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

FORM 10-K

(Mark One)

[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended May 31, 1999.

or

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

For the transition period from _____ to _____

Commission File No. 0-18716

MATRIX SERVICE COMPANY

(Exact name of registrant as specified in its charter)

Delaware	73-1352174
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
10701 East Ute Street Tulsa, Oklahoma (Address of Principal Executive Offices)	74116 (Zip Code)

Registrant's telephone number, including area code: (918) 838-8822.

Securities Registered Pursuant to Section 12(b) of the Act: None
Securities Registered Pursuant to Section 12(g) of the Act:

Common Stock, par value $0.01 per share
(Title of class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 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 _____

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The approximate aggregate market value of the registrant's common stock (based upon the August 25, 1999 closing sale price of the common stock as reported by the NASDAQ National Market System) held by non-affiliates as of August 25, 1999 was approximately $36,920,557.

The number of shares of the registrant's common stock outstanding as of August 25, 1999 was 8,950,438 shares.

Documents Incorporated by Reference

Certain sections of the registrant's definitive proxy statement relating to the registrant's 1999 annual meeting of stockholders, which definitive proxy statement will be filed within 120 days of the end of the registrant's fiscal year, are incorporated by reference into Part III of this Form 10-K.

TABLE OF CONTENTS

Part I

Part II

Part III

Part IV

PART I

Item 1. Business

BACKGROUND

Matrix Service Company (the "Company" or "Matrix") provides specialized on-site maintenance and construction services for petroleum refining and storage facilities for the private industry sector. Owners of these facilities use Matrix's services in an effort to improve operating efficiencies and to comply with stringent environmental and safety regulations. Through its subsidiaries Matrix Service, Inc. ("MSI"), Matrix Service Mid-Continent, Inc. ("Mid-Con"), and Matrix Service, Inc. - Canada ("Canada"), and through its South American branch, Matrix Service, Inc. - Venezuela ("Venezuela"), Matrix provides maintenance and construction services and related products for large aboveground storage tanks ("ASTs") holding petroleum, petrochemical and other products and piping systems located at petroleum refineries, and bulk storage terminals. Matrix also provides maintenance and construction services for industrial process plants and refineries. Matrix specializes in performing "turnarounds", which involve complex, time-sensitive maintenance of the critical operating units of a refinery and other in-plant maintenance. Matrix's fluid catalytic cracking unit ("FCCU") services that were performed by its subsidiary, Midwest Industrial Contractors, Inc. ("Midwest") were exited in the third quarter of fiscal 1998. Matrix's Municipal Water Services that were performed by its subsidiaries San Luis Tank Piping & Construction Company, Inc. ("SLT") and an affiliated company, and Brown Steel Contractors, Inc. ("Brown") and affiliated companies are in the process of being exited.

Matrix was incorporated in Delaware in 1989 to become a holding company for MSI, which was incorporated in Oklahoma in 1984, and Mid-Con, which was incorporated in Oklahoma in 1985. In October 1990, Matrix acquired through a subsidiary substantially all of the assets and operations of Midwest. In June 1991, Matrix acquired SLT. In December 1992, Matrix acquired through a subsidiary substantially all of the assets and operations of Colt Construction Company ("Colt"). In June 1993, Matrix acquired substantially all of the assets and assumed certain liabilities of Heath Engineering Ltd. which has subsequently become Canada. In April 1994, Matrix acquired Brown. In August 1994, the Company acquired certain assets of Mayflower Vapor Seal Corporation ("Mayflower"). In June 1997, Matrix acquired General Service Corporation ("GSC") and affiliated companies. GSC provides services and products similar to those provided by Matrix and operates primarily in the Northeast part of the United States, with products sales to U.S. and foreign customers. In September, 1998, Matrix formed Venezuela to perform AST services in South America. In June 1999, Matrix merged Colt and GSC into its existing subsidiary structure.

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 Agreement of Merger, due to unanticipated difficulties in connection with the expected integration of personnel from divergent corporate cultures.

During the third quarter of fiscal year 1998, the board of directors approved a plan whereby Matrix would exit the operations of Midwest and terminate operations in the markets that Midwest had historically participated. Matrix completed all open contracts and disposed of all assets of Midwest. For each of the fiscal years ended 1998 and 1997, Midwest had operating losses of $3.4 million and $1.8 million respectively.

Also during the third quarter of fiscal 1998, Matrix adopted a board of directors approved plan to restructure 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, was to be provided by the Company's Newnan, Georgia plant. (The facilities located in Delaware, New Jersey, Pennsylvania and Maryland were all leased facilities.) Matrix sold real estate that was not being utilized in Mississauga, Canada, and terminated the business of certain product lines that were no longer profitable.

As part of a periodic review of long-lived assets, Matrix separately reviewed the operations of SLT for impairment indicators as actual operating and cash flow results were less than projections for Fiscal 1998, the principals in management, from whom the original business was purchased, left the employment of the company in early fiscal 1998, SLT reputation in the industry had deteriorated and the business name was dissolved into Matrix. The operating income and cash flows from this business unit were not historically negative; however, there were significant concerns that future operations may not be positive. Based on these potential impairment indicators, an estimate of the undiscounted cash flows of the SLT operations was made. This estimate indicated impairment and, as a result, the

entire amount of the goodwill related to SLT was written off.

Additionally, in evaluating Matrix's Mayflower operations, the operating income and cash flows from this business unit indicated that positive amounts were not attainable. Therefore, the businesses was completely abandoned, the goodwill written-off, and impaired assets abandoned or sold at their net realizable value. The operating results of Mayflower were not significant to Matrix's operations.

Employee termination costs associated with the reorganization and termination of all employees of Midwest and Mayflower were recognized and paid during fiscal 1998.

Other reorganization costs include the cost of travel related expenses for reorganization teams which proposed, planned and carried out the Company's restructuring plans, cost of the failed merger with ITEQ and equipment moving.

On March 24, 1999 Matrix entered into a Letter of Intent with Caldwell Tanks, Inc. for the sale of Brown, a subsidiary acquired in 1994. In April 1999, the board of directors approved the transaction and a Stock Purchase Agreement was executed on June 9, 1999. Based upon certain environmental concerns (See Item 1 - - Business - Environmental), however, the structure of this transaction is being renegotiated as an asset sale with Matrix retaining temporary ownership of the land and buildings until environmental remediation is completed.

Also, in May 1999 senior management approved and committed Matrix to an exit plan related to the SLT operations which were acquired in 1992. The exit plan specifically identified all significant actions to be taken to complete the exit plan, listed the activities that would not be continued, and outlined the methods to be employed for the disposition, with an expected completion date of March 2000. Management obtained board approval and immediately began development of a communication plan to the impacted employees under the Workers Adjustment and Retraining Notification Act ("WARN Act").

In June 1999, notices were given as required under the WARN Act and Matrix announced that it would also pursue potential opportunities to sell SLT and West Coast Industrial Coatings, Inc., an affiliated Company.

As a result of these restructuring, abandonment and impairment operations, Matrix recorded charges of $9.8 million and $21.0 million in 1999 and 1998 respectively. (See Note 3 to the Consolidated Financial Statements).

Unless the context otherwise requires, all references herein to the Company include Matrix Service Company and its subsidiaries. The Company's principal executive offices are located at 10701 East Ute Street, Tulsa, Oklahoma 74116, and its telephone number at such address is (918) 838-8822.

ABOVEGROUND STORAGE TANK (AST) OPERATIONS

The Company's AST Operations include maintenance, repair, design and construction of AST's. The repair and construction of these tanks incorporate devices that meet current federal and state air and water quality guidelines. These devices include secondary tank bottoms for containment of leaks, primary and secondary seals for floating roof tanks that reduce evaporation loss from the tank and water intrusion into the tank and many other fittings unique to the tank industry. The floating roof seals are marketed under the Company's Flex-A-SealO and Flex-A-SpanO trade names. The Company also markets a patented roof drain swivel, the Flex-A-SwivelO used for floating roof drains that remove water from open-top floating roof tanks.

AST Market and Regulatory Background

In 1989, the American Petroleum Institute estimated that there were approximately 700,000 ASTs in the United States that stored crude oil, condensate, lube oils, distillates, gasolines and various other petroleum products. These tanks range in capacity from 26 barrels (42 gal/barrel) to in excess of 1,000,000 barrels. The Company's principal focus is maintaining, repairing, designing and constructing large ASTs, with capacities ranging from 250 barrels and larger. The Company believes, based on industry statistics, that there are over 120,000 of these large tanks currently in use,

accounting for more than 70% of the domestic petroleum product storage capacity. These ASTs are used primarily by the refining, pipeline and marketing segments of the petroleum industry.

Historically, many AST owners limited capital expenditures on ASTs to new construction and periodic maintenance on an as-needed basis. Typically, these expenditures decreased during periods of depressed conditions in the petroleum and petrochemical industries, as AST owners sought to defer expenditures not immediately required for continued operations.

During recent years, many AST owners have taken a more proactive approach to tank maintenance and repair and protection of the environment. Much of this is driven by the fact that in 1989 it was estimated that over forty percent of the existing AST's were over twenty years old. The AST owners have come to rely on AST service companies to furnish the necessary modifications because they can provide technical expertise, experienced field labor trained in safe work habits, and materials and equipment that satisfy federal and state mandates. In addition, because of the recent consolidations and cut backs in the petroleum industry, the AST owners have fewer experienced personnel on staff and must rely on qualified service providers to assist them in meeting their goals.

A key factor driving new tank construction is a need to change the petroleum transportation infrastructure to meet increases in population in different areas of the country. As an example, there have been at least two projects that will increase product delivery from the Gulf Coast to El Paso, Tucson and Phoenix. The proposed Aspen project will provide the capability to move product from the Gulf Coast to Albuquerque and then to Salt Lake City.

In January 1991, the American Petroleum Institute ("API") adopted industry standards for the maintenance, inspection and repair of existing ASTs (API 653). The API standards provide the industry with uniform guidelines for the periodic inspection, maintenance and repair of ASTs. The Company believes that these standards have resulted, and will continue to result, in an increased level of AST maintenance and repair on the part of many AST owners.

AST Services and Products

The Company provides its customers with a comprehensive range of AST services and products as outlined below.

New Construction

The Company designs, fabricates and constructs new ASTs to both petroleum and industrial standards and customer specifications. These tanks range in capacity from approximately 50 barrels to 1,000,000 barrels and larger. Clients require new tanks in conjunction with expansion plans, replacement of old or damaged tanks, storage for additional product lines to meet environmental requirements, replacement of surface impoundments and changes in population.

Maintenance and Modification

The Company derives a significant portion of its revenues from providing AST maintenance, repair and modification services. The principal services in this area involve the design, construction and installation of floating roof and seal assemblies, the design and construction of secondary containment systems (double bottoms), and the provision of a variety of services for underground and aboveground piping systems. The Company also installs, maintains and modifies tank appurtenances, including spiral stairways, platforms, water drain-off assemblies, roof drains, gauging systems, fire protection systems, rolling ladders and structural supports.

Floating Roof and Seal Assemblies

Many ASTs are equipped with a floating roof and seal assembly. The floating roof is required by environmental regulations to minimize vapor emissions and reduce fire hazard. A floating roof also prevents losses of stored petroleum products. The seal spans the gap between the rim of the floating roof and the tank wall. The seal prevents vapor emissions from an AST by creating the tightest possible seal around the perimeter of the roof while still allowing movement of the roof and seal downward and upward with the level of stored product. In addition, the Company's seal system prevents substantially all rainwater from entering the tank. The Company's seals are manufactured from a variety of materials designed for compatibility with specific petroleum products. All of the seals installed by the Company may be installed while the tank is in service, which reduces tank owners' maintenance, cleaning and disposal costs.

Secondary Containment Systems

The Company constructs a variety of secondary containment systems under or around ASTs according to its own design or the design provided by its customers. Secondary leak detection systems allow tank owners to detect leaks in the tanks at an early stage before groundwater contamination has occurred. In addition, the systems help to contain leakage until the tank can be repaired. The most common type of secondary containment system constructed involves installing a liner of high-density polyethylene, reinforced polyurethane or a layer of impervious clay under the steel tank bottom. The space between the liner and elevation of the new bottom is then filled with a layer of concrete or sand. A cathodic protection system may be installed between the liner and the new bottom to help control corrosion. Leak detection ports are installed between the liner and steel bottom to allow for visual inspection while the tank is in service. The Company believes that during the 1990's a substantial number of AST owners have installed, and will continue to install, secondary containment systems.

Specialty Tanks

The Company designs, fabricates and field erects new refrigerated liquefied gas storage tanks for the storage of ammonia, butane, carbon dioxide, ethane, methane, nitrogen, oxygen, propane and other low temperature products. These tanks are utilized by the chemical, petrochemical and industrial gas industries.

Manufacturing

The Company operates three "state-of-the-art" facilities located in Oklahoma, California, and Pennsylvania. The Company owns and operates a fabrication facility located on 13 acres at the Tulsa Port of Catoosa. The Company owns the building and equipment. This facility has the capacity to fabricate new tanks, new tank components and all maintenance, retrofit and repair parts including fixed roofs, floating roofs, seal assemblies, shell plate and tank appurtenances. The Tulsa Port has transportation service via railroad and Mississippi River barge facilities in addition to the interstate highway system, making it economical to transport heavy loads of raw material and fabricated steel. This facility is qualified to perform services on equipment that requires American Society of Mechanical Engineer Code Stamps ("ASME codes"). The Company leases one fabrication facility in California. The Company rents the real estate and owns the equipment in the leased facility in California. The Pennsylvania facilities contain 91,824 square feet, which is leased. The Company owns the equipment which is used for the fabrication of new tanks and tank components.

PLANT SERVICES OPERATIONS

The Company provides specialized maintenance and construction services to the domestic petroleum refining industry and, to a lesser extent, to the gas processing and petrochemical industries. The Company specializes in routine and supplemental plant maintenance, turnarounds and capital construction services, which involve complex, time-sensitive maintenance of the critical operating units of a refinery.

Plant Services Market Overview

The domestic petroleum refining industry presently consists of approximately 161 operating refineries. To ensure the operability, environmental compliance, efficiency and safety of their plants, refiners must maintain, repair or replace process equipment, operating machinery and piping systems on a regular basis. Major maintenance and capital projects require the shutdown of an operating unit, or in some cases, the entire refinery. In addition to routine maintenance, numerous repair and capital improvement projects are undertaken during a turnaround. Depending on the type, utilization rate, and operating efficiency of a refinery, turnarounds of a refinery unit typically occur at scheduled intervals ranging from six months to four years.

The U.S. refinery industry has undergone significant changes in the last 18 years. From 1981 to 1998 domestic refining capacity went from 18.6 million barrels per day to 16.4 million barrels per day. Many factors created this reduction in capacity including the importing of refined product, the need to close inefficient, uneconomic refining facilities and the changes in proximity of crude production to refining capacity. With these refinery closings and the domestic increase in demand for refined product, domestic refineries are operating at high utilization rates. Generally higher utilization rates mean more wear and tear on the processing units. With the consolidations and subsequent reductions in staff within the petroleum industry and the need for reliable maintenance either during the turn-around process or day to day maintenance, more reliance for performance is placed on service providers such as Matrix.

