

**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) March 23, 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.**

On March 29, 2005, Matrix Service Company (the "Company") issued a press release announcing that, on March 23, 2005, the Company received a temporary waiver letter from its senior lenders for unmatured defaults resulting from a shortfall in preliminary February 28, 2005 quarter-end financial results. The press release and waiver letter are attached to this Current Report on Form 8-K as Exhibits 10.1 and 99.1, respectively, and are incorporated by reference into this Item 1.01.

**Item 2.02 Results of Operations and Financial Condition.**

On March 29, 2005, the Company issued a press release announcing a shortfall in preliminary February 28, 2005 quarter-end financial results. For further information, please see Item 1.01 above.

**Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.**

- (b) On March 28, 2005, Bradley S. Vetal resigned from his positions as Chairman of the Board, President and Chief Executive Officer of the Company, effective immediately. Mr. Ed Hendrix, a director of the Company since 2000, was elected Chairman of the Board of Directors to replace Mr. Vetal.
- (c) On March 28, 2005, the Company's Board of Directors appointed Michael J. Hall, currently a member of the Board of Directors and formerly the Company's Chief Financial Officer, as the Company's interim Chief Executive Officer. Mr. Hall, age 60, served as Vice President Finance and Chief Financial Officer of the Company from November 1998 until his retirement in May 2004. Mr. Hall has also served as a Director of the Company since October 1998. Prior to working for Matrix, Mr. Hall was Vice President and Chief Financial Officer for Pexco Holdings, Inc. from 1994 to 1997 and Vice President Finance and Chief Financial Officer for Worldwide Sports & Recreation, Inc., an affiliate of Pexco Holding, from 1996 to 1997. From 1984 to 1994, Mr. Hall worked for T.D. Williamson, Inc., as Senior Vice President, Chief Financial and Administrative Officer and Director of Operations, Europe, Africa and Middle East Region. Mr. Hall graduated Summa Cum Laude from Boston College with a degree in Accounting and earned his MBA with honors from Stanford Graduate School of Business. Mr. Hall is a Member of the Board of Trustees for American Performance Mutual Funds, a Member of the Board of Alliance Resource Partners, L. P. and a member of the Advisory Board of UMB Bank Oklahoma.

The terms of Mr. Hall's employment as interim CEO have not yet been determined. In accordance with Instruction 2 to Item 5.02 of Form 8-K, the Company will amend this Current Report on Form 8-K within four business days after such information is determined or becomes available.

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**Item 9.01 Financial Statements and Exhibits.**

<u>Exhibit No.</u>	<u>Description</u>
10.1	Senior Credit Facility Waiver Letter dated March 23, 2005.
99.1	Press Release, dated March 29, 2005, regarding management changes and waiver for unmatured defaults on senior credit facility.

**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: March 29, 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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10.1	Senior Credit Facility Waiver Letter dated March 23, 2005
99.1	Press Release, dated March 29, 2005, regarding management changes and waiver for unmatured defaults on senior credit facility

**JPMorgan Chase Bank, N.A.**

Special Credits Group  
1717 Main Street, 4<sup>th</sup> Floor  
Dallas, Texas 75201  
Tel (214) 290-2799  
Fax (214) 290-2740

March 23, 2005

Matrix Service Company  
Attn: George L. Austin, Vice President  
10701 East Ute Street  
Tulsa, OK 74116

*All Other Loan Parties Under the Credit  
Agreement Described Below*

Re: Credit Agreement dated as of March 7, 2003 among Matrix Service Company, as "Borrower," the Lenders described therein, and J. P. Morgan Chase Bank, N.A. (successor by merger to Bank One, N.A. (Main Office, Chicago)), as a Lender, LC Issuer, and as Agent for the Lenders, and others, as amended (as amended, the "Credit Agreement")

Gentlemen:

