

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MARCH 2, 2000.  
REGISTRATION NO. 333-

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
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FORM S-8

REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

INTEGRATED ELECTRICAL SERVICES, INC.  
(FULL EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE  
(STATE OR OTHER JURISDICTION OF  
INCORPORATION OR ORGANIZATION)

76-0542208  
(I.R.S. EMPLOYER  
IDENTIFICATION NO.)

515 POST OAK BOULEVARD, SUITE 450  
HOUSTON, TEXAS 77027  
(ADDRESS, INCLUDING ZIP CODE, OF PRINCIPAL EXECUTIVE OFFICES)

INTEGRATED ELECTRICAL SERVICES, INC.  
EMPLOYEE STOCK PURCHASE PLAN  
(FULL TITLE OF THE PLAN)

JOHN F. WOMBWELL  
515 POST OAK BOULEVARD, SUITE 450  
HOUSTON, TEXAS 77027  
(713) 860-1500  
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER,  
INCLUDING AREA CODE, OF AGENT FOR SERVICE)

-----  
COPY TO:

DAVID P. OELMAN  
ANDREWS & KURTH, L.L.P.  
600 TRAVIS STREET, SUITE 4200  
HOUSTON, TEXAS 77002  
(713) 220-4332  
(FAX) (713) 220-4285

CALCULATION OF REGISTRATION FEE

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TITLE OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED (1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE (2)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (2)	AMOUNT OF REGISTRATION FEE
Common Stock \$.01 Par Value Per Share	1,000,000 Shares	\$6.00	\$6,000,000	\$1,584

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- (1) The number of Shares of Common Stock registered herein is subject to adjustment to prevent dilution resulting from stock splits, stock dividends or similar transactions.
- (2) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(h) under the Securities Act, based upon the average of the high and low prices of the Registrant's Common Stock on the New York Stock Exchange on February 29, 2000.
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## PART I

## INFORMATION REQUIRED IN SECTION 10(A) PROSPECTUS

The document(s) containing the information specified in Part I of Form S-8 will be sent or given to participating employees as specified by Rule 428(b)(1) of the Securities Act of 1933, as amended (the "Securities Act"). These documents and the documents incorporated by reference hereto pursuant to Item 3 of Part II of this Registration Statement, taken together, constitute a prospectus that meets the requirements of Section 10(a) of the Securities Act.

## PART II

## INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

## ITEM 3. INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE.

Integrated Electrical Services, Inc. (the "Company") incorporates herein by reference the following documents as of their respective dates as filed with the Securities and Exchange Commission (the "Commission"):

- (a) The Company's Annual Report on Form 10-K for the year ended September 30, 1999.
- (b) The Company's Quarterly Report on Form 10-Q for the period ended December 31, 1999.
- (c) The description of the Company's common stock, par value \$0.01 per share (the "Common Stock"), contained in the Company's Registration Statement on Form 8-A (No. 1-13783) filed with the Commission on January 14, 1998 pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

All documents filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering made hereby shall be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the date of filing of such documents. Any statement contained herein or in a document incorporated or deemed to be incorporated herein by reference shall be deemed to be modified or superseded for purposes of the Registration Statement and this Prospectus to the extent that a statement contained herein or in any subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of the Registration Statement or this Prospectus.

## ITEM 4. DESCRIPTION OF SECURITIES.

The information required by Item 4 is not applicable to this Registration Statement since the class of securities to be offered is registered under Section 12 of the Exchange Act.

## ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL.

None.

## ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Subsection (a) of Section 145 of the General Corporation Law of the State of Delaware empowers a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

Subsection (b) of Section 145 empowers a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such

person acted in any of the capacities set forth above,

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against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification may be made in respect of any claim, issue or matter as to which such person shall have been made to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 145 further provides that to the extent a director or officer of a corporation has been successful on the merits or otherwise in the defense of any action, suit or proceeding referred to in subsections (a) and (b) of Section 145 in the defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith; that indemnification provided for by Section 145 shall not be deemed exclusive of any other rights to which the indemnified party may be entitled; that indemnification provided for by Section 145 shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of such person's heirs, executors and administrators; and empowers the corporation to purchase and maintain insurance on behalf of a director or officer of the corporation against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such whether or not the corporation would have the power to indemnify him against such liabilities under Section 145.

