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

FORM 10-Q

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

For the quarterly period ended February 28, 1998

Commission File number 0-l87l6

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

DELAWARE	73-1352l74
(State of incorporation)	(I.R.S. Employer Identification No.)

l070l E. Ute St., Tulsa, Oklahoma 74ll6-l5l7
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code:
(9l8) 838-8822

Indicate by check mark whether the registrant (l) has filed all reports required to be filed by Section l3 or l5(d) of the Securities Exchange Act of 1934 during the preceding l2 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

As of April 13, 1998, there were 9,491,153 shares of the Company's common stock, $.01 par value per share, 9,485,120 issued and shares outstanding.

PART I.- FINANCIAL INFORMATION

ITEM 1. Financial Statements

Matrix Service Company
Condensed Consolidated Statements of Income
(in thousands, except share and per share data)

[CAPTION]

	Three Months Ended (unaudited)		Nine Months Ended (unaudited)	
	February 28, 1998	February 28, 1997 *	February 28, 1998	February 28, 1997 *
[MULTIPLIER]	1,000			
Revenues	$54,431	$39,202	$158,279	$119,397
Cost of revenues	49,156	35,305	143,070	106,825
Gross profit	5,275	3,897	15,209	12,572
Selling, general and administrative expenses	3,433	2,430	9,055	6,906
Goodwill and noncompete amortization	181	104	455	313
Mergers, acquisitions, abandonments and				

restructuring cost	6,018	0	6,018	0
Operating income	(4,357)	1,363	(319)	5,353
Other income (expense):				
Interest income	35	61	105	112
Interest expense	(364)	(117)	(838)	(309)
Other	207	26	212	91
Income (loss) from continuing operations before income tax expense	(4,479)	1,333	(840)	5,247
Provision (benefit) for federal and state income tax expense	(127)	486	1,175	2,126
Income (loss) from continuing operations	(4,352)	847	(2,015)	3,121
Loss from operations of Midwest Industrial, less applicable taxes of $763, $71, $1,050, $409 respectively	(1,107)	(203)	(1,722)	(891)
Loss from disposal of Midwest Industrial, less applicable taxes of $6,262, $0, $6,262, $0 respectively	(9,198)	0	(9,198)	0
Net income (loss)	($14,657)	$644	($12,935)	$2,230
Earnings (loss) from continuing operations per share of common stock:				
Basic	($0.46)	$0.09	($0.21)	$0.33
Diluted	($0.46)	$0.09	($0.21)	$0.33
Earnings (loss) per share of common stock:				
Basic	($1.55)	$0.07	($1.37)	$0.24
Diluted	($1.55)	$0.07	($1.37)	$0.23
Weighted average number of common shares:				
Basic	9,437,242	9,325,940	9,412,579	9,320,337
Diluted	9,847,812	9,658,981	9.860,619	9,587,164

* Certain amounts have been restated as described in NOTE E and NOTE F.

See Notes to Condensed Consolidated Financial Statements

[MULTIPLIER] 1,000

Matrix Service Company
Condensed Consolidated Balance Sheets
(in thousands)

	February 28, 1998 (unaudited)	May 31, 1997
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 2,862	$ 1,877
Accounts receivable	36,385	37,745
Costs and estimated earnings in excess of billings on uncompleted contracts	12,825	11,349

Inventories	6,315	4,989
Prepaid expenses	334	456
Deferred tax asset	1,021	1,021
Income tax receivable	7,579	317
	--------	--------
Total current assets	67,321	57,754
Investment in undistributed equity of a foreign joint venture	-	174
Property, plant and equipment:		
Land and buildings	16,892	15,097
Construction equipment	25,605	24,444
Transportation equipment	8,531	5,504
Furniture and fixtures	3,901	3,164
Construction in progress	640	2,614
	--------	--------
	55,569	50,823
Less accumulated depreciation	26,367	20,861
	--------	--------
Net property, plant and equipment	29,202	29,962
Goodwill, net of accumulated amortization	12,629	28,721
Other assets	671	261
	--------	--------
Total assets	$109,823	$116,872
	========	========

See Notes to Condensed Consolidated Financial Statements

[MULTIPLIER] 1,000

Matrix Service Company
Condensed Consolidated Balance Sheets
(in thousands)

	February 28, 1998 (unaudited)	May 31, 1997
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	$ 11,022	$ 12,307
Billings on uncompleted contracts in excess of costs and estimated earnings	7,908	6,325
Accrued expenses	5,900	9,414
Current portion of long-term debt	2,213	1,495
	--------	--------
Total current liabilities	27,043	29,541
Long-term debt:		
Bank credit agreement	9,750	5,000
Acquisition payable	95	407
Equipment notes payable	35	1

Term note	4,524	954
Total long-term debt	14,404	6,362
Deferred income taxes	4,714	4,757
Stockholders' equity:		
Common stock	95	95
Capital in excess of par value	50,903	50,903
Retained earnings	12,982	26,269
Cumulative translation adjustment	(183)	(145)
Total capital and retained earnings	63,797	77,122
Less:		
Treasury shares, at cost	135	910
Total stockholders' equity	63,662	76,212
Total liabilities and stockholders' equity	$109,823	$116,872

See Notes to Condensed Consolidated Financial Statements

[MULTIPLIER] 1,000

Matrix Service Company
Condensed Consolidated Cash Flow Statements
(in thousands)

	Nine Months Ended (unaudited) February 28, 1998	February 28, 1997 *
Cash flow from operating activities:		
Net income	$(12,935)	$2,230
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,414	3,492
Non-cash write-offs from restructuring	4,983	-
Discontinued operations:		
Loss on disposal, net of tax	9,198	0
Loss from operations, net of tax	1,722	891
Changes in current assets and liabilities increasing (decreasing) cash:		
Accounts receivable	1,337	(123)
Costs and estimated earnings in excess of billings on uncompleted contracts	75	(2,005)
Inventories	(302)	(730)
Prepaid expenses	89	(75)
Accounts payable	(4,931)	(989)
Billings on uncompleted contracts in excess of costs and estimated earnings	530	1,073
Income taxes	600	987
Accrued liabilities	(4,822)	(2,393)
Gain or loss on sale of assets	16	(12)
Other	64	(12)
Net cash provided by continuing operations	38	2,334
Net cash provided by discontinued operations	1,359	1,601
Net cash provided by operating activities	1,397	3,935
Investing activities:		
Capital expenditures	(1,863)	(4,263)
Proceeds from sale of assets	62	117
Acquisition of subsidiary, net of cash acquired	(4,129)	47
Discontinued operations	(43)	-
Other, net	17	(21)

Net cash used in investing activities	(5,956)	(4,120)

Matrix Service Company
Condensed Consolidated Cash Flow Statements
(in thousands)

	Nine Months Ended (unaudited)	
	February 28, 1998	February 28, 1997 *
Financing activities:		
Repayment of acquisition payable	(201)	(397)
Repayment of equipment notes	(23)	(10)
Issuance under long-term credit agreement	11,750	4,500
Repayments under long-term credit agreement	(6,407)	(4,817)
Additional paid-in capital	1	-
Change in treasury stock	424	101
Net cash in financing activities	5,554	(623)
Increase (decrease)in cash and cash equivalents	985	(808)
Cash and cash equivalents at beginning of period	1,877	1,899
Cash and cash equivalents at end of period	$2,862	$1,091

* Certain amounts have been restated as described in NOTE E.

