

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-8**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933****MATRIX SERVICE COMPANY**

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)73-1352174
(I.R.S. Employer
Identification No.)**10701 East Ute Street**
Tulsa, Oklahoma
(Address of Principal Executive Offices)**74116**
(Zip Code)**MATRIX SERVICE COMPANY**
2004 STOCK OPTION PLAN
(Full title of the plan)**George L. Austin**
10701 East Ute Street
Tulsa, Oklahoma 74116
(918) 838-8822
(Name, address, including zip code, and telephone number,
including area code, of agent for service)**CALCULATION OF REGISTRATION FEE**

<u>Title of securities to be registered</u>	<u>Amount to be registered</u>	<u>Proposed maximum offering price</u>	<u>Proposed maximum aggregate offering price</u>	<u>Amount of registration fee</u>
Common Stock, par value \$0.01 per share	1,200,000	\$ 4.02(1)	\$4,824,000(1)	\$ 611(1)
Preferred Share Purchase Rights (2)	1,200,000	(2)		

- (1) Estimated solely for the purpose of calculating the registration fee, based upon the average of the high and low prices of a share of the Company's Common Stock on the NASDAQ National Market System on October 13, 2004 pursuant to Rule 457(c).
- (2) Each share of common stock is accompanied by a preferred share purchase right pursuant to a Rights Agreement dated November 2, 1999, with UMB Bank, N.A., as Rights Agent.

PART I

Information Required in the Section 10 (a) Prospectus

Item 1. Plan Information.*

Item 2. Registrant Information and Employee Plan Annual Information.*

- * Information required by Part I of Form S-8 to be contained in the Section 10 (a) Prospectus is omitted from this Registration Statement in accordance with Rule 428 under the Securities Act of 1933, as amended (the "1993 Act") and the Note to Part I of Form S-8.

PART II

Information Required in the Registration Statement

Item 3. Incorporation of Certain Documents by Reference.

Matrix Service Company ("the Company") incorporates herein by reference the following documents as of their respective dates as filed with the Securities and Exchange Commission (the "Commission"):

- (1) The Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2004;
- (2) The Company's Quarterly Report on Form 10-Q for the quarter ended August 31, 2004;
- (3) 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/A, which was filed with the Commission on September 28, 1990 and any subsequent amendments or reports filed for the purpose of updating this description; and
- (4) The description of the Company's preferred share purchase rights contained in the Company's Registration Statement on Form 8-A, which was filed with the Commission on November 9, 1999 and any subsequent amendments or reports filed for the purpose of updating this description.

All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than Current Reports filed under Items 2.02 or 7.01 of Form 8-K) after the date of this Registration Statement and prior to the filing of a post-effective amendment which indicates that all securities offered hereby have been sold or which deregisters all such securities then remaining unsold shall be deemed to be incorporated by reference in this Registration Statement and to be a part hereof from the date of filing such documents. Any statement contained in a document incorporated by reference shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained in any other subsequently filed incorporated document 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 this Registration Statement.

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.

The information required by Item 5. is not applicable to this Registration Statement.

Item 6. Indemnification of Directors and Officers.

Section 145 of the General Corporation Law of the State of Delaware (the "DGCL") provides, in part, that directors and officers of Delaware corporations are entitled, under certain circumstances, to be indemnified against all expenses and liabilities (including attorneys' fees) incurred by them as a result of suits brought against them in their capacity as a director or officer, if they acted in good faith and in a manner they 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 their conduct was unlawful; provided, that no indemnification may be made against expenses in respect of any claim, issue or matter as to which they shall have been adjudged to be liable to the corporation, unless and only to the extent that 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, they are fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper. Any such indemnification may be made by the corporation only as authorized in each specific case upon a determination by the stockholders or disinterested directors that indemnification is proper because the indemnitee has met the applicable standard of conduct.

The Company's certificate of incorporation and bylaws provide that it shall indemnify, to the full extent authorized or permitted by law (as now or hereafter in effect), any person involved, or threatened to be involved, including, without limitation as a party or witness, in any action, suit or proceeding (whether civil or criminal or otherwise) by reason of the fact that such person (including the heirs, executors, administrators or estate of such person), is or was a director, officer, employee or agent of the Company or by reason of the fact that such director or officer is or was serving at the Company's request, at any other corporation, partnership, joint venture, trust or other entity, in any capacity. The Company's certificate of incorporation and bylaws further provide that the Company may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of another partnership, joint venture, trust or other entity against any liability asserted against him and incurred by him in such capacity, or arising out of his status as such, to the fullest extent permitted under applicable law as then in effect. In addition, the Company's certificate of incorporation and bylaws provide that the Company may create a trust fund, grant a security interest and/or use other means (including, without limitation, letters of credit), as well as enter into contracts providing for indemnification to the full extent authorized or permitted by law to ensure the payment of such amounts as may become necessary to effect indemnification as provided therein, or elsewhere.

Moreover, the Company's certificate of incorporation further provides that its directors shall not be personally liable to the Company or its stockholders for or with respect to any acts or omissions in the performance of his or her duties as a director, except a director shall be liable to the extent provided by applicable law (i) for any breach of such director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for liability under Section 174 of the DGCL (involving certain unlawful dividends or stock repurchases) or (iv) for any transaction from which such director derived an improper personal benefit. This provision does not limit or eliminate the Company's rights or the rights of any stockholder to seek non-monetary relief such as an injunction or rescission in the event of a breach of a director's duty of care.

