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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended March 31, 2011

or

☐ **Transition Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934**

For the transition period from ______ to ______

Commission File No. 1-15461

MATRIX SERVICE COMPANY
(Exact name of registrant as specified in its charter)

DELAWARE	**73-1352174**
(State of incorporation)	**(I.R.S. Employer Identification No.)**

5100 East Skelly Drive, Suite 700, Tulsa, Oklahoma 74135
(Address of principal executive offices and zip code)

Registrant’s telephone number, including area code: (918) 838-8822

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Inter Active Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of “accelerated filer”, “large accelerated filer”, and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 2, 2011 there were 27,888,217 shares of the Company’s common stock, $0.01 par value per share, issued and 26,438,116 shares outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

Matrix Service Company

Condensed Consolidated Statements of Income

(In thousands, except per share data)

(unaudited)

	Three Months Ended		Nine Months Ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Revenues	$136,333	$122,013	$463,423	$410,088
Cost of revenues	117,763	108,720	409,383	360,935
Gross profit	18,570	13,293	54,040	49,153
Selling, general and administrative expenses	10,930	13,248	32,655	34,711
Operating income	7,640	45	21,385	14,442
Other income (expense):				
Interest expense	(227)	(163)	(594)	(525)
Interest income	43	10	65	70
Other	485	208	595	752
Income before income tax expense	7,941	100	21,451	14,739
Provision for federal, state and foreign income taxes	3,018	37	8,152	5,634
Net income	$ 4,923	$ 63	$ 13,299	$ 9,105
Basic earnings per common share	$ 0.19	$ 0.00	$ 0.50	$ 0.35
Diluted earnings per common share	$ 0.18	$ 0.00	$ 0.50	$ 0.34
Weighted average common shares outstanding:				
Basic	26,425	26,307	26,389	26,258
Diluted	26,723	26,521	26,636	26,477

See accompanying notes.

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Matrix Service Company

Condensed Consolidated Balance Sheets

(In thousands)

(unaudited)

	March 31, 2011	June 30, 2010
Assets		
Current assets:		
Cash and cash equivalents	$ 63,375	$ 50,899
Accounts receivable, less allowances (March 31, 2011 - $1,553 and June 30, 2010 - $1,404)	91,287	87,327
Costs and estimated earnings in excess of billings on uncompleted contracts	40,642	40,920
Inventories	2,596	3,451
Income taxes receivable	—	1,779
Deferred income taxes	5,872	8,073
Other current assets	2,752	6,076
Total current assets	206,524	198,525
Property, plant and equipment at cost:		
Land and buildings	28,230	27,859
Construction equipment	54,754	52,086
Transportation equipment	19,703	19,192
Office equipment and software	14,876	14,358
Construction in progress	2,434	1,251
	119,997	114,746
Accumulated depreciation	(67,410)	(61,817)
	52,587	52,929
Goodwill	27,460	27,216
Other intangible assets	3,973	4,141
Other assets	2,263	1,997
Total assets	$292,807	$284,808

See accompanying notes.

Matrix Service Company

Condensed Consolidated Balance Sheets

(In thousands, except share data)

(unaudited)

	March 31, 2011	June 30, 2010
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 28,767	$ 44,769
Billings on uncompleted contracts in excess of costs and estimated earnings	36,897	28,877
Accrued insurance	7,477	8,257
Income taxes payable	800	—
Accrued wages and benefits	18,173	13,538
Current capital lease obligation	401	772
Other accrued expenses	2,479	6,572
Total current liabilities	94,994	102,785
Long-term capital lease obligation	46	259
Deferred income taxes	4,478	4,179
Total liabilities	99,518	107,223
Commitments and contingencies	—	—
Stockholders' equity:		
Common stock - $.01 par value; 60,000,000 shares authorized; 27,888,217 shares issued as of March 31, 2011, and June 30, 2010	279	279
Additional paid-in capital	113,124	111,637
Retained earnings	94,548	81,252
Accumulated other comprehensive income	1,364	495
	209,315	193,663
Less: Treasury stock, at cost – 1,450,800 shares as of March 31, 2011, and 1,546,512 shares as of June 30, 2010	(16,026)	(16,078)
Total stockholders' equity	193,289	177,585
Total liabilities and stockholders' equity	$292,807	$284,808

See accompanying notes.

Matrix Service Company

Condensed Consolidated Statements of Cash Flows

(In thousands)

(unaudited)

	Nine Months Ended	
	March 31, 2011	**March 31, 2010**
Operating activities:		
Net income	$ 13,299	$ 9,105
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization	8,250	8,880
Deferred income tax	2,191	256
Loss on sale of property, plant and equipment	7	26
Allowance for uncollectible accounts	321	2,838
Stock-based compensation expense	1,737	1,557
Tax benefit deficiency from the vesting of deferred shares	(139)	(393)
Other	165	118
Changes in operating assets and liabilities increasing (decreasing) cash:		
Accounts receivable	(4,281)	26,388
Costs and estimated earnings in excess of billings on uncompleted contracts	278	(4,477)
Inventories	855	536
Other assets	3,066	2,821
Accounts payable	(16,045)	(15,051)
Billings on uncompleted contracts in excess of costs and estimated earnings	8,020	(23,956)
Accrued expenses	(238)	(1,347)
Income tax receivable/payable	2,579	(2,267)
Net cash provided by operating activities	20,065	5,034
Investing activities:		
Acquisition of property, plant and equipment	(7,568)	(4,059)
Proceeds from asset sales	112	87
Net cash used by investing activities	$ (7,456)	$ (3,972)

See accompanying notes.

Matrix Service Company

Condensed Consolidated Statements of Cash Flows (continued)

(In thousands)

(unaudited)

	Nine Months Ended March 31, 2011	Nine Months Ended March 31, 2010
Financing activities:		
Issuances of common stock	$ 161	$ 67
Capital lease payments	(584)	(829)
Tax benefit of exercised stock options	49	2
Payment of debt amendment fees	(216)	—
Purchase of treasury shares	(272)	(428)
Net cash used by financing activities	(862)	(1,188)
Effect of exchange rate changes on cash	729	948
Net increase in cash and cash equivalents	12,476	822
Cash and cash equivalents, beginning of period	50,899	52,476
Cash and cash equivalents, end of period	$63,375	$53,298

Supplemental disclosure of cash flow information:

Cash paid during the period for:		
Income taxes	$ 3,126	$ 7,810
Interest	$ 499	$ 400
Non-cash investing and financing activities:		
Equipment acquired through capital leases	$ —	$ 236
Purchases of property, plant and equipment on account	$ 84	$ 100

See accompanying notes.

Matrix Service Company

Condensed Consolidated Statements of Changes in Stockholders' Equity and Comprehensive Income

(In thousands, except share data)

(unaudited)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total
Balances, June 30, 2010	$ 279	$111,637	$81,252	$(16,078)	$ 495	$177,585
Net income	—	—	13,299	—	—	13,299
Other comprehensive income	—	—	—	—	869	869
Comprehensive income						14,168
Exercise of stock options (31,000 shares)	—	81	(3)	83	—	161
Tax effect of exercised stock options and the vesting of deferred shares	—	(90)	—	—	—	(90)
Issuance of deferred shares (92,761 shares)	—	(241)	—	241	—	—
Treasury share purchases (28,049 shares)	—	—	—	(272)	—	(272)
Stock-based compensation expense	—	1,737	—	—	—	1,737
Balances, March 31, 2011	$ 279	$113,124	$94,548	$(16,026)	$ 1,364	$193,289
Balances, June 30, 2009	$ 279	$110,496	$76,387	$(16,146)	$ (219)	$170,797
Net income	—	—	9,105	—	—	9,105
Other comprehensive income	—	—	—	—	1,377	1,377
Comprehensive income						10,482
Exercise of stock options (11,500 shares)	—	36	—	31	—	67
Tax effect of exercised stock options and the vesting of deferred shares	—	(391)	—	—	—	(391)
Issuance of deferred shares (147,488 shares)	—	(403)	—	403	—	—
Treasury share purchases (44,904 shares)	—	—	—	(428)	—	(428)
Stock-based compensation expense	—	1,557	—	—	—	1,557
Balances, March 31, 2010	$ 279	$111,295	$85,492	$(16,140)	$ 1,158	$182,084

See accompanying notes.

Matrix Service Company

Notes to Condensed Consolidated Financial Statements

(unaudited)

Note 1 – Basis of Presentation

The condensed consolidated financial statements include the accounts of Matrix Service Company ("Matrix Service", "we", "our", "us" or the "Company") and its subsidiaries, all of which are wholly owned. Intercompany balances and transactions have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with Rule 10-01 of Regulation S-X for interim financial statements required to be filed with the Securities and Exchange Commission and do not include all information and footnotes required by generally accepted accounting principles for complete financial statements. However, the information furnished reflects all adjustments, consisting of normal recurring adjustments and other adjustments described herein that are, in the opinion of management, necessary for a fair statement of the results for the interim periods.

The accompanying condensed financial statements should be read in conjunction with the audited financial statements for the year ended June 30, 2010, included in the Company's Annual Report on Form 10-K for the year then ended. The Company's business is cyclical due to the scope and timing of projects released by its customer base. In addition, Matrix Service generates a significant portion of its revenues under a comparatively few major contracts, which often do not commence or terminate in the same period from one year to the next. Accordingly, results for any interim period may not necessarily be indicative of future operating results.

Note 2 – Uncompleted Contracts

Contract terms of the Company's construction contracts generally provide for progress billings based on attainment of project milestones. The excess of costs incurred and estimated earnings over amounts billed on uncompleted contracts is reported as a current asset. The excess of amounts billed over costs incurred and estimated earnings recognized on uncompleted contracts is reported as a current liability. Gross and net amounts on uncompleted contracts are as follows:

	March 31, 2011	June 30, 2010
	(in thousands)	
Costs incurred and estimated earnings recognized on uncompleted contracts	$612,226	$630,342
Billings on uncompleted contracts	608,481	618,299
	$ 3,745	$ 12,043
Presented as:		
Costs and estimated earnings in excess of billings on uncompleted contracts	$ 40,642	$ 40,920
Billings on uncompleted contracts in excess of costs and estimated earnings	36,897	28,877
	$ 3,745	$ 12,043

Progress billings in accounts receivable at March 31, 2011 and June 30, 2010 included retentions to be collected within one year of $13.3 million and $13.2 million, respectively. Contract retentions collectible beyond one year totaled $1.5 million and $0.1 million at March 31, 2011 and June 30, 2010.

Matrix Service Company

Notes to Condensed Consolidated Financial Statements

(unaudited)

Note 3 – Goodwill

The changes in the carrying value of goodwill by segment are as follows:

	Construction Services	Repair and Maintenance Services	Total
		(In thousands)	
Balance at July 1, 2010			
Goodwill	$ 31,427	$ 20,789	$ 52,216
Cumulative impairment loss	(25,000)	—	(25,000)
	6,427	20,789	27,216
Translation adjustment	—	244	244
Balance at March 31, 2011			
Goodwill	31,427	21,033	52,460
Cumulative impairment loss	(25,000)	—	(25,000)
	$ 6,427	$ 21,033	$ 27,460

Note 4 – Debt

The Company has a five-year, $75.0 million senior revolving credit facility ("Credit Facility") that expires on November 30, 2012. The Credit Facility is guaranteed by substantially all of the Company's subsidiaries and is secured by a lien on substantially all of the Company's assets. The Credit Facility is primarily used for the issuance of letters of credit and to fund working capital.

The credit agreement was amended, effective September 24, 2010, to waive the Company's non-compliance with the Fixed Charge Coverage Ratio covenant as of June 30, 2010, and to add back the charges related to the California Pay Practice Class Action Lawsuits discussed in Note 6 – Commitments and Contingencies, included in Part I, Item 1 of this report, to the calculation of Consolidated EBITDA. The amendment also modified the definition of the Fixed Charge Coverage Ratio.

The credit agreement includes a Senior Leverage Ratio covenant which provides that Consolidated Funded Indebtedness may not exceed 2.5 times Consolidated EBITDA, as defined in the credit agreement, over the previous four quarters. For the four quarters ended June 30, 2010 Consolidated EBITDA was $25.2 million and resulted in a capacity reduction to the Credit Facility of $12.0 million at June 30, 2010. For the four quarters ended March 31, 2011, Consolidated EBITDA was $31.5 million and did not cause a reduction to the available capacity under the Credit Facility at March 31, 2011.

Availability under the senior credit facility is as follows:

	March 31, 2011	June 30, 2010
	(In thousands)	
Credit Facility	$75,000	$75,000
Capacity constraint due to the Senior Leverage Ratio	—	12,049
Capacity under the Credit Facility	75,000	62,951
Letters of credit outstanding	7,484	11,622
Availability under senior credit facility	$67,516	$51,329

Matrix Service Company

Notes to Condensed Consolidated Financial Statements

(unaudited)

Interest rates and fees under the Credit Facility are as follows:

- Amounts borrowed under the Credit Facility bear interest at LIBOR or an Alternate Base Rate, plus in each case, an additional margin based on the Senior Leverage Ratio.
  - The additional margin on the LIBOR-based loans is between 2.00% and 2.75% based on the Senior Leverage Ratio.
  - The additional margin on the Alternate Base Rate loans is between 1.00% and 1.75% based on the Senior Leverage Ratio.
- The Alternate Base Rate is the greater of the Prime Rate, Federal Funds Effective Rate plus 0.50% or LIBOR plus 1.00%.
- The Unused Revolving Credit Facility Fee is between 0.35% and 0.50% based on the Senior Leverage Ratio.

The credit agreement includes significant covenants and restrictions that include the following:

- Our Tangible Net Worth must be an amount which is no less than the sum of $110.0 million, plus the net proceeds of any issuance of equity that occurs after November 30, 2008, plus 50% of all positive quarterly net income after November 30, 2008.
- The Senior Leverage Ratio must not exceed 2.50 to 1.00.
- The Asset Coverage Ratio must be greater than or equal to 1.45 to 1.00.
- The Fixed Charge Coverage Ratio must be greater than or equal to 1.25 to 1.00.
- Share repurchases are limited to $25.0 million in any calendar year.
- Acquisitions are permitted so long as the Company's Senior Leverage Ratio on a pro forma basis as of the end of the fiscal quarter immediately preceding the acquisition is below 1.00 to 1.00 and availability under the Credit Facility is at or above 50% after consummation of the acquisition. If the Senior Leverage Ratio on a pro forma basis as of the end of the fiscal quarter immediately preceding the acquisition is over 1.00 to 1.00 but below 1.75 to 1.00, acquisitions will be limited to $25.0 million in a twelve month period, provided there is at least $25.0 million of availability under the Credit Facility after the consummation of the acquisition.
- Other customary affirmative and negative covenants place certain restrictions on the Company, including limits on new debt, operating and capital lease obligations, asset sales and certain distributions, including dividends.

The Company is in compliance with all affirmative, negative, and financial covenants under the credit agreement and is at the lowest margin tier for the LIBOR and Alternate Base Rate loans and the lowest tier for the Unused Revolving Credit Facility Fee.