Section 102(b)(7) of the General Corporation Law of the State of Delaware provides that a certificate of incorporation may contain a provision eliminating or limiting the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director provided that such provision shall not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit.

Article Seventh of the Company's Amended and Restated Certificate of Incorporation states that:

The Corporation shall, to the maximum extent permitted from time to time under the General Corporation Law of the State of Delaware, indemnify and upon request shall advance expenses to any person who is or was a party or is threatened to be made a party to any threatened, pending or completed action, suit, proceeding or claim, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was or has agreed to be a director or officer of the Corporation, or while a director or officer is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, against expenses (including attorneys' fees and expenses), judgments, fines, penalties and amounts paid in settlement or incurred in connection with the investigation, preparation to defend or defense of such action, suit, proceeding or claim, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was or has agreed to be a director or officer of the Corporation, or while a director or officer is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, against expenses (including attorneys' fees and expenses), judgments, fines, penalties and amounts paid in settlement or incurred in connection with the investigation, preparation to defend or defense of such action, suit, proceeding, claim or counterclaim initiated by or on behalf of such person.

Such indemnification shall not be exclusive of other indemnification rights arising under any bylaw, agreement, vote of directors or stockholders or otherwise and shall inure to the benefit of the heirs and legal representatives of such person. Any repeal or modification of the foregoing provisions of this Section 7(c) shall be prospective only, and shall not adversely affect any right or protection of a director or officer of the Corporation existing at the time of such repeal or modification. A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional

misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law of the State of Delaware, or (iv) for any transaction from which the director derived an improper personal benefit. If the General Corporation Law of the State of Delaware is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law of the State of Delaware, as so amended. Any repeal or modification

of this Section by the stockholders of the Corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such repeal or modification.

In addition, Article IX of the Company's Bylaws further provides that the Company shall indemnify its officers, directors and employees to the fullest extent permitted by law.

The Company enters into indemnification agreements with certain of its executive officers and directors.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED.

The information required by Item 7 is not applicable to this Registration Statement.

ITEM 8. EXHIBITS.

Exhibit Number	Description
- - - - -	- - - - -
4.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of Amendment No. 1 to the Company's Form S-1 (No. 333-38715)).
4.2	Bylaws (incorporated by reference to Exhibit 3.2 of the Company's Form 10-K for the year ended September 30, 1999 filed with the SEC on December 16, 1999).
5.1*	Opinion of Andrews & Kurth L.L.P. as to the legality of the shares being registered.
23.1*	Consent of Andrews & Kurth L.L.P. (included in the opinion filed as Exhibit 5.1 to this Registration Statement).
23.2*	Consent of Arthur Andersen LLP.
24.1*	Powers of Attorney (set forth on the signature page contained in Part II of this Registration Statement).
99.1*	Integrated Electrical Services, Inc. Employee Stock Purchase Plan

- - - - -  
\*filed herewith

ITEM 9. UNDERTAKINGS.

(a) The undersigned registrant hereby undertakes:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:
  - (i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;
  - (ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement;
  - (iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

Provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in

periodic reports filed by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

- (2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
  - (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
- (b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

## SIGNATURES

## THE REGISTRANT

Pursuant to the requirements of the Securities Act, Integrated Electrical Services, Inc. certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, State of Texas on November 10, 1999.

