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F he fi cal ea e ded Ma 31, 2008

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TABLE OF CONTENTS

BACKGROUND

Matrix Service Company was incorporated in the State of Delaware in 1989. We provide construction services and repair and maintenance services primarily to the energy and energy related industries. As a full service industrial contractor, we strive to provide our clients a high degree of safety, quality and service utilizing our qualified professionals, technical expertise, skilled craftsmen, and overall project management expertise. To serve clients efficiently and effectively, Matrix Service operates regional offices throughout the United States and Canada. We have separate union and merit subsidiaries, which allows us to serve customers on both a union and

MARKETS WITHIN OPERATING SEGMENTS

Within these two operating segments we serve four primary markets:

Ab eg d S age Ta k

One of the cornerstones of our business has been, and continues to be, aboveground storage tanks (“AST”). We offer complete engineering, procurement, fabrication, and construction (“EPFC”) services for the bulk storage / terminal industry as well as the refining, petrochemical, pipeline and power industries. We are one of the largest AST constructors in North America. Our expertise includes cone roof tanks, dome roof tanks, open top floating roof tanks, geodesic domes, and specialty tanks.

Every AST project is designed in accordance with applicable industry standards, codes and regulations. With the teams that we have assembled, we have the knowledge and experience to comply with all applicable specifications to ensure that all quality requirements are met. In response to environmental requirements for control of vapor emissions and leak containment, we have developed many unique designs and devices such as floating roof seal systems, dike liners, and other products.

One of our most significant areas of expertise is our turnkey tank and terminal construction service. Our tank design and EPFC services, coupled with our overall construction capabilities allow our clients to be confident that the project will meet safety and quality objectives and be completed within time and budget constraints. As a general contractor, we offer a single point of contact, with the capability to perform the civil and site preparation, foundations, liners, mechanical, piping, structural, tank design, engineering, fabrication and construction.

Our tank repair and maintenance services are a key component of our core business. We are one of the largest tank repair and maintenance contractors in the United States with a reputation for quality, safety and reliability. Our personnel are well versed in American Petroleum Institute (“API”) standards and American Society of Mechanical Engineers (“ASME”) code work in both atmospheric and pressure storage vessels.

Contracts for planned major maintenance activities are generally of short duration, but require detailed scheduling and advanced planning to assure the availability of qualified personnel and specialty equipment that are needed to complete the work in the shortest possible timeframe. We are committed to delivering all services on time, within budget and schedule constraints, and most importantly, in a safe manner.

Elec ical a d I me a i

We are an experienced leader in electrical construction, instrumentation, and control systems. Our experience spans a wide range of industries including combined cycle power, refining, petrochemical and heavy industrial. In addition to ground-up construction, our management and technical teams perform expansion projects, critical path turnarounds, emergency response and staff augmentation services. We also have expertise in the design and construction of industrial fiber optic and copper cabling for voice, data, control and video systems.

As part of our electrical capabilities, we have the experience and expertise to install complex instrumentation and control systems. This service includes instrument calibration and installation, loop checks, commissioning, and start-up.

Electrical and instrumentation repair and maintenance services include routine and preventative maintenance, emergency response, and outage support for various industries including power, petroleum and petrochemical.

S ecial

Our specialty construction services include liquefied natural gas (“LNG”) and industrial gas projects, power projects, specialty tanks and vessels and related fabrication.

/ /

Matrix Service engineers, fabricates and constructs refrigerated and cryogenic liquefied gas storage tanks for the storage of ammonia, butane, carbon dioxide, ethane, methane, argon, nitrogen, oxygen, propane and other products. These tanks are utilized by the chemical, petrochemical and gas industries.

Our construction service offerings for the power industry includes stacks, stack liners, ducting, scrubbers, absorbers, and was

We have facilities which provide large scale fabrication services for our operating units and directly for our customers throughout the

C m e i i

Matrix Service competes with regional and national construction companies in both the Construction Services and Repair and Maintenance Services segments. Competitors generally vary with the markets we serve with few competitors competing in all of the markets we serve or for all of the services we provide. Contracts are generally awarded based on reputation for quality, customer satisfaction, safety record and programs, price and schedule compliance. We believe that our turnkey capability, expertise, experience and reputation for providing safe and timely quality services allow us to compete effectively.

Backl g

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 generally calculate backlog as the estimated contract amount less revenues recognized.

The following table provides a rollforward of our backlog from May 31, 2007 to May 31, 2008:

	C ci Se ice	Re ai a d Mai e a ce Se ice	T al
	(I h a d)		
Backlog as of May 31, 2007	$ 349,254	$ 110,776	$

At May 31, 2008, the Construction Services segment had a backlog of $325.3 million, as compared to a backlog of $349.3 million as of May 31, 2007. The decrease of $24.0 million is due to declines in Specialty of $41.0 million and Downstream Petroleum of $19.3 million, partially offset by increases in Aboveground Storage Tank and Electrical and Instrumentation of $23.3 million and $13.0 million, respectively. The backlog at May 31, 2008 and May 31, 2007 for the Repair and Maintenance Services segment was $142.0 million and $110.8 million, respectively. The increase of $31.2 million was due to increases in Downstream Petroleum of $16.2 million, Aboveground Storage Tank of $10.0 million and Electrical and Instrumentation of $5.0 million. Approximately 93% of our backlog at May 31, 2008 is expected to be completed in fiscal year 2009.

Sea ali

The operating results of the Repair and Maintenance Services segment is subject to significant quarterly fluctuations. Planned maintenance projects at customer facilities are typically scheduled in the spring and the fall when the demand for energy is seasonably lower. As a result, quarterly operating results can fluctuate materially. The Construction Services segment typically has a lower level of operating activity during the winter months and early in the new calendar year becau23 Tm(Page 1 oo1tw c)17. o fall whenocey.017991wy ha

Pa e a d P ie a Tech l g

Matrix Service has been issued several patents, has patents pending, and continues to pursue new ideas and innovations to better serve our customers in all areas of our business. The Matrix Service patents under the Flex-A-Span® and Flex-A-Seal® trademarks are utilized to cover seals for floating roof tanks. Our patent of our ThermoStor® diffuser system is for a process that receives, stores and dispenses both chilled and warm water in and from the same storage tank. The patented RS 1000 Tank Mixer® controls sludge build-up in crude oil tanks through resuspension. We also have a patent on our Flex-A-Swivel®, a swivel joint for floating roof drain systems. Finally, Matrix Service holds a patent which covers a flexible fluid containment system marketed as the Valve Shield®. The Valve Shield® captures and contains fluid leaking from pipe and valve connections.

The nature of our business activities and operations subjects us to a number of risks and uncertainties. If any of the events described below were to occur, they could have a material adverse effect on our business, financial condition and operating results.

An inability to attract and retain qualified personnel, and in particular, project managers and skilled craft workers, could impact our ability to perform on our contracts, which could harm our business and impair our future revenues and profitability.

Our ability to attract and retain qualified project managers, engineers, skilled craftsmen and other experienced professionals in accordance with our needs is an important factor in our ability to maintain and increase profitability. The market for these professionals is competitive, and the supply is limited. We cannot provide any assurance that we will be successful in our efforts to retain or attract qualified personnel when needed. Therefore, when we anticipate or experience growing demand for our services, we may incur additional cost to maintain a professional staff in excess of our current contract needs in an effort to have sufficient qualified personnel available to address this anticipated demand. If we do incur additional compensation and benefit costs, our customer contracts may not allow us to pass through these costs.

Competent and experienced project managers and craft workers are especially critical to the profitable performance of our contracts, particularly on our fixed-price contracts where superior execution of the contract can result in profits greater than originally estimated or where inferior contract execution can reduce or eliminate estimated profits or even result in a loss.

Our project managers are involved in most aspects of contracting and contract execution including:

Unsatisfactory safety performance can affect customer relationships, result in higher operating costs, negatively impact employee morale and result in high employee turnover.

We may encounter difficulties during the course of performing our contracts that may result in additional costs to us and a reduction in our revenues and earnings that could have an adverse effect upon our financial condition and results of operations.

Many of our construction and repair and maintenance projects are performed over extended periods of time and involve complex design and engineering specifications. In these cases, it is common for us to perform work from time-to-time over the life of the project that is outside the scope of the original contract with the expectation of receiving a signed change order from the customer. Our contracts for these projects often require us to provide extensive project management and to obtain machinery, equipment, materials and services from third parties or the customer. We may encounter difficulties in obtaining these products and services on a timely basis. In some cases, these third-party provided products may not perform as expected or the services delivered may not meet contract specifications. These performance failures and other factors, some of which are beyond our control, may result in delays and additional costs to us including, in some cases, the cost of procuring alternate product or service providers, which may adversely impact our ability to complete a project on budget and in accordance with the original delivery schedule. To the extent these and the other matters referred to in the next paragraph occur, we may seek to recover any increased costs incurred by us from the responsible party; however, we cannot assure you that we will be successful in recovering all or a part of these costs in any or all circumstances.

