UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

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

Date of report (Date of earliest event reported) October 3, 2005

Matrix Service Company

(Exact Name of Registrant as Specified in Its Charter)

Delaware	
(State or Other Jurisdiction of Incorporation)	
001-15461	**73-1352174**
(Commission File Number)	**(IRS Employer Identification No.)**
10701 E. Ute Street	
Tulsa, Oklahoma	**74116**
(Address of Principal Executive Offices)	**(Zip Code)**

918-838-8822
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

Securities Purchase Agreement

On October 3, 2005, Matrix Service Company (the "Company") completed a direct private placement offering of 2,307,692 shares of its Common Stock, par value $0.01 (the "Shares").

The Shares were sold under a Securities Purchase Agreement dated as of October 3, 2005 (the "Securities Purchase Agreement") among the Company and certain buyers (the "Buyers") at a purchase price of $6.50 per share. The purchase price for the common stock was payable in cash. The Securities Purchase Agreement includes representations and warranties and covenants which are customary for transactions of this type. Pursuant to the Securities Purchase Agreement, the Company has agreed to indemnify the Buyers and their affiliates against certain liabilities.

Other than in respect of this transaction, there are no material relationships between the Company and the Buyers or their affiliates, except that prior to this transaction and as of September 1, 2005, two of the Buyers owned approximately 12.4% and 9.9% respectively of the outstanding shares of the Company's Common Stock.

A copy of the Securities Purchase Agreement is attached to this Current Report on Form 8-K as Exhibit 10.1 and is incorporated by reference as though fully set forth herein. The foregoing summary description of the Securities Purchase Agreement and the transactions contemplated therein is not intended to be complete and is qualified in its entirety by the complete text of the Securities Purchase Agreement.

A copy of the press release announcing the completion of the private placement is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference herein.

Registration Rights Agreement

In connection with the private placement of the Common Stock, on October 3, 2005, the Company entered into a Registration Rights Agreement (the "Registration Rights Agreement") with the Buyers. The Registration Rights Agreement requires the Company to: (i) file an initial registration statement with respect to the Shares within 60 days after the closing date and to cause the registration statement to be declared effective by the Securities and Exchange Commission (the "Commission") no later than the earlier of (A) 120 days after the closing, and (B) five trading days after the Company is notified by the Commission that the registration statement will not be reviewed or is no longer subject to further review and comments, and (ii) to use its best efforts to keep the registration statement effective for a period of five years or such earlier date as the Shares have been sold or may be sold without volume restrictions pursuant to Rule 144(k) as promulgated by the Commission under the Securities Act of 1933, as amended (the "Securities Act"). The Registration Rights Agreement also requires the Company to file an additional registration statement in the event that any of the securities required by the Registration Rights Agreement to be registered are not included in the initial registration statement. If the Company fails to satisfy its obligations under the Registration Rights Agreement, the Company will owe each of the Buyers or their qualifying transferees (the "Holders") as partial liquidated damages an amount equal to 1.0% of the aggregate amount paid by such Holder for Shares pursuant to the Securities Purchase Agreement, and thereafter on each monthly anniversary of each such event (if the applicable failure shall not have been cured by such date) until the applicable failure is cured, the Company shall pay to each Holder an amount in cash equal to an additional 1.0% of the aggregate amount paid by such Holder for the Shares.

The Registration Rights Agreement also grants (i) the Holder of the largest number of the Shares certain "demand" registration rights after the end of the five-year registration period described above, and (ii) all of the Holders "piggyback" registration rights under certain circumstances in the event that the Company proposes to register equity securities under the Securities Act.

Other than in respect of this transaction and except as set forth under "Securities Purchase Agreement" above, there are no material relationships between the Company and the Buyers or their affiliates.

A copy of the Registration Rights Agreement is attached to this Current Report on Form 8-K as Exhibit 10.2 and is incorporated by reference as though fully set forth herein. The foregoing summary description of the Registration Rights Agreement and the transactions contemplated therein is not intended to be complete and is qualified in its entirety by the complete text of the Registration Rights Agreement.

Amendment No. Two to Rights Agreement

Effective as of November 2, 1999, the Company entered into a Rights Agreement with UMB Bank, N.A., the Company's transfer agent (the "Rights Agent"), which was subsequently amended by Amendment No. One to Rights Agreement dated April 21, 2005 (as amended, the "Rights Agreement"). In connection with the private placement described above, effective as of October 3, 2005, the Company entered into Amendment No. Two to the Rights Agreement with the Rights Agent (the "Rights Amendment"). In general, the Rights Amendment renders the provisions of the Rights Agreement inapplicable to the private placement by exempting (i) one of the Buyers from the definition of "Acquiring Person" until such time as such Buyer increases its beneficial ownership of shares of the Company's Common Stock to an amount in excess of 25% or more of the then-outstanding shares of Common Stock, and (ii) the other Buyers from the definition of "Acquiring Person" as a result of the purchase of the Shares pursuant to the Securities Purchase Agreement.

A copy of the Rights Amendment is attached to this Current Report on Form 8-K as Exhibit 10.3 and is incorporated by reference as though fully set forth herein. The foregoing description of the Rights Amendment is qualified in its entirety by reference to the full text of the Rights Amendment.

Side Letter

In connection with the private placement described above, effective as of October 3, 2005, the Company entered into a side letter agreement with one of the Buyers (the "Side Letter"). In general, pursuant to the Side Letter, such Buyer agreed that until the earlier of October 3, 2007 and such time as Michael J. Hall no longer serves as either the Chief Executive Officer of the Company or as an active regular member of the Company's board of directors, the Buyer would not, among other things, (i) purchase or otherwise acquire beneficial ownership that would result in such Buyer becoming an "Acquiring Person," as defined in the Rights Amendment, or (ii) take, or cause others to take, certain actions designed to influence the management or control of the Company.

A copy of the Side Letter is attached to this Current Report on Form 8-K as Exhibit 10.4 and is incorporated by reference as though fully set forth herein. The foregoing description of the Side Letter is qualified in its entirety by reference to the full text of the Side Letter.

Item 3.02 Unregistered Sales of Equity Securities.

On October 3, 2005, the Company completed a direct private placement offering of 2,307,692 shares of its Common Stock, par value $0.01, at a purchase price of $6.50 per share.

The Company utilized no brokers or underwriters in the private placement, and consequently no brokerage commissions, transaction fees or similar payments relating to the private placement were paid.

The securities were offered pursuant to exemptions from registration under Section 4(2) of the Securities Act of 1933, as amended, and Rule 506 of Regulation D. There were a total of 11 Buyers in the private placement, all of whom were accredited investors. A legend was placed on each certificate evidencing the Shares indicating that the Shares have not been registered and are restricted from resale.

Item 9.01 Financial Statements and Exhibits.

Exhibit No.	Description
10.1	Securities Purchase Agreement
10.2	Registration Rights Agreement
10.3	Amendment No. Two to Rights Agreement
10.4	Side Letter
99.1	Press Release, dated October 4, 2005, issued by the Company

SIGNATURES

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

Matrix Service Company

Dated: October 4, 2005

By: /s/ George L. Austin

George L. Austin
Chief Financial Officer and
Principal Accounting Officer

EXHIBIT INDEX

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Exhibit 10.1

EXECUTION COPY

SECURITIES PURCHASE AGREEMENT

BY AND BETWEEN

MATRIX SERVICE COMPANY

AND

THOSE BUYERS IDENTIFIED ON

THE SIGNATURE PAGES HERETO

OCTOBER 3, 2005

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SECURITIES PURCHASE AGREEMENT

This SECURITIES PURCHASE AGREEMENT, dated as of October 3, 2005, is entered into among MATRIX SERVICE COMPANY, a Delaware corporation, and the investors identified on the signature pages hereto (each a **"Buyer"** and, collectively, the **"Buyers").**

RECITALS:

A. The Company and the Buyers are executing and delivering this Agreement in reliance upon the exemptions from securities registration afforded by Section 4(2) of the 1933 Act and Rule 506;

B. The Buyers desire to purchase and the Company desires to issue and sell, upon the terms and conditions set forth in this Agreement, an aggregate of 2,307,693 shares of common stock, par value $0.01 per share of the Company; and

C. Contemporaneous with the execution and delivery of this Agreement, the parties hereto are executing and delivering a Registration Rights Agreement, in the form attached hereto as Exhibit A, pursuant to which the Company has agreed under certain circumstances to register the resale of the Shares under the 1933 Act and the rules and regulations promulgated thereunder, and applicable state securities laws.

AGREEMENT

NOW THEREFORE, the Company and the Buyers hereby agree as follows:

ARTICLE 1
DEFINITIONS

"***Action***" means any action, suit claim, inquiry, notice of violation, proceeding (including any partial proceeding such as a deposition) or investigation against or affecting the Company, any of its Subsidiaries or any of their respective properties before or by any court, arbitrator, governmental or administrative agency, regulatory authority (federal, state, county, local or foreign), public board, stock market, stock exchange or trading facility.

"***Agreement***" means this Securities Purchase Agreement.

"***April Securities Purchase Agreement***" means that certain Securities Purchase Agreement dated April 22, 2005, among the Company and the investors thereunder, a complete and correct copy of which is included with the SEC Documents, other than disclosure schedules omitted therefrom.

"***Amendment***" has the meaning set forth in Section 8.5.

"***Buyers***" has the meaning set forth in the preamble.

"***Common Stock***" means the Company's common stock, par value $0.01 per share.

"***Company***" means Matrix Service Company, a Delaware corporation.

"***Closing***" has the meaning set forth in Section 2.3.

"***Closing Date***" means September 30, 2005 or such other time as may be mutually agreed upon by the parties to this Agreement.

"*Delaware Courts*" means the state and federal courts sitting in the State of Delaware.

"***Environmental Laws***" has the meaning set forth in Section 4.11.

"***Hazardous Materials***" has the meaning set forth in Section 4.11.

"***Intellectual Property***" has the meaning set forth in Section 4.8.

"***Investment Company***" has the meaning set forth in Section 4.13.

"***Legal Requirement***" means any federal, state, local, municipal, foreign, international, multinational or other law, rule, regulation, order, judgment, decree, ordinance, policy or directive, including those entered, issued, made, rendered or required by any court, administrative or other governmental body, agency or authority, or any arbitrator.

"***Material Adverse Effect***" means any material adverse effect on the business, operations, assets, financial condition or prospects of the Company.

"***1933 Act***" means the Securities Act of 1933, as amended.

"***1934 Act***" means the Securities Exchange Act of 1934, as amended.

"***Permits***" has the meaning set forth in Section 4.10.

"***Purchase Price***" means a price of $6.50 per share for the Shares to be issued and sold to the Buyer at the Closing.

"***Registration Rights Agreement***" means the Registration Rights Agreement executed and delivered contemporaneously with the Agreement pursuant to which the Company has agreed under certain circumstances to register the resale of the Shares under the 1933 Act and the rules and regulations promulgated thereunder, and applicable state securities laws.

"***Rule 506***" means Rule 506 of Regulation D promulgated under the 1933 Act.

"***Rights Agreement***" has the meaning set forth in Section 7.5.

"***SEC***" means the United States Securities and Exchange Commission.

"***SEC Documents***" has the meaning set forth in Section 4.5.

"***Shares***" means the 2,307,693 shares of Common Stock being issued and sold under the Agreement.

"***Steelhead***" has the meaning set forth in Section 5.3.

"***Subsidiaries***" means, with respect to the Company, Matrix Service Inc., an Oklahoma corporation, Matrix Service Industrial Contractors, Inc., an Oklahoma corporation, Matrix Service, Inc. Canada, an Ontario, Canada corporation, Matrix Service Industrial Contractors Canada, Inc., Matrix Service Industrial Containers ULC, Hake Group, Inc., a Delaware corporation, Bogan, Inc. (including

Fiberspec, a division), a Pennsylvania corporation, Matrix Service Specialized Transport, Inc., a Pennsylvania corporation, Hover Systems, Inc., a Pennsylvania corporation, I & S, Inc., a Pennsylvania corporation, McBish Management, Inc., a Pennsylvania corporation, Mechanical Construction, Inc., a Delaware corporation, Mid-Atlantic Constructors, Inc., a Pennsylvania corporation, Talbot Realty, Inc., a Pennsylvania corporation, Bish Investments, Inc., a Delaware corporation, Hake, L.L.C., a Pennsylvania limited liability company, and I & S Joint Venture, L.L.C., a Pennsylvania limited liability company.

"***Tontine***" has the meaning set forth in Section 5.3.

"***Transaction Documents***" means this Agreement, the Registrations Rights Agreement, and any other documents contemplated by this Agreement.

"***Transfer Instructions***" has the meaning set forth in Section 2.2.

"***2005 10-K***" has the meaning set forth in Section 4.7.

ARTICLE 2
PURCHASE AND SALE OF SHARES

2.1 Purchase of Shares. Subject to the terms and conditions of this Agreement, on the Closing Date, the Company shall issue and sell the Shares and each Buyer shall severally and not jointly purchase from the Company the number of Shares as is set forth below such Buyer's name on the signature pages hereto.

2.2 Purchase Price and Form of Payment; Delivery. On the Closing Date, each Buyer shall pay $6.50 per share for the Shares to be issued and sold to it at the Closing. The Purchase Price shall be paid by wire transfer of immediately available funds in accordance with the Company's written instructions. At the Closing, upon payment of the Purchase Price therefore by the Buyers, the Company will deliver irrevocable written instructions ("***Transfer Instructions***") to the transfer agent for the Company's Common Stock to issue certificates representing the Shares registered in the name of each Buyer and to deliver such certificates to or at the direction of each Buyer. The Company shall not have the power to revoke or amend the Transfer Instructions without the written consent of each of the Buyers.

2.3 Closing Date. Subject to the satisfaction (or written waiver) of the conditions set forth in Article 6 and Article 7 below, the closing of the transactions contemplated by this Agreement shall be held on October 3, 2005, or such other time as may be mutually agreed upon by the parties to this Agreement, at the offices of Barack Ferrazzano Kirschbaum Perlman & Nagelberg LLP, 333 West Wacker Drive, Suite 2700, Chicago, Illinois 60606 or at such other location as may be mutually agreed upon by the parties to this Agreement ("***Closing***").

ARTICLE 3
BUYERS' REPRESENTATIONS AND WARRANTIES

Each Buyer severally and not jointly represents and warrants to the Company that:

3.1 Organization and Qualification. Each Buyer is an entity of the type identified on the signature pages hereto duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization with the requisite corporate or partnership power and authority to (i) own its properties and assets and carry on its business as now being conducted, (ii) enter into this Agreement and each of the other Transaction Documents and carry out its obligations hereunder and thereunder and (iii) purchase the Shares.

