

The following table summarizes the compensation of our non-employee directors for 2014.

Name	Fees Earned or	
	Paid in Cash	Total
Paresh Patel	\$ 27,850	\$ 27,850
Krishna Persaud	\$ 27,850	\$ 27,850
Ray Cabillot	\$ 27,850	\$ 27,850
Allan Martin	\$ 27,850	\$ 27,850
Mayur Patel, M.D.	\$ 27,850	\$ 27,850

Table of Contents

ITEM 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS
PRINCIPAL SHAREHOLDERS

The following table sets forth information regarding the beneficial ownership of our ordinary shares as of February 23, 2015 by:

each person who is known by us to beneficially own more than 5% of our outstanding ordinary shares,

each of our directors and NEOs, and

all directors and executive officers as a group.

The percentages of ordinary shares beneficially owned are based on the 6,060,000 ordinary shares outstanding as of February 23, 2015. Information with respect to beneficial ownership has been furnished by each director, executive officer and beneficial owner of more than 5% of our ordinary shares. Beneficial ownership is determined in accordance with the rules of the SEC and generally requires that such person have voting or investment power with respect to the securities. In computing the number of ordinary shares beneficially owned by a person listed below and the percentage ownership of such person, ordinary shares underlying options, warrants or convertible securities held by each such person that are exercisable or convertible within 60 days of February 23, 2015 are deemed outstanding, but are not deemed outstanding for computing the percentage ownership of any other person. Except as otherwise

ingn="bottom">	1,800	\$ 28,896			(9) \$ 96,888		
	697	\$ 9,872	1,285 ⁽¹¹⁾	\$ 20,560	(12) 630	10,080	2,624 ⁽¹³⁾
\$ 41,984							
Timothy R. Estes							
24,863	\$ 26.08	08/23/2009		27,500	\$ 45.31	08/28/2010	
	50,000	\$ 13.84	11/25/2012		50,000	\$ 25.07	
11/24/2013		50,000		\$ 34.64	11/22/2014		
12,500 ⁽¹⁴⁾	\$ 200,000			(3) \$ 43,400	5,521 ⁽⁴⁾	\$ 88,336	
	2,228	\$ 35,648	9,282 ⁽⁶⁾	\$ 148,512			

Table of Contents

Name	Option Awards				Stock Awards ⁽¹⁾				
	Number of Securities Underlying Unexercised Options	Number of Securities Underlying Exercised Options	Number of Unearned Options (#)	Exercise Price (\$)	Expiration Date	Number of Shares or Units of Stock that Have Not Vested (#)	Value of Shares or Units of Stock that Have Not Vested (\$)	Number of Unearned Shares, Units, or Other Rights that Have Not Vested (#)	Market or Payout Value of Unearned Shares, Units, or Other Rights that Have Not Vested (\$)
Richard B. Vilsoet	25,000			\$ 24.88	05/09/2015	1,732 ⁽⁷⁾	\$ 27,712		
						2,709 ⁽⁸⁾	\$ 43,344		
						2,836 ⁽⁹⁾	\$ 45,376		
						1,233 ⁽¹⁰⁾	\$ 19,728	2,569 ⁽¹¹⁾	\$ 41,104
						937 ⁽¹²⁾	\$ 14,992	3,906 ⁽¹³⁾	\$ 62,496
Richard L. Dunn ⁽¹⁵⁾	37,500			\$ 30.21	1/28/2010				
	8,000			\$ 45.31	8/28/2010				
	10,000			\$ 14.34	04/04/2011				
	13,000			\$ 13.84	04/04/2011				
	20,000			\$ 25.07	04/04/2011				
	20,000			\$ 34.64	04/04/2011				

- (1) The value of unvested restricted stock and restricted stock units was determined using a share price of \$16.00, the closing price of a share of our common stock on the New York Stock Exchange at July 25, 2008.
- (2) These stock options were granted on July 7, 2008 and vest ratably in four annual installments commencing on July 7, 2009.
- (3) Represents 48% of the fiscal 2008 performance vesting restricted stock units granted on October 17, 2006, which vested on October 17, 2008, as a result of meeting certain of the fiscal 2008 performance targets.
- (4) On October 17, 2006, Mr. Nielsen and Mr. Estes were granted performance vesting restricted stock unit awards as follows: Mr. Nielsen 25,158 units and Mr. Estes 16,563 units. In accordance with Item 402(d)(2) of Regulation S-K, the amount is based on achieving the next highest performance measure that exceeds fiscal 2008

performance, which is 100% of the fiscal 2009 target awards. The performance vesting restricted stock units vest in three equal annual installments commencing on October 17, 2007, subject to meeting certain performance targets. The shares that have been earned as a result of meeting the fiscal 2008 performance targets are shown in the Number of Shares or Units of Stock that Have Not Vested and Market Value of Shares or Units of Stock that Have Not Vested columns.

- (5) Represents 48% of the fiscal 2008 performance vesting restricted stock units granted on October 24, 2007, which vested on October 24, 2008, as a result of meeting certain of the fiscal 2008 performance targets.
- (6) On October 24, 2007, Mr. Nielsen and Mr. Estes were granted restricted stock unit awards consisting of shares of performance vesting restricted stock units as follows: Mr. Nielsen 21,021 shares and Mr. Estes 13,923 shares. In accordance with Item 402(d)(2) of Regulation S-K, the amount is based on achieving the next highest performance measure that exceeds fiscal 2008 performance, which is 100% of the fiscal 2009 and fiscal 2010 target awards. The performance vesting restricted stock units vest in three equal annual installments commencing on October 24, 2008, subject to meeting certain performance targets. The shares that have been earned as a result of meeting the fiscal 2008 performance targets are shown in the Number of

Table of Contents

Shares or Units of Stock that Have Not Vested and Market Value of Shares or Units of Stock that Have Not Vested columns.

- (7) On December 14, 2005, Mr. DeFerrari and Mr. Vilsoet were granted 2,312 shares and 3,464 shares, respectively, of time vesting restricted stock which vest ratably in four annual installments commencing on December 14, 2006.
- (8) On December 13, 2006, Mr. DeFerrari and Mr. Vilsoet were granted 2,408 and 3,612 time vesting restricted stock units, respectively, which vest ratably in four annual installments commencing on December 14, 2007.
- (9) Time vesting restricted stock units were granted on December 13, 2007 and vest ratably in four annual installments commencing on December 14, 2008.
- (10) Represents 48% of the fiscal 2008 performance vesting restricted stock granted on December 13, 2006 which will vest December 14, 2008, subject to service forfeiture conditions, as a result of meeting certain of the fiscal 2008 performance targets.
- (11) On December 13, 2006, Mr. DeFerrari and Mr. Vilsoet were granted performance vesting restricted stock units as follows: Mr. DeFerrari 3,855 shares; and Mr. Vilsoet 7,707 shares. In accordance with Item 402(d)(2) of Regulation S-K, the amount is based on achieving the next highest performance measure that exceeds fiscal 2008 performance, which is 100% of the fiscal 2009 target awards. The performance vesting restricted stock units vest in three equal annual installments commencing on December 14, 2007, subject to meeting certain performance targets. The units that have been earned as a result of meeting the fiscal 2008 performance targets, although still subject to service forfeiture conditions, are shown in the Number of Shares or Units of Stock that Have Not Vested and Market Value of Shares of Stock or Units that Have Not Vested columns.
- (12) Represents 48% of the fiscal 2008 performance vesting restricted stock granted on December 13, 2007 which will vest December 14, 2008, subject to service forfeiture conditions, as a result of meeting certain of the fiscal 2008 performance targets.
- (13) On December 13, 2007, Mr. DeFerrari and Mr. Vilsoet were granted performance vesting restricted stock units as follows: Mr. DeFerrari 3,936 shares; and Mr. Vilsoet 5,859 shares. In accordance with Item 402(d)(2) of Regulation S-K, the amount is based on achieving the next highest performance measure that exceeds fiscal 2008 performance, which is 100% of the fiscal 2009 and fiscal 2010 target awards. The performance vesting restricted stock units vest in three equal annual installments commencing on December 14, 2008, subject to meeting certain performance targets. The units that have been earned as a result of meeting the fiscal 2008 performance targets, although still subject to service forfeiture conditions, are shown in the Number of Shares or Units of Stock that Have Not Vested and Market Value of Shares of Stock or Units that Have Not Vested columns.
- (14) Mr. Estes was granted 3,500 shares of time vesting restricted stock on November 23, 2004 and 46,500 shares of time vesting restricted stock on January 3, 2005. The awards vest ratably in four annual installments commencing on December 31, 2005.
- (15) Pursuant to Mr. Dunn's separation agreement, Mr. Dunn's vested stock options will remain exercisable until the earlier of April 4, 2011 or the expiration date of the term of such stock option.

Table of Contents**Option Exercises and Stock Vested Table**

The following table sets forth certain information with respect to stock options and restricted stock awarded to the Named Executive Officers that were exercised or vested, respectively, during fiscal 2008.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise(\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Steven E. Nielsen			26,250 ⁽¹⁾	\$ 699,563
			8,386 ⁽²⁾	\$ 262,566
			7,693 ⁽³⁾	\$ 200,710
H. Andrew DeFerrari			1,155 ⁽³⁾	\$ 30,134
			1,285 ⁽⁴⁾	\$ 33,526
			1,180 ⁽⁵⁾	\$ 30,786
Timothy R. Estes			12,500 ⁽¹⁾	\$ 333,125
			5,521 ⁽²⁾	\$ 172,863
			5,245 ⁽³⁾	\$ 136,842
Richard B. Vilsoet			2,311 ⁽³⁾	\$ 60,294
			2,569 ⁽⁴⁾	\$ 67,025
			1,769 ⁽⁵⁾	\$ 46,153
Richard L. Dunn			2,311 ⁽³⁾	\$ 60,294
			4,338 ⁽⁴⁾	\$ 113,178
			17,138 ⁽⁶⁾	\$ 231,534

- (1) Represents time vesting restricted stock that vested on December 31, 2007. Value realized was determined by multiplying the number of shares acquired on vesting by \$26.65, the closing price of the Company's common stock on December 31, 2007.
- (2) Represents performance vesting restricted stock units awarded for the fiscal 2006 performance period that vested on October 17, 2007. Value realized was determined by multiplying the number of shares acquired on vesting by \$31.31, the closing price of the Company's common stock on the vesting date.
- (3) Represents performance vesting restricted stock awarded for the fiscal 2007 performance period that vested on December 15, 2007. Value realized was determined by multiplying the number of shares acquired on vesting by \$26.09, the closing price of the Company's common stock on the vesting date.
- (4) Represents performance vesting restricted stock units awarded for the fiscal 2007 performance period that vested on December 14, 2007. Value realized was determined by multiplying the number of shares acquired on vesting by \$26.09, the closing price of the Company's common stock on the vesting date.
- (5)

Represents time vested restricted stock and restricted stock units that vested on December 14, 2007. Value realized was determined by multiplying the number of shares acquired on vesting by \$26.09, the closing price of the Company's common stock on the vesting date.

- (6) Represents performance and time vesting restricted stock and units that vested on April 4, 2008 pursuant to Mr. Dunn's separation agreement. Value realized was determined by multiplying the number of shares acquired on vesting by \$13.51, the closing price of the Company's common stock on the vesting date.

Table of Contents**Potential Payments Upon Termination of Employment or Change of Control**

We have entered into certain arrangements that will require us to provide compensation to the Named Executive Officers in the event of certain terminations of employment or a change of control of the Company. The amount of compensation that is potentially payable to each Named Executive Officer in each situation is shown in the table below. The amounts assume that a termination of employment and/or change of control event occurred on July 26, 2008 and, where applicable, uses the closing price of a share of our common stock on July 25, 2008 (\$16.00).

The amounts for Mr. Nielsen, Mr. DeFerrari, Mr. Estes, and Mr. Vilsoet are estimates based only on hypothetical assumptions and do not necessarily reflect the actual amounts that would be paid to the Named Executive Officers, which would only be known at the time they become eligible for payment. The amounts for Mr. Dunn reflect the amounts he will receive pursuant to his April 4, 2008 separation agreement.

The following table and the narrative that follows describe the potential payments upon termination of employment or a change of control of the Company as of July 26, 2008.

Name	Termination of Employment for Cause, Resignation without Good Reason, Disability or Retirement (\$)	Termination of Employment without Cause ⁽¹⁾ (\$)	Resignation for Good Reason ⁽¹⁾ (\$)	Failure to Renew	Change of Control Termination without Cause or Resignation for Good Reason (\$)
				Employment Agreement at substantially no less terms than existing agreements (\$)	
Steven E. Nielsen					
Severance		\$ 4,230,000 ⁽²⁾	\$ 4,230,000 ⁽²⁾	\$ 1,410,000 ⁽³⁾	\$ 4,572,956 ⁽⁴⁾
Stock Options					\$ 106,050 ⁽⁵⁾
Stock Awards					
Tax Gross Up					
H. Andrew DeFerrari					
Severance		\$ 325,000			
Stock Options					
Timothy R. Estes					
Severance		\$ 1,880,000 ⁽⁶⁾	\$ 1,880,000 ⁽⁶⁾	\$ 940,000 ⁽⁷⁾	\$ 1,880,000 ⁽⁶⁾
Stock Options					
Stock Awards					\$ 200,000 ⁽⁸⁾
Tax Gross Up					
Richard B. Vilsoet					

Severance		\$	325,000
Stock Options			
Richard L. Dunn ⁽⁹⁾			
Severance	\$	337,500	
Stock Options	\$	181,338 ⁽¹⁰⁾	
Stock Awards	\$	231,540 ⁽¹⁰⁾	

- (1) Amounts for continuation of insurance benefits are not included and would be minimal.
- (2) Determination of severance is based on three times the sum of (i) the salary in effect as of July 26, 2008; plus (ii) the greater of (x) the average amount of the annual bonus paid in the last three fiscal years or (y) the salary in effect as of July 26, 2008.
- (3) Determination of severance is based on one times the sum of (i) the salary in effect as of July 26, 2008; plus (ii) the greater of (x) the average amount of the annual bonus paid in the last three fiscal years or (y) the salary in effect as of July 26, 2008.

Table of Contents

- (4) Determination of severance is based on (a) three times the sum of (i) the salary in effect as of July 26, 2008; plus (ii) the greater of (x) the average amount of the annual bonus paid in the last three fiscal years or (y) the salary in effect as of July 26, 2008; plus (b) a pro-rata bonus amount equal to the greater of (x) the average amount of the annual bonus paid in the last three fiscal years or (y) the annual bonus for fiscal 2008.
- (5) Represents the difference between the closing price of a share of the Company's common stock on July 25, 2008 and the exercise price of the stock options.
- (6) Determination of severance is based on two times the sum of (i) the salary in effect as of July 26, 2008; plus (ii) the highest paid bonus in the last three fiscal years.
- (7) Determination of severance is based on one times the sum of (i) the salary in effect as of July 26, 2008; plus (ii) the highest paid bonus in the last three fiscal years.
- (8) Represents the amount of unvested restricted stock as of July 26, 2008 times the closing price of a share of the Company's common stock on July 25, 2008.
- (9) Effective April 4, 2008, Mr. Dunn resigned from his position as Senior Vice President and Chief Financial Officer. Pursuant to his separation agreement, Mr. Dunn received \$325,000 in separation pay payable over a 52 week period and \$12,500 in accrued but unused vacation. Additionally, 7,417 shares of Mr. Dunn's unvested time vesting restricted stock/units and 9,721 shares of unvested performance vesting restricted stock/units were vested and distributed to Mr. Dunn within 60 days of his separation date. Pursuant to the separation agreement, Mr. Dunn's outstanding vested stock options will remain exercisable until the earlier of (x) the third anniversary of the separation date and (y) the expiration date of the term of such stock option. Amounts Mr. Dunn received for the continuation of health and life insurance benefits are not included and are minimal.
- (10) The modification of the stock-based awards was determined using the fair value of the awards as of July 26, 2008 in accordance with the provisions of SFAS No. 123(R). See Note 16 to the Form 10-K for the fiscal year ended July 26, 2008 regarding assumptions underlying valuation of equity awards.

Employment and Separation Agreements

Steven E. Nielsen

Effective as of May 15, 2008, the Company entered into an employment agreement with Steven E. Nielsen (the Nielsen Employment Agreement). Under the terms of the Nielsen Employment Agreement, Mr. Nielsen will continue to serve as President and Chief Executive Officer of the Company.