Many of our fixed-price or cost-plus contracts require us to satisfy specified progress milestones or performance standards in order to receive a payment. Under these types of arrangements, we may incur significant costs for labor, equipment and supplies prior to receipt of payment. If the customer fails or refuses to pay us for any reason, there is no assurance we will be able to collect amounts due to us for costs previously incurred. In some cases, we may find it necessary to terminate subcontracts with suppliers engaged by us to assist in performing a contract and we may incur costs or penalties for canceling our commitments to them.

If we are unable to collect amounts owed to us under our contracts, we may be required to record a charge against previously recognized earnings related to the project, and our liquidity, financial condition and results of operations could be adversely affected.

We may incur significant costs in providing services in excess of original project scope without having an approved change order.

After commencement of a contract, we may perform, without the benefit of an approved change order from the customer, additional services requested by the customer that were not contemplated in our contract price due to customer changes or to incomplete or inaccurate engineering, project specifications and other similar information provided to us by the customer. Our construction contracts generally require the customer to compensate us for additional work or expenses incurred under these circumstances.

A failure to obtain adequate compensation for these matters could require us to record in the current period an adjustment to revenue and profit recognized in prior periods under the percentage-of-completion accounting method. Any such adjustments, if substantial, could have a material adverse effect on our results of operations and financial condition, particularly for the period in which such

Work stoppages and other labor problems could adversely affect us.

Some of our employees are represented by labor unions. A lengthy strike or other work stoppage on any of our projects could have a material adverse effect on our business and results of operations due to an inability to complete contracted projects in a timely manner. From time to time, we have also experienced attempts to unionize certain of our merit employees. While these efforts have achieved only limited success to date, we cannot provide any assurance that we will not experience additional and more successful union activity in the future.

Demand for our products and services is cyclical and is vulnerable to downturns in the industries and markets which we serve as well as conditions in the general economy.

The demand for our products and services depends significantly upon the existence of construction and repair and maintenance projects in the downstream petroleum and power and other industries in the United States and Canada. The capital budgets of many of our energy industry customers are largely dependent on the continuation of high commodity prices. Our markets historically have been, and will likely continue to be, cyclical in nature and vulnerable to general downturns in the United States and Canadian economies and declines in commodity prices, which could adversely affect the demand for our products and services. Occasionally, the timing of the demand for our products and services in certain of these markets can also be adversely affected during periods of strong economic growth as customers may postpone closing their facilities for maintenance, repair, turnaround or expansion projects while demand for their products remains high.

As a consequence of these and other factors, our results of operations have varied and are likely to continue to vary significantly depending on the demand for future projects from these industries.

Our backlog is subject to unexpected fluctuations, adjustments and cancellations and is, therefore, an uncertain indicator of our future earnings.

Backlog may not be a reliable indicator of our future performance due to the timing of contract awards by our customers. We cannot guarantee that the revenue projected in our backlog will be realized or profitable. Projects may remain in our backlog for an extended period of time. In addition, project cancellations or scope adjustments may occur from time to time with respect to contracts reflected

In addition, under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), and comparable state laws, we may be required to investigate and remediate regulated materials. CERCLA and the comparable state laws typically impose liability without regard to whether a company knew of or caused the release, and liability for the entire cost of clean-up can be imposed upon any responsible party.

The environmental, workplace, employment and health and safety laws and regulations, among others, to which we are subject are complex, change frequently and could become more stringent in the future. It is impossible to predict the effect of any future

Some companies that have volatile market prices for their securities have been subject to security class action suits filed against them. If a suit were to be filed against us, regardless of the outcome, it could result in substantial costs and a diversion of our management's attention and resources. This could have a material adverse effect on our business, results of operations and financial condition.

Future sales of our common stock may depress our stock price.

Sales of a substantial number of shares of our common stock in the public market or otherwise, either by us, a member of management or a major stockholder, or the perception that these sales could occur, could depress the market price of our common stock and impair our ability to raise capital through the sale of additional equity securities.

We may issue additional equity securities, which would lead to dilution of our issued and outstanding stock.

The issuance of additional common stock or securities convertible into our common stock would result in dilution of the ownership interest in us held by existing stockholders. We are authorized to issue, without stockholder approval 5,000,000 shares of preferred stock, par value $0.01 per share, in one or more series, which may give other stockholders dividend conversion, voting, and liquidation rights, among other rights, which may be superior to the rights of holders of our common stock. Our Board of Directors has no present intention of issuing any such preferred stock series, but reserves the right to do so in the future. In addition, we are authorized to issue, without stockholder approval, a significant number of additional shares of our common stock and securities convertible into either common stock or preferred stock.

We are exposed to credit risk from customers. If we experience delays and/or defaults in customer payments, we could suffer liquidity problems or we could be unable to recover all expenditures.

Because of the nature of our contracts, at times we commit resources to customer projects prior to receiving payments form customers in amounts sufficient to cover expenditures on the customer projects as they are incurred. Delays in customer payments may require us to make a working capital investment. If customers default in making payments on projects to which we have devoted significant resources, it could have an adverse effect on our financial position, results of operations and cash flows.

We may need to raise additional capital in the future for working capital, capital expenditures and/or acquisitions, and we may not be able to do so on favorable terms or at all, which would impair our ability to operate our business or achieve our growth objectives.

To the extent that cash flow from operations, together with available borrowings under our credit facility, are insufficient to make

I em 2. P e ie

The principal properties of Matrix Service at May 31, 2008 were as follows:

L ca i	

In addition to the locations listed above, Matrix Service has temporary office facilities at numerous customer locations throughout the United States and Canada.

I em 3. Legal P ceedi g

The information called for by this item is provided in Note 8. Contingencies, of the Notes to Consolidated Financial Statements included in Part II, Item 8., which information is incorporated by reference into this item.

I em 4. S bmi i f Ma e a V e f Sec i H lde

None

Pa II

I em 5. Ma ke f Regi a ' C mm E i , Rela ed S ckh lde Ma e a d I e P cha e f E i Sec i ie

P ice Ra ge f C mm S ck

Our common stock trades on the Global Market System of the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ"). The trading symbol for our Common Stock is "MTRX". The following table sets forth the high and low sale prices for our Common Stock as reported by NASDAQ for the periods indicated:

As of August 1, 2008, there were 38 holders of record of our common stock. We believe that the number of beneficial owners of our common stock is substantially greater than the number of holders of record.

Di ide d P lic

We have never paid cash dividends on our Common Stock, and our credit agreement limits the amount of cash dividends we can pay. 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.

I e P cha e f E i Sec i ie

In October 2000, the Board of Directors authorized a stock buyback program, which permitted the purchase of up to 20% (i.e., 3,447,506 shares) of our common stock outstanding at that time. To date, Matrix Service has purchased 2,846,782 shares under the program and has authorization to purchase an additional 600,724 shares. In fiscal 2008, the Company purchased 729,982 shares at an average price of $17.59. In addition to the stock buyback program, Matrix Service may withhold shares of common stock to satisfy the tax withholding obligation upon vesting of an employee's deferred shares. The Company withheld 23,192 shares of common stock during fiscal 2008 for this obligation. In addition to shares that may be repurchased in conjunction with the future issuance of deferred shares, Matrix Service has and may continue to repurchase shares under the stock buyback program if the Company determines the purchase is accretive to earnings per share. The Company has 1,825,600 treasury shares remaining as of May 31, 2008 and intends to utilize these treasury shares solely for the satisfaction of stock issuances under the Company's stock plans.

I em 6. Selec ed Fi a cial Da a

The summary financial data provided for the five years ended May 31, 2004 to May 31, 2008 was derived from the audited Consolidated Financial Statements. This information should be read together with Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements, including the related notes, appearing in Item 8 - Financial Statements and Supplementary Data.