Matrix provides day to day maintenance including managing the maintenance force through reliability studies and other management tools. This continual effort to improve performance is in concert with the industry's desire to reduce operating cost. The day to day maintenance presence assists in the effort to obtain turn-around work when the refinery periodically shuts down for major repairs.

Plant Services

The Company's principal plant services include turnarounds for most refinery process units and complete construction and maintenance services. The Company performs unit turnarounds involving maintenance and modification of heat exchangers, heaters, vessels and piping.

Heat Exchanger Services

This service involves the removal, cleaning, testing, repairing and re-installing of the heat exchanger tube bundles. The Company owns specialized equipment to extract and reinstall heat exchangers at ground level and in aerial installations. In addition, Matrix has re-tubing equipment, hydraulic bolt-torquing equipment and specialized transport carriers for moving the heat exchangers throughout the facilities.

Other Support Services

Emergency Response Services. The Company also performs substantial repair and revamp services in connection with refinery unit failures, fires, explosions and other accidents. The Company believes that it has enhanced its relationships with its customers by responding quickly to these types of emergencies and by providing timely repair services, returning the affected plants to normal operations without substantial delays.

ASME Code Stamp Services. The Company is qualified to perform services on equipment that contains ASME codes. Many state agencies and insurance companies require that qualified ASME code installers perform services on ASME coded equipment. Many of the Company's competitors are not ASME code qualified, which forces them to subcontract portions of a project involving work with coded equipment.

Daily and Routine Supplemental Maintenance. The Company provides supplemental and routine daily maintenance services for operating refineries. Daily work crews at the refineries range in size from 60 to over 150 per refinery. The Company provides a wide range of supplemental services including equipment operations and complete daily maintenance services and repairs. Moreover, the pressure to reduce the overall cost of maintaining the refineries has initiated a trend of restructuring the daily and routine maintenance forces. Refineries are seeking outside supplemental maintenance forces with proven programs for increasing unit and equipment reliability, and a history of performing work safely. The Company has entered into two multi-year maintenance agreements. The Company believes there is a substantial market for a quality maintenance workforce that places an emphasis on safety and that can forge partnerships with refinery personnel to reduce maintenance expenses.

CONSTRUCTION SERVICES OPERATIONS

The Company is active in providing construction services focusing primarily on negotiated, turnkey, and design build contracts. Selected projects, however, are also completed on a competitive bid basis. Projects range from one million to thirty million dollars or more. The Construction Services division is especially well suited for clients who require bundled services. Projects requiring storage tanks, piping, and work and experience in dealing with and working around hazardous materials are ideal because the Company is able to self-perform this work. The Construction Services division has been successful in completing a variety of different projects including the design and construction of a new crude oil terminal, the cutdown and relocation of a large piece of process equipment for a sugar processing plant, the successful completion of a modification and expansion of production facilities for a silicon wafer producer, and the erection of tanks at several co-generation facilities.

OTHER

Elevated Tanks

In April 1994, as a result of the Company's efforts to expand its product base, the Company purchased Brown, which designs, fabricates and erects elevated tanks for water storage for municipalities and industrial customers. In March

1999, the Company signed a Letter of Intent to sell Brown to Caldwell Tanks, Inc. and will exit the elevated water tank segment.

OTHER BUSINESS MATTERS

Customers and Marketing

The Company derives a significant portion of its revenues from performing construction and maintenance services for the major integrated oil companies. In fiscal 1999, Arco represented more than 10% of the Company's consolidated revenues. In addition, Chevron accounted for more than 10% of the Company's fiscal 1999 revenues from its core continuing segments. If the merger between Amoco/BP and Arco is consummated, this will significantly increase the value of this customer to Matrix. The loss of any one of these major customers could have a material adverse effect on the Company. The Company also performs services for independent petroleum refining and marketing companies, architectural and engineering firms, food industry, general construction and for several major petrochemical companies. The Company enjoys many preferred provider relationships with clients wherein the work is released against a long-term service contract. The Company sold its products and services to approximately 535 customers during fiscal 1999.

The Company markets its services and products primarily through its marketing personnel, senior professional staff and its management. The marketing personnel concentrate on developing new customers and assist management and staff with existing customers. As previously stated, the Company enjoys many preferred provider relationships with clients that are awarded without competitive bid through long-term contract agreements. In addition, the Company competitively bids many projects. Maintenance projects have a duration of one week to several months depending on work scope. New tank projects have a duration of three months to more than a year.

Competition

The AST, Plant Services, and Construction Services divisions are highly fragmented and competition is intense within these industries. Major competitors in the AST Service division include Chicago Bridge & Iron Company, Pitt-Des Moines, Inc. and ITEQ as well as a number of smaller regional companies. Major competitors in the West Coast refinery service industry are Timec and a number of large engineering firms. Competition is based on, among other factors, work quality and timeliness of performance, safety and efficiency, availability of personnel and equipment, and price. The Company believes that its expertise and its reputation for providing safe and timely services allow it to compete effectively. Although many companies that are substantially larger than the Company have entered the market from time to time in competition with the Company, the Company believes that the level of expertise necessary to perform complicated, on-site maintenance and construction operations presents an entry barrier to these companies and other competitors with less experience than the Company.

Backlog

At May 31, 1999, the Company's AST Services, Plant Maintenance and Construction Services divisions had an estimated backlog of work under contracts believed to be firm of approximately $40.8 million, as compared with an estimated backlog of approximately $48.8 million as of May 31, 1998. Virtually all of the projects comprising this backlog are expected to be completed within fiscal year 1999. Because many of the Company's contracts are performed within short time periods after receipt of an order, the Company does not believe that the level of its backlog is a meaningful indicator of its sales activity.

Seasonality

The operating results of the Plant Services division may be subject to significant quarterly fluctuations, affected primarily by the timing of planned maintenance projects at customers' facilities. Generally, the Company's turnaround projects are undertaken in two primary periods-February through May and September through November-when refineries typically shut down certain operating units to make changes to adjust to seasonal shifts in product demand. As a result, the Company's quarterly operating results can fluctuate materially. In addition, the AST Services Division typically has a lower level of operating activity during the winter months and early into the new calendar year as many of the Company's customers' maintenance budgets have not been finalized.

Raw Material Sources and Availability

The only significant raw material that the Company purchases is steel which is used primarily in the AST Services Division for new tank construction and tank repair and maintenance activities. The Company purchases its steel from a number of suppliers located throughout the United States. In today's market environment, steel is readily available at attractive prices. However, the price and availability of steel historically has been volatile and there is no assurance that the current market conditions will remain unchanged in the future. Significantly higher steel prices or limited availability could have a negative impact on the Company's future operating performance.

Insurance

The Company maintains worker's compensation insurance, general liability insurance and auto liability insurance in the primary amount of $1.0 million, and an umbrella policy with coverage limits of $50.0 million in the aggregate. The Company also maintains policies to cover its equipment and other property with coverage limits of $60.2 million and policies for care, custody and control with coverage limits of $2.7 million in the aggregate. Most of the Company's policies provide for coverage on an occurrence basis, not a "claims made" basis. The Company's liability policies are subject to certain deductibles, none of which is higher than $250,000. The Company maintains a performance and payment bonding line of $50.00 million. The Company also maintains key-man insurance policies covering certain of its executive officers, and professional liability insurance.

Many of the Company's contracts require it to indemnify its customers for injury, damage or loss arising in connection with their projects, and provide for warranties of materials and workmanship. There can be no assurance that the Company's insurance coverage will protect it against the incurrence of loss as a result of such contractual obligations.

Employees

As of May 31, 1999, the Company employed 1,387 employees, of which 326 were employed in non-field positions and 1,061 in field or shop positions. Throughout fiscal year 1999, the Company employed a total of 2,204 employees in field or shop positions who worked on a project-by-project basis.

As of May 31, 1999, 220 of the 1,061 field or shop employees were covered by a collective bargaining agreement. The Company operates under two collective bargaining agreements through the Boilermakers Union - the NTL Agreement for Tank Construction Work and the Maintenance and Repair Agreement covering Tank Repair and Related Work. Both agreements provide the union employees with benefits including a Health and Welfare Plan, Pension Plan, National Annuity Trust, Apprenticeship Training, and a Wage and Subsistence Plan.

The Company has not experienced any significant strikes or work shortages and has maintained high-quality relations with its employees.

Patents and Proprietary Technology

The Company holds one patent in the United States and one in Canada under the Flex-A-Seal (R) trademark which covers a seal for floating roof storage tanks. The United States patent expires in August 2000 and the Canadian patent expires in September 2008. The Company also holds two United States and one United Kingdom patents under the Flex-A-Span (R) trademark which covers a peripheral seal for floating roof tank covers. The United States patents expire in August 2008 and October 2001 and the United Kingdom patent expires in May 2011. The Company holds a U.S. patent which covers its ThermoStor (R) diffuser system that receives, stores and dispenses both chilled and warm water in and from the same storage tank. The ThermoStor (R) patent expires in March 2010. The Company also holds a patent for a Floating Deck Support Apparatus (R) for aluminum roofs. This patent expires in January 2001. The Company has developed the RS 1000 Tank Mixer (R) which controls sludge build-up in crude oil tanks through resuspension. The RS 1000 Tank Mixer (R) patent expires in August 2012. The Company has designed and developed the Flex-A-Swivel (R), a swivel joint for floating roof drain systems. The United States Patent expires in March 2019. While the Company believes that the protection of its patents is important to its business, it does not believe that these patents are essential to the success of the Company.

Regulation

Various environmental protection laws have been enacted and amended during the past 30 years in response to public concern over the environment. The operations of the Company and its customers are subject to these evolving laws and the related regulations, which are enforced by the EPA and various other federal, state and local environmental, safety

and health agencies and authorities. Except as described under "Item 1 -- Business -- Environmental," the Company believes that its operations are in material compliance with such laws and regulations; however, there can be no assurance that significant costs and liabilities will not be incurred due to increasingly stringent environmental restrictions and limitations. Historically, however, the cost of measures taken to comply with these laws has not had a material adverse effect on the financial condition of the Company. In fact, the proliferation of such laws has led to an increase in the demand for some of the Company's products and services. A discussion of the principal environmental laws affecting the Company and its customers is set forth below.

Air Emissions Requirements. The EPA and many state governments have adopted legislation and regulations subjecting many owners and operators of storage vessels and tanks to strict emission standards. The regulations prohibit the storage of certain volatile organic liquids ("VOLs") in open-top tanks and require tanks which store VOLs to be equipped with primary and/or secondary roof seals mounted under a fixed or floating roof. Related regulations also impose continuing seal inspection and agency notification requirements on tank owners and prescribe certain seal requirements. Under the latest EPA regulations, for example, floating roofs on certain large tanks constructed or modified after July 1984 must be equipped with one of three alternative continuous seals mounted between the inside wall of the tank and the edge of the floating roof. These seals include a foam or liquid-filled seal mounted in contact with the stored petroleum product; a combination of two seals mounted one above the other, the lower of which may be vapor mounted; and a mechanical shoe seal, composed of a metal sheet held vertically against the inside wall of the tank by springs and connected by braces to the floating roof. The EPA has imposed similar requirements which are now effective or will be after completion of various phase-in periods on certain large tanks, regardless of the date of construction, operated by companies in industries such as petroleum refining and synthetic organic chemical manufacturing which are subject to regulations controlling hazardous air pollutant emissions. The EPA is in the process of developing further regulations regarding seals and floating roofs.

Amendments to the federal Clean Air Act adopted in 1990 require, among other things, that refineries produce cleaner burning gasoline for sale in certain large cities where the incidence of volatile organic compounds in the atmosphere exceeds prescribed levels leading to ozone depletion. Refineries are undergoing extensive modifications to develop and produce acceptable reformulated fuels that satisfy the Clean Air Act Amendments. Such modifications are anticipated to cost refineries several billion dollars, and require the use of specialized construction services such as those provided by the Company. A significant number of refineries have completed changes to produce "reformulated fuels", principally refineries serving specific areas of the U.S.; however, there are a substantial number of refineries that have not made the change. The EPA is also in the process of developing further regulations to require production of cleaner gasolines and diesel fuels including the production of reduced sulfur gasoline and diesel duel.

As part of the Clean Air Act Amendments of 1990, Congress required EPA to promulgate regulations to prevent accidental releases of air pollutants and to minimize the consequences of any release. EPA adopted regulations requiring Risk Management Plans ("RMPs") from companies which analyze and limit risks associated with the release of certain hazardous air pollutants. In addition, EPA requires companies to make RMPs available to the public. Many petroleum related facilities, including refineries, will be subject to the regulations and may be expected to upgrade facilities to reduce the risks of accidental releases. Accordingly, the Company believes that the promulgation of accidental release regulations could have a positive impact on its business.

Water Protection Regulations. Protection of groundwater and other water resources from spills and leakage of hydrocarbons and hazardous substances from storage tanks and pipelines has become a subject of increasing legislative and regulatory attention, including releases from ASTs. Under Federal Water Pollution Control Act regulations, owners of most ASTs are required to prepare spill prevention, control and countermeasure ("SPCC") plans detailing steps that have been taken to prevent and respond to spills and to provide secondary containment for the AST to prevent contamination of soil and groundwater. These plans are also subject to review by the EPA, which has authority to inspect covered ASTs to determine compliance with SPCC requirements. Various states have also enacted groundwater legislation that has materially affected owners and operators of petroleum storage tanks. The adoption of such laws has prompted many companies to install double bottoms on their storage tanks to lessen the chance that their facilities will discharge or release regulated chemicals. State statutes regarding protection of water resources have also induced many petroleum companies to excavate product pipelines located in or near marketing terminals, to elevate the pipelines aboveground and to install leak detection systems under the pipelines. These laws and regulations have generally led to an increase in the demand for some of the Company's products and services.

In the event hydrocarbons are spilled or leaked into groundwater or surface water from an AST that the Company has constructed or repaired, the Company could be subject to lawsuits involving such spill or leak. To date, the Company has not suffered a material loss resulting from such litigation.

Hazardous Waste Regulations. The Resource Conservation and Recovery Act of 1976 ("RCRA") provides a comprehensive framework for the regulation of generators and transporters of hazardous waste, as well as persons engaged in the treatment, storage and disposal of hazardous waste. Under state and federal regulations, many generators of hazardous waste are required to comply with a number of requirements, including the identification of such wastes, strict labeling and storage standards, and preparation of a manifest before the waste is shipped off site. Moreover, facilities that treat, store or dispose of hazardous waste must obtain a RCRA permit from the EPA, or equivalent state agency, and must comply with certain operating, financial responsibility and site closure requirements.

In 1990, the EPA issued its Toxicity Characteristic Leaching Procedure ("TCLP") regulations. Under the TCLP regulations, which have been amended from time to time, wastes containing prescribed levels of any one of several identified substances, including organic materials found in refinery wastes and waste-waters (such as benzene), will be characterized as "hazardous" for RCRA purposes. As a result, some owners and operators of facilities that produce hazardous wastes are being required to make modifications to their facilities or operations in order to remain outside the regulatory framework or to come into compliance with the Subtitle C requirements. Many petroleum refining, production, transportation and marketing facilities are choosing to replace existing surface impoundments with storage tanks and to equip certain of the remaining impoundments with secondary containment systems and double liners. Accordingly, the Company believes that the promulgation of the TCLP regulations are having a positive impact on its tank construction and modification business.