Matrix Service Company

Notes to Condensed Consolidated Financial Statements

(unaudited)

Note 5 – Income Taxes

The Company complies with ASC 740, "Income Taxes". Deferred income taxes are computed using the liability method whereby deferred tax assets and liabilities are recognized based on temporary differences between the financial and tax basis of assets and liabilities using presently enacted tax rates. Valuation allowances are established against deferred tax assets to the extent management believes that it is not probable that the assets will be recovered.

Note 6 – Commitments and Contingencies

Insurance Reserves

The Company maintains insurance coverage for various aspects of its operations. However, exposure to potential losses is retained through the use of deductibles, coverage limits and self-insured retentions.

Typically our contracts require us to indemnify our customers for injury, damage or loss arising from the performance of our services. The Company may also be required to name the customer as an additional insured up to the limits of insurance available, or we may be required to purchase special insurance policies or surety bonds for specific customers or provide letters of credit in lieu of bonds to satisfy performance and financial guarantees on some projects. Matrix Service maintains a bonding line sufficient to support the business. The Company generally requires its subcontractors to indemnify the Company and the Company's customer and name the Company as an additional insured for activities arising out of the subcontractors' work. We also require certain subcontractors to provide additional insurance policies, including surety bonds in favor of the Company, to secure the subcontractors' work or as required by the subcontract.

There can be no assurance that our insurance and the additional insurance coverage provided by our subcontractors will fully protect us against a valid claim or loss under the contracts with our customers.

Material Legal Proceeding

California Pay Practice Class Action Lawsuits

On December 8, 2008 ("December 2008 Action") a class action lawsuit was filed in the Superior Court of California, Los Angeles County alleging that the Company's subsidiary, Matrix Service Inc. ("MSI"), and any subsidiary or affiliated company within the State of California had a consistent policy of failing to pay overtime wages in violation of California state wage and hour laws. Specifically, the lawsuit alleged that the Company was requiring employees to work more than 8 hours per day and failing to compensate at a rate of time and one-half, failing to pay double time for all hours worked in excess of twelve in one day, and not paying all wages due at termination. The class sought all unpaid overtime compensation, waiting time penalties, injunctive and equitable relief and reasonable attorneys' fees and costs. The class included approximately 1,500 current and former employees.

On September 1, 2009 ("September 2009 Action") a second class action lawsuit was filed in the Superior Court of California, Alameda County also alleging that MSI and Matrix Service Company failed to comply with California state wage and hour laws. The September 2009 Action included similar allegations to the December 2008 Action but also alleged that the Company did not provide second meal periods and third rest periods for employees who worked more than 10 hours in a day, complete and accurate itemized wage statements, compensation for all compensable travel time, and did not take bonus payments into account when calculating the regular wage rate, leading to incorrect overtime rates. The class sought all allowable compensation, penalties for rest and meal periods not provided, restitution and restoration of sums owed, statutory penalties, declaratory and injunctive relief, and attorneys' fees and costs. The plaintiffs then amended the September 2009 Action to assert damages under the Private Attorney General's Act. The September 2009 Action increased the class to approximately 2,300 current and former employees.

The cases were coordinated in Alameda County. At the plaintiff's request, mediation was held on September 7, 2010. In mediation, the parties executed a Memorandum of Understanding awarding the plaintiffs $4.0 million ("September Settlement"). The award was in addition to amounts previously

Matrix Service Company

Notes to Condensed Consolidated Financial Statements

(unaudited)

paid to the class members of $1.9 million. The September Settlement was subject to court approval and resolved all class member claims included in the December 2008 Action and the September 2009 Action. The award was designated to pay the class member claims, an enhancement award to the three named plaintiffs, the cost of administration, and the class members' attorneys' fees and costs. As a result of these actions and the related settlement, the Company recorded a cumulative charge of $6.1 million, of which $5.1 million was recorded in fiscal 2010 and $1.0 million was recorded in fiscal 2009. The fiscal 2010 charge included an estimate of the cost that will be incurred by the Company for payroll taxes that will be paid in conjunction with the September Settlement.

On January 20, 2011 the Company received final court approval of the September Settlement. Final payments of $4.1 million have been made, which include $4.0 million deposited with the claim administrator in December 2010 and $0.1 million for applicable payroll taxes submitted in February 2011.

Unapproved Change Orders and Claims

As of March 31, 2011 and June 30, 2010, costs and estimated earnings in excess of billings on uncompleted contracts included revenues for unapproved change orders of $4.8 million and $3.0 million, respectively. There were no revenues related to claims included in costs and estimated earnings in excess of billings on uncompleted contracts at March 31, 2011 or June 30, 2010. Generally, collection of amounts related to unapproved change orders and claims is expected within twelve months. However, customers generally will not pay these amounts until final resolution of related claims, and accordingly, collection of these amounts may extend beyond one year. The amounts ultimately realized may be significantly different than the recorded amounts resulting in a material adjustment to future earnings.

Acquired Claims Receivable

The Company continues to pursue collection of the remaining claim receivables included in the purchase of S.M. Electric Company, Inc. in February 2009. The recorded value at March 31, 2011 of $2.4 million represents the Company's best estimate of the amounts that will ultimately be collected. However, recovering these receivables will require mediation, arbitration or litigation and the ultimate amounts realized may be significantly different than the recorded amounts resulting in a material adjustment to future earnings. All future collection costs will be expensed as incurred.

Other

The Company and its subsidiaries are named as defendants in various other legal actions and are vigorously defending each of them. It is the opinion of management that none of the known legal actions will have a material adverse impact on the Company's financial position, results of operations or liquidity.

Matrix Service Company

Notes to Condensed Consolidated Financial Statements

(unaudited)

Note 7 – Other Comprehensive Income

Other comprehensive income consisted of foreign currency translation adjustments.

	Three Months Ended		Nine Months Ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
	(In thousands)			
Net income	$ 4,923	$ 63	$ 13,299	$ 9,105
Other comprehensive income	113	324	869	1,377
Comprehensive income	$ 5,036	$ 387	$ 14,168	$ 10,482

Note 8 – Earnings per Common Share

Basic earnings per share ("EPS") is calculated based on the weighted average shares outstanding during the period. Diluted EPS includes the dilutive effect of employee and director stock options as well as the dilutive effect of nonvested deferred shares.

The computation of basic and diluted EPS is as follows:

	Three Months Ended		Nine Months Ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
	(In thousands, except per share data)			
Basic EPS:				
Net income	$ 4,923	$ 63	$ 13,299	$ 9,105
Weighted average shares outstanding	26,425	26,307	26,389	26,258
Basic EPS	$ 0.19	$ 0.00	$ 0.50	$ 0.35
Diluted EPS:				
Weighted average shares outstanding - basic	26,425	26,307	26,389	26,258
Dilutive stock options	108	109	89	101
Dilutive nonvested deferred shares	190	105	158	118
Diluted weighted average shares	26,723	26,521	26,636	26,477
Diluted EPS	$ 0.18	$ 0.00	$ 0.50	$ 0.34

Matrix Service Company

Notes to Condensed Consolidated Financial Statements

(unaudited)

The following securities are considered antidilutive and have been excluded from the calculation of diluted earnings per share:

	Three Months Ended		Nine Months Ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
	(In thousands)			
Stock options	—	106	105	123
Nonvested deferred shares	32	68	49	86
Total antidilutive securities	32	174	154	209

Note 9 – Segment Information

The Company has two reportable segments, the Construction Services segment and the Repair and Maintenance Services segment.

The primary services of our Construction Services segment are aboveground storage tanks for the bulk storage/terminal industry, capital construction for the downstream petroleum and power industries, specialty construction, and electrical and instrumentation services for various industries. These services, including civil/structural, mechanical, piping, electrical and instrumentation, millwrighting, and fabrication, are provided for projects of varying complexities, schedule durations, and budgets. Our project experience includes renovations, retrofits, modifications and expansions to existing facilities as well as construction of new facilities.

The primary services of our Repair and Maintenance Services segment are aboveground storage tank repair and maintenance services including tank inspection, cleaning and ASME code repairs, planned major and routine maintenance for the downstream petroleum industry and electrical and instrumentation repair and maintenance for various industries.

Items classified as "other" consist of certain corporate assets.

The Company evaluates performance and allocates resources based on operating income. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. Intersegment sales and transfers are generally recorded at cost; therefore, no significant intercompany profit or loss is recognized. Segment assets consist primarily of accounts receivable, costs and estimated earnings in excess of billings on uncompleted contracts, property, plant and equipment and goodwill.

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Matrix Service Company

Notes to Condensed Consolidated Financial Statements

(unaudited)

Results of Operations
(in thousands)

	Construction Services	Repair and Maintenance Services	Other	Total
Three Months Ended March 31, 2011				
Gross revenues	$ 77,797	$ 60,923	$ —	$138,720
Less: Inter-segment revenues	2,114	273	—	2,387
Consolidated revenues	75,683	60,650	—	136,333
Gross profit	13,192	5,378	—	18,570
Operating income	6,886	754	—	7,640
Segment assets	125,275	99,261	68,271	292,807
Capital expenditures	2,300	562	177	3,039
Depreciation and amortization expense	1,547	1,180	—	2,727
Three Months Ended March 31, 2010				
Gross revenues	$ 79,394	$ 45,701	$ —	$125,095
Less: Inter-segment revenues	3,073	9	—	3,082
Consolidated revenues	76,321	45,692	—	122,013
Gross profit	10,098	3,195	—	13,293
Operating income (loss)	880	(835)	—	45
Segment assets	117,974	89,214	62,508	269,696
Capital expenditures	63	276	871	1,210
Depreciation and amortization expense	1,646	1,268	—	2,914
Nine Months Ended March 31, 2011				
Gross revenues	$ 285,303	$ 185,209	$ —	$470,512
Less: Inter-segment revenues	6,502	587	—	7,089
Consolidated revenues	278,801	184,622	—	463,423
Gross profit	37,351	16,689	—	54,040
Operating income	17,809	3,576	—	21,385
Segment assets	125,275	99,261	68,271	292,807
Capital expenditures	4,458	893	2,217	7,568
Depreciation and amortization expense	4,612	3,638	—	8,250
Nine Months Ended March 31, 2010				
Gross revenues	$ 244,484	$ 175,726	$ —	$420,210
Less: Inter-segment revenues	9,910	212	—	10,122
Consolidated revenues	234,574	175,514	—	410,088
Gross profit	33,088	16,065	—	49,153
Operating income	11,152	3,290	—	14,442
Segment assets	117,974	89,214	62,508	269,696
Capital expenditures	565	1,082	2,412	4,059
Depreciation and amortization expense	4,976	3,904	—	8,880

Matrix Service Company

Notes to Condensed Consolidated Financial Statements

(unaudited)

Segment revenue from external customers by market is as follows:

	Construction Services	Repair and Maintenance Services	Total
		(In thousands)	
Three Months Ended March 31, 2011			
Aboveground Storage Tanks	$ 40,120	$ 17,667	$ 57,787
Downstream Petroleum	13,974	25,464	39,438
Electrical and Instrumentation	14,493	17,519	32,012
Specialty	7,096	—	7,096
Total	$ 75,683	$ 60,650	$136,333
Three Months Ended March 31, 2010			
Aboveground Storage Tanks	$ 28,305	$ 17,957	$ 46,262
Downstream Petroleum	24,286	22,086	46,372
Electrical and Instrumentation	18,251	5,649	23,900
Specialty	5,479	—	5,479
Total	$ 76,321	$ 45,692	$122,013
Nine Months Ended March 31, 2011			
Aboveground Storage Tanks	$ 130,444	$ 60,766	$191,210
Downstream Petroleum	57,550	76,257	133,807
Electrical and Instrumentation	71,800	47,599	119,399
Specialty	19,007	—	19,007
Total	$ 278,801	$ 184,622	$463,423
Nine Months Ended March 31, 2010			
Aboveground Storage Tanks	$ 95,736	$ 69,824	$165,560
Downstream Petroleum	69,250	89,293	158,543
Electrical and Instrumentation	47,726	16,397	64,123
Specialty	21,862	—	21,862
Total	$ 234,574	$ 175,514	$410,088

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

CRITICAL ACCOUNTING ESTIMATES

There have been no material changes in our critical accounting policies from those reported in our fiscal 2010 Annual Report on Form 10-K filed with the SEC. For more information on our critical accounting policies, see Part II, Item 7 of our fiscal 2010 Annual Report on Form 10-K. The following section provides certain information with respect to our critical accounting estimates as of the close of our most recent quarterly period.

Unapproved Change Orders and Claims

As of March 31, 2011 and June 30, 2010 costs and estimated earnings in excess of billings on uncompleted contracts included revenues for unapproved change orders of $4.8 million and $3.0 million, respectively. There were no revenues related to claims included in costs and estimated earnings in excess of billings on uncompleted contracts at March 31, 2011 or June 30, 2010. The amounts ultimately realized may be significantly different than the recorded amounts resulting in a material adjustment to future earnings.

Acquired Claims Receivable

The Company continues to pursue collection of the remaining claim receivables included in the purchase of S.M. Electric Company, Inc. in February of 2009. The recorded value at March 31, 2011 of $2.4 million represents the Company's best estimate of the amounts that will ultimately be collected. However, recovering these receivables will require mediation, arbitration or litigation and the ultimate amounts realized may be significantly different than the recorded amounts resulting in a material adjustment to future earnings. All future collection costs will be expensed as incurred.

Insurance Reserves

We maintain insurance coverage for various aspects of our operations. However, we retain exposure to potential losses through the use of deductibles, coverage limits and self-insured retentions. As of March 31, 2011 and June 30, 2010, the Company recorded insurance reserves totaling $7.5 million and $8.3 million, respectively. These amounts represent our best estimate of our ultimate obligations for asserted claims, insurance premium obligations and claims incurred but not yet reported. We establish reserves for claims using a combination of actuarially determined estimates and case-by-case evaluations of the underlying claim data and update our evaluations as further information becomes known. Judgments and assumptions, including the assumed losses for claims incurred but not reported, are inherent in our reserve accruals; as a result, changes in assumptions or claims experience could result in changes to these estimates in the future. If actual results of claim settlements are different than the amounts estimated, we may be exposed to gains and losses that could be significant.

Goodwill

The Company's most recent annual goodwill impairment test, performed in the fourth quarter of fiscal 2010, indicated that the estimated fair value of the Construction Services segment exceeded its carrying value by 75% and the estimated fair value of the Repair and Maintenance Services segment exceeded its carrying value by 61%. Based on the excess of estimated fair value over carrying value and the absence of any indicators of impairment at March 31, 2011, the Company does not currently anticipate recording a goodwill impairment charge for either of its operating units.

Recently Issued Accounting Standards

There are no recently issued accounting standards that we believe will have a material effect on our financial statements.

RESULTS OF OPERATIONS

Overview

The Company has two reportable segments, Construction Services and Repair and Maintenance Services. The majority of the work for both segments is performed in the United States with 4.7% of revenues generated in Canada during the first nine months of fiscal 2011.

The primary services of our Construction Services segment are aboveground storage tanks for the bulk storage/terminal industry, capital construction for the downstream petroleum and power industries, specialty construction, and electrical and instrumentation services for various industries. These services, including civil/structural, mechanical, piping, electrical and instrumentation, millwrighting, and fabrication, are provided for projects of varying complexities, schedule durations, and budgets. Our project experience includes renovations, retrofits, modifications and expansions to existing facilities as well as construction of new facilities.