During the term of the Nielsen Employment Agreement, Mr. Nielsen will receive the following compensation and benefits: (i) an annual base salary of \$705,000 (subject to increase by the Compensation Committee of the Board of Directors); (ii) an annual bonus as determined by the Board of Directors with a maximum bonus opportunity of not less than 135% of his base salary; (iii) eligibility to participate in long-term incentive plans of the Company; (iv) eligibility to participate in all employee benefit plans or programs of the Company; and (v) an annual executive physical.

The Nielsen Employment Agreement provides for a term of employment that continues until May 31, 2012. If, during the term of the Nielsen Employment Agreement, there is a change in control of the Company at any time following May 15, 2010, Mr. Nielsen's employment under the Nielsen Employment Agreement will be extended for an

additional two years.

Termination for Cause or Resignation Without Good Reason. In the event that Mr. Nielsen resigns his employment with the Company without **Good Reason** or the Company terminates his employment for **Cause** (as such terms are defined below), Mr. Nielsen will not be entitled to any severance payments, but will receive his

Table of Contents

base salary though the date of termination and any bonus earned, but unpaid, for the year prior to the year in which the termination of employment occurs.

Termination Without Cause or Resignation for Good Reason. Subject to Mr. Nielsen's execution and delivery of a general waiver and release of claims, if the Company terminates his employment without Cause or if Mr. Nielsen resigns his employment with the Company for Good Reason prior to a Change in Control, Mr. Nielsen will be entitled to:

His base salary though the date of termination and any bonus earned, but unpaid, for the year prior to the year in which the termination of employment occurs.

A cash severance payment equal to three times the sum of: (x) his then annual base salary, plus (y) the greater of (i) the average amount of the annual bonus paid to him during the three fiscal years immediately preceding such termination or resignation or (ii) 100% of his then annual base salary. The cash severance payment will be payable in substantially equal monthly installments over the 18-month period following such termination or resignation, provided that any remaining payments will be paid in a lump sum within five days following a Change in Control.

Continued participation in the Company's health and welfare plans for a period of three years following Mr. Nielsen's resignation of employment for Good Reason or his termination of employment by the Company without Cause or a cash payment equal to the value of the benefit.

Subject to Mr. Nielsen's execution and delivery of a general waiver and release of claims, in the event the Company terminates Mr. Nielsen's employment without Cause or Mr. Nielsen resigns employment with the Company for Good Reason following a Change in Control, Mr. Nielsen will be entitled to:

His base salary though the date of termination and any bonus earned, but unpaid, for the year prior to the year in which the termination of employment occurs.

A cash severance payment equal to three times the sum of: (x) his then annual base salary, plus (y) the greater of (i) the average amount of the annual bonus paid to him during the three fiscal years immediately preceding such termination or resignation or (ii) 100% of his then annual base salary. The cash severance amount will be payable in a single lump sum within five days following such termination or resignation.

A pro-rata annual bonus for the year in which such termination or resignation occurs equal to the greater of (i) the average amount of the annual bonus paid to him during the three fiscal years immediately preceding such termination or resignation or (ii) the annual bonus that he would have received based on the actual performance achieved through the date of such termination or resignation. The annual bonus amount will be prorated based upon the number of days worked during the year of such termination or resignation and will be payable in a single lump sum within five days following such termination or resignation.

Continued participation in the Company's health and welfare plans for a period of three years following his termination or resignation or a cash payment equal to the value of the benefit.

All outstanding equity awards held by Mr. Nielsen at the time of his resignation of employment with the Company for Good Reason or his termination of employment by the Company without Cause following a Change in Control, will fully and immediately vest and all outstanding performance shares, performance share units or equivalent awards will vest at their target performance levels.

A tax gross-up payment to cover any golden parachute excise taxes levied on any payments or distributions or benefits received under Mr. Nielsen's employment agreement or pursuant to any Company

Table of Contents

benefit plan, such that the net amount of the severance payment retained by Mr. Nielsen after the deduction of any excise tax will be equal to the amount of such payment prior to the imposition of such excise tax. However, if the present value of the payments to be made to Mr. Nielsen does not exceed the product of (i) three times his base amount (within the meaning of Section 280G of the Internal Revenue Code), multiplied by (ii) 110%, then the severance payments to be provided under the Nielsen Employment Agreement shall be reduced by the least amount necessary such that no such severance payment will be subject to the excise tax.

Non-Renewal of Nielsen Employment Agreement. Subject to Mr. Nielsen's execution and delivery of a general waiver and release of claims, in the event the Company fails to renew the Nielsen Employment Agreement following the expiration of the employment term on substantially no less favorable terms and Mr. Nielsen's employment is terminated, he will be entitled to receive a cash severance payment equal to: (x) one times his then annual base salary, plus (y) the greater of (i) the average amount of the annual bonus paid to him during the immediately preceding three fiscal years or (ii) 100% of his base salary. The severance payment will be payable in substantially equal monthly installments over the 12-month period following such non-renewal of the Nielsen Employment Agreement, provided that any remaining payments will be paid in a lump sum within five days following a Change in Control.

Restrictive Covenants. Mr. Nielsen is subject to a five-year confidentiality covenant and one-year non-competition and non-solicitation covenants. Mr. Nielsen is also subject to an assignment of inventions and developments agreement.

Enforcement of Agreement. The Nielsen Employment Agreement provides for arbitration in the event of any dispute or controversy arising out of the Nielsen Employment Agreement or Mr. Nielsen's employment with the Company. The Company has also agreed to reimburse Mr. Nielsen, on an after tax basis, for all reasonable legal fees incurred by him in enforcing the Nielsen Employment Agreement.

Defined Terms. The following terms provided in the Nielsen Employment Agreement are used in this description.

Cause means a termination of Mr. Nielsen's employment for his: (i) indictment for any crime, whether a felony or misdemeanor, that materially impairs his ability to function as President and Chief Executive Officer of the Company and such crime involves the purchase or sale of any security, mail or wire fraud, theft, embezzlement, moral turpitude, or Company property; (ii) repeated willful neglect of his duties; or (iii) willful material misconduct in connection with the performance of his duties or other willful material breach of his employment agreement. No event in clause (ii) or (iii) will constitute Cause unless the Company gives Mr. Nielsen written notice of termination of his employment for Cause and such grounds are not corrected by Mr. Nielsen within 30 days of receipt of notice. If Mr. Nielsen fails to correct the event or condition to the satisfaction of the Board of Directors, Mr. Nielsen will have the opportunity to address the Company's Board of Directors prior to a termination of employment for Cause.

Good Reason means a resignation by Mr. Nielsen for any of the following reasons: (i) a failure by the Company to pay compensation or benefits due and payable; (ii) a material change in the duties or responsibilities performed by Mr. Nielsen as Chief Executive Officer of a public company; (iii) a relocation of the Company's principal office by more than 25 miles from Palm Beach Gardens, Florida without Mr. Nielsen's consent; (iv) failure by the Company to obtain agreement by a successor to assume the Nielsen Employment Agreement; or (v) any resignation by Mr. Nielsen during the 30 day period commencing on the first anniversary of a Change in Control. Mr. Nielsen must provide the Company with written notice of his intention to terminate his employment for Good Reason and the Company will have the opportunity to cure the event or condition under clauses (i) and (ii) within 30 days of receipt of such notice.

Table of Contents

Change in Control shall be deemed to have occurred if any one or more the following events occur: (i) an acquisition by any person or group of beneficial ownership of 20% or more of the total outstanding voting stock of the Company; (ii) a change in the composition of the Board of Directors of the Company such that the individuals who constitute the Board of Directors as of the Effective Date of the Nielsen Agreement cease to constitute a majority of the Board; (iii) consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the Company's assets to any person or entity, or any person or entity consolidates with or merges with or into the Company; or (iv) the approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

Timothy R. Estes

Effective as of November 4, 2004, the Company entered into an amended and restated employment agreement with Timothy R. Estes (the Estes Employment Agreement). Pursuant to the Estes Employment Agreement, Mr. Estes serves as Executive Vice President and Chief Operating Officer of the Company. The Estes Employment Agreement provides for a term of employment that began on November 4, 2004 and continues until December 31, 2008. Under the terms of the Estes Employment Agreement, Mr. Estes is provided with the following compensation: (i) an annual base salary of \$420,000 (subject to increase by the Compensation Committee of the Board of Directors); (ii) an annual bonus as determined by the Board of Directors and with a target of 100% of his base salary; (iii) eligibility to participate in all employee benefit plans or programs of the Company; (iv) a grant of 50,000 restricted shares of the Company's common stock; and (v) a grant of 50,000 stock options to purchase the Company's common stock.

Termination for Cause or Resignation without Good Reason. In the event that Mr. Estes resigns his employment without Good Reason or the Company terminates his employment for Cause (as such terms are defined below), he will not be entitled to any severance pay.

Termination without Cause or Resignation for Good Reason. Upon a termination of Mr. Estes' employment with the Company without Cause or upon his resignation for Good Reason (as such terms are defined below), Mr. Estes will be entitled to:

A cash severance payment equal to two times the sum of (i) his annual base salary then in effect, plus (ii) the highest paid bonus paid to him during the three fiscal years immediately preceding such termination or resignation;

Employee-benefit continuation for him and his eligible dependents for the 18 months following such termination or resignation; and

A tax gross-up payment to cover any golden parachute excise taxes levied on any payments or distributions or benefits received under the Estes Employment Agreement or pursuant to any Company benefit plan.

If Mr. Estes is terminated without Cause or he resigns for Good Reason during the 13-month period following the date of a Change of Control, 100% of his (i) shares of restricted stock and (ii) stock options will be fully vested to the extent not already vested.

The cash severance payment is payable in substantially equal installments over the 18-month period following Mr. Estes termination or resignation of employment. Additionally, any unpaid portion of the cash severance payment that has not been paid will become immediately payable within five days following a Change of Control.

Table of Contents

Non-Renewal of Employment Agreement. In the event the Company fails to renew the Estes Employment Agreement on substantially no less favorable terms, Mr. Estes will be entitled to a cash severance payment equal to his annual base salary then in effect, plus the highest bonus paid to him during the three fiscal years immediately preceding such non-renewal of the agreement.

The cash severance payment will be payable as soon as practical in substantially equal installments over the 12-month period following such non-renewal of the agreement. Additionally, any unpaid portion of the cash severance payment that has not been paid will become immediately payable within five days following the Change of Control.

All severance payments under the Estes Employment Agreements are subject to the execution and delivery of a waiver and release of claims and continued compliance with non-competition, non-solicitation and confidentiality covenants.

Defined Terms. The following terms provided in the Estes Employment Agreement are used in this description.

Cause means a termination of Mr. Estes' employment by the Company for his: (i) indictment for any crime, whether a felony or misdemeanor, that materially impairs his ability to perform his job-related functions, in each case involving the purchase or sale of any security, mail or wire fraud, theft, embezzlement, moral turpitude, or Company property; (ii) repeated willful neglect of his duties to the Company; or (iii) willful material misconduct in connection with the performance of his duties or other willful material breach of the employment agreement.

Good Reason means a resignation by Mr. Estes for any of the following reasons: (i) a failure by the Company to pay any portion of the compensation or provide any employee benefit due to him; (ii) a material diminution of his authority or responsibilities; (iii) the failure of any successor employer to appoint Mr. Estes to a commensurate position of a company listed on a North American stock exchange; (iv) a relocation of Mr. Estes' principal place of business by more than 25 miles without his consent; (v) the failure to cause a successor company to assume the employment agreement; or (vi) a resignation during the one-month period commencing on the first anniversary of a Change of Control.

Change of Control shall be deemed to have occurred if any one or more of the following events occur: (i) an acquisition by any individual, entity or group of beneficial ownership of 20% or more of either (x) Dycom's then outstanding shares of common stock or (y) the combined voting power of the then outstanding securities that are entitled to vote in the election of directors; (ii) a change in the composition of the Board of Directors of Dycom such that the individuals who, as of the effective date of Mr. Estes' employment agreement, constitute the Board of Directors cease for any reason to constitute at least a majority of the Board of Directors; (iii) consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company; or (iv) the approval by the shareholders of the Company of the complete liquidation or dissolution of the Company.

DeFerrari Employment Agreement

The Company entered into an employment agreement with H. Andrew DeFerrari, effective as of July 14, 2004 and amended as of July 14, 2006 (the "DeFerrari Employment Agreement"). Pursuant to the DeFerrari Employment Agreement, Mr. DeFerrari serves as the Chief Financial Officer of the Company. The DeFerrari Employment Agreement provides for an initial term of employment that began on July 14, 2004 and continues until July 14, 2006. The initial term is automatically renewed for additional 12 month periods unless either party gives prior notice of nonrenewal. Under the terms of the DeFerrari Employment Agreement, Mr. DeFerrari is provided with the

Table of Contents

following compensation: (i) an annual base salary of \$150,000 (subject to increase by the Board of Directors); (ii) an annual bonus equal to an amount between 20% and 50% of his base salary, if certain performance measures are met, as determined within the sole discretion of the Board of Directors; (iii) eligibility to participate in all employee benefit plans or programs of the Company; and (v) an initial grant under the Company's 2003 Long-Term Incentive Plan of 10,000 stock options to purchase the Company's common stock

Termination for Cause; Resignation for Any Reason; Death and Disability. In the event that (i) the Company terminates the executive's employment for Cause (as defined below) (ii) the executive resigns his employment for any reason or (iii) the executive dies or becomes disabled, the Company will not have any obligation to pay his base salary or other compensation or to provide him any employee benefits subsequent to the date of his termination or resignation of employment.

Termination without Cause. In the event the Company terminates the executive's employment without Cause, upon his execution and delivery of a waiver and release of claims, he will become entitled to receive the following payments and benefits, subject to his compliance with noncompetition, nonsolicitation and confidentiality covenants:

12 months of base salary continuation; and

12 months of continued medical and life insurance benefits (including benefits to eligible dependents).

Change of Control. In the event of a Change of Control, the executive will become vested as of the date of the Change of Control in all outstanding stock options under the Company's Long-Term Incentive Plan to the extent not already vested in such stock options.

Defined Terms. The following terms provided in the DeFerrari Employment Agreement are used in this description.

Cause means (i) entering a plea of no-contest, or being convicted of any crime, that constitutes a felony; or (ii) any willful misconduct that is injurious to the financial condition or business reputation of the Company. Additionally, in Mr. DeFerrari's case, Cause also includes (x) any material breach of his duty of loyalty owed to the Company or, as a result of his gross negligence, his breach of his duty of care owed to Company; or (y) any material breach of his employment agreement or his failure or refusal to perform any material duties required by his employment agreement.

A Change of Control shall be deemed to have occurred with respect to the Company if any one or more of the following events occur: (i) a tender offer is made and consummated for fifty percent (50%) or more of the outstanding voting securities of the Company; (ii) any person acquires fifty percent (50%) or more of the outstanding voting securities of the Company; (iii) substantially all of the assets of the Company are sold or transferred to another person, corporation or entity that is not a wholly owned subsidiary of the Company; or (iv) a change in the Board of Directors of Dycom such that a majority of the seats on the Board of Directors are occupied by individuals who were neither nominated by a majority of the directors as of the close of business on the effective date of the executive's employment agreement nor appointed by directors so nominated.

Vilsoet Employment Agreement

Effective as of May 5, 2005, the Company entered into an employment agreement with Richard Vilsoet (the Vilsoet Employment Agreement). Pursuant to the Vilsoet Employment Agreement, Mr. Vilsoet serves as General Counsel of the Company. The Vilsoet Employment Agreement provides for an initial term of employment that began on May 9, 2005 and continues until May 9, 2009. The initial term is automatically renewed for additional

Table of Contents

12-month periods unless either party gives prior notice of nonrenewal. Under the terms of the Vilsoet Employment Agreement, Mr. Vilsoet is provided with the following compensation: (i) an annual base salary of \$250,000 (subject to increase by the Board of Directors); (ii) an annual bonus equal to an amount between 20% and 50% of his base salary, if certain performance measures are met, as determined within the sole discretion of the Board of Directors; (iii) eligibility to participate in all employee benefit plans or programs of the Company; and (v) an initial grant under the 2003 Long-Term Incentive Plan of 25,000 stock options to purchase the Company's common stock.