Amendments to RCRA require the EPA to promulgate regulations banning the land disposal of hazardous wastes, unless the wastes meet certain treatment standards or the particular land disposal method meets certain waste containment criteria. Regulations governing disposal of wastes identified as hazardous under the TCLP, for example, could require water drained from the bottom of many petroleum storage tanks to be piped from the tanks to a separate facility for treatment prior to disposal. Because the TCLP regulations can, therefore, provide an incentive for owners of petroleum storage tanks to reduce the amount of water seepage in the tanks, the Company believes that the regulations have and will continue to positively influence sales of its Flex-A-Seal(R) roof seals, which materially reduce the amount of water seepage into tanks.

CERCLA. The Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), also known as "Superfund", authorizes the EPA to identify and clean up sites contaminated with hazardous substances and to recover the costs of such activities, as well as damages to natural resources, from certain classes of persons specified as liable under the statute. Such persons include the owner or operator of a site and companies that disposed or arranged for the disposal of hazardous substances at a site. Under CERCLA, private parties which incurred remedial costs may also seek recovery from statutorily responsible persons. Liabilities imposed by CERCLA can be joint and several where multiple parties are involved. Many states have adopted their own statutes and regulations to govern investigation and cleanup of, and liability for, sites contaminated with hazardous substances or petroleum products.

Although the liabilities imposed by RCRA, CERCLA and other environmental legislation are more directly related to the activities of the Company's clients, they could under certain circumstances give rise to liability on the part of the Company if the Company's efforts in completing client assignments were considered arrangements related to the transport or disposal of hazardous substances belonging to such clients. In the opinion of management, however, it is unlikely that the Company's activities will result in any liability under either CERCLA or other environmental regulations in an amount which will have a material adverse effect on the Company's operations or financial condition, and management is not aware of any current liability of the Company based on such a theory.

Oil Pollution Act. The Oil Pollution Act of 1990 ("OPA") established a new liability and compensation scheme for oil spills from onshore and offshore facilities. Section 4113 of the OPA directed the President to conduct a study to determine whether liners or other secondary means of containment should be used to prevent leaking or to aid in leak detection at onshore facilities used for storage of oil. The Company believes that its business would be positively affected by any regulations eventually promulgated by EPA that required liners and/or secondary containment be used to minimize leakage from ASTs. While the regulation has not, to date, been enacted, the industry designs secondary containment in all new tanks being built and, in general, secondary containment is installed in existing tanks when they are taken out of service for other reasons, in anticipation of this regulation.

Health and Safety Regulations. The operations of the Company are subject to the requirements of the Occupational Safety and Health Act ("OSHA") and comparable state laws. Regulations promulgated under OSHA by the Department of Labor require employers of persons in the refining and petrochemical industries, including independent contractors, to implement work practices, medical surveillance systems, and personnel protection programs in order to

protect employees from workplace hazards and exposure to hazardous chemicals. In addition, in response to recent accidents in the refining and petrochemical industries, new legislation and regulations including OSHA's Process Safety Management Standard ("PSM") requiring stricter safety requirements have been enacted. Under PSM, employers and contractors must ensure that their employees are trained in and follow all facility work practices and safety rules and are informed of known potential hazards. The Company has established comprehensive programs for complying with health and safety regulations. While the Company believes that it operates safely and prudently, there can be no assurance that accidents will not occur or that the Company will not incur substantial liability in connection with the operation of its business.

The State of California has promulgated particularly stringent laws and regulations regarding health and safety and environmental protection. The Company's operations in California are subject to strict oversight under these laws and regulations and the failure to comply with these laws and regulations could have a negative impact on the Company.

Environmental

Matrix is a participant in certain environmental activities in various stages involving assessment studies, cleanup operations and/or remedial processes.

An environmental assessment was conducted at the Newnan, Georgia facilities of Brown upon execution of a Letter of Intent on March 24, 1999 to sell Brown to Caldwell Tanks, Inc. The assessment turned up a number of deficiencies relating to storm water permitting, air permitting and waste handling and disposal. An inspection of the facilities also showed friable asbestos that needed to be removed. In addition, Phase II soil testing indicated a number of VOC's, SVOC's and metals above the State of Georgia notification limits. Ground water testing also indicated a number of contaminants above the State of Georgia notification limits.

Appropriate State of Georgia agencies have been notified of the findings and corrective and remedial actions have been completed, are currently underway, or plans for such actions have been submitted to the State of Georgia for approval. The current estimated cost for cleanup and remediation is $1.5 million, all of which has been accrued at May 31, 1999. Additional testing, however, could result in greater costs for cleanup and remediation than is currently accrued.

Matrix is in the process of closing down or selling its SLT and West Coast Industrial Coatings, Inc. subsidiaries. Although Matrix does not own the land or building, it would be liable for any environmental exposure while operating at the facility, a period from June 1, 1991 to the present. A potential purchaser of the two companies has engaged an Environmental Engineer to conduct a Phase I Environmental Study and if appropriate, a Phase II and Phase III evaluation. At the present time, the environmental liability that could result from the testing is unknown.

Matrix has other fabrication operations in Tulsa, Oklahoma; Bristol, Pennsylvania; and Anaheim, California which could subject the Company to environmental liability. It is unknown at this time if any such liability exists but based on the types of fabrication and other manufacturing activities performed at these facilities and the environmental monitoring that the Company undertakes, Matrix does not believe it has any material environmental liabilities at these locations.

Matrix builds aboveground storage tanks and performs maintenance and repairs on existing aboveground storage tanks. A defect in the manufacturing of new tanks or faulty repair and maintenance on an existing tank could result in an environmental liability if the product stored in the tank leaked and contaminated the environment. Matrix currently has liability insurance with pollution coverage of $1 million, but the amount could be insufficient to cover a major claim. Matrix is currently involved in one potential claim which occurred before pollution coverage was obtained. The Company does not believe that its repair work was defective and is not liable for any subsequent environmental damage.

Item 2. Properties

The executive offices of the Company are located in a 20,400 square foot facility owned by the Company and located in Tulsa, Oklahoma. The Company owns a 64,000 square foot facility located on 13 acres of land leased from the Tulsa Port of Catoosa which is used for the fabrication of tanks and tank parts. The Company owns a 60,000 square foot facility on 14 acres of land in Tulsa, Oklahoma which use to house the Midwest operation but is now occupied by the new tank construction group. The Company also owns a 22,000 square foot facility located on 14 acres of land in Tulsa, Oklahoma for Tulsa regional operations, a 13,300 square foot facility in Temperance, Michigan for the Michigan

regional operations and a 8,800 square foot facility in Houston, Texas for Houston regional operations. The Company owns 143,300 square foot and 41,000 square foot facilities, located on 6.5 acres and 31.8 acres, respectively, in Newnan, Georgia which are being sold and are currently used for the fabrication of elevated tanks. The Company owns a 30,000 square foot facility located on 5.0 acres of land in Bellingham, Washington. Also, the Company owns a 1,806 square foot facility located in Sarnia, Ontario, Canada. The Company leases offices in Anaheim, Bay Point, and Paso Robles, California; Bristol and Bethlehem, Pennsylvania; Houston, Texas and Newark, Delaware. The aggregate lease payments for these leases during fiscal 1999 were approximately $1.0 million. The Company believes that its facilities are adequate for its current operations.

Item 3. Legal Proceedings

The Company and its subsidiaries are named defendants in several lawsuits arising in the ordinary course of their business. While the outcome of lawsuits cannot be predicted with certainty, management does not expect these lawsuits to have a material adverse impact on the Company.

An environmental assessment was conducted at the Newnan, Georgia facilities of Brown upon execution of a Letter of Intent on March 24, 1999 to sell Brown to Caldwell Tanks, Inc. The assessment turned up a number of deficiencies relating to storm water permitting, air permitting and waste handling and disposal. An inspection of the facilities also showed friable asbestos that needed to be removed. In addition, Phase II soil testing indicated a number of VOC's, SVOC's and metals above the State of Georgia notification limits. Ground water testing also indicated a number of contaminants above the State of Georgia notification limits.

Appropriate State of Georgia agencies have been notified of the findings and corrective and remedial actions have been completed, are currently underway, or plans for such actions have been submitted to the State of Georgia for approval. (See "Item 1 -- Business - Environmental")

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable.

PART II

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

Price Range of Common Stock

The Common Stock has traded on the National Market System of the National Association of Securities Dealers, Inc. Automated Quotation ("NASDAQ") System since the Company's initial public offering on September 26, 1990. The trading symbol for the Common Stock is "MTRX". The following table sets forth the high and low closing sale prices for the Common Stock on the National Market System as reported by NASDAQ for the periods indicated:

	Fiscal Year 1999		Fiscal Year 1998	
	High	Low	High	Low
First Quarter	$7.75	$ 4.88	$8.75	$6.63
Second Quarter	5.50	3.97	8.25	6.75
Third Quarter	5.13	3.50	9.63	5.69
Fourth Quarter	4.50	2.94	8.50	6.81

	Fiscal Year 2000	
	High	Low
First Quarter (through August 25, 1999)	$4.63	$3.75

As of August 25, 1999 there were approximately 90 holders of record of the Common Stock. The Company believes that the number of beneficial owners of its Common Stock is substantially greater than 90.

Dividend Policy

The Company has never paid cash dividends on its Common Stock. The Company currently intends to retain earnings to finance the growth and development of its business and does not anticipate paying cash dividends in the foreseeable future. Any payment of cash dividends in the future will depend upon the financial condition, capital requirements and earnings of the Company as well as other factors the Board of Directors may deem relevant. Certain of the Company's credit agreements restrict the Company's ability to pay dividends.

Item 6. Selected Financial Data

The following table sets forth selected historical financial information for Matrix covering the five years ended May 31, 1999. The following financial information includes the operations of GSC from its date of acquisition in June 1997.
See the Notes to the Company's Consolidated Financial Statements.

(In millions, except per share data)
Matrix Service Company

	Years Ended				
	1999	1998	1997	1996	1995
Revenues	211.0	225.4	183.1	183.7	177.5
Gross profit	14.0	18.6	17.4	16.6	13.9
Gross profit %	6.6%	8.3%	9.5%	9.0%	7.8%
Operating income (loss)	(11.5)	(16.3)	5.5	4.7	1.5
Operating income (loss) %	(5.5)%	(7.2)%	3.0%	2.6%	(0.8)%
Pre-tax income / (loss)	(12.6)	(17.3)	5.1	4.4	(0.5)
Net income / (loss)	(12.6)	(11.6)	3.0	2.4	(0.2)
Net income / (loss) %	(6.0)%	(5.1)%	1.6%	1.3%	(0.1)%
Earnings / (loss) per share-diluted	(1.34)	(1.22)	0.31	0.26	(0.02)
Equity per share-diluted	5.29	6.87	7.86	7.68	7.53
Weighted average shares outstanding	9.4	9.5	9.7	9.5	9.4
Working capital	25.7	41.1	28.2	26.4	26.8
Total assets	88.2	112.7	116.9	105.8	105.7
Long-term debt	5.5	13.1	6.4	4.8	8.5
Capital expenditures	5.4	2.6	5.8	3.4	5.2
Stockholders' equity	49.7	65.3	76.2	73.0	70.8
Total long-term debt to equity	11.1%	20.1%	8.4%	6.6%	12.0%
Cash flow from operations	16.7	3.0	6.2	9.6	0.6

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward Looking Statements

Certain matters discussed in this report, excluding historical information, include forward-looking statements. Although Matrix believes these forward-looking statements are based on reasonable assumptions, it cannot give any assurance that it will reach every objective. Matrix is making these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995.

As required by the act, Matrix identifies the following important factors that could cause actual results to differ materially from any results projected, forecasted, estimated, or budgeted:

- Changes in general economic conditions in the United States.
- Changes in laws and regulations to which Matrix is subject, including tax, environmental, and employment laws and regulations.
- The cost and effects of legal and administrative claims and proceedings against Matrix or its subsidiaries.
- Conditions of the capital markets Matrix utilizes to access capital to finance operations.

- The ability to raise capital in a cost-effective way.

- Year 2000 readiness of Matrix, its customers, and its vendors.

- The effect of changes in accounting policies.

- The ability to manage growth and to assimilate personnel and operations of acquired businesses.

- The ability to control costs.

- Changes in foreign economies, currencies, laws, and regulations, especially in Canada and Venezuela where Matrix has made direct investments.

- Political developments in foreign countries, especially in Canada and Venezuela where Matrix has made direct investments.

- The ability of Matrix to develop expanded markets and product or service offerings as well as its ability to maintain existing markets.

- Technological developments, high levels of competition, lack of customer diversification, and general uncertainties of governmental regulation in the energy industry.

- The ability to recruit, train, and retain project supervisors with substantial experience.

- A downturn in the petroleum storage operations or hydrocarbon processing operations of the petroleum and refining industries.

- Changes in the labor market conditions that could restrict the availability of workers or increase the cost of such labor.

- The negative effects of a strike or work stoppage.

- The timing and planning of maintenance projects at customer facilities in the refinery industry which could cause adjustments for seasonal shifts in product demands.

- Exposure to construction hazards related to the use of heavy equipment with attendant significant risks of liability for personal injury and property damage.

- The use of significant production estimates for determining percent complete on construction contracts could produce different results upon final determination of project scope.

- The inherent inaccuracy of estimates used to project the timing and cost of exiting operations of non-core businesses.

- Fluctuations in quarterly results.