	Fi cal Yea E ded Ma 31,				
	2008	2007	2006	2005 (1)	2004
	(I h a d , e ce e ce age a d e ha e da a)				
Revenues	$731,301	$639,846	$493,927	$439,138	$607,904
Gross profit	75,117	65,886	47,079	31,019	46,313
Gross profit %	10.3%	10.3%	9.5%	7.1%	7.6%
Operating income (loss)	34,551	33,050	17,698	(39,138)	17,519
Operating income (loss) %	4.7%	5.2%	3.6%	(8.9)%	2.9%
Income (loss) before income taxes	33,716	31,114	11,594	(44,458)	15,213
Net income (loss)	21,414	19,171	7,653	(38,830)	9,542
Net income (loss) %	2.9%	3.0%	1.5%	(8.8)%	1.6%
Earnings (loss) per share-diluted	0.80	0.74	0.35	(2.24)	0.54
Equity per share-outstanding	5.32	4.72	3.67	2.76	4.98
Weighted average shares outstanding diluted	26,875	26,752	25,742	17,327	17,615
Working capital	60,826	51,306	42,656	21,726	63,914
Total assets	274,593	242,909	188,276	202,380	216,274
Long-term debt (including long-term portion of acquisition payable and capital lease obligations)	1,000	836	28,116	34,400	69,823
Total debt (including acquisition payable and capital lease obligations)	2,153	4,301	30,330	79,086	76,551
Capital expenditures	18,302	13,120	5,614	1,430	4,675
Stockholders' equity	138,700	125,576	76,399	47,985	85,715
Total long-term debt to equity % 0.1.7 396.294( )-223t080 0 %	0.7%	0.7%	36.8%	71.7%	81.5%
Cash flow provided (used)ac(1e) 0 7.44 448.44 406.8541 Tm0 0 0 rg( )T 406.804 refTm0 0 0 rg( )T 406.8(u85BT.36 396.2941 Tm-0.0127 Tc[(82					

Management's discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). GAAP represents a comprehensive set of accounting and disclosure rules and requirements, the application of which requires

Claim Rec g i i

Claims are amounts in excess of the agreed contract price (or amounts not included in the original contract price) that we seek to collect from customers or others for delays, errors in specifications and designs, contract terminations, change orders in dispute or unapproved as to both scope and price or other causes of anticipated additional costs incurred by us. Recognition of amounts as additional contract revenue related to claims is appropriate only if it is probable that the claims will result in additional contract revenue and if the amount can be reliably estimated. We must determine if:

- there is a legal basis for the claim;
- the additional costs were caused by circumstances that were unforeseen by the Company and are not the result of deficiencies in

If all of these requirements are met, revenue from a claim is recorded only to the extent that we have incurred costs relating to the claim.

As of May 31, 2008 and May 31, 2007, costs and estimated earnings in excess of billings on uncompleted contracts included revenues, for unapproved change orders of $0.8 million and $5.1 million, respectively. At May 31, 2007 costs and estimated earnings in excess of billings on uncompleted contracts included revenues for other claims of $1.5 million. There were no claims included in costs and estimated earnings in excess of billings on uncompleted contracts as of May 31, 2008. Historically, our collections for unapproved change orders and other claims have approximated the amount of revenue recognized.

The following table provides a rollforward of revenue recognized on claims and unapproved change orders. Amounts disclosed for unapproved change orders exclude amounts associated with contract disputes disclosed in Note 8. Contingencies.

L C i ge cie

Various legal actions, claims, and other contingencies arise in the normal course of our business. Contingencies are recorded in the consolidated financial statements, or are otherwise disclosed, in accordance with SFAS No. 5 “Accounting for Contingencies”. Specific reserves are provided for loss contingencies to the extent we conclude their occurrence is both probable and estimable. We use a case by case evaluation of the underlying data and update our evaluation as further information becomes known. We believe that any amounts exceeding our recorded accruals should not materially affect our financial position, results of operations or liquidity. However, the results of litigation are inherently unpredictable and the possibility exists that the ultimate resolution of one or more of these matters could result in a material adverse effect on our financial position, results of operations or liquidity.

Legal costs are expensed as incurred.

I a ce Re e e

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 May 31, 2008 and May 31, 2007, insurance reserves totaling $8.5 million and $6.4 million, respectively, are included on our balance sheet. These amounts represent our best estimate of our ultimate obligations for asserted claims, insurance premium obligations, and claims incurred but not yet reported at the balance sheet dates. We establish specific reserves for claims using a case by case evaluation of the underlying claim data and update our evaluations as further information becomes known. Judgments and assumptions 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. Additionally, the actual results of claim settlements could differ from the amounts estimated.

G d ill

We did not record a goodwill impairment for either our Construction Services or Repair and Maintenance Services segments in the three year period ended May 31, 2008. However, we did record an impairment charge of $25.0 million in fiscal 2005 due to declines in operating results at that time and significant contract disputes. Although we do not anticipate a future impairment charge, certain events could occur that might adversely affect the reported value of goodwill. Such events could include, but are not limited to, strategic decisions made in response to economic or competitive conditions, a significant change in the project plans of our customers, the economic condition of the customers and industries we serve, and a material negative change in the relationships with one or more of our significant customers. If our judgments and assumptions change as a result of the occurrence of any of these events or other events that we do not currently anticipate, our expectations as to future results and our estimate of the implied value of one or more of our reporting units also may change.

We define headroom as the percentage difference between each segments' carrying value and fair value. At May 31, 2008, headroom for the Construction Services segment was 220% and headroom for the Repair and Maintenance Services segment was 74%.

The Company files federal and various state income tax returns and tax returns in certain foreign jurisdictions. In the Company’s significant tax jurisdictions, the tax years 2005 through 2008 are subject to examination by federal tax authorities and the tax years 2004 through 2008 are subject to examination by state and foreign taxing authorities.

The Company accrues interest and penalties on underpayment of income taxes related to uncertain tax positions as a component of income tax expense in the consolidated statement of income. No amounts were recognized for interest and penalties upon adoption of FIN No. 48 or during the twelve months ended May 31, 2008.

. 15

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements” (“SFAS No. 157”). This Statement established a framework for fair value measurements in the financial statements by providing a definition of fair value, guidance on the methods used to estimate fair value and expanded disclosures about fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007 and is generally applied prospectively. We do not expect the Company’s adoption of SFAS No. 157 to have a material effect on our financial statements.

. 15
. 115

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159 (“SFAS No. 159”), “The Fair Value Option for Financial Assets and Financial Liabilities – Including an Amendment of FASB Statement No. 115”. SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value. Unrealized gains and losses on items for which the fair value option has been elected will be recognized in earnings at each subsequent reporting date. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. We do not expect the Company’s adoption of SFAS No. 159 to have a material effect on our financial statements.

. 141( )

In December 2007, the FASB issued SFAS No. 141(R), “Business Combinations” (“SFAS No. 141(R)”). SFAS No. 141(R) applies to

Ma i Se ice C m a
A al Re l f O e a i
(Amounts in thousands, except per share data)

	C c i Se ice	Re ai & Mai e a ce Se ice	(1) O he	T al

Re l f O e a i

Overview

The Company has two reportable segments, Construction Services and Repair and Maintenance Services. The majority of the work

The effective tax rates for fiscal 2008 and fiscal 2007 were 36.5% and 38.4%, respectively. The fiscal 2008 tax rate was reduced due

Fi cal Yea 2007 e 2006

Consolidated

Consolidated revenues were $639.8 in fiscal 2007, an increase of $145.9 million, or 29.5%, from consolidated revenues of $493.9 million in fiscal 2006. This large improvement in consolidated revenues resulted from an increase of $122.4 million in Construction Services revenues combined with growth of $23.5 million in Repair and Maintenance Services revenues.

Consolidated gross profit increased from $47.1 million in fiscal 2006 to $65.9 million in fiscal 2007. This improvement of $18.8 million, or 39.9%, was due to the 29.5% growth in revenues combined with greater margins contributed by the Repair and Maintenance Services segment. Consolidated gross margins grew from 9.5% in fiscal 2006 to 10.3% in fiscal 2007 due to an improvement in the Repair and Maintenance Services segment, which grew to 13.3% in the current fiscal year versus 10.7% in the prior fiscal year. This improvement stemmed from effective project execution, more efficient absorption of fixed costs due to the larger revenue base and a continued focus by the Company on managing its contractual risks. In addition, margins were further enhanced by a favorable market and an expanding backlog which allowed Matrix Service to be more selective in its process of procuring projects. Partially offsetting these improvements was a pre-tax charge in fiscal 2007 of $11.3 million, or $0.25 per fully diluted share, resulting from continued cost escalations on a LNG construction project in the Gulf Coast region.

Consolidated SG&A expenses were $32.8 million in fiscal 2007 compared to $29.4 million for fiscal 2006. The increase of $3.4 million was primarily due to employee-related expenses resulting from additional staff hired throughout fiscal 2007 to support our growth combined with additional expense of $1.5 million related to the fair value recognition provisions in SFAS-123(R), "Share-Based Payment". Partially offsetting this increase was a decline in legal costs of approximately $1.5 million as the Company settled all but one of its significant contract disputes and lower restructuring costs. SG&A expense as a percentage of revenue fell to 5.1% in fiscal 2007 compared to 5.9% in the prior fiscal year as the 29.5% growth in revenues more than offset the increase in SG&A expenses.