This is in regard to the above-referenced Credit Agreement. Capitalized terms not defined in this letter have the same meanings as in the Credit Agreement. Borrower has advised the Agent about certain aspects of Borrower's projected quarter-end financial results (for the fiscal quarter ending February 28, 2005) that will cause Borrower to breach certain financial covenants in Section 6.27 of the Credit Agreement and that reflect financial performance below Borrower's previous projections. Accordingly, at this time there exists an "Unmatured Default" under the Credit Agreement (such Unmatured Default being referred to herein as the "Specified Unmatured Default"). Among other things, the Specified Unmatured Default would prevent Borrower from meeting the conditions set forth in Section 4.2 of the Credit Agreement necessary for Borrower to receive any Credit Extension and could, under certain circumstances, ripen into a Default under the Credit Agreement.

To the extent it is affected by the Specified Unmatured Default, Borrower has requested that the Required Lenders waive the requirements of Section 4.2(i) of the Credit Agreement, which provides that no Credit Extension shall be made unless there exists no Unmatured Default, and that the Required Lenders waive other requirements of the Credit Agreement and the other Loan Documents.

This is to advise that, upon execution and delivery of this waiver letter by the Loan Parties, the Agent and Lenders constituting the Required Lenders, the Lenders shall have agreed to waive all rights and remedies under the Credit Agreement and the other Loan Documents arising from the Specified Unmatured Default, from the date hereof through the end of the Business Day on April 11, 2005 (such date and time the "Waiver Termination Date"), subject to the following:

(i) this waiver shall not be effective until the following conditions are met: (a) Agent's receipt of a fee of \$35,000 that Agent will apply ratably among the Lenders, (b) Borrower has paid all currently invoiced legal fees of Agent and Lenders related to the Loan and all currently invoiced fees of Capstone Corporate Recovery, LLC, and (c) Borrower has retained an investment banker or similar firm acceptable to Agent under a written agreement acceptable to Agent;

(ii) notwithstanding anything to the contrary in the Credit Agreement, provided all conditions therefor in the Credit Agreement (except as specifically waived hereby) are met, the Lenders agree to make Revolving Loans to the Borrower or participate in Facility LCs in accordance with the provisions of Section 2.19 of the Credit Agreement (Facility LCs not to exceed \$15,000,000.00 in the aggregate at any one time) from time to time prior to the Waiver Termination Date, in amounts so that at any one time the aggregate amount of all Revolving Loans and Facility LCs shall not exceed the lesser of (a) an amount equal to 70% of the Borrowing Base, (b) \$29,000,000.00, or (c) the Aggregate Revolving Loan Commitment;

(iii) this waiver shall be withdrawn without any further action required on the part of the Agent or any of the Lenders, and be of no force or effect, if any one of the following occurs:

(a) any Unmatured Default or Default occurs or exists other than the Specified Unmatured Default,

(b) Borrower does not, on a weekly basis on or before the end of the Business Day on Thursday of each week, provide to Agent a report in a form and covering such topics as are reasonably acceptable to Agent, describing the status of Borrower's efforts to both (1) obtain new funding in the form of both subordinated debt or equity and a replacement senior credit facility and (2) market and sell Borrower and all its Subsidiaries, or their assets,

(c) Borrower does not, on a weekly basis on or before the end of the Business Day on Wednesday of each week starting Wednesday, March 23, 2005, provide to Agent a written 13-week cash flow projection covering the immediately subsequent thirteen (13) weeks, in a form acceptable to Agent,

(d) Borrower does not, on a weekly basis on or before the end of the last Business Day of each week starting Friday, March 25, 2005, provide to Agent a Borrowing Base Certificate for Borrower on a consolidated basis, dated as of the last Business Day of the immediately preceding week (provided this shall affect or modify any of the obligations of Borrower described in Section 6.1(xi) of the Credit Agreement), or

(e) Borrower does not provide to Agent, on or before the end of the Business Day on March 25, 2005, written evidence acceptable to Agent that Borrower has retained a third-party corporate consulting firm acceptable to Agent under a written engagement letter acceptable to Agent and that such consultant has agreed in writing, as a part of such consultant's written terms of engagement, to provide deliverables to Borrower (that Borrower shall in turn provide to Agent and the Lenders) that address subjects acceptable to Agent under deadlines acceptable to Agent.