See Notes to Condensed Consolidated Financial Statements

MATRIX SERVICE COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

NOTE A - BASIS OF PRESENTATION

The condensed consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned. All significant inter-company balances and transactions have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with Rule 10-0l of Regulation S-X for interim financial statements required to be filed with the Securities and Exchange Commission and do not include all information and footnotes required by generally accepted accounting principles for complete financial statements. However, the information furnished reflects all adjustments, consisting only of normal recurring adjustments which are, in the opinion of management, necessary for a fair statement of the results for the interim periods.

The accompanying financial statements should be read in conjunction with the audited financial statements for the year ended May 3l, 1997, included in the Company's Annual Report on Form 10-K for the year then ended. The Company's business is seasonal; therefore, results for any interim period may not necessarily be indicative of future operating results.

NOTE B - BUSINESS ACQUISITIONS

On June 17, 1997, the Company acquired all of the outstanding common stock of General Service Corporation and its affiliated companies, Maintenance Services, Inc., Allentech, Inc., and Environmental Protection Services (collectively "GSC") for up to $7.8 million, subject to certain adjustments. The purchase price consisted of $4.75 million in cash and a $250 thousand, prime rate (currently 8.25%) promissory note payable in 12 equal quarterly installments. In addition, the stockholders of GSC are entitled to receive in the future up to an additional $2.75 million in cash if GSC satisfies certain earnings requirements. Under the provision of the contract the stockholders have the right to elect 70% of the earnout amount upon change of control of the Company. The transaction was accounted for as a purchase and created approximately $3.0 million of goodwill and non-competition covenants.

NOTE C - RECENT EVENT

On December 16, 1997, the Company and ITEQ, Inc. ("ITEQ") entered into a Plan and Agreement of Merger whereby ITEQ agreed to acquire the Company. On January 19, 1998 the Company and ITEQ mutually agreed to terminate the Plan and Purchase Agreement of Merger, due to unanticipated difficulties in connection with the expected integration of personnel from divergent corporate cultures.

NOTE D - MERGERS, ACQUISITIONS, ABANDONMENTS AND RESTRUCTURING

During the third quarter of fiscal year 1998, the Company adopted a plan for restructuring of operations to reduce costs, eliminate duplication of facilities and improve efficiencies. The plan included closing fabrication shops in Newark, Delaware and Rancocas, New Jersey and moving these operations to a more efficient and geographically centered facility in Bristol, Pennsylvania. Additionally, the Company closed a fabrication shop at Elkston, Maryland. The production from the Maryland facility, which was principally elevated water tanks, will be provided by the Company's Newnan, Georgia plant. (The facilities located in Delaware, New Jersey, Pennsylvania and Maryland were all leased facilities.) The Company is selling real estate that is not being utilized in Mississauga, Canada, and the Company is also discontinuing certain product lines that are no longer profitable. As a result of these restructuring activities, the Company recorded a non-recurring charge of $6.0 million. Included in this amount are:, 1) costs for combining operations, eliminating duplications, and abandonment and disposal of non-producing assets of $5.2 million, 2) severance, relocation and other benefit costs of $604 thousand, 3) integration and business reorganization costs of $64 thousand, 4) costs related to the terminated merger agreement with ITEQ, Inc. including investment banking fees, legal and accounting fees of $167 thousand. Approximately $5.0 million of the asset write-down was non-cash.

NOTE E - DISCONTINUED OPERATIONS

During the third quarter of fiscal year 1998 the board of directors approved a plan whereby the Company would discontinue the operations of Midwest Industrial Contractors, Inc. ("Midwest"). The Company will in an orderly manner discontinue to operate in the markets that Midwest has historically participated. The tools, equipment and real estate of $1.4 million will be sold or utilized by other operating units of the Company. On February 12, 1998, the Company entered into an agreement to sell certain assets of Midwest Industrial Contractors, Inc. to a group of Midwest employees. The Company is in the process of completing all open contracts and disposing of all assets. The Company will abandon this business entirely. The cost to terminate Midwest operations will result in a charge of approximately $15.5 million before income taxes including $14.6 million of goodwill. The operating results for the current periods are reported as discontinued operations. All prior period financial information has been restated to reflect the discontinued operations of Midwest.

Loss from discontinued operations per share of common stock:

	Three Months Ended		Nine Months Ended	
	February 28,1998	February 28, 1997	February 28, 1998	February 28, 1997
Basic	($1.09)	($ .02)	($1.16)	($ .09)
Diluted	($1.09)	($ .02)	($1.16)	($ .10)

NOTE F - EARNINGS PER SHARE OF COMMON STOCK

In 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, Earnings per Share. Statement 128 replaced the previously reported primary and fully diluted earnings per share with basic and diluted earnings per share. Unlike primary earnings per share, basic earnings per share excludes any dilutive effects of options, warrants, and convertible securities. Diluted earnings per share is very similar to the previously reported fully diluted earnings per share. All earnings per share amounts for all periods have been presented, and where necessary, restated to conform to the Statement 128 requirements.

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

Results of Operations

Three Months Ended February 28, 1998 Compared With The Three Months Ended February 28, 1997

General Service Corporation ("GSC") was acquired by Matrix Service Company (the "Company") on June 17, 1997. Accordingly, the results of operations of GSC for the quarter are included for the current period, but none of GSC's operations are included in the prior year period.

Revenues for the quarter ended February 28, 1998 were $54.4 million as compared to revenues of $39.2 million for the quarter ended February 28, 1997, representing an increase as compared with the same period in 1997 of $15.2 million or 39%. The increase is due to the inclusion of GSC revenues and increased revenues from capital projects in the Northwest from the refinery division.