Interest expense declined to $2.4 million in fiscal 2007 compared to $7.8 million in fiscal 2006. This sharp decline of $5.4 million was primarily due to reduced debt outstanding during the year. Current year interest expense was primarily related to the amortization of prepaid interest and fees on the convertible notes, amortization of deal fees on the senior credit facility, and interest on short-term borrowings under the revolving facility.

Other income in fiscal 2006 of $1.6 million resulted from gains on the sale of assets identified during the restructuring effort. Other income in fiscal 2007 of $0.3 million consisted of miscellaneous non-operating items.

Income before income tax expense increased to $31.1 million in fiscal 2007 from $11.6 million in fiscal 2006. This $19.5 million improvement was due to higher gross profit combined with decreased interest expense. Partially offsetting this improvement was higher Sr Sher (r S)-1(he)1(t)21ngsoh Tw[(O.012 Tce)16.9(nt28.3t3.6(u)2n5rre)-8.1(.1(t)-24..2($194(d in)24.7(te5(e)-3.4(r))-8.1(s)10(t)-3)-6.9.

Construction Services

Revenues for the Construction Services segment rose significantly from $243.7 million in fiscal 2006 to $366.2 million in fiscal 2007, which represents an increase of $122.5 million, or 50.3%. This improvement was primarily due to Aboveground Storage Tank revenues increasing $70.9 million, but improvements were also seen throughout the segment as Downstream Petroleum revenues rose $25.1 million, Specialty revenues grew $16.6 million and Electrical and Instrumentation revenues climbed $9.9 million. The substantial growth in the Aboveground Storage Tank revenues was driven by the strength of the market and capital spending from our core customer base. The growth in Downstream Petroleum revenues was primarily due to the performance of work for two additional refinery customers, while the growth in Specialty revenues was primarily related to the LNG construction project.

Backlog increased from $230.1 million at May 31, 2006 to $349.3 million at May 31, 2007. A change in the method used to calculate backlog that led to the inclusion of time and material contracts that had been previously excluded accounted for $35.4 million of the increase, the remaining increase was due to significant awards for the construction of Aboveground Storage Tank capacity at new terminals and terminal expansions.

Gross profit rose from $20.4 million in fiscal 2006 to $29.5 million in fiscal 2007, an improvement of 44.6%. Construction Services gross margins declined from 8.4% in fiscal 2006 to 8.1% in fiscal 2007. This decrease occurred due to a pre-tax charge in fiscal 2007 of $11.3 million on an LNG construction project in the Gulf Coast region. The charge was a result of a difficult post-Katrina labor environment, unforeseen productivity challenges and complexity of design leading to material and equipment cost increases. In addition, weather continued to affect this lump sum project resulting in a more compressed schedule. The loss recognized in fiscal 2007 reflected our best forecast of costs required to achieve our customer’s schedule on the 42.5% of the work remaining to be completed at May 31, 2007.

Operating income and income before income tax expense increased to $11.6 million and $10.4 million, respectively, in fiscal 2007 from operating income and income before income tax expense of $6.6 million and $2.5 million in fiscal 2006, respectively. This significant improvement was the result of additional revenues, combined with lower interest expense.

Repair and Maintenance Services

Revenues from the Repair and Maintenance Services segment grew $23.5 million, or 9.4%, from $250.2 million in fiscal 2006 to $273.7 million in fiscal 2007. This improvement resulted primarily from increases in Aboveground Storage Tank revenues of $28.1 million and Electrical and Instrumentation revenues of $14.2 million. Partially offsetting this growth was a reduction in Downstream Petroleum revenues of $18.8 million as turnaround work that occurred in fiscal 2006 was not fully replaced in fiscal 2007.

Repair and Maintenance Services backlog increased from $18.3 million at May 31, 2006 to $110.8 million at May 31, 2007, an increase of $92.5 million or 505.5%. An increase of $24.3 million was driven by leveraging our AST construction customers, resulting in new and additional AST repair and maintenance projects. The remaining increase was due to a change in the method used to calculate backlog that led to the inclusion of time and material contracts that had previously been excluded.

Gross margins improved to 13.3% in fiscal 2007 as compared to gross margins of 10.7% in fiscal 2006 primarily as the result of more effective project execution and higher revenue volumes relative to the segment’s overall fixed cost structure. Gross profit also improved from $26.7 million in fiscal 2006 to $36.4 million in fiscal 2007.

Operating income and income before income tax expense climbed to $21.6 million and $20.8 million, respectively, in fiscal 2007 compared to $11.2 million and $9.2 million produced in fiscal 2006. This improvement was primarily due to higher revenues and margins combined with reduced interest expense. 1(.)-0.5( )24fh7( )-24.3($o)-0.5

N -GAAP Fi a cial Mea e

EBITDA is a supplemental, non-GAAP financial measure. EBITDA is defined as earnings before net interest expense, taxes,

FINANCIAL CONDITION AND LIQUIDITY

We define liquidity as the ongoing ability to pay our liabilities as they become due, fund business operations and meet all monetary

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I e e Ra e Ri k

Our interest rate risk results primarily from our variable rate indebtedness under our senior credit facility, which is influenced by movements in short-term rates. Borrowings under our $75.0 million revolving credit facility are based on an alternate base rate or one, two, three or six month LIBOR as elected by the Company plus an additional margin based on our Senior Leverage Ratio. Although there were no amounts outstanding under the facility at May 31, 2008, we do routinely borrow against our revolving credit line to fund short-term working capital needs. We do not currently utilize interest rate swaps to hedge our interest rate risk; therefore, short-term interest rates could have an impact on future interest expense.

Financial instruments with interest rate risk at May 31, 2008 were as follows:

	Ma i b Fi cal Yea						Fai Val e a f Ma 31, 2008
	2009	2010	2011	2012	2013	T al	
			(I [illegible])				
Long-term debt:							
Variable rate debt (1)	$—	$—	[illegible]	$—	$[illegible]	$—	$[illegible]—
Acquisition payable (2)	111	—	[illegible]	—	[illegible]	111	[illegible]1

(1) There were no outstanding borrowings under our senior credit facility at May 3[illegible] [illegible]al 2008, the weighted a[illegible]ge interest rate on our borrowings under our senior credit facility was 7.7%. At the Co[illegible]y's option, amounts borrow[illegible]der the revolving credit facility will bear interest at LIBOR or an alternate base rate, plus in [illegible] case, an additional [illegible]ased on the Senior Leverage Ratio. The alternate base rate is the greater of the prime rate or [illegible]ed funds effective [illegible]0.5%. The additional margin ranges from 0.00% to 0.25% on alternate base rate borrowings an[illegible]m 1.00% to 1.75% on LIB[illegible]sed borrowings. The Senior Leverage Ratio for the quarter ended May 31, 2008 places [illegible]ompany in the lowest interest [illegible]tier, resulting in LIBOR and alternative base rate margins of 1.00% and 0.00%, respectiv[illegible]

(2) The payment included in the table represents the amount the Company is obligated [illegible]y in the p[illegible] indicated. The Acquisition payable is recorded at its present value of $0.1 million in the financial s[illegible]ents, and [illegible]e paid eithe[illegible]on behalf of the seller to certain taxing authorities after final resolution of disputed sale[illegible] use tax ob[illegible]

Financial instruments with interest rate risk at May 31, 2007 are as follows:

	Ma i b Fi cal Yea					Fai Val e a f Ma 31, 2007
2008	2009	2010	2011	2012	T al	
		(I h	a d Tf3.0g-7.1(a) 2T	(f-0.0167 Tc0.020l	F5 1 Tf89 T	(245 efB7

Effective July 6, 2007, the Company amended the senior credit facility. The amendment reduced the additional margin on alternate base rate borrowings to a range of 0% to 0.25% and reduced the additional margins on the LIBOR based borrowings to a range of 1.00% to 1.75%.