The Company has entered into indemnification agreements with its directors and executive officers which provide that the Company will indemnify them to the maximum extent permitted under Delaware law.

The Company also has obtained a policy of directors' and officers' liability insurance that insures the directors and officers against the cost of defense, settlement or payment of a judgment under certain circumstances.

Item 7. Exemption from Registration Claimed.

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

Item 8. Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
4.1	Restated Certificate of Incorporation of Matrix Service Company (filed as Exhibit 3.1 to the Company's Statement on Form S-1 (File No. 33-36081), as amended and incorporated herein by reference)
4.2	Bylaws of Matrix Service Company, as amended (filed as Exhibit 3.2 to the Company's Registration Statement on Form S-1 (File No. 33-36081), as amended, and incorporated herein by reference)
4.3*	Matrix Service Company 2004 Stock Option Plan
4.4*	Form of Stock Option Agreement for general use under the 2004 Stock Option Plan
4.5	Specimen Common Stock Certificate (Exhibit 4.1 to the Company's Registration Statement on Form S-1 (File No. 33-36081) filed July 26, 1990, is hereby incorporated by reference)

<u>Exhibit Number</u>	<u>Description</u>
4.6	Certification of Designations, Preferences and Rights of Series B Junior Preferred Stock dated November 12, 1999 (Exhibit 4.1 to the Company's Registration Statement on Form S-3 (File No. 333-117077), filed July 1, 2004 is hereby incorporated by reference)
5*	Opinion of Conner & Winters, P.C.
23.1*	Consent of Conner & Winters, P.C. (included in Exhibit 5)
23.2*	Consent of Ernst & Young LLP
24*	Power of Attorney (included on the signature page of this Registration Statement)

* Filed with this Registration Statement

Item 9. Undertakings.

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made of the securities registered hereby, 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 this 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 this Registration Statement;

provided, however, that the undertakings set forth in paragraphs (a)(1)(i) and (a)(1)(ii) above 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 this 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 further undertakes that, for purposes of determining any liability under the Securities Act of 1933, 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 this 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.

(h) Insofar as indemnification for liabilities arising under the Securities Act of 1933 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 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 Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant 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 Tulsa, State of Oklahoma, on the 19th day of October 2004.

Matrix Service Company

By: /s/ George L. Austin
George L. Austin
Chief Financial Officer

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned officers and directors of Matrix Service Company (the Company) hereby constitutes and appoints Bradley S. Vetal and George L. Austin, and each 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 any and all amendments (including post-effective amendments) to this Registration Statement under the Securities Act of 1933, as amended, 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 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 such 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 of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signatures</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Bradley S. Vetal</u> Bradley S. Vetal	Bradley S. Vetal President and Director (Principal Executive Officer)	October 19, 2004
<u>/s/ George L. Austin</u> George L. Austin	George L. Austin Chief Financial Officer (Principal Financial and Accounting Officer)	October 19, 2004
<u>/s/ Hugh E. Bradley</u> Hugh E. Bradley	Director	October 19, 2004
<u>/s/ Michael J. Hall</u> Michael J. Hall	Director	October 19, 2004
<u>/s/ I. Edgar Hendrix</u> I. Edgar Hendrix	Director	October 19, 2004
<u>/s/ Paul K. Lackey</u> Paul K. Lackey	Director	October 19, 2004
<u>/s/ Tom E. Maxwell</u> Tom E. Maxwell	Director	October 19, 2004

MATRIX SERVICE COMPANY
2004 STOCK OPTION PLAN

The purpose of the Matrix Service Company 2004 Stock Option Plan (the "Plan"), is to enable Matrix Service Company (the "Company") and its Subsidiaries to attract and retain highly qualified personnel who will contribute to the Company's success by their ability, ingenuity and industry and to provide incentives to the participating officers, employees, directors, consultants and advisors that are linked directly to increases in stockholder value and will therefore inure to the benefit of all stockholders of the Company (the "Eligible Participants"). Accordingly, under the Plan the Company may grant to Eligible Participants options ("Options") to purchase shares of the Company's common stock, par value \$.01 per share ("Common Stock"). Options granted under the Plan may be either (i) incentive stock options ("ISOs") which are qualified under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), with respect to grants to participating employees, or (ii) nonqualified stock options ("Nonqualified Options"), with respect to grants to participating employees and other Eligible Participants.

For purposes of the Plan, a "Subsidiary" shall be any corporation in which the Company has a direct or indirect ownership interest of 50% or more of the total combined voting power of all classes of stock in such corporation.

1. Administration and Interpretation

- A. Administration.** The Plan shall be administered by the Board of Directors of the Company (the "Board") or by the Compensation Committee (the "Committee") if the Committee has been appointed by the Board to administer the Plan. Unless the context otherwise requires the term, "Committee" shall refer to the independent members of the Board or the administrator of the Plan as from time to time may be appointed by the Board. The Committee may prescribe, amend and rescind rules and regulations for administration of the Plan and shall have full power and authority to construe and interpret the Plan. The Committee may correct any defect or any omission or reconcile any inconsistency in the Plan or in any grant made under the Plan in the manner and to the extent it shall deem desirable.