3.2 Authorization; Enforcement. This Agreement and each of the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by, and duly executed and delivered on behalf of such Buyer, and no further approval or authorization is required. This Agreement and each of the other Transaction Documents constitutes the valid and binding agreement of such Buyer enforceable in accordance with its terms, except as such enforceability may be limited by: (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws in effect that limit creditors' rights generally; (ii) equitable limitations on the availability of specific remedies; and (iii) principles of equity.

3.3 Securities Matters. In connection with the Company's compliance with applicable securities laws:

a. Such Buyer understands that the Shares are being offered and sold to it in reliance upon specific exemptions from the registration requirements of United States and state securities laws and that the Company is relying upon the truth and accuracy of, and such Buyer's compliance with, the representations, warranties, agreements, acknowledgments and understandings of such Buyer set forth herein in order to determine the availability of such exemption and the eligibility of such Buyer to acquire the Shares.

b. Such Buyer is purchasing the Shares for its own account, not as a nominee or agent, for investment purposes and not with a present view towards resale, except pursuant to sales exempted from registration under the 1933 Act, or registered under the 1933 Act as contemplated by the Registration Rights Agreement.

c. Such Buyer is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D under the 1933 Act, and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Shares. Such Buyer understands that its investment in the Shares involves a significant degree of risk. Such Buyer understands that no United States federal or state agency or any other government or governmental agency has passed upon or made any recommendation or endorsement of the Shares.

3.4 Information. Such Buyer acknowledges that (i) the Company anticipates making public its quarterly earnings release and quarterly report on Form 10-Q on October 6, 2005 (the "***October Filings***"), and as of the date of this Agreement the Company may be in possession of material, non-public information regarding the Company, its financial condition, results of operations, businesses, properties, assets, liabilities, management, forecasts, plans, proposals and prospects, which is not required to be disclosed on any periodic or current report prior to the filing of the October Filings; (ii) such information may be materially adverse to such Buyer's interests; and (iii) if such Buyer were in possession of some or all of such information such Buyer might not be willing to purchase any or all of the Shares pursuant to the Transaction Documents or would have a materially different view of the benefits of the transactions contemplated therein. Such Buyer also acknowledges that the Company shall have no obligation to disclose to such Buyer any of the information referred to in the preceding sentence prior to the filing of the October Filings. Such Buyer further acknowledges that it has conducted its own due diligence examination regarding the Company business. In connection with such investigation, such Buyer and its representatives (x) have reviewed copies of the Company's filings with the SEC, including the Company's most recent annual report on Form 10-K and (y) have been given an opportunity to ask, to the extent such Buyer considered necessary, and have received answers from, officers of the Company concerning the business, finances and operations of the Company and information relating to the offer and sale of the Shares. Neither such inquiries nor any other investigation conducted by or on behalf of such Buyer or its representatives or counsel shall modify, amend or affect such Buyer's right to rely on the truth, accuracy and completeness of the Company's representations and warranties contained in the Transaction Documents.

3.5 Restrictions on Transfer. Such Buyer understands that except as provided in the Registration Rights Agreement, the issuance of the Shares has not been and is not being registered under the 1933 Act or any applicable state securities laws. Such Buyer may be required to hold the Shares indefinitely and the Shares may not be transferred unless (i) the Shares are sold pursuant to an effective registration statement under the 1933 Act, or (ii) such Buyer shall have delivered to the Company an opinion of counsel to the effect that the Shares to be sold or transferred may be sold or transferred pursuant to an exemption from such registration, which opinion shall be reasonably acceptable to the Company. Such Buyer understands that until such time as the resale of the Shares has been registered under the 1933 Act as contemplated by the Registration Rights Agreement or otherwise may be sold pursuant to an exemption from registration, certificates evidencing the Shares may bear a restrictive legend in substantially the following form (and a stop-transfer order may be placed against transfer of the certificates evidencing such Shares):

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND HAVE BEEN ISSUED IN RELIANCE UPON EXEMPTIONS AFFORDED UNDER APPLICABLE LAWS. THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE OFFERED, SOLD, HYPOTHECATED, TRANSFERRED OR OTHERWISE ASSIGNED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS, OR AN APPLICABLE EXEMPTION (AS TO WHICH THE ISSUER SHALL BE REASONABLY SATISFIED, INCLUDING RECEIPT OF AN ACCEPTABLE LEGAL OPINION) FROM THE REGISTRATION REQUIREMENTS OF SUCH LAWS."

3.6 Financial Capability. Such Buyer will have available sufficient funds to purchase the Shares on the terms and conditions contemplated by this Agreement.

3.7 No Brokers. Such Buyer has not taken any action which would give rise to any claim by any person for brokerage commissions, transaction fees or similar payments relating to this Agreement or the transactions contemplated hereby.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the Company's Disclosure Schedule attached hereto, the Company represents and warrants to the Buyers that:

4.1 Organization and Qualification. The Company and each of its Subsidiaries is a corporation or limited liability company duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated, with corporate or limited liability company power and authority to own, lease, use and operate its properties and to carry on its business as now operated and conducted. The Company and each of its Subsidiaries is duly qualified as a foreign corporation or limited liability company to do business and is in good standing in each jurisdiction in which its ownership or use of property or the nature of the business conducted by it makes such qualification necessary, except where the failure to be so qualified or in good standing would not have a Material Adverse Effect.

4.2 Authorization; Enforcement. The Company has all requisite corporate power and authority to enter into and perform this Agreement and each of the other Transaction Documents and to consummate the transactions contemplated hereby and thereby and to issue the Shares, in accordance with the terms hereof and thereof. The execution and delivery of this Agreement and each of the other Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby and thereby (including without limitation, the issuance of the Shares) have been duly authorized by the Company's Board of Directors and no further consent or authorization of the Company, its Board of Directors, or its shareholders is required. This Agreement and each of the other Transaction Documents have been duly executed and delivered by the Company. This Agreement and each of the other Transaction Documents will constitute upon execution and delivery by the Company, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by: (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws in effect that limit creditors' rights generally; (ii) equitable limitations on the availability of specific remedies; and (iii) principles of equity.

4.3 Capitalization; Valid Issuance of Shares. As of the date hereof, the authorized capital stock of the Company consists of 30,000,000 shares of Common Stock, of which 19,381,127 shares are issued and 17,512,280 are issued and outstanding, and 5,000,000 shares of preferred stock, $.01 par value, of which 300,000 shares are designated as Series B Junior Participating preferred stock, and none of which are outstanding. All of such outstanding shares of Common Stock are duly authorized, validly issued, fully paid and nonassessable. The Shares have been duly authorized and when issued pursuant to the terms hereof will be validly issued, fully paid and nonassessable and will not be subject to any encumbrances, preemptive rights or any other similar contractual rights of the shareholders of the Company or any other person. No shares of capital stock of the Company are subject to preemptive rights or any other similar rights of the shareholders of the Company or any liens or encumbrances imposed through the actions or failure to act of the Company. As of the date hereof, the Company had outstanding options to purchase 1,086,664 shares of Common Stock and had reserved 6,476,744 shares of Common Stock for issuance upon conversion of those certain 7% senior unsecured convertible promissory notes issued by the Company in connection with the April Securities Purchase Agreement. As of the date of this Agreement, except to the extent described in the preceding sentence and Schedule 4.3 attached hereto, (i) there are no outstanding options, warrants, scrip, rights to subscribe for, puts, calls, rights of first refusal, agreements, understandings, claims or other commitments or rights of any character whatsoever relating to, or securities or rights convertible into or exchangeable for any shares of capital stock of the Company or any of its Subsidiaries, or arrangements by which the Company or any of its Subsidiaries is or may become bound to issue additional shares of capital stock, (ii) there are no agreements or arrangements under which the Company or any of its Subsidiaries is obligated to register the sale of any of its or their securities under the 1933 Act (except the Registration Rights Agreement) and (iii) there are no anti-dilution or price adjustment provisions contained in any security issued by the Company (or in any agreement providing rights to security holders) that will be triggered by the issuance of the Shares. Except as may be described in any documents which have been publicly filed by any of the Company's shareholders, to the Company's knowledge, there are no agreements between the Company's shareholders with respect to the voting or transfer of the Company's capital stock or with respect to any other aspect of the Company's affairs.

4.4 No Conflicts. The execution, delivery and performance of this Agreement and each of the other Transaction Documents by the Company and the consummation by the Company of the transactions contemplated hereby and thereby (including, without limitation, the issuance of Shares) will not (i) conflict with or result in a violation of any provision of the Restated Certificate of Incorporation, as

amended, of the Company or the By-laws, as amended, of the Company, (ii) violate or conflict with, or result in a breach of any provision of, or constitute a default (or an event which with notice or lapse of time or both could become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any material agreement, indenture, patent, patent license or instrument to which the Company or any of its Subsidiaries is a party, or (iii) result in a violation of any Legal Requirement (including federal and state securities laws and regulations and regulations of any self-regulatory organizations to which the Company or its securities are subject) applicable to the Company or any of its Subsidiaries or by which any property or asset of the Company or any of its Subsidiaries is bound or affected (except for such conflicts, defaults, terminations, amendments, accelerations, cancellations and violations as would not, individually or in the aggregate, have a Material Adverse Effect). Neither the Company nor any of its Subsidiaries is in violation of its Certificate or Articles of Incorporation, By-laws or other organizational documents and neither the Company nor any of its Subsidiaries is in default (and no event has occurred which with notice or lapse of time would result in a default) under, and neither the Company nor any of its Subsidiaries has taken any action or failed to take any action that would give to others any rights of termination, amendment, acceleration or cancellation of, any agreement or instrument to which the Company or any of its Subsidiaries is a party or by which any property or assets of the Company or any of its Subsidiaries is bound or affected, except for possible defaults as would not, individually or in the aggregate, have a Material Adverse Effect. Except with respect to the filing of notification forms with the Nasdaq Stock Market, Inc., and as specifically contemplated by this Agreement and as required under the 1933 Act and any applicable state securities laws, the Company is not required to obtain any consent, authorization or order of, or make any filing or registration with, any court, governmental agency, regulatory agency, self regulatory organization or stock market or any third party in order for it to execute, deliver or perform any of its obligations under the Transaction Documents. All consents, authorizations, orders, filings and registrations that the Company is required to effect or obtain prior to the Closing pursuant to the preceding sentence have been obtained or effected on or prior to the date hereof. The Company is not in violation of the listing requirements of the Nasdaq National Market.

4.5 SEC Documents; Financial Statements. Since May 31, 2005, the Company has timely filed all reports, schedules, forms, statements and other documents required to be filed by it with the SEC pursuant to the reporting requirements of the 1934 Act (all of the foregoing filed prior to the date hereof and all exhibits included therein and financial statements and schedules thereto and documents (other than exhibits to such documents) incorporated by reference therein, being hereinafter referred to herein as the "***SEC Documents***"), or has timely filed for a valid extension of such time of filing and has filed any such SEC Documents prior to the expiration of any such extension. As of their respective dates, the SEC Documents complied in all material respects with the requirements of the 1934 Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. As of their respective dates, the financial statements of the Company included in the SEC Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto. Such financial statements have been prepared in accordance with United States generally accepted accounting principles, consistently applied, during the periods involved (except (i) as may be otherwise indicated in such financial statements or the notes thereto, or (ii) in the case of unaudited interim statements, to the extent they may not include footnotes, year end adjustments or may be condensed or summary statements) and fairly present in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments). Except as set forth in the financial statements of the Company included in the SEC Documents, the Company has no liabilities, contingent or otherwise, other

than (i) liabilities incurred in the ordinary course of business subsequent to May 31, 2005, and (ii) obligations under contracts and commitments incurred in the ordinary course of business and not required under generally accepted accounting principles to be reflected in such financial statements, which, individually or taken in the aggregate would have been required to be disclosed in an SEC Document.

4.6 Absence of Certain Changes. Except with respect to the transactions contemplated hereby and by the each of the other Transaction Documents, since May 31, 2005, the Company and each of its Subsidiaries has conducted its business only in the ordinary course, consistent with past practice, and since that date, no changes have occurred which would have required disclosure of such change in a periodic report or a current report under the 1934 Act and required to be filed or furnished prior to the date hereof, other than as are reflected in the SEC Documents.

4.7 Absence of Litigation. Except as described in the Company's annual report on Form 10-K for fiscal year ended May 31, 2005 (the "***2005 10-K***"), there is no Action pending or, to the knowledge of the Company or any of its Subsidiaries, threatened against or affecting the Company or any of its Subsidiaries that is required to be described in the SEC Documents including any periodic report or current report under the 1934 Act required to be filed or furnished subsequent to the filing of the 2005 10-K and prior to the date hereof and is not so described. Neither the Company nor any of its Subsidiaries, nor any director or officer thereof (in his or her capacity as such), is or has been the subject of any Action involving a claim of violation of or liability under federal or state securities laws or a claim of breach of fiduciary duty, except as specifically disclosed in the 2005 10-K. There has not been, and to the knowledge of the Company, there is not pending any investigation by the Commission involving the Company or any current or former director or officer of the Company (in his or her capacity as such). The Commission has not issued any stop order or other order suspending the effectiveness of any registration statement filed by the Company under the 1934 Act or the 1933 Act.

4.8 Patents, Copyrights. To the Company's knowledge, the Company and each of its Subsidiaries owns or possesses the requisite licenses or rights to use all patents, patent applications, patent rights, inventions, know-how, trade secrets, copyrights, trademarks, trademark applications, service marks, service names, trade names and copyrights ("***Intellectual Property***") necessary to enable it to conduct its business as now operated (and, to the Company's knowledge, as presently contemplated to be operated in the future); there is no claim or action by any person pertaining to, or proceeding pending, or to the Company's knowledge threatened, which challenges the right of the Company or of a Subsidiary with respect to any Intellectual Property necessary to enable it to conduct its business as now operated and to the Company's knowledge, the Company's or its Subsidiaries' current products and processes do not infringe on any Intellectual Property or other rights held by any person, except where any such infringement would not reasonably be expected to have a Material Adverse Effect.

