

**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) October 23, 2006

Matrix Service Company

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-15461

(Commission File Number)

73-1352174

(IRS Employer Identification No.)

**10701 E. Ute Street
Tulsa, Oklahoma**

(Address of Principal Executive Offices)

74116

(Zip Code)

918-838-8822

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(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.

Matrix Service Company 2004 Stock Incentive Plan

On October 23, 2006, the stockholders of Matrix Service Company (the “Company”) approved the amendment and restatement of the Matrix Service Company 2004 Option Plan (the “Option Plan”). As amended and restated, the Option Plan was renamed the “Matrix Service Company 2004 Stock Incentive Plan” (the “Incentive Plan”). The Incentive Plan permits the grant of restricted stock, restricted stock units, stock appreciation rights and performance shares, in addition to options, which were available for grant under the Option Plan. Awards under the Incentive Plan may be granted until the tenth anniversary of the date of stockholder approval of the plan. Therefore, approval of the Incentive Plan extended the term of the plan from March 23, 2014, until October 23, 2016. Amendment No. 1 to the Incentive Plan (“Amendment No. 1”), further clarifies that the Company will not effect a “repricing” of an award of options or stock appreciation rights under the Incentive Plan without prior stockholder approval.

A more detailed description of the Incentive Plan is contained in the Company’s Proxy Statement on Schedule 14A for its 2006 Annual Meeting of Stockholders filed with the Securities and Exchange Commission on September 15, 2006 (the “2006 Proxy Statement”), and a more detailed description of Amendment No. 1 is contained in the Company’s Amended Schedule 14A filed on October 4, 2006. The Incentive Plan and Amendment No. 1 are filed as Exhibits 10.1 and 10.2, respectively, to this Current Report on Form 8-K and are incorporated by reference as though fully set forth herein.

Restricted Stock Award Agreements

On October 23, 2006, the Compensation Committee approved forms of agreement pursuant to which restricted stock may be awarded to non-employee directors and management employees under the Incentive Plan. The forms of award agreement are filed as Exhibits 10.3 and 10.4, respectively, to this Current Report on Form 8-K and are incorporated by reference as though fully set forth herein.

Restricted Stock Awards

On October 23, 2006, the Compensation Committee approved restricted stock awards under the Incentive Plan to non-employee Directors and to executive officers and management employees. The awards to non-employee directors are performance-based and the restrictions will lapse if the performance criteria are met at the end of three years. The awards to executive officers and management employees are based 50 percent on the satisfaction of performance criteria over a period of three years and 50 percent on continuation of employment over a five-year period.

The number of shares of restricted stock awarded to the individuals listed below were as follows:

<u>Non-employee Directors:</u>	<u>Number of Shares of Restricted Stock Granted:</u>
I. Edgar (Ed) Hendrix	3,400
Paul K. Lackey	3,400
Tom E. Maxwell	3,400
David J. Tippeconnic	3,400
<u>Named Executive Officers</u>	
George L. Austin	6,600
James P. Ryan	3,300
James A. Bogan	3,300
John S. Newmeister	2,200

Amended Board Deferred Fee Plan

On October 23, 2006, the Compensation Committee of the Board of Directors approved an amendment to the Matrix Service Company Deferred Compensation Plan for Members of the Board of Directors (the "Deferred Fee Plan"), which permits members of the Board of Directors of the Company to defer compensation earned for services rendered to the Board. The amendment will be effective December 31, 2006 (such Deferred Fee Plan, as amended, the "Amended Deferred Fee Plan"). The amendment eliminates the option to defer fees in the form of phantom stock and is designed to comply in all material respects with the requirements of Internal Revenue Code Section 409A and proposed regulations thereunder. Beginning January 1, 2007, all deferrals will earn interest at a rate established by the Board. A copy of the Amended Deferred Fee Plan is filed as Exhibit 10.5 to this Current Report on Form 8-K and is incorporated by reference as though fully set forth herein.

Severance Agreement; Amendment to Severance Agreements

On October 23, 2006, the Compensation Committee approved a form of severance agreement to be entered between the Company and certain executive officers (the "Severance Agreement"), including Michael J. Bradley upon his commencement of employment as President and Chief Executive Officer in early November 2006. The Severance Agreement, which is designed to comply with the requirements of Internal Revenue Code Section 409A and proposed regulations thereunder, will replace (1) the Chief Operating Officer Severance Agreement effective October 1, 2004, between the Company and James P. Ryan who is currently the President of Matrix Service Inc., a subsidiary of the Company, and (2) the Chief Financial Officer Severance Agreement effective June 1, 2004, between the Company and George L. Austin, Vice President Finance, Chief Financial Officer and Secretary of the Company. Mr. James A. Bogan, President of Matrix Service Industrial Contractors, Inc., a subsidiary of the Company, will also enter into a Severance Agreement, which will replace his Change of Control

and Retention Agreement effective June 1, 2005. The form of Severance Agreement is filed as Exhibit 10.6 to this Current Report on Form 8-K and is incorporated by reference as though fully set forth herein.

On the same day, the Compensation Committee also approved the replacement of the form of Change of Control and Retention Agreement for other management personnel of the Company, which provides severance payments in the event of a change of control and adverse action against the employee. The new severance agreement (the "Management Retention Agreement"), is designed to comply with the requirements of Internal Revenue Code Section 409A and proposed regulations thereunder. The form of Management Retention Agreement is filed as Exhibit 10.7 to this Current Report on Form 8-K and is incorporated by reference as though fully set forth herein.

Amendment to Retiring Director Awards

The Company previously announced that Hugh E. Bradley was retiring as a member of the Board of Directors effective with the 2006 Annual Meeting of Stockholders held on October 23, 2006.

On October 23, 2006, and in conjunction with his retirement, the Board of Directors approved, and the Company entered into, an agreement with Mr. Bradley (the "Amended Award Agreement"), to amend the stock option award agreements between him and the Company that were made pursuant to the Company's 1995 Nonemployee Directors Stock Option Plan, as amended (the "Option Award Agreements"). Pursuant to the Option Award Agreements, Mr. Bradley was granted options to purchase shares of the Company's common stock at the exercise price per share set forth in each respective Option Agreement. The Amended Award Agreement provides for (i) the accelerated vesting of all remaining unvested stock options awarded to Mr. Bradley in 2004 and 2005 and (ii) an extension of the exercise period for all vested stock options from 30 days from Mr. Bradley's retirement, as provided in the Option Award Agreements, to the first anniversary of his retirement date.

The Amended Award Agreement is filed as Exhibit 10.8 to this Current Report on Form 8-K and is incorporated by reference as though fully set forth herein.

Item 1.02. Termination of a Material Definitive Agreement.