Termination for Cause; Resignation for Any Reason; Death and Disability. In the event that (i) the Company terminates the executive's employment for Cause (as defined below) (ii) the executive resigns his employment for any reason or (iii) the executive dies or becomes disabled, the Company will not have any obligation to pay his base salary or other compensation or to provide him any employee benefits subsequent to the date of his termination or resignation of employment.

Termination without Cause. In the event the Company terminates the executive's employment without Cause, upon his execution and delivery of a waiver and release of claims, he will become entitled to receive the following payments and benefits, subject to his compliance with noncompetition, nonsolicitation and confidentiality covenants:

12 months of base salary continuation; and

12 months of continued medical and life insurance benefits (including benefits to eligible dependents).

Change of Control. In the event of a Change of Control, the executive will become vested as of the date of the Change of Control in all outstanding stock options under the Company's Long-Term Incentive Plan to the extent not already vested in such stock options.

Defined Terms. The following terms provided in the Vilsoet Employment Agreement are used in this description.

Cause means (i) entering a plea of no-contest, or being convicted of any crime, that constitutes a felony; or (ii) any willful misconduct that is injurious to the financial condition or business reputation of the Company.

A Change of Control shall be deemed to have occurred with respect to the Company if any one or more of the following events occur: (i) a tender offer is made and consummated for fifty percent (50%) or more of the outstanding voting securities of the Company; (ii) any person acquires fifty percent (50%) or more of the outstanding voting securities of the Company; (iii) substantially all of the assets of the Company are sold or transferred to another person, corporation or entity that is not a wholly owned subsidiary of the Company; or (iv) a change in the Board of Directors of the Company such that a majority of the seats on the Board of Directors are occupied by individuals who were neither nominated by a majority of the directors as of the close of business on the effective date of the executive's employment agreement nor appointed by directors so nominated.

Richard L. Dunn

Effective April 4, 2008, the Company entered into a separation agreement with Richard L. Dunn (the Dunn Separation Agreement). Pursuant to the Dunn Separation Agreement, the Company will continue to pay Mr. Dunn's base salary for 52 weeks, an aggregate amount of approximately \$325,000, less any tax-related deductions or withholding. Mr. Dunn will also be reimbursed for COBRA premiums (to the extent of the Company's contribution to the group medical plan premiums for then current employees) for a period not to exceed 18 months and his life insurance coverage under the Company's group life insurance program will be continued for a period not to exceed 12 months. For the period commencing 18 months after the separation date and,

Table of Contents

for a period ending not later than June 30, 2011, the Company will include Mr. Dunn in its group medical plan, subject to payment of premiums that Mr. Dunn would have been required to pay as an employee. Notwithstanding the foregoing, the benefits to be provided to Mr. Dunn under the Company's group medical plan and group life insurance plan will cease upon his becoming eligible for medical and life insurance coverage (as applicable) with a new employer.

In addition, the Dunn Separation Agreement provides for accelerated vesting of 7,417 time vested restricted shares and time vested restricted share units granted to Mr. Dunn under the Company's 2003 Long-Term Incentive Plan and 9,721 performance vested restricted shares units granted to Mr. Dunn under the Company's 2003 Long-Term Incentive Plan. Mr. Dunn's vested stock options will remain exercisable until the earlier of April 4, 2011 or the expiration date of the term of such stock option.

Mr. Dunn has also agreed to provide tax advisory and other consulting services to the Company for up to 12 months following his separation date. If the Company uses these services, it will compensate Mr. Dunn at the rate of \$200 per hour.

The payments and benefits provided to Mr. Dunn under the Dunn Separation Agreement required his execution and delivery of a general release of claims against the Company and continued compliance with the confidentiality, non-competition and non-solicitation covenants set forth in his employment agreement with the Company.

Table of Contents**EQUITY COMPENSATION PLAN INFORMATION**

The following table gives information about common stock of the Company that may be issued under our equity compensation plans as of July 26, 2008, including the 1991 Incentive Stock Option Plan, the 1998 Incentive Stock Option Plan, the 2001 Directors Stock Option Plan, the 2002 Directors Restricted Stock Plan, the 2003 Long-Term Incentive Plan and the 2007 Non-Employee Director s Equity Plan, all of which were approved by our shareholders. No further options will be granted under the 1991 Incentive Stock Option Plan, the 1998 Incentive Stock Option Plan or the 2001 Directors Stock Option Plan.

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrant and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	2,375,557	\$ 29.45	2,977,946
Equity compensation plans not approved by security holders			
Total	2,375,557	\$ 29.45	2,977,946

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table provides information about the beneficial ownership of our common stock as of October 3, 2008. We have listed each person known to us that beneficially owns more than five percent (5%) of our outstanding common stock, each of our directors, each of our current Named Executive Officers identified in the Summary Compensation Table above, and all directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission. The percentage ownership is based on 39,428,581 shares of common stock outstanding as of October 3, 2008. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options held by that person that are currently exercisable or exercisable within 60 days of October 3, 2008, and restricted stock units that vest within 60 days of October 3, 2008, are deemed outstanding. These shares, however, are not deemed outstanding for the purposes of computing the percentage ownership of any other person. Except as indicated in the footnotes to this table and as provided pursuant to applicable community property laws, each stockholder named in the table has sole voting and investment power with respect to the shares set forth opposite such stockholder's name. Unless otherwise indicated, the address for each of the individuals listed below is c/o Dycom Industries, Inc., 11770 U.S. Highway 1, Suite 101, Palm Beach Gardens, Florida 33408.

Name of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned	Percent Ownership of Common Stock Beneficially Owned
5% Stockholders:		
FMR LLC 82 Devonshire Street Boston, Massachusetts 02109	5,351,230 ⁽¹⁾	13.57%
Tontine Overseas Associates, L.L.C. 55 Railroad Avenue Greenwich, Connecticut 06830	3,180,263 ⁽²⁾	8.07%
Barclays Global Investors, N.A. 45 Fremont Street San Francisco, California 94105	3,386,213 ⁽³⁾	8.59%
Directors and Executive Officers:		
Thomas G. Baxter	16,498 ⁽⁴⁾	*
Charles M. Brennan, III	50,392 ⁽⁵⁾	*
James A. Chiddix	24,649 ⁽⁶⁾	*
Charles B. Coe	14,602 ⁽⁷⁾	*
Stephen C. Coley	21,040 ⁽⁸⁾	*
Patricia L. Higgins	1,989 ⁽⁹⁾	*
Steven E. Nielsen	1,067,062 ⁽¹⁰⁾	2.71%
Timothy R. Estes	301,496 ⁽¹¹⁾	*
H. Andrew DeFerrari	25,521 ⁽¹²⁾	*

Edgar Filing: OXBRIDGE RE HOLDINGS Ltd - Form 10-K

Richard B. Vilsoet	34,810 ⁽¹³⁾	*
All directors and executive officers as a group (10 persons)	1,558,060 ⁽¹⁴⁾	3.95%

* Less than 1% of the outstanding common stock.

Table of Contents

- (1) Information regarding FMR LLC and its affiliates is based solely on information disclosed in an amended Schedule 13G/A filed with the SEC on February 14, 2008 by FMR LLC. The Schedule 13G/A indicates that, at December 31, 2007 (i) Fidelity Management & Research Company (Fidelity) a wholly owned subsidiary of FMR LLC and registered investment advisor, was the beneficial owner of 5,350,430 shares of common stock as a result of acting as investment advisor to various investment companies, one of which, Fidelity Value Fund, held 3,906,100 shares. Edward C. Johnson, III, Chairman of FMR LLC and FMR LLC, through its control of Fidelity, and the funds each has sole power to dispose of 5,350,430 shares owned by the funds. Neither FMR LLC nor Edward C. Johnson 3, III, has the sole power to vote or direct the voting of the shares owned directly by the Funds, which power resides with the Funds Boards of Trustees. Fidelity carries out the voting of the shares under written guidelines established by the Funds Boards of Trustees. Members of the family of Edward C. Johnson, III, through their ownership of voting common stock of FMR LLC and the execution of a stockholders agreement, may be deemed to form a controlling group with respect to FMR LLC. In addition, Pyramis Global Advisors Trust Company (Pyramis), an indirect wholly-owned subsidiary of FMR LLC, is beneficial owner of 800 of the reported shares as a result of its status as investment manager of institutional accounts holding shares of the Company s common stock. Edward C. Johnson III and FMR LLC control Pyramis and have sole power to dispose of and vote the 800 shares reported as beneficially owned by Pyramis.
- (2) Based solely on information contained in a Schedule 13G/A filed with the SEC on February 1, 2008 by Tontine Overseas Associates, L.L.C. (TOA), Tontine Capital Partners, L.P. (TCP), Tontine Capital Management, L.L.C. (TCM), and Jeffrey L. Gendell. TOA serves as investment manager to Tontine Capital Overseas Master Fund, L.P. (TCO). TCM, the General Partner of TCP, has the power to direct the affairs of TCP, including decisions respecting the disposition of the proceeds from the sale of the shares. Mr. Gendell is the Managing Member of TCM and TOA and in that capacity directs their operations. TOA has shared voting and dispositive powers with respect to 657,533 shares, TCP has shared voting and dispositive powers with respect to 2,522,730 shares, TMC has shared voting and dispositive powers with respect to 2,522,730 shares and Jeffrey L. Gendell has shared voting and dispositive power with respect to 3,180,263 shares. TCO, as client of TOA, has the power to direct the receipt of dividends from or the proceeds of sale of such shares.
- (3) Based solely on information contained in a Schedule 13G filed with the SEC on February 5, 2008 by Barclays Global Investors, NA. The Schedule 13G indicates that 2,291,522 shares are beneficially owned by Barclays Global Investors, NA, 984,641 shares are beneficially owned by Barclays Global Fund Advisors, 67,040 shares are beneficially owned by Barclays Global Investors, Ltd. and 37,309 shares are beneficially owned by Barclays Global Investors Japan Limited. Barclays Global Investors, NA exercises sole voting power over 1,953,014 and sole dispositive power over 2,291,522 shares. Barclays Global Fund Advisors exercises sole voting and dispositive power over 984,641 shares. Barclays Global Investors, Ltd. exercises sole voting and dispositive power over 67,040 shares, and Barclays Global Investors Japan Limited exercises sole voting and dispositive power over 37,309 shares. Barclays Global Investors Japan Trust and Banking Company Limited, Barclays Global Investors Canada Limited, Barclays Global Investors Australia Limited and Barclays Global Investors (Deutschland) AG are included as reporting persons in the Schedule 13G but, according to the Schedule 13G, do not beneficially own any shares. The Schedule 13G does not provide any information regarding the relationship among the reporting persons included therein.
- (4) Includes 8,000 shares of common stock that may be acquired through the exercise of stock options and 899 shares of common stock underlying unvested time vesting restricted stock units.
- (5) Includes 18,750 shares of common stock that may be acquired through the exercise of stock options and 899 shares of common stock underlying unvested time vesting restricted stock units.

Table of Contents

- (6) Includes 1,250 shares of common stock that may be acquired through the exercise of stock options and 899 shares of common stock underlying unvested time vesting restricted stock units.
- (7) Includes 8,125 shares of common stock that may be acquired through the exercise of stock options and 2,505 shares of common stock underlying unvested time vesting restricted stock units.
- (8) Includes 13,750 shares of common stock that may be acquired through the exercise of stock options and 899 shares of common stock underlying unvested time vesting restricted stock units.
- (9) Includes 818 shares of common stock underlying unvested time vesting restricted stock units.
- (10) Includes 609,674 shares of common stock that may be acquired through the exercise of stock options and 7,388 shares of common stock underlying unvested performance vesting restricted stock units.
- (11) Includes 202,363 shares of common stock that may be acquired through the exercise of stock options and 17,378 shares of common stock underlying unvested time vesting and performance vesting restricted stock and restricted stock units.
- (12) Includes 20,000 shares of common stock that may be acquired through the exercise of stock options and 1,156 shares of unvested time vesting restricted stock.
- (13) Includes 25,000 shares of common stock that may be acquired through the exercise of stock options and 1,732 shares of unvested time vesting restricted stock.
- (14) Includes 906,912 shares of common stock that may be acquired through the exercise of stock options and 34,573 shares of common stock underlying unvested time vesting and performance vesting restricted stock and restricted stock units for all directors and executive officers as a group.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Our Board of Directors has adopted a written policy 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 our common stock (or, in the case of the foregoing persons, their immediate family members) has a direct or indirect financial interest (each a related person transaction).

A member of our Board of Directors or any of our executive officers proposing to enter into such transaction must report the proposed related person transaction to the Company's General Counsel or Vice President 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 has engaged in any related party transaction since the beginning of the last fiscal year.

**SECTION 16(a)
BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities and Exchange Act of 1934 requires our directors and executive officers, and persons who own more than ten percent (10%) of our common stock, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Our officers, directors and greater than ten percent (10%) shareholders are required by SEC regulations to furnish us with all Section 16(a) forms they file. Based on our review of such reports, or written representations from persons required to file such reports, we believe that all such Section 16(a) filing requirements were satisfied during fiscal year 2008.

Table of Contents

PROPOSAL 2

**APPROVAL OF THE
DYCOM INDUSTRIES, INC.
2009 ANNUAL INCENTIVE PLAN**

At its October 17, 2008 meeting, the Compensation Committee unanimously approved the Dycom Industries, Inc. 2009 Annual Incentive Plan (the "Annual Plan"), which was subsequently adopted by the Board of Directors and is subject to the approval thereof by our shareholders at the Annual Meeting. A summary of the Annual Plan is included below. The complete text of the Annual Plan is set forth in Appendix A to this Proxy Statement, and shareholders are urged to review it together with the following information, which is qualified in its entirety by reference to Appendix A.

Summary of the Dycom Industries, Inc. 2009 Annual Incentive Plan

Purpose. The purposes of the Annual Plan are to provide competitive total cash compensation opportunities based on corporate and individual performance; reinforce the communication of the Company's mission, objectives and goals; and enhance the Company's ability to attract, retain, motivate and reward the highest caliber employees.

Administration. The Annual Plan will be administered by the Compensation Committee of the Board of Directors or any successor committee appointed by the Board of Directors to administer the Annual Plan (the "Compensation Committee"), which shall be comprised of at least two members of the Board of Directors who shall be ineligible to participate in the Annual Plan. Each member of the Compensation Committee shall be an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). The Compensation Committee has the authority to interpret the Annual Plan and maintain administrative guidelines and procedures relating to the Annual Plan. The determinations of the Compensation Committee are final, binding and conclusive upon all persons.

Eligibility and Participation. Each employee who is recommended by the Chief Executive Officer to participate in the Annual Plan and is approved by the Compensation Committee, or is included in the Annual Plan by the Compensation Committee, is eligible to participate in the Annual Plan for the fiscal year. It is anticipated that the Compensation Committee will not grant award opportunities under the Annual Plan until the first quarter of fiscal year 2010. Currently, it is anticipated that only the Chief Executive Officer and the Chief Operating Officer will participate in the Annual Plan for fiscal year 2010. To meet the requirements of Section 162(m), certain more restrictive provisions of the Annual Plan apply only to executive officers. For purposes of the Annual Plan, executive officers shall be those employees designated by the Compensation Committee from year to year for purposes of qualifying payouts under the Annual Plan for exemption from Section 162(m) of the Code.