4.9 Tax Status. The Company and each of its Subsidiaries has made or filed all federal, state and foreign income and all other tax returns, reports and declarations required by any jurisdiction to which it is subject (unless and only to the extent that the Company and each of its Subsidiaries has set aside on its books provisions reasonably adequate for the payment of all unpaid and unreported taxes) and has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and has set aside on its books provisions reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company know of no basis for any such claim. The Company has not executed a waiver with respect to the statute of limitations relating to the assessment or collection of any foreign, federal, state or local tax.

4.10 Permits; Compliance. The Company and each of its Subsidiaries is in possession of all material franchises, grants, authorizations, licenses, permits, easements, variances, exemptions, consents, certificates, approvals and orders necessary to own, lease and operate its properties and to carry on its business as it is now being conducted (collectively, "***Permits***"), and there is no Action pending or, to the knowledge of the Company, threatened regarding suspension or cancellation of any of the Permits. Neither the Company nor any of its Subsidiaries is in conflict with, or in default or violation of, any of the Permits, except for any such conflicts, defaults or violations which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. Except as described in the 2005 10-K, the Company and each of its Subsidiaries is and has been in compliance with each Legal Requirement that is or was applicable to it or to the conduct or operation of its respective business or the ownership or use of any of its respective properties or assets, except where the failure to comply would not be required to be described in the 2005 10-K, any other periodic or current report under the 1934 Act required to be filed subsequent to the filing of the 2005 10-K and prior to the date hereof, or any other SEC Document. Since the filing of the 2005 10-K, no event has occurred or, to the knowledge of the Company, circumstance exists that (with or without notice or lapse of time): (a) may constitute or result in a violation by the Company or any of its Subsidiaries, or a failure on the part of the Company or its Subsidiaries to comply with, any Legal Requirement; or (b) may give rise to any obligation on the part of the Company or any of its Subsidiaries to undertake, or to bear all or any portion of the cost of, any remedial action of any nature in connection with a failure to comply with any Legal Requirement which in either case would be required to be described in the SEC Documents, including a periodic or current report under the 1934 Act, and which is not described in the SEC Documents. Except as described in the 2005 10-K, neither the Company nor any of its Subsidiaries has received any notice or other communication from any regulatory authority or any other person, nor does the Company have any knowledge regarding: (x) any actual, alleged, possible or potential violation of, or failure to comply with, any Legal Requirement, or (y) any actual, alleged, possible or potential obligation on the part of the Company or any of its Subsidiaries to undertake, or to bear all or any portion of the cost of, any remedial action of any nature in connection with a failure to comply with any Legal Requirement which is required to be described in the SEC Documents and which is not so described.

4.11 Environmental Matters. "***Environmental Laws***" shall mean, collectively, all Legal Requirements, including any federal, state, local or foreign statute, laws, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, "***Hazardous Materials***") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials. Except as set forth in the 2005 10-K or on Schedule 4.11, (i) the Company and its Subsidiaries have complied and are in compliance with all applicable Environmental Laws; (ii) without limiting the generality of the foregoing, the Company and its Subsidiaries have obtained, have complied, and are in compliance with all Permits that are required pursuant to Environmental Laws for the occupation of their respective facilities and the operation of their respective businesses; (iii) none of the Company or its Subsidiaries has received any written notice, report or other information regarding any actual or alleged violation of Environmental Laws, or any liabilities or potential liabilities (including fines, penalties, costs and expenses), including any investigatory, remedial or corrective obligations, relating to any of them or their respective facilities arising under Environmental Laws, nor, to the knowledge of the Company is there any factual basis therefore; (iv) there are no underground storage tanks, polychlorinated biphenyls, urea formaldehyde or other hazardous substances (other than small quantities of hazardous substances for use in the ordinary course of the operation of the Company's and its Subsidiaries' respective businesses, which are stored and maintained in accordance and in compliance

with all applicable Environmental Laws), in, on, over, under or at any real property owned or operated by the Company and/or its Subsidiaries; (v) there are no conditions existing at any real property or with respect to the Company or any of its Subsidiaries that require remedial or corrective action, removal, monitoring or closure pursuant to the Environmental Laws and (vi) to the knowledge of the Company, neither the Company nor any of its Subsidiaries has contractually, by operation of law, or otherwise amended or succeeded to any liabilities arising under any Environmental Laws of any predecessors or any other Person, other than such liabilities acquired by operation of law in the course of the acquisition by the Company or its subsidiaries of real property and not related to any specific known and identified violation of any Environmental Laws.

4.12 Title to Property. Except for any lien for current taxes not yet delinquent or which are being contested in good faith and by appropriate proceedings, the Company and its Subsidiaries have good title to all real property and all personal property owned by them which is material to the business of the Company and its Subsidiaries. Any leases of real property and facilities of the Company and its Subsidiaries are valid and effective in accordance with their respective terms, except as would not have a Material Adverse Effect.

4.13 No Investment Company or Real Property Holding Company. The Company is not, and upon the issuance and sale of the Shares as contemplated by this Agreement will not be, an "investment company" as defined under the Investment Company Act of 1940 ("***Investment Company***"). The Company is not controlled by an Investment Company. The Company is not a United States real property holding company, as defined under the Internal Revenue Code of 1986, as amended.

4.14 No Brokers. The Company has taken no action which would give rise to any claim by any person for brokerage commissions, transaction fees or similar payments relating to this Agreement or the transactions contemplated hereby.

4.15 Registration Rights. Except as set forth in Schedule 4.3 or pursuant to the Registration Rights Agreement, effective upon the Closing, neither the Company nor any Subsidiary is currently subject to any agreement providing any person or entity any rights (including piggyback registration rights) to have any securities of the Company or any Subsidiary registered with the SEC or registered or qualified with any other governmental authority.

4.16 Exchange Act Registration. The Common Stock is registered pursuant to Section 12(g) of the 1934 Act, and the Company has taken no action designed to, or which, to the knowledge of the Company, is likely to have the effect of, terminating the registration of the Common Stock under the 1934 Act.

4.17 Labor Relations. No labor or employment dispute exists or, to the knowledge of the Company, is imminent or threatened, with respect to any of the employees of the Company that has, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

4.18 Transactions with Affiliates and Employees. Except as set forth in the SEC Documents, none of the officers or directors of the Company, and to the knowledge of the Company, none of the employees of the Company, is presently a party to any transaction or agreement with the Company (other than for services as employees, officers and directors) exceeding $60,000, including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner.

4.19 Insurance. The Company and its Subsidiaries have insurance policies in full force and effect of a type, covering such risks and in such amounts, and having such deductibles and exclusions as are customary for conducting businesses and owing assets similar in nature and scope to those of the Company and its Subsidiaries. The amounts of all such insurance policies and the risks covered thereby are in accordance in all material respects with all material contracts and agreements to which the Company and/or its Subsidiaries is a party and with all applicable Legal Requirements. With respect to each such insurance policy: (i) the policy is valid, outstanding and enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws in effect that limit creditors' rights generally, equitable limitations on the availability of specific remedies and principles of equity; (ii) neither the Company nor any of its Subsidiaries is in breach or default with respect to its obligations thereunder in any material respect; and (iii) no party to the policy has repudiated, or given notice of an intent to repudiate, any provision thereof.

4.20 Application of Takeover Protections. The Company has taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under the Company's Restated Certificate of Incorporation, as amended (or similar charter documents) or the laws of the State of Delaware that is or could become applicable to the Buyers as a result of the Buyers and the Company fulfilling their obligations or exercising their rights under this Agreement, including without limitation the Company's issuance of the Shares and the Buyers' respective ownership of the Shares.

4.21 Disclosure. The Company understands and confirms that each of the Buyers will rely on the representations and covenants contained herein in effecting the transactions contemplated by this Agreement and the other Transaction Documents. All representations and warranties provided to each Buyer including the disclosures in the Company's disclosure schedules attached hereto furnished by or on behalf of the Company, taken as a whole are true and correct and do not contain any untrue statement of material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. No event or circumstance has occurred or information exists with respect to the Company or its Subsidiaries or its or their businesses, properties, prospects, operations or financial conditions, which, under applicable law, rule or regulation, requires public disclosure or announcement by the Company but which has not been so publicly announced or disclosed.

ARTICLE 5
COVENANTS

5.1 Form D; Blue Sky Laws. Upon completion of the Closing, the Company shall file with the SEC a Form D with respect to the Shares as required under Regulation D and each applicable state securities commission and will provide a copy thereof to each Buyer promptly after such filing.

5.2 Use of Proceeds. The Company shall use the proceeds from the sale of the Shares for general corporate purposes, including acquisitions and repayment of Company debt.

5.3 Expenses. The Company shall reimburse each Buyer for all reasonable expenses incurred by them in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the other Transaction Documents and its due diligence review of the Company, including, without limitation, reasonable attorneys' fees and expenses, and out-of-pocket travel costs and expenses. Notwithstanding the foregoing, at the Closing, the Company shall pay to Bryan Cave LLP $15,000 as partial reimbursement of Steelhead Investments Ltd. (***"Steelhead"***) for its legal fees in connection with the Transaction Documents (Steelhead may deduct such amount from the Purchase Price deliverable to the Company at Closing), it being understood that Bryan Cave LLP has only rendered legal

advice to Steelhead, and not to the Company or any other Buyer in connection with the transactions contemplated hereby, and that each of the Company and the other Buyers has relied for such matters on the advice of its own respective counsel. It is further understood that Barack Ferrazzano Kirschbaum Perlman & Nagelberg LLP has only rendered legal advice to Tontine Capital Partners, L.P. ("***Tontine***"), and not to the Company or any other Buyer in connection with the transactions contemplated hereby, and that each of the Company and the other Buyers has relied for such matters on the advice of its own respective counsel.

5.4 Listing. The Company will obtain and, so long as any Buyer owns any of the Shares, maintain the listing and trading of its Shares on the Nasdaq National Market or any equivalent replacement exchange and will comply in all respects with the Company's reporting, filing and other obligations under the bylaws or rules of the National Association of Securities Dealers and such exchanges, as applicable.

5.5 Integration. The Company shall not make any offers or sales of any security (other than the Shares) under circumstances that would require registration of the Shares being offered or sold hereunder under the 1933 Act or cause the offering of the Shares to be integrated with any other offering of securities by the Company in such a manner as would require the Company to seek the approval of its stockholders for the issuance of the Shares under any stockholder approval provision applicable to the Company or its securities.

5.6 Restriction on Short Sales. Each Buyer shall not, and shall cause its affiliates to further agree to not, until the earlier of (i) such time as the Registration Statement (as defined in the Registration Rights Agreement) contemplated by Section 2.2 of the Registration Rights Agreement is declared effective by the SEC and (ii) 120 days after the Closing Date, enter into or effect any "short sale" (as such term is defined in Rule 200 of Regulation SHO promulgated under the 1934 Act) of Common Stock, foreign market listing or hedging transaction which establishes a short position with respect to the Common Stock.

5.7 Acknowledgement. Each Buyer who is also a party to the April Securities Purchase Agreement hereby waives the application of Sections 4.11 and 6.11 of the April Securities Purchase Agreement. The parties acknowledge that the Company shall not be deemed to have violated Sections 4.11 and 6.11 thereof in connection with the negotiation, execution, delivery and performance of the Transaction Documents.

ARTICLE 6
ADDITIONAL AGREEMENTS

6.1 Intentionally Omitted.

ARTICLE 7
CONDITIONS TO THE COMPANY'S OBLIGATION

The obligation of the Company hereunder to issue and sell the Shares to any Buyer at the Closing is subject to the satisfaction, at or before the Closing Date, of each of the following conditions thereto, provided that these conditions are for the Company's sole benefit and may be waived by the Company at any time in its sole discretion:

7.1 Delivery of Transaction Documents. Each Buyer shall have executed and delivered the Transaction Documents to the Company.

7.2 Payment of Purchase Price. Each Buyer shall have delivered the Purchase Price in accordance with Section 2.2 above.

7.3 Representations and Warranties. The representations and warranties of each Buyer shall be true and correct in all material respects (provided, however, that such qualification shall only apply to representations or warranties not otherwise qualified by materiality) as of the date when made and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a specific date), and each applicable Buyer shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Buyers at or prior to the Closing Date.

7.4 Litigation. No litigation, statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by or in any court or governmental authority of competent jurisdiction or any self-regulatory organization having authority over the matters contemplated hereby which prohibits the consummation of any of the transactions contemplated by this Agreement.

ARTICLE 8
CONDITIONS TO EACH BUYER'S OBLIGATION

The obligation of each Buyer hereunder to purchase the Shares at the Closing is subject to the satisfaction, at or before the Closing Date, of each of the following conditions, provided that these conditions are for such Buyer's sole benefit and may be waived by such Buyer at any time in its sole discretion:

8.1 Delivery of Transaction Documents; Issuance of Shares. The Company shall have executed and delivered the Transaction Documents to such Buyer, and shall deliver the Transfer Instructions to the transfer agent for the Company's Common Stock to issue certificates in the name of each Buyer representing the Shares being purchased by such Buyer as set forth below such Buyer's name on the signature pages hereto. The Company shall deliver a copy of the Transfer Instructions to the Buyers at the Closing.

8.2 Representations and Warranties. The representations and warranties of the Company shall be true and correct in all material respects (provided, however, that such qualification shall only apply to representations or warranties not otherwise qualified by materiality) as of the date when made and as of the Closing Date as though made at such time (except for representations and warranties that speak as of a specific date) and the Company shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Company at or prior to the Closing Date.

8.3 Consents. Any consents or approvals required to be secured by the Company for the consummation of the transactions contemplated by the Transaction Documents shall have been obtained and shall be reasonably satisfactory to the Buyers.

8.4 Litigation. No Action shall have been enacted, entered, promulgated or endorsed by or in any court or governmental authority of competent jurisdiction or any self-regulatory organization having authority over the matters contemplated hereby which prohibits the consummation of any of the transactions contemplated by this Agreement.

8.5 Amendment of Rights Agreement. The board of directors of the Company on or prior to the Closing Date, shall have adopted an amendment (the "***Amendment***") to the Company's Rights

Agreement dated as of November 2, 1999, as previously amended by Amendment No. One to Rights Agreement dated as of April 21, 2005 (the "***Rights Agreement***"), reasonably satisfactory to the Buyers and in substantially the same form as Exhibit B attached hereto, with the effect that no Buyer shall be deemed to be an Acquiring Person (as defined in the Rights Agreement), the Distribution Date (as defined in the Rights Agreement) shall not be deemed to occur, and the Rights (as defined in the Rights Agreement) will not separate from the Common Stock of the Company, as a result of entering into this Agreement or consummating the transactions contemplated hereby.