On October 23, 2006, the Board of Directors terminated the Matrix Service Company 1995 Nonemployee Directors' Stock Option Plan (the "1995 Plan"). The 1995 Plan provided for the grant to each non-employee director at the time of such director's election of an option to purchase 10,000 shares of the Company's common stock and, thereafter, as of the date of each annual meeting of stockholders, an option to purchase 5,000 shares of common stock. The Company does not intend to grant any additional options under the 1995 Plan to non-employee directors, who are eligible to receive awards of stock options, restricted stock and other types of incentive awards under the Incentive Plan. The termination of the 1995 Plan will have no effect on options outstanding thereunder on the termination date.

Item 3.03. Material Modification to Rights of Security Holders.

At the Company's Annual Meeting of Stockholders held on October 23, 2006, the Company's stockholders approved an amendment to the Company's Restated Certificate of Incorporation, to increase the number of authorized shares of common stock, \$0.01 par value per share, from 30,000,000 to 60,000,000. A Certificate of Amendment to the Restated Certificate of Incorporation is expected to be filed by the Company in Delaware in the next several days. The Certificate of Amendment to the Restated Certificate of Incorporation is filed as Exhibit 3.1 to this Current Report on Form 8-K and is incorporated by reference as though fully set forth herein.

Item 9.01. Financial Statements and Exhibits.

(d) The following exhibits are filed herewith:

- 3.1 Certificate of Amendment to the Restated Certificate of Incorporation of the Company (filed as Appendix A to the 2006 Proxy Statement and incorporated by reference herein).
- 10.1 Matrix Service Company 2004 Stock Incentive Plan (filed as Appendix B to the 2006 Proxy Statement and incorporated by reference herein).
- 10.2 Amendment No. 1 to Matrix Service Company 2004 Stock Incentive Plan (filed as Exhibit 10 to Amended Schedule 14A filed on October 4, 2006 and incorporated by reference herein).
- 10.3 Form of Restricted Stock Award Agreement for non-employee directors pursuant to Incentive Plan.
- 10.4 Form of Restricted Stock Award Agreement for employees pursuant to Incentive Plan.
- 10.5 Matrix Service Company Deferred Compensation Plan for Members of the Board of Directors effective December 31, 2006.
- 10.6 Form of Severance Agreement.
- 10.7 Form of Management Retention Agreement.
- 10.8 Amendment to Award Agreements by and between Matrix Service Company and Hugh E. Bradley dated as of October 23, 2006.

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: October 27, 2006

By: /s/ George L. Austin

George L. Austin

Vice President Finance and Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
3.1	Certificate of Amendment to the Restated Certificate of Incorporation of the Company (filed as Appendix A to the 2006 Proxy Statement and incorporated by reference herein).
10.1	Matrix Service Company 2004 Stock Incentive Plan (filed as Appendix B to the 2006 Proxy Statement and incorporated by reference herein).
10.2	Amendment No. 1 to Matrix Service Company 2004 Stock Incentive Plan (filed as Exhibit 10 to Amended Schedule 14A filed on October 4, 2006 and incorporated by reference herein).
10.3	Form of Restricted Stock Award Agreement for non-employee directors pursuant to Incentive Plan.
10.4	Form of Restricted Stock Award Agreement for employees pursuant to Incentive Plan.
10.5	Matrix Service Company Deferred Compensation Plan for Members of the Board of Directors effective December 31, 2006.
10.6	Form of Severance Agreement.
10.7	Form of Management Retention Agreement.
10.8	Amendment to Award Agreements by and between Matrix Service Company and Hugh E. Bradley dated as of October 23, 2006.

MATRIX SERVICE COMPANY
RESTRICTED STOCK AWARD AGREEMENT

_____, 20__

«Grantee»
«Address1»
«Address2»
«City», «State» «PostalCode»

Dear «FirstName»:

1. Restricted Stock Award. Matrix Service Company, a Delaware corporation (the “Company”), hereby grants to you an aggregate of «Shares» shares of common stock, par value \$.01 per share, of the Company (the “Restricted Shares”). This award is subject to your acceptance of and agreement to all of the applicable terms, conditions, and restrictions described in the Company’s 2004 Stock Incentive Plan, as amended and restated effective October 23, 2006, and as further amended by Amendment 1 thereto (the “Plan”), a copy of which is on file with, and may be obtained from, the Secretary of the Company, and to your acceptance of and agreement to the further terms, conditions, and restrictions described in this Restricted Stock Award Agreement (this “Award Agreement”). To the extent that any provision of this Award Agreement conflicts with the expressly applicable terms of the Plan, it is hereby acknowledged and agreed that those terms of the Plan shall control and, if necessary, the applicable provisions of this Award Agreement shall be hereby deemed amended so as to carry out the purpose and intent of the Plan.

2. Form of Restricted Stock; Possession of Certificates. The Company may issue the Restricted Shares to you by book-entry registration or by issuance of a certificate or certificates for the Restricted Shares in your name. In the event the Company issues a certificate or certificates for the Restricted Shares, the Company shall retain the certificate(s) for the period during which the restrictions described in Section 4(b) are in effect and you shall execute and deliver to the Company a stock power or stock powers in blank for the Restricted Shares. You hereby agree that the Company shall hold the certificate(s), if any, for the Restricted Shares and the related stock power(s) pursuant to the terms of this Award Agreement until such time as the restrictions described in Section 4(b) lapse as described in Section 5 or the Restricted Shares are canceled pursuant to the terms of Section 4(b).

3. Ownership of Restricted Shares. You shall be entitled to all the rights of absolute ownership of the Restricted Shares, including the right to vote such shares and to receive cash dividends therefrom if, as, and when declared by the Company’s Board, subject, however, to the terms, conditions, and restrictions described in the Plan and in this Award Agreement.

4. Restrictions.

(a) Your ownership of the Restricted Shares shall be subject to the restrictions set forth in subsection (b) of this Section until the conditions set forth in Section 5 are met, at which time the Restricted Shares shall no longer be subject to such restrictions.

(b) The restrictions referred to in subsection (a) of this Section are as follows:

(1) At the time you no longer serve as a director of the Company, you shall forfeit any Restricted Shares for which the conditions set forth in Section 5 below have not been satisfied to the Company and all of your rights thereto shall terminate without any payment of consideration by the Company. If you forfeit any Restricted Shares and your interest therein terminates pursuant to this paragraph, such Restricted Shares shall be canceled.

(2) You may not sell, assign, transfer, pledge, mortgage, hypothecate, or otherwise dispose of or encumber the Restricted Shares.

5. Satisfaction of Conditions.

(a) The restrictions described in Section 4(b) shall lapse with respect to _____ of the Restricted Shares on the _____ anniversary of the date of this Award Agreement (the "Measurement Date"), but only if and to the extent the Performance Goals set forth in this subsection (a) are met. The Performance Goals are as follows:

[Insert Performance Goals]

The Performance Goals will be measured when _____. The Committee has the final authority to determine whether the Performance Goals have been met and to what extent.