Award Determination. Prior to each fiscal year or as soon as practicable thereafter, the Compensation Committee will establish performance goals which may be based on any combination of consolidated Company, business unit, division, and individual performance goal measures. Performance goal measures with respect to executive officers, as designated by the Compensation Committee, will be determined annually from among the following factors, or any combination of the following, as the Compensation Committee deems appropriate:

Table of Contents

Financial Performance Measures

Contract revenues
Operating revenue
Net revenue
Revenue growth
Gross margin
Operating margin
Operating income
Operating income before asset impairment charges
and certain other expenses
Operating income growth
Earnings before interest and taxes
Earnings before interest and taxes, asset impairment
charges and certain other expenses
Earnings before interest, taxes, depreciation and
amortization
Earnings before interest, taxes, depreciation, and
amortization, asset impairment charges and
certain other expenses
Pre-tax operating income
Pre-tax income
Pre-tax income before asset impairment charges
and certain other expenses
Net income
Net income before asset impairment charges and
certain other expenses
Basic or diluted earnings per share
Basic or diluted earnings per share before asset
impairment charges and certain other expenses
Basic or diluted earnings per share growth
Basic or diluted earnings per share growth before
asset impairment charges and certain other
expenses
Expense management
Effective tax rate
Cash flow
Operating cash flow
Free cash flow
Cash flow return on investment
Cash value added
Economic value added
Assets
Days sales outstanding (accounts receivable and
work in progress)
Days sales outstanding (accounts receivable)
Return on assets
Return on equity
Return on invested capital

Return on investment
Return on net assets
Return on tangible net assets
Return on tangible net worth
Tangible net assets
Tangible net worth
Total shareholder return
Market capitalization
Contract backlog
Share price

Non-Financial Performance Measures

Customer satisfaction
Safety performance
Development and execution of strategic initiatives
Objective individual performance goals

Prior to each fiscal year or as soon as practicable thereafter, the Compensation Committee will also establish, for each job classification, various levels of award payments depending upon the level of achievement of the performance goal measures. Final awards will be based on the level of achievement of the performance goal measures, the participant's job classification and the predetermined award payout levels. Except with respect to executive officers, the Compensation Committee has the discretion to adjust performance goals and payout levels during a fiscal year. With respect to executive officers, the Compensation Committee can reduce or eliminate the amount of the final award and can exercise such other discretion as on the advice of tax counsel will not adversely affect the deductibility for federal income tax purposes of any amount paid under the Annual Plan. The maximum amount payable under the Annual Plan to a participant for any fiscal year will be \$2,500,000.

Table of Contents

Payments. As soon as practicable after the end of the fiscal year, the Compensation Committee will certify in writing the extent to which the performance goals have been achieved and whether any other relevant terms of the awards have been satisfied. Awards will be paid in cash no later than two and a half months following the end of the fiscal year to which the award relates.

Termination of Employment. In the event of a participant's death, disability or retirement, the final award of such participant will be reduced to reflect the number of days that the participant was employed by the Company during the plan year. In the event of any other kind of termination of service, the participant's award for the fiscal year of termination will be forfeited; *provided, however*, that the Compensation Committee has the discretion to pay an award for the portion of the year that the participant was employed by the Company.

Duration of the Annual Plan. The Annual Plan shall remain in effect from August 1, 2009, subject to approval by the Company's shareholders, and continue until August 1, 2019, unless terminated earlier by the Compensation Committee.

Amendment. The Compensation Committee may, at any time, amend any or all of the provisions of the Annual Plan or suspend or terminate it entirely. No amendment, suspension or termination may reduce the rights of a participant under an award without the participant's consent.

New Annual Plan Benefits. As discussed above, awards under the Annual Plan will be based upon performance goal measures established with respect to fiscal year 2010 and to be established with respect to future fiscal years. It is not presently possible to determine the benefits or the amounts that will be granted to participants under the Annual Plan in the future.

Recommendation of the Board of Directors

The Board of Directors recommends that you vote **FOR approval of the Annual Plan.**

Table of Contents

PROPOSAL 3

**RE-APPROVAL AND AMENDMENT OF THE
PERFORMANCE GOALS UNDER THE
DYCOM INDUSTRIES, INC. 2003 LONG-TERM INCENTIVE PLAN**

At its October 17, 2008 meeting, the Compensation Committee unanimously approved the submission to shareholders for re-approval of the material terms of the existing performance goals and for approval of the material terms of additional performance goals adopted under the Dycom Industries, Inc. 2003 Long-Term Incentive Plan (the

Long-Term Plan), which was subsequently adopted by the Board of Directors and is subject to the approval thereof by our shareholders at the Annual Meeting. A summary of the Long-Term Plan is included below. The complete text of the Long-Term Plan is set forth in Appendix B to this Proxy Statement, and shareholders are urged to review it together with the following information, which is qualified in its entirety by reference to Appendix B.

The Company established the Long-Term Plan effective as of November 25, 2003, after approval by the shareholders at the 2003 annual meeting. At the 2006 annual meeting, shareholders approved an increase in the number of shares authorized under the Long-Term Plan.

Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code) places a limit of \$1,000,000 on the amount the Company may deduct in any one year for compensation paid to its chief executive officer and each of its other four most highly-compensated executive officers. There is, however, an exception to this limit for certain performance-based compensation. Certain awards made pursuant to the Long-Term Plan may constitute performance-based compensation not subject to the deductibility limitation of Section 162(m) of the Code. In order to continue to qualify for this exception, however, the shareholders must (i) approve, every five years, the material terms of the performance goals of the Long-Term Plan, and (ii) approve amendments to the Long-Term Plan to add performance goals. Shareholders last approved the Long-Term Plan s performance goals in 2003 in connection with the initial approval of the Long-Term Plan. If the existing performance goals and the additional performance goals are not approved by shareholders, the Long-Term Plan will continue in effect; however, in accordance with Section 162(m) of the Code, the Company s ability to deduct performance-based compensation under the Plan will be limited as described above.

Performance Goals. The Long-Term Plan currently provides that performance goals may consist of one or more of the following criteria: net income, net revenue, cash flow, operating margin, operating revenue, pre-tax income, pre-tax operating income, operating income growth, return on assets, total shareholder return, share price, return on equity, diluted earnings per share or earnings per share growth, or a combination thereof as selected by the Compensation Committee, and quantifiable non-financial goals.

Table of Contents

The Company now desires to amend the Long-Term Plan to incorporate the following additional performance goals:

Financial Performance Measures

Contract revenues
Revenue growth
Gross margin
Operating income
Operating income before asset impairment charges and certain other expenses
Earnings before interest and taxes
Earnings before interest and taxes, asset impairment charges and certain other expenses
Earnings before interest, taxes, depreciation and amortization
Earnings before interest taxes, depreciation, and amortization, asset impairment charges and certain other expenses
Pre-tax income before asset impairment charges and certain other expenses
Net income before asset impairment charges and certain other expenses
Basic earnings per share
Basic or diluted earnings per share before asset impairment charges and certain other expenses
Basic or diluted earnings per share growth
Basic or diluted earnings per share growth before asset impairment charges and certain other expenses
Expense management
Effective tax rate
Operating cash flow
Cash flow return on investment
Cash value added
Assets
Days sales outstanding (accounts receivable and work in progress)
Days sales outstanding (accounts receivable)
Return on invested capital
Return on investment
Return on net assets
Return on tangible net assets
Return on tangible net worth
Tangible net assets
Tangible net worth
Market capitalization
Contract backlog

Non-Financial Performance Measures

Customer satisfaction
Safety performance
Development and execution of strategic initiatives
Objective individual performance goals

SHAREHOLDERS ARE NOT BEING ASKED TO APPROVE ANY ADDITIONAL SHARES FOR ISSUANCE UNDER THE LONG-TERM PLAN OR TO OTHERWISE MODIFY THE TERMS OF THE LONG-TERM PLAN.

Summary of the Dycom Industries, Inc. 2003 Long-Term Incentive Plan

Purposes. The purposes of the Long-Term Plan are to attract, retain and motivate highly qualified key employees and officers of the Company and its subsidiaries, to promote the long-term success of the Company and its subsidiaries and to increase stockholder value by providing eligible key employees and officers with incentives to contribute to the long-term growth and profitability of the Company.

Eligible Individuals. The Compensation Committee of the Board (the Committee) grants awards under the Long-Term Plan to key employees or officers of the Company or its subsidiaries with the potential to contribute

Table of Contents

to the future success of the Company or its subsidiaries. Approximately 300 employees, including officers, are potentially eligible for awards under the Long-Term Plan. Members of the Committee are not eligible to receive awards under the Long-Term Plan.

Shares Available. A maximum aggregate number of 4,000,000 shares of common stock (subject to future forfeitures of outstanding awards) were authorized under the Long-Term Plan. The aggregate number of shares available for issuance under the Long-Term Plan may be proportionately adjusted in the sole discretion of the Committee in the event of certain changes in the Company's capitalization or a similar transaction. Shares issued pursuant to the Long-Term Plan may be authorized but unissued shares, treasury shares or any combination thereof. In accordance with the requirements under the regulations promulgated under Section 162(m) of the Internal Revenue Code (the Code), no eligible individual may receive awards with respect to an aggregate of more than 250,000 shares of common stock in any one-year period. As of July, 26, 2008, an aggregate of 1,905,837 shares of common stock, excluding adjustments for forfeited shares, remain available.

Administration. The Long-Term Plan is administered by the Committee. Subject to the terms of the Long-Term Plan, the Committee will have full and final authority to select participants, grant awards and set forth the terms and conditions of such awards. The Committee also has the authority to take any other action desirable or necessary to interpret, construe or implement properly the provisions of the Long-Term Plan or any related award document.

Award Document. Each award will be evidenced by an award document issued by the Company.

Termination of Employment or Change in Control. The Committee will specify, at or after the time of grant of an award, the effect, if any, that a participant's termination of employment or a change in control of the Company will have on the disposition of or vesting, exercisability, payment, settlement or lapse of restrictions applicable to an award.

Option Awards. The Long-Term Plan authorizes the issuance of both incentive stock options, as defined in Section 422 of the Code, and nonqualified stock options. The terms of any incentive stock option under the Long-Term Plan will comply in all material respects with the provisions of Section 422 of the Code and any regulations promulgated thereunder. The term of an option will be fixed by the Committee upon grant; *provided, however*, that the term may not exceed ten years. The vesting schedules of an option grant will be determined by the Committee at the date of grant and will be governed by the award documents.

Other Awards. In addition to options, the Committee has the authority to grant and specify the terms and provisions of (i) restricted stock and restricted share units; (ii) performance-based restricted stock and performance-based restricted share units; (iii) stock appreciation rights; and (iv) any other forms of equity-based or equity-related awards not described above which the Committee determines to be consistent with the purpose of the Long-Term Plan and the interests of the Company. Notwithstanding the foregoing, the restriction period with respect to an award of restricted stock or restricted share units may not be less than three years. Any awards granted under the Long-Term Plan may be made singly or in combination or tandem with any other awards under the Long-Term Plan or in combination with, in replacement of, or as alternatives to awards or rights under any other plan of the Company.

Performance-Based Awards. The Committee may determine whether any award granted under the Long-Term Plan is intended to be performance-based compensation as that term is used in Section 162(m) of the Code. Any such awards designated to be performance-based compensation will be conditioned on the achievement of one or more performance goals, to the extent required by Section 162(m) of the Code. The performance goals that may be used by the Committee for such awards will be based on the financial goals set forth above and quantifiable non-financial goals. Each participant is assigned a target award payable if target performance goals are achieved. The performance period applicable to a performance-based award may not be less than one year. If a participant's

Table of Contents

performance exceeds the target performance goals, awards may be greater than the target award, but may not exceed 200% of such participant's target award. The Committee retains the right to reduce any award if it believes that individual performance does not warrant the award calculated by reference to the result.

Amendment and Termination of the Long-Term Plan. The Board or the Committee may amend, modify, suspend or terminate the Long-Term Plan at any time, except that shareholder approval is required to (i) increase the maximum number of shares issuable under the Long-Term Plan, (ii) materially amend or modify any material term of the Plan, (iii) reprice any stock options or stock appreciation rights, or (iv) generally, to reduce the exercise price of any outstanding option or outstanding stock appreciation rights. No amendment or termination may adversely affect a participant's rights with respect to previously granted awards without his or her consent.

Corporate Changes. The existence of the Long-Term Plan and any award documents does not affect or restrict in any way the right or power of the Company to effect corporate changes or acts. In the event of any change in the outstanding common stock by reason of a stock dividend, recapitalization, reorganization, merger, consolidation, stock split, combination or exchange of shares or any other significant corporate event affecting the common stock, the Committee, in its discretion, may make (i) such proportionate adjustments as it considers appropriate to prevent diminution or enlargement of the rights of participants under the Long-Term Plan with respect to the aggregate number of shares of common stock for which awards in respect thereof may be granted under the Long-Term Plan, the number of shares of common stock covered by each outstanding award and the exercise prices in respect thereof and/or (ii) such other adjustments as it deems appropriate.

Term of the Long-Term Plan. The Long-Term Plan will remain in effect until November 25, 2013, unless earlier terminated by the Board. No awards may be granted under the Long-Term Plan after November 25, 2013.

New Plan Benefits

On October 20, 2008, the Committee granted certain performance stock units to Mr. Nielsen and Mr. Estes that will be earned only if the Company achieves a specified level of performance with respect to operating earnings before asset impairments, performance unit compensation and amounts associated with the extinguishment of debt and operating cash flow that are intended to qualify as performance-based compensation for purposes of Section 162(m) of the Code. The target awards below vest in three equal annual installments commencing October 20, 2009, subject to meeting the performance criteria. Supplemental units of up to 100% of the target award vesting in a particular year can be earned if the Company achieves a specified level of performance with respect to operating earnings (before asset impairments, performance share and performance unit compensation and amounts associated with the extinguishment of debt) and cash flow, in each case for the trailing three year period. Information regarding the awards is set forth in the table below.

Dycom Industries, Inc. 2003 Long-Term Incentive Plan

Name and Position	Number of Shares Awarded	Dollar Value of Shares Awarded on the Grant Date
Steven E. Nielsen Chairman, President and Chief Executive Officer	40,000	\$ 351,200
Timothy R. Estes	24,000	\$ 210,720

Executive Vice President and Chief Operating Officer

Table of Contents

U.S. Federal Income Tax Consequences

Nonqualified Stock Options. A participant will not recognize taxable income at the time a nonqualified stock option is granted. However, upon the exercise of a nonqualified stock option the participant will include as ordinary income an amount equal to the difference between the fair market value of the shares on the date of exercise (in most cases) and the participant's purchase price. Upon the sale of the shares by the participant, any subsequent appreciation or depreciation in the value of the shares will be treated as short-term or long-term capital gain or loss depending upon how long the shares are held by the participant. The Company will be entitled to a deduction in connection with the exercise of a nonqualified stock option by a participant to the extent that the participant recognizes ordinary income provided that the deduction is not disallowed under Section 162(m) of the Code.

Incentive Stock Options. A participant will not recognize taxable income upon grant of an incentive stock option, and the Company will not be entitled to a deduction, upon the grant or exercise of an incentive stock option. The excess of the fair market value of each share over the option price at the date of exercise is an item of tax preference and may be subject to the alternative minimum tax. If the holding period requirements of Section 422 of the Code are met by the participant (*i.e.*, no disposition of the shares is made by the participant within two years of the grant of the incentive stock option and within one year after the transfer of the shares to the participant), then any gain or loss recognized by the participant upon disposition of the shares will be treated as long-term capital gain or loss.

If the shares acquired upon exercise of an incentive stock option are disposed of prior to the expiration of either of the required holding periods, the participant will recognize ordinary income in the disposition year. The Company will receive a deduction at the time of the disqualifying disposition in the amount equal to the ordinary income recognized by the participant, subject to general rules pertaining to the reasonableness of compensation and Section 162(m) of the Code. In addition, long-term or short-term capital gain may be recognized by the participant.

Restricted Shares and Restricted Share Units. The federal income tax consequences of awards of restricted shares are generally governed by Section 83 of the Code. Generally, a participant will not be taxed on an award of restricted shares until the award vests, unless the participant makes an election under Section 83(b) of the Code to be subject to taxation upon grant, rather than upon vesting. A Section 83(b) election must be made no later than 30 days following the date of grant. If the election is made, the participant will be subject to taxation on the fair market value of the shares on the date of grant.

If a participant does not make a Section 83(b) election, the participant will be subject to taxation based on the full fair market value of the shares included in the award, plus any cash distributed in lieu of fractional shares, at the time of vesting. The amount recognized as income by a participant, whether in connection with a Section 83(b) election or at the time of vesting, will be subject to ordinary income tax at the rates in effect at that time and will also be subject to all applicable employment tax withholdings.

In general, the Company receives an income tax deduction at the same time and in the same amount that is taxable to a participant as compensation, except as limited by Section 162(m) of the Code.

Any capital gain or loss recognized by a participant will be either long term or short term.

A participant holding restricted stock units is not taxed until those units are actually paid out, at which time the participant realizes ordinary income in an amount equal to the fair market value of the units at the time of payout, and the Company is entitled to a corresponding deduction for federal income tax purposes.

Table of Contents

In general, the Company receives an income tax deduction at the same time and in the same amount that is taxable to a participant as compensation, except as limited by Section 162(m) of the Code.