Committee members shall be appointed by and shall serve at the pleasure of the Board. All members of the Committee shall be "independent" as such term is defined in the rules and regulations of the Nasdaq National Market System, or of such other securities exchange as is the principal exchange for the listing and trading of the Company's Common Stock. The Board may from time to time appoint members of the

Committee in substitution for or in addition to members previously appointed and may fill vacancies, however caused, in the Committee. A majority of the members of the Committee shall constitute a quorum, and the acts of a majority of the members present at a meeting, or the acts of a majority of the members evidenced in writing, shall be the acts of the Committee. Members of the Committee may, in the discretion of the Board, receive compensation for their services as members, and all expenses and liabilities they incur in connection with the administration of the Plan shall be borne by the Company.

The day-to-day administration of the Plan may be carried out by such officers and employees of the Company or its Subsidiaries as shall be designated from time to time by the Committee. The Committee may employ attorneys, consultants, accountants, appraisers, brokers or other persons, and the Committee, the Company and the officers and employees of the Company shall be entitled to rely upon the advice, opinions or valuations of any such persons.

The Committee shall have the authority to make all decisions concerning Options granted under the Plan, including without limitation the selection of the persons to whom Options are granted, the number of shares of Common Stock subject to each Option and the terms and conditions of each Option, to construe the terms and provisions of the Plan and the option agreements ("Agreements") under which Options are granted, and to adopt, from time to time, such rules and regulations, not inconsistent with the terms of the Plan, as it may deem advisable to carry out the Plan. All decisions by the Committee shall be final. The effective date of an Option, as determined by the Committee, is referred to herein as the "Grant Date."

- B. Interpretation.** The interpretation and construction by the Committee of any provisions of the Plan or of any grant under the Plan and any determination by the Committee under any provision of the Plan or any such grant shall be final and conclusive for all purposes.
- C. Limitation on Liability.** Neither the Committee nor any member thereof shall be liable for any act, omission, interpretation, construction or determination made in connection with the Plan in good faith, and the members of the Committee shall be entitled to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including counsel fees) arising therefrom to the full extent permitted by applicable law and the articles of incorporation of the Company. The members of the Committee, if appointed, shall be named as insureds under any directors and officers liability insurance coverage that may be in effect from time to time.

2. Shares Subject to Grants Under the Plan

The aggregate number of shares, which may be issued under Options granted under the Plan, and the total number of shares that may be granted as Incentive Stock Options, shall not exceed 1,200,000 shares of Common Stock. Such shares may consist of authorized but unissued shares of Common Stock or previously issued shares of Common Stock reacquired by the Company. Any of such shares which remain unissued and which are not subject to outstanding Options at the termination of the Plan shall

cease to be subject to the Plan, but until termination of the Plan, the Company shall at all times make available a sufficient number of shares to meet the requirements of the Plan and the outstanding Options. The number of shares of Common Stock which are available for Options under the Plan shall be decreased to the extent an Option is exercised. If any Option, in whole or in part, expires or terminates unexercised or is canceled or forfeited, the shares theretofore subject to such Option may be subject to another Option granted under the Plan. The aggregate number of shares which may be issued under Options granted under the Plan shall be subject to adjustment as provided in Section 5 hereof.

3. Eligibility

The individuals who shall be eligible to receive Options under the Plan shall be such Eligible Participants as the Committee from time to time shall determine. In granting Options, the Committee shall take into consideration the contribution an individual has made or may make to the success of the Company or its Subsidiaries and such other factors as the Committee shall determine. The Committee shall also have the authority to consult with and receive recommendations from officers and other employees of the Company and its Subsidiaries with regard to these matters. In no event shall any individual or his legal representatives, heirs, legatees, distributees or successors have any right to participate in the Plan except to such extent, if any, as the Committee shall determine.

Options may be granted under the Plan from time to time in substitution for stock options, restricted stock or other stock-based compensation granted by other corporations where, as a result of a merger or consolidation of such other corporation with the Company or a Subsidiary, or the acquisition by the Company or a Subsidiary of the assets of such other corporation, or the acquisition by the Company or a subsidiary of stock of, or other beneficial ownership interest in, such other corporation, the individuals who held such other stock options, restricted stock or other stock-based compensation shall become eligible to receive Options under the Plan.

4. Grants and Terms of Options

- A. Grants of Options.** Grants of Options under the Plan shall be for such number of shares of Common Stock and shall be subject to such terms and conditions as the Committee shall designate.
- B. Terms of Options.** Each grant of an Option shall be evidenced by an Agreement executed by the recipient of the Option (the "Optionee") and an authorized officer of the Company. Each Agreement shall be in a form approved by the Committee, shall comply with and be subject to the terms and conditions of the Plan and may contain such other provisions, consistent with the terms and conditions of the Plan, as the Committee shall deem advisable. References herein to an Agreement shall include, to the extent applicable, any amendment to the Agreement and any interpretation or construction thereof by the Committee pursuant to this Plan.