INTEGRATED ELECTRICAL SERVICES, INC.  
(Registrant)

By: /s/ JIM P. WISE

-----  
Jim P. Wise  
Chief Executive Officer and Director

## POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned officers and directors of INTEGRATED ELECTRICAL SERVICES, INC. (the "Company") hereby constitutes and appoints Jim P. Wise, Stanley H. Florance, John F. Wombwell, or either of them (with full power to each of them to act alone), his true and lawful attorney-in-fact and agent, with full power of substitution, for him and on his behalf and in his name, place and stead, in any and all capacities, to sign, execute and file this Registration Statement under the Securities Act of 1933, as amended, and any or all amendments (including, without limitation, post-effective amendments), with all exhibits and any and all documents required to be filed with respect thereto, with the Securities and Exchange Commission or any regulatory authority, granting unto such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises in order to effectuate the same, as fully to all intents and purposes as he himself might or could do, if personally present, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their substitute or substitutes, may lawfully do or cause to be done.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT, THIS REGISTRATION STATEMENT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS IN THE CAPACITIES INDICATED ON NOVEMBER 10, 1999, EXCEPT FOR MR. FLORANCE AND MR. DEPASCAL WHO SIGNED ON MARCH 1, 2000.

## SIGNATURE

## TITLE

/s/ C. BYRON SNYDER

-----  
C. Byron Snyder

Chairman of the Board of Directors

/s/ JON POLLOCK

-----  
Jon Pollock

Vice Chairman of the Board of Directors

/s/ JIM P. WISE

-----  
Jim P. Wise

Chief Executive Officer and Director  
(Principal Executive Officer)

/s/ JERRY M. MILLS

-----  
Jerry M. Mills

Director

/s/ BEN L. MUELLER

-----  
Ben L. Mueller

Senior Vice President, Chief Operating  
Officer and Director



/s/ STANLEY H. FLORANCE ----- Stanley H. Florance	Senior Vice President, Chief Financial Officer (Principal Financial Officer)
/s/ RICHARD MUTH ----- Richard Muth	Director
/s/ ALAN R. SIELBECK ----- Alan R. Sielbeck	Director
/s/ ROBERT STALVEY ----- Robert Stalvey	Director
/s/ RICHARD L. TUCKER ----- Richard L. Tucker	Director
/s/ BOB WEIK ----- Bob Weik	Director
----- Donald Paul Hodel	Director
/s/ NEIL J. DEPASCAL, JR. ----- Neil J. DePascal, Jr.	Vice President, Chief Accounting Officer (Principal Accounting Officer)

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99.1*	Integrated Electrical Services, Inc. Employee Stock Purchase Plan

-----  
\*filed herewith

[ANDREWS &amp; KURTH L.L.P. LETTERHEAD]

EXHIBIT 5.1

March 1, 2000

Board of Directors  
Integrated Electrical Services, Inc.  
515 Post Oak Boulevard, Suite 450  
Houston, Texas 77027

Gentlemen:

We have acted as counsel to Integrated Electrical Services, Inc. (the "Company") in connection with the Company's Registration Statement on Form S-8 (the "Registration Statement") relating to the registration under the Securities Act of 1933, as amended, of the issuance of up to 1,000,000 shares (the "Shares") of the Company's common stock, \$0.01 par value, pursuant to the Company's Employee Stock Purchase Plan (the "Plan").

In connection herewith, we have examined copies of such statutes, regulations, corporate records and documents, certificates of public and corporate officials and other agreements, contracts, documents and instruments as we have deemed necessary as a basis for the opinion hereinafter expressed. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with the original documents of all documents submitted to us as copies. We have also relied, to the extent we deem such reliance proper, upon information supplied by officers and employees of the Company with respect to various factual matters material to our opinion.

Based upon the foregoing and having due regard for such legal considerations as we deem relevant, we are of the opinion that the Shares have been duly authorized, and that such Shares will, when issued in accordance with the terms of the Plan, be validly issued, fully paid and nonassessable.

We hereby consent to the use of this opinion as an exhibit to the Registration Statement.

Very truly yours,

/s/ ANDREWS &amp; KURTH L.L.P.

2475/2397/2700

## CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement of our report dated November 9, 1999 included in Integrated Electrical Services, Inc.'s Annual Report on Form 10-K for the year ended September 30, 1999, and to all references to our Firm included in this Form S-8 Registration Statement.

/s/ ARTHUR ANDERSEN LLP

Houston, Texas  
March 1, 2000

INTEGRATED ELECTRICAL SERVICES, INC.