Gross profit increased to $5.3 million for the quarterly period ended February 28, 1998 from gross profit of $3.9 million for the quarterly period ended February 28, 1997, an increase of approximately $1.4 million or 35%. Gross profit as a percentage of revenues decreased to 9.7% for the 1998 period from 9.9% for the 1997 period. The decrease in gross profit as a percentage of revenue for the current period as compared with the prior period is due to pricing pressure on new construction contracts for above ground tanks, principally in the Southeast part of the United States.

Selling, general and administrative expenses increased to $3.4 million for the quarterly period ended February 28, 1998 as compared to $2.4 million for the quarterly period ended February 28, 1997, an increase of $1.0 thousand or 41%. Selling, general and administrative expenses as a percentage of revenues increased to 6.3% for the current period as compared to 6.2% for the prior period. The increase in selling, general and administrative expenses for the period is due mainly to the inclusion of GSC.

For the quarterly period ended February 28, 1998, the Company recorded a non-recurring charge of $6.0 million. This charge resulted from a plan adopted by the Company for restructuring of operations to reduce costs, eliminate duplications of facilities and improve efficiencies - See NOTE D to the financial statements.

Operating income decreased to a $4.4 million loss for the quarterly period ended February 28, 1998 from income of $1.4 million for the quarterly period ended February 28, 1997. Operating income for the quarterly period ending February 28, 1998 increased by $298 thousand over the same period for the prior year, when the non-recurring charge of $6.0 million is not considered for the current period. This increase is due to increased gross profit, offset by increases in selling, general and administrative expenses.

Interest expense increased $247 thousand, or 211%, to $364 thousand for the quarterly period ended February 28, 1998 from $117 thousand of interest expense for the quarterly period ended February 28, 1997. The increase resulted from an increased level of borrowing under the Company's credit facility as a result of borrowings for the acquisition of GSC, and increased advances under the revolving credit facility.

Income (loss) from continuing operations resulted in a $4.4 million loss for the quarterly period ending February 28, 1998 as compared to income from continuing operations $847 thousand for the period ending February 28, 1997. The decrease resulted from non-recurring costs of $6.0 million - See NOTE D to the financial statements and losses resulting from the discontinuance of "Midwest" - See NOTE E to the financial statements.

During the quarter ending February 28, 1998 the directors of the Company approved a plan whereby the Company would discontinue the operations of "Midwest" - See NOTE E to the financial statements.

Net loss for the quarterly period ending February 28, 1998 was $14.7 million as compared to net income of $644 thousand for the same period ending February 28, 1997. This decrease resulted from non-recurring costs of $6.0 million reduced by $816 thousand tax benefit - See NOTE D to the financial statements and losses from discontinued operations of $10.3 million net of income tax - See NOTE E to the financial statements.

Nine Months Ended February 28, 1998 Compared With The Nine Months Ended February 28, 1997

General Service Corporation ("GSC") was acquired by Matrix Service Company (the "Company") on June 17, 1997. Accordingly, the results of operations of GSC for eight and one-half months are included for the current period, but none of GSC's operations are included in the prior year nine month period.

Revenues for the nine months ended February 28, 1998 were $158.3 million as compared to revenues of $119.4 million for the nine months ended February 28, 1997, representing an increase of approximately $38.9 million or 33%. The increase is due to the inclusion of GSC revenues and increased revenues from capital projects in the Northwest from the refinery division.

Gross profit increased to $15.2 million for the nine months ended February 28, 1998 from gross profit of $12.6 million for the nine months ended February 28, 1997. Gross profit as a percentage of revenues decreased to 9.6% for the 1998 period from 10.5% for the 1997 period. The decrease in gross profit as a percentage of revenues for the current period as compared with the prior period is due to pricing pressure on new construction contracts for above ground tanks, principally in the Southeast part of the United States.

Selling, general and administrative expenses increased to $9.1 million for the nine months ended February 28, 1998 compared to $6.9 million for the nine months ended February 28, 1997, an increase of $2.1 million or approximately 31%. Selling, general and administrative expenses as a percentage of revenues decreased to 5.7% for the current period as compared with 5.8% for the 1997 period.

Included in the nine month period ended February 28, 1998, the Company recorded a non-recurring charge of $6.0 million. This charge resulted from a plan adopted by the Company for restructuring of operations to reduce costs, eliminate duplications of facilities and improve efficiencies - See NOTE D to the financial statements.

Operating income decreased to a $319 thousand loss for the nine month period ended February 28, 1998 from income of $5.4 million for the nine month period ended February 28, 1997. Operating income for the quarterly nine month ending February 28, 1998 increased by $346 thousand over the same period for the prior year, when the non-recurring charge of $6.0 million is not considered for the current period. This increase is due to increased gross profit, offset in part by increases in selling, general and administrative expenses.

Interest expense increased $529 thousand, or 171%, to $838 thousand for the nine month period ended February 28, 1998 from $309 thousand of interest expense for the nine month period ended February 28, 1997. The increase resulted from an increased level of borrowing under the Company's credit facility as a result of borrowings for the acquisition of GSC, and increased advances under the revolving credit facility.

Income (loss) from continuing operations resulted in a $2.0 million loss for the nine month period ending February 28, 1998 as compared to income from continuing operations of $3.1 million for the nine month period ending February 28, 1997. The decrease resulted from non-recurring costs of $6.0 million.

Loss from discontinued operations. During the nine month period ending February 28, 1998 the directors of the Company approved a plan whereby the Company would discontinue the operations of "Midwest" - See NOTE E to the financial statements.

Net income (loss) for the nine month period ending February 28, 1998 was $12.9 million as compared to net income of $2.2 million for the nine month period ending February 28, 1997. This decrease resulted from non-recurring costs of $6.0 million reduced by $816 thousand tax benefit - See NOTE D to the financial statements and losses from discontinued operations of $10.9 million net of income tax - See NOTE E to the financial statements.

Liquidity and Capital Resources

The Company has financed its operations recently with cash generated by operations and advances under the Company's credit facility. Until amended as described in the following paragraph, the Company had a credit facility with a commercial bank under which the Company could borrow a total of $25.0 million. The Company could have borrowed up to $15.0 million under a revolving credit facility agreement based on the level of the Company's eligible receivables. The agreement provided for interest at the Prime Rate minus three quarters of one percent (3/4 of 1%), or a LIBOR based option of LIBOR plus one and one quarter percent (1 and 1/4%), and matures on October 31, 1999. At February 28, 1998, the interest rate was 7.125% and the outstanding advances under the revolving credit facility totaled $9.75 million. The credit facility also provided for two term loans of up to $5.0 million each. On October 5, 1994 and June 19, 1997 term loans of $4.9 million and $5.0 million, respectively, were made to the Company. The 1994 term loan was to be due on August 31, 1999 and was to be repaid in 54 equal payments beginning in March 1995 at an interest rate based upon the Prime Rate or a LIBOR option. The 1997 term loan is due January 23, 2002 and was to be repaid in 54 equal payments beginning January 7, 1998 at an interest rate based upon the prime rate or a LIBOR option. At February 28, 1998, the interest rate on the term loans was 7.625%, and the outstanding balances were $1.7 million and $4.9 million, respectively.