(b) Notwithstanding the provisions of subsection (a) of this Section, the restrictions described in Section 4(b) shall lapse with respect to all Restricted Shares upon the occurrence of any of the following events:

(1) Your death, "Disability" (as defined in Section 9(a)) or your Retirement (as defined in Section 9(b)); or

(2) A "Change of Control" (as defined in the Plan) of the Company.

6. Adjustment of Shares. The number of Restricted Shares subject to this Award Agreement shall be adjusted as provided in Section 12 of the Plan. Any shares or other securities received by you as a stock dividend on, or as a result of stock splits, combinations, exchanges of shares, reorganizations, mergers, consolidations or otherwise with respect to the Restricted Shares shall have the same terms, conditions and restrictions and bear the same legend as the Restricted Shares.

7. **Agreement With Respect to Securities Matters.** You agree that you will not sell or otherwise transfer any Restricted Shares except pursuant to an effective registration statement under the U.S. Securities Act of 1933, as amended, or pursuant to an applicable exemption from such registration.

8. **Restrictive Legend.** You hereby acknowledge that the certificate(s) for the Restricted Shares will bear a conspicuous legend referring to the terms, conditions, and restrictions described in the Plan and this Award Agreement, which legend shall be in substantially the same form as set forth in the Plan. Any attempt to dispose of any Restricted Shares in contravention of the terms, conditions, and restrictions described in the Plan or this Award Agreement shall be ineffective.

9. **Certain Definitions.** As used in this Award Agreement, the following terms shall have the respective meanings indicated:

(a) "Disability" shall mean your inability to perform substantially all the duties of your position as a director of the Company by reason of any medically determinable physical or mental impairment which is expected to be permanent and continues for more than 180 days. The Committee may require such proof of Disability as the Committee in its sole discretion deems appropriate and the Committee's determination as to whether you are disabled shall be conclusive, final and binding on all parties concerned.

(b) "Retirement" shall mean the voluntary termination of your position as a director of the Company on the date on which you become, or after attaining, 65 years of age.

Capitalized terms used in this Award Agreement and not otherwise defined herein shall have the respective meanings provided in the Plan.

If you accept this Restricted Stock Award and agree to the foregoing terms and conditions, please so confirm by signing and returning the duplicate copy of this Award Agreement enclosed for that purpose.

MATRIX SERVICE COMPANY

By: _____
Name: _____
Title: _____

The foregoing Restricted Stock Award is accepted by me as of _____, and I hereby agree to the terms, conditions, and restrictions set forth above and in the Plan.

«Grantee»

MATRIX SERVICE COMPANY
RESTRICTED STOCK AWARD AGREEMENT

_____, 20__

«Grantee»
«Address1»
«Address2»
«City», «State» «PostalCode»

Dear «FirstName»:

1. **Restricted Stock Award.** Matrix Service Company, a Delaware corporation (the “Company”), hereby grants to you an aggregate of «Shares» shares of common stock, par value \$.01 per share, of the Company (the “Restricted Shares”). This award is subject to your acceptance of and agreement to all of the applicable terms, conditions, and restrictions described in the Company’s 2004 Stock Incentive Plan, as amended and restated effective October 23, 2006, and as further amended by Amendment 1 thereto (the “Plan”), a copy of which is on file with, and may be obtained from, the Secretary of the Company, and to your acceptance of and agreement to the further terms, conditions, and restrictions described in this Restricted Stock Award Agreement (this “Award Agreement”). To the extent that any provision of this Award Agreement conflicts with the expressly applicable terms of the Plan, it is hereby acknowledged and agreed that those terms of the Plan shall control and, if necessary, the applicable provisions of this Award Agreement shall be hereby deemed amended so as to carry out the purpose and intent of the Plan.

2. **Form of Restricted Stock; Possession of Certificates.** The Company may issue the Restricted Shares to you by book-entry registration or by issuance of a certificate or certificates for the Restricted Shares in your name. In the event the Company issues a certificate or certificates for the Restricted Shares, the Company shall retain the certificate(s) for the period during which the restrictions described in Section 4(b) are in effect and you shall execute and deliver to the Company a stock power or stock powers in blank for the Restricted Shares. You hereby agree that the Company shall hold the certificate(s), if any, for the Restricted Shares and the related stock power(s) pursuant to the terms of this Award Agreement until such time as the restrictions described in Section 4(b) lapse as described in Section 5 or the Restricted Shares are canceled pursuant to the terms of Section 4(b).

3. **Ownership of Restricted Shares.** You shall be entitled to all the rights of absolute ownership of the Restricted Shares, including the right to vote such shares and to receive cash dividends therefrom if, as, and when declared by the Company’s Board, subject, however, to the terms, conditions, and restrictions described in the Plan and in this Award Agreement.

4. Restrictions.

(a) Your ownership of the Restricted Shares shall be subject to the restrictions set forth in subsection (b) of this Section until the conditions set forth in Section 5 are met, at which time the Restricted Shares shall no longer be subject to such restrictions.

(b) The restrictions referred to in subsection (a) of this Section are as follows:

(1) At the time of your termination of employment with the Company or Subsidiary you shall forfeit any Restricted Shares for which the conditions set forth in Section 5 below have not been satisfied to the Company and all of your rights thereto shall terminate without any payment of consideration by the Company. If you forfeit any Restricted Shares and your interest therein terminates pursuant to this paragraph, such Restricted Shares shall be canceled.

(2) You may not sell, assign, transfer, pledge, mortgage, hypothecate, or otherwise dispose of or encumber the Restricted Shares.

5. Satisfaction of Conditions.

(a) _____ of the Restricted Shares shall be designated as "Service Shares". The restrictions described in Section 4(b) shall lapse with respect to the Service Shares as follows: [Insert time period].

(b) _____ of the Restricted Shares shall be designated as "Performance Shares". The restrictions described in Section 4(b) shall lapse with respect to the Performance Shares on the _____ anniversary of the date of this Award Agreement (the "Measurement Date"), but only if and to the extent the Performance Goals set forth in this subsection (b) are met. The Performance Goals are as follows:

[Insert Performance Goals]

The Performance Goals will be measured when _____. The Committee has the final authority to determine whether the Performance Goals have been met and to what extent.

(c) Notwithstanding the provisions of subsections (a) and (b) of this Section, the restrictions described in Section 4(b) shall lapse with respect to all Restricted Shares upon the occurrence of any of the following events:

(1) Your death, "Disability" (as defined in Section 10(a)) or your Retirement (as defined in Section 10(b)); or

(2) A "Change of Control" (as defined in the Plan) of the Company.

6. Agreement With Respect to Taxes; Share Withholding.

(a) You agree that (1) you will pay to the Company or an Affiliate, as the case may be, in cash, or make arrangements satisfactory to the Company or such Affiliate regarding the payment of any taxes of any kind required by law to be withheld by the Company or any of its Affiliates with respect to the Restricted Shares and (2) the Company or any of its Affiliates shall, to the extent permitted by law, have the right to deduct from any payments of any kind otherwise due to you any taxes of any kind required by law to be withheld with respect to the Restricted Shares.