The primary services of our Repair and Maintenance Services segment are aboveground storage tank repair and maintenance services, planned major and routine maintenance for the downstream petroleum industry, specialty repair and maintenance services and electrical and instrumentation repair and maintenance for various industries.

Significant fluctuations in revenues, gross profits and operating results are discussed below on a consolidated basis and for each segment. Revenues fluctuate due to many factors, including the changing product mix and project schedules, which are dependent on the level and timing of customer releases of new business.

Three Months Ended March 31, 2011 Compared to the Three Months Ended March 31, 2010

Consolidated

Consolidated revenues were $136.3 million for the three months ended March 31, 2011, an increase of $14.3 million, or 11.7%, from consolidated revenues of $122.0 million in the same period a year earlier. The increase in consolidated revenues was a result of a $14.9 million increase in Repair and Maintenance Services revenues while Construction Services revenues decreased $0.6 million.

Consolidated gross profit increased from $13.3 million in the three months ended March 31, 2010 to $18.6 million in the three months ended March 31, 2011. The increase of $5.3 million was due to higher revenues which increased $14.3 million and higher gross margins which increased to 13.6% in the three months ended March 31, 2011 compared to 10.9% in the same period a year earlier. The increase in gross margins was primarily due to the favorable effect of improved recovery of construction overhead costs in the three months ended March 31, 2011.

Selling, general and administrative expenses for the third quarter of fiscal 2011 were $10.9 million compared to $13.2 million in the third quarter of fiscal 2010. The third quarter of fiscal 2010 selling, general and administrative expenses included non-routine charges totaling $3.5 million related to acquired claim receivables. The third quarter of fiscal 2011 selling, general and administrative expenses included higher incentive compensation costs due to improved operating results when compared to the same period a year earlier. SG&A expense as a percentage of revenue decreased to 8.0% in the three months ended March 31, 2011 compared to 10.9% in the same period a year earlier.

Net interest expense was $0.2 million in the three months ended March 31, 2011 and 2010. Net interest expense for both periods was primarily related to Unused Revolving Credit Facility fees, fees on letters of credit issued under the Credit Facility, amortization of Credit Facility deal and amendment fees partially offset by interest earned on invested cash.

Other income in the three months ended March 31, 2011 and 2010 was $0.5 million and $0.2 million, respectively, and related primarily to foreign currency transaction gains.

The effective tax rates in the three months ended March 31, 2011 and 2010 were 38.0% and 37.0%, respectively.

Construction Services

Revenues for the Construction Services segment were $75.7 million in the three months ended March 31, 2011, compared with $76.3 million in the same period a year earlier. The decrease of $0.6 million, or 0.8%, was primarily due to lower Downstream Petroleum revenues which decreased to $14.0 million in the three months ended March 31, 2011 compared to $24.3 million in the same period a year earlier and lower Electrical and Instrumentation revenues, which decreased to $14.5 million in the three months ended March 31, 2011, versus $18.3 million in the same period a year earlier. These decreases were largely offset by higher Aboveground Storage Tank and Specialty revenues, which increased to $40.1 million and $7.1 million, respectively, in the three months ended March 31, 2011 compared to $28.3 million and $5.5 million, respectively, in the same period a year earlier.

Gross profit increased to $13.2 million in the three months ended March 31, 2011 from $10.1 million in the same period a year earlier. The increase in gross profit was due to higher gross margins which increased from 13.2% in the three months ended March 31, 2010 to 17.4% in the three months ended March 31, 2011. The increase in gross margins was due to strong project execution which led to the recognition of performance bonuses.

Repair and Maintenance Services

Revenues for the Repair and Maintenance Services segment were $60.6 million in the three months ended March 31, 2011 compared to $45.7 million in the same period a year earlier. The increase was due to higher Electrical and Instrumentation revenues, which increased to $17.5 million in the three months ended March 31, 2011, compared to $5.6 million in the same period a year earlier and higher Downstream Petroleum revenues, which increased to $25.5 million in the three months ended March 31, 2011 compared to $22.1 million in the same period a year earlier. Aboveground Storage Tank revenues were $17.7 million in the three months ended March 31, 2011 compared to $18.0 million in the same period a year earlier.

Gross profit increased from $3.2 million in the three months ended March 31, 2010 to $5.4 million in the three months ended March 31, 2011 due to higher revenues, which increased $14.9 million, and higher gross margins which increased to 8.9% in the three months ended March 31, 2011 compared to 7.0% in the same period a year earlier. The gross margin increase was due to the favorable effect of improved recovery of construction overhead costs partially offset by lower direct margins.

Nine Months Ended March 31, 2011 Compared to the Nine Months Ended March 31, 2010

Consolidated

Consolidated revenues were $463.4 million in the nine months ended March 31, 2011, an increase of $53.3 million, or 13.0%, from consolidated revenues of $410.1 million in the same period a year earlier. The increase in consolidated revenues was a result of an increase of $44.2 million in Construction Services revenues and an increase of $9.1 million in Repair and Maintenance Services revenues.

Consolidated gross profit increased from $49.2 million in the nine months ended March 31, 2010 to $54.0 million in the nine months ended March 31, 2011. The increase of $4.8 million was largely due to the effect of higher revenues, partially offset by the effect of lower gross margins which decreased from 12.0% in the nine months ended March 31, 2010 to 11.7% in the nine months ended March 31, 2011. The change in gross margins was due to lower direct margins largely offset by the favorable effect of improved recovery of construction overhead costs.

Selling, general and administrative expenses for the nine months ended March 31, 2011 were $32.7 million compared to $34.7 million for the nine months ended March 31, 2010. Selling, general and administrative expenses for the nine months ended March 31, 2010 included non-routine charges totaling $4.4 million related to acquired claim receivables. Selling, general and administrative expenses in the nine months ended March 31, 2011 included non-routine charges of $0.6 million related to an internal fraud investigation previously discussed in our filings with the Securities and Exchange Commission, and higher incentive compensation costs due to improved operating results when compared to the same period a year earlier. SG&A expense as a percentage of revenue decreased to 7.0% in the nine months ended March 31, 2011 compared to 8.5% in the same period a year earlier.

Net interest expense was $0.5 million in the nine months ended March 31, 2011 and 2010. Net interest expense for both periods was primarily related to Unused Revolving Credit Facility fees, fees on letters of credit issued under the Credit Facility, amortization of Credit Facility deal and amendment fees, partially offset by interest earned on invested cash.

Other income in the nine months ended March 31, 2011 was $0.6 million and related primarily to foreign currency transaction gains partially offset by costs relating to the relocation of a regional operating facility. Other income in the nine months ended March 31, 2010 totaled $0.8 million and related primarily to foreign currency transaction gains.

The effective tax rates for the nine months ended March 31, 2011 and 2010 were 38.0% and 38.2%, respectively.

Construction Services

Revenues for the Construction Services segment were $278.8 million in the nine months ended March 31, 2011, compared with $234.6 million in the same period a year earlier. The increase of $44.2 million, or 18.8%, was primarily due to higher Aboveground Storage Tank revenues, which increased to $130.4 million in the nine months ended March 31, 2011, versus $95.7 million in the same period a year earlier and higher Electrical and Instrumentation revenues, which increased to $71.8 million in the nine months ended March 31, 2011 compared to $47.7 million in the same period a year earlier. Partially offsetting these increases were lower Downstream Petroleum and Specialty revenues which decreased to $57.6 million and $19.0 million, respectively, in the nine months ended March 31, 2011, compared to $69.3 million and $21.9 million, respectively, in the same period a year earlier.

Gross profit increased to $37.4 million in the nine months ended March 31, 2011 from $33.1 million in the same period a year earlier due to higher revenues, partially offset by lower gross margins which decreased from 14.1% in the nine months ended March 31, 2010 to 13.4% in the nine months ended March 31, 2011. The decline in gross margins was due to lower direct margins partially offset by the favorable effect of improved recovery of construction overhead costs in the nine months ended March 31, 2011.

Repair and Maintenance Services

Revenues for the Repair and Maintenance Services segment were $184.6 million in the nine months ended March 31, 2011 compared to $175.5 million in the same period a year earlier. The increase was due to higher Electrical and Instrumentation revenues, which increased to $47.6 million in the nine months ended March 31, 2011, compared to $16.4 million in the same period a year earlier partially offset by lower Downstream Petroleum revenues, which decreased to $76.3 million in the nine months ended March 31, 2011 compared to $89.3 million in the same period a year earlier, and lower Aboveground Storage Tank revenues, which decreased to $60.8 million in the nine months ended March 31, 2011 compared to $69.8 million in the same period a year earlier.

Gross profit increased from $16.1 million in the nine months ended March 31, 2010 to $16.7 million in the nine months ended March 31, 2011 primarily due to higher revenues, which increased $9.1 million, largely offset by the effect of lower gross margins which decreased to 9.0% in the nine months ended March 31, 2011 compared to 9.2% in the same period a year earlier. The gross margin decrease was due to lower direct margins largely offset by the favorable effect of improved recovery of construction overhead costs.

Backlog

We define backlog as the total dollar amount of revenues that we expect to recognize as a result of performing work that has been awarded to us through a signed contract that we consider firm. The following contract types are considered firm:

- fixed-price arrangements;
- minimum customer commitments on cost plus arrangements; and
- certain time and material contracts in which the estimated contract value is firm or can be estimated with a reasonable amount of certainty in both timing and amounts.

For long-term maintenance contracts we include only the amounts that we expect to recognize into revenue over the next 12 months. For all other arrangements, we calculate backlog as the estimated contract amount less the revenue recognized as of the reporting date.

Three Months Ended March 31, 2011

The following table provides a summary of changes in our backlog for the three months ended March 31, 2011:

	Construction Services	Repair and Maintenance Services	Total
		(In thousands)	
Backlog as of December 31, 2010	$ 204,468	$ 161,499	$ 365,967
New awards	78,709	75,539	154,248
Revenue recognized	(75,683)	(60,650)	(136,333)
Backlog as of March 31, 2011	$ 207,494	$ 176,388	$ 383,882

At March 31, 2011, the Construction Services segment had a backlog of $207.5 million, as compared to a backlog of $204.5 million as of December 31, 2010. The increase of $3.0 million is due to increases in Downstream Petroleum of $8.0 million and Specialty of $2.1 million, partially offset by decreases in Aboveground Storage Tank of $3.8 million and Electrical and Instrumentation of $3.3 million. The backlog at March 31, 2011 and December 31, 2010 for the Repair and Maintenance Services segment was $176.4 million and $161.5 million, respectively. The increase of $14.9 million is due to increases in Downstream Petroleum of $12.5 million and Electrical and Instrumentation of $6.1 million, partially offset by the decrease in Aboveground Storage Tank of $3.7 million.

Nine Months Ended March 31, 2011

The following table provides a summary of changes in our backlog for the nine months ended March 31, 2011:

	Construction Services	Repair and Maintenance Services	Total
		(In thousands)	
Backlog as of June 30, 2010	$ 197,675	$ 155,541	$ 353,216
New awards	288,620	205,469	494,089
Revenue recognized	(278,801)	(184,622)	(463,423)
Backlog as of March 31, 2011	$ 207,494	$ 176,388	$ 383,882

At March 31, 2011 the Construction Services segment had a backlog of $207.5 million, as compared to a backlog of $197.7 million as of June 30, 2010. The increase of $9.8 million is due to an increase in Aboveground Storage Tank of $33.4 million, partially offset by decreases in Electrical and Instrumentation of $13.4 million, Downstream Petroleum of $9.9 million, and Specialty of $0.3 million. The backlog at March 31, 2011 and June 30, 2010 for the Repair and Maintenance Services segment was $176.4 million and $155.5 million, respectively. The increase of $20.9 million is due to increases in Electrical and Instrumentation of $10.7 million, Downstream Petroleum of $9.2 million, and Aboveground Storage Tank of $1.0 million.

Non-GAAP Financial Measure

EBITDA is a supplemental, non-GAAP financial measure. EBITDA is defined as earnings before interest expense, income taxes, depreciation and amortization. We present EBITDA because it is used by the financial community as a method of measuring our performance and of evaluating the market value of companies considered to be in similar businesses. We believe that the line item on our Consolidated Statements of Income entitled "Net income" is the most directly comparable GAAP measure to EBITDA. Since EBITDA is not a measure of performance calculated in accordance with GAAP, it should not be considered in isolation of, or as a substitute for, net earnings as an indicator of operating performance. EBITDA, as we calculate it, may not be comparable to similarly titled measures employed by other companies. In addition, this measure is not necessarily a measure of our ability to fund our cash needs. As EBITDA excludes certain financial information compared with net income, the most directly comparable GAAP financial measure, users of this financial information should consider the type of events and transactions that are excluded. Our non-GAAP performance measure, EBITDA, has certain material limitations as follows:

- It does not include interest expense. Because we have borrowed money to finance our operations, pay commitment fees to maintain our Credit Facility, and incur fees to issue letters of credit under the Credit Facility, interest expense is a necessary and ongoing part of our costs and has assisted us in generating revenue. Therefore, any measure that excludes interest expense has material limitations.
- It does not include income taxes. Because the payment of income taxes is a necessary and ongoing part of our operations, any measure that excludes income taxes has material limitations.
- It does not include depreciation or amortization expense. Because we use capital and intangible assets to generate revenue, depreciation and amortization expense is a necessary element of our cost structure. Therefore, any measure that excludes depreciation or amortization expense has material limitations.

A reconciliation of EBITDA to net income follows:

	Three Months Ended		Nine Months Ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
	(In thousands)			
Net income	$ 4,923	$ 63	$ 13,299	$ 9,105
Interest expense	227	163	594	525
Provision for income taxes	3,018	37	8,152	5,634
Depreciation and amortization	2,727	2,914	8,250	8,880
EBITDA	$ 10,895	$ 3,177	$ 30,295	$ 24,144

FINANCIAL CONDITION AND LIQUIDITY

Overview

We define liquidity as the ongoing ability to pay our liabilities as they become due, fund business operations and meet all monetary contractual obligations. Our primary sources of liquidity for the nine months ended March 31, 2011 was cash on hand at the beginning of the year and operational cash flows. Cash on hand at March 31, 2011 totaled $63.4 million and availability under the senior revolving credit facility totaled $67.5 million resulting in total liquidity at March 31, 2011 of $130.9 million.

Factors that routinely impact our short-term liquidity and that may impact our long-term liquidity include, but are not limited to:

- Changes in working capital
- Contract terms that determine the timing of billings to customers and the collection of those billings
  - Some cost plus and fixed price customer contracts are billed based on attainment of milestones which may require us to incur significant expenditures prior to collections from our customers.
  - Time and material contracts are normally billed in arrears. Therefore, we are routinely required to carry these costs until they can be billed and collected.
  - Some of our large construction projects may require significant retentions or security in the form of letters of credit.
- Capital expenditures

Other factors that may impact both short and long-term liquidity include:

- Acquisitions of new businesses
- Strategic investments in new operations
- Purchases of shares under our stock buyback program
- Contract disputes or collection issues
- Maintaining full capacity under our senior revolving credit facility and remaining in compliance with all covenants contained in the credit agreement

In the future we may elect to raise additional capital by issuing common or preferred stock, convertible notes, term debt or increase the amount of our revolving credit facility as necessary to fund our operations or to fund the acquisition of other businesses. We will continue to evaluate our working capital requirements and other factors to maintain sufficient liquidity.