EMPLOYEE STOCK PURCHASE PLAN

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INTEGRATED ELECTRICAL SERVICES, INC.  
EMPLOYEE STOCK PURCHASE PLAN

Integrated Electrical Services, Inc. hereby establishes the Integrated Electrical Services, Inc. Employee Stock Purchase Plan (the "Plan"), effective as of April 1, 2000. The terms of the Plan are as set forth below:

1. Definitions.

As used in the Plan the following terms shall have the meanings set forth below:

(a) "Account" means a ledger account established by the Company for a Participant and credited with the Participant's contributions under the Plan.

(b) "Board" means the Board of Directors of the Company.

(c) "Code" means the Internal Revenue Code of 1986, as amended.

(d) "Committee" means the committee appointed by the Board to administer the Plan.

(e) "Company" means Integrated Electrical Services, Inc., a Delaware corporation, or any successor.

(f) "Company Stock" means the common stock, \$0.01 par value, of the Company.

(g) "Continuous Employment" means the absence of any interruption or termination of service as an Eligible Employee. However, Continuous Employment shall not be considered interrupted in the case of an authorized leave of absence, provided that such leave is for a period of not more than 90 days or reemployment upon the expiration of such leave is guaranteed by contract or statute.

(h) "Eligible Compensation" means, with respect to a Participant, the total W-2 compensation paid to the Participant by the Participating Companies during the Option Period, including any elective salary deferral contributions made therefrom by the Participant pursuant to Code Sections 125, 129 or 401(k), but excluding any severance or retirement pay or similar pay or pay received after the Participant ceases to be an employee.

(i) "Eligible Employee" means an employee of the Participating Companies who is customarily employed for at least 20 hours per week and more than five months in a calendar year.

(j) "Enrollment Date" means the first day of each Option Period.

(k) "Exercise Date" means the last day of each Option Period.

(l) "Exercise Price" means the price per share of the Company Stock offered in a given Option Period, which shall be 85% of the Fair Market Value of a share of the Company Stock on the Enrollment Date or the Exercise Date for such Option Period, whichever is lower.

(m) "Fair Market Value" means, with respect to shares of Company Stock, the closing price of a share quoted on the Composite Tape, or if the shares are not listed on the New York Stock Exchange, on the principal United States securities exchange registered under the Exchange Act on which such stock is listed, or if the shares are not listed on any such stock exchange, the last sale price, or if none is reported, the highest closing bid quotation on the National Association of Securities Dealers, Inc., Automated Quotations System or any successor system then in use on the applicable date, or if none are available on such day, on the next preceding day for which are available, or if no such quotations are available, the fair market value on the applicable date of a share as determined in good faith by the Board. In the event the shares are not publicly traded at the time a determination of its fair market value is required to be made hereunder, the determination of fair market value shall be made in good faith by the Committee.

(n) "Option Period" means the period April 1, 2000 through December 31, 2000 and thereafter the calendar year; provided, however, upon termination of the Plan other than on a December 31, the final Option Period shall be the shorter period ending on such termination date.

(o) "Participant" means an Eligible Employee who has elected to participate in the Plan by filing an enrollment agreement with the Company as provided in Section 7 below.

(p) "Participating Companies" means the Company and each present and future Subsidiary which the Committee, in its sole discretion, designates as a Participating Company and which Subsidiary has adopted the Plan.

(q) "Subsidiary" means any corporation, domestic or foreign, of which the Company owns, directly or indirectly, not less than 50% of the total combined voting power of all classes of stock or other equity interests and that otherwise qualifies as a "subsidiary corporation" within the meaning of Section 424(f) of the Code or any successor thereto, and shall include any limited liability company or partnership which is 100% owned directly or



indirectly by the Company and either is disregarded as an entity for federal tax purposes or has elected to be taxed as a corporation.