On March 1, 1998, the Company and the commercial bank entered into an amendment to the credit agreement, whereby the Company may borrow a total of $30.0 million. The amended agreement provides for a $20.0 million revolving credit facility based on the level of the Company's eligible receivables. The agreement provides for an interest rate based on a prime or a LIBOR option and matures October 31, 1999. The credit facility also provides for a $10.0 million term loan, due February 28, 2003. On March 1, 1998, the Company rolled the balance from the two existing term loans of $1.7 million and $4.9 million respectively, plus $3.4 million from the revolving line of credit into this facility. In conjunction with this term note on March 1, 1998, the Company entered into an Interest Rate Swap Agreement with a commercial bank, effectively providing a fixed interest rate of 7.5% for the five year period of the term loan.

Operations of the Company provided $1.4 million of cash for the nine months ended February 28, 1998 as compared with providing cash of $3.9 million for the nine months ending February 28, 1997, representing a decrease of approximately $2.5 million. The decrease was primarily a result of operating losses of $12.9 million offset by a net change of $15.8 million of non-cash expenses of amortization and depreciation, write-offs from restructuring and discontinued operations, net of tax benefits, a decrease in accounts payable of $3.9 million, and a decrease in other accrued liabilities of $2.4 million, offset by a change in accounts receivable of $1.5 million, a change in inventory of $428 thousand and a change in costs and earnings in excess of billings of $2.1 million.

Capital expenditures during the nine month period ended February 28, 1998 totaled approximately $1.9 million. Of this amount approximately $875 thousand was used to purchase welding and construction equipment and $360 thousand was used to purchase transportation equipment for field operations. In the same period the Company invested approximately $621 thousand for office expansion for support of field operations. In addition, the Company has currently budgeted approximately $1.7 million for additional capital expenditures, primarily to be used to purchase construction equipment, during the remainder of fiscal year 1998. The Company expects to be able to finance any such expenditures with available working capital.

The Company believes that its existing funds, amounts available for borrowing under its credit facility, and cash generated by operations will be sufficient to meet the Company's working capital needs at least through fiscal 1998 and possibly thereafter unless significant expansions of operations not now planned are undertaken, in which case the Company anticipates it would arrange additional financing as a part of any such expansion.

PART II
OTHER INFORMATION

ITEM 6. Exhibits and Reports on Form 8-K:

A. Exhibit 10.1 - Third Amendment to Credit Agreement

B. Exhibit 10.2 - Interest Rate Swap

C. Exhibit 11 - Computation of earnings per share.

D. Reports on Form 8-K:

1. The Company filed a Form 8-K, dated December 16, 1997, reporting that on December 16, 1997 the Company entered into a Plan and Agreement of Merger by and among the Company, ITEQ Sub. Corp. and ITEQ, Inc.

2. The Company filed a Form 8-K dated January 19, 1998, reporting that on January 19, 1998 the Company and ITEQ, Inc. entered into an agreement whereby the companies have mutually agreed to terminate the Plan and Agreement of Merger Agreement dated December 16, 1997.

Signature

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

MATRIX SERVICE COMPANY

Date: April 14, 1998

By: /s/C. William Lee

C. William Lee
Vice President-Finance
Chief Financial Officer
Signing on behalf of the registrant and
as the registrant's chief financial officer.

THIRD AMENDMENT TO CREDIT AGREEMENT

THIS THIRD AMENDMENT TO CREDIT AGREEMENT ("Amendment") is made and entered into effective as of the 1st day of March, 1998 (the "Effective Date"), by and among MATRIX SERVICE COMPANY, a Delaware corporation (hereinafter referred to as "Matrix"), MATRIX SERVICE, INC., an Oklahoma corporation (hereinafter to as "MSI"), MIDWEST INDUSTRIAL CONTRACTORS, INC., a Delaware corporation (hereinafter referred to as "MIC"), MATRIX SERVICE MID-CONTINENT, INC., an Oklahoma corporation (hereinafter referred to as "MSM"), PETROTANK EQUIPMENT, INC., an Oklahoma corporation (hereinafter referred to as "PEI"), TANK SUPPLY INC., an Oklahoma corporation (hereinafter referred to as "TSI"), SAN LUIS TANK PIPING CONSTRUCTION CO., INC., a Delaware corporation (hereinafter referred to as "SLT"), COLT CONSTRUCTION CO., INC., a Delaware corporation (hereinafter referred to as "CCC"), MIDWEST INTERNATIONAL, INC., a Delaware corporation (hereinafter referred to as "MII"), GEORGIA STEEL ACQUISITION CORPORATION, an Oklahoma corporation (hereinafter referred to as "GSAC"), GEORGIA STEEL FABRICATORS, INC., a Georgia corporation (hereinafter referred to as "GSF"), BROWN STEEL CONTRACTORS, INC., a Georgia corporation (hereinafter referred to as "BSC"), WEST COAST INDUSTRIAL COATINGS, INC., a California corporation (hereinafter referred to as "WCI"), MIDWEST SERVICE COMPANY, a Delaware corporation (hereinafter referred to as "MSC"), HEATH ENGINEERING, LTD., an Ontario corporation (hereinafter referred to as "HEL"), HEATH (TANK MAINTENANCE) ENGINEERING, LTD., a United Kingdom corporation (hereinafter referred to as "HTM"), MAYFLOWER VAPOR SEAL CORPORATION, an Oklahoma corporation (hereinafter referred to as ("MVS"), GENERAL SERVICE CORPORATION, a Delaware corporation (hereinafter referred to as "GSC"), MAINSERVE-ALLENTECH, INC., a Delaware corporation (hereinafter referred to as "MA"), MAINTENANCE SERVICES, INC., a Delaware corporation (hereinafter referred to as "MSERV"), and BANK ONE, OKLAHOMA, N.A., successor in interest to LIBERTY BANK AND TRUST COMPANY OF TULSA, NATIONAL ASSOCIATION (hereinafter referred to as the "Bank"). Matrix, MSI, MIC, MSM, PEI, TSI, SLT, CCC, MII, GSAC, GSF, BSC, WCI, MSC, HEL, HTM, MVS, GSC, MA and MSERV are hereinafter collectively referred to as the "Borrowers" and individually as a "Borrower."