- (1) **Exercise of Options.** Options shall not be exercisable prior to the date six months following the Grant Date. In addition, the Committee may include in each Agreement a provision stating that the Option granted therein may not be exercised in whole or in part for an additional period of time specified in such Agreement, and may further limit the exercisability of the Option in such manner as the Committee deems appropriate. Except as provided herein or as so specified in the Agreement or in a resolution of the Committee, any Option may be exercised in whole at any time or in part from time to time during its term. The Committee may, in its discretion, at any time and from time to time accelerate the exercisability of all or part of any Option. An Optionee may exercise an Option by providing written notice to the Company at any time or from time to time during the period such Option is exercisable and by satisfying such other conditions as are set forth in the Agreement relating to the Option including, without limitation, satisfying the requirements for tax withholding with respect to such exercise.
- (2) **Payment of Option Exercise Price.** Upon exercise of an Option, the full price per share (the "Exercise Price") for the shares with respect to which the Option is being exercised shall be payable to the Company (i) in cash or by check payable and acceptable to the Company or (ii) subject to the approval of the Committee given on the Grant Date as set forth in the Agreement, (a) by tendering to the Company shares of Common Stock owned by the Optionee having an aggregate market Value Per Share (as defined below) as of the date of exercise and tender that is not greater than the Exercise Price for the shares with respect to which the Option is being exercised and by paying any remaining amount of the Exercise Price as provided in (i) above; provided, however, that the Committee may, upon confirming that the Optionee owns the number of additional shares being tendered, authorize the issuance of a new certificate for the number of shares being acquired pursuant to the exercise of the Option less the number of shares being tendered upon the exercise, and return to the Optionee (or not require surrender of) the certificate for the shares being tendered upon the exercise; or (b) by the Optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the option exercise price; provided that in the event the Optionee chooses to pay the Option exercise as provided in (ii)(b) above, the Optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Committee shall prescribe as a condition of such payment procedure. Payment instruments will be received subject to collection.

- (3) **Number of Shares.** Each Agreement shall state the total number of shares of Common Stock that is subject to the Option, which number shall be subject to adjustment pursuant to Section 5.
- (4) **Exercise Price.** The Exercise Price for each option shall be fixed by the Committee on the Grant Date. The Exercise Price shall be the Market Value per Share on the Grant Date, but in no event less than the par value of the Common Stock. The Exercise Price shall be subject to adjustment pursuant to Section 5.
- (5) **Term.** The term of each Option shall be determined by the Committee at the Grant Date as set forth in the Agreement provided, however, that each Option shall expire no later than ten years from the Grant Date (such date, as determined by the Committee or provided for herein, being referred to hereafter as the “Expiration Time”).
- (6) **Market Value Per Share.** “Market Value Per Share” shall be determined as of any particular date by any fair and reasonable means determined by the Committee.
- (7) **Termination of Employment of Employee.**

(a) Except as may otherwise be determined by the Committee on the Grant Date as set forth in the Agreement, if the employment of an employee Optionee is terminated for “cause” (defined below), the Option granted to such employee Optionee shall automatically expire simultaneously with such termination and shall not be exercisable regardless of whether or to what extent any shares subject to the option have “vested” as of the date of such termination.

For purposes of this clause, “cause” shall mean:

- (i) final conviction of the Optionee of a felony under the laws of the United States or any state thereof which results or was intended to result directly or indirectly in gain or personal enrichment by the Optionee at the expense of the Company.
- (ii) participation by the Optionee 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
- (iii) gross and willful inattention to Optionee’s duties as an employee, director, consultant or advisor for a continuous period of three months other than due to Optionee’s total physical disability, or other cause reasonably beyond the control of Employee, which inattention to duty has a material adverse effect on the Company.

(b) Except as may otherwise be determined by the Committee on the Grant Date as set forth in the Agreement, if the employment of an employee Optionee is terminated due to the death of the employee Optionee or to the permanent disability of the employee Optionee (as determined under the standards of the Company's long-term disability program or, if no such program is in effect, as determined by the Committee) (each of such events being an "Acceleration Termination"), all of the remaining shares then subject to the Option held by such employee Optionee shall immediately vest in full and the Option as so accelerated may be exercised by the employee Optionee (or his estate, personal representative or beneficiary) at any time within the three-month period commencing on the day next following such Acceleration Termination (or if the employee Optionee dies or becomes disabled within the three-month period following such Acceleration Termination, within the next succeeding three months following such death or disability) to the full extent of all shares remaining subject to such Option on the day immediately prior to such Acceleration Termination.

(c) Except as may otherwise be determined by the Committee on the Grant Date as set forth in the Agreement, if the employment of an employee Optionee is terminated due to the retirement of the employee Optionee on or after reaching age 65 (or if prior to age 65, with the consent of the Committee) or is terminated voluntarily by the employee Optionee or is involuntarily terminated by the Company for any reason or for no reason other than for "cause" (each of such three events being a "Termination"), the Option may be exercised by the employee Optionee (or his estate, personal representative or beneficiary) at any time within the three-month period commencing on the day next following such Termination (or if the employee Optionee dies or becomes disabled within the three-month period following a Termination, within the next succeeding three months following such death or disability) to the full extent that the Optionee was entitled to exercise the Option on the day immediately prior to such Termination.

(d) In addition to such terms relating to the exercisability of an Option that may contained in the Agreement on the Grant Date in the discretion of the Committee, the Committee may, at any time after the Grant Date or the date of termination of an employee Optionee (i) accelerate the exercisability of all or a part of an Option that is not otherwise exercisable or (ii) provide that an Option shall remain outstanding and be exercisable following termination of employment (or other specified events in the case of nonemployees) on such other terms and conditions as the Committee shall approve.

(8) Termination of Non-Employees, Including Directors.