Cash Flow in the Nine Months Ended March 31, 2011

Cash Flows from Operating Activities

Cash flow from operations for the nine months ended March 31, 2011 totaled $20.1 million and was primarily due to cash generated from profitable operating results, partially offset by an increase in working capital. The cash effect of significant changes in working capital include the following:

- Accounts payable decreased by $16.0 million. The decrease was primarily due to a large steel purchase late in the prior fiscal year related to a significant Aboveground Storage Tank project.
- Accounts receivable increased by $4.3 million. The accounts receivable balance fluctuates from period to period based on many factors including, but not limited to, the volume of business and the rate of collections. We consider the $4.3 million increase in accounts receivable to be a normal fluctuation. In addition, we consider both the aging and the amount of the March 31, 2011 accounts receivable balance to be normal based on historical trends.

- The net change in the combined balances of costs and estimated earnings in excess of billings on uncompleted contracts and billings on uncompleted contracts in excess of costs and estimated earnings caused a decrease in working capital and an increase to cash of $8.3 million. This change was primarily attributable to advanced billings on Aboveground Storage Tank contracts in the Construction Services segment.
- Other assets decreased by $3.1 million and is primarily attributable to certain insurance deposit refunds received.
- Income taxes receivable/payable decreased by $2.6 million due to the timing of income tax payments.
- Accrued expenses decreased by $0.2 million. The decrease was primarily the result of payments totaling $4.1 million to settle the California Pay Practice Class Action Lawsuits offset in part by higher accrued wages at March 31, 2011. The settlement and payments for the California Pay Practice Class Action Lawsuits are discussed in Note 6 of the Notes to Condensed Financial Statements included in Part 1, Item 1 of this Quarterly Report on Form 10-Q.

Cash Flows from Investing Activities

Investing activities used $7.5 million of cash in the nine months ended March 31, 2011 due to capital expenditures of $7.6 million partially offset by proceeds from asset dispositions of $0.1 million. Capital expenditures included $3.7 million for the purchase of construction equipment, $2.0 million for transportation equipment, $1.4 million for office equipment and software and $0.5 million for land and buildings.

Cash Flows from Financing Activities

Financing activities used $0.9 million of cash in the nine months ended March 31, 2011 primarily due to capital lease payments of $0.6 million, treasury stock purchases of $0.3 million and payment of $0.2 million in fees associated with the September 2010 amendment to the senior revolving credit facility, partially offset by cash received from the issuance of common stock associated with the exercise of incentive stock options and the related tax benefit.

Senior Revolving Credit Facility

The Company has a five-year, $75.0 million senior revolving credit facility (“Credit Facility”) that expires on November 30, 2012. The Credit Facility is guaranteed by substantially all of the Company’s subsidiaries and is secured by a lien on substantially all of the Company’s assets. The Credit Facility is primarily used for the issuance of letters of credit and to fund working capital.

The credit agreement was amended, effective September 24, 2010, to waive the Company’s non-compliance with the Fixed Charge Coverage Ratio covenant as of June 30, 2010, and to add back the charges related to the California Pay Practice Class Action Lawsuits discussed in Note 6 – Commitments and Contingencies, included in Part I, Item 1 of this report, to the calculation of Consolidated EBITDA. The amendment also modified the definition of the Fixed Charge Coverage Ratio.

The credit agreement includes a Senior Leverage Ratio covenant which provides that Consolidated Funded Indebtedness may not exceed 2.5 times Consolidated EBITDA, as defined in the credit agreement, over the previous four quarters. For the four quarters ended June 30, 2010 Consolidated EBITDA was $25.2 million and resulted in a capacity reduction to the Credit Facility of $12.0 million at June 30, 2010. For the four quarters ended March 31, 2011, Consolidated EBITDA was $31.5 million and did not cause a reduction to the available capacity under the Credit Facility at March 31, 2011. At March 31, 2011 our Consolidated Funded Indebtedness was $7.5 million and related solely to letters of credit.

Interest rates and fees under the Credit Facility are as follows:

- Amounts borrowed under the Credit Facility bear interest at LIBOR or an Alternate Base Rate, plus in each case, an additional margin based on the Senior Leverage Ratio.
  - The additional margin on the LIBOR-based loans is between 2.00% and 2.75% based on the Senior Leverage Ratio.

- The additional margin on the Alternate Base Rate loans is between 1.00% and 1.75% based on the Senior Leverage Ratio.
- The Alternate Base Rate is the greater of the Prime Rate, Federal Funds Effective Rate plus 0.50% or LIBOR plus 1.00%.
- The Unused Revolving Credit Facility Fee is between 0.35% and 0.50% based on the Senior Leverage Ratio.

The credit agreement includes significant financial covenants and restrictions that include the following:

- Our Tangible Net Worth must be an amount which is no less than the sum of $110.0 million, plus the net proceeds of any issuance of equity that occurs after November 30, 2008, plus 50% of all positive quarterly net income after November 30, 2008.
- The Senior Leverage Ratio must not exceed 2.50 to 1.00.
- The Asset Coverage Ratio must be greater than or equal to 1.45 to 1.00.
- The Fixed Charge Coverage Ratio must be greater than or equal to 1.25 to 1.00.
- Share repurchases are limited to $25.0 million in any calendar year.
- Acquisitions are permitted so long as the Company's Senior Leverage Ratio on a pro forma basis as of the end of the fiscal quarter immediately preceding the acquisition is below 1.00 to 1.00 and availability under the Credit Facility is at or above 50% after consummation of the acquisition. If the Senior Leverage Ratio on a pro forma basis as of the end of the fiscal quarter immediately preceding the acquisition is over 1.00 to 1.00 but below 1.75 to 1.00, acquisitions will be limited to $25.0 million in a twelve month period, provided there is at least $25.0 million of availability under the Credit Facility after the consummation of the acquisition.
- Other customary affirmative and negative covenants place certain restrictions on the Company, including limits on new debt, operating and capital lease obligations, asset sales and certain distributions, including dividends.

The Company is in compliance with all affirmative, negative, and financial covenants under the credit agreement and is at the lowest margin tier for the LIBOR and Alternate Base Rate loans and the lowest tier for the Unused Revolving Credit Facility Fee.

Dividend Policy

The Company has never paid cash dividends on its common stock, and the terms of our credit agreement limit the amount of cash dividends that can be paid. We currently intend to retain earnings to finance the growth of our business. Any future dividend payments will depend on our financial condition, capital requirements and earnings as well as other factors the Board of Directors may deem relevant.

Stock Repurchase Program and Treasury Shares

Treasury Shares

On February 4, 2009 our Board of Directors authorized a stock buyback program (“February 2009 Program”) that allows the Company to purchase up to 3,000,000 shares of common stock provided that such purchases do not exceed $25.0 million in any calendar year commencing in calendar year 2009 and continuing through calendar year 2012. The Company has not purchased any common shares under the February 2009 Program since its inception. Matrix Service may purchase shares in future periods if sufficient liquidity exists and the Company believes that it is in the best interest of the stockholders.

In addition to any stock buyback program that may be in effect, the Company may withhold shares of common stock to satisfy the tax withholding obligations upon vesting of an employee’s deferred shares. Matrix Service withheld 28,049 shares in the nine months ended March 31, 2011 to satisfy these obligations. These shares were returned to the Company’s pool of treasury shares.

The Company has 1,450,800 treasury shares as of March 31, 2011 and intends to utilize these treasury shares in connection with equity awards under the Company’s stock incentive plans and for share issuances under a recently adopted employee stock purchase plan.

Outlook

The Company continues to experience generally improving market conditions and strong bid volume in both the Construction Services and Repair and Maintenance Services segments. Our outlook remains positive and we continue to see attractive project opportunities across our core markets.

The aboveground storage tank (“AST”) business continues to gain momentum with a number of projects planned in Cushing, Oklahoma and other terminal facilities in North America. The development of the Canadian oil sands and related pipelines to transport crude oil to the Gulf Coast continues to be a key driver for the AST market. Recent research reports have highlighted the excess crude inflow capacity into Cushing compared to the smaller outflow capacity to the Gulf Coast as a key driver for additional storage capacity over the next several quarters. This, combined with improving economics for terminal operators, is expected to support additional investments in storage assets. The AST repair and maintenance business has improved somewhat in recent months and we continue to pursue opportunities in the U.S. and Canada. The level of competition in the repair and maintenance market remains high, which is keeping margins below historical levels.

The electrical and instrumentation business continues to be a significant part of our growth strategy. We are targeting opportunities in the power delivery, power generation, downstream petroleum and renewable energy markets, which we believe will allow us to expand our market share in the Northeast corridor, Mid-Atlantic States and in other growth areas throughout North America. We have added equipment, tools and personnel to position the Company to capture a significant amount of work required to construct and upgrade power systems. We are also expanding beyond our traditional substation business to include transmission and distribution construction and maintenance as we see a growing market for capital expansion and maintenance to the high voltage infrastructure required by many of our utility customers.

The calendar year 2011 outlook for the downstream petroleum market is positive based on refinery utilization rates and improving crack spreads. This trend also bodes well for improved construction activity in this market segment. Turnaround activity in the third fiscal quarter was higher compared to the prior year and we expect turnaround activity in the fourth fiscal quarter to be strong as well. However, the timing of future awards continues to be uncertain. In addition, it will be difficult to achieve attractive margins given the high level of competition in the downstream petroleum market.

FORWARD-LOOKING STATEMENTS

This Form 10-Q includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included in this Form 10-Q which address activities, events or developments which we expect, believe or anticipate will or may occur in the future are forward-looking statements. The words "believes," "intends," "expects," "anticipates," "projects," "estimates," "predicts" and similar expressions are also intended to identify forward-looking statements.

These forward-looking statements include, among others, such things as:

- amounts and nature of future revenues and margins from our Construction Services and Repair and Maintenance Services segments;
- the likely impact of new or existing regulations or market forces on the demand for our services;
- expansion and other development trends of the industries we serve;
- our ability to generate sufficient cash from operations or to raise cash in order to meet our short and long-term capital requirements; and
- our ability to continue to comply with the covenants in our credit agreement.

These statements are based on certain assumptions and analyses we made in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties which could cause actual results to differ materially from our expectations, including:

- the risk factors discussed in our Form 10-K for the fiscal year ended June 30, 2010 and listed from time to time in our filings with the Securities and Exchange Commission;
- the inherently uncertain outcome of current and future litigation and, in particular, our ability to recover the claim receivables acquired in a recent acquisition;
- the adequacy of our reserves for contingencies;
- economic, market or business conditions in general and in the oil and gas, power and petrochemical industries in particular;
- changes in laws or regulations; and
- other factors, many of which are beyond our control.

Consequently, all of the forward-looking statements made in this Form 10-Q are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to or effects on us or our business operations. We assume no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Other than noted below, there have been no material changes in market risk faced by us from those reported in our Annual Report on Form 10-K for the fiscal year ended June 30, 2010, filed with the Securities and Exchange Commission. For more information on market risk, see Part II, Item 7A in our fiscal 2010 Annual Report on Form 10-K.

Japan is a major producer of steel, and the earthquake and resulting tsunami that occurred in Japan on March 11, 2011 has caused or may cause Japanese companies to curtail some of their steel exports due to reduced manufacturing capacity, increased Japanese demand, or other factors. We purchase our steel from domestic sources, and the events in Japan have not had a material short-term effect on our steel supply. However, supply disruptions originating in Japan could affect domestic supply or steel prices in the United States. We continue to believe that our contracting strategy of passing the risk of steel price increases and availability on to our customers mitigates our risk related to these events. However, we cannot predict and will continue to assess what affect, if any, a long-term reduction in Japanese imports may have on the United States steel market in terms of both pricing and availability of our steel supplies.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Securities Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chairman of the Board of Directors, who is currently acting in the capacity of our Chief Executive Officer, and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based on the definition of "disclosure controls and procedures" in Rule 13a-15(e).

The disclosure controls and procedures are designed to provide reasonable, not absolute, assurance of achieving the desired control objectives. The Company's management, including the Chairman of the Board of Directors and the Chief Financial Officer, do not expect that the disclosure controls and procedures or our internal controls over financial reporting will prevent or detect all errors or fraud. The design of our internal control system takes into account the fact that there are resource constraints and the benefits of controls must be weighed against the costs. Additionally, controls can be circumvented by the acts of key individuals through collusion or management override.

We carried out an evaluation, under the supervision and with the participation of our management, including our Chairman of the Board of Directors and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2011. Based on the foregoing, our Chairman of the Board of Directors and our Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level at March 31, 2011.

There have been no changes in our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect our internal controls over financial reporting during the quarter ended March 31, 2011.

While we believe our control environment is effective, as a result of the fraud that allegedly occurred and has been discussed in our previous filings with the Securities and Exchange Commission, the Company is in the process of enhancing certain internal control processes and procedures in order to improve the existing internal controls.

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PART II

OTHER INFORMATION

Item 1. Legal Proceedings

For information regarding legal proceedings, see the discussion under the caption “Material Legal Proceeding” in Note 6 in Item 1 of Part 1 of this Quarterly Report on Form 10-Q, which information is incorporated by reference into this Part II, Item 1.

Item 1A. Risk Factors

There were no material changes in our Risk Factors from those reported in Item IA of Part I of our Annual Report on Form 10-K for the fiscal year ended June 30, 2010.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

The table below sets forth the information with respect to purchases made by the Company of its common stock during the third quarter of fiscal year 2011.

	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs
January 1 to January 31, 2011				
Share Repurchase Program (A)	—	—	—	3,000,000
Employee Transactions (B)	334	$ 11.79	—	
February 1 to February 28, 2011				
Share Repurchase Program (A)	—	—	—	3,000,000
Employee Transactions (B)		$	—	
March 1 to March 31, 2011				
Share Repurchase Program (A)	—	—	—	3,000,000
Employee Transactions (B)	—	$ —	—	

(A) On February 4, 2009 our Board of Directors authorized a stock buyback program that allows the Company to purchase up to 3,000,000 shares of common stock provided that such purchases do not exceed $25.0 million in any calendar year commencing in calendar year 2009 and continuing through calendar year 2012.

(B) Represents shares withheld to satisfy the employee’s tax withholding obligation that is incurred upon the vesting of deferred shares granted under the Company’s stock incentive plans.

Dividend Policy

The Company has never paid cash dividends on its common stock, and the terms of our credit agreement limit the amount of cash dividends that can be paid. We currently intend to retain earnings to finance the growth of our business. Any payment of cash dividends in the future will depend upon our financial condition, capital requirements and earnings as well as other factors the Board of Directors may deem relevant.

Item 3. Defaults Upon Senior Securities

None

Item 4. Reserved

Item 5. Other Information

None

Item 6. Exhibits:

Exhibit 10:	Fourth Amendment to Second Amended and Restated Credit Agreement.
Exhibit 31.1:	Certification Pursuant to Section 302 of Sarbanes-Oxley Act of 2002 – CEO.
Exhibit 31.2:	Certification Pursuant to Section 302 of Sarbanes-Oxley Act of 2002 – CFO.
Exhibit 32.1:	Certification Pursuant to 18 U.S.C. 1350 (section 906 of Sarbanes-Oxley Act of 2002) – CEO.
Exhibit 32.2:	Certification Pursuant to 18 U.S.C. 1350 (section 906 of Sarbanes-Oxley Act of 2002) – CFO.