Matrix Service Company
Annual Results of Operations
($ Amounts in millions)

	AST Services	Construction Services	Plant Services	Total	Municipal Water Services	FCCU Services	Total	Combined Total
Year ended May 31, 1999								
Revenues	112.6	22.9	29.9	165.4	45.1	0.5	45.6	211.0
Gross profit	12.9	(0.2)	3.8	16.5	(2.4)	(0.1)	(2.5)	14.0
Selling, general and administrative expenses	8.4	1.3	2.0	11.7	3.3	0.0	3.3	15.0
Restructuring, impairment & abandonment costs	0.0	0.0	0.0	0.0	9.8	0.0	9.8	9.8
Operating income (loss)	3.9	(1.5)	1.8	4.2	(15.6)	(0.1)	(15.7)	(11.5)
Income (loss) before income tax expense	3.4	(1.6)	1.7	3.5	(16.1)	0.0	(16.1)	(12.6)
Net income (loss)	3.4	(1.6)	1.7	3.5	(16.1)	0.0	(16.1)	(12.6)
Earnings / (loss) per share - diluted	0.36	(0.17)	0.18	0.37	(1.71)	0.00	(1.71)	(1.34)
Weighted average shares								9,440
Year ended May 31, 1998								
Revenues	103.0	45.0	20.6	168.6	46.2	10.6	56.8	225.4
Gross profit	11.0	5.4	2.4	18.8	1.7	(1.9)	(0.2)	18.6
Selling, general and administrative expenses	6.8	1.1	1.6	9.5	2.7	0.7	3.4	12.9
Restructuring, impairment & abandonment costs	1.9	0.0	0.0	1.9	4.1	15.0	19.1	21.0
Operating income (loss)	1.8	4.3	0.8	6.9	(5.3)	(17.9)	(23.2)	(16.3)
Income (loss) before income tax expense	1.5	4.2	0.7	6.4	(5.4)	(18.3)	(23.7)	(17.3)
Net income (loss)	1.2	2.5	0.4	4.1	(4.8)	(10.9)	(15.7)	(11.6)
Earnings / (loss) per share - diluted	0.14	0.26	0.04	0.44	(0.51)	(1.15)	(1.66)	(1.22)
Weighted average shares								9,546
Year ended May 31, 1997								
Revenues	71.7	23.1	19.8	114.6	52.0	16.5	68.5	183.1
Gross profit	6.8	2.4	2.2	11.4	6.0	0.0	6.0	17.4
Selling, general and administrative expenses	4.6	0.9	1.3	6.8	2.9	1.4	4.3	11.1
Restructuring, impairment & abandonment costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating income (loss)	2.0	1.5	0.9	4.4	2.9	(1.8)	1.1	5.5
Income (loss) before income tax expense	2.1	1.4	0.8	4.3	2.7	(1.9)	0.8	5.1
Net income (loss)	1.4	0.8	0.5	2.7	1.6	(1.3)	0.3	3.0
Earnings / (loss) per share - diluted	0.15	0.08	0.05	0.28	0.16	(0.13)	0.03	0.31
Weighted average shares								9,699
Variances 1999 to 1998								
Revenues	9.6	(22.1)	9.3	(3.2)	(1.1)	(10.1)	(11.2)	(14.4)
Gross profit	1.9	(5.6)	1.4	(2.3)	(4.1)	1.8	(2.3)	(4.6)
Selling, general and administrative expenses	(1.6)	(0.2)	(0.4)	(2.2)	(0.6)	0.7	0.1	(2.1)
Restructuring, impairment & abandonment costs	1.9	0.0	0.0	1.9	(5.7)	15.0	9.3	11.2
Operating income (loss)	2.1	(5.8)	1.0	(2.7)	(10.3)	17.8	7.5	4.8
Income (loss) before income tax expense	1.9	(5.8)	1.0	(2.9)	(10.7)	18.3	7.6	4.7
Net income (loss)	2.2	(4.1)	1.3	(0.6)	(11.3)	10.9	(0.4)	(1.0)
Variances 1998 to 1997								
Revenues	31.3	21.9	0.8	54.0	(5.8)	(5.9)	(11.7)	42.3
Gross profit	4.2	3.0	0.2	7.4	(4.3)	(1.9)	(6.2)	1.2
Selling, general and administrative expenses	(2.2)	(0.2)	(0.3)	(2.7)	0.2	0.7	0.9	(1.8)
Restructuring , impairment & abandonment costs	(1.9)	0.0	0.0	(1.9)	(4.1)	(15.0)	(19.1)	(21.0)
Operating income (loss)	(0.2)	2.8	(0.1)	2.5	(8.2)	(16.1)	(24.3)	(21.8)
Income (loss) before income tax expense	(0.6)	2.8	(0.1)	2.1	(8.1)	(16.4)	(24.5)	(22.4)
Net income (loss)	(0.2)	1.7	(0.1)	1.4	(6.4)	(9.6)	(16.0)	(14.6)

Results of Operations

AST Services 1999 vs. 1998

Revenues for AST Services in 1999 were $112.6 million, an increase of $9.6 million or 9.3% over 1998, primarily as a result of a continued good business climate and Matrix's strategic emphasis on alliances and building customer relationships through value added services. Gross margin for 1999 of 11.5% was slightly better than the 10.7% produced in 1998 as a direct result of higher and more efficient man-hour utilization and better execution of job plans in a more safety conscience work environment. These margin improvements along with the increased sales volumes resulted in gross profit for 1999 of $12.9 million exceeding that of 1998 by $1.9 million, or 17.3%.

Selling, general and administrative costs as a percent of revenues increased to 7.5% in 1999 vs. 6.6% in 1998 primarily as a result of increased salary and wages, increased legal costs and increased information technology costs associated with the new enterprise-wide management information system discussion the "Year 2000 Compliance" section.

Operating income for 1999 of $3.9 million was significantly better than the $1.8 million produced in 1998, primarily the result of no restructuring, impairment and abandonment costs in 1999 versus $1.9 million in 1998. The improvements in gross profit of $1.9 million was almost offset by the increase in selling, general and administrative expenses discussed above.

AST Services 1998 vs. 1997

Revenues for AST Services in 1998 were $103.0 million, an increase of $31.3 million or 43.7% over 1997, primarily as a result of a good business climate and Matrix's strategic emphasis on alliances and building customer relationships through value-added services. Gross margin for 1998 of 10.7% was significantly better than the 9.5% produced in 1997 as a direct result of better execution of job plans in a more safety conscience work environment. These margin gains along with the increased sales volumes resulted in gross profit for 1998 of $11.0 million exceeding that of 1997 by $4.2 million, or 61.8%.

Selling, general and administrative costs as a percent of revenues were relatively flat at 6.6% in 1998 vs. 6.4% in 1997.

In the third quarter of 1998, in connection with the shutdown of Midwest, the AST services segment incurred $1.9 million of restructuring, impairment and abandonment costs.

Operating income for 1998 of $1.8 million, or 1.8% as a percent of revenues was significantly worse than the $2.0 million, or 2.8% produced in 1997, as a direct result of selling, general and administrative increases and restructuring costs, offset by the gross margin gains discussed above.

Construction Services 1999 vs. 1998

Revenues for Construction Services in 1999 were $22.9 million, a decrease of $22.1 million or 49.1% from 1998, primarily as a result of two large projects totaling $34.0 million of revenues in fiscal 1998 which were not replaced with similar size projects in fiscal 1999. Gross margin for 1999 of (0.9)% was much worse than the 12.0% produced in 1998 as a result of lower volume and the establishment of a $2.0 million reserve for bad debts for two large potentially uncollectible receivables. These margin declines along with the decreased sales volumes resulted in gross profit for 1999 of ($0.2) million which was a decrease from 1998 gross profit of $5.6 million, or (103.7%).

Selling, general and administrative expenses as a percent of revenues increased to 5.7% in 1999 vs. 2.4% in 1998 primarily as a result of the fixed salary costs not being reduced sufficiently to compensate for the decreased revenues in 1999.

Operating losses for 1999 of ($1.5) million, or (6.6%) were significantly worse than the operating income of $4.3 million, or 9.6% produced in 1998 as a direct result of the selling, general and administrative expense increases and the gross margin declines discussed above.

Construction Services 1998 vs. 1997

Revenues for Construction Services in 1998 were $45.0 million, an increase of $21.9 million or 94.8% over 1997,

primarily as a result of two large projects totaling $34.0 million of fiscal 1998 revenues for which similar sized projects were not available in fiscal 1997. Gross profit for 1998 of 12.0% was slightly better than the 10.4% produced in 1997 as a result of higher margin construction jobs. These margin gains along with the increased sales volumes resulted in gross profit for 1998 of $5.4 million, exceeding that of 1997 by $3.0 million, or 125.0%.

Selling, general and administrative expenses as a percent of revenues decreased to 2.4% in 1998 vs. 3.9% in 1997 primarily as a result of the fixed salary costs being spread over a larger revenue base in 1998 vs. 1997.

Operating income for 1998 of $4.3 million, or 9.6% as a percent of revenues was significantly better than the $1.5 million, or 6.5% produced in 1997 as a direct result of the gross margin gains and selling, general and administrative decreases discussed above.

Plant Services 1999 vs. 1998

Revenues for Plant Services in 1999 were $29.9 million, an increase of $9.3 million or 45.1% over 1998, primarily as a result of a good business climate and Matrix's strategic emphasis on alliances and building customer relationships through value-added services. Gross margin for 1999 of 12.7% was slightly better than the 11.7% produced in 1998 as a direct result of better execution of job plans, higher and more efficient man-hour utilization and a more favorable mix of higher margin turnaround versus lower margin maintenance contracts. These margin gains along with the increased sales volumes resulted in gross profit for 1999 of $3.8 million exceeding that of 1998 by $1.4 million, or 58.3%.

Selling, general and administrative expenses as a percent of revenues decreased to 6.7% in 1999 vs. 7.8% in 1998 primarily as a result of the fixed salary costs being spread over a larger revenue base in 1999 vs. 1998.

Operating income for 1999 of $1.8 million, or 6.0% as a percent of revenues was significantly better than the $0.8 million, or 3.9% produced in 1998, as a direct result of the selling, general and administrative decreases and the gross margin gains discussed above.

Plant Services 1998 vs. 1997

Revenues for Plant Services in 1998 were $20.6 million, a modest increase of 4.0% over 1997. Gross margins for 1998 of 11.7% was slightly better than the 11.1% produced in 1997 as a direct result of better execution of job plans in a more safety conscience work environment. These margin gains along with the slightly increased sales volumes resulted in gross profit for 1998 of $2.4 million exceeding that of 1997 by $0.2 million, or 9.1%.

Selling, general and administrative expenses as a percent of revenues increased to 7.8% in 1998 vs. 6.6% in 1997 primarily as a result of a decision to build infrastructure to facilitate anticipated growth in 1999.

Operating income for 1998 of $0.8 million, or 3.9% as a percent of revenues was slightly less than the $0.9 million, or 4.5% produced in 1997, as a direct result of the selling, general and administrative increases, offset by the margin gains discussed above.

Exited Operations
- -----------------

Fiscal Year 1999
- ----------------

On March 24, 1999, Matrix entered into a Letter of Intent with Caldwell Tanks, Inc. for the sale of Brown, a subsidiary acquired in 1994. In April 1999, the board of directors approved the transaction and a Stock Purchase Agreement was executed on June 9, 1999. Based upon certain environmental concerns (see Item 1. Business Environmental), the structure of this transaction is being renegotiated as an asset sale with Matrix retaining temporary ownership of the land and buildings until environmental remediation is completed.

Also, in May 1999 senior management approved and committed Matrix to an exit plan related to the SLT operations which were acquired in 1992. The exit plan specifically identified all significant actions to be taken to complete the exit plan, listed the activities that would not be continued, and outlined the methods to be employed for the disposition, with an expected completion date of March 2000. Management obtained board approval and immediately began development of a communication plan to the impacted employees under Workers Adjustment and Retraining Notification Act ("WARN Act").

In June of 1999, notices were given as required under the WARN Act and Matrix announced that it would also pursue potential opportunities to sell SLT.

As a result of these restructuring, impairment and abandonment operations, Matrix recorded a charge of $9.8 million (See Footnote 3 to the Consolidated Financial Statements).

Fiscal Year 1998
- ----------------

During the third quarter of fiscal year 1998, the board of directors approved a plan whereby Matrix would exit the operations of Midwest and discontinue to operate in the markets that Midwest has historically participated. Matrix completed all open contracts and disposed of all assets of Midwest. During each of the fiscal years ended 1998 and 1997, Midwest had operating losses of $3.4 million and $1.8 million respectively.

Also during the third quarter of fiscal 1998, Matrix adopted a board of directors approved plan to restructure 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.) Matrix sold real estate that was not being utilized in Mississauga, Canada, and terminated the business of certain product lines that were no longer profitable.

As part of the restructuring plan Matrix separately reviewed the operations of SLT for impairment indicators as actual operating and cash flow results were less than projections for Fiscal 1998, the principals in management, from whom the original business was purchased, left the employment of the company in early fiscal 1998, SLT reputation in the industry had deteriorated and the business name was dissolved into Matrix. The operating income and cash flows from this business unit were not historically negative; however, there were significant concerns that future operations may not be positive. Based on these potential impairment indicators, an estimate of the undiscounted cash flows of the SLT operations was made. This estimate indicated impairment and, as a result, the entire amount of the goodwill related to SLT was written off.

Additionally, in evaluating Matrix's Mayflower vapor seal operations, the operating income and cash flows from this business unit indicated that positive amounts were not attainable. Therefore, the businesses was completely abandoned, the goodwill written-off, and impaired assets abandoned or sold at their net realizable value. The operating results of Mayflower were not significant to Matrix's operations.

Employee termination costs associated with the reorganization and termination of all employees of Midwest and Mayflower were recognized and paid during fiscal 1998.

Other reorganization costs include the cost of travel related expenses for reorganization teams which proposed, planned and carried out the Company's restructuring plans, cost of a failed merger with ITEQ and equipment moving.

As a result of these restructuring and closing operations, Matrix recorded a charge of $21.0 million (See Footnote 3 to the Consolidated Financial Statements).

Municipal Water Services 1999 vs. 1998

Revenues for Municipal Water Services in 1999 were $45.1 million, a slight decrease of $1.1 million, or 2.4% as compared to 1998 due principally to weak market demand in the flat bottom water tank sector. Gross margin for 1999 of (5.3)% was significantly worse than the 3.7% produced in 1998 as a result of major weakness in the markets, intensified competition, poor execution of job plans and the inefficiency experienced during the selling and shutdown process. Included in 1999 margins was the impact of losses accrued on jobs yet to be completed of $0.5 million. These margin declines along with the slightly decreased sales volumes resulted in gross profit for 1999 of ($2.4) million, a $4.1 million decrease from 1998.

Operating losses for 1999 of ($15.6) million were significantly worse than the operating losses of ($5.3) million, in 1998 as a result primarily of lower gross profits discussed above and restructuring impairment and abandonment costs of $9.8 million relating to the decision to exit the business versus a restructuring, impairment and

abandonment charge of $4.1 million in 1998 relating to the impairment of goodwill at SLT.

Municipal Water Services 1998 vs. 1997

Revenues for Municipal Water Services in 1998 were $46.2 million, a decrease of $5.8 million or 11.2% from 1997, primarily as a result of a softening in the new construction market. Gross margin for 1998 of 3.7% was significantly worse than the 11.5% produced in 1997 as a direct result of intensified competition and poor execution of job plans. These margin declines along with the decreased sales volumes resulted in gross profit for 1998 of $1.7 million falling short of 1997 gross profits by $4.3 million, or 71.7%.

Selling, general and administrative costs as a percent of revenues was relatively flat at 5.8% in 1998 vs. 5.6% in 1997.

Operating losses for 1998 of ($5.3) million were significantly worse than the operating income of $2.9 million produced in 1997 as a direct result of gross profit shortfalls discussed above and a $4.1 million charge for restructuring, impairment and abandonment costs in 1998 relating to the impairment of goodwill at SLT.

FCCU Services 1999 vs. 1998

Midwest was exited in the third quarter of 1998 and there was no significant FCCU activity in 1999.

FCCU Services 1998 vs. 1997

After an extensive analysis of the market and an evaluation of Midwest's ability to compete in that market, Management made the decision to terminate the operations of Midwest effective February 28, 1998. Additionally, the decision was made to exit the market for structural work on FCCU's and refractory linings for hydrocarbon processing vessels, which is substantially the revenue base for Midwest.