Performance-Based Stock Units. The recipient of a grant of Performance-Based Stock Units does not realize taxable income and the Company is not entitled to a deduction with respect to such grant on the date of such grant. Upon the payout of such award, a participant realizes ordinary income and the Company is entitled to a corresponding deduction, equal to the amount of cash received or the value of any stock received.

The foregoing is not to be considered as tax advice to any person who may be a participant, and any such persons are advised to consult their own tax counsel.

Recommendation of the Board of Directors

The Board of Directors recommends that you vote FOR the re-approval of the existing performance goals and the approval of the material terms of the additional performance goals for performance-based incentives under the Long-Term Plan to preserve the Company's ability to deduct compensation associated with future performance-based equity awards to be made under the Long-Term Plan.

Table of Contents

AUDIT COMMITTEE REPORT

The Audit Committee (the Committee) of the Company's Board of Directors consists of three directors, all of whom meet the independence standards of the New York Stock Exchange and the applicable rules of the U.S. Securities and Exchange Commission. The Committee operates in accordance with a written charter adopted by the Board of Directors. The Committee reviews the charter on an ongoing basis and a copy, which has been approved by the Board of Directors, is available on the Company's website at www.dycomind.com.

The Committee's primary responsibility is to assist the Board of Directors in fulfilling its responsibility for oversight of (a) the quality and integrity of the Company's financial statements and related disclosures, internal controls and financial reporting, (b) the Company's compliance with applicable legal and regulatory requirements, (c) the Company's independent auditors' qualifications, independence and performance and (d) the performance of the Company's internal audit and control functions.

Management has the primary responsibility for preparing the Company's consolidated financial statements and the overall financial reporting process, including maintaining the Company's system of internal accounting controls. The Company's independent auditors, Deloitte & Touche LLP (Deloitte), have the responsibility for auditing the Company's financial statements and issuing an opinion as to the conformity of those audited financial statements to accounting principles generally accepted in the United States of America, and for auditing the effectiveness of the Company's internal control over financial reporting. The Committee monitors and oversees these processes.

The Committee reviewed the Company's audited consolidated financial statements and the results of the audits relating to the Company's internal control over financial reporting for the 2008 fiscal year, and discussed those matters with management and Deloitte. During the 2008 fiscal year, the Committee also discussed the interim financial information contained in each quarterly earnings announcement with management and Deloitte prior to public release. In addition, the Committee regularly discussed with management, the internal auditors and Deloitte the quality and adequacy of the Company's internal controls and the internal audit function's organization, responsibilities, budget and staffing and the quality of the Company's financial reporting. The Committee regularly meets separately with management, the Company's internal auditors and Deloitte. The Committee reviewed with both the independent and internal auditors their audit plans, audit scope, and the identification of audit risks. The Committee also discussed with the independent auditors all matters required by Statement on Auditing Standards No. 61, as amended by Statement of Auditing Standards No. 90 (Communication with Audit Committees).

As part of the Committee's oversight responsibilities of the audit process, the Committee has received the written disclosures and the letter from Deloitte required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence, and has discussed with Deloitte any relationships that may impact their objectivity and independence from the Company and from management of the Company.

Based on the aforementioned reviews and discussions, the Committee recommended to the Board of Directors that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended July 26, 2008 for filing with the Securities and Exchange Commission. The Committee also approved the appointment of Deloitte as the Company's independent auditors for the 2009 fiscal year.

Audit Committee

Charles M. Brennan, III, Chair
Charles B. Coe
Stephen C. Coley

Table of Contents**PRINCIPAL ACCOUNTING FIRM FEES**

The Company's independent auditor fee pre-approval policy provides for an annual process through which the Audit Committee evaluates and pre-approves the nature, scope and fees associated with the annual audit of the Company's financial statements and other audit related services. The Audit Committee pre-approves all other audit and permissible non-audit services provided by the Company's independent auditors on a case-by-case basis. These services may include audit services, audit related services, tax services and other permissible services. None of the services described below under the caption "Tax Fees" were approved by the Audit Committee pursuant to the provisions of paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

Aggregate fees billed for the fiscal years ended July 26, 2008 and July 28, 2007 by our principal accounting firm, Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates are as follows:

	2008	2007
Audit Fees ^(a)	\$ 2,006,736	\$ 2,212,286
Audit-Related Fees		
Tax Fees ^(b)		52,200
All Other Fees		
Total	\$ 2,006,736	\$ 2,264,486

(a) Audit Fees for each of fiscal 2008 and 2007 consist of fees and expenses for professional services in connection with the audit of the annual financial statements, reviews of our quarterly reports filed on Form 10-Q and reviews of registration statements and other periodic filings with the SEC. Amounts also include fees for professional services rendered for the audits of the effectiveness of internal control over financial reporting, as promulgated by Section 404 of the Sarbanes-Oxley Act.

(b) Tax Fees include fees for tax research and tax advice.

INDEPENDENT AUDITORS

The Audit Committee has appointed Deloitte & Touche LLP to serve as our independent auditors for fiscal 2009. Representatives of Deloitte & Touche LLP are expected to be present at the Annual Meeting for the purposes of responding to shareholders' questions and making statements that they consider appropriate.

Table of Contents

ADDITIONAL INFORMATION

Proposals For Fiscal Year 2009 Annual Meeting of Shareholders

Proposals by shareholders intended to be presented at the 2009 Annual Meeting of Shareholders must be received by the Secretary of the Company no later than July 7, 2009 to be considered for inclusion in the Company's proxy materials for that meeting.

In addition, shareholders who desire to propose an item of business for action at an annual meeting of shareholders (other than proposals submitted by inclusion in the Proxy Statement), including the election of a director, must follow certain procedures set forth in the Company's By-Laws. In general, written notice must be received by the Secretary of the Company not less than sixty (60) days or more than ninety (90) days prior to the anniversary date of the immediately preceding annual meeting of shareholders. The notice should contain a brief description of the proposal and the reason for conducting such business; the name and address of the shareholder proposing such business, as it appears in our books; the class and number of shares of the Company that are beneficially owned by the shareholder; and any financial interest of the shareholder in such business. Shareholders should, however, consult the Company's By-Laws to ensure that the specific requirements of such notice are met. A copy of the Company's By-Laws may be obtained by any shareholder, without charge, upon written request to the Secretary of the Company at 11770 U.S. Highway 1, Suite 101, Palm Beach Gardens, Florida 33408.

Expenses of Solicitation

The Company will bear the cost of this solicitation of proxies. Proxies may be solicited by directors, officers and regular employees of the Company, without compensation, in person or by mail, telephone, facsimile transmission, telephone or electronic transmission. The Company will reimburse brokers and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses incurred in forwarding proxy material to beneficial owners.

Other Matters

We know of no other matters that will be brought before the Annual Meeting other than the matters referred to in this Proxy Statement. If, however, any matters properly come before the Annual Meeting, the persons named as proxies and acting thereon will have discretion to vote on those matters according to their judgment to the same extent as the person delivering the proxy would be entitled to vote.

Notice of Internet Availability of Proxy Materials

Dycom Industries, Inc.'s 2008 Proxy Statement is available at www.dycomind.com and our 2008 Annual Report is available at www.dycomind.com.

By Order of the Board of Directors,

Richard B. Vilsoet
Secretary

October 29, 2008

Table of Contents

APPENDIX A

**DYCOM INDUSTRIES INC.
2009 ANNUAL INCENTIVE PLAN**

Section 1. Establishment and Purpose

1.1 Establishment of the Plan. Dycom Industries Inc., a Florida corporation, hereby establishes an annual incentive compensation plan to be known as the Dycom Industries Inc. 2009 Annual Incentive Plan. The Plan permits the awarding of annual cash bonuses to Employees of the Company, based on the achievement of performance goals that are pre-established by the Board of Directors.

Upon approval by the Board of Directors, subject to approval by the shareholders of the Company at the 2008 annual general meeting of shareholders, the Plan shall become effective as of August 1, 2009 and continue until August 1, 2019, unless terminated earlier as set forth in Section 10.

1.2 Purpose. The purposes of the Plan are to (i) provide competitive total cash compensation opportunities based on corporate and individual performance, (ii) reinforce the communication of the Company's mission, objectives and goals, and (iii) enhance the Company's ability to attract, retain, motivate and reward the highest caliber employees.

The purposes of the Plan shall be carried out by the payment to Participants of annual incentive cash awards, subject to the terms and conditions of the Plan. The Plan also is intended to secure the full deductibility of incentive awards payable to the Executive Officers. All compensation payable under this Plan to Executive Officers is intended to qualify as performance-based compensation within the meaning of Code Section 162(m) and is intended to be deductible by the Company under Code Section 162(m).

Section 2. Definitions

As used in the Plan, the following terms shall have the meanings set forth below (unless otherwise expressly provided in an agreement between the Company and any Participant).

Award Opportunity means the various levels of incentive awards which a Participant may earn under the Plan, as established by the Committee pursuant to Section 5.1.

Base Salary shall mean the regular base salary earned by a Participant during the Plan Year prior to any salary reduction contributions made to any deferred compensation plans sponsored or maintained by the Company; *provided, however*, that Base Salary shall not include awards under this Plan, any bonuses, the Company matching contribution under any plan providing such, overtime, relocation allowances, severance payments or any other special awards as determined by the Committee.

Board or *Board of Directors* means the Board of Directors of the Company.

Code means the Internal Revenue Code of 1986, as amended, and the applicable rulings and regulations thereunder.

Committee means the Compensation Committee of the Board, any successor committee thereto or any other committee appointed by the Board to administer the Plan. The Committee shall consist of two (2) or more individuals, appointed by the Board to administer the Plan, pursuant to Section 3, each of whom shall be qualified as an outside

director (or shall satisfy any successor standard thereto) for purposes of Code Section 162(m), as

A-1

Table of Contents

amended from time to time; *provided, however*, that an inadvertent failure of any member of the Committee to be so qualified shall not invalidate any action or determination made by the Committee.

Company means Dycom Industries Inc., a Florida corporation (including any and all subsidiaries), or any successor to all or substantially all of the Company's business.

Disability means a medically determinable physical or mental disability or impairment rendering a Participant unable to perform his employment duties for an aggregate of 180 working days during any 12-month period. All questions arising under this Plan with respect to a Participant's disability or incapacity shall be determined by a reputable physician mutually selected by the Company and such Participant at the time such question arises. If the Company and the Participant cannot agree upon the selection of a physician within a period of seven days after such question arises, then the chief of staff of Good Samaritan Hospital, West Palm Beach, Florida shall be asked to select a physician to make such determination. The determination of the physician selected shall be conclusively binding upon all interested parties.

Effective Date means the date the Plan becomes effective, as set forth in Section 1.1 herein.

Employee means an employee of the Company who is recommended by the Chief Executive Officer of the Company, and is approved by the Committee for participation in the Plan, or is designated by the Committee as eligible to participate in the Plan.

Exchange Act means the Securities Exchange Act of 1934, as amended from time to time.

Executive Officers shall mean a covered employee as set forth in Code Section 162(m) or any other executive officer designated by the Committee for purposes of exempting distributions under the Plan from Code Section 162(m)(3).

Final Award means the actual award earned during a Plan Year by a Participant, as determined by the Committee at the end of such Plan Year.

Financial shall mean the corporate financial performance of the Company and its subsidiaries.

Non-Financial shall mean the non-financial performance of the Company and its subsidiaries.

Participant means an Employee who is designated by the Committee as a participant in the Plan pursuant to Section 4.

Person shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a group as defined in Section 13(d).

Plan means the Dycom Industries Inc. 2009 Annual Incentive Plan, as amended or restated from time to time.

Plan Year means the Company's fiscal year.

Retirement means a Participant's termination of employment pursuant to the Company's retirement policy.

Target Incentive Award means the award to be paid to a Participant when performance measures are achieved, as established by the Committee.

Section 3. Administration

The Plan shall be administered by the Committee. Except with respect to the matters that under Code Section 162(m) and Treasury Regulation Section 1.162-27(e) are required to be determined or established by the

A-2

Table of Contents

Committee to qualify awards under the Plan as qualified performance-based compensation, the Committee shall have the power to delegate to any officer or employee of the Company the authority to administer and interpret the procedural aspects of the Plan, subject to the Plan's terms, including adopting and enforcing rules to decide procedural and administrative issues.

The Committee shall be entitled to rely in good faith upon any report or other information furnished to it by any officer or employee of the Company or from the financial, accounting, legal or other advisers of the Company. Each member of the Committee, each individual designated by the Committee to administer the Plan and each other person acting at the direction of or on behalf of the Committee shall not be liable for any action or determination or anything done or omitted to be done in good faith by him or by any other member of the Committee or any other such individual in connection with the Plan, except for his own willful misconduct or as expressly provided by statute, and to the extent permitted by law and the bylaws of the Company, shall be fully indemnified and protected by the Company with respect to such determination, act or omission.

Subject to the limitations set forth in the Plan, the Committee shall have full power and authority to: (i) select from the Employees of the Company, those who shall participate in the Plan, (ii) grant Award Opportunities in such forms and amounts as it shall determine, (iii) impose such limitations, restrictions, and conditions upon such awards as it shall deem appropriate, (iv) interpret the Plan and adopt, amend, and rescind administrative guidelines and other procedures, rules and regulations relating to the Plan, (v) make any and all factual and legal determinations in connection with the administration and interpretation of the Plan, including employing legal counsel, independent auditors and consultants as it deems desirable and to rely upon any opinion or computation received therefrom, (vi) correct any defect or omission or reconcile any inconsistency in this Plan or in any Award Opportunity granted hereunder, and (vii) make all other necessary determinations and take all other actions necessary or advisable for the implementation and administration of the Plan. The Committee's determinations on matters within its authority shall be made in the Committee's sole discretion and shall be final, binding and conclusive for all purposes and upon all parties.

Section 4. Eligibility and Participation

4.1 **Eligibility.** Each Employee (as defined in Section 2 herein) who is recommended by the Chief Executive Officer of the Company to participate in the Plan, and who is approved by the Committee, or is included in the Plan by the Committee, shall be eligible to participate in the Plan for such Plan Year, subject to the limitations of Section 7 herein.

4.2 **Participation.** Participation in the Plan shall be determined annually by the Committee based upon the criteria set forth in the Plan. Employees who are eligible to participate in the Plan shall be notified of the performance goals and related Award Opportunities for the relevant Plan Year, as soon as practicable.

4.3 **Partial Plan Year Participation.** Except as provided in Section 9, in the event that an Employee becomes eligible to participate in the Plan subsequent to the commencement of a Plan Year, then such Employee's Final Award shall be based on the Base Salary earned as an eligible Employee, provided that the Employee has participated in the Plan for at least three months.

4.4 **No Right to Participate.** No Participant or other Employee shall at any time have a right to participate in the Plan for any Plan Year, despite having participated in the Plan during a prior Plan Year.

Table of Contents

Section 5. Award Determination

5.1 Performance Goals. Prior to the beginning of each Plan Year, or as soon as practicable thereafter (but in no event more than ninety days from the beginning of such Plan Year), the Committee shall approve or establish in writing the performance goals for that Plan Year. For any performance period that is less than twelve months, the performance goals shall be established before 25% of the relevant performance period has elapsed.

Except as provided in Section 9, the performance goals may include, without limitation, any combination of Financial, Non-Financial and individual performance goals. Performance measures and their relative weight may vary by job classification. After the performance goals are established, the Committee will align the achievement of the performance goals with the Award Opportunities (as described in Section 5.2 herein), such that the level of achievement of the pre-established performance goals at the end of the Plan Year will determine the amount of the Final Award. Except as provided in Section 9, the Committee shall have the authority to exercise subjective discretion in the determination of Final Awards, as well as the authority to delegate the ability to exercise subjective discretion in this respect.

The Committee also may establish one or more Company-wide performance goals which must be achieved for any Participant to receive an award for that Plan Year.

The performance period with respect to which awards may be payable under the Plan shall generally be the Plan Year; *provided, however*, that the Committee shall have the authority and discretion to designate different performance periods under the Plan.

5.2 Award Opportunities. Prior to the beginning of each Plan Year, or as soon as practicable thereafter (but in no event more than ninety days from the beginning of such Plan Year), the Committee shall establish an Award Opportunity for each Participant. Such Award Opportunity shall vary in relation to the job classification of each Participant. Except as provided in Section 9, in the event a Participant changes job levels during a Plan Year, the Participant's Award Opportunity may be adjusted to reflect the amount of time at each job level during the Plan Year.