(a) Except as may otherwise be determined by the Committee on the Grant Date as set forth in the Agreement, if the service relationship between the Company and a non-employee Optionee or between the Company and a non-employee Optionee who is a member of the Board (herein called a "Director Optionee") is, in either case, terminated for "cause", the Option granted to such non-employee Optionee or Director Optionee shall automatically expire simultaneously with such termination and shall not be exercisable regardless of whether or to what extent any shares subject to the option have "vested" as of the date of such termination. For purposes of this clause, "cause" shall mean as such term is defined in subsection 4B(7)(a) above.

(b) Except as may otherwise be determined by the Committee on the Grant Date as set forth in the Agreement, if the employment of a non-employee Optionee or a Director Optionee is due to the death of the non-employee Optionee or the Director Optionee, (such event being an “Acceleration Non-Employee Termination”), all of the remaining shares then subject to the Option held by such non-employee Optionee or Director Nominee shall vest in such Optionee and may be exercised by the non-employee Optionee or the Director Optionee (or his estate, personal representative or beneficiary) at any time within the three-month period commencing on the day next following such Acceleration Non-Employee Termination (or if the non-employee Optionee or Director Optionee dies or becomes disabled within the three-month period following an Acceleration Non-Employee Termination, within the next succeeding three months following such death or disability) to the full extent of all unexercised shares subject to such Option on the day immediately prior to such Acceleration Non-Employee Termination.

(c) Except as may otherwise be determined by the Committee on the Grant Date as set forth in the Agreement, if the employment of a non-employee Optionee or a Director Optionee is voluntarily terminated by the non-employee Optionee or Director Optionee or is involuntary terminated by the Company for any reason or for no reason other than “cause” (each of such two events being a “Non-Employee Termination”), the Option held by such Optionee may be exercised by the non-employee Optionee or the Director Optionee (or his estate, personal representative or beneficiary) at any time within the three-month period commencing on the day next following such Non-Employee Termination (or if the non-employee Optionee or Director Optionee dies or becomes disabled within the three-month period following a Non-Employee Termination, within the next succeeding three months following such death or disability) to the full extent that the non-employee Optionee or Director Optionee was entitled to exercise the same on the day immediately prior to such Non-Employee Termination.

(d) In addition to such terms relating to the exercisability of an Option that may be contained in the Agreement on the Grant Date in the discretion of the Committee, the Committee may, at any time after the Grant Date or the date of termination of a non-employee Optionee or Director Optionee (i) accelerate the exercisability of all or a part of an Option that is not otherwise exercisable or (ii) provide that an Option shall remain outstanding and be exercisable following termination of such service or Director relationship (or other specified events in the case of nonemployees) on such other terms and conditions as the Committee shall approve.

(9) Special Terms Applicable to Incentive Stock Options. ISOs may be granted only to individuals who are employees of the Company at the time the ISO is granted. ISOs may be granted to the same individual on more than one occasion.

No employee shall be eligible to receive an ISO if, on the Grant Date, such employee owns (including ownership through the attribution provisions of Section 424 of the code) in excess of 10% of the outstanding voting stock of the Company (or of its parent or subsidiary as defined in Section 424 of the code) unless the following two conditions are met:

(a) the option price for the shares of Common Stock subject to the ISO is at least 110% of the fair market value of the shares of Common Stock on the Grant Date; and

(b) the Agreement provides that the term of the ISO does not exceed five years.

No employee shall be eligible to receive ISOs (under this Plan and all other option Plans of the Company, its parent and subsidiary corporations) that are exercisable for the first time in any calendar year with respect to stock with an aggregate fair market value (determined at the Grant Date) in excess of \$100,000. Notwithstanding any provision to the contrary in any Agreement pursuant to which Options are granted, options which are intended to be ISOs and would otherwise qualify as ISOs but for the requirement set forth in the preceding sentence, shall be treated as ISOs to the extent allowed under such requirement and the balance of such Options shall be treated as Nonqualified Options and their validity shall not be affected in any way whatsoever.

5. Recapitalization or Reorganization

- A.** The existence of the Plan and the Options granted hereunder shall not affect in any way the right or power of the Board or the shareholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of bonds, debentures, or shares of preferred stock ahead of or affecting Common Stock or the rights thereof, the dissolution or liquidation of the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding.
- B.** The shares with respect to which Options may be granted are shares of Common Stock as presently constituted. If, and whenever, prior to the termination of the Plan or the expiration of an outstanding Option, the Company shall effect a subdivision of shares of Common Stock or the payment of a stock dividend on Common Stock without receipt of consideration by the Company, the remaining shares of Common Stock available under the Plan and the number of shares of Common Stock with respect to which outstanding Options may thereafter be exercised shall be proportionately increased, and the Exercise price under outstanding Options shall be proportionately reduced. If and whenever, prior to the termination of the Plan or the expiration of an outstanding Option, the Company shall effect a consolidation of shares of Common Stock, the remaining shares of Common Stock available under the Plan and the number of shares of Common Stock with respect to which any outstanding Option may thereafter be exercised shall be proportionately reduced, and the Exercise price under the outstanding Options shall be proportionately increased.
- C.** Except as may otherwise be expressly provided in the Subsections 5A and 5B above, the issuance by the Company of shares of stock of any class or securities convertible into shares of stock of any class, for cash, property,

labor or services, upon direct sale, upon the exercise of rights or warrants to subscribe therefore, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, and in any case whether or not for fair value, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Common Stock available under the Plan or subject to Options theretofore granted or the Exercise Price per share.