Revenue for Midwest was $10.6 million in fiscal 1998 as compared with $16.5 million for the full year ending May 31, 1997 or a decrease of $5.9 million or 35.8%. The decline was primarily the result of weak market conditions and the decision to exit the business in the third quarter of fiscal 1998.

Gross margin for Midwest in fiscal 1998 of (17.9%) was significantly worse than the 0.0% produced in 1997 as a direct result of poor execution of job plans and the inefficiencies associated with the close down of the business. These margin shortfalls along with decreased sales volumes resulted in gross profit for 1998 declining from 1997 levels by $1.9 million.

Financial Condition & Liquidity

Matrix's cash and cash equivalents totaled approximately $3.0 million at May 31, 1999 and $2.6 million at May 31, 1998.

Matrix has financed its operations recently with cash generated by operations and advances under a credit agreement. Matrix has a credit agreement with a commercial bank under which a total of $30.0 million may be borrowed. Matrix may borrow up to $20.0 million on a revolving basis based on the level of the Company's eligible receivables. Revolving loans bear interest at a Prime Rate or a LIBOR based option, and mature on October 31, 2000. At May 31, 1999, there were no outstanding advances under the revolver. The credit agreement also provides for a term loan up to $10.0 million. On March 2, 1998, a term loan of $10.0 million was made to Matrix. The term loan is due on February 28, 2003 and is to be repaid in 60 equal payments beginning in March 1998 at an interest rate based upon the Prime Rate or a LIBOR Option. At May 31, 1999 the balance outstanding on the term loan was $7.5 million. In conjunction with the term loan effective March 2, 1998, Matrix 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 $16.7 million of cash for the year ended May 31, 1999 as compared with providing $3.0 million of cash for the year ended May 31, 1998, representing a increase of approximately $13.7 million. The increase was due primarily to changes in net working capital for the year.

Capital expenditures during the year ended May 31, 1999 totaled approximately $5.4 million. Of this amount, approximately $1.0 million was used to purchase transportation equipment for field operations, and approximately $1.9 million was used to purchase welding, construction, and fabrication equipment. Matrix has invested approximately $2.0

million in office equipment furniture and fixtures during the year, which includes approximately $1.2 million invested for a new enterprise wide management information system. Matrix has budgeted approximately $6.3 million for capital expenditures for fiscal 2000. Of this amount, approximately $1.4 million would be used to purchase transportation equipment for field operations, and approximately $2.7 million would be used to purchase welding, construction, and fabrication equipment. A 6,000 square foot expansion is planned for the Port of Catoosa fabrication facility at a cost of approximately $0.7 million and an additional $0.8 million is anticipated to be spent on the enterprise wide management information system. Matrix expects to be able to finance these expenditures with operating cash flow and borrowings under the credit agreement.

Matrix believes that its existing funds, amounts available from borrowings under its existing credit agreement, and cash generated by operations and through the sale of Brown will be sufficient to meet the working capital needs through fiscal 2000 and thereafter unless significant expansions of operations not now planned are undertaken, in which case Matrix would need to arrange additional financing as a part of any such expansion.

The preceding discussion contains forward-looking statements including, without limitation, statements relating to Matrix's plans, strategies, objectives, expectations, intentions, and adequate resources, that are made pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Readers are cautioned that such forward-looking statements contained in the financial conditions and liquidity section are based on certain assumptions which may vary from actual results. Specifically, the dates on which Matrix believes the sale of Brown will be consummated and the capital expenditure projections are based on management's best estimates, which were derived utilizing numerous assumptions of future events, including the successful remediation of environmental issues to complete the closing of the Brown sale and other factors. However, there can be no guarantee that these estimates will be achieved, or that there will not be a delay in, or increased costs associated with, the successful closing of the Brown sale.

Qualitative & Quantitative Disclosures

Year 2000 Compliance

Matrix initiated an enterprise-wide project on 1998 to address the year 2000 compliance issue for both traditional and non-traditional technology areas. The project focuses on all technology hardware, software, external interfaces with customers and suppliers, and facility items. The phases of the project are awareness, assessment, remediation, and implementation.

Matrix has completed its inventory and assessment efforts. During the assessment phase, all systems were inventoried and classified into five categories: 1) business applications, 2) end-user applications, 3) development tools, 4) hardware and system software and 5) non-IT systems. Each system also was assigned one of three priorities: critical, necessary, or low.

Based on assessment results, Matrix determined that it would be required to modify, upgrade or replace only a limited number of its systems so that its business areas would function properly with respect to dates in the year 2000 and thereafter. As of May 31, 1999, all critical and necessary systems have been remediated and implemented in the production environment.

Remediation of the low priority systems is substantially complete. These systems represent a minor portion of the inventory and have been considered to have no material impact on the operations of the business.

Matrix has minimal external interface systems; however, communications have been initiated with significant suppliers and large customers to determine the extent to which these companies are addressing year 2000 compliance. In connection with this activity, Matrix has processed approximately 250 letters and questionnaires with external parties. As of May 31, 1999, approximately 30 percent of the companies contacted have responded and all of these have indicated that they are already compliant or will be compliant on a timely basis.

The anticipated cost of the year 2000 effort has been estimated at $200,000 and is being funded through operating cash flows. Of the total project cost, 40% is attributable to the purchase of new systems, which will be capitalized. The remaining 60% will be expensed as incurred, is not expected to have a material effect on the results of operations. As of May 31, 1999, expended project costs were approximately $150,000. Matrix estimates any future costs will not exceed $50,000.

Despite the best planning and execution efforts, Matrix is working from the premise that some issues will not be uncovered, and that some issues that are uncovered will not be successfully resolved. In an effort to manage and mitigate this risk exposure, Matrix has developed a risk management and contingency plan for its critical operations.

In addition to Matrix's remediation strategy, a new enterprise-wide management information system has been purchased as a replacement for the core financial and operational systems. The project began in January 1999 and has an estimated duration of nine months. The scope of this project has been maintained separately and independent of Matrix's year 2000 efforts. If the existing remediation strategy fails, this project could be escalated to mitigate any material business disruptions.

All critical systems over which Matrix has control are planned to be compliant and tested before year 2000. However, Matrix has identified the possibility of service disruptions due to non-compliance by third parties as the area equating to the most reasonably likely worst case scenario. For example, power failures and telecommunication outages would cause service interruptions. It is not possible to quantify the possible financial impact if this most reasonably likely worst case scenario were to come to fruition.

The preceding discussion contains forward-looking statements including, without limitation, statements relating to Matrix's plans, strategies, objectives, expectations, intentions, and adequate resources, that are made pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Readers are cautioned that such forward-looking statements contained in the year 2000 update are based on certain assumptions which may vary from actual results. Specifically, the dates on which Matrix believes the year 2000 project will be completed and computer systems will be implemented are based on management's best estimates, which were derived utilizing numerous assumptions of future events, including the continued availability of certain resources, third-party modification plans and other factors. However, there can be no guarantee that these estimates will be achieved, or that there will not be a delay in, or increased costs associated with, the implementation of the year 2000 project. Other specific factors that might cause differences between the estimates and actual results include, but are not limited to, the availability and cost of personnel trained in these areas, the ability to locate and correct all relevant computer code, timely responses to and corrections by third parties and suppliers, the ability to implement interfaces between the new systems and the systems not being replaced, and similar uncertainties. Due to the general uncertainty inherent in the year 2000 problem, resulting in large part from the uncertainty of the year 2000 readiness of third parties, Matrix cannot ensure its ability to timely and cost effectively resolve problems associated with the year 2000 issue that may affect its operations and business, or expose it to third-party liability.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market Risk Disclosures

Interest Rate Risk

Matrix's interest rate risk exposure primarily results from its debt portfolio which is influenced by short-term rates, primarily Prime Rate and LIBOR-Based borrowings under its credit agreement. To mitigate the impact of fluctuations in interest rates, Matrix utilizes interest-rate swaps to change the ratio of its fixed and variable rate debt portfolio based on Management's assessment of future interest rates, volatility of the yield curve and Matrix's ability to access the capital markets as necessary. The following table provides information about Matrix's long-term debt and interest rate swap that is subject to interest rate risk. For long-term debt, the table presents principal cash flows and weighted-average interest rates by expected maturity dates. For the interest-rate swap, the table presents notional amounts and weighted-average interest rates by contractual maturity dates. Notional amounts are used to calculate the contractual cash flows to be exchanged under the interest rate swap.

	1998	1999	2000	2001	2002	2003	Fair Value May 31, 1999	Fair Value May May 31, 1998
Interest rate swap:								
Pay fixed/receive variable	$9,666,666	$7,666,666	$5,666,666	$3,666,666	$1,666,666	$0	$<35,900>	$<54,300>
Pay rate	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Receive rate *								

* 30-day LIBOR (London Interbank Offer Rate) plus 150 basis points

Foreign Currency Risk

Matrix has subsidiary companies whose operations are located in Canada and Venezuela. Matrix's financial results could be affected if these companies incur a permanent decline in value as a result of changes in foreign currency exchange rates and the economic conditions in these foreign countries. Matrix attempts to mitigate these risks by investing in different countries and business segments. Venezuela's currency has recently suffered significant devaluation and volatility. The ultimate severity of the conditions in Venezuela remain uncertain, as does the long-term impact on Matrix's investment, however, the total investment in Venezuela is not material to the Financial Position of Matrix taken as a whole.

Item 8. Financial Statements and Supplementary Data

Financial Statements of the Company

Financial Statement Schedules

The following financial statement schedule is filed as a part of this report under "Schedule II" immediately preceding the signature page: Schedule II - Valuation and Qualifying Accounts for the three fiscal years ended May 31, 1999. All other schedules called for by Form 10-K are omitted because they are inapplicable or the required information is shown in the financial statements, or notes thereto, included herein.

Report of Independent Auditors

The Stockholders and Board of Directors
Matrix Service Company

We have audited the accompanying consolidated balance sheets of Matrix Service Company as of May 31, 1999 and 1998, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the three years in the period ended May 31, 1999. Our audits also included the financial statement schedule listed in the Index under Item 14. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Matrix Service Company at May 31, 1999 and 1998, and the consolidated results of its operations and its cash flows for each of the three years in the period ended May 31, 1999, in conformity with generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

Ernst & Young LLP

Tulsa, Oklahoma
August 27, 1999

Matrix Service Company

Consolidated Balance Sheets

	May 31 1999	1998
	(In Thousands)	
Assets		
Current assets:		
Cash and cash equivalents	$ 2,972	$ 2,606
Accounts receivable, less allowances (1999 - $2,464, 1998 - $-0-)	34,390	37,165
Costs and estimated earnings in excess of billings on uncompleted contracts	8,541	15,340
Inventories	3,042	6,352
Assets held for disposal	8,556	-
Income tax receivable	104	5,279
Deferred income taxes	-	3,252
Prepaid expenses	1,051	524
Total current assets	58,656	70,518
Property, plant and equipment, at cost:		
Land and buildings	9,645	16,481
Construction equipment	15,562	24,092
Transportation equipment	6,144	6,108
Furniture and fixtures	2,449	3,315
Construction in progress	2,385	973
	36,185	50,969
Accumulated depreciation	17,971	22,533
	18,214	28,436
Goodwill, net of accumulated amortization of $1,753 and $1,595 in 1999 and 1998, respectively	11,122	13,217
Other assets	228	570
Total assets	$ 88,220	$112,741

Matrix Service Company

Consolidated Balance Sheets

	May 31 1999	1998
	(In Thousands)	
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 9,805	$ 12,250
Billings on uncompleted contracts in excess of costs and estimated earnings	7,356	7,612
Accrued insurance	4,541	2,369
Accrued environmental reserves	1,778	-
Earnout payable	727	884
Income tax payable	307	-
Other accrued expenses	6,378	4,214
Current portion of long-term debt	2,092	2,105
Total current liabilities	32,984	29,434
Long-term debt	5,521	13,106
Deferred income taxes	-	4,949
Stockholders' equity:		
Common stock - $.01 par value; 15,000,000 Shares authorized; 9,642,638 and 9,600,232 Shares issued in 1999 and 1998, respectively	96	96
Additional paid-in capital	51,596	51,458
Retained earnings	1,567	14,221
Cumulative translation adjustment	(555)	(523)
	52,704	65,252
Less treasury stock, at cost - 697,450 shares in 1999	(2,989)	-
Total stockholders' equity	49,715	65,252
Total liabilities and stockholders' equity	$ 88,220	$112,741

See accompanying notes.

Matrix Service Company

Consolidated Statements of Operations

	Year ended May 31		
	1999	1998	1997
	(In thousands, except share and per share amounts)		
Revenues	$210,997	$225,428	$183,144
Cost of revenues	197,012	206,839	165,704
Gross profit	13,985	18,589	17,440
Selling, general and administrative expenses	15,025	12,947	11,080
Goodwill and noncompete amortization	670	977	864
Restructuring, impairment and abandonment costs	9,772	20,956	-
Operating income (loss)	(11,482)	(16,291)	5,496
Other income (expense):			
Interest expense	(969)	(1,275)	(536)
Interest income	291	267	164
Other	(452)	(54)	(10)
Income (loss) before income taxes	(12,612)	(17,353)	5,114
Provision (benefit) for federal, state and foreign income taxes	-	(5,715)	2,130
Net income (loss)	$(12,612)	$ (11,638)	$ 2,984
Basic earnings (loss) per common share	$ (1.34)	$ (1.22)	$ .32
Diluted earnings (loss) per common share	$ (1.34)	$ (1.22)	$ .31
Weighted average common shares outstanding:			
Basic	9,440,310	9,545,979	9,330,246
Diluted	9,440,310	9,545,979	9,698,659

See accompanying notes.

Matrix Service Company

Consolidated Statements of Changes in Stockholders' Equity

	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total
			(In Thousands)			
Balances, May 31, 1996	$95	$50,927	$23,617	$(1,498)	$(107)	$73,034
Net income	-	-	2,984	-	-	2,984
Other comprehensive income, net of tax						
Translation adjustment	-	-	-	-	(38)	(38)
Comprehensive income						2,946
Exercise of stock options (62,239 shares)	-	-	(332)	588	-	256
Tax effect of exercised stock options	-	(24)	-	-	-	(24)
Balances, May 31, 1997	95	50,903	26,269	(910)	(145)	76,212
Net loss	-	-	(11,638)	-	-	(11,638)
Other comprehensive income, net of tax						
Translation adjustment	-	-	-	-	(378)	(378)
Comprehensive income						(12,016)
Exercise of stock options (224,307 shares)	1	555	(410)	910	-	1,056
Balances, May 31, 1998	96	51,458	14,221	-	(523)	65,252
Net loss	-	-	(12,612)	-	-	(12,612)
Other comprehensive income, net of tax						
Translation adjustment	-	-	-	-	(32)	(32)
Comprehensive income						(12,644)
Purchase of treasury stock (704,200 shares)	-	-	-	(3,036)	-	(3,036)
Exercise of stock options (49,156 shares)	-	138	(42)	47	-	143
Balances, May 31, 1999	$96	$51,596	$1,567	$(2,989)	$(555)	$49,715

See accompanying notes.

