

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 8-K**

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

Date of report (Date of earliest event reported) May 6, 2005

**Matrix Service Company**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**

(State or Other Jurisdiction of Incorporation)

**001-15461**

(Commission File Number)

**73-1352174**

(IRS Employer Identification No.)

**10701 E. Ute Street**

**Tulsa, Oklahoma**

(Address of Principal Executive Offices)

**74116**

(Zip Code)

**918-838-8822**

(Registrant's Telephone Number, Including Area Code)

**Not Applicable**

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

## **Item 1.01 Entry into a Material Definitive Agreement.**

### **LNG Contract**

On May 12, 2005, Matrix Service Company (the "Company") issued a press release which announced that Matrix Service, Inc., its wholly owned subsidiary, in collaboration with Mitsubishi Heavy Industries, Ltd.'s wholly owned subsidiary, Diamond LNG LLC, has executed a Lump Sum Turnkey Agreement with Bechtel Corporation for the engineering and construction of three 160,000 cubic meter single containment Liquefied Natural Gas tanks for Cheniere Energy, Inc.'s wholly owned limited partnership, Sabine Pass LNG, LP. The tanks will be located in western Cameron Parish, Louisiana. Construction is currently underway at the site, with tank construction expected to begin in July. The terminal is scheduled to be operational in 2008. The agreement is valued at approximately \$126 million, of which Matrix will receive approximately \$97 million. The full text of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K, and is incorporated by reference into this Item 1.01.

### **Retention Agreements**

The Compensation Committee (the "Committee") of the Board of Directors of the Company has approved the entry into Retention Agreements with a group of select employees.

The Retention Agreement provides for the payment of severance equal to one year's annual base salary in the event of an adverse personnel action following a change in control. The provision is effective for a period of six months following a change in control. In addition, for those with stock options, all stock options will vest immediately at the time of the change in control.

A retention bonus will be paid to the same group of employees if they remain employed with the Company through August 15, 2006. The amount of bonus each individual may receive under the plan is the greater of their target bonus as defined under the Company's incentive compensation plan, which ranges from 25% to 40% of salary, or the actual bonus earned under the incentive plan for Fiscal Year 2006. If the individual terminates his/her employment voluntarily or is terminated for cause, he or she will not be entitled to any portion of the retention bonus.

The Retention Agreements were executed beginning May 6, 2005 and will become effective June 1, 2005. Approximately 36 individuals were selected to receive these benefits, including all of the executive officers of the Company except Michael Hall, the Company's Chief Executive Officer. The form of the Retention Agreement is attached as Exhibit 10.1 to this Current Report on Form 8-K, and is incorporated by reference into this Item 1.01.

## **Item 9.01 Financial Statements and Exhibits.**

<u>Exhibit No.</u>	<u>Description</u>
10.1	Form of Retention Agreement.
99.1	Press Release, dated May 12, 2005, announcing a definitive agreement for construction of LNG tanks.

**SIGNATURES**

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

Matrix Service Company

Dated: May 12, 2005

By: /s/ George L. Austin

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George L. Austin  
Chief Financial Officer and  
Principal Accounting Officer

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**EXHIBIT INDEX**

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MATRIX SERVICE COMPANY  
Change of Control and Retention Agreement

This Agreement between Matrix Service Company (the "Company") and \_\_\_\_\_ ("Employee") is entered into effective \_\_\_\_\_.

Severance/Change of Control

In the event of a "change of control" in the ownership of the Company and any "adverse personnel action" against Employee, Employee may terminate his employment with the Company and receive one year of severance pay. The severance pay will be equal to Employee's annual base salary at the time of the adverse personnel action or the termination, whichever is greater. This severance arrangement will apply for a period of six months following any change of control. The severance will be paid in a lump sum payment and will be paid to Employee within 30 days of the termination.

In addition, all outstanding stock options will vest immediately in the event of "change of control," regardless of whether any adverse personnel action affects the Employee.

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

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

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

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

Retention Bonus

Provided Employee remains employed with the Company through August 15, 2006, Employee will be paid a Retention Bonus, according to the terms outlined below:

- Bonus Payment will equal the greater of the Target bonus or the actual bonus earned in FY06 under the company's Incentive Compensation Plan.

- To receive the Retention Bonus, Employee must be employed by the Company at the time the bonus is paid, but no later than August 15, 2006.
- If Employee is involuntarily terminated for any reason, other than “cause,” prior to August 15, 2006, Employee will be paid the Target bonus on a pro-rata basis in relation to the full months of service completed at the time of termination.