- D.** If the Company effects a recapitalization or otherwise materially changes its capital structure (in a manner determined by the Committee that requires a change to the number or type of securities then issuable upon the exercise of an outstanding Option herein referred to as a "Fundamental Change"), then thereafter upon any exercise of an Option theretofore granted, the holder shall be entitled to purchase under such Option, in lieu of the number of shares of Common Stock that would have been received, the number and class of shares of stock and securities to which the holder would have been entitled pursuant to the terms of the Fundamental Change if, immediately prior to such Fundamental Change, the Optionee had been the holder of record of the number of shares of Common Stock issuable upon the exercise of such Option.

6. Recipient's Agreement

If, in the opinion of counsel for the Company, at the time of the exercise of any Option it is necessary or desirable, in order to comply with any then applicable laws or regulations relating to the sale of securities, for the individual exercising the option to agree to hold any shares issued to the individual for investment and without intention to resell or distribute the same and for the individual to agree to dispose of such shares only in compliance with such laws and regulations, the individual shall be required, upon the request of the Company, to execute and deliver to the Company a further agreement to such effect.

7. No Repricing

Except as otherwise provided in Section 5 of this Plan, without the affirmative vote of holders of a majority of the shares of Common Stock cast in person or by proxy at a meeting of the stockholders of the Company at which a quorum representing a majority of all outstanding shares of Common Stock is present either in person or by proxy, the Committee shall not approve a program providing for either (a) the cancellation of outstanding Options and the grant in substitution therefore of new Options having a lower exercise price than the canceled Options or (b) the amendment of outstanding Options to reduce the exercise price thereof. This paragraph shall not be construed to apply to "issuing or assuming a stock option in a transaction to which section 424(a) applies," within the meaning of Section 424 of the Code.

8. Miscellaneous

- A. No Employment Contract.** Nothing contained in the Plan shall be construed as conferring upon any employee the right to continue in the employ of the Company or any Subsidiary.
- B. Employment with Subsidiaries.** Employment by the Company for the purpose of this Plan shall be deemed to include employment by, and to continue during any period in which an employee is in the employment of, any Subsidiary.
- C. No Rights as a Shareholder.** A person granted an Option under the Plan shall have no rights as a shareholder with respect to shares covered by such person's Option until the date of the issuance of shares to the person upon the exercise of the Option. No adjustment will be made for dividends or other distributions or rights for which the record date is prior to the date of such issuance.
- D. No Restriction on Corporate Action.** Nothing contained in the Plan shall be construed to prevent the Company or any Subsidiary from taking any corporate action that is deemed by the Company or such Subsidiary to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan or any option granted under the Plan. No person that receives, or is eligible to receive, Options under the Plan shall have any claim against the Company or any Subsidiary as a result of any such action.
- E. Non-assignability.** Neither a person that receives Options under the Plan nor such person's beneficiary shall have the power or right to sell, exchange, pledge, transfer, assign or otherwise encumber or dispose of such person's or beneficiary's Options received under the Plan except by will or the laws of intestate succession; and to the extent any such option received under the Plan is awarded to a spouse pursuant to any divorce proceeding, such interest shall be deemed to be terminated and forfeited notwithstanding any vesting provisions or other terms herein or in the Agreement evidencing such option.
- F. Governing Law; Construction.** All rights and obligations under the Plan shall be governed by, and the Plan shall be construed in accordance with, the laws of the State of Delaware without regard to the principles of conflicts of laws. Titles and headings to Sections herein are for purposes of reference only, and shall in no way limit, define or otherwise affect the meaning or interpretation of any provision of the Plan.
- G. Amendment and Termination.** The Committee may from time to time and at any time alter, amend, suspend, discontinue or terminate this Plan and any grants of Options hereunder; provided, however, that no such action of the Committee may, without the approval of the shareholders of the Company, alter the provisions of the Plan so as to (A) materially increase the maximum number of shares of Common Stock that may be issued upon the exercise of Options granted under the Plan (except as provided in Section 5) or (B)

materially modify the requirements relating to eligibility to receive Options under the Plan. The Plan shall terminate on the tenth anniversary of the date this Plan is approved by a vote of the shareholders of the Company, and no options shall be awarded after such tenth anniversary.

- H. Preemption by Applicable Laws and Regulations.** Anything in the Plan or any Agreement to the Contrary notwithstanding, if, at any time specified herein or therein for the making of any determination or the taking of any action, any law, regulation or requirement of any governmental authority having jurisdiction in the premises shall require the Company to take any additional action not otherwise required by the Plan or an Agreement in connection with any such determination or action, the making of such determination or the taking of such action, as the case may be, shall be deferred until such additional action shall have been taken.
- I. Effective Date.** The Plan was initially adopted by the Board of Directors of the Company on January 20, 2004, and was approved by the Company's stockholders on March 23, 2004.
- J. Unfunded Status of the Plan.** The Plan is intended to constitute an "unfunded" plan for incentive compensation. With respect to any payments not yet made to an Optionee by the Company, nothing contained herein shall give any such Optionee any rights that are greater than those of a general creditor of the Company.
- K. Relationship of Plan to other Stock Option Plans of the Company.** This Plan shall be in addition to and not in lieu of or in substitution for, any stock based plan of the Company in effect on the effective date of this Plan as provided in paragraph 8.I. above. Accordingly, any shares of Common Stock that remain eligible for the grant of stock based compensation as of such effective date or thereafter under any such existing plan shall remain eligible for future grants notwithstanding the adoption of this Plan. The Company may issue grants under this Plan without first accessing the shares available under such existing plans or may grant shares under any one or more of the existing plans before accessing the shares available under this Plan.