Fi a cial S a eme Sched le

The financial statement schedule is filed as a part of this report under Schedule II – Valuation and Qualifying Accounts for the three fiscal years ended May 31, 2008, 2007, and 2006 immediately following Quarterly Financial Data (Unaudited). All other schedules are omitted because they are not applicable or the required information is shown in the financial statements, or notes thereto, included herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Matrix Service Company:

We have audited the internal control over financial reporting of Matrix Service Company and subsidiaries ("the Company") as of May 31, 2008 based on criteria established in issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of May 31, 2008, based on the criteria established in issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended May 31, 2008 of the Company and our report dated August 5, 2008 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ DELOITTE & TOUCHE LLP

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A g 5, 2008

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Matrix Service Company:

We have audited the accompanying consolidated balance sheets of Matrix Service Company and subsidiaries (the “Company”) as of

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	Fi cal Yea E ded Ma 31,		
	2008	2007	2006
Revenues	$731,301	$639,846	$493,927
Cost of revenues	656,184	573,960	446,848
Gross profit	75,117	65,886	47,079
Selling, general and administrative expenses	40,566	32,836	29,381
Operating income	34,551	33,050	17,698
Other income (expense):			
Interest expense	(890)	(2,403)	(7,765)
Interest income	82	139	88
Other	(27)	328	1,573
Income before income taxes	33,716	31,114	11,594
Provision for federal, state and foreign income taxes	12,302	11,943	3,941
Net income	$ 21,414	$ 19,171	$ 7,653
Basic earnings per common share	$ 0.81	$ 0.83	$ 0.39
Diluted earnings per common share	$ 0.80	$ 0.74	$ 0.35
Weighted average common shares outstanding:			

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	Fi cal Yea E ded Ma 31,		
	2008	2007	2006
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Claim Rec g i i

Claims are amounts in excess of the agreed contract price (or amounts not included in the original contract price) that we seek to

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Various legal actions, claims and other contingencies arise in the normal course of our business. Contingencies are recorded in the consolidated financial statements, or are otherwise disclosed, in accordance with SFAS No. 5, “Accounting for Contingencies”. Specific reserves are provided for loss contingencies to the extent we conclude their occurrence is both probable and estimable. We use a case-by-case evaluation of the underlying data and update our evaluation as further information becomes known. We believe that any amounts exceeding our recorded accruals should not materially affect our financial position, results of operations or liquidity.

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Management utilizes a discounted cash flow analysis to determine the estimated fair value of our reporting units. Judgments and assumptions related to revenue, gross margins, operating expenses, interest, capital expenditures, cash flow and market assumptions are inherent in these estimates. As a result, use of alternate judgments and/or assumptions could result in a fair value that differs from our estimate and ultimately result in the recognition of impairment charges in the financial statements. We utilize various scenarios and assign probabilities to each of these scenarios in our discounted cash flow analysis. The results of the discounted cash flow analysis are then compared to the carrying value of the reporting unit.

If the carrying value of a reporting unit exceeds its fair value, a computation of the implied fair value of goodwill is compared with its related carrying value. If the carrying value of the reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in the amount of the excess. If an impairment charge is incurred, it would negatively impact our results of operations and financial position. We perform our annual analysis during the fourth quarter of each fiscal year and in any other period in which indicators of impairment warrant an additional analysis.

I a ce Re e e

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 May 31, 2008 and May 31, 2007, insurance reserves totaling

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N e C lida ed Fi a cial S a eme (c i ed)

Rece Acc i g S a da d

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Effective June 1, 2007, the Company adopted the provisions of FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109”, as amended (“FIN No. 48”). Upon adoption of FIN No. 48 on June 1, 2007 and as of May 31, 2008, the Company had no material uncertain tax positions and no adjustments to the Company’s financial statements were required.

The Company files federal and various state income tax returns and tax returns in certain foreign jurisdictions. In the Company’s

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N e C lida ed Fi a cial S a eme (c i ed)

N e 2. U c m le ed C ac

Contract terms of the Company's construction contracts generally provide for progress billings based on 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 on uncompleted contracts is reported as a current liability. Gross and net amounts on uncompleted contracts are as follows:

Accounts receivable at May 31, 2008 and 2007 included retentions to be collected within one year of $16.3 million and $8.6 million, respectively. Contract retentions collectible beyond one year are included in Other Assets on the Consolidated Balance Sheets and totaled $1.7 million at May 31, 2008 and $7.5 million at May 31, 2007. Billings on uncompleted contracts in excess of costs and estimated earnings at May 31, 2008 and May 31, 2007 included an estimated accrued loss of $0.3 million and $3.8 million on a construction project that was partially complete at those dates.

The Company has recorded a cumulative net loss of $29.8 million on a Gulf Coast construction project for three LNG tanks of which i

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N e 4. G d ill

The changes in the carrying amount of goodwill by segment for the fiscal years ended May 31, 2008 and 2007 follow:

	C c i Se ice	Re ai a d Mai e a ce Se ice	T al
	(I h a d)		
Balance at May 31, 2006	$ 4,315	$ 19,127	$23,442
Purchase price adjustment	(110)	(47)	(157)
Translation adjustment	—	72	72
Balance at May 31, 2007	4,205	19,152	23,357
Purchase price adjustment	(153)	(65)	(218)
Translation adjustment	—	190	190
Balance at May 31, 2008	$ 4,052	$ 19,277	$23,329

The translation adjustment relates to goodwill recorded as a part of a Canadian acquisition. A deferred tax asset valuation allowance relating to an acquisition was reversed that resulted in the goodwill adjustments in both fiscal 2007 and fiscal 2008.

N e 5. Deb

Effective November 30, 2006, the Company entered into a Second Amended and Restated Credit Agreement (“Credit Agreement”), for a five-year, $75.0 million senior revolving credit facility (“Credit Facility”). On July 6, 2007, the Company entered into the First Amendment to the Second Amended and Restated Credit Agreement (“Amendment”) which changed certain terms in the Credit Agreement, including extension of the Revolving Credit termination date from November 30, 2011 to November 30, 2012. The Credit Agreement 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 Company may elect to increase the total capacity under the Credit Agreement up to $100.0 million, with the approval of the administrative agent.

Availability under the senior credit facility is as follows:

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N e 7. I c me Ta e

The components of the provision for income taxes are as follows:

The difference between the expected income tax provision applying the domestic federal statutory tax rate and the reported income

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N e C lida ed Fi a cial S a eme (c i ed)

N e 8. C i ge cie

The Company maintains insurance coverage for various aspects of our 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 and provide for warranties for materials and workmanship. The Company may also be required to name the customer as an additional insured under certain insurance policies up to the limits of insurance available, or we may have to purchase special insurance policies or surety bonds for specific customers or provide letters of credit issued under our credit facility in lieu of bonds to satisfy performance and financial guarantees on some projects. Matrix Service currently maintains a performance and payment bonding line of $ 140.0 million. 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' presence at the customer's location. 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.

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N e C lida ed Fi a cial S a eme (c i ed)

At May 31, 2006, the Company had recorded net receivables of approximately $11.7 million under four contracts which were in dispute. In fiscal 2007, the Company settled three of the four disputes, comprising $10.7 million of the recorded net receivables, and collected $11.3 million under the settlements resulting in a $0.6 million pre-tax net gain.

At May 31, 2007, the Company had one remaining contract dispute, with a recorded value of $1.0 million. In March 2000, the Company entered into a joint venture partnership (JV) agreement for the construction of a pulp and paper project for an owner, which was completed late in 2000. The services provided by the JV consisted primarily of a labor contract with the owner supplying the engineering and the majority of the materials to be installed. The claim arises out of a contractual dispute in which the Company believes the JV incurred substantial work because the owner’s planning and engineering on the project was not adequate. The owner did not pay amounts owed. The Company had planned on continuing its collection efforts through arbitration. However, on November 18, 2007, the owner filed for Chapter 11 bankruptcy protection. The Company’s arbitration has been stayed and will not

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On October 3, 2005, the Company completed a private placement of approximately 2.3 million shares of common stock. The common stock was sold at $6.50 per share. The net proceeds from the issuance were approximately $14.9 million. The Company used the proceeds to repay a portion of the then outstanding balance on the Company's revolving line of credit.

In connection with the private placement of common stock, on October 3, 2005, the Company entered into a registration rights agreement with the purchasers of the common stock. The registration rights agreement required us to file a registration statement with respect to the resale of the shares of the common stock issued in the private placement. The registration statement was filed with the

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The following table illustrates the pro forma effect on net income and earnings per share for the year ended May 31, 2006 as if the Company had applied the fair value provisions of SFAS No. 123:

	Fi cal Yea E ded Ma 31, 2006 (I h a d , e ce e ha e am)
Net Income as reported	$ 7,653
Pro forma compensation expense from stock options, net of tax effects	(853)
Pro forma net income	$ 6,800
Earnings per common share as reported	
Basic	$ 0.39
Diluted	$ 0.35
Pro forma earnings per common share:	

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The awards under the

ons outstanding at the time
04 Plan. There were no

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Stock options are valued at the date of award and compensation cost is recognized on a straight-line basis, net of estimated forfeitures, over the requisite service period. Employee stock options generally vest annually, in equal increments, over a five-year period beginning one year after the grant date. Options granted to non-employee directors generally vest annually, in equal installments, over a two-year period beginning one year after the grant date. Under all stock option plans, the option term cannot exceed ten years. The option price per share may not be less than the fair market value of the common stock at the time the option is granted. The Company's policy is to issue shares upon the exercise of stock options from its treasury shares, if available.