## 2. Purpose of the Plan.

The purpose of the Plan is to provide an incentive for present and future Eligible Employees of the Participating Companies to acquire a proprietary interest (or increase an existing proprietary interest) in the Company through the purchase of Company Stock. It is the intention of the Company that the Plan qualify as an "employee stock purchase plan" under Section 423 of the Code. Accordingly, the provisions of the Plan shall be administered, interpreted and construed in a manner consistent with the requirements of that section of the Code.

## 3. Shares Reserved for the Plan.

There shall be reserved for issuance and purchase by Participants under the Plan an aggregate of 1,000,000 shares of Company Stock, subject to adjustment as provided in Section 13 below. Shares of Company Stock subject to the Plan may be newly issued shares, treasury shares, shares purchased in the open market or any combination of the foregoing, as determined by the Board in its discretion. If and to the extent that any option to purchase shares of Company Stock shall not be exercised for any reason or if such right to purchase shares shall terminate as provided herein, the shares that have not been so purchased hereunder shall again become available for the purposes of the Plan unless the Plan shall have been terminated.

## 4. Administration of the Plan.

(a) The Plan shall be administered by a Committee appointed by, and which shall serve at the pleasure of, the Board. The Committee shall have the authority to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the administration of the Plan, to correct any defect or rectify any omission in the Plan or to reconcile any inconsistency in the Plan or any option, and to make all other determinations necessary or advisable for the administration of the Plan, all of which actions and determinations shall be final, conclusive and binding on all persons. The act or determination of a majority of the members of the Committee shall be deemed to be the act or determination of the Committee.

(b) The Committee may request advice or assistance or employ such other persons as it in its discretion deems necessary or appropriate for the proper administration of the Plan.

(c) All Eligible Employees granted options under the Plan shall have the same rights and privileges; however, the Plan will not fail to satisfy this requirement merely because the amount of Company Stock which may be purchased by any Eligible Employee is determined on the basis of a uniform relationship to the Eligible Compensation of Eligible Employees.

(d) All expenses of administering the Plan shall be paid by the Participating Companies.

(e) A separate Account will be maintained for each Participant in the Plan. Statements of Accounts will be given to Participants promptly following each Exercise Date, which statements will set forth the amounts of payroll deductions, the per share Exercise Price, the number of shares purchased and the remaining cash balance in the Participant's Account, if any.

#### 5. Eligibility to Participate in the Plan.

Each Eligible Employee who is employed by a Participating Company on an Enrollment Date and has completed a period of Continuous Employment of at least 90 days as of such Enrollment Date shall be eligible to participate in the Plan for the Option Period beginning on that Enrollment Date subject to the further provisions of the Plan.

#### 6. Option Periods.

The Plan shall consist of consecutive Option Periods beginning on the Plan's effective date and continuing until the Plan is terminated.

#### 7. Election to Participate in the Plan.

(a) Each Eligible Employee who satisfies the eligibility requirements as of the Enrollment Date for the applicable Option Period may elect to participate in the Plan for such Option Period by completing an enrollment agreement in the form (written or electronic) provided by the Company (or its designee) and filing such enrollment agreement with the Company (or its designee) prior to the applicable Enrollment Date.

(b) Payroll deductions for a Participant shall commence on the first payroll date following the Participant's Enrollment Date and shall continue until (i) changed or terminated by the Participant as provided below, (ii) the termination of the Plan, or (iii) the Participant ceases to be an Eligible Employee, whichever occurs first.

(c) A Participant's election shall remain in effect for each successive Option Period unless the Participant changes or terminates such election prior to the beginning of the Option Period in accordance with the procedures established by the Committee.

#### 8. Payroll Deductions.

(a) All Participant contributions to the Plan shall be made by payroll deductions only. At the time a Participant files the enrollment agreement with respect to an Option Period, the Participant shall authorize payroll deductions to be made on each payroll date during the Option Period in an amount equal to a designated number of whole dollars per week, but not less than \$5.00 per week, in the case of a Participant who is paid weekly, \$10 per bi-weekly pay period, in the case

of a Participant who is paid bi-weekly, or \$11.00 per semi-monthly pay period, in the case of a Participant who is paid semi-monthly; provided, however, with respect to a Participant making a minimum contribution each pay period, the last payroll deduction in the Option Period shall be reduced, if and to the extent as necessary, so that the maximum aggregate amount of minimum contributions that may be made for that Option Period is the same for all Participants, whether on a weekly, bi-weekly or semi-monthly pay period. Subject to the limitation set forth in Section 9(b), there shall be no maximum amount of payroll deduction which a Participant may authorize each periodic pay period. Such authorization shall be in writing and on such forms as provided by the Committee.