**MATRIX SERVICE COMPANY
STOCK OPTION AGREEMENT**

This Agreement is effective as of <<GrantDate>>, among Matrix Service Company, a Delaware corporation (the “Company”), <<Optionee>> (“Optionee”) and the spouse, if any, of <<Optionee>>.

To carry out the purposes of the Matrix Service Company 2004 Stock Option Plan, as amended (the “Plan”), to which this Agreement is expressly subject, by affording Optionee the opportunity to purchase shares of Common Stock, par value \$0.01 per share, of the Company (“Stock”), and in consideration of the mutual agreements and other matters set forth herein and in the Plan, the Company and Optionee hereby agree as follows:

1. Grant of Option. The Company hereby grants to Optionee the right and option (the “Option”) to purchase all or any part of an aggregate of <<NumberofShares>> shares of Stock, on the terms and conditions set forth herein and in the Plan, a copy of which is attached hereto as Exhibit A and is incorporated herein by reference. It is intended that the Option qualify as an “incentive stock option” within the meaning of Section 422A of the Internal Revenue Code of 1986, as amended (the “Code”).

The Option, if not previously exercised, shall expire and not be exercisable after ten (10) years, unless earlier terminated as provided below.

2. Purchase Price. The purchase price of Stock purchased upon exercise of the Option shall be <<PurchasePrice>> per share, which has been determined to be not less than the fair market value of the Stock at the date of grant of the Option.

3. Exercise of Option. Subject to the earlier expiration of the Option as herein provided and subject to the terms and conditions contained herein, the Option may be exercised, by written notice (which complies in all respects with the provisions of this Agreement) to the Company as its principal executive office addressed to the attention of the Secretary of the Company, at any time and from time to time on and after <<GrantDate>>, such exercise to be effective at the time of receipt of such written notice at the Company’s principal executive office during normal business hours, but any exercise of the Option must be for a minimum of 100 shares of Stock and the Option shall only be exercisable in accordance with the attached schedule.

Optionee (or the person permitted to exercise the Option in the event of Optionee’s death) shall be and have all of the rights and privileges of a shareholder of record of the Company with respect to shares acquired upon exercise of the Option, effective upon such exercise.

4. Payment of Exercise Price. The purchase price of shares as to which the Option is exercised shall be paid in full at the time of exercise in cash.

5. Non-Transferability. The Option may not be transferred by Optionee otherwise than by will or the laws of descent and distribution.

6. Termination of Employment. If the Optionee's employment is terminated for "cause" (defined below), the Option shall automatically expire simultaneously with such termination. In the event of termination of an Optionee's employment or termination by the Company for any reason other than "cause", the Option may be exercised by the Optionee at any time within the three-month period commencing on the day next following such termination. For purposes of this clause, "cause" shall mean:

- (i) final conviction of the Optionee of a felony under the laws of the United States or any state thereof which results or was intended to result directly or indirectly in gain or personal enrichment by the Optionee at the expense of the Company;
- (ii) participation by the Optionee 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
- (iii) gross and willful inattention to Optionee's duties as an employee for a continuous period of three months other than due to Optionee's total physical disability, or another cause reasonably beyond the control of Shareholder, which inattention to duty has a material adverse effect on the Company.

In the event that an Optionee's employment with the Company shall terminate due to retirement or permanent disability, the Optionee shall have the right, subject to subsections (1) and (3) above, to exercise any Option at any time during the period of twelve months following such termination, to the extent the Option was exercisable on the termination date. The Committee shall determine whether, for purposes of the Plan, any termination of employment is due to retirement or permanent disability, and whether an authorized leave of absence on military or government service or for other reasons shall constitute a termination of employment.

If an Optionee shall die while entitled to exercise an Option, the Optionee's estate, personal representative or beneficiary, as the case may be, shall have the right, subject to subsections (1) and (3) above, to exercise the Option at any time during the period of 12 months following the date of the Optionee's death, to the extent that the Option was exercisable on the day of the Optionee's death.

Notwithstanding anything to the contrary, in the event that an employee dies or becomes permanently disabled, all unvested options will automatically become vested and may be exercisable in accordance with this paragraph 6.

The Committee may, in its discretion, (i) accelerate the exercisability of all or part of an Option that is not otherwise exercisable or (ii) provide that an Option shall remain outstanding and be exercisable following termination of employment (or other specified events in the case of non-employees) on such other terms and conditions as the Committee shall approve.

7. Withholding of Tax. To the extent that the exercise of the Option is a taxable event with respect to which the Company has a duty to withhold for federal or state income tax purposes, Optionee shall pay to the Company at the time of such exercise (or such other time as the law permits if Optionee is subject to Section 16(b) such amount of money as the Company may require to meet its obligation under applicable tax laws or regulations, and if Optionee fails to do so, the Company is authorized to withhold from any cash remuneration then or thereafter payable to Optionee any tax required to be withheld by reason of such resulting compensation income or otherwise refuse to issue or transfer any shares otherwise required to be issued pursuant to the terms hereof.