Matrix Service Company

Consolidated Statements of Cash Flows

	Year ended May 31		
	1999	1998	1997
	(In Thousands)		
Operating activities			
Net income (loss)	$(12,612)	$(11,638)	$2,984
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	4,717	5,134	5,365
Deferred income tax	(1,697)	(2,039)	(356)
(Gain) loss on sale of equipment	632	467	(70)
Noncash write-off of restructuring, impairment and abandonment costs	6,344	19,772	-
Changes in operating assets and liabilities increasing (decreasing) cash, net of effects of acquisitions:			
Accounts receivable	2,775	5,166	(8,540)
Costs and estimated earnings in excess of billings on Uncompleted contracts	6,799	(2,858)	773
Inventories	1,470	(138)	(840)
Prepaid expenses	(527)	(77)	(277)
Accounts payable	(2,445)	(3,486)	3,281
Billings on uncompleted contracts in excess of costs and estimated earnings	(256)	473	1,972
Accrued expenses	5,957	(2,484)	1,203
Income taxes receivable/payable	5,482	(4,544)	699
Other	47	(797)	(15)
Net cash provided by operating activities	16,686	2,951	6,179
Investing activities			
Acquisition of property, plant and equipment	(5,379)	(2,577)	(5,802)
Acquisitions and investment in foreign joint venture, net of cash acquired	(637)	(5,068)	(2,353)
Return of investment in foreign joint venture	-	-	200
Proceeds from other investing activities	182	652	155
Net cash used in investing activities	(5,834)	(6,993)	(7,800)

Matrix Service Company

Consolidated Statements of Cash Flows (continued)

	Year ended May 31		
	1999	1998	1997
	(In Thousands)		
Financing activities			
Issuance of common stock	$ 143	$ 1,056	$ 256
Purchase of treasury stock	(3,036)	-	-
Advances under bank credit agreement	5,425	11,750	7,000
Repayments of bank credit agreement	(12,925)	(4,200)	(4,000)
Repayment of other notes	(17)	(3,652)	(1,089)
Repayment of acquisition note	(62)	(459)	(529)
Issuance of acquisition note	-	250	-
Issuance of equipment lease	-	-	22
Issuance of equipment notes	4	40	-
Repayments of equipment notes	(23)	-	(23)
Net cash provided by (used in) financing activities	(10,491)	4,785	1,637
Effect of exchange rate changes on cash	5	(14)	(38)
Net increase (decrease) in cash and cash equivalents	366	729	(22)
Cash and cash equivalents, beginning of year	2,606	1,877	1,899
Cash and cash equivalents, end of year	$ 2,972	$ 2,606	$1,877
Supplemental disclosure of cash flow information:			
Cash paid during the period for:			
Income taxes	$ 477	$ 1,064	$1,706
Interest	967	1,275	545

See accompanying notes.

1. Summary of Significant Accounting Policies

Organization and Basis of Presentation

The consolidated financial statements present the accounts of Matrix Service Company ("Matrix") and its subsidiaries (collectively referred to as the "Company"). Subsidiary companies include Matrix Service, Inc., ("MSI"), Matrix Service Mid-Continent ("Mid-Continent), Matrix Service, Inc. - Canada ("Canada"), San Luis Tank Piping Construction, Inc. and Affiliates ("San Luis"), Brown Steel Contractors, Inc. and Affiliates ("Brown"), and Midwest Industrial Contractors, Inc. ("Midwest"). In 1998, Matrix purchased General Services Corporation and affiliates ("GSC") which was later merged into existing subsidiaries, see Note 2. In 1998, Matrix exited the Midwest operation, and is in the process of exiting Brown and San Luis in 1999, see Note 3. Intercompany transactions and balances have been eliminated in consolidation.

The Company operates primarily in the United States and has operations in Canada, Mexico and Venezuela. The Company's industry segments are Aboveground Storage Tank Services (AST), Construction Services, Plant Services, Municipal Water Services, and Fluid Catalytic Cracking Unit Services (FCCU).

Cash Equivalents

The Company includes as cash equivalents all investments with original maturities of three months or less which are readily convertible into cash. The carrying value of cash equivalents approximates fair value.

Inventories

Inventories consist primarily of raw materials and are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out or average cost method.

Revenue Recognition

Revenues from fixed-price contracts are recognized on the percentage-of-completion method measured by the percentage of costs incurred to date to estimated total costs for each contract. Revenues from cost-plus-fee contracts are recognized on the basis of costs incurred plus the estimated fee earned. Anticipated losses on uncompleted contracts are recognized in full when they become known.

1. Summary of Significant Accounting Policies (continued)

Depreciation and Amortization

Depreciation is computed using the straight-line method over the estimated useful lives of the depreciable assets. Goodwill and noncompete agreements are being amortized over 40 and 3 to 5 years, respectively, using the straight-line method.

Impairment of Long-Lived Assets

The Company reviews long-lived assets and intangible assets, including goodwill, for impairment periodically whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets is measured by comparison of the carrying amount of the asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Environmental Costs

Environmental liabilities are recognized when it is probable that a loss has been incurred and the amount of that loss is reasonably estimable. Environmental liabilities are based upon estimates of expected future costs without discounting.

Income Taxes

Deferred income taxes are computed using the liability method whereby deferred tax assets and liabilities are recognized based on temporary differences between financial statement and tax bases of assets and liabilities using presently enacted tax rates.

Earnings per Common Share

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. Basic earnings per common share is calculated based on the weighted average shares outstanding during the period. Diluted earnings per share includes in average shares outstanding employee stock options which are dilutive (-0-, -0- and 368,413 shares in 1999, 1998 and 1997, respectively). All earnings per share amounts for all periods have been presented, and where necessary, restated to conform to the Statement 128 requirements.

1. Summary of Significant Accounting Policies (continued)

Stock Option Plans

The Company has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related interpretations in accounting for its employee stock options because, as discussed in Note 7, the alternative fair value accounting provided for under FASB Statement No. 123, "Accounting for Stock-Based Compensation," requires use of option valuation models that were not developed for use in valuing employee stock options. Under APB 25, because the exercise price of the Company's employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recognized.

Comprehensive Income

In fiscal 1999, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income." This statement establishes standards for reporting and display of comprehensive income and its components. The Company has reclassified all years presented to reflect comprehensive income and its components in the consolidated statements of shareholders' equity.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. Acquisition

On June 17, 1997, the Company acquired all of the outstanding common stock of GSC for up to $7.75 million, subject to certain adjustments. The purchase price consisted of $4.75 million in cash and a $0.25 million, 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. The Company recorded $0.8 million and $0.9 million under this provision in fiscal 1999 and 1998, respectively. 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. This transaction was accounted for as a purchase and resulted in approximately $4.0 million of goodwill and non-competition covenants. Operations of GSC are included in the accompanying financial statements from date of acquisition. Operations of GSC from June 1, 1997 to date of acquisition and for fiscal 1997 was not significant to the Company's reported results.

3. Restructuring, Impairment and Abandonment Costs

During the third quarter of fiscal year 1998, the board of directors approved a plan whereby the Company would exit the operations of Midwest and discontinue to operate in the markets that Midwest has historically participated. The Company completed all open contracts and disposed of all assets. The Company abandoned this business entirely. During the years ended in fiscal 1998 and 1997, Midwest had operating losses of $3.4 million and $1.8 million, respectively.

Also during the third quarter of 1998, the Company adopted a board of directors approved plan to restructure 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, is now provided by the Company's Newnan, Georgia plant. (The facilities located in Delaware, New Jersey, Pennsylvania and Maryland were all leased facilities.) The Company sold real estate that was not being utilized in Mississauga, Canada, and also discontinued certain product lines that were no longer profitable.

As part of the 1998 restructuring plan the Company separately reviewed the operations of San Luis for impairment indicators as actual operating and cash flow results were less than projections for fiscal 1998, the principals in management, from whom the original business was purchased, left the employment of the company in early fiscal 1998, San Luis reputation in the industry had deteriorated and the business name was dissolved into Matrix. The operating income and cash flows from this business unit were not historically negative; however, there were significant concerns that future operations may not be positive. Based on these potential impairment indicators, an estimate of the undiscounted cash flows of the San Luis operations was made. This estimate indicated impairment and, as a result, the entire amount of the goodwill related to San Luis was written off.

Additionally, in evaluating the Company's Mayflower vapor seal operations, the operating income and cash flows from this business unit indicated that positive amounts were not attainable. Therefore, the businesses was completely abandoned in fiscal 1998, the goodwill written-off, and impaired assets abandoned and sold at their net realizable value. The operating results of Mayflower have not been significant to the Company's operations.

Employee termination costs associated with the reorganization and termination of all employees of Midwest and Mayflower were recognized and paid during fiscal 1998.

3. Restructuring, Impairment and Abandonment Costs (continued)

Other reorganization costs in fiscal 1998 include the cost of travel related expenses for reorganization teams which proposed, planned and carried out the Company's restructuring plans, cost of a failed merger with ITEQ, Inc. and equipment moving.

In May 1999 the Company entered into a Letter of Intent with Caldwell Tanks, Inc. for the sale of Brown, a subsidiary acquired in 1994. In April 1999, the board of directors approved the Transaction and a Stock Purchase Agreement was executed on June 9, 1999. Based upon certain environmental concerns however, the structure of this transaction is being renegotiated as an asset sale with the Company retaining temporary ownership of the land and buildings until environmental remediation is completed. The Company expects this transaction to close in late August or early September 1999. During the years ended 1999 and 1998, Brown had operating losses of $4.0 million and $0.2 million, respectively. In 1997, Brown had operating income of $2.2 million.

Also, in May 1999 senior management approved and committed the Company to an exit plan related to the San Luis operations which were acquired in 1992. The exit plan specifically identified all significant actions to be taken to complete the exit plan, listed the activities that would not be continued, and outlined the methods to be employed for the disposition, with an expected completion date of March 2000. Management obtained board approval and immediately began development of a communication plan to the impacted employees under the Workers Adjustment and Retraining Notification Act ("WARN Act"). During the years ended 1999 and 1998, San Luis had operating loses of $1.8 million and $1.0 million, respectively. In 1997 San Luis had operating income of $0.7 million.

In June 1999, notices were given as required under the WARN Act and the Company announced that it would also pursue potential opportunities to sell San Luis.

As a result of these restructuring and closing operations, the Company recorded the following charges:

	May 31	
	1999	1998
	(In Thousands)	
Impairment:		
Midwest Goodwill	$ -	$14,555
San Luis Goodwill	-	4,103
Mayflower Goodwill	-	466
Brown Goodwill	2,333	-
Asset Impairment	4,011	648
Employee Termination	205	386
Environmental Reserves	1,778	-
Other Reorganization Costs	1,445	798
Restructuring, impairment and abandonment costs	$9,772	$20,956

3. Restructuring, Impairment and Abandonment Costs (continued)

In addition, the Company wrote down inventory held by Brown and San Luis by $1.0 million in fiscal 1999, which is included in cost of revenues.

4. Uncompleted Contracts

Contract terms of the Company's construction contracts generally provide for progress billings based on completion of certain phases of the work. The excess of costs incurred and estimated earnings recognized for construction contracts over amounts billed on uncompleted contracts is reported as a current asset and the excess of amounts billed over costs incurred and estimated earnings recognized for construction contracts on uncompleted contracts is reported as a current liability as follows:

	May 31	
	1999	1998
	(In Thousands)	
Costs incurred and estimated earnings recognized on uncompleted contracts	$151,739	$207,229
Billings on uncompleted contracts	150,554	199,501
	$ 1,185	$ 7,728
Shown on balance sheet as:		
Costs and estimated earnings in excess of billings on uncompleted contracts	$ 8,541	$ 15,340
Billings on uncompleted contracts in excess of costs and estimated earnings	7,356	7,612
	$ 1,185	$ 7,728

Approximately $3.7 million and $4.0 million of accounts receivable at May 31, 1999 and 1998, respectively, relate to billed retainages under contracts.

5. Long-Term Debt

Long-term debt consists of the following:

	1999	1998
	(In Thousands)	
Borrowings under bank credit facility:		
Revolving note	$ -	$ 5,500
Term note	7,500	9,500
Other	113	211
	7,613	15,211
Less current portion	2,092	2,105
	$ 5,521	$13,106

On March 1, 1998, the Company and a commercial bank entered into an amendment to a credit facility agreement originally established in 1994, whereby the Company may borrow a total of $30 million. The amended agreement provides for a $20 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 LIBOR option and matures on October 31, 1999. The credit facility also provides for a $10 million term loan, due February 29, 2003, payable in 60 equal payments beginning in March 1999. The interest rates for the revolver and the term loan at May 31, 1999 were 6.0% and 7.5%, respectively. The agreement requires maintenance of certain financial ratios, limits the amount of additional borrowings and prohibits the payment of dividends. The credit facility is secured by all accounts receivable, inventory, intangibles, and proceeds related thereto.

In conjunction with the term note, effective March 2, 1998, the Company entered into an interest rate swap agreement for an initial notional amount of $10 million with a commercial bank, effectively providing a fixed interest rate of 7.5% for the five-year period on the term note. The Company pays 7.5% interest and receives LIBOR plus 1 1/2%, calculated on the notional amount. The notional amount was $7.7 million at May 31, 1999. Net receipts or payments under the agreement are recognized as an adjustment to interest expense. The swap agreement expires in 2003. If LIBOR decreases, interest payments received and the market value of the swap position decrease.

5. Long-Term Debt (continued)

The Company has outstanding letters of credit and letters of guarantee totaling $2.9 million which mature during 1999 and 2000.

Aggregate maturities of long-term debt for the years ending May 31 are as follows (in thousands), for each fiscal year: 2000 - $2,092; 2001 - $2,021; 2002 -$2,000, and 2003 - $1,500.

The carrying value of debt approximates fair value.

6. Income Taxes

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

	1999	1998	1997
		(In Thousands)	
Current:			
Federal	$ 1,003	$(2,760)	$1,825
State	387	(961)	443
Foreign	307	45	218
	1,697	(3,676)	2,486
Deferred:			
Federal	(1,516)*	(1,963)	(121)
State	-	(13)	(180)
Foreign	(181)	(63)	(55)
	(1,697)	(2,039)	(356)
	$ -	$(5,715)	$2,130

* Net of valuation allowance of $3,373.