For purposes of this Retention bonus arrangement, “cause” will be defined as:

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

Matrix Service Company

By: \_\_\_\_\_

Michael J. Hall  
President and Chief Executive Officer

By: \_\_\_\_\_

Employee



# **MATRIX SERVICE**

## **INDUSTRIAL SERVICE CONTRACTOR**

**FOR IMMEDIATE RELEASE**

**MATRIX SERVICE COMPANY ANNOUNCES DEFINITIVE  
AGREEMENT FOR \$126 MILLION TO CONSTRUCT LNG TANKS**

**TULSA, OK – May 12, 2005 – Matrix Service Co. (Nasdaq: MTRX)**, a leading industrial services company, today announced that Matrix Service Inc., its wholly owned subsidiary, in collaboration with Mitsubishi Heavy Industries, Ltd.'s wholly owned subsidiary, Diamond LNG LLC, has executed a Lump Sum Turnkey Agreement with Bechtel Corporation for the engineering and construction of three 160,000 cubic meter single containment Liquefied Natural Gas (LNG) tanks for Cheniere Energy, Inc.'s (AMEX:LNG) wholly owned limited partnership, Sabine Pass LNG, LP. The tanks will be located in western Cameron Parish, Louisiana. Construction is currently underway at the site, with tank construction expected to begin in July. The terminal is scheduled to be operational in 2008.

The Lump Sum Turnkey agreement is valued at approximately \$126 million, of which Matrix will receive approximately \$97 million. Mike Hall, President and CEO of Matrix Service, said, "Matrix Service is very excited to be working with Sabine Pass LNG, LP. Bechtel and Mitsubishi Heavy Industries, Ltd. on the LNG receiving terminal projects in Cameron Parish, Louisiana. We continue to be impressed with Cheniere's professionalism and ability to expedite the development of LNG terminal projects in the Gulf Coast. We also look forward to working with Bechtel, who we regard as an extremely qualified EPC provider to this industry. Our team is very confident and will dedicate the resources required to make the project a success for Bechtel and Sabine Pass LNG, LP."

***About Matrix Service Company***

Matrix Service Company provides general industrial construction and repair and maintenance services principally to the petroleum, petrochemical, power, bulk storage terminal, pipeline and industrial gas industries.

The Company is headquartered in Tulsa, Oklahoma, with regional operating facilities located in Oklahoma, Texas, California, Michigan, Pennsylvania, Illinois, Washington, and Delaware in the U.S. and Canada.

***About Mitsubishi Heavy Industries, Ltd.***

Mitsubishi Heavy Industries, Ltd. Headquartered in Tokyo, Japan, is one of the world's leading global heavy machinery manufacturers, with consolidated sales of 2,590 billion yen in fiscal 2004 (year ended March 31, 2005). MHI's diverse lineup of products and services encompasses shipbuilding, steel structures, power plants, chemical plants, steel plants, environmental equipment, industrial and general machinery, aircraft, space rocketry and air-conditioning systems. Additional information on MHI may be found in its Web site at [www.mhi.co.jp](http://www.mhi.co.jp). Press inquiries for Mitsubishi Heavy Industries should be directed to: Daiya Public Relations, Mr. Hideo Ikuno: Tel: +813-6716-5277. Fax: +813-6716-5929 or by writing to: [h.ikuno@daiya-pr.co.jp](mailto:h.ikuno@daiya-pr.co.jp).

***About Bechtel Corporation***

Based in San Francisco, Bechtel is one of the world's premier engineering, construction, and project management companies. Since its founding in 1898, Bechtel has worked on more than 22,000 projects in 140 countries on all seven continents. In the oil, gas, and chemicals sector, Bechtel has completed some 375 refining and chemical projects, 110 gas processing plants, 50 major oil and gas field developments, and a third of the world's gas liquefaction capacity. Bechtel has also built more than 85,000 kilometers of pipeline, enough to circle the earth twice. Additional information about Bechtel may be found on its website at [www.Bechtel.com](http://www.Bechtel.com).

This release contains forward-looking statements that are made in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are generally accompanied by words such as "anticipate", "continues", "expect", "forecast", "outlook", "believe", "estimate", "should" and "will" and words of similar effect that convey future meaning, concerning the Company's operations, economic performance and management's best judgment as to what may occur in the future. Future events involve risks and uncertainties that may cause actual results to differ materially from those we currently anticipate. The actual results for the current and future periods and other corporate developments will depend upon a number of economic, competitive and other influences, including those identified in the "Risk Factors" and "Forward

Looking Statements” sections and elsewhere in the Company’s reports and filings made from time to time with the Securities and Exchange Commission. Many of these risks and uncertainties are beyond the control of the Company, and any one of which, or a combination of which, could materially and adversely affect the results of the Company’s operations and its financial condition. We undertake no obligation to update information contained in this release.

**For More Information:**

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**Investors:**

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