UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported) September 16, 2004

Matrix Service Company
(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

0-18716	**73-1352174**
(Commission File Number)	**(IRS Employer Identification No.)**
10701 E. Ute Street Tulsa, Oklahoma	**74116**
(Address of Principal Executive Offices)	**(Zip Code)**

918-838-8822
(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement

The Company will enter into a severance/change of control agreement in conjunction with the October 1, 2004 appointment of James P. Ryan to the position of Chief Operating Officer. A description of the material terms and conditions of the agreement is provided below in Item 5.02 "Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers" of this Form 8-K.

Item 5.02(c) Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

Matrix Service Company has grown significantly over the last few years while diversifying our service offerings and operating in a very dynamic and challenging environment for public companies. We have reached a size and complexity where we need an experienced operating officer dedicated to the support and development of our operating entities and personnel.

Effective October 1, 2004, James P. Ryan, age 49, will serve as the Chief Operating Officer (COO) of Matrix Service Company. Mr. Ryan has 23 years experience in the industrial construction and service industry and has been with Matrix Service Company since October 1999 in various capacities serving the last four years as the Vice President of Western Operations. Prior to joining Matrix, Mr. Ryan worked for various construction companies and provided independent consulting services to the power industry. Mr. Ryan graduated from Purdue University with a degree in Civil Engineering in 1979.

The Company will enter into a severance/change of control agreement with Mr. Ryan effective on October 1, 2004. In the event of Mr. Ryan's termination for reasons other than "cause," the Company will make a lump sum payment to Mr. Ryan in an amount equal to one year's annual salary plus Mr. Ryan's average bonus payment for the lesser of the previous three years or the number of full fiscal years Mr. Ryan has served in the COO position. The term "cause" is defined to mean:

- a felony conviction or guilty or *nolo contendre* plea to a felony charge;
- participation in a business which competes with the Company's business without the Company's consent;
- gross and willful neglect of his responsibilities as COO; or
- other offenses against the Company that are materially detrimental to the Company's best interest.

In addition, in the event of a change of control, all of Mr. Ryan's stock options will vest immediately. For a period of two years following a change of control and in the event of any "adverse personnel action," Mr. Ryan may terminate his employment with the Company and receive the same severance pay described above. The term "adverse personnel action" includes:

- involuntary termination;
- reduction in base salary or incentive compensation opportunity;
- material reduction in benefits or perquisites;
- reassignment to a lower salaried position; and
- a material reduction in Mr. Ryan's responsibilities.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

10.1 Chief Operating Officer Severance Agreement

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Matrix Service Company

Dated: September 16, 2004

By: /s/ George L. Austin

George L. Austin
Chief Financial Officer and
Principal Accounting Officer

Exhibit 10.1

MATRIX SERVICE COMPANY

Chief Operating Officer ("COO") Severance Agreement

This Agreement between Matrix Service Company (the "Company") and James P. Ryan ("Ryan") is entered into effective October 1, 2004.

COO Severance/Change of Control

In the event of a "change of control" in the ownership of the Company and any "adverse personnel action" against Ryan, Ryan may terminate his employment with the Company and receive one year of severance pay. In addition, all outstanding stock options will vest immediately in the event of "change of control." This severance arrangement will apply for a period of two years following any change of control.

- In calculating Ryan's severance pay, Ryan's annual salary at the time of the change of control and adverse personnel action will be multiplied by one, as will Ryan's average bonus payment for the lesser of the previous three years or the number of full fiscal years in the COO position. The sum of these two amounts will be added together and represent Ryan's severance, which will be paid in a lump-sum amount. This lump-sum severance amount will be paid to Ryan within 30 days of the adverse personnel action.

For purposes of this severance agreement, "adverse personnel action" will mean an action taken against Ryan by the acquiring entity which has an adverse impact on Ryan's economic status or opportunity with the Company. These actions will include:

- Involuntary termination
- Reduction in base salary
- Reduction in incentive compensation opportunity
- Material reduction in executive benefits or perquisites
- Reassignment to a position or role with a lower salary range or salary opportunity
- Material reduction in responsibilities.

For purposes of this severance agreement, a "change of control" will mean:

- The merger or consolidation of the Company with any person or entity (other than a merger or consolidation to change the place of domicile of the Company) where the Company is not the surviving entity (or survives only as the subsidiary of another person or entity), or
- The sale of all or substantially all of the Company's assets to any person or entity, or
- If any person or entity together with its affiliates shall become, directly or indirectly, the beneficial owner of at least 51% of the voting stock of the Company, or
- If any person or entity together with its affiliates shall acquire, directly or indirectly, the voting power to elect a majority of the members of the Board of Directors of the Company (other than the acquisition and voting of proxies by management of the Company to elect members to the Board of Directors in the normal course at an annual meeting of shareholders that is not, directly or indirectly, in connection with, or for the purposes of effecting, a "change of control").

COO Severance/Involuntary Termination

In the event of termination for reasons other than "cause," Ryan will receive one year of severance pay. This severance pay amount will be paid in a lump-sum and be calculated in the same manner as described above in COO Severance/Change of Control. A non-interference and confidentiality agreement for one year will be executed prior to the payment of severance.

For purposes of this severance agreement, "cause" will mean:

- Conviction of a felony or pleading guilty or *nolo contendre* to a felony charge, or
- Participation as an employee, officer or principal shareholder in any business engaged in activities in direct competition with the Company without the consent of the Company, or
- Gross and willful neglect of responsibilities as COO, or
- Other offenses against the Company, to include theft, embezzlement, violation of Company policy, or the release of proprietary or confidential information in a manner that would be materially detrimental to the Company's best interest.

Matrix Service Company

By: ______________________________

Bradley S. Vetal
President and Chief Executive Officer

By: ______________________________

James P. Ryan
Chief Operating Officer