Stock option activity and related information for the year ended May 31, 2008 is as follows:

	N mbe f O i	Weigh ed-A e age Remai i g C ac al Life (Yea)	Weigh ed-A e age E e ci e P ice	Agg ega e I i ic Val e (I h a d)
Outstanding at May 31, 2007	669,880		$ 7.09	
Granted	—		—	
Exercised	(165,450)		$ 6.17	$ 2,536
Cancelled	(46,600)		$ 7.41	
Outstanding at May 31, 2008	457,830	5.9	$ 7.39	$ 7,665
Vested or expected to vest at May 31, 2008	453,856	5.9	$ 7.39	$ 7,588
Exercisable at May 31, 2008	268,410	5.2	$ 7.01	$ 4,590

The Company uses the Black-Scholes option pricing model to estimate grant date fair value for each stock option granted. Expected volatility is based on the historic volatility of the Company's stock. The risk-free rate is based on the applicable United States Treasury Note rate. The expected life of the option is based on historical and expected future exercise behavior.

There were no options granted in fiscal 2008 or 2007. Assumptions used to calculate the fiscal 2006 grant date fair value and the fair value calculated was as follows:

	2006
Grant date fair value	$ 5.62
Risk-free interest rate	3.76%
Expected life in years	4.56
Expected volatility	68.14%
Expected dividend yield	—

The total intrinsic value of stock options exercised during fiscal 2008, 2007, and 2006 were $2.5 million, $6.2 million and $1.0 million, respectively.

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The following table summarizes information about stock options at May 31, 2008:

	S ck O i O a di g			S ck O i E e ci able		
Ra ge f E e ci e P ice	O i O a di g	Weigh ed-A e age E e ci e P ice	Weigh ed-A e age Remai i g C ac al Life (Yea)	O i E e ci able	Weigh ed-A e age E e ci e P ice	Weigh ed-A e age Remai i g C ac al Life (Yea)
$ 2.13 - $ 2.41	34,300	$ 2.22	1.8	34,300	$ 2.22	1.8
3.03 - 3.70	58,200	3.41	4.0	58,200	3.41	4.0
4.60 - 5.49	134,750	4.81	6.6	51,950	4.72	6.5
8.93 - 12.20	230,580	10.68	6.5	123,960	10.97	6.2
$ 2.13 - $ 12.20	457,830	$ 7.39	5.9	268,410	$ 7.01	5.2

The Company issued nonvested deferred shares in fiscal 2008 and fiscal 2007. A portion of the shares awarded to employees vest after three years if certain performance conditions are satisfied and the remaining shares vest in one to five equal annual installments beginning one year after the grant. All shares awarded to non-employee directors vest after three years if certain performance conditions are satisfied. Based on the actual performance as measured against the performance criteria, the performance-based portion of the award can range from zero to one hundred percent of the original award grant for both the fiscal 2007 and fiscal 2008 grants. The Company's policy is to issue shares upon vesting from its treasury shares, if available. The fiscal 2008 grant also provides for an additional award of up to 50% of the original performance-based award in the form of phantom shares. This phantom share award is based on the achievement of certain stretch financial targets and will be settled in cash.

Deferred shares are valued at market value on the grant date. Deferred share expense, net of estimated forfeitures, is generally recognized over the vesting period on a straight-line basis. The expense for the phantom shares will be recognized over the service period based on management's assessment of the likelihood of achieving the stretch performance targets. Since the phantom share award will be paid in cash, the estimated liability will be marked to market based on changes in the value of Matrix Service Company Common Stock.

The following table reflects nonvested deferred share activity and related information for the year ended May 31, 2008:

Defe ed Sha e	Sha e	Weigh ed A e age G a Da e Fai Val e
Nonvested shares at May 31, 2007	263,130	$ 14.79
Shares granted	319,370	25.77
Shares released	(59,590)	14.82
Shares cancelled	(25,830)	23.33
Nonvested shares at May 31, 2008	497,080	$ 21.41

There were 263,130 deferred shares issued in fiscal 2007 with an average grant date fair value of $14.79. There were no deferred shares issued in fiscal 2006. There were no deferred shares released in fiscal 2007 or fiscal 2006.

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N e 13. Em l ee Be efi Pla

The Company sponsors a defined contribution 401(k) savings plan (the "Plan") for all eligible employees meeting length of service requirements. Participants may contribute an amount up to 25% of pretax annual compensation as defined in the Plan, subject to certain limitations in accordance with Section 401(k) of the Internal Revenue Code. For calendar years 2005 and 2006, the Company's matching contribution was discretionary and the Company elected to match 50% of the first 6% of employee contributions. The Company match vested ratably beginning after 2 years of service with full vesting occurring after 6 years of service. Effective January 1, 2007, the Plan was amended to include; 1) immediate vesting on all employer matching contributions, 2) make the employer matching contribution mandatory, and 3) modify the matching contribution to 100% of the first 3% of employee contributions and 50% of the next 2% of employee contributions.

The Company recognized cost relating to the Plan of $2.8 million, $1.5 million and $1.0 million for the fiscal years ended May 31, 2008, 2007 and 2006, respectively.

N e 14. Segme I f ma i

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 industry, specialty construction, and electrical/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, specialty repair and maintenance services and electrical and instrumentation repair and maintenance.

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Ma 31, 2008, 2007 a d 2006
(I h a d)

COL. A	COL. B	COL. C ADDITIONS		COL. D	COL. E
	Bala ce a Begi i g f Pe i d	Cha ged C a d E e e	Cha ged O he Acc De c ibe	Ded c i De c ibe	Bala ce a E d f Pe i d
Fi cal Yea 2008					

I em 9. Cha ge i a d Di ag eeme i h Acc a Acc i g a d Fi a cial Di cl e

None

I em 9A. C l a d P ced e

Evaluation of Disclosure 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 Chief Executive Officer and 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). In designing and evaluating the disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of May 31, 2008. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level at May 31, 2008.

Management's Report on Internal Control over Financial Reporting

See "Management's Report on Internal Control over Financial Reporting" set forth in Item 8, Financial Statements and Supplementary Data of this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There have been no changes during the fourth quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

I em 9B. O he I f ma i

None

PART III

I em 10. Di ec , E ec i e Office a d C a e G e a ce

The information required by this item with respect to the Company's directors and corporate governance is incorporated herein by reference to the sections entitled "Proposal Number 1: Election of Directors" and "Corporate Governance and Board Matters" in the Company's definitive Proxy Statement for 2008 Annual Meeting of Stockholders ("Proxy Statement"). The information required by this item with respect to the Company's executive officers is incorporated herein by reference to the section entitled "Executive Officer Information" in the Proxy Statement. The information required by this item with respect to the Section 16 ownership reports is incorporated herein by reference to the section entitled "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement.

The Company has adopted a Code of Business Conduct and Ethics applicable to all directors, officers and employees, including the

(3) The f ll i g d c me a e i cl ded a e hibi hi A al Re F m 10-K:

3.1 Restated Certificate of Incorporation (Exhibit 3.1 to the Company's Registration Statement on Form S-3 (File No. 333-117077) filed July 1, 2004 (the "S-3 Registration Statement") is hereby incorporated by reference).

3.2 Certificate of Amendment of Restated Certificate of Incorporation dated October 31, 2000 (Exhibit 3.3 to the S-3 Registration Statement is hereby incorporated by reference).

3.3 Form of Certificate of Amendment of Restated Certificate of Incorporation (Appendix A to the Company's Proxy Statement filed on September 15, 2006 (File No. 1-15461) is hereby incorporated by reference).

3.4 Certification of Designations, Preferences and Rights of Series B Junior Preferred Stock dated November 12, 1999 (Exhibit 3.2 to the S-3 Registration Statement is hereby incorporated by reference).

3.5 Bylaws, as amended (Exhibit 3 to the Company's current report on Form 8-K, filed December 4, 2007, is hereby incorporated by reference).

