

CHARTER FOR THE COMPENSATION COMMITTEE OF MATRIX SERVICE COMPANY

I. DESCRIPTION AND PURPOSE

The Compensation Committee (the “Committee”) is a standing committee of the Board of Directors (the “Board”) of Matrix Service Company (the “Company”) whose primary function is to administer the cash salary, bonus and other incentive compensation and stock incentive programs for the Executive Officers of the Company, as the term Executive Officer is defined in this Charter.

The Committee shall provide assistance to the Board in fulfilling its responsibility to the stockholders, potential stockholders, and investment community to ensure that the Company’s Executive Officers are compensated in accordance with the Company’s compensation objectives. The Committee shall advise, recommend, and approve compensation policies and strategies necessary to support organizational objectives.

The Committee shall maintain free and open means of communication between the Board, independent consultants retained by the Committee and/or the Company, the Vice President of Human Resources and the Chief Executive Officer.

II. COMPOSITION OF THE COMMITTEE

The Committee shall consist of three or more members, comprised solely of Independent Directors, as that term is defined below. Unless the Chair is elected by the full Board, the members of the Committee shall elect a Chair by a majority vote of all the Committee members.

III. DEFINITIONS

A. Executive Officer

As used in this Charter, “Executive Officer” means:

1. the President, Chief Executive Officer, Chief Financial Officer, or any individuals acting in similar capacities; and
2. any Vice President in charge of a principal business unit, division or function (such as marketing, administration or finance), any other officer who performs a policy making function, or any other person who performs similar policy making functions.

B. Independent Director

Committee members must meet the definition of "Independent Director" set forth in the Company's Corporate Governance Guidelines and satisfy any additional independence requirements set forth in SEC rules or applicable stock exchange listing requirements. All

Committee members shall also be "non-employee directors" as defined by Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and satisfy the requirements of an "outside director" as defined by Section 162(m) of the Internal Revenue Code.

IV. MEETINGS

The Committee shall meet as frequently as circumstances require, but in any event a minimum of twice each year. The Committee may ask members of management or others to attend meetings and may provide pertinent information to them, as the Committee deems necessary. Minutes shall be taken for each Committee meeting which shall then be approved at the next regular meeting of the Committee.

V. RESPONSIBILITIES AND DUTIES

The Committee's policies should remain flexible to react to changing conditions and to ensure that: (1) the achievement of the overall goals and objectives of the Company are supported by an appropriate Executive Officer compensation policy and an effective total compensation program, and (2) the total compensation program and practices of the Company are designed with full consideration of all accounting, tax, securities law, and regulatory requirements.

The Committee shall:

1. Assist the Company in establishing Executive Officer compensation policies that (1) support the Company's overall business strategy and objectives, (2) attract and retain key executives, (3) link total compensation with business objectives and Company performance in good and bad times, and (4) provide competitive total compensation opportunities at a reasonable cost while enhancing stockholder value creation.
2. Act on behalf of the Board in annually evaluating and setting the Chief Executive Officer's annual base salary level, annual incentive opportunity level, long-term incentive opportunity level, executive perquisites, employment agreement (if and when appropriate), change in control provisions/agreement (if and when appropriate), benefits, and supplemental benefits; evaluate performance of and determine compensation of the Chief Executive Officer.
3. Review and approve compensation of the other Executive Officers as recommended by the Chief Executive Officer.
4. Review and comment on the Company's strategic and financial plans to determine their relationship to the Executive Officer compensation program.
5. With respect to all plans with payouts based upon achievement in relation to target goals, establish performance target goals near the beginning of the plan year and determine when performance goals have been achieved at the end of the plan year.