(b) You agree that, if required by applicable law, you shall pay any taxes no later than the date as of which the value of the Restricted Shares first become includible in your gross income for income tax purposes; provided, however, that the Committee may, in accordance with Section 11(b) of the Plan, permit you to: (i) elect withholding by the Company of Restricted Shares otherwise deliverable to you pursuant to this Award Agreement (provided, however, that the amount of any Restricted Shares so withheld shall not exceed the amount necessary to satisfy the Company's or any Affiliate's required tax withholding of obligations using the minimum statutory withholding rates for Federal, state and/or local tax purposes, including payroll taxes, that are applicable to supplemental taxable income) and/or (ii) tender to the Company shares of Stock owned by you (or by you and your spouse jointly) and acquired more than six (6) months prior to such tender in full or partial satisfaction of such tax obligations, based, in each case, on the Fair Market Value of the Stock on the payment date as determined by the Committee.

7. Adjustment of Shares. The number of Restricted Shares subject to this Award Agreement shall be adjusted as provided in Section 12 of the Plan. Any shares or other securities received by you as a stock dividend on, or as a result of stock splits, combinations, exchanges of shares, reorganizations, mergers, consolidations or otherwise with respect to the Restricted Shares shall have the same terms, conditions and restrictions and bear the same legend as the Restricted Shares.

8. Agreement With Respect to Securities Matters. You agree that you will not sell or otherwise transfer any Restricted Shares except pursuant to an effective registration statement under the U.S. Securities Act of 1933, as amended, or pursuant to an applicable exemption from such registration.

9. Restrictive Legend. You hereby acknowledge that the certificate(s) for the Restricted Shares will bear a conspicuous legend referring to the terms, conditions, and restrictions described in the Plan and this Award Agreement, which legend shall be in substantially the same form as set forth in the Plan. Any attempt to dispose of any Restricted Shares in contravention of the terms, conditions, and restrictions described in the Plan or this Award Agreement shall be ineffective.

10. Certain Definitions. As used in this Award Agreement, the following terms shall have the respective meanings indicated:

(a) "Disability" shall mean your inability to perform substantially all the duties of your employment position with the Company or Subsidiary by reason of any medically

determinable physical or mental impairment which is expected to be permanent and continues for more than 180 days. The Committee may require such proof of Disability as the Committee in its sole discretion deems appropriate and the Committee's determination as to whether you are disabled shall be conclusive, final and binding on all parties concerned.

(b) "Retirement" shall mean the voluntary termination of your full-time employment with the Company or Subsidiary on the date on which you become, or after attaining, 65 years of age.

Capitalized terms used in this Award Agreement and not otherwise defined herein shall have the respective meanings provided in the Plan.

If you accept this Restricted Stock Award and agree to the foregoing terms and conditions, please so confirm by signing and returning the duplicate copy of this Award Agreement enclosed for that purpose.

MATRIX SERVICE COMPANY

By: _____
Name: _____
Title: _____

The foregoing Restricted Stock Award is accepted by me as of _____, and I hereby agree to the terms, conditions, and restrictions set forth above and in the Plan.

«Grantee»

**MATRIX SERVICE COMPANY
DEFERRED COMPENSATION PLAN
FOR MEMBERS OF THE BOARD OF DIRECTORS**

I. Introduction

This Matrix Service Company Deferred Compensation Plan for Members of the Board of Directors (“Plan”) is adopted effective December 31, 2006. This Plan amends the Matrix Service Company Deferred Compensation Plan for Members of the Board of Directors adopted effective January 1, 2005 (the “2005 Plan”) and the Deferred Fee Plan for Members of the Board of Directors of Matrix Service Company adopted effective October 18, 2000 (the “2000 Plan”).

This Plan is intended to comply in all material aspects with Code¹ § 409A and the Treasury Regulations promulgated thereunder.

The purpose of this Plan is to permit members of the Board of Directors of Matrix Service Company (“Matrix”) to defer compensation earned for services rendered from the Effective Date, forward, under the terms and conditions therein. The purpose of this Plan is to bring the 2000 Plan and the 2005 Plan into compliance with the provisions of Code § 409A and the applicable Treasury Regulations.

The terms and conditions set forth herein govern in all aspects the rights and obligations of Matrix Service Company and the “Participants” as defined herein in Article II, below. The terms and conditions set forth herein govern all Elections to defer compensation and all payments due under such Elections under the 2000 Plan and the 2005 Plan from December 31, 2006, forward. However, Elections made and vesting dates established under the 2000 Plan and 2005 Plan shall remain in full force and effect, and the vesting dates under these prior arrangements shall not be accelerated on account of the amendments provided by this Plan.

II. Definitions

Capitalized terms appearing in this Plan have the meanings set forth below.

A. “Beneficiary” means the person or persons the Participant has designated to receive the Units, Phantom Stock or Compensation in the event of the Participant’s death. The term “Beneficiary” includes any trust established by the Participant and designated by the Participant as the Beneficiary under this Plan.

B. “Board” means the Board of Directors of Matrix Service Company.

¹ “Code” means the Internal Revenue Code of 1986, as amended.

C. "Change of Control" means (i) a "change in ownership" of Matrix of greater than fifty percent (50%) of Matrix' outstanding voting stock within a six (6) month period; (ii) a "change in the effective control" of Matrix, as determined by a change of greater than thirty-five percent (35%) of Matrix outstanding voting stock by a person or persons acting as a group within a twelve (12) month period; or (iii) a "change in the ownership of a substantial portion of the assets" of Matrix Service Company as these terms are defined under Code § 409A(a)(2)(A)(v) and Treasury Regulations § 1.409A-3(g)(5) or other then existing and applicable Treasury Regulations promulgated under Code § 409A that define the terms "change of control" for deferred compensation arrangements.

Upon identification and notice to the Board of the occurrence of one of the above events, the Board shall consider all the facts and circumstances at its next meeting, and shall confirm or deny by resolution or majority vote, whether a "Change of Control" exists within the meaning of this Agreement. Any similar determination by the Board that a "Change of Control" has occurred ;under the terms of any other deferred compensation or stock option plan offered by Matrix to executives or Board members shall also constitute a determination that a "Change of Control" has occurred under this Plan.

D. "Compensation" means all payments, as applicable, of Units, Phantom Stock or Deferred Fees as indicated by an Election Agreement made under this Plan, the 2000 Plan or the 2005 Plan.

E. "Deferred Fees" means Fees deferred under an Election Agreement and payable as Compensation under such Election Agreement. The term "Fees" includes the term "Unit(s)" under the 2000 and 2005 Plans.

F. "Disability" means

1. That the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months as certified to the Board by the Participant's attending physician; or
2. That the Participant is, by reason of such certified medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Participant's employer; or
3. That the Participant has been determined to be totally disabled by the Social Security Administration.