Signature

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 thereunto duly authorized.

MATRIX SERVICE COMPANY

Date: May 3, 2011

By: /s/ KEVIN S. CAVANAH

Kevin S. Cavanah,
Vice President and
Chief Financial Officer signing on behalf of the registrant and
as the registrant's principal financial officer

EXHIBIT INDEX

Exhibit 10:	Fourth Amendment to Second Amended and Restated Credit Agreement.
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Exhibit 10

EXECUTION VERSION

FOURTH AMENDMENT TO SECOND
AMENDED AND RESTATED CREDIT AGREEMENT

THIS FOURTH AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment") is effective as of the 31st day of March, 2011 (the "Amendment Effective Date").

RECITALS

WHEREAS, **MATRIX SERVICE COMPANY**, a Delaware corporation (the "Borrower"), **JPMORGAN CHASE BANK, N.A.**, as Administrative Agent (the "Administrative Agent") and as a Lender and Issuing Bank, and the financial institutions therein named as Lenders, are parties to that certain Second Amended and Restated Credit Agreement dated as November 30, 2006, as it has been amended by (i) that certain First Amendment to Second Amended and Restated Credit Agreement dated July 6, 2007 (the "First Amendment"), (ii) that certain Second Amendment to Second Amended and Restated Credit Agreement dated February 11, 2009 (the "Second Amendment") and (iii) that certain Third Amendment to Second Amended and Restated Credit Agreement dated September 24, 2010 (as so amended, and as it may be amended, supplemented or restated from time to time hereafter in accordance with its terms, the "Credit Agreement");

WHEREAS, all capitalized terms used but not defined in these Recitals shall have the meanings assigned to them in the Credit Agreement;

WHEREAS, the Borrower has requested amendments to certain of the covenants and other provisions of the Credit Agreement, and the Lenders have agreed to such request on the terms and conditions and subject to certain other amendments set forth in this Amendment.

NOW THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties hereto agree as follows:

1. Incorporation by Reference; Defined Terms. Capitalized terms used but not defined in this Amendment (including the Recitals) shall have the meanings given to them in the Credit Agreement. All terms defined in the foregoing Recitals are incorporated herein by reference.

The term "Loan Documents" is hereby amended to include the Credit Agreement as amended by this Amendment, all as they may be further amended from time to time with the consent of the Administrative Agent and, to the extent required by the Credit Agreement, the Lenders.

The term "Agreement", as used in the Credit Agreement, is hereby amended to mean the Credit Agreement as amended by this Amendment and as it may be further amended from time to time with the consent of the Administrative Agent and, to the extent required by the Credit Agreement, the Lenders.

The term "Credit Agreement" in all other Loan Documents is hereby amended to mean the Credit Agreement as amended by this Amendment and as it may be further amended from time to time with the consent of the Administrative Agent and, to the extent required by the Credit Agreement, the Lenders.

2. Amendments. The Credit Agreement is hereby amended as follows:

(a) The term "Change in Law" is hereby amended by the addition of the underlined language shown below:

> "Change in Law" means (a) the adoption of any law, rule, regulation or treaty after the date of this Agreement, (b) any change in any law, rule, regulation or treaty or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender or the Issuing Bank (or, for purposes of Section 2.15(b), by any lending office of such Lender or by such Lender's or the Issuing Bank's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; provided however, that notwithstanding anything herein to the contrary, the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder, issued in connection therewith or in implementation thereof, shall be deemed to be a "Change in "Law", regardless of the date enacted, adopted, issued or implemented.

(b) A new definition of "Domestic Subsidiary" is hereby added to the Credit Agreement, which reads as follows: "Domestic Subsidiary" means any Subsidiary that is not a Foreign Subsidiary.

(c) The definition of "Existing Guarantees" is hereby replaced with the following: "Existing Guarantees" means those certain Subsidiary Guaranty agreements described on the attached Exhibit D, all in favor of the Administrative Agent for the ratable benefit of the Lenders, as they may be ratified, amended or modified and in effect from time to time.

(d) Exhibit D of the Credit Agreement is hereby replaced with Exhibit D attached to this Amendment.

(e) Exhibit E of the Credit Agreement is hereby replaced with Exhibit E attached to this Amendment.

(f) A new definition of "Foreign Subsidiary" is hereby added to the Credit Agreement, which reads as follows: "Foreign Subsidiary" means any Subsidiary (other than Matrix Service Inc., an Ontario, Canada corporation, Matrix Service Industrial Contractors ULC, a Nova Scotia, Canada unlimited liability corporation, and Matrix Service ULC, an Alberta, Canada unlimited liability corporation) that is organized under the laws of a jurisdiction outside the United States of America.

(g) A new definition of "Foreign Subsidiary EBITDA" is hereby added to the Credit Agreement, which reads as follows: "Foreign Subsidiary EBITDA" means, with reference to any period, the combined net income of all Foreign Subsidiaries for such period (i) plus, to the extent deducted in calculating net income for such period, (A) interest expense, (B) expense for income taxes paid or accrued, (C) depreciation, amortization and other non-cash charges (including but not limited to non-cash compensation expense recorded in accordance with FAS 123R), (D) losses on sales of fixed assets, and (E) extraordinary losses incurred other than in the ordinary course of business, (ii) minus, to the extent included in net income, (A) gains on sales of fixed assets, and (B) extraordinary gains realized other than in the ordinary course of business, (iii) minus, to the extent included in calculating net income for such period, any Joint Venture Non-Cash Income for such period.

(h) The following sentence is hereby added to the end of the definition of “Subsidiary”: “Notwithstanding the foregoing, neither Matrix Service, Inc., Panama (formed in Panama) nor San Luis Tank S.A. de C.V. (formed in Mexico) shall be considered a Subsidiary as long as it is dormant, has no assets, conducts no operations and Borrower has no plan or intention to utilize it for any purpose.”

(i) A new definition of “Subsidiary Trigger Date” is hereby added to the Credit Agreement, which reads as follows: “Subsidiary Trigger Date” has the meaning assigned to such term in Section 5.09(e).

(j) Schedule 3.13 attached to the Second Amendment and incorporated into the Credit Agreement thereby, is hereby replaced with Schedule 3.13 attached to this Amendment.

(k) Section 3.13 is hereby replaced with the following:

SECTION 3.13. Subsidiaries. Schedule 3.13 contains an accurate list of and other information regarding all Subsidiaries of the Borrower as of the date of this Agreement, setting forth their respective jurisdictions of organization and the percentage of their respective capital stock or other ownership interests owned by the Borrower or other Subsidiaries. Deliberately omitted from Schedule 3.13 are Matrix Service, Inc., Panama (formed in Panama) and San Luis Tank S.A. de C.V. (formed in Mexico), both of which Borrower has represented and does hereby represent to Agent and the Lenders are now dormant and neither of which (i) Borrower has any plan or intention to revive or utilize in any way or (ii) has any assets or operations whatsoever. All of the issued and outstanding shares of capital stock or other ownership interests of all Subsidiaries have been (to the extent such concepts are relevant with respect to such ownership interests) duly authorized and issued and are fully paid and non-assessable.

(l) A new Section 5.01(r) is hereby added to the Agreement, which will read as follows:

“(r) Together with the financial statements required under Sections 5.01(a) and (b), abbreviated consolidating balance sheets and income statements in detail sufficient to determine compliance with Section 5.09, including without limitation the accuracy of the calculations pertinent to Sections 5.09(c) and (d) that are included in the Compliance Certificate.”

(m) Section 5.09 is hereby replaced with the following:

SECTION 5.09 Additional Subsidiaries; Foreign Subsidiaries.

(a) Borrower shall notify Administrative Agent within ten (10) days of the time that any Person becomes a Subsidiary as a result of the creation of such Subsidiary or an Acquisition permitted by Section 6.04 or otherwise.

(b) Within twenty (20) days after the time that any Person becomes a Domestic Subsidiary as a result of the creation of such Domestic Subsidiary or an Acquisition permitted by Section 6.04 or otherwise, (i) Borrower shall cause such Subsidiary to become a Guarantor by such Domestic Subsidiary executing and delivering to Administrative Agent a counterpart of the Existing Guarantees or such other document as Administrative Agent shall deem appropriate for such purpose, (ii) if required by Administrative Agent, such Domestic Subsidiary shall execute and deliver to Administrative Agent a Security Agreement to secure the Obligations, along with such documents and instruments as may be necessary to perfect the applicable security interest(s), (iii) if required by Administrative Agent, the Person(s) owning such Subsidiary's Equity Interests shall execute and deliver such documents and instruments as Administrative Agent shall require to pledge 100% of the Equity Interests in such Subsidiary to secure the Obligations (provided that nothing herein shall negate the effect of any Existing Security Agreement then in effect that encumbers such Equity Interests) and to perfect such pledge, and (iv) Borrower shall cause the Administrative Agent to receive documents of the types referred to in Sections 4.01(b), (c) and (d) in regard to such Domestic Subsidiary (and, if applicable, the Person pledging the Equity Interests in such Subsidiary) and favorable opinions of counsel to such Person(s) (which shall cover, among other things, the legality, validity, binding effect and enforceability of the documentation referred to above and shall be addressed to the Administrative Agent and the Lenders), all in form, scope and content reasonably satisfactory to Administrative Agent.

(c) If at any time the total assets of the Foreign Subsidiaries comprise 15% or more of the consolidated total assets of the Borrower and its Subsidiaries, then as to those Foreign Subsidiary(s) so designated by the Administrative Agent, any one or more of the following, as requested by the Administrative Agent, shall occur:

(i) such Foreign Subsidiary(s) shall execute and deliver to Administrative Agent a counterpart of the Existing Guarantees or such other document as Administrative Agent shall deem appropriate for such purpose,

(ii) such Foreign Subsidiary(s) shall execute and deliver to Administrative Agent a Security Agreement to secure the Obligations and such documents as may be necessary to perfect the applicable security interest(s),

(iii) the Person(s) owning Equity Interests in such Foreign Subsidiary(s) shall execute and deliver such documents and instruments as Administrative Agent shall require to pledge 100% (or such lesser amount as may be approved by the Administrative Agent) of the Equity Interests in such Foreign Subsidiary(s) to secure the Obligations (provided that nothing herein shall negate the effect of any Security Agreement then in effect that encumbers such Equity Interests) and to perfect such pledge, and

Borrower shall cause the applicable Person(s) to deliver to the Administrative Agent documents of the types referred to in Sections 4.01(b), (c) and (d) in regard to such Foreign Subsidiary(s) (and, if applicable, the Person pledging the Equity Interests in such Foreign Subsidiary(s)) and favorable opinions of counsel to such Person(s) (which shall cover, among other things, the legality, validity, binding effect and enforceability of the documentation referred to above and shall be addressed to the Administrative Agent and the Lenders), all in form, scope and content reasonably satisfactory to Administrative Agent.

(d) If for any rolling four quarters period the Foreign Subsidiary EBITDA is greater than or equal to 15% of the Consolidated EBITDA for the same period, then either (i) for purposes of calculating the Fixed Charge Coverage Ratio and Senior Leverage Ratio for such period, Consolidated EBITDA shall mean Consolidated EBITDA less an amount equal to the amount by which Foreign Subsidiary EBITDA exceeds 15% of the Consolidated EBITDA for such period or (ii) at the Borrower's election, such election to be made and communicated in writing to the Administrative Agent in the Compliance Certificate for the applicable reporting period in question, such occurrence shall be treated the same as if the total assets of the Foreign Subsidiaries comprise 15% or more of the consolidated total assets of the Borrower and its Subsidiaries, as described in Section 5.09(c) above.

(e) If and to the extent that any documents and instruments are required to be delivered pursuant to Section 5.09(c) or (d), Borrower shall deliver such documents and instruments to the Administrative Agent within 45 days after the Subsidiary Trigger Date. "Subsidiary Trigger Date" means the date Borrower delivers to the Administrative Agent and the Lenders pursuant to Section 5.01(a) or (b) financial statements (and accompanying Compliance Certificate) that demonstrate that the applicable threshold set forth in Section 5.09(c) or (d) has been met.

(n) The Compliance Certificate attached as Exhibit C to the Credit Agreement is hereby replaced with Exhibit C attached to this Amendment.

3. Waivers.

(a) More than thirty (30) days prior to the date of this Amendment Borrower formed a new Subsidiary, Matrix Service Costa Rica, SRL, a Costa Rican Sociedad de Responsabilidad Limitada (the "New Cost Rica Subsidiary") and the Borrower has not provided or caused to be provided to the Administrative Agent the documents contemplated by Section 5.09 of the Credit Agreement in regard to the New Costa Rica Subsidiary (as in effect prior to this Amendment). Borrower has requested that the Lenders grant a waiver of such Default, and the Lenders have agreed. Accordingly, Lenders hereby waive the provisions of Section 5.09 of the Credit Agreement as they apply to the New Costa Rica Subsidiary. This waiver shall be limited precisely as provided for herein (including without limitation any time periods specified) and such waiver shall not be deemed to be a waiver of, amendment to, consent to or modification of (i) any other term or provision of the Credit Agreement or any of the other Loan Documents or (ii) any other event, condition, or transaction on the part of the Borrower or any other Person which would require the consent of the Administrative Agent or any of the Lenders.

(b) More than thirty (30) days prior to the date of this Amendment Borrower formed a new Subsidiary, Matrix International Holding, LLC, a Delaware limited liability company (the "New Domestic Subsidiary") and the Borrower has not provided or caused to be provided to the Administrative Agent the documents contemplated by Section 5.09 of the Credit Agreement in regard to the New Domestic Subsidiary (as in effect prior to this Amendment). Borrower has requested that the Lenders grant a waiver of such Default, and the

Lenders have agreed. Accordingly, Lenders hereby waive the provisions of Section 5.09 of the Credit Agreement as they apply to the New Domestic Subsidiary provided that the conditions set forth in Section 6 of this Amendment are satisfied. This waiver shall be limited precisely as provided for herein (including without limitation any time periods specified) and such waiver shall not be deemed to be a waiver of, amendment to, consent to or modification of (i) any other term or provision of the Credit Agreement or any of the other Loan Documents or (ii) any other event, condition, or transaction on the part of the Borrower or any other Person which would require the consent of the Administrative Agent or any of the Lenders.

4. I&S, Inc. and Matrix Service Specialized Transport, Inc. Borrower has notified Administrative Agent that it intends to cause I & S, Inc., a Pennsylvania corporation ("I&S"), and Matrix Service Specialized Transport, Inc., a Pennsylvania corporation ("Matrix Transport"), to cease to exist through a dissolution, merger into another Person, or otherwise (each an "Event"). Administrative Agent and Lenders hereby consent to each Event subject to the following conditions:

(a) such Event occurs on or before the date ninety (90) days after the Amendment Effective Date;

(b) such Event occurs at a time when no Default or Event of Default then exists; and

(c) as a part of or in conjunction with any such Event that occurs, the assets of I&S or Matrix Transport, as the case may be, are transferred to or become the property of a Subsidiary that

(i) is then party to a Subsidiary Guaranty and

(ii) whose assets, including those assets of I&S or Matrix Transport, as the case may be, transferred to or that otherwise become property of such Subsidiary as part of or in conjunction with such Event, are subject to a perfected, first priority lien and security interest in favor of Administrative Agent, for the benefit of the Lenders, securing the Obligations.