RECITALS

A. The Bank and the Borrowers are parties to that certain Credit Agreement dated August 30, 1994, as amended by that certain First Amendment to Credit Agreement dated June 19, 1997 (the "First Amendment"), as further amended by that certain Second Amendment to Credit Agreement dated September 15, 1997 (the same as further amended, supplemented or otherwise modified from time to time, being hereinafter referred to as the "Credit Agreement"), pursuant to which the Bank has established in favor of the Borrowers, on the terms and conditions set forth therein, (i) a revolving credit facility in the principal amount not to exceed $15,000,000.00, (ii) a term loan facility in the original principal amount not to exceed $5,000,000.00, and (iii) a term acquisition facility in the original principal amount not to exceed $5,000,000.00.

B. The Borrowers have requested that the Bank: (i) continue the Revolving Credit Facility in the increased principal amount of $20,000,000.00, reduce the rate of interest applicable to outstanding Advances thereunder, and limit the maximum amount of the Bank's obligation to issue Letters of Credit under the Revolving Credit Facility, (ii) rearrange, consolidate, extend and increase the Term Loan Facility and the Acquisition Loan Facility under a single term loan facility, as hereinafter described, (iii) modify the definition of the term "Eligible Accounts," and (iv) modify certain financial covenants regarding minimum tangible net worth and minimum net working capital.

C. The Bank has agreed to the foregoing, subject to the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and subject to the terms and conditions set forth herein, the parties agree to amend the Credit Agreement, effective as of the date hereof, as follows:

1. TERMS DEFINED IN THE CREDIT AGREEMENT.

A. Definitions Incorporated by Reference. Capitalized terms used herein and not otherwise defined have the respective meanings assigned to them in the Credit Agreement.

B. Definitions Used Only in This Amendment. For purposes of this Amendment only, the following terms have the meanings indicated below:

Replacement Revolving Note. "Replacement Revolving Note" shall mean the promissory note to be executed and delivered by the Borrowers, in substantially the form attached hereto as Exhibit "A-2."

Replacement Term Note. "Replacement Term Note" shall mean the promissory note to be executed and delivered by the Borrowers, in substantially the form attached hereto as Exhibit "B-2."

The parties agree that, from and after the Effective Date, unless the context otherwise requires: (i) all references to the "Revolving Note" and the "Term Note" appearing in the Credit Agreement or any other Loan Documents shall mean and refer to the Replacement Revolving Note and the Replacement Term Note, respectively, together with any and all renewals, extensions or replacements thereof, amendments or modifications thereto or substitutions therefore, and (ii) the term "Loan Documents" shall include the Replacement Revolving Note and the Replacement Term Note.

C. New Definition. As of the Effective Date, the following definition of the term "Bonded Account" is hereby added to Subsection 1.2 of the Credit Agreement:

Bonded Account. "Bonded Account" shall mean any Account that is subject to, arises under or earned pursuant to a bonded construction contract, and is thereby subject to a bonded lien.

D. Amended Definitions. The definitions of the following terms appearing in Subsection 1.2 of the Credit Agreement are hereby amended, as of the Effective Date, to read as follows:

Credit Facilities. "Credit Facilities" shall mean, collectively, the Revolving Credit Facility and the Term Loan Facility, and "Credit Facility" shall mean either one of the Credit Facilities.

Eligible Accounts. The definition of the term "Eligible Accounts" is hereby amended by adding the following provision to the end of that definition:

(xiii) The amount by which all Bonded Accounts exceed eighteen percent (18%) of the net Eligible Accounts.

Notes. "Notes" shall mean collectively, the Revolving Note and the Term Note, and "Note" shall mean either one of the Notes.

Revolving Commitment. "Revolving Commitment" shall mean, as of any determination date, the lesser of (i) Twenty Million and No/100 Dollars ($20,000,000.00), and (ii) the Borrowing Base in effect on such determination date.

E. Deleted Definitions. As of the Effective Date, the definitions of the terms "Acquisition Loan Facility" and "Acquisition Note" are hereby deleted from paragraph 1.2 of the Credit Agreement.

2. AMENDMENTS TO THE REVOLVING LOAN FACILITY. The Bank agrees, as of the Effective Date, to increase the maximum aggregate amount available under the Revolving Loan Facility from Fifteen Million and No/100 Dollars ($15,000,000.00) to Twenty Million and No/100 Dollars ($20,000,000.00), and in that regard has amended the definition of the term "Revolving Commitment". The Bank further agrees to reduce the rate of interest applicable to the unpaid principal amount of all Advances from time to time outstanding under the Revolving Note and limit the maximum amount of the Bank's obligation to issue Letters of Credit under the Revolving Credit Facility. In order to effectuate the reduction in the applicable interest rate, Subsections 2.7.1(a) and 2.7.1(b) of the Credit Agreement, governing interest rates under the Revolving Note, are hereby deleted and replaced in their entirety by the following:

2.7.1(a) Advances included within the Prime Tranche shall bear interest at a fluctuating rate per annum equal to the Prime Rate minus one and one-quarter percent (1-1/4%).

2.7.1(b) Advances included within each LIBOR Tranche shall bear interest at a rate per annum equal to the sum of the LIBOR Rate applicable to such LIBOR Tranche plus one and one-eighth percent (1-1/8%).

In order to limit the maximum amount of the Bank's obligation to issue Letters of Credit under the Revolving Credit Facility, the following Subsection 2.4.7 is hereby added to the Credit Agreement:

2.4.7 Maximum Amount of Outstanding Letters of Credit. Notwithstanding any provision of this Agreement, the maximum aggregate amount outstanding at any time under all Letters of Credit issued by the Bank hereunder shall not exceed Seven Million Five Hundred Thousand and No/100 Dollars ($7,500,000.00).