8.6 Board Approval. The board of directors of the Company shall have approved this Agreement, the sale of the Shares by the Company to the Buyers and the Buyers' acquisition of the Shares so that the Buyers are not subject to the restrictions imposed by Section 203 of the Delaware General Corporation Law, as the same may be amended.

8.7 Opinion. The Buyers shall have received an opinion of the Company's counsel, dated as of the Closing Date, in form, scope and substance reasonably satisfactory to the Buyers with respect to the matters set forth in Exhibit C attached hereto.

ARTICLE 9
INDEMNIFICATION

9.1 Indemnification by the Company. The Company agrees to indemnify each Buyer and its affiliates and hold each Buyer and its affiliates harmless from and against any and all liabilities, losses, damages, costs and expenses of any kind (including, without limitation, the reasonable fees and disbursements of such Buyer's counsel in connection with any investigative, administrative or judicial proceeding), which may be incurred by such Buyer or such affiliates as a result of any claims made against such Buyer or such affiliates by any person that relate to or arise out of (i) any breach by the Company of any of its representations, warranties or covenants contained in this Agreement or in the Transaction Documents (as defined below), or (ii) any litigation, investigation or proceeding instituted by any person with respect to this Agreement or the Shares (excluding, however, any such litigation, investigation or proceeding which arises solely from the acts or omissions of such Buyer or its affiliates).

9.2 Notification. Any person entitled to indemnification hereunder will (i) give prompt notice to the Company of any claim with respect to which it seeks indemnification (but omission of such notice shall not relieve the Company from liability hereunder except to the extent it is actually prejudiced by such failure to give notice) and (ii) unless in such indemnified party's reasonable judgment a conflict of interest may exist between such indemnified party and the Company with respect to such claim, permit the Company to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party. If such defense is not assumed by the Company, the Company will not be subject to any liability for any settlement made without its consent (but such consent will not be unreasonably withheld). The Company will not consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of an unconditional release from all liability in respect to such claim or litigation. If the Company elects not to or is not entitled to assume the defense of a claim, it will not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified with respect to such claim, unless an actual conflict of interest exists between such indemnified party and any other of such indemnified parties with respect to such claim, in which event the Company will be obligated to pay the fees and expenses of such additional counsel or counsels.

ARTICLE 10

GOVERNING LAW; MISCELLANEOUS

10.1 Governing Law. This Agreement shall be enforced, governed by and construed in accordance with the laws of the State of Delaware applicable to agreements made and to be performed entirely within such state, without regard to the principles of conflict of laws. The parties hereto hereby submit to the exclusive jurisdiction of the Delaware Courts with respect to any dispute arising under this Agreement, the agreements entered into in connection herewith or the transactions contemplated hereby or thereby. All parties irrevocably waive the defense of an inconvenient forum to the maintenance of such suit or proceeding. All parties further agree that service of process upon a party mailed by first class mail shall be deemed in every respect effective service of process upon the party in any such suit or proceeding. Nothing herein shall affect any party's right to serve process in any other manner permitted by law. All parties agree that a final non-appealable judgment in any such suit or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on such judgment or in any other lawful manner. The party which does not prevail in any dispute arising under this Agreement shall be responsible for all fees and expenses, including attorneys' fees, incurred by the prevailing party in connection with such dispute.

10.2 Counterparts; Electronic Signatures. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party. This Agreement, once executed by a party, may be delivered to the other party hereto by electronic transmission of a copy of this Agreement bearing the signature of the party so delivering this Agreement.

10.3 Headings. The headings of this Agreement are for convenience of reference only and shall not form part of, or affect the interpretation of, this Agreement.

10.4 Severability. In the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform to such statute or rule of law. Any provision hereof which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof.

10.5 Entire Agreement; Amendments. This Agreement and the instruments referenced herein contain the entire understanding of the parties with respect to the matters covered herein and therein. No provision of this Agreement may be waived other than by an instrument in writing signed by the party to be charged with enforcement. The provisions of this Agreement may be amended only by a written instrument signed by the Company and the Buyers.

10.6 Notices. Any notices required or permitted to be given under the terms of this Agreement shall be sent by certified or registered mail (return receipt requested) or delivered personally or by courier (including a recognized overnight delivery service) or by facsimile and shall be effective five days after being placed in the mail, if mailed by regular United States mail, or upon receipt, if delivered personally or by courier (including a recognized overnight delivery service) or by facsimile, in each case addressed to a party. The addresses for such communications shall be:

If to the Company:

Matrix Service Company
10701 East Ute Street

Tulsa, Oklahoma 74116
Attention: George L. Austin
Telephone: (918) 838-8822
Facsimile: (918) 838-8810

With copy to:

Conner & Winters, LLP
3700 First Place Tower
15 East 5th Street
Tulsa, Oklahoma 74103
Attention: Mark D. Berman, Esq.
Telephone: (918) 586-8961
Facsimile: (918) 586-8661

If to a Buyer:

To the address set forth under such Buyer's name on the signature pages hereof;

With a copy to, in the case of all Buyers other than Tontine:

Bryan Cave LLP
1290 Avenue of the Americas
New York, NY 10104
Facsimile: (212) 541-1432
Attention: Eric L. Cohen, Esq.

And, in the case of Tontine, with a copy to:

Barack Ferrazzano Kirschbaum Perlman & Nagelberg LLP
333 West Wacker Drive, Suite 2700
Chicago, Illinois 60606
Facsimile: (312) 984-3150
Attention: John E. Freechack, Esq.

Each party shall provide notice to the other party of any change in address.

10.7 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns. Neither the Company nor any Buyer shall assign this Agreement or any rights or obligations hereunder without the prior written consent of the other.

10.8 Third Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

10.9 Publicity. By 9:00 a.m. (New York time) on the trading day following the execution of this Agreement, the Company shall issue a press release disclosing the transactions contemplated hereby and the Closing. On the trading day following the execution of this Agreement the Company will file a Current Report on Form 8-K disclosing the material terms of the Transaction Documents (and attach as exhibits thereto the Transaction Documents). In addition, the Company will make such other filings and notices in the manner and time required by the SEC and the trading market on which the Common Stock

is listed. Notwithstanding the foregoing, the Company shall not publicly disclose the name of any Buyer, or include the name of any Buyer in any filing with the SEC (other than the Registration Statement (as defined in the Registration Rights Agreement) and any exhibits to filings made in respect of this transaction in accordance with periodic filing requirements under the 1934 Act) or any regulatory agency or trading market, without the prior written consent of such Buyer, except to the extent such disclosure is required by law or trading market regulations. The Buyers shall have the right to review a reasonable period of time before issuance any press releases or other public statements with respect to the transactions contemplated hereby.

10.10 Further Assurances. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

10.11 No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

10.12 Rights Cumulative. Each and all of the various rights, powers and remedies of the parties shall be considered cumulative with and in addition to any other rights, powers and remedies which such parties may have at law or in equity in the event of the breach of any of the terms of this Agreement. The exercise or partial exercise of any right, power or remedy shall neither constitute the exclusive election thereof nor the waiver of any other right, power or remedy available to such party.

10.13 Survival. Any covenant or agreement in this Agreement required to be performed following the Closing Date, shall survive the Closing Date. Without limitation of the foregoing, the respective representations and warranties given by the parties hereto shall survive the Closing Date and the consummation of the transactions contemplated herein, but only for a period of the earlier of (i) five years following the Closing Date and (ii) the applicable statute of limitations with respect to each representation and warranty, and thereafter shall expire and have no further force and effect.

10.14 Knowledge. The term “knowledge of the Company” or any similar formulation of knowledge shall mean, the actual knowledge after due inquiry of an executive officer of the Company.

10.15 Obligations Several Not Joint. The obligations of each Buyer under this Agreement are several and not joint with the obligations of any other Buyer, and no Buyer shall be responsible in any way for the performance of the obligations of any other Buyer under this Agreement. Nothing contained herein, and no action taken by any Buyer pursuant hereto, shall be deemed to constitute the Buyers as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Buyers are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by this Agreement. Each Buyer shall be entitled to independently protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Buyer to be joined as an additional party in any proceeding for such purpose. Each Buyer has been represented by its own separate legal counsel in their review and negotiation of this Agreement, the Registration Rights Agreement, and any other documents contemplated by any of the foregoing. The Company has elected to provide all Buyers with the same terms and Transaction Documents for the convenience of the Company and not because it was required or requested to do so by the Buyers.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

MATRIX SERVICE COMPANY

By: /s/ George L. Austin

Name: George L. Austin
Title: VP and CFO

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK SIGNATURE PAGES FOR BUYERS FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

NAME OF BUYER

_____

By: _____

Name: _____

Title: _____

Total Number of Shares: _____

Total Purchase Price: $ _____

Form of Entity and Jurisdiction of Organization:

_____

Tax ID No.: _____

ADDRESS FOR NOTICE

c/o: _____

Street: _____

City/State/Zip: _____

Attention: _____

Tel: _____

Fax: _____

DELIVERY INSTRUCTIONS

(if different from above)

c/o: _____

Street: _____

City/State/Zip: _____

Attention: _____

Tel: _____

Exhibit 10.2

EXECUTION COPY

REGISTRATION RIGHTS AGREEMENT

BY AND BETWEEN

MATRIX SERVICE COMPANY

AND

THOSE PARTIES IDENTIFIED ON

THE SIGNATURE PAGES HERETO

OCTOBER 3, 2005

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REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT, dated as of October 3, 2005, is entered into by and between MATRIX SERVICE COMPANY, a Delaware corporation (the "***Company***"), and the purchasers signatory hereto (each, a "***Purchaser***" and collectively, the "***Purchasers***").

RECITALS:

A. The Company desires to issue and sell an aggregate of 2,307,693 shares of its Common Stock to the Purchasers as set forth in the Securities Purchase Agreement dated as of October 3, 2005, entered into by and between the Company and the Purchasers (the "***Securities Purchase Agreement***");

B. It is a condition precedent to the consummation of the transactions contemplated by the Securities Purchase Agreement that the Company provide for the rights set forth in this Agreement; and

C. Certain terms used in this Agreement are defined in Article 1 hereof.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements hereinafter contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, intending to be legally bound, the parties hereto hereby agree as follows:

ARTICLE 1
DEFINITIONS

"***Affiliate***" means any Person that directly or indirectly controls, or is under control with, or is controlled by such Person. As used in this definition, "control" (including with its correlative meanings, "controlled by" and "under common control with") shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise).

"***Business Day***" means any day excluding Saturday, Sunday or any other day that is a legal holiday under the laws of the State of Oklahoma or is a day on which banking institutions therein located are authorized or required by law or other governmental action to close.

"***Closing Date***" has the meaning ascribed to such term in the Securities Purchase Agreement.

"***Common Stock***" means the common stock, par value $0.01 per share, of the Company, including the preferred stock purchase rights that accompany each share.

"***Company***" has the meaning set forth in the preamble.

"***Controlling Holder***" means, from time to time, the single Holder when compared to all other Holders holding the largest number of the aggregate Registrable Securities (which need not be a majority of the Registrable Securities).

"***Demand Notice***" has the meaning set forth in Section 2.3.

"***Effectiveness Date***" means (a) with respect to the initial Registration Statement required to be filed under Section 2.2(a), the earlier of: (i) the 120th day following the Closing Date, and (ii) the fifth trading day following the date on which the Company is notified by the SEC that the initial Registration Statement will not be reviewed or is no longer subject to further review and comments, and (b) with respect to any additional Registration Statements that may be required pursuant to Section 2.2(b), the earlier of (i) the 120th day following (x) if such Registration Statement is required because the SEC shall have notified the Company in writing that certain Registrable Securities were not eligible for inclusion on a previously filed Registration Statement, the date or time on which the SEC shall indicate as being the first date or time that such Registrable Securities may then be included in a Registration Statement, or (y) if such Registration Statement is required for a reason other than as described in (x) above, the date on which the Company first knows, or reasonably should have known, that such additional Registration Statement(s) is required, and (ii) the fifth trading day following the date on which the Company is notified by the SEC that such additional Registration Statement will not be reviewed or is no longer subject to further review and comment.

"***Exchange Act***" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"***Filing Date***" means (a) with respect to the initial Registration Statement required to be filed under Section 2.2(a), the 60th day following the Closing Date, and (b) with respect to any additional Registration Statements that may be required pursuant to Section 2.2(b), the 45th day following (x) if such Registration Statement is required because the SEC shall have notified the Company in writing that certain Registrable Securities were not eligible for inclusion on a previously filed Registration Statement, the date or time on which the SEC shall indicate as being the first date or time that such Registrable Securities may then be included in a Registration Statement, or (y) if such Registration Statement is required for a reason other than as described in (x) above, the date on which the Company first knows, or reasonably should have known, that such additional Registration Statement(s) is required.

"***Holder***" means each Purchaser and any qualifying transferees of such Purchaser under Section 3.1 hereof who hold Registrable Securities.

"***Indemnified Party***" has the meaning set forth in Section 2.9(c).

"***Indemnifying Party***" has the meaning set forth in Section 2.9(c).

"***Losses***" has the meaning set forth in Section 2.9(a).

"***Person***" means any individual, company, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, governmental body or other entity.

"***Piggyback Registration***" has the meaning set forth in Section 2.4.

"***Purchasers***" has the meaning set forth in the preamble.

"***Registrable Securities***" means, subject to the immediately following sentences, (i) shares of Common Stock acquired by the Purchasers from the Company pursuant to the Securities Purchase Agreement, and (ii) any shares of Common Stock issued or issuable, directly or indirectly, with respect to the securities referred to in clause (i) by way of stock dividend, stock split or other distribution or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization. Any particular shares of Common Stock constituting Registrable Securities will cease to be Registrable Securities when they (x) have been effectively registered under the Securities Act and disposed of in

accordance with a Registration Statement covering them, (y) have been sold to the public pursuant to Rule 144 (or by similar provision under the Securities Act), or (z) are eligible for resale under Rule 144(k) (or by similar provision under the Securities Act) without any limitation on the amount of securities that may be sold under paragraph (e) thereof.

"***register***," "***registered***" and "***registration***" each shall refer to a registration effected by preparing and filing a registration statement or statements or similar documents in compliance with the Securities Act and the declaration or ordering of effectiveness of such registration statement(s) or documents by the SEC.