This waiver is limited to the Specified Unmatured Default only and shall not waive such condition as it may relate to any other Unmatured Default or Default.

In consideration of the agreements of Borrower and Lenders set forth herein, the last sentence of Section 2.1.1 of the Credit Agreement is hereby deleted and shall be of no further force and effect.

This waiver letter shall constitute a supplement to the Credit Agreement. From and after the date hereof, references in the Credit Agreement to "this Agreement" and like terms shall be deemed to be references to the Credit Agreement as supplemented by this waiver, and as otherwise amended, supplemented, restated or otherwise modified from time to time in accordance with the Loan Documents. References in the other Loan Documents to the Credit Agreement shall be deemed to be references to the Credit Agreement as supplemented by this waiver letter and as further amended, supplemented, restated or otherwise modified from time to time. This waiver letter is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated therein) be construed, administered and applied in accordance with the terms and provisions of the Credit Agreement. The Credit Agreement as supplemented by this waiver letter is ratified and confirmed in all respects, and all other Loan Documents are hereby ratified and confirmed in all respects.

Except as expressly provided hereby, all of the representations, warranties, terms, covenants and conditions of the Credit Agreement and the other Loan Documents shall remain unamended and unwaived and shall continue to be, and shall remain, in full force and effect in accordance with their

respective terms, including express limitations therein relating to the date on which such representations and warranties were made. The waiver and agreements set forth herein shall be limited precisely as provided for herein, and shall not be deemed to be a waiver of, amendment to, consent to or modification of any other term or provision of the Credit Agreement or of any event, condition, or transaction on the part of the Borrower or any other Person which would require the consent of the Agent or any of the Lenders.

The Borrower and each Loan Party, 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 Agent 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 any 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 Loan Party 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.

Please indicate your approval of the terms and provisions hereof by executing this letter in the space provided below.

This letter may be executed in any number of counterparts, all of which together shall constitute a single instrument, and it shall not be necessary that any counterpart be signed by all the parties hereto. A facsimile copy of this letter and signatures thereon shall be considered for all purposes as originals.

Yours very truly,

J. P. MORGAN CHASE BANK, N.A., as Agent

By: /s/ Hal E. Fudge

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**ACCEPTED AND AGREED TO:**

**Borrower:**

**MATRIX SERVICE COMPANY**

By: /s/ George L. Austin

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George L. Austin, Vice President

**Loan Parties:**

**MATRIX SERVICE INC.**, an Oklahoma corporation; **MATRIX SERVICE INDUSTRIAL CONTRACTORS, INC. (formerly known as MATRIX SERVICE MID-CONTINENT, INC.)**, an Oklahoma corporation; **MATRIX SERVICE, INC. CANADA**, an Ontario, Canada corporation; **HAKE GROUP, INC.**, a Delaware corporation; **BOGAN, INC. (including Fiberspec, a division)**, a Pennsylvania corporation; **MATRIX SERVICE SPECIALIZED TRANSPORT, INC. (formerly known as FRANK W. HAKE, INC.)**, a Pennsylvania corporation; **HOVER SYSTEMS, INC.**, a Pennsylvania corporation; **I & S, INC.**, a Pennsylvania corporation; **MCBISH MANAGEMENT, INC.**, a Pennsylvania corporation; **MECHANICAL CONSTRUCTION, INC.**, a Delaware corporation; **MID-ATLANTIC CONSTRUCTORS, INC.**, a Pennsylvania corporation; **TALBOT REALTY, INC.**, a Pennsylvania corporation; **BISH INVESTMENTS, INC.**, a Delaware corporation; **I & S JOINT VENTURE, L.L.C.**, a Pennsylvania limited liability company

By: /s/ George L. Austin

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George L. Austin, Vice President

**Lenders:**

J. P. MORGAN CHASE BANK, N.A., as Agent

By: /s/ Hal E. Fudge

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WACHOVIA BANK, NATIONAL ASSOCIATION

By: /s/ Patrick McGovern

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Patrick McGovern, Senior Vice President

UMB BANK, N.A.