3. AMENDMENTS TO TERM LOAN FACILITY. The Bank agrees to rearrange and consolidate the Term Loan Facility and the Acquisition Loan Facility by: (i) increasing the original principal amount available under the Term Loan Facility from Five Million and No/100 Dollars ($5,000,000.00) to Ten Million and No/100 Dollars ($10,000,000.00), (ii) reducing the rate of interest applicable to the unpaid principal amount from time to time outstanding under the Term Note, (iii) extending the final maturity of the Term Note from August 31, 1999, to February 28, 2003, (iv) consolidating the Advances currently outstanding under the Acquisition Note into the Term Note, and (v) canceling the Acquisition Note and terminating the Acquisition Loan Facility. In order to implement the foregoing, the Loan Agreement is amended from and after the Effective Date as follows:

A. Modifications to Subsection 2.1.2. Subsection 2.1.2 of the Credit Agreement, describing the Term Loan Facility, is hereby deleted and replaced in its entirety by the following:

2.1.2 Term Loan Facility. The Bank agrees, at the Closing, to continue that term loan facility designated as the "Term Loan Facility," and to increase the maximum aggregate principal amount from Five Million and No/100 Dollars ($5,000,000.00) to Ten Million and No/100 Dollars ($10,000,000.00). As of the Effective Date, the existing indebtedness under the Term Loan Facility shall include all outstanding balances under the Term Loan Facility and the Acquisition Loan Facility, as the same existed immediately prior to the Effective Date, and the remaining availability, if any, under the Term Loan Facility will be available to reduce the outstanding balance under the Revolving Credit Facility. The making of principal payments, including prepayments, on the Term Loan Facility shall not restore the amount available for borrowing.

B. Modifications to Subsection 2.2.2. Subsection 2.2.2 of the Credit Agreement, describing the use of Advances under the Term Loan Facility, is hereby deleted and replaced in its entirety by the following:

2.2.2 Term Loan Facility. Advances under the Term Loan Facility shall be used by the Borrowers to refinance existing indebtedness of the Borrowers as well as to fund general corporate purposes.

C. Modifications to Subsections 2.7.2(d)(i) and 2.7.2(d)(ii). Subsections 2.7.2(d)(i) and 2.7.2(d)(ii) of the Credit Agreement, governing interest rates under the variable rate option of the Term Note, are hereby deleted and replaced in their entirety, respectively, by the following:

2.7.2(d)(i) Advances included within the Prime Tranche shall bear interest at a fluctuating rate per annum equal to the Prime Rate minus one-half of one percent (1/2 of 1%), adjusted as of the date of each change therein.

2.7.2(d)(ii) Advances included within a LIBOR Tranche shall bear interest at a rate per annum equal to the sum of the LIBOR Rate applicable to such LIBOR Tranche plus one and one-half percent (1-1/2%).

D. Modifications to Subsections 2.9.2(b)(i) and 2.9.2(b)(ii). By prior amendment to the Credit Agreement Subsection 2.9.2(b)(i) should have been deleted to remove the fixed rate repayment option from the Term Note. To correct that omission, Subsection 2.9.2(b)(i) is hereby deleted in its entirety. Subsection 2.9.2(b)(ii) of the Credit Agreement, governing the variable rate repayment option under the Term Note, is hereby deleted, renumbered as Subsection 2.9.2(b) and replaced in its entirety by the following:

2.9.2(b) Repayment. Prior to maturity and on the first Business Day of each month beginning April 1, 1998, the principal amount of the Term Note shall be due and payable in sixty (60) consecutive monthly installments of One Hundred Sixty-Six Thousand Six Hundred Sixty-Six and 67/100 Dollars ($166,666.67), together with all unpaid interest thereon calculated at the variable rate of interest applicable from time to time under the Term Note.

E. Modifications to Subsection 2.9.2(c). Subsection 2.9.2(c) of the Credit Agreement is hereby modified by deleting the phrase "August 31, 1999" and replacing it with the phrase "February 28, 2003."

F. Modifications to Terminate the Acquisition Loan Facility. The parties mutually agree as of the Effective Date to consolidate the Advances currently outstanding under the Acquisition Note into the Term Note and thereafter to cancel the Acquisition Note and terminate the Acquisition Loan Facility. In order to implement the foregoing, and in addition to the amendments to the Credit Agreement detailed above, the Credit Agreement is further amended from and after the Effective Date as follows:

(i) Paragraph Deletions. The following paragraphs of the Credit Agreement are deleted in their entirety: 2.1.3, 2.2.3, 2.6.4 (errantly referred to as Subsection 2.3.4 in the First Amendment), 2.7.6, 2.8.4 and 2.9.3.

(ii) Reference Deletions. In addition to deleting the above listed paragraphs, all references to the terms "Acquisition Loan Facility" and "Acquisition Note" are deleted from any provision of the Credit Agreement in which they appear, without otherwise modifying or amending such provisions.

4. AMENDMENTS TO FINANCIAL COVENANTS.

A. Modifications to Subsection 7.11.1. As of the Effective Date, Subsection 7.11.1 of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

7.11.1 Tangible Net Worth. The Borrowers will not permit their consolidated tangible net worth (determined in accordance with GAAP) to be less than an amount equal to the sum of $42,500,000.00 plus fifty percent (50%) of the Borrowers' cumulative net income after tax (beginning with the fiscal year ending May 31, 1998), exclusive of the Borrowers losses and/or one hundred percent (100%) of the proceeds of any public offering of the stock of any of the Borrowers.

B. Modifications to Subsection 7.11.2. As of the Effective Date, Subsection 7.11.2 is hereby modified and amended to delete the dollar amount state as "$18,000,000.00" and replace that dollar amount with the dollar amount stated as "$20,000,000.00."

5. CONDITIONS. The amendments to the Credit Agreement set forth in this Amendment shall be effective from and after the Effective Date, but subject to the Borrowers satisfaction of each of the following conditions precedent:

A. Amendment and Notes. The Borrowers shall have duly and validly authorized, executed and delivered to the Bank: (i) this Amendment, (ii) the Replacement Revolving Note and (iii) the Replacement Term Note.

B. Resolutions. With respect to each of the Borrowers, the Bank shall have received a true and correct copy of the resolutions adopted by its Board of Directors duly authorizing the borrowings contemplated hereunder and the execution, delivery and performance of this Amendment.

C. Other Matters. The Borrowers shall have provided the Bank with such reports, information, financial statements, and other documents as the Bank has reasonably requested to evidence the Borrowers' compliance with the terms and conditions of this Amendment and the Credit Agreement.

D. Legal Matters. All legal matters incident to this Amendment and the Credit Facilities shall be satisfactory to the Bank and its counsel.

E. No Defaults. There shall not have occurred and be continuing any Default or Event of Default.

6. REPRESENTATIONS AND WARRANTIES. All representations and warranties of the Borrowers contained in Section 5 of the Credit Agreement are hereby remade and restated as the date hereof and shall survive the execution and delivery of this Amendment. The Borrowers further represent and warrant to the Bank that:

A. Authority. The Borrowers have all corporate power and authority and have been duly authorized to execute, deliver and perform its obligations under this Amendment and the Credit Agreement.

B. Binding Obligations; Enforceability. This Amendment, the Credit Agreement (as amended by this Amendment), and each of the Notes are valid and legally binding obligations of the Borrowers, enforceable in accordance with their respective terms, except as limited by applicable bankruptcy, insolvency or other laws affecting the enforcement of creditors rights generally.