"***Registration Statement***" means a registration statement on Form S-3 (or, if the Company is not eligible to use Form S-3, such other appropriate registration form of the SEC pursuant to which the Company is eligible to register the resale of Registrable Securities) filed by the Company under the Securities Act that covers any of the Registrable Securities pursuant to the provisions of this Agreement, including the prospectus, amendments and supplements to such registration statement, including post-effective amendments, all exhibits and all material incorporated by reference in such registration statement, which shall permit the Purchasers to offer and sell, on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, the Registrable Securities.

"***Representatives***" has the meaning set forth in Section 2.9(a).

"Rule 144" means Rule 144 promulgated by the SEC pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same effect as such Rule.

"Rule 415" means Rule 415 promulgated by the SEC pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same effect as such Rule.

"***SEC***" means the United States Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

"***Securities Act***" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"***Securities Purchase Agreement***" has the meaning set forth in the recitals.

Capitalized terms used and not otherwise defined herein that are defined in the Securities Purchase Agreement shall have the meanings given such terms in the Securities Purchase Agreement.

ARTICLE 2
REGISTRATION RIGHTS

2.1 Current Public Information. The Company covenants that it will use its best efforts to file all reports required to be filed by it under the Exchange Act and the rules and regulations adopted by the SEC thereunder, and will use its best efforts to take such further action as the Purchasers may reasonably request, all to the extent required to enable the holders of Registrable Securities to sell Registrable Securities pursuant to Rule 144 or Rule 144A adopted by the SEC under the Securities Act or any similar rule or regulation hereafter adopted by the SEC. The Company shall, upon the request of a Holder, deliver to such Holder a written statement as to whether it has complied with such requirements during the twelve month period immediately preceding the date of such request.

2.2 Registration.

(a) On or prior to each Filing Date, the Company shall prepare and file with the SEC a Registration Statement covering the resale of all Registrable Securities not already covered by an existing and effective Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415. The Registration Statement shall contain (except if otherwise required pursuant to written comments received from the SEC upon a review of such Registration Statement) the "Plan of Distribution" in the form attached hereto as Annex A. The Company shall cause the Registration Statement to be declared effective under the Securities Act as soon as possible but, in any event, no later than its Effectiveness Date, and shall use its best efforts to keep the Registration Statement continuously effective under the Securities Act until the fifth year after the date that the Registration Statement is declared effective by the SEC or such earlier date when all Registrable Securities covered by the Registration Statement have been sold or may be sold without volume restrictions pursuant to Rule 144(k) as determined by the counsel to the Company pursuant to a written opinion letter to such effect, addressed and acceptable to the Company's transfer agent and the affected Holders (the ***"Effectiveness Period"***).

(b) If for any reason the SEC does not permit all of the Registrable Securities to be included in a Registration Statement filed pursuant to Section 2.2(a) or for any other reason all Registrable Securities then outstanding are not then included in such an effective Registration Statement, then the Company shall prepare and file as soon as reasonably possible after the date on which the SEC shall indicate as being the first date or time that such filing may be made, but in any event by the Filing Date therefore, an additional Registration Statement covering the resale of all Registrable Securities not already covered by an existing and effective Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415. Each such Registration Statement shall contain (except if otherwise required pursuant to written comments received from the SEC upon a review of such Registration Statement) the "Plan of Distribution" attached hereto as Annex A. The Company shall use its best efforts to cause each such Registration Statement to be declared effective under the Securities Act as soon as possible but, in any event, no later than its Effectiveness Date, and shall use its best efforts to keep such Registration Statement continuously effective under the Securities Act during the entire Effectiveness Period.

(c) If: (i) a Registration Statement is not filed on or prior to its Filing Date (if the Company files a Registration Statement without affording the Holders the opportunity to review and comment on the same, the Company shall not be deemed to have satisfied this clause (i)), or (ii) a Registration Statement is not declared effective by the SEC on or prior to its required Effectiveness Date, or (iii) after the date that such Registration Statement is declared effective by the SEC, without regard for the reason thereunder or efforts therefore, such Registration Statement ceases for any reason to be effective and available to the Holders as to all Registrable Securities that it is required to cover at any time prior to the expiration of its Effectiveness Period for more than an aggregate of 20 trading days (which need not be consecutive) during any 18-month period (the parties understand that any unused days in a particular period may not be carried forward to any subsequent period) (any such failure or breach being referred to as an **"Event,"** and for purposes of clauses (i) or (ii) the date on which such Event occurs, or for purposes of clause (iii) the date which such 20 trading day-period is exceeded, being referred to as an **"Event Date"**), then in addition to any other rights the Holders may have hereunder or under applicable law: (x) on each such Event Date the Company shall pay to each Holder an amount in cash, as partial liquidated damages and not as a penalty, equal to 1.0% of the aggregate Purchase Price paid by such Holder for Shares pursuant to the Securities Purchase Agreement; and (y) on each monthly anniversary of each such Event Date (if the applicable Event shall not have been cured by such date) until the applicable Event is cured, the Company shall pay to each Holder an amount in cash, as partial liquidated damages and not as a penalty, equal to 1.0% of the aggregate Purchase Price paid by such Holder for Shares pursuant to the Securities Purchase Agreement. If the Company fails to pay any partial

liquidated damages pursuant to this Section in full within seven days after the date payable, the Company will pay interest thereon at a rate of 10% per annum (or such lesser maximum amount that is permitted to be paid by applicable law) to the Holder, accruing daily from the date such partial liquidated damages are due until such amounts, plus all such interest thereon, are paid in full. The partial liquidated damages pursuant to the terms hereof shall apply on a daily pro-rata basis for any portion of a month prior to the cure of an Event, except in the case of the first Event Date.

2.3 Demand Registration. In addition to the registration obligations of the Company set forth in Section 2.2 herein, the following provisions shall apply:

(a) Subject to Section 2.3(j), the Controlling Holder shall have the right, exercisable by written notice to the Company (the "***Demand Notice***"), to have the Company use its best efforts to prepare and file with the SEC, within ninety (90) days of its receipt of such Demand Notice, a Registration Statement and such other documents as may be necessary in the judgment of both counsel for the Company and the one special counsel selected by the Controlling Holder to represent all Holders in connection with such registration, in order to comply with the provisions of the Securities Act, so as to permit a public offering and sale of their Registrable Securities and the Company will use its best efforts to cause such registration to be effective within 120 days after such filing; *provided* that the Company shall have the right to delay the effectiveness of such registration request (i) for such reasonable period of time until the Company receives or prepares financial statements for the fiscal period most recently ended prior to such written request, if necessary to avoid the use of stale financial statements, or (ii) for a period not to exceed an aggregate of thirty (30) days in any six (6) month period or an aggregate of sixty (60) days in a twelve (12) month period if the Company would be required to divulge in such registration statement the existence of any fact relating to a material business situation, transaction or negotiation not otherwise required to be disclosed. The Company will use its best efforts to register the number of shares specified in the Demand Notice and in notices received from any other holders of the Registrable Securities who notify the Company within ten (10) days after receiving notice from the Company of such demand in accordance with Section 2.3(b) hereof.

(b) The Company covenants and agrees to give written notice of any registration request under Section 2.3(a) by any Holder or Holders to all other registered holders of the Registrable Securities within ten (10) days from the date of the receipt of the Demand Notice, and such other Holders shall have the right to have their Registrable Securities included in such Registration Statement as provided in Section 2.3(a).

(c) Notwithstanding anything to the contrary contained in this Agreement, the Company shall not be required to effect a registration pursuant to this Section 2.3 within 180 days following the effective date of a registration statement filed by the Company in accordance with Section 2.4 for the account of another holder of Registrable Securities of the Company if the Holders were afforded the opportunity to include the Registrable Securities in such registration.

(d) The registrations under this Section 2.3 shall be on an appropriate Registration Statement that permits the disposition of such Registrable Securities in accordance with the intended methods of distribution specified by the Holders in the Demand Notice. The Company agrees to include in any such Registration Statement all information that Holders of Registrable Securities being registered shall reasonably request.

(e) A registration requested pursuant to this Section 2.3 shall not be deemed to have been effected (i) unless a Registration Statement with respect thereto has become effective; *provided*, that a Registration Statement that does not become effective by reason of the refusal to proceed of the Holders (other than a refusal to proceed based upon the advice of counsel relating to a matter with respect to the

Company) shall be deemed to have been effected by the Company at the request of the Holders unless the Holders electing to have Registrable Securities registered pursuant to such Registration Statement shall have elected to pay all fees and expenses otherwise payable by the Company in connection with such registration pursuant to Section 2.8, (ii) if, after it has become effective, such registration is withdrawn by the Company (other than at the request of the Holders) or interfered with by any stop order, injunction or other order or requirement of the SEC or other governmental agency or court for any reason prior to the expiration of a 180 day period following such Registration Statement's effectiveness, or (iii) if the conditions to closing specified in any purchase agreement or underwriting agreement entered into in connection with such registration are not satisfied, other than due solely to some act or omission by the Holders electing to have Registrable Securities registered pursuant to such Registration Statement.

(f) If a requested registration pursuant to this Section 2.3 involves an underwritten offering, the underwriter or underwriters thereof shall be selected by the Controlling Holder and shall be reasonably acceptable to the Company.

(g) If a requested registration pursuant to this Section 2.3 involves an underwritten offering, and the managing underwriter shall advise the Company in writing (with a copy to each Holder of Registrable Securities requesting registration) that, in its opinion, the number of securities requested to be included in such registration (including securities of the Company that are not Registrable Securities) exceeds the number that can be sold in such offering within a price range reasonably acceptable to the Company and to the Controlling Holder, the Company will include in such registration, to the extent of the number that the Company is so advised can be sold in such offering, (i) first, the Registrable Securities that have been requested to be included in such registration by the Holders pursuant to this Agreement and the securities of other persons entitled to exercise "piggy-back" registration rights pursuant to contractual commitments of the Company (pro rata based on the amount of securities sought to be registered by such persons), and (ii) second, securities the Company proposes to register.

(h) The Company shall use its best efforts to keep any Registration Statement filed pursuant to this Section 2.3 continuously effective (i) for a period equal to the lesser of (A) two years after the Registration Statement first becomes effective, plus the number of days during which such Registration Statement was not effective or usable pursuant to Sections 2.6(e) or 2.6(i) or (B) the date of full distribution of the Registrable Securities included in such Registration Statement; or (ii) if such Registration Statement related to an underwritten offering, for such period as in the opinion of counsel for the underwriters a prospectus is required by law to be delivered in connection with sales of Registrable Securities by an underwriter or dealer. In the event the Company shall give any notice pursuant to Sections 2.6(e) or 2.6(i), the time period mentioned in this Section 2.3(h) during which the Registration Statement is to remain effective shall be extended by the number of days during the period from and including the date of the giving of such notice pursuant to Sections 2.6(e) or 2.6(i) to and including the date when each seller of a Registrable Security covered by the Registration Statement shall have received the copies of the supplemented or amended prospectus contemplated by Section 2.6(e).

(i) [Intentionally omitted.]

(j) The right to register Registrable Securities pursuant to this Section 2.3 is only exercisable following the expiration of the registration period contemplated pursuant to Section 2.2.

2.4 Piggyback Registration

(a) Whenever the Company proposes to register any of its equity securities under the Securities Act (other than (i) pursuant to a registration pursuant to Section 2.2, (ii) a subsequent registration of the resale of the Common Stock underlying the Company's 7% Senior Unsecured

Convertible Notes due 2010, (iii) a "universal shelf" registration on Form S-3 or (iv) a registration on Form S-4 or S-8 or any successor or similar forms) and the registration form to be used may be used for the registration of Registrable Securities, whether or not for sale for its own account, the Company will give prompt written notice (but in no event less than 25 days before the anticipated filing date) to all Holders, and such notice shall describe the proposed registration and distribution and offer to all Holders the opportunity to register the number of Registrable Securities as each such Holder may request. The Company will include in such registration statement all Registrable Securities with respect to which the Company has received written requests for inclusion therein within 15 days after the Holders' receipt of the Company's notice (a "***Piggyback Registration***").

(b) The Company shall use its best efforts to cause the managing underwriter or underwriters of a proposed underwritten offering to permit the Registrable Securities requested to be included in a Piggyback Registration to be included on the same terms and conditions as any similar securities of the Company or any other security holder included therein and to permit the sale or other disposition of such Registrable Securities in accordance with the intended method of distribution thereof.

(c) Any Holder shall have the right to withdraw its request for inclusion of its Registrable Securities in any Registration Statement pursuant to this Section 2.4 by giving written notice to the Company of its request to withdraw; provided, that in the event of such withdrawal (other than pursuant to Section 2.4(e) hereof, the Company shall not be required to reimburse such holder for the fees and expenses referred to in Section 2.8 hereof incurred by such Holder prior to such withdrawal, unless such withdrawal was due to a material adverse change to the Company. The Company may withdraw a Piggyback Registration at any time prior to the time it becomes effective.

(d) If (i) a Piggyback Registration involves an underwritten offering of the securities being registered, whether or not for sale for the account of the Company, to be distributed (on a firm commitment basis) by or through one or more underwriters of recognized standing under underwriting terms appropriate for such a transaction, and (ii) the managing underwriter of such underwritten offering shall inform the Company and Holders requesting such registration by letter of its belief that the distribution of all or a specified number of such Registrable Securities concurrently with the securities being distributed by such underwriters would interfere with the successful marketing of the securities being distributed by such underwriters (such writing to state the basis of such belief and the approximate number of such Registrable Securities which may be distributed without such effect), then the Company will be required to include in such registration only the amount of securities which it is so advised should be included in such registration. In such event: (x) in cases initially involving the registration for sale of securities for the Company's own account, securities shall be registered in such offering in the following order of priority: (i) first, the securities that the Company proposes to register, (ii) second, Registrable Securities and securities that have been requested to be included in such registration by Persons entitled to exercise "piggy-back" registration rights pursuant to contractual commitments of the Company (pro rata based on the amount of securities sought to be registered by Holders and such other Persons); and (y) in cases not initially involving the registration for sale of securities for the Company's own account, securities shall be registered in such offering in the following order of priority: (i) first, the securities of any Person whose exercise of a "demand" registration right pursuant to a contractual commitment of the Company is the basis for the registration, (ii) second, Registrable Securities and securities which have been requested to be included in such registration by Persons entitled to exercise "piggy-back" registration rights pursuant to contractual commitments of the Company (pro rata based on the amount of securities sought to be registered by Holders and such other Persons) and (iii) third, the securities that the Company proposes to register.

(e) If, as a result of the proration provisions of this Section 2.4, any Holder shall not be entitled to include all Registrable Securities in a Piggyback Registration that such Holder has requested to be included, such Holder may elect to withdraw his request to include Registrable Securities in such registration.