3.6 Certificate of Increase of Authorized Numbeanu0063 Tw[(3.)-30.7(6)-24.4( )]TJ7.4484 0 0 6(ib[(rTm0. 7.49.5( )-2.7(a)-e)-7.4

+10.10	Form of Severance Agreement (Exhibit 10.6 to the Company's current report on Form 8-K (File No. 1- 15461), filed on October 27, 2006 is hereby incorporated by reference).
+10.11	Form of Management Retention Agreement (Exhibit 10.7 to the Company's current report on Form 8-K (File No. 1-15461), filed October 27, 2006 is hereby incorporated by reference).
+10.12	Form of Stock Option Award Agreement (2004 Stock Incentive Plan) (Exhibit 10.5 to the Company's annual report on Form 10-K (File No, 1-15461) filed August 4, 2006 is hereby incorporated by reference).
+10.13	Form of Stock Option Award Agreement (1995 Directors Plan) (Exhibit 10.6 to the Company's annual report on Form 10-K (File No, 1-15461) filed August 4, 2006 is hereby incorporated by reference).
+10.14	Amendment No. 1 to the Matrix Service 1995 Nonemployee Directors' Stock Option Plan (Exhibit B to the Company's 2005 Proxy Statement filed on September 16, 2005, is hereby incorporated by reference herein).
10.15	Rights Agreement (including a form of Certificate of Designation of Series B Junior Participating Preferred Stock as Exhibit A thereto, a form of Rights Certificate as Exhibit B thereto and a summary of Rights to Purchase Preferred Stock as Exhibit C thereto) dated November 2, 1999, (Exhibit 1 to the Company's current report on Form 8-K (File No. 0-18716), filed November 9, 1999, is hereby incorporated by reference).
10.16	Amendment No. 1 to Rights Agreement effective April 21, 2005 (Exhibit 10.4 to the Company's current report on Form 8-K (File No. 1-15461), filed April 25, 2005, is hereby incorporated by reference).
10.17	Equity Interests Purchase Agreement dated as of March 7, 2003 by and among Hake Acquisition Corp., Matrix Service Company, and the Holders of the Equity Interests of The Hake Group of Companies (Exhibit 99.1 to the Company's current report on Form 8-K (File No. 1-15461), filed March 24, 2003, is hereby incorporated by reference).
10.18	Second Amended and Restated Credit Agreement dated as of November 30, 2006, among the Company, as Borrower, the Lenders party thereto, J.P. Morgan Chase Bank, N.A., as Administrative Agent and J.P. Morgan Securities Inc. as Sole Bookrunner and Sole Lead Arranger (filed as Exhibit 10 to the Company's current report on Form 8-K (File No. 1-15461), filed on December 6, 2006, is hereby incorporated by reference).
10.19	First Amendment to Second Amended and Restated Credit Agreement dated as of July 6, 2007 (Exhibit 10 to the Company's current report on Form 8-K (File No. 1-15461), filed July 11, 2007 is hereby incorporated by reference).
10.20	Securities Purchase Agreement dated October 3, 2005 (Exhibit 10.1 to the Company's Current Report on Form 8-K filed (File No. 1-15461), filed on October 4, 2005, is hereby incorporated by reference).
10.21	Registration Rights Agreement dated October 3, 2005 (Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 1-15461), filed on October 4, 2005, is hereby incorporated by reference).
10.22	Amendment No. 2 to Rights Agreement effective as of October 3, 2005 (Exhibit 10.3 to the Company's Current

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Matrix Service Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

+10.10

EXHIBIT 10.6

**AMENDMENT 2
TO
MATRIX SERVICE COMPANY
2004 STOCK INCENTIVE PLAN**

1. . The Matrix Service Company 2004 Stock Option Plan was initially adopted by the Board of Directors of Matrix Service Company (the "Company") on January 20, 2004, and approved by our stockholders on March 23, 2004 (the "Option Plan"). On October 23, 2006, our stockholders approved, based on the recommendation of the Compensation Committee and approval of the Company's Board of Directors, the amendment and restatement of the Option Plan (the "Amended and Restated Plan"). The Amended and Restated Plan was renamed the "Matrix Service Company 2004 Stock Incentive Plan" (the "Incentive Plan") and permits the grant of restricted stock, restricted stock units, stock appreciation rights and performance shares, in addition to options. Awards may be granted under the Incentive Plan until October 23, 2016, the tenth anniversary of the date of stockholder approval. The Incentive Plan was amended by Amendment 1 to Matrix Service Company 2004 Stock Incentive Plan on October 23, 2006, in order to clarify certain authority of the Compensation Committee. References to "Incentive Plan" in this Amendment 2 shall mean the Incentive Plan, as so amended.

2. . The purpose of this Amendment 2 is to add provisions for the award of Phantom Share Rights (as defined herein) and to amend the Incentive Plan to be compliant with Section 409A of the Code.

3. . The Incentive Plan is hereby amended as follows:

(a) The definition of "Affiliate" in Section 2(a) is hereby to read as follows: "(a) "**Affilia e**" means, other than the Company, (i) any corporation or limited liability company in an unbroken chain of corporations or limited liability companies ending with the Company if each corporation or limited liability company owns stock or membership interests (as applicable) possessing more than fifty percent (50%) of the total combined voting power of all classes of stock in one of the other corporations or limited liability companies in such chain; or (ii) any corporation, trade or business (including, without limitation, a partnership or limited liability company) which is more than fifty percent (50%) controlled (whether by ownership of stock, assets or an equivalent ownership interest or voting interest) by the Company or one of its Affiliates; provided that no person or entity shall be an Affiliate of the Company unless such person or entity and the Company would be considered a single employer under Section 414(b) or 414(c) of the Code."

"**Re i eme** " shall mean that a Participant experiences a voluntary Separation from Service with the Company or an Affiliate on or after the date on which such Participant attains age 65."

"**S ecified Em l ee**

(k) Section 8(e) of the Plan is hereby amended by the words “and during which the recipient was a key employee” from the second sentence of such section.

(l) A new Section 8A. is hereby to the Plan to provide for awards of Phantom Share Rights to read as follows:

“8A.

(n) Section 13(f) of the Plan is hereby to read as follows:

"(f) In the discretion of the Committee, a Participant may elect irrevocably (at a time and in a manner determined by the Committee so long as the timing and nature of the election complies with section 409A of the Code and applicable Treasury guidance) so as to avoid the imposition of tax under Code Section 409A prior to settlement of an Award or exercising an Option, that delivery of shares of Stock upon such settlement or exercise shall be deferred until a future date and/or the occurrence of a future event or events, specified in such election. Upon the settlement of any such Award or the exercise of any such Option and until the delivery of any deferred shares under this paragraph (f) of Section 13, the number of shares otherwise issuable to the Participant shall be credited to a memorandum account in the records of the Company or its designee and any dividends or other distributions payable on such shares shall be deemed reinvested in additional shares of Stock, in a manner determined by the Committee, until all shares of Stock credited to such Participant's memorandum account shall become issuable pursuant to the

Executed as of the 4th day of August, 2008.

ATTEST:	**MATRIX SERVICE COMPANY**
/s/ Nancy E. Austin	By: /s/ Michael J. Bradley
Na c E. A i	**Michael J. B adle**
A i a Sec e a	**P e ide a d**
	Chief E ec i e Office

EXHIBIT 10.7

MATRIX SERVICE COMPANY
AWARD AGREEMENT

__________, 20__

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

Dear «FirstName»:

1. **A a d.** The awards set forth in this Award Agreement (the "Award Agreement") are subject to your acceptance of and agreement to all of the applicable terms, conditions, and restrictions described in the 2004 Stock Incentive Plan of Matrix Service Company, a Delaware corporation (the "Company"), as amended and restated effective October 23, 2006, and as further amended by Amendment 1 thereto (the "Plan"), a copy of which is on file with, and may be obtained from, the Secretary of the Company, and to your acceptance of and agreement to the further terms, conditions, and restrictions described in this Award Agreement. To the extent that any provision of this Award Agreement conflicts with the expressly applicable terms of the Plan, it is hereby acknowledged and agreed that those terms of the Plan shall control and, if necessary, the applicable provisions of this Award Agreement shall be hereby deemed amended so as to carry out the purpose and intent of the Plan.

2. **Re ic ed S ck U i .**

(a)

Achievement of the Performance Goals will be measured when the Company's Fully-Diluted Earnings Per Share for fiscal year 2010 is released to the public. In the event the Minimum Performance Goal is not met, then all of the RSUs will be forfeited to the Company. In the event the Company achieves Fully-Diluted Earnings Per Share that are between any of the Performance Levels set forth above, then the conditions with respect to the RSUs shall be deemed to have been met for the number of RSUs determined by linear interpolation between the applicable Performance Levels and the restrictions on such RSUs shall be removed on the Measurement Date and the remainder of the RSUs will be forfeited to the Company. In the event the Company achieves the Target Performance Goal, the conditions shall be deemed to have been satisfied and the restrictions on all of the RSUs associated with such Target Performance Goal as set forth above shall be removed on the Measurement Date. The Committee has the final authority to determine whether the Performance Goals have been met and to what extent.