6. Income Taxes (continued)

The difference between the expected tax rate and the effective tax rate is indicated below:

	1999	1998	1997
	(In Thousands)		
Expected provision (benefit) for Federal income taxes at the statutory rate	$(4,288)	$(5,900)	$1,739
State income taxes, net of Federal benefit	(255)	(642)	290
Charges without tax benefit, Primarily goodwill amortization	836	827	225
Valuation allowance	3,373	-	-
Other	334	-	(124)
Provision for income taxes	$ -	$(5,715)	$2,130

Significant components of the Company's deferred tax liabilities and assets as of May 31, 1999 and 1998 are as follows:

	1999	1998
	(In Thousands)	
Deferred tax liabilities:		
Tax over book depreciation	$2,478	$4,878
Other - net	123	71
Total deferred tax liabilities	2,601	4,949
Deferred tax assets:		
Bad debt reserve	826	-
Foreign insurance dividend	104	275
Vacation accrual	248	239
Restructuring reserves	1,626	-
Noncompete amortization	481	472
Loss carryforward	2,664	1,377
Other - net	25	889
Valuation allowance	(3,373)	-
Total deferred tax assets	2,601	3,252
Net deferred tax liability	$ -	$1,697

7. Stockholders' Equity

The Company has adopted a 1990 Incentive Stock Option Plan (the "1990 Plan") and a 1991 Incentive Stock Option Plan (the "1991 Plan") to provide additional incentives for officers and other key employees of the Company. The Company has also adopted a 1995 Nonemployee Directors' Stock Option Plan (the "1995 Plan"). Under the 1990 and 1991 Plans, incentive and nonqualified stock options may be granted to the Company's key employees and nonqualified stock options may be granted to nonemployees who are elected for the first time as directors of the Company after January 1, 1991. Options generally become exercisable over a five-year period from the date of the grant. Under the 1995 Plan, qualified stock options are granted annually to nonemployee directors. Stock options granted under the 1995 Plan generally become exercisable over a two-year period from the date of the grant. Under each plan, options may be granted with durations of no more than ten years. The option price per share may not be less than the fair market value of the common stock at the time the option is granted. Shareholders have authorized an aggregate of 1,320,000, 900,000, and 250,000 options to be granted under the 1990, 1991, and 1995 Plans, respectively. Options exercisable total 679,267 and 803,211 at May 31, 1999 and 1998, respectively.

Pro forma information regarding net income and earnings per share is required by Statement of Financial Accounting Standards No. 123, and has been determined as if the Company had accounted for its employee stock options under the fair value method of that Statement. The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions: risk-free interest rates of 4.01% to 6.62%; dividend yield of -0-%; volatility factors of the expected market price of the Company's stock of .326 to .860; and an expected life of the options of 2 to 5 years.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

7. Stockholders' Equity (continued)

The Statement's pro forma information from the options is as follows:

	1999	1998	1997
	(In Thousands)		
Net income (loss) before stock options	$(12,612)	$(11,638)	$2,984
Compensation expense from stock options	580	362	269
Net income (loss)	$(13,192)	$(12,000)	$2,715
Pro forma earnings (loss) per common share:			
Basic	$ (1.40)	$ (1.26)	$ .29
Diluted	$ (1.40)	$ (1.26)	$ .28

The effect of compensation expense from stock options on pro forma net income reflects the vesting of awards granted after June 1, 1995, the year in which the Pro Forma reporting requirements under SFAS 123 were adopted.

The following summary reflects option transactions for the past three years:

	Shares	Option Price Per Share	
Shares under option:			
Balance at May 31, 1996	1,521,556	$ .67	- $6.25
Granted	113,000	5.88	- 7.875
Exercised	(62,239)	.67	- 6.25
Canceled	(47,313)	3.63	- 6.25
Balance at May 31, 1997	1,525,004	$ .67	- 7.875
Granted	530,500	6.75	- 8.00
Exercised	(224,307)	.67	- 6.25
Canceled	(170,540)	3.625	- 8.00
Balance at May 31, 1998	1,660,657	$ .67	- $8.00
Granted	883,000	3.75	- 4.375
Exercised	(49,156)	.67	- 6.25
Canceled	(869,901)	3.625	- 8.00
Balance at May 31, 1999	1,625,300	$ .67	- $7.75

8. Commitments

The Company is the lessee under operating leases covering real estate in Tulsa, Oklahoma; Bristol, Pennsylvania; Anaheim, California; Bay Point, California; Paso Robles, California; Bellingham, Washington; and Carson, California. The Paso Robles lessors are former stockholders of San Luis. The Company is also the lessee under operating leases covering office equipment. Future minimum lease payments are as follows: 2000 - $723,000, 2001 - $552,000, 2002 - $386,000, 2003 - - $31,000, and 2004 - $31,000 and thereafter - $113,000. Rental expense was $1,257,000, $710,000 and $516,000 for the years ended May 31, 1999, 1998 and 1997, respectively. Rental expense on related party leases was $344,000, $157,000 and $149,000 for the years ended May 31, 1999, 1998 and 1997, respectively.

9. Other Financial Information

The Company provides specialized on-site maintenance and construction services for petrochemical processing and petroleum refining and storage facilities. The Company grants credit without requiring collateral to customers consisting of the major integrated oil companies, independent refiners and marketers, and petrochemical companies. Although this potentially exposes the Company to the risks of depressed cycles in oil and petrochemical industries, the Company's receivables at May 31, 1999 have not been adversely affected by such conditions. The Company did establish a bad debt reserve in the current year for construction service projects of $2.0 million as well as a reserve of $0.4 million for municipal water projects, as that segment is being exited.

Sales to one customer accounted for approximately 11% of the Company's revenues for the years ended May 31, 1999 and 1998. There were no sales to one customer in excess of 10% of revenues for the year ended May 31, 1997.

10. Employee Benefit Plan

The Company sponsors a defined contribution 401(k) savings plan (the "Plan") for all employees meeting length of service requirements. Participants may contribute an amount up to 15% of pretax annual compensation as defined in the Plan, subject to certain limitations in accordance with Section 401(k) of the Internal Revenue Code. Beginning on July 1, 1998, the Company matched contributions at 25% of the first 6% of employee contributions. The Company recognized cost relating to the plan of $0.3 million for the year ended May 31, 1999.

11. Contingent Liabilities

The Company is insured for worker's compensation, auto, and general liability claims with deductibles for self-insured retention of $250,000, $25,000, and $250,000 per incident, respectively. Management estimates the reserve for such claims based on knowledge of the circumstances surrounding the claims, the nature of any injuries involved, historical experience, and estimates of future costs provided by certain third parties. Accrued insurance at May 31, 1999 represents management's estimate of the Company's liability at that date. Changes in the assumptions underlying the accrual could cause actual results to differ from the amounts reported in the financial statements.

The Company is a defendant in various legal actions and is vigorously defending against each of them. It is the opinion of management that none of such legal actions will have a material effect on the Company's financial position.

12. Segment Information

The Company has three reportable segments from operations which are continuing - Above Ground Storage Tank (AST) Services, Construction Services, and Plant Maintenance Services - as well as two reportable segments from exited operations - - Municipal Water Services and Fluid Catalytic Cracking Units (FCCU) Services. The AST Services division consists of five operating units that perform specialized on-site maintenance and construction services with related products for large petroleum storage facilities. The Construction Services division provides services to industrial process plants. The Plant Maintenance Services division specializes in performing "turnarounds," which involve complex, time-sensitive maintenance of the critical operating units of a refinery. The Municipal Water Services division consists of two operating units "Brown" and "San Luis," both of which have been exited (see footnote 3). The FCCU Services division consisted of one operating unit "Midwest" which was exited in the 3rd quarter of fiscal 1998 (see footnote 3).

The Company evaluates performance and allocates resources based on profit or loss from operations before income taxes. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. Intersegment sales and transfers are recorded at cost and there is no inter-company profit or loss on intersegment sales or transfers.

The Company's reportable segments are business units that offer different services. The reportable segments are each managed separately because they require different expertise and resources for the services provided.

12. Segment Information (continued)

Matrix Service Company
Annual Results of Operations
($ Amounts in millions)

	AST Services	Construction Services	Plant Services	Municipal Water Services	FCCU Services	Combined Total
Year ended May 31, 1999						
Revenues	112.6	22.9	29.9	45.1	0.5	211.0
Gross profit	12.9	(0.2)	3.8	(2.4)	(0.1)	14.0
Selling, general and administrative expenses	8.4	1.3	2.0	3.3	0.0	15.0
Restructuring, impairment & abandonment costs	0.0	0.0	0.0	9.8	0.0	9.8
Operating income (loss)	3.9	(1.5)	1.8	(15.6)	(0.1)	(11.5)
Income (loss) before income tax expense	3.4	(1.6)	1.7	(16.1)	0.0	(12.6)
Net income (loss)	3.4	(1.6)	1.7	(16.1)	0.0	(12.6)
Identifiable assets	52.9	8.1	6.7	20.5	0.0	88.2
Capital expenditures	4.2	0.2	0.2	0.8	0.0	5.4
Depreciation expense	2.5	0.2	0.3	1.0	0.0	4.0
Year ended May 31, 1998						
Revenues	103.0	45.0	20.6	46.2	10.6	225.4
Gross profit	11.0	5.4	2.4	1.7	(1.9)	18.6
Selling, general and administrative expenses	6.8	1.1	1.6	2.7	0.7	12.9
Restructuring, impairment & abandonment costs	1.9	0.0	0.0	4.1	15.0	21.0
Operating income (loss)	1.8	4.3	0.8	(5.3)	(17.9)	(16.3)
Income (loss) before income tax expense	1.5	4.2	0.7	(5.4)	(18.3)	(17.3)
Net income (loss)	1.2	2.5	0.4	(4.8)	(10.9)	(11.6)
Identifiable assets	61.9	13.7	7.7	29.4	0.0	112.7
Capital expenditures	1.7	0.2	0.4	0.3	0.0	2.6
Depreciation expense	2.5	0.2	0.3	1.1	0.2	4.3
Year ended May 31, 1997						
Revenues	71.7	23.1	19.8	52.0	16.5	183.1
Gross profit	6.8	2.4	2.2	6.0	0.0	17.4
Selling, general and administrative expenses	4.6	0.9	1.3	2.9	1.4	11.1
Restructuring, impairment & abandonment costs	0.0	0.0	0.0	0.0	0.0	0.0
Operating income (loss)	2.0	1.5	0.9	2.9	(1.8)	5.5
Income (loss) before income tax expense	2.1	1.4	0.8	2.7	(1.9)	5.1
Net income (loss)	1.4	0.8	0.5	1.6	(1.3)	3.0
Identifiable assets	39.0	12.5	7.7	34.4	23.3	116.9
Capital expenditures	1.8	1.0	1.6	1.3	0.1	5.8
Depreciation expense	2.6	0.2	0.3	1.1	0.3	4.5

12. Segment Information (continued)

Geographical information is as follows:

	Revenues		Long Lived Assets	
	1999	1998	1999	1998
Domestic	207.7	222.3	26.6	38.6
International	3.3	3.1	2.9	3.1
	211.0	225.4	29.5	41.7

Matrix Service Company

Quarterly Financial Data (Unaudited)

Summarized quarterly financial data are as follows:

1999	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In Thousands except per share amounts)			
Revenues	51,158	55,399	47,074	57,366
Gross profit	4,989	4,878	3,136	982
Net income (loss)	837	1,023	(333)	(14,139)
Net income (loss) per common share data:				
Basic - net income (loss)	.09	.11	(.03)	(1.49)
Diluted - net income (loss)	.09	.10	(.03)	(1.49)

1998				
Revenues	49,519	62,017	55,449	58,443
Gross profit	4,742	5,142	3,298	5,407
Net income (loss)	769	953	(14,657)	1,297
Net income (loss) per common share data:				
Basic - net income (loss)	.09	.11	(1.55)	.13
Diluted - net income (loss)	.09	.11	(1.55)	.13

Note: The summarized quarterly financial data for 1999 has been restated from previously reported amounts in the Company's originally filed quarterly reports on Form 10-Q for the first, second and third quarters of fiscal 1999 to reflect Midwest's operating activities as continuing operations. (See Note 3 to the accompanying financial statements)

SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS

Matrix Service Company

May 31, 1999

COL. A	COL. B	COL. C		COL. D	COL. E
		Additions			
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts-Describe	Deductions-Describe	Balance at End of Period
		(Amounts in Thousands			
Year ended May 31, 1999: Deducted from assets accounts:					
Allowance for doubtful accounts	$ -	$2,464		$ -	$2,464
Reserve for deferred tax assets	-	3,373		-	3,373
Total	$ -	$5,837		$ -	$5,837

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not Applicable

PART III

The information called for by Part III of Form 10-K (consisting of Item 10 -- Directors and Executive Officers of the Registrant. Item 11 -- Executive Compensation, Item 12 -- Security Ownership of Certain Beneficial Owners and Management and Item 13 -- Certain Relationships and Transactions), of the Company," is incorporated by reference from the Company's definitive proxy statement, which will be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year to which this Report relates.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

Financial Statements of the Company

The following financial statements are filed as a part of this report under "Item 8 - Financial Statements and Supplementary Data":

Financial Statement Schedules

The following financial statement schedule is filed as a part of this report under "Schedule II" immediately preceding the signature page: Schedule II - Valuation and Qualifying Accounts for the three fiscal years ended May 31, 1999. All other schedules called for by Form 10-K are omitted because they are inapplicable or the required information is shown in the financial statements, or notes thereto, included herein.

List of Exhibits

	2.1	Stock Purchase Agreement, dated February 22, 1994, by and among Matrix Service Company and the shareholders of Georgia Steel Fabricators, Inc. (Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 0-18716) filed March 7, 1994, is hereby incorporated by reference).
	3.1	Restated Certificate of Incorporation (Exhibit 3.1 to the Company's Registration Statement on Form S-1 (No. 33-36081), as amended, filed July 26, 1990 is hereby incorporated by reference).
	3.2	Bylaws, as amended (Exhibit 3.2 to the Company's Registration Statement on Form S-1 (No. 33-36081) as amended, filed July 26, 1990 is hereby incorporated by reference).
	4.1	Specimen Common Stock Certificate (Exhibit 4.1 to the Company's Registration Statement on Form S-1 (File No. 33-36081), as amended, filed July 26, 1990 is hereby incorporated by reference).
+	10.1	Matrix Service Company 1990 Incentive Stock Option Plan (Exhibit 10.14 to the Company's Registration Statement on Form S-1 (File No. 33-36081), as amended, filed July 26, 1990 is hereby incorporated by reference).
+	10.2	Matrix Service Company 1991 Stock Option Plan, as amended. Form S-8 (File No. 333-56945) filed June 12, 1998 is hereby incorporated by reference. Exhibit 10.1 to the Company's Registration Statement.
	10.3	Standard Industrial Lease, dated June 30, 1989, between Matrix Service, Inc. and the Kinney Family Trust (Exhibit 10.16 to the Company's Registration Statement on Form S-1 (No. 33-36081), as amended, filed July 26, 1990 is hereby incorporated by reference).
	10.4	Lease Agreement, dated May 30, 1991, between Tim S. Selby and Stephanie W. Selby as Co-Trustees of the Selby Living Trust dated October 20, 1983, Tim S. Selby and Stephanie W. Selby, and Richard Chafin, Trustee of the Selby Children's Trust 1 dated December 12, 1983 and San Luis Tank Piping Construction Co., Inc. (Exhibit 10.9 to the Company's Registration Statement on Form S-1 (File No. 33-48373) filed June 4, 1992 is hereby incorporated by reference).
+	10.5	Employment and Noncompetition Agreement, dated June 1, 1991, between West Coast Industrial Coatings, Inc. and San Luis Tank Piping Construction Co., Inc., and Tim S. Selby (Exhibit 10.10 to the Company's Registration Statement on Form S-1 (File No. 33-48373) filed June 4, 1992 is hereby incorporated by reference).
	10.6	Revolving Credit Agreement, dated August 30, 1994, by and among the Company and its subsidiaries, and Liberty Bank & Trust Company of Tulsa, N.A. (Exhibit 10.9 to the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 1995 (File No. 0-18716) is hereby incorporated by reference).
	10.7	Security Agreement, dated August 30, 1994, by and among the Company and its subsidiaries, and Liberty Bank & Trust Company of Tulsa, N.A. (Exhibit 10.12 to the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 1995 (File No. 0-18716) is hereby incorporated by reference).
	10.8	Promissory Note, dated December 30, 1992, by and between the Company, Colt Acquisition Company and Colt Construction Company and Duncan