5.3 Adjustment of Performance Goals. Except as provided in Section 9, the Committee shall adjust the performance goals and the Award Opportunities (either up or down) during a Plan Year if it determines that external changes or other unanticipated business conditions have materially affected the fairness of the goals and have unduly influenced the Company's ability to meet them. In addition, performance goals and Award Opportunities will be calculated without regard to any changes in accounting standards that may be required by the Financial Accounting Standards Board after such performance goals or Award Opportunities are established. Further, in the event of a Plan Year of less than twelve (12) months, the Committee shall have the right to adjust the performance goals and the Award Opportunities accordingly, at its sole discretion.

5.4 Final Award Determinations. At the end of each Plan Year, Final Awards shall be computed for each Participant as determined by the Committee. Except as provided in Section 9, each individual award shall be based upon (i) the Participant's Target Incentive Award percentage, multiplied by his Base Salary, (ii) the satisfaction of Financial and Non-Financial performance, and (iii) the satisfaction of individual performance (if applicable). Final Award amounts may vary above or below the Target Incentive Award, based on the level of achievement of the pre-established Financial, Non-Financial, and individual performance goals.

5.5 Limitations. The amount payable to a Participant for any Plan Year shall not exceed \$2,500,000.

Table of Contents

Section 6. Payment of Final Awards

6.1 Form and Timing of Payment. As soon as practicable after the end of each Plan Year, the Committee shall certify in writing the extent to which the Company and each Participant has achieved the performance goals for such Plan Year, including the specific target objective(s) and the satisfaction of any other material terms of the awards, and the Committee shall calculate the amount of each Participant's incentive award for the relevant period. Final Award payments shall be paid to the Participant, or to his estate in the case of death, in a single cash payment, on a date that is no later than two and one-half months following the end of the Plan Year to which the Final Award relates.

6.2 Payment of Partial Awards. In the event a Participant no longer meets the eligibility criteria as set forth in the Plan during the course of a particular Plan Year, the Committee may, in its sole discretion, compute and pay an award for the portion of the Plan Year that an Employee was a Participant.

6.3 Unsecured Interest. No Participant or any other party claiming an interest in amounts earned under the Plan shall have any interest whatsoever in any specific asset of the Company. To the extent that any party acquires a right to receive payments under the Plan, such right shall be equivalent to that of an unsecured general creditor of the Company.

Section 7. Termination of Employment

7.1 Termination of Employment Due to Death, Disability or Retirement. Unless otherwise expressly provided in an agreement between the Company and any Participant, in the event a Participant's employment is terminated by reason of death, Disability or Retirement, the Final Award, determined in accordance with Section 5.4 herein, shall be prorated to take into account the number of days that the Participant was employed by the Company during the Plan Year. The reduced award shall be based upon the amount of Base Salary earned during the Plan Year prior to termination. In the case of a Participant's Disability, the employment termination shall be deemed to have occurred on the date the Committee determines in its sole discretion that the requirements of Disability have been satisfied.

The Final Award thus determined shall be paid as soon as practicable following the end of the Plan Year in which such termination occurs, but in no event later than two and one-half months following the end of the Plan Year to which the Final Award relates.

7.2 Termination of Employment for Other Reasons. Unless otherwise expressly provided in an agreement between the Company and any Participant, in the event a Participant's employment is terminated for any reason other than death, Disability or Retirement (as determined by the Committee in its sole discretion), all of the Participant's rights to a Final Award for the Plan Year then in progress shall be forfeited.

Section 8. Rights of Participants

8.1 Employment. Nothing in the Plan shall interfere with or limit in any way the right of the Company to terminate any Participant's employment at any time, nor confer upon any Participant any right to continue in the employ of the Company.

8.2 Nontransferability. No right or interest of any Participant in the Plan shall be assignable or transferable, or subject to any lien, directly or indirectly, by operation of law, or otherwise, including, but not limited to, execution, levy, garnishment, attachment, pledge, and bankruptcy.

Table of Contents

Section 9. Executive Officers

9.1 Applicability. The provisions of this Section 9 shall apply only to Executive Officers designated by the Committee. In the event of any inconsistencies between this Section 9 and the other Plan provisions, the provisions of this Section 9 shall control.

9.2 Award Determination. Prior to the beginning of each Plan Year, or as soon as practicable thereafter (but in no event more than ninety days from the beginning of such Plan Year or 25% of the relevant performance period for any performance period less than twelve months), the Committee shall establish the Target Incentive Award percentage for each Executive Officer and performance goals for that Plan Year. Performance goals to be used shall be chosen from among any combination of the Financial and Non-Financial performance goals set forth in Schedule A and such individual performance goals as established by the Committee. The Committee may select one or more of the performance goals specified from Plan Year to Plan Year which need not be the same for each Executive Officer in a given year.

At the end of the Plan Year and prior to payment, the Committee shall certify in writing the extent to which the performance goals and any other material terms were satisfied. Final Awards shall be computed for each Executive Officer based on (i) the Participant's Target Incentive Award multiplied by his Base Salary, and (ii) Financial, Non-Financial and individual performance (if applicable).

Final Award amounts may vary above or below the Target Incentive Award based on the level of achievement of the pre-established Financial, Non-Financial and individual performance goals.

9.3 Non-adjustment of Performance Goals. Once established, performance goals shall not be changed during the Plan Year. Participants shall not receive any payout when the Company does not achieve at least minimum performance goals.

9.4 Discretionary Adjustments. The Committee retains the discretion to eliminate or decrease the amount of the Final Award, and may not increase such amount, otherwise payable to a Participant.

9.5 Possible Modification. If, on advice of the Company's tax counsel, the Committee determines that Code Section 162(m) and the regulations thereunder will not adversely affect the deductibility for federal income tax purposes of any amount paid under the Plan by applying one or more of Section 2, 4.3, 5.1, 5.2, 5.3 or 5.4 to an Executive Officer without regard to the exceptions to such Section or Sections contained in this Section 9, then the Committee shall apply such Section or Sections to the Executive Officer without regard to the exceptions to such Section or Sections that are contained in this Section 9.

Section 10. Amendment and Modification

The Committee, in its sole discretion, without notice, at any time and from time to time, may modify or amend, in whole or in part, any or all of the provisions of the Plan, or suspend or terminate it entirely; *provided, however*, that no such modification, amendment, suspension, or termination may, without the consent of a Participant (or his or her beneficiary in the case of the death of the Participant), reduce the right of a Participant (or his or her beneficiary, as the case may be) to a payment or distribution hereunder to which he or she has already earned and is otherwise entitled.

Section 11. Miscellaneous

11.1 Governing Law. The Plan, and all actions taken thereunder, shall be subject to, and construed in accordance with, the laws of the State of Florida.

Table of Contents

11.2 Withholding Taxes. The Company shall have the right to deduct from all payments under the Plan any Federal, state, or local income and employment taxes required by law to be withheld with respect to such payments.

11.3 Code Section 409A. The Plan is intended to be exempt from the requirements of Code Section 409A and the regulations and guidance promulgated thereunder. Notwithstanding any other provision of this Plan to the contrary, to the extent that any provision of this Plan contravenes any regulations or guidance promulgated under Code Section 409A or could cause any person to be subject to taxes, interest or penalties under Code Section 409A, the Committee may, without notice or consent to any Participant, modify such provision, to the extent necessary or desirable to ensure the Plan continues to be exempt from the requirements of Code Section 409A. Any such amendment shall maintain, to the maximum extent practicable, the original intent of the applicable provision.

11.4 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural.

11.5 Severability. In the event any provision of the Plan shall be held illegal, invalid or unenforceable for any reason, the illegality, invalidity or unenforceability shall not affect the remaining parts of the Plan, and the Plan shall continue in full force and effect without regard to such provision and shall be applied as though such provision were not included in the Plan. In addition, if any provision of this Plan would cause awards to an Executive Officer not to constitute qualified performance-based compensation under Code Section 162(m), that provision shall be severed from, and shall be deemed not to be a part of, the Plan, but the other provisions hereof shall remain in full force and effect. Any specific action by the Committee that would be violative of Section 162(m) of the Code and the regulations thereunder shall be void.

11.6 Costs of the Plan. All costs of implementing and administering the Plan shall be borne by the Company.

11.7 Successors. All obligations of the Company under the Plan shall be binding upon and inure to the benefit of any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

Table of Contents

SCHEDULE A

Financial Performance Measures

Contract revenues
Operating revenue
Net revenue
Revenue growth
Gross margin
Operating margin
Operating income
Operating income before asset impairment charges
and certain other expenses
Operating income growth
Earnings before interest and taxes
Earnings before interest and taxes, asset impairment
charges and certain other expenses
Earnings before interest, taxes, depreciation, and
amortization
Earnings before interest, taxes, depreciation, and
amortization, asset impairment charges and certain
other expenses
Pre-tax operating income
Pre-tax income
Pre-tax income before asset impairment charges
and certain other expenses
Net income
Net income before asset impairment charges and
certain other expenses
Basic or diluted earnings per share
Basic or diluted earnings per share before asset
impairment charges and certain other expenses
Basic or diluted earnings per share growth
Basic or diluted earnings per share growth before
asset impairment charges and certain other
expenses
Expense management
Effective tax rate
Cash flow
Operating cash flow
Free cash flow
Cash flow return on investment
Cash value added
Economic value added
Assets
Days sales outstanding (accounts receivable and
work in progress)
Days sales outstanding (accounts receivable)
Return on assets

Return on equity
Return on invested capital
Return on investment
Return on net assets
Return on tangible net assets
Return on tangible net worth
Tangible net assets
Tangible net worth
Total shareholder return
Market capitalization
Contract backlog
Share price

Non-Financial Performance Measures

Customer satisfaction
Safety performance
Development and execution of strategic initiatives
Objective individual performance goals

A-8

Table of Contents

APPENDIX B

**DYCOM INDUSTRIES, INC.
2003 LONG-TERM INCENTIVE PLAN
(Amended and Restated Effective as of October 1, 2008)**

1. Purposes of the Plan

The purposes of the Plan are to aid the Company in (a) attracting, retaining and motivating highly qualified key employees and officers of the Company and its Subsidiaries, (b) promoting the long-term success of the Company and its Subsidiaries and (c) increasing stockholder value by providing eligible key employees and officers with incentives to contribute to the long-term growth and profitability of the Company.

2. Definitions and Rules of Construction

(a) *Definitions.* For purposes of the Plan, the following capitalized words shall have the meanings set forth below:

Award means an Option, Restricted Share Unit, Performance Share Unit, Stock Appreciation Right or Other Award granted by the Committee pursuant to the terms of the Plan.

Award Document means an agreement, certificate or other type or form of document or documentation approved by the Committee which sets forth the terms and conditions of an Award. An Award Document may be in written, electronic or other media, may be limited to a notation on the books and records of the Company and, unless the Committee requires otherwise, need not be signed by a representative of the Company or a Participant.

Board means the Board of Directors of the Company.

CEO means the Chief Executive Officer of the Company.

Code means the Internal Revenue Code of 1986, as amended.

Committee means the Compensation Committee of the Board or such other committee appointed by the Board to administer the Plan.

Common Stock means the common stock of the Company, par value \$0.333 per share, or such other class of share or other securities as may be applicable under Section 13(b) of the Plan.

Company means Dycom Industries, Inc., a Florida corporation, or any successor to substantially all of its business.

Effective Date means November 25, 2003.

Eligible Individual means an individual described in Section 4(a) of the Plan.

Exchange Act means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

Fair Market Value means, with respect to a share of Common Stock, the fair market value thereof as of the relevant date of determination, as determined in accordance with a valuation methodology approved by the Committee. In the absence of any alternative valuation methodology approved by the Committee, the Fair Market Value of a share of Common Stock shall equal the average of the high and low prices of a share of

Table of Contents

Common Stock as reported on the composite tape for securities listed on the New York Stock Exchange, or such other national securities exchange as may be designated by the Committee, or, in the event that the Common Stock is not listed for trading on a national securities exchange but is quoted on an automated system, on such automated system, in any such case on the valuation date (or, if there were no sales on the valuation date, the average of the high and low prices as reported on said composite tape or automated system for the most recent day during which a sale occurred).

Incentive Stock Option means an Option that is intended to comply with the requirements of Section 422 of the Code or any successor provision thereto.

Nonqualified Stock Option means an Option that is not intended to comply with the requirements of Section 422 of the Code or any successor provision thereto.

Option means an Incentive Stock Option, Nonqualified Stock Option or any other type of option granted pursuant to Section 7 of the Plan.

Other Award means any form of Award other than an Option, Restricted Share Unit, Performance Share Unit or Stock Appreciation Right granted pursuant to Section 11 of the Plan.

Participant means an Eligible Individual who has been granted an Award under the Plan.

Performance Period means the period specified in the applicable Award Document over which Performance Targets are measured.

Performance Share Unit means a right to receive a Target Number of shares of Common Stock (or cash, if applicable) payable at the end of a Performance Period, subject to the Participant's continued employment and the achievement of the applicable Performance Targets, granted pursuant to Section 9 of the Plan.

Performance Target means the targets prescribed in the applicable Award Document.

Plan means the Dycom Industries, Inc. 2003 Long-Term Incentive Plan as may be amended from time to time.

Repricing means (i) amending the terms of an Option or Stock Appreciation Right after its grant date to reduce its exercise price; (ii) canceling an Option or Stock Appreciation Right at a time when its exercise price is equal to or greater than the Fair Market Value of the underlying Common Stock in exchange for another Option or Stock Appreciation Right; or (iii) any action that is treated as a repricing of an Option or Stock Appreciation Right under generally accepted accounting principles or any applicable laws, rules or regulations.

Restricted Share Unit means a right to receive a share of Common Stock (or cash, if applicable), subject to time vesting and the Participant's continued employment with the Company, granted pursuant to Section 8 of the Plan.

Stock Appreciation Right means a right to receive all or some portion of the appreciation on shares of Common Stock granted pursuant to Section 10 of the Plan.

Subsidiary means (i) a domestic or foreign corporation or other entity with respect to which the Company, directly or indirectly, has the power, whether through the ownership of voting securities, by contract or otherwise, to elect at least a majority of the members of such corporation's board of directors or analogous governing body, or (ii) any other domestic or foreign corporation or other entity in which the Company,

Table of Contents

directly or indirectly, has an equity or similar interest and which the Committee designates as a Subsidiary for purposes of the Plan. For purposes of determining eligibility for the grant of Incentive Stock Options under the Plan, the term Subsidiary shall be defined in the manner required by Section 424(f) of the Code.

Target Number means the target number of shares of Common Stock specified in the applicable Award Document.

(b) *Rules of Construction.* The masculine pronoun shall be deemed to include the feminine pronoun and the singular form of a word shall be deemed to include the plural form, unless the context requires otherwise. Unless the text indicates otherwise, references to sections are to sections of the Plan.

3. Administration

(a) *Committee.* The Plan shall be administered by the Committee, no member of which shall be eligible to participate in the Plan.

(b) *Powers and Responsibility.* The Committee shall have full power and authority, subject to the express provisions hereof, to:

(i) select the Participants from the Eligible Individuals;

(ii) grant Awards in accordance with the Plan;

(iii) determine the number of shares of Common Stock subject to each Award or the cash amount payable in connection with an Award;

(iv) determine the terms and conditions of each Award, including, without limitation, those related to vesting, forfeiture, payment, settlement and exercisability, and the effect, if any, of a Participant's termination of employment with the Company or any of its Subsidiaries or a change in control of the Company;

(v) delegate to the CEO the right to allocate Awards among Eligible Individuals who are not executive officers or directors of the Company within the meaning of the Exchange Act, such delegation to be subject to such terms and conditions as the Committee in its discretion shall determine;

(vi) make factual determinations in connection with the administration or interpretation of the Plan;

(vii) establish, amend and rescind administrative regulations, rules and procedures relating to the Plan;

(ix) employ such legal counsel, independent auditors and consultants as it deems desirable for the administration of the Plan and to rely upon any opinion or computation received therefrom;

(x) vary the terms of Awards to take account of tax, securities law and other regulatory requirements of foreign jurisdictions; and

(xi) take any other action desirable or necessary to interpret, construe or implement properly the provisions of the Plan or any Award Document.