C. No Conflicts. The execution, delivery and performance of this Amendment and the Credit Agreement (as amended by this Amendment) by the Borrowers do not and will not (a) conflict with, result in a breach of the terms, conditions or provisions of, constitute a default under, or result in any violation of the Borrowers Certificates of Incorporation, as amended, or Bylaws, or any agreement, instrument, undertaking, judgment, decree, order, writ, injunction, statute, law, rule or regulation to which any of the Borrowers is subject or by which the assets of any of the Borrowers are bound or affected, (b) result in the creation or imposition of any lien, charge or encumbrance on, or security interest in, any property now or hereafter owned by the Borrowers, pursuant to the provisions of any mortgage, indenture, security agreement, contract, undertaking or other agreement to which any of the Borrowers is a party, other than the obligations of the Borrowers in favor of the Bank created by the Loan Documents, or (c) require any authorization, consent, license, approval or authorization of, or other action by, notice or declaration to, registration with, any court or any administrative or governmental body (domestic or foreign), or, to the extent any such consent or other action may be required, it has been validly procured or duly taken.

7. MISCELLANEOUS.

A. Effect of Amendment. Except as expressly modified and amended by this Amendment, all other terms of the Credit Agreement shall continue in full force and effect in accordance with their original stated terms and are hereby reaffirmed in every respect as of the date hereof. To the extent that the terms of this Amendment are inconsistent with the terms of the Credit Agreement, this Amendment shall control and the Credit Agreement shall be amended, modified or supplemented so as to give full effect to the transactions contemplated by this Amendment.

B. Descriptive Headings. The descriptive headings of the several paragraphs of this Amendment are inserted for convenience only and shall not be used in the construction or the content of this Amendment.

C. Reimbursement of Expenses. The Borrowers agree to pay all reasonable out-of-pocket expenses, exclusive of attorneys fees, incurred by the Bank in connection with the preparation of this Amendment.

D. Reaffirmation of Security Agreements. By signing below, the Borrowers hereby ratify and reaffirm the Security Agreements and agree that the Security Agreements shall continue in full force and effect in accordance with their terms as security for payment and performance of all Indebtedness arising under or in connection with the Credit Agreement (as amended hereby). All references to the term "Indebtedness" contained in the Credit Agreement, the Security Agreements and other Loan Documents shall hereafter be deemed to include all liabilities, obligations and indebtedness of the Borrowers to the Bank arising out of or relating to this Amendment, and shall also secure any amounts now or hereafter due and payable by Matrix to the Bank under that certain ISDA Master Agreement dated as of February 1, 1998 between Matrix and the Bank, or otherwise.

IN WITNESS WHEREOF, the Borrowers and the Bank have caused this Agreement to be duly executed in multiple counterparts, each of which shall be considered an original, effective the date and year first above written.

MATRIX SERVICE COMPANY,
a Delaware corporation

By: /s/ C. William Lee
Name: C. William Lee
Title: Secretary

MATRIX SERVICE, INC.,
an Oklahoma corporation

By: /s/ C. William Lee
Name: C. William Lee
Title: Secretary

MIDWEST INDUSTRIAL CONTRACTORS, INC.,
a Delaware corporation

By: /s/ C. William Lee
Name: C. William Lee
Title: Secretary

MATRIX SERVICE MID-CONTINENT, INC.,
an Oklahoma corporation

By: /s/ C. William Lee

Name: C. William Lee
Title: Secretary

PETROTANK EQUIPMENT, INC.,
an Oklahoma corporation

By: /s/ C. William Lee

Name: C. William Lee
Title: Secretary

TANK SUPPLY, INC.,
an Oklahoma corporation

By: /s/ C. William Lee

Name: C. William Lee
Title: Secretary

SAN LUIS TANK PIPING CONSTRUCTION CO., INC.,
a Delaware corporation

By: /s/ C. William Lee

Name: C. William Lee
Title: Secretary

COLT CONSTRUCTION CO., INC.,
a Delaware corporation

By: /s/ C. William Lee

Name: C. William Lee
Title: Secretary

MIDWEST INTERNATIONAL, INC.,
a Delaware corporation

By: /s/ C. William Lee

Name: C. William Lee
Title: Secretary

GEORGIA STEEL ACQUISITION CORPORATION,
an Oklahoma corporation

By: /s/ C. William Lee

Name: C. William Lee
Title: Secretary

GEORGIA STEEL FABRICATORS, INC.,
a Georgia corporation

By: /s/ C. William Lee

Name: C. William Lee
Title: Secretary

BROWN STEEL CONTRACTORS, INC.,
a Georgia corporation

By: /s/ C. William Lee

Name: C. William Lee
Title: Secretary

WEST COAST INDUSTRIAL COATINGS, INC.,
a California corporation

By: /s/ C. William Lee

Name: C. William Lee
Title: Secretary

MIDWEST SERVICE COMPANY,
a Delaware corporation

By: /s/ C. William Lee

Name: C. William Lee
Title: Secretary

HEATH ENGINEERING, LTD.,
an Ontario corporation

By: /s/ C. William Lee

Name: C. William Lee
Title: Secretary

HEATH (TANK MAINTENANCE) ENGINEERING, LTD.,
an United Kingdom corporation

By: /s/ C. William Lee

Name: C. William Lee
Title: Secretary

MAYFLOWER VAPOR SEAL CORPORATION,
an Oklahoma corporation

By: /s/ C. William Lee

Name: C. William Lee
Title: Secretary

GENERAL SERVICE CORPORATION,
a Delaware corporation

By: /s/ C. William Lee

Name: C. William Lee
Title: Secretary

MAINSERVE-ALLENTECH, INC.,
a Delaware corporation

By: /s/ C. William Lee

Name: C. William Lee
Title: Secretary

MAINTENANCE SERVICES, INC.,
a Delaware corporation

By: /s/ C. William Lee

Name: C. William Lee
Title: Secretary

BANK ONE, OKLAHOMA, N.A.

By: /s/ Mark A. Poole

Name: Mark A. Poole
Title: Senior Vice President

EXHIBITS

Exhibit "A-2" - Form of Replacement Revolving Note

Exhibit "B-2"- Form of Replacement Term Note

February 26, 1998

Mr. C. William Lee
Matrix Service Company
10701 East Ute Street
Tulsa, Oklahoma 74116-1517

Dear Mr. Lee:

This confirmation sets out the terms and conditions of the Interest Rate Swap entered into between us on the Trade Date specified below. This constitutes a Confirmation as referred to in the ISDA Master Agreement dated as of February 1, 1998 (the "Agreement") between Matrix Service Company, ("Matrix Service") and Bank One, Oklahoma, N.A. ("Bank One").