2.5 Holdback Agreements. To the extent not inconsistent with applicable law, in connection with any underwritten public offering of securities of the Company, upon the request of the underwriter each Holder who (a) elects to participate in such underwritten offering and (b) beneficially owns (as defined in Rule 13d-3 adopted by the SEC under the Exchange Act) at least 5% of the outstanding capital stock of the Company, will not effect any public sale or distribution (other than those included in the registration statement being filed with respect to such public offering) of any of the securities of the Company, or any securities, options or rights convertible into or exchangeable or exercisable for such securities during the 14 days prior to and the 90-day period beginning on such effective date, unless the managing underwriters otherwise agree to a shorter period of time. Notwithstanding the foregoing, no Holder shall be required to enter into any such "lock up" agreement unless and until all of the Company's executive officers and directors execute substantially similar "lock up" agreements and the Company uses commercially reasonable efforts to cause each holder of more than 5% of its outstanding capital stock to execute substantially similar "lock up" agreements. Neither the Company nor the underwriter shall amend, terminate or waive a "lock up" agreement unless each "lock up" agreement with a Holder is also amended or waived in a similar manner or terminated, as the case may be.

2.6 Registration Procedures. The Company will use its best efforts to effect the registration of Registrable Securities pursuant to this Agreement in accordance with the intended methods of disposition thereof, and pursuant thereto the Company will as expeditiously as possible:

(a) before filing the Registration Statement, the Company will furnish to counsel for each Holder of Registrable Securities being registered in such Registration Statement a copy of such Registration Statement, and will provide such counsel with all correspondence with the SEC regarding the Registration Statement;

(b) prepare and file with the SEC such amendments and supplements to such Registration Statement and the prospectus used in connection therewith as may be necessary to keep such Registration Statement effective for the period provided for in Section 2.2, 2.3 or 2.4 and comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities covered by such Registration Statement in accordance with the intended method of disposition set forth in such Registration Statement for such period;

(c) furnish to each seller of Registrable Securities and to each underwriter such number of copies of such Registration Statement, each amendment and supplement thereto, the prospectus included in the Registration Statement (including each preliminary prospectus) and such other documents as such person may reasonably request in order to facilitate the disposition of the Registrable Securities covered by such Registration Statement;

(d) use its best efforts (i) to register or qualify such Registrable Securities under such other state securities or blue sky laws as any seller or, in the case of an underwritten public offering, the managing underwriter, reasonably requests; (ii) to prepare and file in those jurisdictions such amendments (including post-effective amendments) and supplements, and take such other actions, as may be necessary to maintain such registration and qualification in effect at all times for the period of distribution contemplated thereby and (iii) to take such further action as may be necessary or advisable to enable the disposition of the Registrable Securities in such jurisdictions (provided, that the Company will not be required to (X) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this subparagraph, (Y) subject itself to taxation in any such jurisdiction or (Z) consent to general service of process in any such jurisdiction);

(e) notify each seller of such Registrable Securities and each underwriter under such Registration Statement, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event as a result of which the prospectus included in the Registration Statement contains an untrue statement of a material fact or omits any fact necessary to make the statements therein not misleading in the light of the circumstances under which they were made, and, at the request of any such seller or underwriter, the Company will as soon as possible prepare and furnish to such seller or underwriter a reasonable number of copies of a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain an untrue statement of a material fact or omit to state any fact necessary to make the statements therein not misleading in the light of the circumstances under which they were made;

(f) cause all such Registrable Securities to be listed on each securities exchange on which similar securities issued by the Company are then listed and, if not so listed, to be approved for trading on any automated quotation system of a national securities association on which similar securities of the Company are quoted;

(g) provide a transfer agent and registrar for all such Registrable Securities not later than the effective date of such Registration Statement;

(h) enter into such customary agreements (including underwriting agreements) and take all other customary and appropriate actions as the Holder of the largest number of Registrable Securities being included in such Registration Statement or the underwriters, if any, reasonably request in order to expedite or facilitate the disposition of such Registrable Securities;

(i) notify each Holder of any stop order issued or threatened by the SEC;

(j) otherwise comply with all applicable rules and regulations of the SEC and make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve months beginning with the first day of the Company's first full calendar quarter after the effective date of the Registration Statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(k) in the event of the issuance of any stop order suspending the effectiveness of a Registration Statement, or of any order suspending or preventing the use of any related prospectus or suspending the qualification of any securities included in such Registration Statement for sale in any jurisdiction, use its best efforts to promptly obtain the withdrawal of such order;

(l) if requested by a Holder in connection with an underwritten offering, obtain one or more comfort letters, dated the effective date of the Registration Statement and the date of the closing under the underwriting agreement, signed by the Company's independent public accountants in customary form and covering such matter of the type customarily covered by comfort letters as the Controlling Holder reasonably requests;

(m) if requested by a Holder in connection with an underwritten offering, provide a legal opinion of the Company's outside counsel, dated the effective date of such Registration Statement and the date of the closing under the underwriting agreement, with respect to the Registration Statement, each amendment and supplement thereto, the prospectus included therein (including the preliminary prospectus) and such other documents relating thereto in customary form and covering such matters of the type customarily covered by legal opinions of such nature;

(n) subject to execution and delivery of mutually satisfactory confidentiality agreements, make available at reasonable times for inspection by any seller of Registrable Securities, any managing underwriter participating in any disposition of such Registrable Securities pursuant to the Registration Statement, and any attorney, accountant or other agent retained by such seller or any managing underwriter, during normal business hours of the Company at the Company's corporate office in Tulsa, Oklahoma and without unreasonable disruption of the Company's business or unreasonable expense to Company and solely for the purpose of due diligence with respect to the Registration Statement, legally disclosable, financial and other records and pertinent corporate documents of the Company and its subsidiaries reasonably requested by such persons, and cause the Company's employees and independent accountants to supply all similar information reasonably requested by any such seller, managing underwriter, attorney, accountant or agent in connection with the Registration Statement, as shall be reasonably necessary to enable them to exercise their due diligence responsibility;

(o) cooperate with each seller of Registrable Securities and each underwriter participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with the National Association of Securities Dealers; and

(p) take all other steps reasonably necessary to effect the registration of the. Registrable Securities contemplated hereby.

2.7 Condition Precedent to Company's Obligations Pursuant to this Agreement. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Article 2 with respect to the Registrable Securities of any Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it and the intended method of distribution of such securities as shall reasonably be required to effect the registration of such Holder's Registrable Securities.

2.8 Fees and Expenses. All expenses incident to the Company's performance of or compliance with this Agreement including, without limitation, all registration and filing fees payable by the Company, fees and expenses of compliance by the Company with securities or blue sky laws, printing expenses of the Company, messenger and delivery expenses of the Company, and fees and disbursements of counsel for the Company and all independent certified public accountants of the Company, and other Persons retained by the Company will be borne by the Company, and the Company will pay its internal expenses (including, without limitation, all salaries and expenses of the Company's employees performing legal or accounting duties), the expense of any annual audit or quarterly review, the expense of any liability insurance of the Company and the expenses and fees for listing or approval for trading of the securities to be registered on each securities exchange on which similar securities issued by the Company are then listed or on any automated quotation system of a national securities association on which similar securities of the Company are quoted. In connection with any Registration Statement filed pursuant to Section 2.2, 2.3 or 2.4, the Company will pay the reasonable fees and expenses of a single counsel retained by the Holder of the largest number of the Registrable Securities requested to be included in such Registration Statement. The Company shall have no obligation to pay any underwriting discounts or commissions attributable to the sale of Registrable Securities; selling commissions or stock transfer taxes applicable to the Registrable Securities registered on behalf of any Holder; any other expenses incurred by or on behalf of such Holder in connection with the offer and sale of such Holder's Registrable Securities other than expenses that the Company is expressly obligated to pay pursuant to this Agreement.

2.9 Indemnification.

(a) The Company agrees to indemnify and hold harmless, to the fullest extent permitted by law, each Holder and its general or limited partners, officers, directors, members, managers, employees, advisors, representatives, agents and Affiliates (collectively, the "***Representatives***") from and against any loss, claim, damage, liability, attorney's fees, cost or expense and costs and expenses of investigating and defending any such claim (collectively, the "***Losses***"), joint or several, and any action in respect thereof to which such Holder or its Representatives may become subject under the Securities Act or otherwise, insofar as such Losses (or actions or proceedings, whether commenced or threatened, in respect thereto) arise out of or are based upon (i) any untrue or alleged untrue statement of a material fact contained in any Registration Statement, prospectus or preliminary or summary prospectus or any amendment or supplement thereto or (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and the Company shall reimburse each such Holder and its Representatives for any legal or any other expenses incurred by them in connection with investigating or defending or preparing to defend against any such Loss, action or proceeding; provided, however, that the Company shall not be liable to any such Holder or other indemnitee in any such case to the extent that any such Loss (or action or proceeding, whether commenced or threatened, in respect thereof) arises out of or is based upon (x) an untrue statement or alleged untrue statement or omission or alleged omission, made in such Registration Statement, any such prospectus or preliminary or summary prospectus or any amendment or supplement thereto, in reliance upon, and in conformity with, written information prepared and furnished to the Company by any such Holder or its Representatives expressly for use therein and, with respect to any untrue statement or omission or alleged untrue statement or omission made in any preliminary prospectus relating to the Registration Statement, to the extent that a prospectus relating to the Registrable Securities was required to be delivered by such Holder under the Securities Act in connection with such purchase, there was not sent or given to such person, at or prior to the written confirmation of the sale of such Registrable Securities to such person, a copy of the final prospectus that corrects such untrue statement or alleged untrue statement or omission or alleged omission if the Company had previously furnished copies thereof to such Holder or (y) use of a Registration Statement or the related prospectus during a period when a stop order has been issued in respect of such Registration Statement or any proceedings for that purpose have been initiated or use of a prospectus when use of such prospectus has been suspended pursuant to Sections 2.6(e) or 2.6(i); provided that in each case, that such Holder received prior written notice of such stop order, initiation of proceedings or suspension from the Company. In no event, however, shall the Company be liable for indirect, incidental or consequential or special damages of any kind. In connection with an underwritten offering, the Company will indemnify such underwriters, their officers and directors and each Person who controls such underwriters (within the meaning of the Securities Act) to the same extent as provided above with respect to the indemnification of the Holders.

(b) In connection with the filing of the Registration Statement by the Company pursuant to this Agreement, each of the Holders will furnish to the Company in writing such information as the Company reasonably requests for use in connection with such Registration Statement and the related prospectus and, to the fullest extent permitted by law, each such Holder will indemnify and hold harmless the Company and its Representatives from and against any Losses, severally but not jointly, and any action in respect thereof to which the Company and its Representatives may become subject under the Securities Act or otherwise, insofar as such Losses (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon (i) the purchase or sale by such Holder of Registrable Securities during a suspension as set forth in Sections 2.6(e) or 2.6(i) in each case after receipt of written notice of such suspension, (ii) any untrue or alleged untrue statement of a material fact contained in the Registration Statement, prospectus or preliminary or summary prospectus or any amendment or supplement thereto, or (iii) any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, but, with respect to clauses

(ii) and (iii) above, only to the extent that such untrue statement or omission is made in such Registration Statement, any such prospectus or preliminary or summary prospectus or any amendment or supplement thereto, in reliance upon and in conformity with written information prepared and furnished to the Company by such Holder expressly for use therein or by failure of such Holder to deliver a copy of the Registration Statement or prospectus or any amendments or supplements thereto, and such Holder will reimburse the Company and each Representative for any legal or any other expenses incurred by them in connection with investigating or defending or preparing to defend against any such Loss, action or proceeding; provided, however, that such Holder shall not be liable in any such case to the extent that prior to the filing of any such Registration Statement or prospectus or amendment or supplement thereto, such Holder has furnished in writing to the Company information expressly for use in such Registration Statement or prospectus or any amendment or supplement thereto which corrected or made not misleading information previously furnished to the Company. The obligation of each Holder to indemnify the Company and its Representatives shall be limited to the net proceeds received by such Holder from the sale of Registrable Securities under such Registration Statement. In no event, however, shall any Holder be liable for indirect, incidental or consequential or special damages of any kind.

(c) Promptly after receipt by any Person in respect of which indemnity may be sought pursuant to Section 2.9(a) or 2.9(b) (an "***Indemnified Party***") of notice of any claim or the commencement of any action, the Indemnified Party shall, if a claim in respect thereof is to be made against the Person against whom such indemnity may be sought (an "***Indemnifying Party***"), promptly notify the Indemnifying Party in writing of the claim or the commencement of such action; provided, that the failure to notify the Indemnifying Party shall not relieve the Indemnifying Party from any liability which it may have to an Indemnified Party under Section 2.9(a) or 2.9(b) except to the extent of any actual prejudice resulting therefrom. If any such claim or action shall be brought against an Indemnified Party, and it shall notify the Indemnifying Party thereof, the Indemnifying Party shall be entitled to participate therein, and, to the extent that it wishes, jointly with any other similarly notified Indemnifying Party, to assume the defense thereof with counsel reasonably satisfactory to the Indemnified Party. After notice from the Indemnifying Party to the Indemnified Party of its election to assume the defense of such claim or action, the Indemnifying Party shall not be liable to the Indemnified Party for any legal or other expenses subsequently incurred by the Indemnified Party in connection with the defense thereof other than reasonable costs of investigation; provided, that the Indemnified Party shall have the right to employ separate counsel to represent the Indemnified Party and its Representatives who may be subject to liability arising out of any claim in respect of which indemnity may be sought by the Indemnified Party against the Indemnifying Party, but the fees and expenses of such counsel shall be for the account of such Indemnified Party unless (i) the Indemnifying Party and the Indemnified Party shall have mutually agreed to the retention of such counsel or (ii) in the written opinion of counsel to such Indemnified Party, representation of both parties by the same counsel would be inappropriate due to actual or potential conflicts of interest between them, it being understood, however, that the Indemnifying Party shall not, in connection with any one such claim or action or separate but substantially similar or related claims or actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys (together with appropriate local counsel) at any time for all Indemnified Parties. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any claim or pending or threatened proceeding in respect of which the Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Party from all liability arising out of such claim or proceeding other than the payment of monetary damages by the Indemnifying Party on behalf of the Indemnified Party. Whether or not the defense of any claim or action is assumed by the Indemnifying Party, such Indemnifying Party will not be subject to any liability for any settlement made without its consent, which consent will not be unreasonably withheld.