G. "Election" means the designation to defer Fees.

H. "Election Agreement" means the individual agreements executed by Matrix Service Company and each Participant under this Plan, the 2000 Plan or the 2005 Plan. The term "Election Agreement" includes the term "Deferred Fee Agreement" as defined by the 2000 Plan.

I. "Effective Date" means December 31, 2006.

J. "Fees" means all money provided to a Member by Matrix Service Company each Plan Year in exchange for the Member's service to the Board.

K. "Matrix" means Matrix Service Company or any successor to Matrix Service Company as provided in Section VI.B., herein below.

L. "Member" means any individual person who serves on the Board.

M. "Participant" means a Member who has executed an Election Agreement.

N. "Plan Year" means the 12-month period from January 1st to December 31st each calendar year.

O. "Payment Date" means the date the Participant is entitled to Compensation under the terms of this Plan. The terms of this Plan supercede the terms of the 2000 Plan and 2005 Plan as to the Payment Date.

P. "Termination Date" means the date that the Participant separates from service and neither the Participant nor Matrix anticipates, in good faith, that the Participant will return to service on the Board or will, in the future, ever be hired by Matrix as an employee or independent contractor in some other capacity.

Q. "Unit" means "Phantom Stock" as defined under the 2000 Plan and "Unit" as defined under the 2005 Plan and includes that unitary measure, having a monetary value equal to one share of Matrix' common stock traded at the close of the Nasdaq Exchange on the effective date of the Participant's Election Agreement or Payment Date (as applicable). If the effective date of the Participant's Election Agreement or Payment Date falls on a weekend or holiday, the value of the Unit shall be calculated as of the close of the Nasdaq Exchange on the first business day after the Payment Date.

III. Eligibility, Elections and Participation

A. Eligibility. Any person who is a Member is eligible to be a Participant in this Plan, so long as the Member has not received Compensation as a Participant in this

Plan, the 2000 Plan or the 2005 Plan within the twelve (12) months prior to the date the Participant first became a Member. For purposes of the initial Plan Year of this Plan, a Member is eligible to become a Participant on the first day of the month following the Board's resolution or consent to adopt the Plan.

B. Authority to Execute the Election Agreement. The Board will delegate to a Matrix officer the authority to execute an Election Agreement on behalf of Matrix with any Member who is eligible under subsection III.A.

C. Election and Participation. An eligible Member must execute an initial Election Agreement as to Fees earned during the first year of services to the Board within thirty (30) days of becoming a Member. A Member who timely signs an Election Agreement under this Plan, the 2000 Plan or the 2005 Plan is a Participant under this Plan and is bound by the terms of the Plan.

D. Annual Elections.

1. Outstanding Elections. Election Agreements executed under the 2000 Plan and 2005 Plan shall constitute binding Election Agreements under this Plan, so long as the terms of such Election Agreements do not conflict with the terms of this Plan. Where the terms of the Election Agreements executed under the 2000 Plan or 2005 Plan may conflict with the terms of this Plan, the terms of this Plan shall control. Election Agreements executed under the 2000 Plan and 2005 Plan shall be deemed amended to the extent necessary to cause them to conform to the terms of this Plan.

2. Elections Under This Plan. Each eligible Member who desires to elect deferred Fees for an upcoming PlanYear pursuant to this Plan, and therefore become a Participant, must execute an Election Agreement prior to December 31st of the Plan Year prior to the calendar year in which Fees will be earned. For example, a Participant who desires to defer Fees in 2007 must execute an Election Agreement covering such Fees no later than December 31, 2006. If no Election is made, the Member will be compensated for Fees in cash according to the regular and customary method and payment schedule adopted by the Board.

E. Fees Covered by an Election. An eligible Member may specify a portion of Fees to be covered by an Election Agreement, at the Member's discretion.

F. Nature of the Election/Form of Payment. A Participant may make an Election to receive Deferred Fees that are to be paid Compensation under this Plan only as described in Article IV herein. Elections to receive Deferred Fees and be paid Compensation in Units under the 2000 Plan or 2005 Plan shall, nevertheless, be honored and payments of Compensation shall be made in amounts specified by the 2000 Plan or 2005 Plan as applicable.

G. Binding Nature of Elections. Once an Election Agreement is executed by a Member and Matrix, the Election Agreement may not be modified, amended or revoked for any reason whatsoever.

IV. Terms and Conditions Governing Deferred Fees and Payments of Compensation.

A. Duration of Deferral. Each Election Agreement shall defer Fees covered by the Election Agreement to the date of the triggering event that is the *first* to occur as follows (the “Triggering Event”):

1. The Termination Date;
2. The “Vesting Date” defined under an Election Agreement entered into by a Participant under the 2000 Plan (but only if entered into prior to December 31, 2005);
3. Five (5) years following the Effective Date of the Participant’s Election Agreement;
4. The date of a Change of Control; or
5. The date of a the Participant’s Disability
6. The date of the Participant’s death.

Neither the Participant, nor any Beneficiary or assignee of the Participant, shall have any right to Compensation until the occurrence of the Triggering Event described above. The amount of Compensation due any Participant under this Plan and the applicable Election Agreement shall be calculated as of the date of the applicable Triggering Event. Participants, and any Beneficiary of any Participant, are unsecured, general creditors of Matrix as to all amounts of Compensation payable under the Plan up to and including the Payment Date. In no event shall a Participant’s right to Compensation, the Triggering Event, or the Payment Date be accelerated.

B. Time of Payment: The Payment Date. The Payment Date for Compensation under this Plan shall be:

1. Within thirty (30) calendar days of the expiration of twelve (12) months from the Participant’s Termination Date, so long as the Participant has not become a Member of the Board within that twelve (12) month period and has not contracted with Matrix or become an employee of Matrix within that period;
2. Within thirty (30) calendar days of the date the Board determines the Participant has a Disability and has ceased being a Member as a result of the Disability;

3. Within thirty (30) days after the end of the five (5) year period following the date of the Participant's Election.
4. Within thirty (30) calendar days of the Change of Control of Matrix; or
5. Within thirty (30) calendar days of the Vesting Date defined under an Election Agreement entered into by a Participant under the 2000 Plan (but only if entered into prior to December 31, 2005).
6. Within thirty (30) calendar days of the date of the Participant's death, where death is the triggering event under subsection IV.A., above;

In the event a Participant becomes a Member of the Board, an independent contractor or employee of Matrix within the twelve (12) month period following the Participant's Termination Date, the Participant shall forfeit the right to Compensation on the Payment Date. In such an event, the Triggering Event for payment of Compensation to the Participant shall not be deemed to have occurred until the **first** to occur of one of the other Triggering Events specified above or the occurrence of a subsequent Termination Date.