5. Effect of this Amendment. This Amendment shall not be deemed to be a waiver of, amendment to, consent to or modification of any term or provision of the Credit Agreement or of any term or provision of any of the other Loan Documents, except as specifically set forth herein, and this Amendment shall not be deemed to be a waiver of, amendment to, or consent to or modification of any event, condition, or transaction on the part of the Borrower or any other Person except as specifically set forth herein.

6. Conditions. This Amendment shall be effective as of the Amendment Effective Date, provided the following conditions precedent are satisfied:

(a) Administrative Agent's receipt of the following, each of which shall be originals or facsimile or portable document format (PDF) copies (followed promptly by originals) unless otherwise specified, each properly executed, each dated the Amendment Effective Date (or, in the case of certificates of governmental officials, a recent date before the date of the Amendment) and each in form and substance satisfactory to Administrative Agent and its legal counsel:

(i) executed counterparts of this Amendment and all other documents and instruments requested by Administrative Agent, sufficient in number for distribution to each Lender and Borrower;

(ii) a corporate certificate with resolutions in the form required by Administrative Agent;

(iii) such other certificates of resolutions or other action, incumbency certificates and/or other certificates of Authorized Officers of each Credit Party as Lender may require evidencing the identity, authority and capacity of each officer thereof authorized to act as an Authorized Officer in connection with this Amendment and the other Loan Documents to which such Credit Party is a party;

(iv) fully executed originals of the Ratification of Security Agreements and Release, and Ratification of and Amendment to Subsidiary Guaranty, in the forms set forth on Schedules "1-A" and "1-B", respectively, attached hereto, for each party thereto (collectively the "Ratifications");

(v) fully-executed originals of the documents, instruments and agreements described in Section 5.09(b) of the Agreement (as amended by this Amendment), as to the New Domestic Subsidiary; and

(vi) a favorable written opinion (addressed to the Administrative Agent and the Lenders and dated the Amendment Effective Date) of Conner & Winters, LLP, counsel for the Borrower and the Subsidiaries, substantially in the form of Annex 1 attached to this Amendment, and the Borrower hereby requests such counsel to deliver such opinion;

(b) Administrative Agent's receipt of such other assurances, certificates, documents, and consents as Administrative Agent reasonably may require;

(c) the Borrower shall have paid all fees required by the fee letters; and

(d) unless waived by Administrative Agent, Borrower shall have paid all fees, expenses and disbursements of any law firm or other external counsel for Administrative Agent to the extent invoiced prior to the date hereof, plus such additional amounts of such fees, expenses and disbursements as shall constitute its reasonable estimate thereof incurred or to be incurred by it through the closing proceedings as to this Amendment (provided that such estimate shall not thereafter preclude a final settling of accounts between Borrower and Administrative Agent).

7. Acknowledgment and Ratification; Representations and Warranties. The Borrower acknowledges and agrees that the Credit Agreement shall remain in full force and effect as amended hereby. Borrower represents and warrants to the Lenders that as of the date of execution of this Amendment and as of the Amendment Effective Date:

(a) the representations and warranties set forth in the Credit Agreement are true and correct in all material respects as though made on the date hereof, except to the extent that any of them speak to a different specific date, in which case they are true and correct as of such earlier date, and for purposes of this Amendment the representations and warranties contained in subsection (a) of Section 3.04 shall be deemed to refer to the most recent financial statements furnished by the Borrower pursuant to clauses (a) and (b) of Section 5.01;

(b) no Default or Event of Default exists;

(c) neither the Borrower nor any of the Guarantors owns or has any interest in any "commercial tort claim" (as that term is defined in 12A Okla. Stat. § 1-9-102(a)(13) as of the Amendment Effective Date) that has not been specifically described in a Security Agreement as part of the collateral thereunder;

(d) the execution, delivery and performance by the Borrower of this Amendment have been duly authorized by all necessary corporate action and do not and will not contravene the terms of any of the Borrower's organizational documents, any law or any indenture, loan or credit agreement, or any other material agreement or instrument to which the Borrower is a party or by which it is bound or to which it or its properties are subject;

(e) no authorizations, approvals or consents of, and no filings or registrations with, any Governmental Authority or any other Person are necessary for the execution, delivery or performance by the Borrower of this Amendment or for the validity or enforceability thereof, other than routine informational filings with the SEC and/or other Governmental Authorities;

(f) this Amendment constitutes the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with its terms, and the Ratifications constitute the legal, valid and binding obligations of the Guarantors party thereto, enforceable against such Guarantors in accordance with their terms, in all cases except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability, and by judicial discretion regarding the enforcement of or any applicable laws affecting remedies (whether considered in a court of law or a proceeding in equity); and

(g) Schedule 3.13 attached hereto is an accurate list of and other information regarding the Borrower and all Subsidiaries of the Borrower as of the date of this Amendment, setting forth their respective jurisdictions of organization and the percentage of the respective capital stock or other ownership interests of the Subsidiaries owned by the Borrower or other Subsidiaries. All of the issued and outstanding shares of capital stock or other Equity Interests in such Subsidiaries have been (to the extent such concepts are relevant with respect to such ownership interests) duly authorized and issued and are fully paid and non-assessable.

8. Defaults Unaffected. Except as may be expressly set forth herein, nothing contained in this Amendment shall prejudice, act as, or be deemed to be a waiver of any Default or Event of Default or any right or remedy available to Administrative Agent or any Lender by reason of the occurrence or existence of any fact, circumstance or event constituting a Default or Event of Default.

9. Governing Law; Miscellaneous. This Amendment shall be governed by the internal laws of the State of Oklahoma. Unless stated otherwise, (a) the singular number includes the plural and *vice versa* and words of any gender include each other gender, in each case, as appropriate, (b) headings and captions may not be construed in interpreting provisions, (c) this Amendment may be executed in any number of counterparts with the same effect as if all signatories had signed the same

document, and all of those counterparts must be construed together to constitute the same document, and (d) this Amendment shall be effective when it has been executed by the parties hereto and each party has notified the Administrative Agent by facsimile transmission or telephone that it has taken such action.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

MATRIX SERVICE COMPANY,
a Delaware corporation

By: /s/ Kevin S. Cavanah
Kevin S. Cavanah, Vice President

[SIGNATURE PAGE TO FOURTH AMENDMENT]

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent, Lender
and Issuing Bank

By: /s/ Jennifer Kalvaitis
Jennifer Kalvaitis, Vice President

WELLS FARGO & CO. successor by merger to Wachovia Bank, National Association

By: /s/ Laura Christofferson
Laura Christofferson, Vice President

AMEGY BANK NATIONAL ASSOCIATION

By: /s/ Dan Cox
Dan Cox, Vice President

BANK OF AMERICA, N.A., successor
by merger to LaSalle Bank National Association

By: /s/ Tony N. Shinn
______, ______ Vice President

BMO CAPITAL MARKETS FINANCING, INC.

By: /s/ John Armstrong

Exhibit "C"

COMPLIANCE CERTIFICATE

To: The Lenders parties to the
Agreement Described Below

This Compliance Certificate is furnished pursuant to that certain Second Amended and Restated Credit Agreement dated as of November 30, 2006 (as amended, modified, renewed or extended from time to time, the "Agreement") among Matrix Service Company, a Delaware corporation (the "Borrower"), the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent for the Lenders and as Issuing Bank. Unless otherwise defined herein, capitalized terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly elected chief financial officer of the Borrower;

2. I have reviewed the terms of the Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of the Borrower and its Subsidiaries during the accounting period covered by the attached financial statements;

3. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes a Default or Event of Default during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate, except as set forth below;

4. Schedule I attached hereto sets forth financial data and computations evidencing the Borrower's compliance with certain covenants of the Agreement, all of which data and computations are true, complete and correct;

5. Schedule II attached hereto sets forth the determination of the interest rates and other rates listed therein; and

6. Schedule III attached hereto sets forth the various reports and deliveries which are required at this time under the Agreement and the other Loan Documents and the status of compliance.

Described below are the exceptions, if any, to paragraph 3 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which the Borrower has taken, is taking, or proposes to take with respect to each such condition or event:

____

____

____

____

The foregoing certifications, together with the computations set forth in Schedules I, II and III hereto and the financial statements delivered with this Certificate in support hereof, are made and delivered this___ day of _____________, _________.

Chief Financial Officer,
MATRIX SERVICE COMPANY

SCHEDULE I TO COMPLIANCE CERTIFICATE

Compliance as of ______, ______ with certain
Provisions of the Agreement

All Calculations Below as of
__________, 20 __ Except
As Provided Otherwise Below

1. Detailed Calculation of Consolidated EBITDA for Fiscal Year to Date

2. Detailed Calculation of Foreign Subsidiary EBITDA for Fiscal Year to Date

3. Detailed Calculation of Consolidated EBITDA for Previous Four Fiscal Quarters

4. Detailed Calculation of Foreign Subsidiary EBITDA for Previous Four Fiscal Quarters

5. Detailed Calculation of Consolidated EBITDA for the most recently ended calendar quarter

6. Detailed Calculation of Foreign Subsidiary EBITDA for the most recently ended calendar quarter

7. Consolidated Total Assets of Borrower and its Subsidiaries: $______

Total Assets of Foreign Subsidiaries: $______

Ratio of Total Assets of Foreign Subsidiaries to Consolidated Total Assets: ______%

8. Foreign Subsidiary EBITDA for Previous Four Fiscal Quarters: $______

Consolidated EBITDA for Previous Four Fiscal Quarters: $______

Ratio of Foreign Subsidiary EBITDA to Consolidated EBITDA: ______%

If equal to or greater than 15%, advise of election:

☐ Consolidated EBITDA to be calculated by deducting an amount equal to Foreign Subsidiary EBITDA for purposes of Fixed Charge Coverage Ratio and Senior Leverage Ratio

☐ Applicable Persons to Provide Documents and Instruments, Etc. Required Under Sections 5.09(c) and (d)

9. Detailed Calculation of Senior Leverage Ratio

10. Detailed Calculation of Fixed Charge Coverage Ratio

11. Consolidated Tangible Net Worth Required

Consolidated Tangible Net Worth – Starting Point:	$110,000,000.00
PLUS all Net Cash Proceeds of issuances of Equity Interests (including common stock,preferred stock, warrants orother equity (except exercise of options))after 11/30/08	
PLUS 50% of positive Consolidated Net Incomeafter 11/30/08	
Total	

12. Calculation of Asset Coverage Ratio

Consolidated Eligible Assets:	
Accounts:	____________
Less: Accounts unpaid more than 90 days past date of invoice	(____________)
Inventory	____________
Net PP&E	____________
Total Consolidated Eligible Assets	____________
Funded Bank Debt:	____________
Asset Coverage Ratio (Consolidated Eligible Assets/ Funded Bank Debt)	____________

Schedule II to Compliance Certificate

Interest and Other Rates

APPLICABLE RATE

Actual Results: Senior Leverage Ratio: ______

For Fiscal Quarter Ending ______

Mark As Applicable with "X"	Senior Leverage Ratio	Eurodollar Spread (bps)	ABR Spread (bps)
	³ 2.00 to 1.00	275	175
	< 2.00 to 1.00, but ³ 1.50 to 1.00	250	150
	< 1.50 to 1.00, but ³ 1.00 to 1.00	225	125
	< 1.00 to 1.00	200	100

Unused Revolving Credit Facility Fee

Actual Results: Senior Leverage Ratio: ______

For Fiscal Quarter Ending ______

Mark as Applicable with "X"	Senior Leverage Ratio	Unused Revolving Credit Facility Fee (bps)
	³ 2.00 to 1.00	50
	< 2.00 to 1.00, but ³ 1.50 to 1.00	50
	< 1.50 to 1.00, but ³ 1.00 to 1.00	40
	< 1.00 to 1.00	35

Schedule III to Compliance Certificate

List of Reports and Deliveries Due at this Time and Status

Report or Delivery Due	Status

Exhibit D

List of Existing Guarantees

March 7, 2003 Subsidiary Guaranty:

Matrix Service Inc.
Matrix Service Industrial Contractors, Inc, (f/k/a Matrix Service Mid-Continent, Inc.)
Matrix Service Inc., an Ontario Canada corporation, a/k/a Matrix Service Inc. Canada
Hake Acquisition Corp. (no longer in existence)
Hake Group, Inc. (no longer in existence)
Bogan, Inc. (including Fiberspec, a division) (no longer in existence)
Matrix Service Specialized Transport, Inc., f/k/a Frank W. Hake, Inc.
Hover Systems, Inc. (no longer in existence)
I & S, Inc.
McBish Management, Inc. (no longer in existence)
Mechanical Construction, Incorporated, a/k/a Mechanical Construction, Inc. (no longer in existence)
Mid-Atlantic Constructors, Inc. (no longer in existence)
Talbot Realty, Inc. (no longer in existence)
Bish Investments, Inc. (no longer in existence)
I & S Joint Venture, L.L.C. (no longer in existence)

August 10, 2005 Subsidiary Guaranty:

Matrix Service Industrial Contractors Canada, Inc.
Matrix Service Industrial Contractors ULC

February 11, 2009 Subsidiary Guaranty:

Matrix Service ULC, an Alberta unlimited liability corporation
S.M. Electric Company, Inc., a New Jersey corporation

September 24, 2010 Subsidiary Guaranty:

Matrix Service International, LLC, a Delaware limited liability company

Exhibit E

List of Existing Security Agreements

March 7, 2003 Pledge and Security Agreements executed and delivered by the following parties:

Matrix Service Company
Matrix Service Inc.
Matrix Service Inc., an Ontario Canada corporation, a/k/a Matrix Service Inc. Canada
Matrix Service Industrial Contractors, Inc, (f/k/a Matrix Service Mid-Continent, Inc.)
Hake Acquisition Corp. (no longer in existence)
Bish Investments, Inc. (no longer in existence)
Bogan, Inc. (including Fiberspec, a division) (no longer in existence)
Hake Group, Inc. (no longer in existence)
Frank W. Hake, Inc. (n/k/a Matrix Service Specialized Transport, Inc.) (no longer in existence)
Hover Systems, Inc. (no longer in existence)
I & S, Inc.
I & S Joint Venture, L.L.C. (no longer in existence)
McBish Management, Inc. (no longer in existence)
Mechanical Construction, Incorporated,
a/k/a Mechanical Construction, Inc. (no longer in existence)
Mid-Atlantic Constructors, Inc. (no longer in existence)
Talbot Realty, Inc. (no longer in existence)

August 10, 2005 Pledge and Security Agreements:

Matrix Service Industrial Contractors Canada, Inc.
Matrix Service Industrial Contractors ULC

August 10, 2005 Amended and Restated Pledge and Security Agreement:

Matrix Service Inc., an Ontario Canada corporation

February 11, 2009 Pledge and Security Agreements:

Matrix Service ULC, an Alberta unlimited liability corporation
S.M. Electric Company, Inc., a New Jersey corporation

September 24, 2010 Pledge and Security Agreement:

Matrix Service International, LLC, a Delaware limited liability company

Schedule "1-A"

(Ratification of Security Agreements and Release)

RATIFICATION OF
SECURITY AGREEMENTS AND RELEASE

Reference is made to that certain Fourth Amendment to Second Amended and Restated Credit Agreement dated as of March 31, 2011 (the "Agreement"), among Matrix Service Company, a Delaware corporation (the "Borrower"), the Lenders signatory thereto (the "Lenders"), and JPMorgan Chase Bank, N.A., as a Lender, Issuing Bank and as Administrative Agent thereunder ("Agent").