(d) If the indemnification provided for in this Section 2.9 is unavailable to the Indemnified Parties in respect of any Losses referred to herein, then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Holders on the other from the offering of the Registrable Securities, or if such allocation is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits but also the relative fault of the Company on the one hand and the Holders on the other in connection with the statements or omissions which resulted in such Losses, as well as any other relevant equitable considerations. The relative fault of the Company on the one hand and of each Holder on the other shall be determined by reference to, among other things, whether any action taken, including any untrue or alleged untrue statement of a material fact, or the omission or alleged omission to state a material fact relates to information supplied by such party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Holders agree that it would not be just and equitable if contribution pursuant to this Section 2.9(d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an Indemnified Party as a result of the Losses referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 2.9, no Holder shall be required to contribute any amount in excess of the amount by which the total price at which the Registrable Securities of such Holder were offered to the public exceeds the amount of any Losses that such Holder has otherwise paid by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. Each Holder's obligations to contribute pursuant to this Section 2.9 is several in the proportion that the proceeds of the offering received by such Holder bears to the total proceeds of the offering received by all the Holders. The indemnification provided by this Section 2.9 shall be a continuing right to indemnification with respect to sales of Registrable Securities and shall survive the registration and sale of any Registrable Securities by any Holder and the expiration or termination of this Agreement. The indemnity and contribution agreements contained herein are in addition to any liability that any Indemnifying Party might have to any Indemnified Party.

2.10 Participation in Registrations.

(a) No Person may participate in any registration hereunder that is underwritten unless such Person (i) agrees to sell such Person's securities on the basis provided in any underwriting arrangements approved by the Person or Persons entitled hereunder to approve such arrangements and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements and this Agreement.

(b) Each Person that is participating in any registration under this Agreement agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Sections 2.6(e) or 2.6(i) above, such Person will forthwith discontinue the disposition of its Registrable Securities pursuant to the Registration Statement and all use of the Registration Statement or any prospectus or related document until such Person's receipt of the copies of a supplemented or amended prospectus as contemplated by Section 2.6(e) and, if so directed by the Company, will deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in such Holder's

possession of such documents at the time of receipt of such notice. Furthermore, each Holder agrees that if such Holder uses a prospectus in connection with the offering and sale of any of the Registrable Securities, the Holder will use only the latest version of such prospectus provided by Company.

ARTICLE 3
TRANSFERS OF CERTAIN RIGHTS

3.1 Transfer. The rights granted to the Purchasers under this Agreement may be transferred subject to the provisions of Sections 3.2 and 3.3; provided that nothing contained herein shall be deemed to permit an assignment, transfer or disposition of the Registrable Securities in violation of the terms and conditions of the Securities Purchase Agreement or applicable law.

3.2 Transferees. Any permitted transferee to whom rights under this Agreement are transferred shall, as a condition to such transfer, deliver to the Company a written instrument by which such transferee agrees to be bound by the obligations imposed upon the transferring Purchaser under this Agreement to the same extent as if such transferee were such Purchaser hereunder.

3.3 Subsequent Transferees. A transferee to whom rights are transferred pursuant to this Article 3 may not again transfer such rights to any other person or entity, other than as provided in Sections 3.1 or 3.2 above.

ARTICLE 4
MISCELLANEOUS

4.1 Recapitalizations, Exchanges, etc. The provisions of this Agreement shall apply to the full extent set forth herein with respect to (i) the Registrable Securities, (ii) any and all shares of Common Stock into which the Registrable Securities are converted, exchanged or substituted in any recapitalization or other capital reorganization by the Company and (iii) any and all equity securities of the Company or any successor or assign of the Company (whether by merger, consolidation, sale of assets or otherwise) which may be issued in respect of, in conversion of, in exchange for or in substitution of, the Registrable Securities and shall be appropriately adjusted for any stock dividends, splits, reverse splits, combinations, recapitalizations and the like occurring after the date hereof. The Company shall cause any successor or assign (whether by merger, consolidation, sale of assets or otherwise) to enter into a new registration rights agreement with the Holders on terms substantially the same as this Agreement as a condition of any such transaction.

4.2 Additional Registration Rights. Nothing contained in this Agreement shall prevent the Company from granting additional registration rights to any person or entity; provided, that, with respect to any cutbacks hereunder, all cutbacks will continue to be on a pro rata basis, except as otherwise specified herein.

4.3 Amendments and Waivers. The provisions of this Agreement may be amended and the Company may take action herein prohibited, or omit to perform any act herein required to be performed by it, if, but only if, the Company has obtained the written consent of holders of at least a majority of the Registrable Securities then in existence.

4.4 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

4.5 Counterparts. This Agreement may be executed in one or more counterparts each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

4.6 Notices. All notices, requests and other communications to any party hereunder shall be in writing (including telecopy, telex or similar writing) and shall be deemed given or made as of the date delivered, if delivered personally or by telecopy (provided that delivery by telecopy shall be followed by delivery of an additional copy personally, by mail or overnight courier), one day after being delivered by overnight courier or four business days after being mailed by registered or certified mail (postage prepaid for the most expeditious form of delivery, return receipt requested), to the parties at the following addresses (or to such other address or telex or telecopy number as a party may have specified by notice given to the other party pursuant to this provision):

If to the Company, to:

Matrix Service Company
10701 East Ute Street
Tulsa, Oklahoma 74116
Attention: George L. Austin
Telephone: (918) 838-8822
Facsimile: (918) 838-8810

With copy to:

Conner & Winters, LLP
3700 First Place Tower
15 East 5th Street
Tulsa, Oklahoma 74103
Attention: Mark D. Berman, Esq.
Telephone: (918) 586-8961
Facsimile: (918) 586-8661

If to a Purchaser, to:

The address or facsimile number of each Purchaser
set forth on the signature page of this Agreement.

4.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflicts of laws rules or provisions.

4.8 Forum; Service of Process. Any legal suit, action or proceeding brought by any party or any of its Affiliates arising out of or based upon this Agreement shall be instituted in any federal or state court in the State of Delaware, and each party waives any objection which it may now or hereafter have to the laying of venue or any such proceeding, and irrevocably submits to the jurisdiction of such courts in any such suit, action or proceeding.

4.9 Captions. The captions, headings and arrangements used in this Agreement are for convenience only and do not in any way limit or amplify the terms and provisions hereof.

4.10 No Prejudice. The terms of this Agreement shall not be construed in favor of or against any party on account of its participation in the preparation hereof.

4.11 Words in Singular and Plural Form. Words used in the singular form in this Agreement shall be deemed to import the plural, and vice versa, as the sense may require.

4.12 Remedy for Breach. The Company hereby acknowledges that in the event of any breach or threatened breach by the Company of any of the provisions of this Agreement, the Holders would have no adequate remedy at law and could suffer substantial and irreparable damage. Accordingly, the Company hereby agrees that, in such event, the Holders shall be entitled, and notwithstanding any election by any Holder to claim damages, to obtain a temporary and/or permanent injunction to restrain any such breach or threatened breach or to obtain specific performance of any such provisions, all without prejudice to any and all other remedies which any Holders may have at law or in equity.

4.13 Successors and Assigns, Third Party Beneficiaries. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto, each assignee of the Holders permitted pursuant to Article 3 and their respective permitted successors and assigns and executors, administrators and heirs. Holders are intended third party beneficiaries of this Agreement and this Agreement may be enforced by such Holders.

4.14 Entire Agreement. This Agreement sets forth the entire agreement and understanding between the parties as to the subject matter hereof and merges and supersedes all prior discussions, agreements and understandings of any and every nature among them.

4.15 Attorneys' Fees. In the event of any action or suit based upon or arising out of any actual or alleged breach by any party of any representation, warranty, covenant or agreement in this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees and expenses of such action or suit from the other party in addition to any other relief ordered by any court.

4.16 Termination of Rights. All rights under this Agreement will terminate as to any Holder when such Holder no longer holds any Registrable Securities.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Registration Rights Agreement to be duly executed as of the date and year first written above.

MATRIX SERVICE COMPANY

By: /s/ George L. Austin

Title: VP and CFO

NAME OF BUYER

By:

Name:

Title:

Total Number of Shares:

Total Purchase Price: $

Tax ID No.:

ADDRESS FOR NOTICE

c/o:

Street:

City/State/Zip:

Attention:

Tel:

Fax:

Plan of Distribution

The Selling Stockholders and any of their pledgees, donees, transferees, assignees and successors-in-interest may, from time to time, sell any or all of their shares of Common Stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These sales may be at fixed or negotiated prices. The Selling Stockholders may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits Investors;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- to cover short sales made after the date that this Registration Statement is declared effective by the SEC;
- broker-dealers may agree with the Selling Stockholders to sell a specified number of such shares at a stipulated price per share;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

The Selling Stockholders may also sell shares under Rule 144 under the Securities Act, if available, rather than under this prospectus.

Broker-dealers engaged by the Selling Stockholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the Selling Stockholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated. The Selling Stockholders do not expect these commissions and discounts to exceed what is customary in the types of transactions involved.

In connection with the sale of our Common Stock or interests therein, the Selling Stockholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the Common Stock in the course of hedging the positions they assume. The Selling Stockholders may also sell shares of our Common Stock short and deliver these securities to close out their short positions, or loan or

pledge the Common Stock to broker-dealers that in turn may sell these securities. The Selling Stockholders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

Upon the Company being notified in writing by a Selling Stockholder that any material arrangement has been entered into with a broker-dealer for the sale of Common Stock through a block trade, special offering, exchange distribution or secondary distribution or a purchase by a broker or dealer, a supplement to this prospectus will be filed, if required, pursuant to Rule 424(b) under the Securities Act, disclosing (i) the name of each such Selling Stockholder and of the participating broker-dealer(s), (ii) the number of shares involved, (iii) the price at which such the shares of Common Stock were sold, (iv) the commissions paid or discounts or concessions allowed to such broker-dealer(s), where applicable, (v) that such broker-dealer(s) did not conduct any investigation to verify the information set out or incorporated by reference in this prospectus, and (vi) other facts material to the transaction. In addition, upon the Company being notified in writing by a Selling Stockholder that a donee or pledge intends to sell shares of Common Stock, a supplement to this prospectus will be filed if then required in accordance with applicable securities law.

The Selling Stockholders also may transfer the shares of Common Stock in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

The Selling Stockholders and any broker-dealers or agents that are involved in selling the shares may be deemed to be “underwriters” within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. Discounts, concessions, commissions and similar selling expenses, if any, that can be attributed to the sale of Securities will be paid by the Selling Stockholder and/or the purchasers. Each Selling Stockholder has represented and warranted to the Company that it acquired the securities subject to this registration statement in the ordinary course of such Selling Stockholder’s business and, at the time of its purchase of such securities such Selling Stockholder had no agreements or understandings, directly or indirectly, with any person to distribute any such securities.

There can be no assurance that any Selling Stockholder will sell any or all of the shares of Common Stock registered pursuant to this Registration Statement, of which this prospectus forms a part.

The Company has advised each Selling Stockholder that it may not use shares registered on this Registration Statement to cover short sales of Common Stock made prior to the date on which this Registration Statement shall have been declared effective by the SEC. If a Selling Stockholder uses this prospectus for any sale of the Common Stock, it will be subject to the prospectus delivery requirements of the Securities Act. The Selling Stockholders will be responsible to comply with the applicable provisions of the Securities Act and Exchange Act,

and the rules and regulations thereunder promulgated, including, without limitation, Regulation M, as applicable to such Selling Stockholders in connection with resales of their respective shares under this Registration Statement.

The Company is required to pay all fees and expenses incident to the registration of the shares, but the Company will not receive any proceeds from the sale of the Common Stock. The Company and the Selling Stockholders have agreed to indemnify each other against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

Once sold under this Registration Statement, of which this prospectus forms a part, the shares of Common Stock will be freely tradable in the hands of persons other than the Company's affiliates.

Exhibit 10.3

AMENDMENT NO. TWO TO THE RIGHTS AGREEMENT

This Amendment No. Two (this "***Amendment***") to the Rights Agreement dated as of November 2, 1999, as amended by Amendment No. One ("***Amendment No. One***") to the Rights Agreement dated as of April 21, 2005 (as amended by Amendment No. One, the "***Rights Agreement***"), is made by and between Matrix Service Company, a Delaware corporation (the "***Company***"), and UMB Bank, N.A., as Rights Agent (the "***Rights Agent***"), effective as of October 3, 2005;

WHEREAS, pursuant to the terms and conditions of the Rights Agreement, the Company and the Rights Agent desire to further amend the Rights Agreement as set forth below;

WHEREAS, the Company, by its execution of this Amendment, hereby directs the Rights Agent to execute this Amendment;

WHEREAS, all capitalized terms used, but not otherwise defined, herein shall have the meaning ascribed to them in the Rights Agreement; and

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Amendment to Rights Agreement.