C. Amount of Compensation. Compensation for Deferred Fees under this Plan shall be calculated as follows:

1. Where a Participant has executed an Election Agreement under this Plan on or after December 31, 2006, Compensation shall be equal to the amount of Deferred Fees commencing on the date of the Election, plus the rate of interest or earnings upon such Deferred Fees as specified in the Election Agreement for the period from the date of the Election to the date of the Triggering Event.
2. Where a Participant has executed an Election Agreement under the 2000 Plan or 2005 Plan the amount of Compensation shall be equal to the value of the Units or Compensation (including accrued interest) as specified by those Plans and defined by this Plan for the period from the date of Election to the date of the Triggering Event.

V. Forfeitures Notwithstanding any provision of this Plan, a Participant who has executed an Election Agreement will permanently forfeit his or her right to Deferred Fees and Compensation when, before any Payment Date, a unanimous vote of the Board is taken (the affected Participant abstaining) and it is determined by the Board that one of the following events has occurred:

A. Activity Adverse to Matrix. The Participant has engaged in activity that is adverse to Matrix' interests in connection with the Participant's obligation to service Matrix as a Member;

B. Fraudulent Activity. The Participant has engaged in activity that is willfully fraudulent and the activity has caused Matrix significant economic harm;

C. Conviction of a Felony. The Participant has been convicted of a felony under state or federal law, and the conviction has had an adverse impact upon Matrix.

The Board's determination that any one of these events has occurred is final and not reviewable or appealable under any administrative or judicial proceeding.

VI. Miscellaneous Provisions

A. Right to Terminate or Amend the Plan. The Board may amend or terminate this Plan at any time. However, the termination of this Plan shall not void Election Agreements then outstanding and shall not accelerate Triggering Events or Payment Dates specified herein as to such Election Agreements. Amendments to the Plan shall also not accelerate Triggering Events or Payment Dates specified herein for Election Agreements in force as of the date of the amendment.

B. Successors to Matrix Service Company. The Plan shall be deemed assigned to and binding upon any successor entity to Matrix, and shall remain in effect in the event such successor entity agrees to be bound by the terms of this Plan as provided by Section II. K, above. In the event a successor fails to take action to be bound by the terms of this Plan within sixty (60) days of its assuming control of Matrix, then this Plan is deemed terminated due to a Change of Control, and payments under this Plan shall become due and payable within thirty (30) days thereafter as provided by Section IV.B. of this Plan.

C. Governing Law. This Plan shall be construed and governed by the laws of the State of Oklahoma, except when superceded by federal law.

D. No Trust. Neither this Plan, nor any Election Agreement under this Plan, shall be deemed to create a trust in favor of any Member, Participant or Beneficiary.

E. No Assignment. The Participant's rights under this Plan may not be transferred, assigned or otherwise subject to alienation, except with respect to a designation of Beneficiary or Beneficiaries. The rights created under this Plan are not subject to the claims of any Participant's creditors.

F. Payment of Taxes. In the even that the terms of this Plan or any Election Agreement is deemed by any state or federal taxing authority to create a presently ascertainable value constructively received by the Participant on the effective date of the

Election Agreement, Matrix shall pay to the Participant the amount of any interest or penalties assessed specifically on account of the Plan's terms or a Participant's failure to include amounts of Deferred Fees into gross income in the tax year the Election is made.

G. Headings. Headings contained in this Plan are for the convenience of Matrix and the Participants and do no alter, supplement or amend the terms and conditions of the Plan.

H. No Contract for Services. The terms of this Plan do not create a contract for services for any specific duration between the Member and Matrix.

I. Entire Plan. This Plan contains the entire agreement between Matrix and the Participants and Members. Unless expressly referenced herein, the terms of any prior arrangement governing the same subject matter, including the terms of the 2000 Plan and 2005 Plan do not survive the adoption of this Plan. This Plan may not be amended absent a resolution or consent passed and/or executed by a majority of the Board.

MATRIX SERVICE COMPANY

By: _____

Its: _____

BOARD OF DIRECTORS OF MATRIX SERVICE COMPANY

MATRIX SERVICE COMPANY

SEVERANCE AGREEMENT

This Severance Agreement (“Agreement”) is entered into on this __ day of _____, 200__ by and between _____ (“Executive”) and Matrix Service Company (“Company”). This Agreement amends and replaces the _____ (the “Original Agreement”) executed by the parties effective _____, 20__, for the purpose of bringing the Original Agreement into compliance with the provisions of Code § 409A and any Treasury Regulations promulgated there under.

This Agreement is made and entered into by Company and Executive in consideration of his continuing service and commitment to the Company.

I. Definitions:

A. “Adverse Event” means that the Executive has experienced an event that has a material adverse impact on Executive’s job position, responsibilities, duties, authorities, compensation or opportunities within the Company. An Adverse Event shall be considered “material” under this Paragraph I.A when: (i) the Executive experiences any reduction in base salary; (ii) the Executive experiences a reduction in salary range or opportunity for increases in salary; (iii) the Executive experiences a reduction in incentive compensation range or opportunity; (iv) there is a material reduction in the Executive’s executive benefits or perquisites; (v) the Executive is reassigned to a position or role with a lower salary range, salary opportunity, incentive range or incentive opportunity; or (vi) the Executive experiences a material reduction in responsibilities.

B. “Cause” means, with reference to a Severance Event, that the Executive has been severed from employment with the Company because of Executive’s theft of Company property, embezzlement or dishonesty that results in harm to the Company; continued gross or willful neglect of his job responsibilities after receiving written warnings regarding such neglect from the Company; conviction of a felony or pleading *nolo contendere* to a felony charged under state or federal law; or willful violation of Company policy. A determination by the Company Board of Directors that an event constituting “Cause” under this Agreement has occurred shall be binding upon the Company and the Executive.

C. “Change of Control” means (i) a “change in ownership” of the Company of greater than fifty percent (50%) of the outstanding voting stock of the Company within a six (6) month period; (ii) a “change in the effective control” of the Company as determined by a change of greater than thirty-five percent (35%) of the outstanding voting stock of the Company by a person or persons acting as a group within a twelve (12) month period; or (iii) a “change in the ownership of a substantial portion of the assets of the Company as these terms are defined under Code § 409A(a)(2)(A)(v) and Treasury Regulations § 1.409A-3(g)(5) or other then existing and applicable Treasury Regulations promulgated under Code § 409A that define the terms “change of control” for deferred compensation arrangements.

Upon identification and notice to the Board of Directors of the Company (“Board”) of the occurrence of one of the above events, the Board shall consider all the facts and circumstances at its next meeting, and shall confirm or deny by resolution or majority vote whether a “Change of Control” exists within the meaning of this Agreement. Any similar determination by the Board that a “Change of Control” has occurred under the terms of any other deferred compensation or stock option plan offered by the Company to executives or Board members shall constitute a determination that a “Change of Control” has also occurred within the meaning of this Agreement.