6. Review and recommend for approval to the Board new or amended executive incentive plans that (1) are consistent with the Company's compensation policies, and (2) monitor the appropriateness of payouts under alternative business scenarios.
7. Select independent compensation consultants to advise the Committee when appropriate.
8. Keep abreast of current developments in executive compensation outside the Company.
9. Review new executive compensation programs; review on a periodic basis the operation of the Company's executive compensation programs to determine whether they are properly coordinated and achieving their intended purposes; establish and periodically review policies for the administration of executive compensation programs; and take steps to modify any executive compensation program that yields payments and benefits that are not reasonably related to executive and corporate performance;
10. Establish and periodically review policies relating to Executive Officer perquisites;
11. Review and monitor the Company's stock incentive plans and any other employee pension, profit sharing and benefit plans, taking into account the importance of retaining and incentivizing the employee assets of the Company as well as the overall cost to the Company of such programs;
12. Review and analyze director compensation data, including comparative data from compensation consultants or otherwise, and recommend to the Board the amount of reasonable compensation and expense reimbursement to be paid to members of the Board for serving as a Director of the Company (and any additional compensation for serving as Chairman of the Board or as a member or Chairman of any committee of the Board);
13. Review incentive compensation arrangements to determine whether they encourage excessive risk-taking; review and discuss at least annually the relationship between risk management policies and practices and compensation; and evaluate compensation policies and practices that could mitigate any such risk;
14. Review with the Company's management the Compensation Discussion and Analysis ("CD&A") to be included in the Company's Form 10-K or proxy statement for its annual stockholders meeting and determine whether to recommend to the Board of Directors that the CD&A be included in the Form 10-K or proxy statement;

15. Review and approve the Compensation Committee Report to be included in the Company's Form 10-K or proxy statement for its annual stockholders meeting; and
16. Review, approve and administer any other matters or plans specifically delegated to the Committee by the Board.

VI. COMPENSATION PRINCIPLES

The following principles will govern all compensation paid by the Company to Executive Officers:

1. The compensation of the Chief Executive Officer and other Executive Officers shall be determined, or recommended to the Board for determination, by either a majority of the Independent Directors of the Company or by a Compensation Committee comprised solely of Independent Directors; and
2. The Chief Executive Officer may not be present during deliberations and voting regarding his or her compensation. While the Chief Executive Officer may be present during deliberations and voting on the other Executive Officers' compensation, the Chief Executive Officer may not vote on their compensation.

VII. CONSULTANTS

The Committee has the authority to retain, from time to time and at the Company's expense, a professional compensation consulting firm to review the Company's Executive Officer compensation program including, but not limited to, a review of those "performance based" compensation programs in light of Section 162(m) of the Internal Revenue Code. In retaining any such consulting firm, the Committee shall take into account factors that may bear upon the independence of any such consulting firm, and the Committee shall comply with any applicable independence rules for such consulting firms promulgated by the SEC or the applicable securities exchange.

VIII. PROXY STATEMENT MATTERS

A. Compensation Discussion and Analysis

The Committee shall review and discuss with the Company's management the CD&A required to be included in the Company's annual report on Form 10-K or proxy statement for its annual stockholders meeting and determine whether to recommend to the Board of Directors that the CD&A be included in the Form 10-K or proxy statement. Generally, the CD&A must include a discussion of the compensation awarded to, earned by, or paid to the "named executive officers," which compensation is disclosed in various tables prescribed by Regulation S-K. The discussion must explain, in the detail required by Regulation S-K, all material elements of the Company's compensation of the named executive officers, including but not limited to the objectives of the

Company's compensation programs and policies relating to allocations between various types of compensation.

B. Compensation Committee Report

The Committee shall prepare a Compensation Committee Report (the "Report") to be included in the Company's Form 10-K or proxy statement for its annual stockholders meeting. The Report shall contain the disclosure required by Form 10-K and Schedule 14A under the Exchange Act and such other disclosure as may be required by law. The Report must state whether:

1. The Committee has reviewed and discussed the CD&A with management; and
2. Based on such review and discussions referred to above, the Committee recommended to the Board that the CD&A be included in the Company's annual report on Form 10-K or proxy statement on Schedule 14A.

The required disclosure shall be made over the name of each member of the Committee.

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