By: /s/ Richard J. Lehrter

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Richard J. Lehrter, Community Bank President

WELLS FARGO BANK, NA  
(formerly known as Wells Fargo Bank Texas, NA)

By: /s/ Roger Fruendt

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Roger Fruendt, Senior Vice President

INTERNATIONAL BANK OF COMMERCE,  
successor in interest to  
LOCAL OKLAHOMA BANK,  
an Oklahoma Banking Corporation  
formerly known as LOCAL OKLAHOMA BANK, NA,

By: /s/ David G. Moore

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David G. Moore, Senior Vice President



FOR IMMEDIATE RELEASE

**MATRIX SERVICE COMPANY ANNOUNCES DEPARTURE OF CHIEF EXECUTIVE OFFICER AND APPOINTMENT OF INTERIM CHIEF EXECUTIVE OFFICER*****Company Also Announces Waiver on Its Senior Credit Facility***

**TULSA, OK – March 29, 2005 – Matrix Service Co. (Nasdaq: MTRX)**, a leading industrial services company, announced that effective March 28, 2005 that Brad Vetal has resigned as Matrix Service Company's chief executive officer and chairman of the Board of Directors. Michael Hall, Matrix's former chief financial officer and a current director on the Board, has been appointed interim chief executive officer of Matrix Service Company. Mr. Ed Hendrix, currently an independent director on Matrix's Board was elected chairman of the Board of Directors.

On March 23, 2005, the Company received a temporary waiver from its senior lenders of their rights and remedies arising from any unmatured defaults under the Credit Agreement resulting from a shortfall in preliminary February 28, 2005 quarter-end financial results. The temporary waiver expires at the end of the business day on April 11, 2005. In connection with the waiver, the Credit Agreement was amended to reduce funds available under the revolving line of credit to the lesser of \$29,000,000 or 70% of the borrowing base, to eliminate a provision in the credit agreement that provided for the partial restoration of the revolver availability upon the repayment of Term Note B and for certain other matters. The Company also announced the retention of a financial consultant and an investment-banking firm to assist the Company and its Board in evaluating all financial and strategic options.

The temporary nature of the waiver is intended to permit Matrix and the senior lenders to draft a more permanent waiver once final third quarter and nine-month year-to-date results for the period ending February 28, 2005 are available, which is expected some time prior to April 11, 2005. Items still in the preliminary stages of analysis include impairment assessments of certain Company assets. Matrix intends to release its third quarter and nine-month year-to-date results for the periods ended February 28, 2005, on Monday, April 11, 2005, prior to the open of the market.

Given these developments, it is unlikely that any of the senior debt will be refinanced prior to April 1, 2005, at which time the interest rate on the \$20,000,000 Term Note B is scheduled to increase from 12.5% to 18%.

In conjunction with the April 11, 2005 earnings release, Matrix Service will host a conference call with Mike Hall, interim president and CEO, Jim Ryan, COO and Les Austin, CFO.

The conference call will be held at 11:00 a.m. EDT / 10:00 a.m. CDT and will be simultaneously broadcast live over the Internet at [www.vcall.com](http://www.vcall.com). Please allow extra time prior to the call to visit the site and download the streaming media software required to listen to the Internet broadcast. The online archive of the broadcast will be available within one hour of the live call.

If you have any questions, please contact Trúc Nguyen at 212-888-0044 or via email at [tnghuyen@sternco.com](mailto:tnghuyen@sternco.com).

**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.

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:**

Les Austin  
Vice President Finance and CFO  
Matrix Service Company  
918/838-8822  
[laustin@matrixservice.com](mailto:laustin@matrixservice.com)

**Investors:**

Trúc N. Nguyen  
VP, Investor Relations  
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