1. Terms used herein shall have the meanings ascribed to them in that certain Second Amended and Restated Credit Agreement dated as of November 30, 2006, as amended by that certain First Amendment to Second Amended and Restated Credit Agreement dated July 6, 2007, by that certain Second Amendment to Second Amended and Restated Credit Agreement dated February 11, 2009, by that certain Third Amendment to Second Amended and Restated Credit Agreement dated September 24, 2010, and by the Agreement (as so amended, the "Credit Agreement"), unless otherwise defined herein.

2. Exhibit "E" of the Security Agreement by Borrower in favor of Agent is hereby replaced with Exhibit "E" attached hereto and made a part hereof. Borrower has granted (pursuant to the Security Agreement) and does hereby grant to Agent, in accordance with and under the terms set forth in the Security Agreement to which Borrower is a party, a first priority lien and security interest in and to, and a pledge of, the Investment Property and other assets described on Exhibit "E".

3. As inducement for and in consideration of the Administrative Agent and Lenders executing the Agreement, each of the undersigned Borrower and Subsidiaries hereby ratifies and confirms the Security Agreement to which it is a party in all respects and agrees that, notwithstanding the Agreement, each such Security Agreement remains in full force and effect, and agrees that the term "Credit Agreement" as used in its Security Agreement shall hereafter mean the Credit Agreement described above.

4. Borrower and each Subsidiary signatory hereto, for itself and on behalf of all its predecessors, successors, assigns, agents, employees, representatives, officers, directors, general partners, limited partners, joint shareholders, beneficiaries, trustees, administrators, subsidiaries, affiliates, employees, servants and attorneys (collectively the "Releasing Parties"), hereby releases and forever discharges Administrative Agent, Issuing Bank and each Lender and their respective successors, assigns, partners, directors, officers, agents, attorneys, and employees from any and all claims, demands, cross-actions, controversies, causes of action, damages, rights, liabilities and obligations, at law or in equity whatsoever, known or unknown, whether past, present or future, now held, owned or possessed by the Releasing Parties, or any of them, or which the Releasing Parties or any of them may, as a result of any actions or inactions occurring on or prior to the date hereof, hereafter hold or claim to hold under common law or statutory right, arising, directly or indirectly, out of the Loan or any of the Loan Documents or any of the documents, instruments or any other transactions relating thereto or the transactions contemplated thereby. Borrower and each Subsidiary signatory hereto understands and agrees that this is a full, final and complete release and agrees that this release may be pleaded as an absolute and final bar to any or all suit or suits pending or which may hereafter be filed or prosecuted by any of the Releasing Parties, or anyone claiming by, through or under any of the Releasing Parties, in respect of any of the matters released hereby, and that no recovery on account of the matters described herein may hereafter be had from anyone whomsoever, and that the consideration given for this release is no admission of liability.

5. Borrower and each Subsidiary hereby confirms, reaffirms and restates that (a) the representations and warranties made by it in the Security Agreement to which it is a party are true and correct on and as of the date hereof (except to the extent such representations and warranties relate solely to a specific earlier date) and (b) no Default, as defined in such Security Agreement, has occurred and is continuing on the date hereof, except as has been specifically waived.

6. This agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this agreement by signing any such counterpart.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Borrower hereby executes this Ratification of Security Agreements and Release as of March 31, 2011.

MATRIX SERVICE COMPANY,
a Delaware corporation

By: /s/ Kevin S. Cavanah
Kevin S. Cavanah, Chief Financial Officer

[SIGNATURE PAGE TO RATIFICATION OF SECURITY AGREEMENTS]

IN WITNESS WHEREOF, each of the Subsidiaries has caused this Ratification of Security Agreements and Release to be duly executed by its authorized officer as of March 31, 2011.

MATRIX SERVICE INC.,
an Oklahoma corporation;
MATRIX SERVICE INC.,
an Ontario, Canada corporation;
MATRIX SERVICE ULC,
an Alberta unlimited liability corporation

By: /s/ Jason Turner
Jason Turner, Vice President and Treasurer

[SIGNATURE PAGE TO RATIFICATION OF SECURITY AGREEMENTS]

MATRIX SERVICE INDUSTRIAL CONTRACTORS, INC. (formerly known as **MATRIX SERVICE MID-CONTINENT, INC.**), an Oklahoma corporation; **MATRIX SERVICE SPECIALIZED TRANSPORT, INC.** (formerly known as **FRANK W. HAKE, INC.**), a Pennsylvania corporation; **I & S, INC.**, a Pennsylvania corporation; **MATRIX SERVICE INDUSTRIAL CONTRACTORS CANADA, INC.**, a Delaware corporation; **MATRIX SERVICE INDUSTRIAL CONTRACTORS ULC**, a Nova Scotia unlimited company, **S.M. ELECTRIC COMPANY, INC.**, a New Jersey corporation

By: /s/ Jason Turner
Jason Turner, Vice President and Treasurer

[SIGNATURE PAGE TO RATIFICATION OF SECURITY AGREEMENTS]

MATRIX SERVICE INTERNATIONAL, LLC,
a Delaware limited liability company

By: /s/ Jason Turner
Jason Turner, Vice President and Treasurer

[SIGNATURE PAGE TO RATIFICATION OF SECURITY AGREEMENTS]

The foregoing agreed to and accepted by Administrative Agent as of March 31, 2011.

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By: /s/ Jennifer Kalvaitis
Jennifer Kalvaitis, Vice President

Exhibit “E”

Subsidiaries (List of All Subsidiaries, with Jurisdictions of Organization, and Ownership Percentages Held by Borrower) of Borrower
(Note: Does Not Include Subsidiaries of Other Entities)

Subsidiary Name	Total Authorized Capital	Place of Incorporation	Owned By	Percentage Ownership of Issued and Outstanding Common Stock and other Equity Interests	Principal Place of Business	Guarantor (Y/N)
Matrix Service Industrial Contractors, Inc.	500 shares of common stock @ $1.00 par value	Oklahoma	Matrix Service Company	100% -500 shares of common stock	10701 East Ute Street Tulsa, OK 74146	Y
Matrix Service Inc.	5,000 shares of common stock @ $1.00 par value	Oklahoma	Matrix Service Company	100% - 500 shares of common stock	10701 East Ute Street Tulsa, OK 74146	Y
Matrix Service, Inc., Panama ***		Panama	Matrix Service Company	100% less 1 share owned by local citizen on board of directors	10701 East Ute Street Tulsa, OK 74146	N
San Luis Tank S.A. de C.V. ***		Mexico	Matrix Service Company	100% less 1 share owned by local citizen on board of directors	10701 East Ute Street Tulsa, OK 74146	N

Subsidiary Name	Total Authorized Capital	Place of Incorporation	Owned By	Percentage Ownership of Issued and Outstanding Common Stock and other Equity Interests	Principal Place of Business	Guarantor (Y/N)
Matrix Service International, LLC	N/A	Delaware	Matrix Service Company	100% of the limited liability company interest	5100 E. Skelly Drive Suite 700 Tulsa, OK 74135	Y
Matrix International Holding, LLC	N/A	Delaware	Matrix Service Company	100% of the limited liability company interest	5100 E. Skelly Drive Suite 700 Tulsa, OK 74135	Y

*** Not currently considered to be a Subsidiary for purposes of the Credit Agreement - see the revised definition of “Subsidiary”.

Schedule "1-B"

(Ratification of and Amendment to Subsidiary Guaranty)

RATIFICATION OF AND AMENDMENT TO SUBSIDIARY GUARANTY

Reference is made to that certain Fourth Amendment to Second Amended and Restated Credit Agreement dated as of March 31, 2011 (the "Agreement"), among Matrix Service Company, a Delaware corporation (the "Borrower"), the Lenders signatory thereto (the "Lenders"), and JPMorgan Chase Bank, N.A., as a Lender, Issuing Bank and as Administrative Agent thereunder ("Agent").

1. Terms used herein shall have the meanings ascribed to them in that certain Second Amended and Restated Credit Agreement dated as of November 30, 2006, as amended by that certain First Amendment to Second Amended and Restated Credit Agreement dated July 6, 2007, as amended by that certain Second Amendment to Second Amended and Restated Credit Agreement dated February 11, 2009, as amended by that certain Third Amendment to Second Amended and Restated Credit Agreement dated September 24, 2010, and as amended by the Agreement (as so amended, the "Credit Agreement"), unless otherwise defined herein.

2. As inducement for and in consideration of the Lenders and Agent executing the Agreement,

(i) each of the undersigned Guarantors ratifies and confirms its existing Guarantee (each an "Existing Guarantee") in all respects and agrees that, notwithstanding the Agreement or any of the documents and agreements executed in connection therewith, such Existing Guarantee remains in full force and effect;

(ii) each of the undersigned Guarantors confirms and agrees that its Existing Guarantee shall extend to and include a guaranty of all Obligations; and

(iii) each of the undersigned Guarantors waives any and all defenses, claims or offsets, including but not limited to any suretyship defenses, that might arise from any term or provision of the Agreement or any of the documents and agreements executed in conjunction with the Agreement or that otherwise may exist.

3. Each Guarantor hereby confirms, reaffirms and restates that (a) the representations and warranties made by it in its Existing Guarantee are true and correct on and as of the date hereof (except to the extent such representations and warranties relate solely to a specific earlier date) and (b) no default of such Existing Guarantee has occurred and is continuing on the date hereof.

4. This Ratification may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Ratification by signing any such counterpart.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have caused this Ratification of Subsidiary Guaranty to be duly executed by its authorized officer as of March 31, 2011.

MATRIX SERVICE INC.,
an Oklahoma corporation;
MATRIX SERVICE INC.,
an Ontario, Canada corporation;
MATRIX SERVICE ULC,
an Alberta unlimited liability corporation

By: /s/ Jason Turner
Jason Turner, Vice President and Treasurer

[SIGNATURE PAGE TO RATIFICATION OF SUBSIDIARY GUARANTY]

MATRIX SERVICE INDUSTRIAL CONTRACTORS, INC. (formerly known as MATRIX SERVICE MID-CONTINENT, INC.), an Oklahoma corporation; **MATRIX SERVICE SPECIALIZED TRANSPORT, INC. (formerly known as FRANK W. HAKE, INC.),** a Pennsylvania corporation; **I & S, INC.,** a Pennsylvania corporation; **MATRIX SERVICE INDUSTRIAL CONTRACTORS CANADA, INC.,** a Delaware corporation; **MATRIX SERVICE INDUSTRIAL CONTRACTORS ULC,** a Nova Scotia unlimited company, **S.M. ELECTRIC COMPANY, INC.,** a New Jersey corporation

By: /s/ Jason Turner
Jason Turner, Vice President and Treasurer

[SIGNATURE PAGE TO RATIFICATION OF SUBSIDIARY GUARANTY]

MATRIX SERVICE INTERNATIONAL, LLC,
a Delaware limited liability company

By: /s/ Jason Turner
Jason Turner, Vice President and Treasurer

[SIGNATURE PAGE TO RATIFICATION OF SUBSIDIARY GUARANTY]

The foregoing agreed to and accepted by Agent as of March 31, 2011.

JPMORGAN CHASE BANK, N.A., as Administrative Agent

By: /s/ Jennifer Kalvaitis

Jennifer Kalvaitis, Vice President

Annex 1

OPINION OF COUNSEL FOR THE BORROWER

CONNER & WINTERS
ATTORNEYS AND COUNSELORS AT LAW

4000 One Williams Center
Tulsa, Oklahoma 74172
918.586.5711 Phone
918.586.8982 Fax
www.cwlaw.com

March 31, 2011

The Administrative Agent, the Issuing Bank and the Lenders who
are parties to the Credit Agreement described below

Ladies and Gentlemen:

We have acted as counsel to Matrix Service Company, a Delaware corporation (the "Borrower"), and its Subsidiaries as follows:

Matrix Service Inc. – an Oklahoma corporation
Matrix Service Industrial Contractors, Inc. – an Oklahoma corporation
Matrix Service Specialized Transport Inc. – a Pennsylvania corporation
I & S, Inc. – a Pennsylvania corporation
Matrix Service Industrial Contractors Canada, Inc., a Delaware corporation
Matrix Service Inc. – an Ontario, Canada corporation
Matrix Service Industrial Contractors ULC – a Nova Scotia, Canada unlimited liability corporation
Matrix Service ULC – an Alberta, Canada unlimited liability corporation
S.M. Electric Company, Inc. – a New Jersey corporation
Matrix Service International, LLC – a Delaware limited liability company
Matrix International Holding, LLC – a Delaware limited liability company

(collectively with the Borrower, the "Clients"), in connection with (i) the Borrower's execution and delivery of that certain Fourth Amendment to Second Amended and Restated Credit Agreement dated as of March 31, 2011, among the Borrower, the Lenders named therein, and JPMorgan Chase Bank, N.A., as a Lender, Issuing Bank and as Administrative Agent (the "Administrative Agent") for the Lenders (the "Fourth Amendment"), which amends that certain Second Amended and Restated Credit Agreement dated as of November 30, 2006, as previously amended (as so amended and as further amended by the Fourth Amendment, the "Credit Agreement") and (ii) the execution by certain of the other Clients of certain other documents, all the documents referenced herein listed as follows (collectively, the "Documents"):

(a) the Fourth Amendment;

(b) Subsidiary Guaranty by Matrix International Holding, LLC, a Delaware limited liability company ("MIH"), of even date with the Fourth Amendment;

(c) Pledge and Security Agreement by MIH of even date with the Fourth Amendment;

(d) Ratification of Security Agreements and Release entered into by each of the Clients other than MIH and the Borrower of even date with the Fourth Amendment; and

(e) Ratification of and Amendment to Subsidiary Guaranty entered into by each of the Clients other than MIH and the Borrower of even date with the Fourth Amendment.

In addition to our review of the Documents, we have also examined and relied upon originals or copies of organizational documents and other records of the Clients as well as such certificates of public officials and officers of the Clients and such other documents and matters as we have deemed necessary or appropriate for purposes of this opinion.

All terms capitalized in this opinion letter without definition have the same meanings as in the Credit Agreement.

In rendering this opinion, we have assumed the following to be true and have conducted no investigation to confirm such assumptions or to determine to the contrary:

A. (i) The authenticity of all documents, instruments and certificates submitted to us as originals, (ii) the conformity with the original documents of all documents, instruments and certificates submitted to us as certified, conformed, photostatic or electronic copies, and (iii) the authenticity of the originals from which all such copies were made.

B. All parties to the Documents (other than the Clients) have full power and authority to execute, deliver and perform their respective obligations under the Documents and under the documents required or permitted to be delivered and performed thereunder, and all such documents have been duly authorized by all necessary action by such parties, have been fully executed by such parties, have been duly delivered by such parties and are or will be valid, binding and enforceable obligations of such parties.

C. All signatures on the Documents (other than those on behalf of the Clients) are genuine.

D. The conduct of the parties to the Documents has and will comply with any requirement of good faith, fair dealing, conscionability and commercial reasonableness.