1.1 Amendment to Section 1.

a. The third sentence (as previously amended) of the definition of "Acquiring Person" set forth in Section 1(a) of the Rights Agreement is hereby amended by adding the following after the language "on the Closing Date" in the second line thereof: "and the purchase of Common Shares pursuant to the October Securities Purchase Agreement".

b. The definition of "Acquiring Person" set forth in Section 1(a) of the Rights Agreement is hereby amended by inserting the following text immediately following the third sentence of such definition (as previously amended):

"Notwithstanding the foregoing or anything to the contrary in this Rights Agreement, "Acquiring Person" shall not include the Tontine Group, acting individually or with another Person, unless and until such time as the Tontine Group shall increase its Beneficial Ownership of Common Shares to an amount in excess of 25% or more of the then-outstanding Common Shares; provided, however, that the Tontine Group will not be deemed to be an Acquiring Person solely as a result of (i) stock issuances by the Company to any member of the Tontine Group, which are not part of a broader sale of stock, or (ii) a reduction in the number of Common Shares outstanding unless and until such time after such reduction as (A) the Tontine Group becomes the Beneficial Owner of additional Common Shares (other than as a result of a stock dividend, stock split, stock repurchases or similar transaction effected by the Company in which all holders of Common Shares are treated equally, and other than issuances of stock by the Company to

any member of the Tontine Group, which are not part of a broader sale of stock) and after giving effect to such additional Common Shares the Tontine Group is the Beneficial Owners of an amount in excess of 25% or more of the then-outstanding Common Shares, or (B) any other Person who is a Beneficial Owner of Common Shares thereafter becomes an Affiliate or Associate of the Tontine Group and after giving effect thereto the Tontine Group is the Beneficial Owner of an amount in excess of 25% or more of the then-outstanding Common Shares."

c. The fourth word in the last sentence of the definition of "Acquiring Person" contained in Section 1(a) of the Rights Agreement is hereby changed from "four" to "five."

d. The definition of "Distribution Date" set forth in Section 1(h) of the Rights Agreement (as such Section may have been re-designated pursuant to Amendment No. One and this Amendment) is hereby amended by inserting the following text immediately after the period concluding the definition:

"Notwithstanding the foregoing or anything to the contrary in this Rights Agreement, a "Distribution Date" shall not include, and shall not occur by virtue of: (i) the negotiation, execution, delivery, or preparation of the October Securities Purchase Agreement; or (ii) the consummation of the transactions contemplated by the October Securities Purchase Agreement"

e. The definition of "Flip-In Event" set forth in Section 1(l) of the Rights Agreement (as such Section may have been re-designated pursuant to Amendment No. One and this Amendment) is hereby amended by inserting the following text immediately after the period concluding the definition:

"Notwithstanding the foregoing or anything to the contrary in this Rights Agreement, a "Flip-In Event" shall not include, and shall not occur by virtue of: (i) the negotiation, execution, delivery, or preparation of the October Securities Purchase Agreement; or (ii) the consummation of the transactions contemplated by the October Securities Purchase Agreement."

f. The definition of "Flip-Over Event" set forth in Section 1(m) of the Rights Agreement (as such Section may have been re-designated pursuant to Amendment No. One and this Amendment) is hereby amended by inserting the following text immediately after the period concluding the definition:

"Notwithstanding the foregoing or anything to the contrary in this Rights Agreement, a "Flip-Over Event" shall not include, and shall not occur by virtue of: (i) the negotiation, execution, delivery, or preparation of the October Securities Purchase Agreement; or (ii) the consummation of the transactions contemplated by the October Securities Purchase Agreement."

g. The definition of "Share Acquisition Date" set forth in Section 1(z) of the Rights Agreement (as such Section may have been re-designated pursuant to Amendment No. One and this Amendment) is hereby amended by inserting the following text immediately after the period concluding the definition:

"Notwithstanding the foregoing or anything to the contrary in this Rights Agreement, a "Stock Acquisition Date" shall not include, and shall not occur by virtue of: (i) the negotiation, execution, delivery, or preparation of the October Securities Purchase Agreement; or (ii) the consummation of the transactions contemplated by the October Securities Purchase Agreement."

h. The definition of "Triggering Event" set forth in Section 1(cc) of the Rights Agreement (as such Section may have been re-designated pursuant to Amendment No. One and this Amendment) is hereby amended by inserting the following text immediately after the period concluding the definition:

"Notwithstanding the foregoing or anything to the contrary in this Rights Agreement, a "Triggering Event" shall not include, and shall not occur by virtue of: (i) the negotiation, execution, delivery, or preparation of the October Securities Purchase Agreement; or (ii) the consummation of the transactions contemplated by the October Securities Purchase Agreement."

i. The following definitions are hereby added to Section 1 of the Rights Agreement in their proper alphabetical order and any cross-references to subsections of Section 1 are modified as appropriate:

"October Securities Purchase Agreement" means the Securities Purchase Agreement dated as of October 3, 2005, by and among the Company, Tontine and the Investors.

"Tontine Group" means Jeffrey L. Gendell, Tontine Capital Partners, L.P., Tontine Capital Management L.L.C. and any of their Affiliates or Associates.

1.2 Addition of Section 35. The Rights Agreement is hereby further amended by adding a new Section 35 as follows:

"35. Exception for October Securities Purchase Agreement. Notwithstanding anything to the contrary in this Rights Agreement, no Person shall be granted or issued any Rights, and no holder of any Rights shall be entitled to exercise such Rights under any of the sections, terms, or provisions of this Agreement, by reason of: (i) the negotiation, execution, delivery, or preparation of the October Securities Purchase Agreement; or (ii) the consummation of the transactions contemplated by the Securities Purchase Agreement."

Section 2. Miscellaneous.

2.1 Effectiveness. This Agreement shall be deemed effective as of the date first written above, as if executed by both parties on such date. Except as amended hereby, the Rights Agreement shall remain in full force and effect and shall not be otherwise affected by this Agreement.

2.2 Further Assurances. Each party agrees that, from time to time upon the written request of the other party, it will execute and deliver such further documents and do such other acts and things as the other party may reasonably request to effect the purposes of this Agreement.

2.3 Governing Law. This Agreement shall be governed by, and construed in accordance with, the domestic laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

2.4 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

2.5 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the parties; provided, however, that neither party shall assign or transfer its rights hereunder without the prior written consent of the other party.

2.6 Counterparts. This Agreement may be executed in one or more counterparts and all of such counterparts taken together shall constitute one and the same instrument.

[THE NEXT PAGE IS THE SIGNATURE PAGE]

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first above written.

MATRIX SERVICE COMPANY

By: /s/ George L. Austin

Name: George L. Austin

Title: VP and CFO

UMB BANK, N.A.

By: _____

Name: _____

Title: _____

Exhibit 10.4

October 3, 2005

Matrix Service Company
10701 East Ute Street
Tulsa, Oklahoma 74116
Attention: George L. Austin

Re: Proposed Investment by Tontine Capital Partners, L.P. ("***Purchaser***")

Dear Les:

As you are aware, Purchaser has agreed to purchase 1,153,846 shares of common stock (the "***Shares***") of Matrix Service Company (the "***Company***") on the terms and conditions set forth in that certain Securities Purchase Agreement dated October 3, 2005 (the "***Purchase Agreement***"), among the Company, Purchaser and the additional signatories thereto. Capitalized terms used but not defined herein have the meanings set forth in the Purchase Agreement.

The Company represents and warrants to Purchaser that the Company's Board of Directors has (i) approved the purchase of the Shares by Purchaser, including for purposes of rendering inapplicable the provisions of Section 203 of the Delaware Business Corporation Act, as amended, (ii) has approved the Amendment in the same form as Exhibit B to the Purchase Agreement with the effect that Purchaser shall not be deemed an Acquiring Person (as defined in the Rights Agreement), the Distribution Date (as defined in the Rights Agreement) shall not be deemed to occur and the Rights (as defined in the Rights Agreement) will not separate from the Common Stock of the Company, as a result of entering into the Purchase Agreement or consummating the transactions contemplated by the Purchase Agreement and providing further that Purchaser shall not be deemed to be an Acquiring Person under the Rights Agreement unless and until Purchaser (or is Affiliates or Associates) has acquired in excess of 25% of the then outstanding Common Stock of the Company, and (iii) has adopted resolutions in the form attached as Exhibit A to this letter agreement.

In connection with the foregoing and as a condition to Purchaser's purchase of the Shares, Purchaser and the Company hereby agree as follows:

(a) Subject to paragraphs (b) and (c) below, the Purchaser agrees that until the earlier to occur of (A) the second anniversary of the Closing Date and (B) such time as Michael J. Hall no longer serves as either the Chief Executive Officer of the Company or as an active regular member of the Company's board of directors, without the prior approval of the Company, the Purchaser will not, directly or indirectly, through its affiliates or associates or any other persons, or in concert with any person, (i) purchase or otherwise acquire beneficial ownership (as defined in Rule 13d-3 and Rule 13d-5 under the 1934 Act) that would result in the "Tontine Group" becoming an "Acquiring Person", each as defined in the Rights Agreement as amended by the Amendment, (ii) enter into or publicly propose to enter into, directly or indirectly, any merger or other business combination, acquisition of assets or similar transaction or change of control involving the Company or any Subsidiary, (iii) make, or in any way participate, directly or indirectly, in any "solicitation" of "proxies" (as such terms are used in the proxy rules of the SEC) to vote, or seek to advise or influence any person with respect to the voting of, any securities of the Company or any Subsidiary, (iv)

call, or seek to call, a meeting of the Company's stockholders or initiate any stockholder proposal for action by stockholders of the Company, (v) bring any action or otherwise act to contest the validity of this letter agreement or seek a release of the restrictions contained herein, (vi) form, join or in any way participate in a "group" (within the meaning of Sections 13(d)(3) of the 1934 Act) with respect to any securities of the Company or any Company Subsidiary with any outside third party other than affiliates of Purchaser, (vii) seek the removal of any directors from the Board of Directors of the Company or a change in the size or composition of the Board of Directors (including, without limitation, voting for any directors not nominated by the Board of Directors), (viii) take, or solicit, propose to or agree with any other person to take, any similar actions designed to influence the management or control of the Company, (x) advise, assist or encourage any other persons in connection with any of the foregoing or (xi) make, or take any action that would reasonably be expected to cause, the Company to make a public announcement regarding any intention of the Purchaser to take an action that would be prohibited by the foregoing.

(b) Nothing in paragraph (a) shall (i) prohibit or restrict Purchaser from responding to any inquiries from any shareholders of the Company as to such person's intention with respect to the voting of Common Stock beneficially owned by the Purchaser so long as such response is consistent with the terms of this Agreement, (ii) prohibit or restrict the Purchaser from participating in any process initiated by the Company with respect to the sale of any assets or securities of the Company or any Subsidiary, (iii) prohibit or restrict any agreement, arrangement, understanding, negotiation, discussion, disclosure or other action exclusively involving the Purchaser, its affiliates and any employee, officer or director thereof, (iv) prohibit or restrain any sale or other disposition by the Purchaser or of any affiliate of the Purchaser of any securities owned by them (or any proposals or discussions related thereto), or (v) prohibit or restrict Purchaser from exercising in its sole discretion its voting rights with respect to any of the Common Stock or other voting securities of the Company owned by Purchaser at any time (except as restricted in paragraph (a)(vii) above), provided that Purchaser will not exercise such voting rights to vote against the re-election of any member of the Company's board of directors although Purchaser may abstain from voting on any such re-election.

(c) Purchaser acknowledges and agrees that it has no current intention to seek representation on the Company's Board of Directors nor is it Purchaser's historical practice to seek representation on the board of directors of companies in which Purchaser invests. Notwithstanding the foregoing or anything to the contrary in paragraph (a) above, however, the Company acknowledges and agrees that, at the written request of Purchaser made on or after the first anniversary of the date of this Agreement but prior to the termination of the restrictions set forth in paragraph (a) above, the Company will take all necessary steps to assist Purchaser in obtaining representation on the Company's board in a reasonably expeditious time-frame, which may include (i) causing one or more of Purchaser's representatives to be nominated for seats on the Company's Board of Directors and to support their election at the next annual or special meeting of stockholders at which the election of directors will be considered, or (ii) increasing the number of Company directors and the appointment of Purchaser's representatives to fill the vacancies created by such increase, provided that (x) the number of representatives requested by Purchaser shall not be higher in proportion to the total number of directors on the board (including Purchaser's representatives as if elected) than the proportion that the number of shares of Common Stock then held by Purchaser bears to the total number of shares of Common Stock then

outstanding, (y) Purchaser's representatives must meet the qualifications for directors set forth in the charter for the Company's Nominating and Corporate Governance Committee and the Company's Corporate Governance Guidelines, in each case as determined in the reasonable discretion of the Company's Nominating and Corporate Governance Committee, and (z) the Company's Nominating and Corporate Governance Committee may, in their reasonable discretion require that one or more of Purchaser's representatives must satisfy the then applicable standards for "director independence" set forth in the Nasdaq corporate governance rules, and any additional independence requirements included in the Company's Corporate Governance Guidelines and board committee charters, in each case as determined in the reasonable discretion of the Nominating and Corporate Governance Committee. The Company acknowledges and agrees that the limitations set forth in subsections (x), (y) and (z) in the prior sentence shall not be applied in such a manner as to intentionally frustrate the purpose and intent of this paragraph (c) to allow Purchaser to designate representatives of its choosing to the Company's Board of Directors. Notwithstanding the foregoing, even though made prior to the first anniversary of the date of this letter agreement, Purchaser may make a request for board representation to be considered at the Company's 2006 annual meeting of stockholders, provided that the Company receives such notice at least 80 days prior to such meeting. Notwithstanding the provisions of this paragraph (c) or the provisions of paragraph (a) above, Purchaser may engage in the activities restricted under paragraph (a)(iii) and (iv) solely in connection with its efforts to cause its representatives to be elected to the Company's Board of Directors.

If the foregoing represents your understanding of our agreements, please sign a copy of this letter in the space provided below and return it to my attention.

Sincerely,

/s/ Jeffrey L. Gendell
Jeffrey L. Gendell
Tontine Capital Partners, L.P.

Agreed as of the date set forth above:

Matrix Service Company

By: /s/ George L. Austin

George L. Austin
Vice President

Exhibit 99.1

FOR IMMEDIATE RELEASE

MATRIX SERVICE COMPANY CLOSES $15 MILLION
PRIVATE PLACEMENT OF COMMON STOCK

TULSA, OK – October 4, 2005 – Matrix Service Co. (Nasdaq: MTRX), a leading industrial services company, announced that it has completed a private placement of approximately 2.3 million shares of common stock. The common stock is priced at $6.50 per share. The proceeds to Matrix will be approximately $15.0 million. The Company intends to use the proceeds to repay a portion of its outstanding balance on the Company's $35 million revolving line of credit in order to provide additional liquidity for working capital needs. The Company has agreed to file a registration statement with the SEC covering the resale of the shares within 60 days.

The shares of common stock have not been registered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

This press release does not constitute an offer to sell or the solicitation of an offer to buy any of the shares of common stock and shall not constitute an offer, solicitation or sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such state. This press release is being issued pursuant to Rule 135c under the Securities Act.

About Matrix Service Company

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

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

This release contains forward-looking statements that are made in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are generally accompanied by words such as "anticipate", "continues", "expect", "forecast", "outlook", "believe", "estimate", "should" and "will" and words of similar effect that convey future meaning, concerning the Company's operations, economic performance and management's best judgment as to what may occur in the future. Future events involve risks and uncertainties that may cause actual results to differ materially from those we currently anticipate. The actual results for the current and future periods and other corporate developments will depend upon a number of economic, competitive and other influences, including those identified in the "Risk Factors" and "Forward Looking Statements" sections and elsewhere in the Company's reports and filings made from time to time with the Securities and Exchange Commission. Many of these risks and uncertainties are beyond the control of the Company, and any one of which, or a combination of which, could materially and adversely affect the results of the Company's operations and its financial condition. We undertake no obligation to update information contained in this release.

For More Information:
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