(c) *Plan Construction and Interpretation.* The Committee shall have full power and authority, subject to the express provisions hereof, to construe and interpret the Plan.

(d) *Determinations of Committee Final and Binding.* All determinations by the Committee in carrying out and administering the Plan and in construing and interpreting the Plan shall be final, binding and conclusive for all purposes and upon all persons interested herein.

B-3

Table of Contents

(e) *Delegation of Authority.* The Committee may designate persons other than its members to carry out its responsibilities under such conditions or limitations as it may set, except that the Committee may not delegate (i) its authority with regard to Awards (including decisions concerning the timing, pricing and amount of Common Stock subject to an Award) granted to Eligible Individuals who are officers or directors for purposes of Section 16(b) of the Exchange Act and (ii) its authority pursuant to Section 20 to amend the Plan.

(f) *Liability of Committee.* No member of the Board or Committee, the CEO, or any officer or employee of the Company to whom any duties or responsibilities are delegated hereunder shall be liable for any action or determination made in connection with the operation, administration or interpretation of the Plan and the Company shall indemnify, defend and hold harmless each such person from any liability arising from or in connection with the Plan, except where such liability results directly from such person's fraud, willful misconduct or failure to act in good faith. In the performance of its responsibilities with respect to the Plan, the Committee shall be entitled to rely upon information and advice furnished by the Company's officers, the Company's accountants, the Company's counsel and any other party the Committee deems necessary, and no member of the Committee shall be liable for any action taken or not taken in reliance upon any such advice.

(g) *Action by the Board.* Anything in the Plan to the contrary notwithstanding, any authority or responsibility that, under the terms of the Plan, may be exercised by the Committee may alternatively be exercised by the Board.

4. Eligibility

(a) *Eligible Individuals.* Only officers and key employees of the Company or any of its Subsidiaries (or a division or operating unit thereof) or any individual who has accepted an offer of employment with the Company or any of its Subsidiaries (or a division or operating unit thereof) as an officer or key employee shall be eligible to participate in the Plan and to receive Awards under the Plan. Members of the Committee shall not be eligible to participate in the Plan.

(b) *Grants to Participants.* The Committee shall have no obligation to grant any Eligible Individual an Award or to designate an Eligible Individual as a Participant solely by reason of such Eligible Individual having received a prior Award or having been previously designated as a Participant. The Committee may grant more than one Award to a Participant and may designate an Eligible Individual as a Participant for overlapping periods of time.

5. Common Stock Subject to the Plan

(a) *Plan Limit.* The maximum number of shares of Common Stock which may be awarded for all purposes under the Plan shall be the aggregate of:

(i) 4,000,000 shares;

(ii) the number of shares previously authorized but not reserved for awards under the 1998 Dycom Industries, Inc. Incentive Stock Option Plan (the *Prior Plan*) as of the date the Plan is approved; and

(iii) any shares corresponding to awards under the Prior Plan that are forfeited after the date the Plan is approved (collectively, the *Plan Limit*).

Such shares of Common Stock may be newly issued shares of Common Stock or reacquired shares of Common Stock held in the treasury of the Company.

(b) *Rules Applicable to Determining Shares Available for Issuance.* For purposes of determining the number of shares of Common Stock that remain available for issuance under the Plan, the number of shares of Common

Table of Contents

Stock corresponding to Awards under the Plan that are forfeited, the number of shares of Common Stock tendered or withheld to pay the exercise price of an Award and the number of shares withheld from any Award to satisfy a Participant's tax withholding obligations shall be added back to the Plan Limit and again be available for the grant of Awards.

(c) *Special Limits.* Anything to the contrary in Section 5(a) above notwithstanding, but subject to Section 13(b), the following special limits shall apply to shares of Common Stock available for Awards under the Plan:

(i) The maximum number of shares of Common Stock that may be subject to Awards, including, without limitation, Incentive Stock Options, granted to any Eligible Individual in any calendar year shall equal 250,000 shares, plus any shares which were available under this Section 5(c)(i) for Awards to such Eligible Individual in any prior calendar year but which were not covered by such Awards.

(ii) In no event will the number of shares of Common Stock issued in connection with the grant of Awards exceed the Plan Limit, as in effect on the Effective Date.

6. Awards in General

(a) *Types of Awards.* Awards under the Plan may consist of Options, Restricted Share Units, Performance Share Units, Stock Appreciation Rights and Other Awards. Any Award described in Sections 7 through 11 of the Plan may be granted singly or in combination or tandem with any other Awards, as the Committee may determine. Awards under the Plan may be made in combination with, in replacement of, or as alternatives to awards or rights under any other compensation or benefit plan of the Company, including the plan of any acquired entity.

(b) *Terms Set Forth in Award Document.* The terms and conditions of each Award shall be set forth in an Award Document in a form approved by the Committee for such Award, which shall contain terms and conditions not inconsistent with the Plan. The terms of Awards may vary among Participants and the Plan does not impose upon the Committee any requirement to make Awards subject to uniform terms. Accordingly, the terms of individual Award Documents may vary.

(c) *Termination of Employment and Change in Control.* The Committee shall specify at or after the time of grant of an Award the provisions governing the disposition of an Award in the event of a Participant's termination of employment with the Company or any of its Subsidiaries. In connection with a Participant's termination of employment, the Committee may vary the vesting, exercisability and settlement provisions of an Award relative to the circumstances resulting in such termination of employment. The Committee shall have the discretion to accelerate the vesting, exercisability or settlement of, eliminate the restrictions and conditions applicable to, or extend the post-termination exercise period of an outstanding Award. Similarly, the Committee shall have full authority to determine the effect, if any, of a change in control of the Company on the vesting, exercisability, settlement, payment or lapse of restrictions applicable to an Award, which effect may be specified in the applicable Award Document or determined at a subsequent time.

(d) *Award Exercisable Only by Participant.* During the lifetime of a Participant, an Award shall be exercisable only by the Participant. The grant of an Award shall impose no obligation on a Participant to exercise or settle the Award.

(e) *Rights of a Stockholder.* A Participant shall have no rights as a stockholder with respect to shares of Common Stock covered by an Award until the date the Participant or his nominee becomes the holder of record of such shares. No adjustment shall be made for dividends or other rights for which the record date is prior to such date, except as provided in Section 13(b).

Table of Contents

(f) *Limitation on Exercise and Settlement.* An Award may not be exercised or settled and no shares of Common Stock may be issued in connection with an Award unless the issuance of such shares has been registered under the Securities Act of 1933, as amended, and qualified under applicable state blue sky laws, or the Company has determined that an exemption from registration and from qualification under such state blue sky laws is available.

(g) *Performance-Based Awards.* The Committee may determine whether any Award under the Plan is intended to be performance-based compensation as that term is used in Section 162(m) of the Code. Any such Awards designated to be performance-based compensation shall be conditioned on the achievement of one or more Performance Targets, to the extent required by Section 162(m) of the Code. The Performance Targets that may be used by the Committee for such Awards will be based on one or more of the performance measures set forth on Annex A hereto, as selected by the Committee. Each Participant is assigned a Target Award payable if Performance Targets are achieved. If a Participant's performance exceeds such Participant's Performance Targets, Awards may be greater than the Target Number, but may not exceed 200% of such Participant's Target Number. The Committee retains the right to reduce any Award if it believes that individual performance does not warrant the Award calculated by reference to the result. In the event that all members of the Committee are not outside directors as that term is defined in Section 162(m) of the Code, the grant and terms of Awards intended to qualify as performance-based compensation will be made by a subcommittee of the Committee consisting of two or more outside directors.

7. Terms and Conditions of Options

(a) *General.* The Committee, in its discretion, may grant Options to eligible Participants and shall determine whether such Options shall be Incentive Stock Options, Nonqualified Stock Options or any other type of Option which may exist from time to time. Each Option shall be evidenced by an Award Document that shall expressly identify the Option as an Incentive Stock Option or Nonqualified Stock Option (or other type of Option, as applicable), and be in such form and contain such provisions as the Committee shall from time to time deem appropriate. Without limiting the foregoing, the Committee may, at any time, or from time to time, authorize the Company, with the consent of the respective recipients, to issue new Options, including Options in exchange for the surrender and cancellation of any or all outstanding Options or Stock Appreciation Rights.

(b) *Exercise Price.* The exercise price of an Option shall be fixed by the Committee at the time of grant or shall be determined by a method specified by the Committee at the time of grant; provided that the exercise price of an Option may not be less than the Fair Market Value of a share of Common Stock on the date of grant. Payment of the exercise price of an Option shall be made in cash, or, to the extent provided by the Committee at or after the time of grant, in shares of Common Stock already owned and held by the Participant or in any combination of cash and shares of Common Stock held by the Participant. Except in connection with a transaction or event described in Section 13(b), nothing in the Plan shall be construed as permitting the Company to reduce the exercise price of Options previously granted under the Plan or options previously granted under any other plan of the Company without stockholder approval. In accordance with the rules and procedures established by the Committee for this purpose, an Option may also be exercised through a cashless exercise procedure, approved by the Committee, involving a broker or dealer, that affords Participants the opportunity to sell immediately some or all of the shares of Common Stock underlying the exercised portion of the Option in order to generate sufficient cash to pay the exercise price of the Option and to satisfy withholding tax obligations related to the Option.

(c) *Term.* An Option shall be effective for such term as shall be determined by the Committee and as set forth in the Award Document relating to such Option, and the Committee may extend the term of an Option after the time

Table of Contents

of grant; *provided, however*, that the term of an Option may in no event extend beyond the 10th anniversary of the date of grant of such Option.

(d) *Incentive Stock Options.* The exercise price per share of an Incentive Stock Option may not be less than 100% of the Fair Market Value per share on the date of grant (or if the exercise price is not fixed on the date of grant, then on such date as the exercise price is fixed). No Incentive Stock Option may be issued pursuant to the Plan to any individual who, at the time the Incentive Stock Option is granted, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any of its Subsidiaries, unless (i) the exercise price determined as of the date of grant is at least 110% of the Fair Market Value on the date of grant of the shares of Common Stock subject to such Incentive Stock Option, and (ii) the Incentive Stock Option is not exercisable more than five years from the date of grant thereof. The terms of any Incentive Stock Option granted under the Plan shall comply in all respects with the provisions of Section 422 of the Code, or any successor provision thereto, and any regulations promulgated thereunder.

8. Terms and Conditions of Restricted Share Units

The Committee is authorized to grant Restricted Share Units to Eligible Individuals. A Restricted Share Unit shall entitle a Participant to receive, subject to the terms, conditions and restrictions set forth in the Plan and applicable Award Document, one or more shares of Common Stock in consideration of the Participant's employment with the Company or any of its Subsidiaries. If and when the forfeiture provisions lapse, the Restricted Share Units shall become shares of Common Stock owned by the corresponding Participant or, at the sole discretion of the Committee, cash, or a combination of cash and shares of Common Stock, with a value equal to the Fair Market Value of the shares at the time of payment.

At the time of grant of a Restricted Share Unit, the Committee shall, in its sole discretion, establish a restriction period (the *Restriction Period*) during which the forfeiture provisions may lapse. The Restriction Period may lapse over a period of time specified by the Committee in an Award Document; *provided, however*, that, subject to Section 6(c) hereof, such Restriction Period shall be not less than three years.

9. Terms and Conditions of Performance Share Units

The Committee is authorized to grant Performance Share Units to Eligible Individuals. A Performance Share Unit shall entitle a Participant to receive, subject to the terms, conditions and restrictions set forth in the Plan and applicable Award Document, a Target Number of shares of Common Stock based upon the achievement of Performance Targets over the applicable Performance Period. At the sole discretion of the Committee, Performance Share Units shall be settled through the delivery of shares of Common Stock or cash, or a combination of cash and shares of Common Stock, with a value equal to the Fair Market Value of the shares of Common Stock as of the last day of the applicable Performance Period.

At the time of grant of a Performance Share Unit, the Committee shall, in its sole discretion, establish a Performance Period. The Performance Targets applicable to each Performance Period shall be measured over a period of not less than one year.

10. Stock Appreciation Rights

(a) *General.* The Committee is authorized to grant Stock Appreciation Rights to Eligible Individuals. A Stock Appreciation Right shall entitle a Participant to receive, upon satisfaction of the conditions to payment specified in the applicable Award Document, an amount equal to the excess, if any, of the Fair Market Value on the exercise date of the number of shares of Common Stock for which the Stock Appreciation Right is exercised, over

Table of Contents

the exercise price for such Stock Appreciation Right specified in the applicable Award Document. The exercise price per share of Common Stock covered by a Stock Appreciation Right shall be fixed by the Committee at the time of grant or, alternatively, shall be determined by a method specified by the Committee at the time of grant; *provided, however*, that, except as provided in Section 13(b) below, the exercise price per share of Common Stock subject to a Stock Appreciation Right may not be adjusted or amended, including by means of amendment, cancellation or the replacement of such Stock Appreciation Right with a subsequently awarded Stock Appreciation Right. At the sole discretion of the Committee, payments to a Participant upon exercise of a Stock Appreciation Right may be made in cash or shares of Common Stock, or in a combination of cash and shares of Common Stock, having an aggregate Fair Market Value as of the date of exercise equal to such cash amount.

(b) *Stock Appreciation Rights in Tandem with Options.* A Stock Appreciation Right granted in tandem with an Option may be granted either at the same time as such Option or subsequent thereto. If granted in tandem with an Option, a Stock Appreciation Right shall cover the same number of shares of Common Stock as covered by the Option (or such lesser number of shares as the Committee may determine) and shall be exercisable only at such time or times and to the extent the related Option shall be exercisable, and shall have the same term and exercise price as the related Option (which, in the case of a Stock Appreciation Right granted after the grant of the related Option, may be less than the Fair Market Value per share on the date of grant of the tandem Stock Appreciation Right). Upon exercise of a Stock Appreciation Right granted in tandem with an Option, the related Option shall be canceled automatically to the extent of the number of shares covered by such exercise; conversely, if the related Option is exercised as to some or all of the shares covered by the tandem grant, the tandem Stock Appreciation Right shall be canceled automatically to the extent of the number of shares covered by the Option exercise.

11. Other Awards

The Committee shall have the authority to specify the terms and provisions of other forms of equity-based or equity-related Awards not described above that the Committee determines to be consistent with the purpose of the Plan and the interests of the Company, which Awards may provide for cash payments based in whole or in part on the value or future value of shares of Common Stock, for the acquisition or future acquisition of shares of Common Stock, or any combination thereof. Notwithstanding the foregoing, subject to Section 6(c) hereof, any applicable Restriction Period shall not be less than three years and any applicable Performance Targets related to a Performance Period shall be measured over a period of not less than one year.

12. Tax Withholding

The Company or a Subsidiary, as appropriate, may require any individual entitled to receive a payment in respect of an Award to remit to the Company, prior to such payment, an amount sufficient to satisfy any applicable tax withholding requirements. In the case of an Award payable in shares of Common Stock, the Company may permit such individual to satisfy, in whole or in part, such obligation to remit taxes by directing the Company to withhold shares that would otherwise be received by such individual or to repurchase shares of Common Stock that were issued to such individual to satisfy the minimum statutory withholding rates for any applicable tax withholding purposes, in accordance with all applicable laws and pursuant to such rules as the Committee may establish from time to time. The Company or a Subsidiary, as appropriate, shall also have the right to deduct from all cash payments made to a Participant (whether or not such payment is made in connection with an Award) any applicable taxes required to be withheld with respect to such payments.

13. No Restriction on Right of Company to Effect Corporate Changes

(a) *Authority of the Company and Stockholders.* The existence of the Plan, the Award Documents and the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company or the

Table of Contents

stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or business, any merger or consolidation of the Company, any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(b) *Change in Capitalization.* Notwithstanding any provision of the Plan or any Award Document, the number and kind of shares authorized for issuance under Section 5, including the maximum number of shares available under the special limits provided for in Section 5(c), may be equitably adjusted in the sole discretion of the Committee in the event of a stock split, stock dividend, recapitalization, reorganization, merger, consolidation, extraordinary dividend, split-up, spin-off, combination, exchange of shares, warrants or rights offering to purchase Common Stock at a price substantially below Fair Market Value or other similar corporate event affecting the Common Stock in order to preserve, but not increase, the benefits or potential benefits intended to be made available under the Plan. In addition, upon the occurrence of any of the foregoing events, the number of outstanding Awards and the number and kind of shares subject to any outstanding Award and the exercise price per share, if any, under any outstanding Award may be equitably adjusted (including by payment of cash to a Participant) in the sole discretion of the Committee in order to preserve the benefits or potential benefits intended to be made available to Participants granted Awards. Such adjustments shall be made by the Committee, in its sole discretion, whose determination as to what adjustments shall be made, and the extent thereof, shall be final. Unless otherwise determined by the Committee, such adjusted Awards shall be subject to the same restrictions and vesting or settlement schedule to which the underlying Award is subject.