D. “Severance Benefit” means a payment of money to the Executive equal to, and not exceeding, one (1) year’s annual compensation as defined under Treasury Regulation § 1.415-2(d) (as may be amended from time to time), but excluding any bonus compensation received from the Company, **plus** the average of all annual bonus compensation paid to the Executive in the three (3) calendar years prior to the date of the Triggering Event.

E. “Severance Event” means that the Executive has been severed from employment by the Company without “Cause.”

F. “Triggering Event” means an event described in Paragraph II.A, below.

II. Triggering Events and Payment of the Severance Benefit:

A. Triggering Events The Company shall pay the Executive the Severance Benefit only in the event one of the following Triggering Events:

1. There is a Change of Control of the Company and the Executive has suffered an Adverse Event or the Executive has suffered a Severance Event either on the date of the Change of Control or within twenty-four (24) months following the Change of Control date.
2. The Executive is terminated by the Company without Cause.

B. Payment of the Severance Benefit/Vesting of Stock Options

In the event a Triggering Event described in Paragraph II.A occurs:

1. Except with regard to a Forfeiture Event as described in Paragraph II.B.3, below, the Company shall pay to the Executive the Severance Benefit within the calendar year of the date of the Triggering Event and, generally, within thirty (30) business days of the date of the Triggering Event. In no event shall the payment of the Severance Benefit be made later than March 15th following the calendar year in which the Triggering Event occurred; and

2. Except with regard to a Forfeiture Event as described in Paragraph II.B.3 below, all stock options and other forms of similar equity benefits granted to the Executive shall immediately vest upon a Change of Control of the Company, and all restrictions on such benefits shall lapse. There shall be no accelerated vesting of stock options or lapse of restrictions on stock in the event Adverse Event is taken against the Executive by the Company or in the event of a Severance Event unrelated to a Change of Control.

3. Forfeiture Events.

(a) Notwithstanding the above, the Company shall pay the Executive the Severance Benefit only upon the condition that the Executive executes a waiver and release of claims and confidentiality agreement in a form satisfactory to the Company. Failure of the Executive to execute such agreement shall constitute an absolute forfeiture of the Severance Benefit.

(b) The Executive shall absolutely forfeit the Severance Benefit and any vesting of stock options in the event the Employee suffers a Triggering Event for "Cause."

III. Miscellaneous Provisions:

A. Right to Terminate or Amend the Agreement. The Company may amend or terminate this Agreement at any time prior to the date a Triggering Event occurs; provided, however, that any such amendment or termination shall not be effective in the event of an Adverse Event, Change of Control or Severance Event that occurs within twelve (12) months of any such amendment or termination.

B. Successors to the Company. This Agreement shall be deemed assigned to and binding upon any successor entity to the Company, and shall remain in effect in the event such successor entity agrees to be bound. In the event a successor entity fails to take action to be bound by this Agreement within sixty (60) days of its assuming control of the Company, then an Adverse Event as defined by this Agreement shall be deemed to have occurred and the Severance Benefit shall be paid to the Executive within thirty (30) days thereafter.

C. Governing Law. This Plan shall be construed and governed by the laws of the State of Oklahoma, except when superceded by federal law.

D. No Trust. This Agreement shall not be deemed to create a trust in favor of the Executive.

E. No Assignment. The Executive's rights under this Agreement may not be transferred, assigned or otherwise subject to alienation. The rights created under this Agreement are not subject to the claims of any of the Executive's creditors.

F. Payment of Taxes. In the event that the terms of this Agreement are deemed by any state or federal taxing authority to create a presently ascertainable value constructively received by the Executive on the effective date of the Agreement, the Company shall pay to the Executive the amount of any interest or penalties assessed specifically on account of the Agreement's terms.

G. Headings. Headings contained in this Agreement are for the convenience of the Company and Executive and do not alter, supplement or amend the terms and conditions of the Agreement.

H. No Contract for Services. The terms of this Agreement do not create a contract for services for any specific duration between the Company and Executive. Upon experiencing a Severance Event, the only right provided to the Executive is the right to receive any Severance Benefit due the Executive as stated herein.

I. Entire Agreement/Binding Nature of Agreement. This Agreement contains the entire agreement between the Company and Executive. Unless expressly referenced herein, the terms of any prior arrangement governing the same subject matter do not survive the execution of this Agreement.

“EXECUTIVE”

By: _____

“COMPANY”

MATRIX SERVICE COMPANY

By: _____

Its: _____

MATRIX SERVICE COMPANY

SEVERANCE AGREEMENT

This Severance Agreement (“Agreement”) is entered into on this __ day of _____, 200__ by and between _____ (“Employee”) and Matrix Service Company (“Company”). [This Agreement is written and intended to be in compliance with the provisions of Code § 409A and any Treasury Regulations promulgated there under.] [This Agreement amends and replaces the _____ (the “Original Agreement”) executed by the parties effective _____, 200__, for the purpose of bringing the Original Agreement into compliance with the provisions of Code § 409A and any Treasury Regulations promulgated there under.]

This Agreement is made and entered into by Company and Employee in consideration of her continuing service and commitment to the Company.

I. Definitions:

A. “Adverse Event” means that the Employee has experienced an event that has a material adverse impact on Employee’s job position, responsibilities, duties, authorities, compensation or opportunities within the Company. An Adverse Event shall be considered “material” under this Paragraph I.A where: (i) the Employee experiences any reduction in base salary; (ii) the Employee experiences a reduction in salary range or opportunity for increases in salary; (iii) the Employee experiences a reduction in incentive compensation range or opportunity; (iv) there is a material reduction in the Employee’s benefits or perquisites; (v) the Employee is reassigned to a position or role with a lower salary range, salary opportunity, incentive range or incentive opportunity; or (vi) the Employee experiences a material reduction in responsibilities.

B. “Cause” means, with reference to a Severance Event or Triggering Event, that the Employee has been severed from employment with the Company because of Employee’s theft of Company property, embezzlement or dishonesty that results in harm to the Company; continued gross or willful neglect of his job responsibilities after receiving written warnings regarding such neglect from the Company; conviction of a felony or pleading *nolo contendere* to a felony charged under state or federal law; or willful violation of Company policy. A determination by the Company Chief Executive Officer and Chief Financial Officer that an event constituting “Cause” under this Agreement has occurred shall be binding upon the Company and the Employee.

C. “Change of Control” means (i) a “change in ownership” of the Company of greater than fifty percent (50%) of the outstanding voting stock of the Company within a six (6) month period; (ii) a “change in the effective control” of the Company as determined by a change of greater than thirty-five percent (35%) of the Company’s outstanding voting stock by a person or persons acting as a group within a twelve (12) month period; or (iii) a “change in the ownership of a substantial portion of the assets of the Company as these terms are defined under Code § 409A(a)(2)(A)(v) and Treasury

Regulations § 1.409A-3(g)(5) or other then existing and applicable Treasury Regulations promulgated under Code § 409A that define the terms “change of control” for deferred compensation arrangements.