(b) All payroll deductions made for a Participant may be deposited in the Company's general corporate account and shall be credited to the Participant's Account under the Plan. No interest shall accrue or be credited with respect to the payroll deductions of a Participant under the Plan. A Participant may not make any additional payments into such Account. Pending application of the Accounts, the Company may, but shall not be obligated to, segregate the payroll deductions.

(c) Except as provided in Section 11, a Participant may not change his current contribution election during an Option Period.

#### 9. Grant of Options.

(a) Subject to the limitations set forth in Sections 3 and 9(b) hereof, each Participant shall be granted an option on the Enrollment Date to purchase on the Exercise Date for such Option Period (at the Exercise Price for such Option Period) a number of whole shares of the Company Stock determined by dividing such Participant's payroll deductions accumulated during the Option Period by the Exercise Price for such Option Period.

(b) Notwithstanding any provision of the Plan to the contrary, no Participant shall be granted an option under the Plan (i) if, immediately after the grant, such Participant (or any other person whose stock would be attributed to such Employee pursuant to Section 424(d) of the Code) would own stock and/or hold outstanding options to purchase stock possessing 5% or more of the total combined voting power or value of all classes of stock of the Company or of any Subsidiary of the Company, or (ii) which permits such Participant's rights to purchase stock under all employee stock purchase plans of the Company and its Subsidiaries to accrue at a rate which exceeds \$25,000 of the Fair Market Value of such stock (determined at the time such option is granted) for each calendar year in which such option is outstanding at any time.

#### 10. Exercise of Options.

Unless a Participant withdraws or is deemed to have withdrawn from the Plan during an Option Period as provided in Section 11, the Participant's option for the purchase of shares for an Option Period will be exercised automatically on the Exercise Date for such Option Period, and the maximum number of whole shares subject to the option will be purchased for the Participant at

the applicable Exercise Price with the accumulated payroll deductions then credited to the Participant's Account. The certificates for such purchased shares shall be issued by the Company as soon as reasonably practical following the Exercise Date. Any amounts remaining credited to an Account after being applied as provided in the preceding sentence shall continue to be credited to the Account for the next Option Period, unless the Participant requests in writing the return of such remainder prior to the beginning of such Option Period.

#### 11. Withdrawal; Termination of Employment.

(a) A Participant may withdraw all, but not less than all, of the payroll deductions credited to the Participant's Account under the Plan at any time prior to an Exercise Date by giving written notice to the Company. All of the Participant's payroll deductions credited to the Participant's Account will be paid to him promptly after receipt of the Participant's notice of withdrawal, the Participant's participation in the Plan will be automatically terminated, and no further payroll deductions for the purchase of shares will be made. Payroll deductions will not resume on behalf of a Participant who has withdrawn from the Plan unless written notice is delivered to the Company within the enrollment period preceding the commencement of a new Option Period directing the Company to resume payroll deductions and the former Participant is at that time an Eligible Employee.

(b) In the event a Participant ceases to be an Eligible Employee prior to the Exercise Date of an Option Period for any reason other than retirement on or after reaching age 65, disability under a Company long-term disability plan, Social Security or other determination made by the Committee on a nondiscriminatory basis, or death, the payroll deductions credited to the Participant's Account will be automatically returned to the Participant and the Participant's options to purchase shares under the Plan will be automatically terminated for such Option Period.

(c) In the event a Participant ceases to be an Eligible Employee during an Option Period due to his retirement on or after reaching age 65, his disability under a Company long-term disability plan, Social Security or other determination made by the Committee on a nondiscriminatory basis, or his death, no further contributions may be made to the Participant's Account, and the balance of his Account at such time shall be applied to exercise his options at the end of that Option Period as provided in Section 10.