(c) *Repricings.* The Committee may not effect a Repricing of any Option or Stock Appreciation Right granted under the Plan without the approval of the Company's shareholders.

14. Application of Funds

The proceeds received by the Company from the sale of Common Stock pursuant to Awards will be used for general corporate purposes.

15. Exchange Act

Notwithstanding anything contained in the Plan or any Award Document under the Plan to the contrary, if the consummation of any transaction under the Plan, or the taking of any action by the Committee in connection with a change in control of the Company, would result in the possible imposition of liability on a Participant pursuant to Section 16(b) of the Exchange Act, the Committee shall have the right, in its sole discretion, but shall not be obligated, to defer such transaction or the effectiveness of such action to the extent necessary to avoid such liability, but in no event for a period longer than 180 days.

16. No Right to Employment

No person shall have any claim or right to receive Awards under the Plan. Neither the Plan, the grant of Awards under the Plan, nor any action taken or omitted to be taken under the Plan shall be deemed to create or confer on any Eligible Individual any right to be retained in the employ of the Company or any Subsidiary or other affiliate thereof, or to interfere with or to limit in any way the right of the Company or any Subsidiary or other affiliate thereof to terminate the employment of such Eligible Individual at any time.

Table of Contents

17. Awards to Individuals Subject to Non-U.S. Jurisdictions

To the extent that Awards under the Plan are awarded to individuals who are domiciled or resident outside of the United States or to persons who are domiciled or resident in the United States but who are subject to the tax laws of a jurisdiction outside of the United States, the Committee may adjust the terms of the Awards granted hereunder to such person (i) to comply with the laws of such jurisdiction and (ii) to permit the grant of the Award not to be a taxable event to the Participant. The authority granted under the previous sentence shall include the discretion for the Committee to adopt, on behalf of the Company, one or more sub-plans applicable to separate classes of Eligible Individuals who are subject to the laws of jurisdictions outside of the United States.

18. Term of the Plan

Unless earlier terminated pursuant to Section 20, the Plan shall terminate on the 10th anniversary of the Effective Date, except with respect to Awards then outstanding. No Awards may be granted under the Plan after the 10th anniversary of the Effective Date.

19. Effective Date

The Plan shall become effective on the Effective Date.

20. Amendment and Termination

Notwithstanding anything herein to the contrary, the Board or the Committee may, at any time, terminate or, from time to time, amend, modify or suspend the Plan; *provided, however*, that no termination, amendment, modification or suspension of the Plan shall materially and adversely alter or impair the rights of a Participant in any Award previously made under the Plan without the consent of the holder thereof and no amendment which (a) increases the limits set forth in Section 5(c)(ii), (b) permits a reduction in the exercise price of Options or Stock Appreciation Rights (or options or stock appreciation rights granted under another plan of the Company), under circumstances other than in connection with a transaction or event described in Section 13(b), or (c) materially amends or modifies any material term of the Plan shall be effective without approval of the Company's shareholders.

21. Code Section 409A

Notwithstanding any other provisions of the Plan, if the Committee determines in good faith that any provision of the Plan or any Award Document does not satisfy Code Section 409A or could otherwise cause any person to recognize additional taxes, penalties or interest under Code Section 409A, the Committee may, without the consent of any person, modify such provision, to the extent necessary or desirable to ensure compliance with Code Section 409A. Any such amendment shall maintain, to the maximum extent practicable, the original intent of the applicable provision.

22. Award Document

In the event of any conflict or inconsistency between the Plan and any Award Document, the Plan shall govern and the Award Document shall be interpreted to minimize or eliminate any such conflict or inconsistency.

23. Governing Law

The Plan and all agreements entered into under the Plan shall be construed in accordance with and governed by the laws of the State of Florida and without giving effect to principles of conflicts of laws.

Table of Contents

Annex A

Financial Performance Measures

Contract revenues
Operating revenue
Net revenue
Revenue growth
Gross margin
Operating margin
Operating income
Operating income before asset impairment charges
and certain other expenses
Operating income growth
Earnings before interest and taxes
Earnings before interest and taxes, asset impairment
charges and certain other expenses
Earnings before interest, taxes, depreciation, and
amortization
Earnings before interest, taxes, depreciation, and
amortization, asset impairment charges and certain
other expenses
Pre-tax operating income
Pre-tax income
Pre-tax income before asset impairment charges
and certain other expenses
Net income
Net income before asset impairment charges
and certain other expenses
Basic or diluted earnings per share
Basic or diluted earnings per share before asset
impairment charges and certain other expenses
Basic or diluted earnings per share growth
Basic or diluted earnings per share growth before
asset impairment charges and certain other
expenses
Expense management
Effective tax rate
Cash flow
Operating cash flow
Cash flow return on investment
Cash value added
Economic value added
Assets
Days sales outstanding (accounts receivable and
work in progress)
Days sales outstanding(accounts receivable)
Return on assets
Return on equity

Return on invested capital
Return on investment
Return on net assets
Return on tangible net assets
Return on tangible net worth
Tangible net assets
Tangible net worth
Total shareholder return
Market capitalization
Contract backlog
Share price

Non-Financial Performance Measures

Customer satisfaction
Safety performance
Development and execution of strategic initiatives
Objective individual performance goals

B-11

Table of Contents

APPENDIX C

AUDIT COMMITTEE CHARTER

The Board of Directors of Dycom Industries, Inc. (the Company) has adopted and approved a Charter for its Audit Committee (the Committee), which is hereby set forth below:

Role and Independence

The Committee is established by the Board of Directors primarily for the purpose of overseeing the accounting and financial reporting processes of the Company and audits of the financial statements of the Company.

The Committee is responsible for assisting the Board's oversight of (1) the quality and integrity of the Company's financial statements and related disclosure, (2) the Company's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications and independence, and (4) the performance of the Company's internal audit function and independent auditors. In addition, the Committee shall prepare the Audit Committee Report required by the Securities and Exchange Commission (the Commission) to be included in the Company's annual proxy statement.

The Committee shall consist of at least three directors. The members of the Committee shall be appointed annually by the Board upon the recommendation of the Corporate Governance Committee. Each member of the Committee shall meet all applicable independence, financial literacy and other requirements of the New York Stock Exchange, the Commission and other applicable law. At least one member of the Committee must meet the applicable Commission definition of financial expert. The Board of Directors shall appoint one member of the Committee as Chair. The members of the Committee may be removed or replaced, and any vacancies on the Committee shall be filled, by the Board upon the recommendation of the Corporate Governance Committee.

Meetings

The Chair of the Committee, in consultation with the Committee members, shall determine the schedule and frequency of the Committee meetings, provided that the Committee shall meet at least four times per year. A majority of the members of the Committee shall constitute a quorum for the transaction of business at any such meeting. The Committee shall meet periodically alone with management, the general counsel and the director of internal audit. The Committee shall also meet alone with the independent auditor quarterly, in conjunction with the review and reporting of the Company's quarterly results and at such other times that the Committee deems appropriate.

The Chair of the Committee shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and management. The agenda and information concerning the business to be conducted at each Committee meeting shall, to the extent practical, be communicated to the members of the Committee sufficiently in advance of each meeting to permit meaningful review.

The Committee shall report regularly to the entire Board and shall submit to the Board the minutes of its meetings. The Committee shall conduct an annual performance self-evaluation and shall report to the entire Board the results of the self-evaluation. The Committee shall review the Charter on an annual basis and recommend proposed changes, if any, to the Board.

Table of Contents

Authority and Duties

Independent Auditor's Qualifications and Independence

1. The Committee shall be directly responsible for the appointment, retention, compensation and oversight of the work of the independent auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The independent auditor shall report directly to the Committee.
2. The Committee shall have the sole authority to pre-approve any non-audit services to be provided by the independent auditor. The Committee shall review with the lead audit partner whether any of the audit team members receive any discretionary compensation from the audit firm with respect to non-audit services procured by the independent auditor.
3. The Committee shall obtain and review with the lead audit partner and a more senior representative of the independent auditor, annually or more frequently as the Committee considers appropriate, a report by the independent auditor describing: the independent auditor's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting independent audits carried out by the independent auditor, and any steps taken to deal with these issues; and in order to assess the independent auditor's independence, all relationships between the independent auditor and the Company. The Committee shall assure the regular rotation of the lead audit partner.
4. The Committee shall review the experience and qualifications of the senior members of the independent auditor team. Dycom's Management will conduct a review of the performance of the senior members of the independent auditor team annually and report the results of that review to the Committee.
5. The Committee shall pre-approve the hiring of any employee or former employee of the independent auditor who was a member of the Company's audit team during the preceding three financial years. In addition, the Committee shall pre-approve the hiring of any employee or former employee of the independent auditor who has worked in any capacity for the independent auditor within the preceding two financial years for any senior position within the Company.

Financial Statements and Related Disclosure

6. The Committee shall review the annual audited financial statements and quarterly financial statements with management and the independent auditor, including the Company's disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations, before the filing of the Company's reports with the Securities and Exchange Commission.
7. The Committee or, upon delegation of this task to the Chair or the Chair's designee, shall review with management earnings press releases before they are issued. The Committee shall review generally with management the nature of the financial information and earnings guidance provided to analysts and rating agencies.
8. The Committee shall review with the independent auditor: (a) all critical accounting policies and practices to be used by the Company in preparing its financial statements, (b) all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of these alternative disclosures and treatments, and the treatment preferred by the independent auditor, and (c) other material communications between the independent auditor and management, such as any management letter or schedule

Table of Contents

of unadjusted differences. In addition, the Committee shall review with the independent auditor any audit problems or difficulties and management's response.

9. The Committee shall review with management and any outside professionals that the Committee considers appropriate, the effectiveness of the Company's disclosure controls and procedures.
10. The Committee shall review with management, the independent auditor team and any other outside experts that the Committee considers appropriate, important trends and developments in financial reporting practices and requirements and their effect on the Company's financial statements.
11. The Committee shall annually review the performance of the independent auditor, and, if in the Committee's opinion it is warranted, recommend to the entire Board that the independent auditor's lead audit partner or the independent auditor be changed.

Performance of the Internal Audit Function and Independent Auditors

12. The Committee shall review with management, the director of internal auditor and the independent auditor the scope, planning and staffing of the proposed audit for the current year. The Committee shall also review the internal audit function's organization, responsibilities, plans, results, budget and staffing. In addition, management shall consult with the Committee on the appointment, replacement, reassignment or dismissal of the director of internal auditor.
13. The Committee shall review with management, the director of internal auditor and the independent auditor the quality, adequacy and effectiveness of the Company's internal controls and any significant deficiencies or material weaknesses in internal controls.
14. The Committee shall review the Company's policies with respect to risk assessment and risk management with the director of internal audit.

Compliance with Legal and Regulatory Requirements

15. The Committee shall review with management and any internal or external counsel that the Committee considers appropriate, any legal matters (including the status of pending litigation) that may have a material impact on the Company and any material reports or inquiries from regulatory or governmental agencies.
16. The Committee shall review with the general counsel the adequacy and effectiveness of the Company's procedures to ensure compliance with its legal and regulatory responsibilities. The Committee shall also review the legal and regulatory compliance function's organization, responsibilities, plans, results, budget and staffing.
17. The Committee shall establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing matters or potential violations of law and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters or potential violations of law.
18. The Committee shall discuss with the Company's general counsel and director of internal audit the Company's compliance with legal and regulatory requirements, and any material reports received from regulators or governmental agencies.

The foregoing list of duties is not exhaustive, and the Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its oversight function. The Committee shall

C-3

Table of Contents

have the power to delegate its authority and duties to subcommittees or individual members of the Committee, as it deems appropriate. In discharging its oversight role, the Committee shall have full access to all Company books, records, facilities and personnel. The Committee may retain counsel, auditors or other advisors, in its sole discretion. The Committee shall have the authority to approve the amount of compensation paid to any advisors employed by the Committee and any ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Clarification of Audit Committee's Role

The Committee's responsibility is one of oversight. It is the responsibility of the Company's management to prepare consolidated financial statements in accordance with applicable law and regulations and of the Company's independent auditor to audit those financial statements. Therefore, each member of the Committee shall be entitled to rely, to the fullest extent permitted by law, on the integrity of those persons and organizations within and outside the Company from whom he or she receives information, and the accuracy of the financial and other information provided to the Committee by such persons or organizations.

Table of Contents

Electronic Voting Instructions Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy

1 VOTE BY INTERNET www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

2 VOTE BY PHONE 1-800-690-6903 Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards

and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

ALL VOTES MUST BE RECEIVED BY 11:59 P.M. EASTERN TIME, NOVEMBER 24, 2008.

DYCOM INDUSTRIES, INC.

11770 U.S. HIGHWAY 1, SUITE 101

PALM BEACH GARDENS, FLORIDA 33408

IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE,
TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

DYCOM1

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

To withhold authority to vote for any individual nominee(s), mark For All Except and write the number(s) of the nominee(s) on the line below.

Withhold All For All Except DYCOM INDUSTRIES, INC. For All THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ITEMS 1, 2, 3 AND 4. Vote on Directors

1. The election of three nominees for director as set forth in the Proxy Statement accompanying the Notice of Annual Meeting of Shareholders and

listed below:

Nominees:

01) James A. Chiddix 02) Charles B. Coe 03) Patricia L. Higgins

Vote on Proposals For Against Abstain

2. To approve the 2009 Annual Incentive Plan. 3. To re-approve and amend the performance goals under the Dycom Industries, Inc. 2003 Long-Term Incentive Plan. 4.

To vote at the discretion of the proxies and attorneys-in-fact on the transaction of such other business as may properly come before the Annual Meeting and any adjournments thereof.

The shares represented by this proxy, when properly executed, will be voted in the manner directed herein by the undersigned Stockholder(s). **If no direction is made, this proxy will be voted FOR items 1, 2, 3 and 4.** If any other matters properly come before the meeting, or if cumulative voting is required, the person named in this proxy will vote in their discretion.

For address changes and/or comments, please check this box and write them on the back where indicated.

Authorized Signatures This section must be completed for your vote to be counted - date and sign below. Please sign your name

exactly as it appears hereon. When signing as attorney, executor, administrator, trustee or guardian, please add your title as such. When signing as joint tenants, all parties in the joint tenancy must sign. If a signer is a corporation, please sign in full corporate name by duly authorized officer. Signature (Joint Owners) Date Signature [PLEASE SIGN WITHIN BOX] Date

Table of Contents

Important Notice Regarding Internet Availability of Proxy Materials for the Annual Meeting:

The Notice, Proxy Statement and Annual Report are available at www.proxyvote.com.

DYCOM INDUSTRIES, INC.

11770 U.S. Highway 1, Suite 101

Palm Beach Gardens, Florida 33408

PROXY FOR THE 2008

ANNUAL MEETING OF SHAREHOLDERS NOVEMBER 25, 2008

This Proxy is solicited on behalf of the Board of Directors of Dycom Industries, Inc. (the Company).

The undersigned

hereby appoints Steven Nielsen and H. Andrew DeFerrari, and each of them, proxies and attorneys-in-fact, with the power

of substitution (the action of both of them or their substitutes present and acting or if only one be present and acting, then

the action of such one to be in any event controlling), to vote all shares of common stock held of record by the undersigned

on October 3, 2008 at the 2008 Annual Meeting of Shareholders (the Annual Meeting) of the Company scheduled to be held on November 25, 2008, and at any adjournments thereof.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED BY THE SHAREHOLDER(S). IF NO SUCH

DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF THE NOMINEES LISTED ON THE REVERSE SIDE FOR THE BOARD OF DIRECTORS AND FOR EACH PROPOSAL. PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED REPLY ENVELOPE (If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

Address Changes/Comments:

CONTINUED AND TO BE SIGNED ON REVERSE SIDE