This facsimile transmission will be the only written communication regarding this Swap Transaction exchanged between us and will be deemed for all purposes an original document, unless you require that we sign hard copy versions of this Confirmation. Please contact the individual indicated in the last paragraph of this letter to receive such copies.

1. The definitions and provisions contained in the 1991 ISDA Definitions (as published by the International Swap Dealers Association, Inc.) are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern. This confirmation shall supplement, form part of, and be subject to the Agreement.

Each party hereto represents and warrants to the other party hereto that, in connection with the Transaction, (i) it has and will continue to consult with its own legal, regulatory, tax, business, investment, financial and accounting advisors to the extent it deems necessary, and it has and will continue to make its own investment, hedging and trading decisions (including without limitations decisions regarding the appropriateness and/or suitability of the Transaction) based upon its own judgement and upon any advice from such advisors as it deems necessary, and not in reliance upon the other party hereto or any of its branches, subsidiaries or affiliates or any of their respective officers, directors or employees, or any view expressed by any of them, (ii) it has evaluated and it fully understands all the terms, conditions and risks of the Transaction, and it is willing to assume (financially and otherwise) all such risks, (iii) it has and will continue to act as principal, and not agent of any person, and the other party hereto and its branches, subsidiaries and affiliates have not and will not be acting as a fiduciary or financial, investment, commodity trading or other advisor to it and (iv) it is entering in the Transaction for purposes of hedging its assets or liabilities or in connection with a line of business, and not for the purpose of speculation.

2. The terms of this particular transaction to which this Confirmation relates are as follows:

Notional Amount: USD 10,000,000 (See Exhibit "A")

Trade Date: March 2, 1998

Termination Date: February 28, 2003

Fixed Amounts:
- -------------

Fixed Rate Payer: Matrix Service

Fixed Rate Payer
Payment Dates:

The first of each month of each year, commencing on April 1, 1998, up to and including the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention. *

Fixed Rate: 7.50%

Fixed Rate Day
Count Fraction: Actual/360

Fixed Rate Period
End Dates:

The first of each month of each year, commencing on April 1, 1998, up to and including the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention. *

Floating Amounts:
- ----------------

Floating Rate Payer: Bank One

Floating Rate Payer
Payment Dates:

The first of each month of each year, commencing on April 1, 1998, up to and including the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention. *

Floating Rate Option: USD-LIBOR-BBA

Floating Rate
Designated Maturity: One (1) Month

Floating Rate Spread: Plus 150 Basis Points

Floating Rate Reset Dates: The first day of each Calculation Period.

Floating Rate Day Count Fraction: Actual/260

Floating Rate Period End Dates:

The first of each month of each year, commencing on April 1, 1998, up to and including the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention. *

Floating Initial Rate: 5.67288%

Method of Averaging: Not Applicable

Compounding: Not Applicable

Business Days: New York and London

Calculation Agent: Bank One

Governing Law: Laws of New York

3. Account Details:

Payments to Matrix Service:

Bank One, Oklahoma, N.A.
Account # 028004046
ABA # 103000648

Payments to Bank One:

Wire Transfer to:
Bank One, N.A.
ABA # 044-0000-37
Account #151010-0630
Atten: Swap Operations

4. Offices:

(a) The Office of Bank One, Oklahoma, N.A. for this transaction is 150 E. Gay Street, 17th Floor, Columbus, Ohio 43271-0103.

(b) The Office of Matrix Service Company for this transaction is 10701 East Ute Street, Tulsa, Oklahoma 74116-1517.

Please confirm that the foregoing correctly sets out the terms and conditions of our agreement by responding within one (1) business day by returning via facsimile an executed copy of this Confirmation on (614) 248-1241, Attention: Tonya Melsop, telephone: (614) 248-2982. Failure to respond within such period shall not affect the validity or enforceability of this transaction, and shall be deemed to be an affirmation of the terms and conditions contained herein, absent manifest error.

Banc One Corporation behalf of Bank One, Oklahoma, N.A.	For on behalf of Matrix Service Company
/s/ Shannon M. Goldrick	/s/ C. William Lee

- ------------------------------   ------------------------------

Shannon M. Goldrick	Name: C. William Lee
Authorized Agent	Title: Vice President-Finance
Date: February 26, 1998	Date: February 27, 1998

Banc One Corporation signing on
behalf of Bank One, Oklahoma, N.A.

/s/ David R. King
- -----------------------------------
David R. King
Vice President
Date: February 26, 1998

* Modified Following is specified, that date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day.

[ARTICLE]	5
[MULTIPLIER]	1,000
[PERIOD-TYPE]	3-MOS
[FISCAL-YEAR-END]	May-31-1998
[PERIOD-START]	Dec-01-1997
[PERIOD-END]	Feb-28-1998
[COMMON]	9,437
[NET-INCOME]	(14,657)
[EPS-PRIMARY]	(1.55)
[COMMON]	9,848
[NET-INCOME]	(14,657)
[EPS-DILUTED]	(1.55)
[FISCAL-YEAR-END]	May-31-1997
[PERIOD-START]	Dec-01-1996
[PERIOD-END]	Feb-28-1997
[COMMON]	9,326
[NET-INCOME]	644
[EPS-PRIMARY]	0.07
[COMMON]	9,659
[NET-INCOME]	644
[EPS-DILUTED]	0.07
[PERIOD-TYPE]	9-MOS
[FISCAL-YEAR-END]	May-31-1998
[PERIOD-START]	Jun-01-1997
[PERIOD-END]	Feb-28-1998
[COMMON]	9,412
[NET-INCOME]	(12,935)
[EPS-PRIMARY]	(1.37)
[COMMON]	9,861
[NET-INCOME]	(12,935)
[EPS-DILUTED]	(1.37)
[FISCAL-YEAR-END]	May-31-1997
[PERIOD-START]	Jun-01-1996
[PERIOD-END]	Feb-28-1997
[COMMON]	9,320
[NET-INCOME]	2,230
[EPS-PRIMARY]	0.24
[COMMON]	9,587
[NET-INCOME]	2,230
[EPS-DILUTED]	0.23

5
1,000
9-MOS
May-31-1998
Feb-28-1998
2,862
0
36,385
0
6,315
67,321
55,569
29,202
109,823
27,043
0
95
0
0
63,567
109,823
158,279
158,279
143,070
143,070
9,510
0
838
(840)
(1,175)
(2,015)
(10,920)
0
0
(12,935)
(1.37)
(1.37)