E. There has not been any mutual mistake of fact or misunderstanding, fraud, duress or undue influence in connection with the Documents.

F. Each party to each of the Documents (other than the Clients) is in good standing under the laws of the jurisdiction in which it is incorporated or organized.

G. The execution, delivery and performance by each party (other than the Clients) of the Documents does not breach, conflict with or constitute a violation of (i) the certificate of incorporation, bylaws or any other charter or organizational document of such party, or (ii) the laws or governmental rules and regulations of any jurisdiction, or (iii) any agreement, instrument or document to which any such party is a party or by which any such party or any of its properties is bound or (iv) any order, judgment or decree to which any such party is subject or by which any of its properties is bound.

In rendering this opinion, we have relied as to matters of fact, to the extent we deem such reliance appropriate, without investigation, upon certificates of public officials and upon affidavits, certificates and written statements of officers and employees of the Borrower and Subsidiaries, including the various factual representations of the Clients set forth in the Documents and the Secretary's Certificate delivered to the Administrative Agent on behalf of the Clients of even date herewith.

Based upon the foregoing, and subject to the qualifications and limitations set forth herein, we are of the opinion that:

l. Each of the Clients (other than Matrix Service Inc., an Ontario, Canada corporation, Matrix Service Industrial Contractors ULC, a Nova Scotia, Canada unlimited liability corporation, and Matrix Service ULC, an Alberta, Canada unlimited liability corporation, as to which no opinion is expressed in this paragraph 1) is a corporation or limited liability company duly and properly incorporated or organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization and has all requisite corporate or limited liability company authority to conduct its business in each jurisdiction in which its business is conducted; and each of the Clients is qualified to do business and is in good standing in each other jurisdiction where the nature of the business conducted by it makes such qualification necessary or appropriate, except where the failure to be so qualified would not have a Material Adverse Effect.

2. The execution and delivery by the Clients of the Documents to which they, or any of them, is a party, and the performance by such Client or Clients, as the case may be, of their respective obligations thereunder, have been duly authorized by proper proceedings on the part of the respective Clients and do not and will not:

(a) require any consent of any of the Clients' shareholders or members (other than any such consent as has already been given and remains in full force and effect);

(b) violate (i) any United States or Oklahoma law, rule, or regulation, which, in our experience, would normally apply to transactions of the type contemplated by the Documents, (ii) any order, writ, judgment, injunction, decree or award of which we have knowledge that is applicable to or binding upon any of the Clients, (iii) any Clients' articles or certificate of incorporation or organization, by-laws or other organizational documents, as the case may be, or (iv) the provisions of any indenture, instrument or agreement that has either been listed as an exhibit to any periodic report filed by the Borrower since January 1, 2005 with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Exchange Act Documents"), or is otherwise known to us, to which any of the Clients is a party or is subject, or by which it, or its property, is bound, or conflict with or constitute a default thereunder; or

(c) result in, or require, the creation or imposition of any Lien in, of or on any of the property of any Client pursuant to the terms of any indenture, instrument or agreement binding upon any of the Clients that has been filed as an exhibit to any of the Exchange Act Documents or that is otherwise known to us.

3. The Documents to which any of the Clients is a party have been duly executed and delivered by the Clients identified therein as party thereto and constitute legal, valid and binding obligations of the Clients party thereto, enforceable against such Clients in accordance with their

terms, except to the extent the enforcement thereof may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and subject also to the availability of equitable remedies if equitable remedies are sought.

4. Except as described in Schedule 3.06 to the Credit Agreement, to our knowledge, there is no litigation, arbitration, governmental investigation, proceeding or inquiry pending or threatened against any of the Clients which, if adversely determined, could reasonably be expected to have a Material Adverse Effect.

5. No order, consent, adjudication, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, or other action in respect of any governmental or public body or authority, or any subdivision thereof, which has not been obtained by any Client, is required to be obtained by any Client in connection with the execution and delivery of the Documents, the borrowings under the Credit Agreement, the payment and performance by the Borrower of the Obligations, or the legality, validity, binding effect or enforceability of any of the Documents.

This opinion is subject to the following qualifications and limitations:

(i) The provisions contained in the Documents that permit any person to take action or make determinations, or to benefit from indemnities or similar undertakings, may be subject to requirements that such action be taken or such determinations be made, or that any action or inaction by such person that may give rise to a request for payment under such an indemnity or similar undertaking be taken or not taken, on a reasonable basis and in good faith.

(ii) Under certain circumstances the requirements that the provisions of the Documents may be modified or waived only in writing or only in a specific instance may be unenforceable to the extent that an oral agreement has been effected or a course of dealing has occurred modifying such provisions.

(iii) A court may modify or limit contractual awards of attorneys' fees.

(iv) We express no opinion with regard to the effect of any (a) federal or state securities and "blue sky" laws and regulations, (b) federal or state antitrust and unfair competition laws and regulations, (c) federal or state pension and employee benefit laws and regulations, (d) federal or state environmental, subdivision, zoning, health, safety or land use laws and regulations, (e) federal or state racketeering laws and regulations and banking laws and regulations, and (f) administrative decisions, and rules and regulations of county and municipal political subdivisions.

(v) With respect to our opinion in paragraph 3 above, we express no opinion as to the enforceability of any Documents that purport to be governed by the laws of any jurisdiction other than the State of Oklahoma or that purport to (a) limit or expand remedies beyond those recognized in Oklahoma; (b) give the right of specific performance; (c) alter rules of civil procedure or evidence; (d) waive defenses or rights; (e) create and govern a trustee or creditor in possession status; (f) create indemnities or exculpate a party from liability for its own wrongful or negligent acts; (g) authorize the secured party to take discretionary independent action for the account of or as an agent or attorney-in-fact for the debtor; (h) limit or expand the rights of set-off; (i) guarantee the performance of acts other than payment of money; (j) limit jurisdiction of the courts, establish any exclusive venue, purport to waive jury trial, or establish evidentiary standards; or (k) provide for the appointment of a receiver without notice. The invalidity or unenforceability of such provisions should not, in our opinion, substantially interfere with the practical realization of the benefits of the Documents.

(vi) We express no opinion with respect to matters of perfection or priority of liens and security interests in any property of the Borrower and its Subsidiaries.

(vii) With respect to our opinion in paragraph 5, we express no opinion regarding any filings the Lenders would be required to make subsequent to foreclosure in connection with the ownership and operation of the Clients' assets.

We have not relied upon, nor do we undertake for the purpose of this opinion the responsibility to review, the records of any court or administrative or governmental body to determine the existence of any judicial or administrative proceeding, order, decree, writ or judgment. As to all matters where we refer to "our knowledge" of the existence of any facts, situations or instruments, such knowledge means that after considering the actual knowledge of those attorneys in our firm who have given substantive attention to the Borrower's affairs, we find no reason to believe that the opinions expressed above are factually incorrect.

We are members of the bar of the State of Oklahoma. Our opinions expressed above are limited to the laws of the State of Oklahoma, the corporate laws of the State of Delaware, the corporate laws of the Commonwealth of Pennsylvania, the corporate laws of the State of New Jersey, 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. To the extent the opinions expressed in paragraphs 2 and 3 above are governed by the laws of a province of Canada, we have assumed that the applicable law in those jurisdictions is the same as the applicable law in the State of Oklahoma in all relevant respects.

The effective date of this opinion is the date first set forth above, and we do not undertake to advise you of any matter brought to our attention thereafter which would or may modify, in whole or in part, any or all of the foregoing. This opinion is limited to the matters expressly stated herein, and no opinion is implied or may be inferred beyond the matters expressly stated.

This opinion is rendered to the Administrative Agent, the Issuing Bank, the Lenders who are parties to the Credit Agreement and their respective permitted participants and assigns under the Credit Agreement, is for their sole benefit and may only be relied upon by them. At your request, we hereby consent to reliance hereon by any future permitted participant, successor or assignee under the Credit Agreement on the condition and with the understanding that (i) this opinion speaks only as of the date hereof, (ii) we have no responsibility or obligation to update this opinion, to consider its applicability or correctness to any person other than those named in the preceding sentence, or to take into account changes in law, facts or any other developments of which we may later become aware, and (iii) any such reliance by a future participant, successor or assignee must be actual and reasonable under the circumstances existing at the time of the applicable participation, assignment or transfer, including any changes in law, facts or any other developments known to or reasonably knowable by the participant, assignee or transferee at such time.

This opinion is not to be quoted in whole or in part or otherwise referred to, nor is it to be filed with or delivered or communicated to any government agency (other than any government agency with regulatory authority as to any of the Lenders or as may otherwise be required by law) or any other person, without our prior written consent.

Very truly yours,

CONNER & WINTERS, LLP

Schedule 3.13

Subsidiaries (List of All Subsidiaries, with Jurisdictions of Organization, Ownership Percentages Held by Borrower or other Subsidiaries)

Parent Company: Matrix Service Company, a Delaware corporation (Borrower) - Total Authorized Capital: 65,000,000 total shares . Classes: 60,000,000 shares of common stock at $0.01 par value and 5,000,000 shares of preferred stock at $0.01 par value

Subsidiary Name	Total Authorized Capital	Place of Incorporation	Owned By	Percentage Ownership of Issued and Outstanding Common Stock and other Equity Interests	Principal Place of Business	Guarantor (Y/N)
Matrix Service Industrial Contractors, Inc.	500 shares of common stock @ $1.00 par value	Oklahoma	Matrix Service Company	100% 500 shares of common stock	10701 East Ute Street Tulsa, OK 74146	Y
Matrix Service Inc.	5,000 shares of common stock @ $1.00 par value	Oklahoma	Matrix Service Company	100% 500 shares of common stock	10701 East Ute Street Tulsa, OK 74146	Y

Subsidiary Name	Total Authorized Capital	Place of Incorporation	Owned By	Percentage Ownership of Issued and Outstanding Common Stock and other Equity Interests	Principal Place of Business	Guarantor (Y/N)
Matrix Service Inc.	Unlimited common and preferred stock	Ontario, Canada	Matrix Service Inc. (OK)	100% 500 shares of common stock	473 Scott Road Sarnia, Ontario N7T 7W1	Y
Matrix Service, Inc., Panama ***		Panama	Matrix Service Company	100% less 1 share owned by local citizen on board of directors	10701 East Ute Street Tulsa, OK 74146	N
San Luis Tank S.A. de C.V. ***		Mexico	Matrix Service Company	100% less 1 share owned by local citizen on board of directors	10701 East Ute Street Tulsa, OK 74146	N
Matrix Service Industrial Contractors Canada, Inc.	50,000 shares of common stock @ $0.01 par value	Delaware	Matrix Service Industrial Contractors, Inc.	100% 1,000 shares of common stock	1500 Chester Pike Eddystone, PA 19022	Y

Subsidiary Name	Total Authorized Capital	Place of Incorporation	Owned By	Percentage Ownership of Issued and Outstanding Common Stock and other Equity Interests	Principal Place of Business	Guarantor (Y/N)
Matrix Service Industrial Contractors ULC	100,000 shares of common stock @ no par value	Nova Scotia, Canada	Matrix Service Industrial Contractors Canada, Inc.	100% 100 shares of Common Stock	459 Grandview Ave. Saint John, NB E2J 4M8	Y

Subsidiary Name	Total Authorized Capital	Place of Incorporation	Owned By	Percentage Ownership of Issued and Outstanding Common Stock and other Equity Interests	Principal Place of Business	Guarantor (Y/N)
Matrix Service Specialized Transport, Inc.	62,000 Shares 1,000 shares of Class A common @ $1.00 par value 1,000 shares of Class B common @ $1.00 par value 30,000 shares of Class A Preferred @ $1.00 par value 30,000 shares of Class B Preferred @ $1.00 par value	Pennsylvania	Matrix Service Industrial Contractors, Inc.	100% 100 shares of Class A Common Stock 100% 400 shares of Class B Common Stock 100% 17,500 shares of Class A Preferred Stock	1500 Chester Pike Eddystone, PA 19022	Y

Subsidiary Name	Total Authorized Capital	Place of Incorporation	Owned By	Percentage Ownership of Issued and Outstanding Common Stock and other Equity Interests	Principal Place of Business	Guarantor (Y/N)
I & S, Inc.	1,000 shares of common stock @ no par value	Pennsylvania	Matrix Service Industrial Contractors, Inc.	100% 100 shares of Common Stock	1500 Chester Pike Eddystone, PA 19022	Y
Matrix Service ULC	Unlimited common and preferred stock	Alberta, Canada	Matrix Service Inc. (OK)	100% 100 shares of Common Stock	7067 39th Street Leduc, AB T9E 0B3	Y
S.M. Electric Company, Inc.	1,000 shares of common stock without par value	New Jersey	Matrix Service Industrial Contractors, Inc.	100% - 96 shares of Common Stock	601 New Brunswick Avenue Rahway, New Jersey 07065-1144	Y

Subsidiary Name	Total Authorized Capital	Place of Incorporation	Owned By	Percentage Ownership of Issued and Outstanding Common Stock and other Equity Interests	Principal Place of Business	Guarantor (Y/N)
Matrix Service International, LLC	N/A	Delaware	Matrix Service Company	100% of the limited liability company interest	5100 E. Skelly Drive Suite 700 Tulsa, OK 74135	Y
Matrix International Holding, LLC	N/A	Delaware	Matrix Service Company	100% of the limited liability company interest	5100 E. Skelly Drive Suite 700 Tulsa, OK 74135	Y
Matrix Service Costa Rica, SRL, a Costa Rican Sociedad de Responsabilidad Limitada	10,000,000 colones	Costa Rica	Matrix Service International, LLC	100% - 10,000 colones	Costa Rica	N

Subsidiary Name	Total Authorized Capital	Place of Incorporation	Owned By	Percentage Ownership of Issued and Outstanding Common Stock and other Equity Interests	Principal Place of Business	Guarantor (Y/N)
Matrix International Construction, LLC	N/A	Oklahoma	Matrix Service International, LLC	100% of the limited liability company interest	5100 E. Skelly Drive Suite 700 Tulsa, OK 74135	N

*** Not currently considered to be a Subsidiary for purposes of the Credit Agreement - see the revised definition of “Subsidiary”.

Exhibit 31.1

CERTIFICATIONS

I, Michael J. Hall, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Matrix Service Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2011

/s/ Michael J. Hall

Michael J. Hall
Chairman of the Board of Directors,
acting in the capacity of Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Kevin S. Cavanah, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Matrix Service Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 3, 2011

/s/ Kevin S. Cavanah

Kevin S. Cavanah
Vice President and Chief Financial Officer

EXHIBIT 32.1

Certification Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant
Section 906 of Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Matrix Service Company (the “Company”) on Form 10-Q for the period ending March 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael J. Hall, Chairman of the Board of Directors of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that based on my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 3, 2011

/s/ Michael J. Hall

Michael J. Hall
Chairman of the Board of Directors,
acting in the capacity of Chief Executive Officer

EXHIBIT 32.2

Certification Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant
Section 906 of Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Matrix Service Company (the “Company”) on Form 10-Q for the period ending March 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Kevin S. Cavanah, Vice President, Finance and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that based on my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 3, 2011

/s/ Kevin S. Cavanah
Kevin S. Cavanah
Vice President and Chief Financial Officer