For purposes of measuring the Performance Goal, "Fully-Diluted Earnings Per Share" shall mean, for any fiscal year, the Company's fully-diluted earnings per share as set forth in the Company's Consolidated Financial Statements included within its Annual Report on Form 10-K for such fiscal year, as filed with the Securities and Exchange Commission.

(ii) Notwithstanding the provisions of subsection (i) of this Section 2(e), the restrictions described in Section 2(d)(ii) shall lapse with respect to the RSUs (as if the Target Performance Goal had been met) upon the occurrence of any of the following events:

(1) Your death, "Disability" (as defined in the Plan) or your "Retirement" (as defined in Section 6); or

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

(iii) Following the lapse of the restrictions described in Section 2(d)(ii), the Company will make a book-entry registration or will issue you a certificate as provided in Section 2(b) of this Award Agreement for the Restricted Shares covered by such RSUs in redemption of such RSUs.

3. **B A a d.**

(a) **Pha m Sha e B A a d**. In addition to the RSUs awarded pursuant to this Agreement and subject to the terms and conditions set forth herein, the Company hereby grants to you a cash "Bonus Award" calculated by reference to an

(b) **Ve i g**. Subject to the limitations herein, the Rights granted shall vest and be payable on the third anniversary of the date of this Award Agreement (the "Vesting Date") if and only to the extent the Bonus Award Performance Goals set forth in this subsection (b) are met. The Bonus Award Performance Goals are as follows: aggregate Fully-Diluted Earnings Per Share of the Company for fiscal years 2008, 2009 and 2010:

Achievement of the Bonus Award Performance Goals will be measured when the Company's Fully-Diluted Earnings Per Share for fiscal year 2010 is released to the public. In the event the Bonus Award Minimum Performance Goal is not met, then the Rights will be forfeited to the Company and no Bonus Award will be payable. In the event the Company achieves Fully-Diluted Earnings Per Share that are between the Bonus Award Minimum Performance Goal and the Bonus Award Maximum Performance Goal, then the number of Rights which shall vest shall be determined by linear interpolation and the remainder of the Rights will be forfeited to the Company and no Bonus Award associated with such forfeited Rights shall be payable. In the event the Company achieves the Bonus Award Maximum Performance Goal, then all of the Rights shall vest and the entire Bonus Award shall be payable. The Committee has the final authority to determine whether the Bonus Award Performance Goals have been met and to what extent.

Notwithstanding the foregoing, the Rights shall not vest and you shall immediately forfeit all rights, title and interests in and to any and all Rights that have not vested on the date on which you cease to serve as a director of the Fpd asFpd1i extent. 8-27(h)0.340o

(e) **N S ckh lde Righ** . You will not be deemed to be a holder of or possess any stockholder rights with respect to any shares of Stock based on the Rights granted hereunder.

4. **Adj me f Sha e .** The number of Restricted Shares subject to the RSUs, Granted Shares and/or Rights awarded to you under this Award Agreement may be adjusted as provided in the Plan.

5. **Ag eeme Wi h Re ec Sec i ie Ma e .** You agree that you will not sell or otherwise transfer any Restricted Shares received pursuant to this Award Agreement except pursuant to an effective registration statement under the U.S. Securities Act of 1933, as amended, or pursuant to an applicable exemption from such registration. Unless a registration statement relating to the Restricted Shares issuable upon the lapse of the restrictions on the RSUs pursuant to this Award Agreement is in effect at the time of issuance of such Restricted Shares, the certificate(s) for the Restricted Shares shall contain the following legend:

The securities evidenced by this certificate have not been registered under the Securities Act of 1933 or any other securities laws. These securities have been acquired for investment and may not be sold or transferred for value in the absence of an effective registration of them under the U.S. Securities Act of 1933 and any other applicable securities laws, or receipt by the Company of an opinion of counsel or other evidence acceptable to the Company that such registration is not required under such acts.

6. **Ce ai Defi i i .** As used in this Award Agreement, “Retirement” shall mean the voluntary termination of your full-time employment with the Company or Subsidiary on the date on which you become, or after attaining, 65 years of age. Capitalized terms used in this Award Agreement and not otherwise defined herein shall have the respective meanings provided in the Plan.

7. **C m lia ce i h 409A.** The Company intends that this Award Agreement and the Plan either (1) comply with Section 409A of the Internal Revenue Code of 1986, as amended, and guidance thereunder (“Section 409A”) or (b) be excepted from the provisions of Section 409A. Accordingly, the Company reserves the right and you agree that the Company shall have the right, without your consent and without prior notice to you, to amend either or both this Award Agreement and the Plan to cause this Award Agreement and the Plan to be so compliant or so excepted and to take such other actions under the Plan and this Award Agreement to achieve such compliance or exception.

EXHIBIT 10.8

MATRIX SERVICE COMPANY
AWARD AGREEMENT

__________, 20__

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

Dear «FirstName»:

1. **A a d.** The awards set forth in this Award Agreement (the "Award Agreement") are subject to your acceptance of and

Achievement of the Performance Goals will be measured when the Company's Fully-Diluted Earnings Per Share for fiscal year 2010 is released to the public. In the event the Minimum Performance Goal is not met, then all of the Performance RSUs will be forfeited to the Company. In the event the Company achieves Fully-Diluted Earnings Per Share that are between any of the Performance Levels set forth above, then the conditions with respect to the Performance RSUs shall be deemed to have been met for the number of Performance RSUs determined by linear interpolation between the applicable Performance Levels and the restrictions on such Performance RSUs shall be removed on the Measurement Date and the remainder of the Performance RSUs will be forfeited to the Company. In the event the Company achieves the Target Performance Goal, the conditions shall be deemed to have been satisfied and the restrictions on all of the Performance RSUs associated with such Target Performance Goal as set forth above shall be removed on the Measurement Date. The Committee has the final authority to determine whether the Performance Goals have been met and to what extent.

For purposes of measuring the Performance Goal, "Fully-Diluted Earnings Per Share" shall mean, for any fiscal year, the Company's fully-diluted earnings per share as set forth in the Company's Consolidated Financial Statements included within its Annual Report on Form 10-K for such fiscal year, as filed with the Securities and Exchange Commission.

(iii) Notwithstanding the provisions of subsections (i) and (ii) of this Section 2(e), the restrictions described in Section 2(d)(ii) shall lapse with respect to all RSUs (with respect to Performance RSUs as if the Target Performance Goal

(iv) Following the lapse of the restrictions described in Section 2(d)(ii), the Company will make a book-entry registration or will issue you a certificate as provided in Section 2(b) of this Award Agreement for the Restricted Shares covered by such RSUs in redemption of such RSUs.

3. **B A a d.**

(a) **Pha m Sha e B A a d.** In addition to the RSUs awarded pursuant to this Agreement and subject to the terms and

Notwithstanding the foregoing, the Rights shall not vest and you shall immediately forfeit all rights, title and interests in and to any and all Rights that have not vested on the date your employment with the Company or its Subsidiaries is terminated for any reason.

(c)

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

MATRIX SERVICE COMPANY

By: ______________________________
Name: ______________________________
Title: ______________________________

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

____
«Grantee»

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements of Matrix Service Company of our reports dated August 5, 2008, appearing in this Annual Report on Form 10-K of Matrix Service Company for the year ended May 31, 2008:

Registration Statement on Form S-3 (Registration No. 333-117077) related to the registration of $125,000,000 of Common Stock, Preferred Stock, Debt Securities and Warrants

Registration Statement on Form S-3 (File No. 333-129155) related to the registration of 2,307,692 shares of Common Stock

Registration Statement on Form S-8 (File No. 33-36081) related to the Matrix Service Company 1990 Incentive Stock Option Plan

Registration Statement on Form S-8 (File No. 333-56945) related to the Matrix Service Company 1991 Incentive Stock Option Plan, as amended

Registration Statement of Form S-8 (File No. 333-02771) related to the Matrix Service Company 1995 Nonemployee Directors' Stock Option Plan

Registration Statement on Form S-8 (File No. 333-119840) related to the Matrix Service Company 2004 Stock Option Plan

/s/ DELOITTE & TOUCHE LLP

T l a, Oklah ma
A g 5, 2008

EXHIBIT 31.2

EXHIBIT 32.1

EXHIBIT 32.2

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