Upon identification and notice to the Board of Directors of the Company (“Board”) of the occurrence of one of the above events, the Board shall consider all the facts and circumstances at its next meeting, and shall confirm or deny by resolution or majority vote whether a “Change of Control” exists within the meaning of this Agreement. Any similar determination by the Board that a “Change of Control” has occurred under the terms of any other deferred compensation or stock option plan offered by the Company to Employees or Board members shall constitute a determination that a “Change of Control” has occurred within the meaning of this Agreement.

D. “Severance Benefit” means a payment of money to the Employee equal to one (1) year’s annual compensation as defined under Treasury Regulation § 1.415-2(d), as may be amended from time to time, excluding bonuses.

E. “Severance Event” means that the Employee has been severed from employment by the Company without Cause.

F. “Triggering Event” means an event described in Paragraph II.A, below.

II. Triggering Events and Payment of the Severance Benefit:

A. Triggering Events The Company shall pay the Employee the Severance Benefit only in the event there is one of the following Triggering Events:

1. There is a Change of Control of the Company and the Employee has suffered an Adverse Event on or within six (6) months following the Change of Control; or

2. The Employee has suffered a Severance Event either on the date of the Change of Control or within six (6) months following the Change of Control date.

B. Payment of the Severance Benefit/Vesting of Stock Options

In the event a Triggering Event described in Paragraph II.A occurs:

1. Except with regard to a Forfeiture Event as provided in Paragraph II.B.3, below, the Company shall pay to the Employee the Severance Benefit within the calendar year of the Triggering Event and, generally, within thirty (30) business days of the date of the Triggering Event. In no event shall the payment of the Severance Benefit be made later than March 15th following the calendar year in which the Triggering Event occurred; and

2. Except with regard to a Forfeiture Event as provided in Paragraph II.B.3, below, all stock options and other forms of similar equity benefits granted to the Employee shall immediately vest, and all restrictions on such benefits shall lapse.

3. Forfeiture Events.

(a) Notwithstanding the above, the Company shall pay the Employee the Severance Benefit only upon the condition that the Employee executes a waiver and release of claims and confidentiality agreement in a form satisfactory to the Company. Failure of the Employee to execute such agreement shall constitute an absolute forfeiture of the Severance Benefit.

(b) The Employee shall absolutely forfeit the Severance Benefit and any vesting of stock options in the event the Employee suffers a Triggering Event for "Cause."

III. Miscellaneous Provisions:

A. Right to Terminate or Amend the Plan. The Company may amend or terminate this Agreement at any time, in writing, prior to the date a Triggering Event occurs; provided, however, that any such amendment or termination shall not be effective in the event an Adverse Event, Change of Control or Severance Event occurs within twelve (12) months of any such amendment or termination.

B. Successors to the Company. This Agreement shall be deemed assigned to and binding upon any successor entity to the Company, and shall remain in effect in the event such successor entity agrees to be bound. In the event a successor entity fails to take action to be bound by this Agreement within sixty (60) days of its assuming control of the Company, then an Adverse Event as defined by this Agreement shall be deemed to have occurred and the Severance Benefit shall be paid to the Employee within thirty (30) days thereafter.

C. Governing Law. This Plan shall be construed and governed by the laws of the State of Oklahoma, except when superceded by federal law.

D. No Trust. This Agreement shall not be deemed to create a trust in favor of the Employee.

E. No Assignment. The Employee's rights under this Agreement may not be transferred, assigned or otherwise subject to alienation. The rights created under this Agreement are not subject to the claims of any of the Employee's creditors.

F. Payment of Taxes. In the event that the terms of this Agreement are deemed by any state or federal taxing authority to create a presently ascertainable value constructively received by the Employee on the effective date of the Agreement, the Company shall pay to the Employee the amount of any interest or penalties assessed specifically on account of the Agreement's terms.

G. Headings. Headings contained in this Agreement are for the convenience of the Company and Employee and do no alter, supplement or amend the terms and conditions of the Agreement.

H. No Contract for Services. The terms of this Agreement do not create a contract for services for any specific duration between the Company and Employee. Upon experiencing a Severance Event, the only right provided to the Employee is the right to receive any Severance Benefit due the Employee as stated herein.

I. Entire Agreement/Binding Nature of Agreement. This Agreement contains the entire agreement between the Company and Employee. Unless expressly referenced herein, the terms of any prior arrangement governing the same subject matter do not survive the execution of this Agreement.

“EMPLOYEE”

By: _____

“COMPANY”

MATRIX SERVICE COMPANY

By: _____

Its: _____

AMENDMENT TO AWARD AGREEMENTS

THIS AMENDMENT TO AWARD AGREEMENTS (this "Amendment") is made and entered into as of the 23rd day of October, 2006, by and between MATRIX SERVICE COMPANY, a Delaware corporation ("Company"), and HUGH E. BRADLEY, an individual ("Director").

WHEREAS, the parties entered into award agreements (individually, an "Agreement," and collectively, the "Agreements"), under the Matrix Service Company 1995 Nonemployee Directors Stock Option Plan, as amended (the "Plan"), pursuant to which Director was granted options to purchase shares of the common stock, par value \$0.01 per share, of the Company, at the exercise prices per share set forth in each respective Agreement, subject to the terms and conditions set forth in the Agreements and the Plan; and

WHEREAS, Director is retiring from his position as director with the Company effective October 23, 2006 (the "Retirement Date"); and

WHEREAS, the parties wish to amend the Agreements in order to accelerate the vesting of any remaining unvested options and extend the period in which to exercise all outstanding options.

NOW, THEREFORE, the parties hereby amend the Agreements as follows:

1. Accelerated Vesting. Notwithstanding anything in Section 3 of the Agreements to the contrary, effective as of the Retirement Date, all remaining stock options awarded to Director in 2004 and 2005 shall become immediately and fully exercisable.

2. Extension of Exercise Period. Notwithstanding anything in Section 3 of the Agreements to the contrary, effective as of the Retirement Date, the expiration date of the exercise period for all outstanding stock options granted to Director under the Plan that have vested on or before the Retirement Date, shall be extended to the first anniversary of the Retirement Date; provided, however, that no option shall be exercisable in any event after the expiration of ten years from the date of grant under the original Agreement.

3. Scope of Amendment. All Agreements with respect to all outstanding stock options granted to Director under the Plan shall be deemed to have been amended hereby in accordance with Sections 1 (to the extent applicable thereto) and 2 hereof. All other terms and provisions of the Agreements and the Plan shall remain in full force and effect.

4. Successors and Assigns. This Amendment shall be binding upon the Company and Director as well as the successors and assigns (if any) of the Company and Director.

5. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of Delaware.

IN WITNESS WHEREOF, Director and the Company have executed this Amendment as of October 23, 2006.

MATRIX SERVICE COMPANY

By: /s/ George L. Austin

George L. Austin,
Vice President Finance
and Chief Financial Officer

/s/ Hugh E. Bradley

HUGH E. BRADLEY, Director