(d) A Participant's withdrawal during an Option Period will not affect the Participant's eligibility to participate in a succeeding Option Period.

#### 12. Transferability.

Options to purchase Company Stock granted under the Plan are not transferable by a Participant (other than by will or the laws of descent and distribution) and are exercisable only by the Participant.

#### 13. Adjustments Upon Changes in Capitalization.

(a) If the outstanding shares of Company Stock are increased or decreased, or are changed into or are exchanged for a different number or kind of shares, as a result of one or more reorganizations, restructurings, recapitalizations, reclassifications, stock splits, reverse stock splits, stock dividends or the like, upon authorization of the Committee, appropriate adjustments may be made in the number and/or kind of shares, and the per share option price thereof, which may be issued in the aggregate and to any Participant upon exercise of options granted under the Plan.

(b) In the event of the proposed dissolution or liquidation of the Company, each Option Period will terminate immediately prior to the consummation of such proposed action, unless otherwise provided by the Committee. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, each option under the Plan shall be assumed or an equivalent option shall be substituted by such successor corporation or a parent or subsidiary of such successor corporation, unless the Committee determines, in the exercise of its sole discretion and in lieu of such assumption or substitution, that the Participant shall have the right to exercise the option as to all of the optioned stock, including shares as to which the option would not otherwise be exercisable. If the Committee makes an option fully exercisable in lieu of assumption or substitution in the event of a merger or sale of assets, the Committee shall notify the Participant that the option shall be fully exercisable for a stated period, which shall not be less than 10 days from the date of such notice, and the option will terminate upon the expiration of such period.

(c) In all cases, the Committee shall have full discretion to exercise any of the powers and authority provided under this Section 13, and the Committee's actions hereunder shall be final and binding on all Participants. No fractional shares of stock shall be issued under the Plan pursuant to any adjustment authorized under the provisions of this Section 13.

#### 14. Amendment of the Plan.

The Board or the Committee may at any time, or from time to time, amend the Plan in any respect; provided, however, that the Plan may not be amended in any way that will cause rights issued under the Plan to fail to meet the requirements for employee stock purchase plans as defined in Section 423 of the Code or any successor thereto, including, without limitation, stockholder approval if required.

#### 15. Termination of the Plan.

The Plan and all rights of Eligible Employees hereunder shall terminate:

(a) on the Exercise Date that Participants become entitled to purchase a number of shares greater than the number of reserved shares remaining available for purchase under the Plan; or

(b) at any time, at the discretion of the Board.

In the event that the Plan terminates under circumstances described in Section 15(a) above, reserved shares remaining as of the termination date shall be sold to Participants on a pro rata basis based on their Account balances and any amounts remaining in their Accounts returned to the Participants.

16. Notices.

All notices or other communications by a Participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

17. Stockholder Approval.

The Plan shall be subject to approval by the stockholders of the Company within twelve months after the date the Plan is adopted by the Board. If such stockholder approval is not obtained at the 2000 annual meeting of stockholders of the Company, the Plan shall not become effective.

18. Conditions Upon Issuance of Shares.

(a) The Plan, the grant and exercise of options to purchase shares of Company Stock under the Plan, and the Company's obligation to sell and deliver shares upon the exercise of options to purchase shares shall be subject to all applicable federal, state and foreign laws, rules and regulations, and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel for the Company, be required. In the event the Company is required to obtain from any commission or agency authority to issue any stock certificate, the inability of the Company to obtain from any such commission or agency authority that counsel for the Company deems necessary for the lawful issuance of any such certificate will relieve the Company from liability to any Participant, except to return to him the amount of the balance in his account.

(b) The Company may make such provisions as it deems appropriate for withholding of amounts that the Company determines it is required to withhold pursuant to applicable tax laws in connection with the purchase or sale by a Participant of any Company Stock acquired pursuant to the Plan. The Company may require a Participant to satisfy any relevant tax requirements before authorizing any issuance of Company Stock to such Participant.