

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, 2006

Matrix Service Company

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-15461

(Commission File Number)

73-1352174

(IRS Employer Identification No.)

**10701 E. Ute Street
Tulsa, Oklahoma**

(Address of Principal Executive Offices)

74116

(Zip Code)

918-838-8822

(Registrant's Telephone Number, Including Area Code)

Not Applicable

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

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

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

Item 1.01 Entry into a Material Definitive Agreement.

In connection with a report recently issued by an advisor to certain of the institutional investors of Matrix Service Company (the “Company”), on October 3, 2006, the Board of Directors of the Company approved an amendment (the “Incentive Plan Amendment”), to the Matrix Service Company 2004 Stock Incentive Plan (the “Incentive Plan”), for the purpose of clarifying that the Company will not effect a “repricing” of an award of options or stock appreciation rights (“SARs”) under the Incentive Plan without prior stockholder approval. The Incentive Plan Amendment deletes two provisions in the Incentive Plan which provided (1) for the discretionary authority of the Compensation Committee (the “Committee”) to, in accordance with the terms of the Incentive Plan, offer to buy out an award previously granted, based on terms and conditions established by the Committee and communicated to the Incentive Plan participant at the time of the offer; and (2) that the Committee could, subject to the terms and conditions and within the limitations of the Incentive Plan, accept the surrender of outstanding, unexercised options or SARs and authorize the granting of new options or SARs in substitution for the surrendered options or SARs.

Item 8.01 Other Events.

The description in Item 1.01 above is hereby incorporated by reference in its entirety.

Item 9.01. Financial Statements and Exhibits.

(d) The following exhibit is filed herewith:

10 Incentive Plan Amendment

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, 2006

By: /s/ George L. Austin

George L. Austin

Vice President Finance and

Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10	Incentive Plan Amendment

**AMENDMENT 1
TO
MATRIX SERVICE COMPANY
2004 STOCK INCENTIVE PLAN**

1. *Introduction.* The Matrix Service Company 2004 Stock Option Plan was initially adopted by the Board of Directors of Matrix Service Company (the “Company”) on January 20, 2004, and approved by our stockholders on March 23, 2004 (the “Option Plan”). Awards may be granted under the Option Plan until March 23, 2014, the tenth anniversary of the date it was approved. On July 31, 2006, the Board approved, subject to stockholder approval and based upon the recommendation of the Compensation Committee, the amendment and restatement of the Option Plan (the “Amended and Restated Plan”). The Amended and Restated Plan, to be renamed the “Matrix Service Company 2004 Stock Incentive Plan” (the “Incentive Plan”), will permit the grant of restricted stock, restricted stock units, stock appreciation rights and performance shares, in addition to options, which are currently granted under the Option Plan. These awards may be granted under the Incentive Plan until the tenth anniversary of the date of stockholder approval. Therefore, approval of the Incentive Plan will extend the term of the plan from March 23, 2014, until October 23, 2016.

2. *Purpose.* The purpose of this Amendment 1 is to clarify that the Incentive Plan does not permit the Compensation Committee, without prior stockholder approval, to effect any “repricing” of any Award under the Incentive Plan.

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

(a) In the last sentence of Section 3(c) of the Incentive Plan, which provides a list of matters the Compensation Committee shall have discretionary authority to effect, the following clause is *deleted*: “offer to buy out an Award previously granted, based on such terms and conditions as the Committee shall establish with and communicate to the Participant at the time such offer is made;”.

(b) In Section 6(g) of the Incentive Plan, which provides for the modification, extension or renewal of Options or SARs granted under the Plan by the Compensation Committee the following clause is *deleted*: “, or accept the surrender of outstanding Options or SARs (up to the extent not theretofore exercised) and authorize the granting of new Options or SARs in substitution therefor”.

4. *No Other Changes.* No other terms and provisions of the Incentive Plan are amended hereby.

5. *Effective Date.* This Amendment 1 shall take effect and be adopted on the date that the stockholders of the Company approve the Incentive Plan.