8. Status of Stock. Until the shares of Stock acquirable upon the exercise of the Option have been registered for issuance under the Securities Act of 1933, as amended (the "Act"), the Company will not issue such shares unless the Optionee provides the Company with a written opinion of legal counsel, who shall be satisfactory to the Company, addressed to the Company and satisfactory in form and substance to the Company's counsel, to the effect that the proposed issuance of such shares to the holder of the Option may be made without registration under the Act. If exemption from registration under the Act is available upon an exercise of the Option, Optionee (or the person permitted to exercise this option in the event of Optionee's death or incapacity), if requested by the Company to do so, will execute and deliver to the Company in writing an agreement containing such provisions as the Company may require to assure compliance with applicable securities laws.

Unless the offering, sale and delivery of shares of Stock acquirable upon exercise of the Option have been registered and continue to do so at the date of exercise hereof under the Act, Optionee agrees that the shares of Stock which Optionee acquires by exercising the Option shall be acquired for investment without a view to distribution, within the meaning of the Act, and shall not be sold, transferred, assigned, pledged or hypothecated in the absence of an effective registration statement for the shares under the Act and applicable state securities laws or an applicable exemption from the registration requirements of the act and any applicable state securities laws. Optionee also agrees that the shares of Stock which Optionee may acquire by exercising the Option will not be sold or disposed of in any manner which would constitute a violation of any other applicable securities laws, whether federal or state.

Optionee further agrees that the Option granted herein shall be subject to the requirement that, if at any time the Board shall determine, in its discretion, that the listing, registration or qualification of the shares subject to such Option upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the issue or purchase or issuance of shares hereunder, such Option may not be exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not reasonably accepted to the Board.

9. Employment Relationship. For purposes of this Agreement, Optionee, if an employee, shall be considered to be in the employment of the Company as long as Optionee remains an employee of either the Company, a parent or subsidiary corporation (as defined in section 425 of the Code) of the Company, or a corporation or a parent or subsidiary of such corporation assuming or substituting a new agreement for this Agreement. Any question as to whether and when there has been a termination of such employment, for purposes of this Agreement, and the cause of such termination, for purposes of this Agreement, shall be determined by the Committee, and its determination shall be final. Nothing herein shall give Optionee any right to continued employment or affect in any manner the right of the Company or any subsidiary or parent corporation to terminate the employment of Optionee.

10. Binding Effect. This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under Optionee. This Agreement and all actions taken shall be governed by and constructed in accordance with the laws of the State of Delaware. In the event of conflict between this Agreement and the Plan, the terms of the Plan shall control. The Committee shall have authority to construe the terms of this Agreement, and the Committee's determinations shall be final and binding on Optionee and the Company.

<<Optionee>> — **Information included in the Notice of Grant of Stock Options and Option Agreement**

[LETTERHEAD OF CONNER & WINTERS]

October 19, 2004
Matrix Service Company
10701 East Ute Street
Tulsa, Oklahoma 74116

Re: Matrix Service Company
Registration Statement on Form S-8 (the "Registration Statement")

Gentlemen:

We have acted as counsel for Matrix Service Company, a Delaware corporation (the "Company"), in connection with the filing with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), of the Registration Statement relating to an aggregate of 1,200,000 shares of Common Stock, par value \$.01 per share, of the Company (the "Shares"), issuable upon the exercise of options which may from time to time be granted, to directors, officers, employees, consultants and advisors of the Company or its subsidiaries pursuant to the Matrix Service Company 2004 Stock Option Plan (the "2004 Plan").

We have examined the Registration Statement being filed contemporaneously herewith. We have also examined and are familiar with an original or copy, the authenticity of which has been established to our satisfaction, of the 2004 Plan and all such documents, corporate records, and other instruments as we have deemed necessary to express the opinion herein set forth. In reaching the conclusions expressed in this opinion, we have (a) examined such certificates of public officials and of corporate officers and directors and such other documents and matters as we have deemed necessary or appropriate, (b) relied upon the accuracy of facts and information set forth in all such documents, and (c) assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as copies, and the authenticity of the originals from which all such copies were made. We have assumed that the consideration to be received by the Company for each of the Shares upon issuance will equal or exceed the par value per share of Common Stock of the Company.

Based on the foregoing, we are of the opinion that the Shares have been duly authorized and, when issued and paid for in accordance with the terms of the 2004 Plan and applicable authorized forms of Agreement thereunder, will be validly issued, fully paid, and non-assessable.

We are members of the bar of the State of Oklahoma. Our opinion expressed above is limited to the laws of the State of Oklahoma, the Delaware General Corporation Law and the federal laws of the United States of America, and we do not express any opinion herein concerning the laws of any other jurisdiction. As used herein, the term "Delaware General Corporation Law" includes the statutory provisions contained therein, all applicable provisions of the Delaware Constitution and judicial decisions interpreting these laws as of the date of this opinion.

We hereby consent to the Company's filing of this opinion as an exhibit to the Registration Statement and to the references to our firm in the Registration Statement. In giving this consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

Very truly yours,

Conner & Winters, P.C.

/s/ Conner & Winters, P.C.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement (Form S-8) pertaining to the 2004 Stock Option Plan of Matrix Service Company of our report dated August 10, 2004, with respect to the consolidated financial statements and schedule of Matrix Service Company included in its Annual Report (Form 10-K) for the year ended May 31, 2004, filed with the Securities and Exchange Commission.

ERNST & YOUNG LLP

Tulsa, Oklahoma
October 18, 2004