		Electric Company. (Exhibit 10.17 to the Company's Annual Report on Form 10-K (File No. 0-18716), filed August 27, 1993, is hereby incorporated by reference).
+	10.9	Employment and Noncompetition Agreement dated February 22, 1994, between Brown Steel Contractors, Inc. and Mark A. Brown (Exhibit 99.2 to the Company's Current Report on Form 8-K, (File No. 0-18716), filed March 7, 1994, is hereby incorporated by reference).
+	10.10	Employment and Noncompetition Agreement dated February 22, 1994, between Brown Steel Contractors, Inc. and Sample D. Brown (Exhibit 99.3 to the Company's Current Report on Form 8-K, (File No. 0-18716), filed March 7, 1994, is hereby incorporated by reference).
+	10.11	Matrix Service Company 1995 Nonemployee Directors' Stock Option Plan (Exhibit 4.3 to the Company's Registration Statement on Form S-8 (File No. 333-2771), filed April 24, 1996 is hereby incorporated by reference).
	10.12	Stock Purchase Agreement, dated June 17, 1997, by and among Matrix Service Company and the shareholders of General Service Corporation.
	10.13	First Amendment to Credit Agreement, dated June 19, 1997, by and among the Company and its subsidiaries, and Liberty Bank & Trust Company of Tulsa, N.A.
	10.14	Security Agreement, dated June 19, 1997, by and among the Company and its subsidiaries, and Liberty Bank & Trust Company of Tulsa, N.A.
	10.15	Promissory Note (Revolving Note) dated June 19, 1997 by and between the Company and its subsidiaries, and Liberty Bank & Trust Company of Tulsa, N.A.
	10.16	Promissory Note (Term Note, due August 31, 1999), by and between the Company and its subsidiaries, and Liberty Bank & Trust Company of Tulsa, N.A.
	10.17	Promissory Note (Term Note, due June 19, 2002), dated June 19, 1997 by and between the Company and its subsidiaries, and Liberty Bank & Trust Company, N.A.
*	10.18	Interest Rate Swap Agreement, dated February 26, 1998 between Matrix Service Company and Bank One, Oklahoma, N.A.
	10.19	Fourth Amendment to Credit Agreement, dated October 22, 1998, by and among the Company and its subsidiaries, and Bank One, Oklahoma, N.A.
*	10.20	Amended and Restated Security Agreement, dated October 22, 1998, by and the Company and its subsidiaries, and Bank One, Oklahoma, N.A.
*	10.21	Fifth Amendment to Credit Agreement, dated October 22, 1998, by and among the Company and its subsidiaries and Bank One, Oklahoma, N.A.
*	10.22	Stock Purchase Agreement by and among Caldwell Tanks Alliance, LLC, Caldwell Tanks, Inc., Brown Steel Contractors, Inc., Georgia Steel Acquisition Corp. and Matrix Service Company, dated June 9, 1999.
*	11.1	Computation of Per Share Earnings.
*	21.1	Subsidiaries of Matrix Service Company.

*	23.1	Consent of Ernst & Young LLP.
*	27.1	Financial Data Schedule.

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

* Filed herewith.

\+ Management Contract or Compensatory Plan.

Reports on Form 8-K

None

SIGNATURES

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

Matrix Service Company

Date: August 27, 1999

/s/Bradley S. Vetal

Bradley S. Vetal, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Signatures	Title	Date
/s/ Bradley S. Vetal - --- Bradley S. Vetal	Bradley S. Vetal President and Director (Principal Executive Officer)	August 27, 1999
/s/ Michael J. Hall - --- Michael J. Hall	Michael J. Hall Chief Financial Officer and Director (Principal Financial and Accounting Officer)	August 27, 1999
/s/ Hugh E. Bradley - --- Hugh E. Bradley	Director	August 27, 1999
/s/ Robert A. Peterson - --- Robert A. Peterson	Director	August 27, 1999
/s/ John S. Zink - --- John S. Zink	Director	August 27, 1999

BANK ONE
35 N. Fourth Street, Lower Level
Columbus, Ohio 43271-0103

Fax Cover Sheet

DATE: February 26, 1998

TO: Matrix Service Company

Attention: Mr. C. William Lee

FAX: (918) 838-8810

Pages including this cover page:

RE: INTEREST RATE SWAP TRANSACTION

Our Reference No.: 52292NA

Bank One, Oklahoma, N.A. has entered into an Interest Rate Swap transaction with you as attached.

If you agree with the terms specified therein, please arrange for the confirmation to be signed by your authorized signatory and return the signed copy to this office to the facsimile number detailed below.

Section 3 of the "Confirmation" ("Account Details~') asks you to provide us with your payment instructions. These should include the following information for wire transfers:

Bank One, Oklahoma, N.A. (Affiliate Name)

Account Number: 028004046

ABA Number. 10300648

The ISDA Master Agreement provides for the netting of payments. In accordance with Section 2 (c) of the ISDA Master Agreement all payments made under this transaction will be made on a net basis.

If you have"any amendments or comments to make, please do not hesitate to contact the Derivative Documentation Department of Banc One Funds Management.

Telephone Number (614) 248-2982 Facsimile Number (614) 248-1241

Tonya M. Melsop
Derivative Documentation Coordinator

cc: Mark Poole (918) 586-5474

CONFIDENTIALITY NOTICE; The information contained in and accompanying this facsimile cover sheet is strictly and intended solely for the use of the addressee(s) named above. It you are not a named addresses (or a person responsible delivering this facsimile to a named addressee), you are hereby notified that any review, distribution or copying of this facsimiles strictly prohibited. If you have received this facsimile in error, please notify the sender immediately by telephone at the number set forth above and destroy this facsimile. Thank you.

BANK ONE

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 request 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 judgment 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 into 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:	February 26, 1998
Effective 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/360
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:	5.67188%
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 #: 10300648
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, 171, 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 signing on behalf of Bank One, Oklahoma, N.A.	For on behalf of be Matrix Service Company
- ----------	----------
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.

- ----------
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.

DATES		
From	To	Notional
3/2/98	4/1/98	$10,000,000.00
4/1/98	5/1/98	9,833,333.33
5/1/98	6/1/98	9,666,666.66
6/1/98	7/1/98	9,499,999.99
7/1/98	8/1/98	9,333,333.32
8/1/98	9/1/98	9,166,666.65
9/1/98	10/1/98	8,999,999.98
10/1/98	11/1/98	8,833,333.31
11/1/98	12/1/98	8,666,666.64
12/1/98	1/1/99	8,499,999.97
1/1/99	2/1/99	8,333,333.30
2/1/99	3/1/99	8,166,666.63
3/1/99	4/1/99	7,999,999.96
4/1/99	5/1/99	7,833,333.29
5/1/99	6/1/99	7,666,666.62
6/1/99	7/1/99	7,499,999.95
7/1/99	8/1/99	7,333,333.28
8/1/99	9/1/99	7,166,666.61
9/1/99	10/1/99	6,999,999.94
10/1/99	11/1/99	8,833,333.27
11/1/99	12/1/99	6,666,666.60
12/1/99	1/1/00	6,499,999.93
1/1/00	2/1/00	6,333,333.26
2/1/00	3/1/00	6,166,666.59

From	To	Notional
3/1/00	4/1/00	5,999,999.92
4/1/00	5/1/00	5,833,333.25
5/1/00	6/1/00	5,666,666.58
6/1/00	7/1/00	5,499,999.91
7/1/00	8/1/00	5,333,333.24
8/1/00	9/1/00	5,166,666.57
9/1/00	10/1/00	4,999,999.90
10/1/00	11/1/00	4,833,333.23
11/1/00	12/1/00	4,866,666.56
12/1/00	1/1/01	4,499,999.89
1/1/01	2/1/01	4,333,333.22
2/1/01	3/1/01	4,166,666.55
3/1/01	4/1/01	3,999,999.88
4/1/01	5/1/01	3,833,333.21
5/1/01	6/1/01	3,666,666.54
6/1/01	7/1/01	3,499,999.87
7/1/01	8/1/01	3,333,333.20
8/1/01	9/1/01	3,166,666.53
9/1/01	10/1/01	2,999,999.86
10/1/01	11/1/01	2,833,333.19
11/1/01	12/1/01	2,666,666.52
12/1/01	1/1/02	2,499,999.85
1/1/02	2/1/02	2,333,333.18
2/1/02	3/1/02	2,186,666.51
3/1/02	4/1/02	1,999,999.84

From	To	Notional
4/1/02	5/1/02	1,833,333.17
5/1/02	6/1/02	1,668,686.50
6/1/02	7/1/02	1,499,999.83
7/1/02	8/1/02	1,333,333.16
8/1/02	9/1/02	1,166,666.49
9/1/02	10/1/02	999,999.82
10/1/02	11/1/02	833,333.15
11/1/02	12/1/02	565,666.48
12/1/02	1/1/03	499,999.81
1/1/03	2/1/03	333,333.14
2/1/03	2/28/03	166,666.47

(Local Currency-Single Jurisdiction)

ISDA(R)
International Swap Dealers Association, Inc.

MASTER AGREEMENT

dated as of _____

BANK ONE, OKLAHOMA, N.A. and MATRIX SERVICE COMPANY have entered and/or anticipate entering into one or more transactions (each a "Transaction") that are or will be governed by this Master Agreement, which includes the schedule (the "Schedule"), and the documents and other confirming evidence (each a "Confirmation") exchanged between the parties confirming those Transactions.

Accordingly, the parties agree as follows:

1. Interpretation

(a) Definitions. The terms defined in Section 12 and in the Schedule will have the meanings therein specified for the purpose of this Master Agreement.

(b) Inconsistency. In the event of any inconsistency between the provisions of the Schedule and the other provisions of this Master Agreement, the Schedule will prevail. In the event of any inconsistency between the provisions of any Confirmation and this Master Agreement (including the Schedule), such Confirmation will prevail for the purpose of the relevant Transaction.

(c) Single Agreement. All Transactions are entered into in reliance on the fact that this Master Agreement and all Confirmations form a single agreement between the parties (collectively referred to as this "Agreement"), and the parties would not otherwise enter into any Transactions.

2. Obligations

(a) General Conditions.

(i) Each party will make each payment or delivery specified in each Confirmation to be made by it, subject to the other provisions of this Agreement.

(ii) Payments under this Agreement will be made on the due date for value on that date in the place of the account specified in the relevant Confirmation or otherwise pursuant to

this Agreement, in freely transferable funds and in the manner customary for payments in the required currency. Where settlement is by delivery (that is, other than by payment), such delivery will be made for receipt on the due date in the manner customary for the relevant obligation unless otherwise specified in the relevant Confirmation or elsewhere in this Agreement.

(iii) Each obligation of each party under Section 2(a)(i) is subject to (1) the condition precedent that no Event of Default or Potential Event of Default with respect to the other party has occurred and is continuing, (2) the condition precedent that no Early Termination Date in respect of the relevant Transaction has occurred or been effectively designated and (3) each other applicable condition precedent specified in this Agreement.

(b) Change of Account. Either party may change its account for receiving a payment or delivery by giving notice to the other party at least five Local Business Days prior to the scheduled date for the payment or delivery to which such change applies unless such other party gives timely notice of a reasonable objection to such change.

(c) Netting. If on any date amounts would otherwise be payable:

(i) in the same currency; and

(ii) in respect of the same Transaction,

by each party to the other, then, on such date, each party's obligation to make payment of any such amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, replaced by an obligation upon the party by whom the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount.

The parties may elect in respect of two or more Transactions that a net amount will be determined in respect of all amounts payable on the same date in the same currency in respect of such Transactions, regardless of whether such amounts are payable in respect of the same Transaction. The election may be made in the Schedule or a Confirmation by specifying that subparagraph (ii) above will not apply to the Transactions identified as being subject to the election, together with the starting date (in which case subparagraph (ii) above will not, or will cease to, apply to such Transactions from such date). This election may be made separately for different groups of Transactions and will apply separately to each pairing of branches or offices through which the parties make and receive payments or deliveries.

(d) Default Interest; Other Amounts. Prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction, a party that defaults in the performance of any payment obligation will, to the extent permitted by law and subject to Section

6(c), be required to pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as such overdue amount~ for the period from (and including) the original due date for payment to (but excluding) the date of actual payment, at the Default Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed. If, prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction, a party defaults in the performance of any obligation required to be settled by delivery, it will compensate the other party on demand if-and to the extent provided for in the relevant Confirmation or elsewhere in this Agreement-

3. Representations

Each party represents to the other party (which representations will be deemed to be repeated by each party on each date on which a Transaction is entered into) that-

(a) Basic Representations.

(i) Status. It is duly organized and validly existing under the laws of the jurisdiction of its organization or incorporation and, if relevant under such laws, in good standing;

(ii) Powers. It has the power to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and any other documentation relating to this Agreement that it is required by this Agreement to deliver and to perform its obligations under this Agreement and any obligations it has under any Credit Support Document to which it is a party and has taken all necessary action to authorize such execution, delivery and performance;

(iii) No Violation or Conflict. Such execution, delivery and performance do not violate or conflict with any law applicable to it~ any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;

(iv) Consents. All governmental and other consents that are required to have been obtained by it with respect to this Agreement or any Credit Support Document to which it is a party have been obtained and are in full force and effect and all conditions of any such consents have been complied with; and

(v) Obligations Binding. Its obligations under this Agreement and any Credit Support Document to which it is a party constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)).

(b) Absence of Certain Events. No Event of Default or Potential Event of Default or, to its knowledge, Termination Event with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement or any Credit Support Document to which it is a party.

(c) Absence of Litigation. There is not pending or, to its knowledge, threatened against it or any of its Affiliates any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or any Credit Support Document to which it is a party or its ability to perform its obligations under this Agreement or such Credit Support Document.

(d) Accuracy of Specified Information. All applicable information that is furnished in writing by or on behalf of it to the other party and is identified for the purpose of this Section 3(d) in the Schedule is, as of the date of the information, true, accurate and complete in every material respect.

4. Agreements

Each party agrees with the other that, so long as either party has or may have any obligation under this Agreement or under any Credit Support Document to which it is a party:-

(a) Furnish Specified Information. It will deliver to the other party any forms, documents or certificates specified in the Schedule or any Confirmation by the date specified in the Schedule or such Confirmation or, if none is specified, as soon as reasonably practicable.

(b) Maintain Authorizations. It will use all reasonable efforts to maintain in full force and effect all consents of any governmental or other authority that are required to be obtained by it with respect to this Agreement or any Credit Support Document to which it is a party and will use all reasonable efforts to obtain any that may become necessary in the future.

(c) Comply with Laws. It will comply in all material respects with all applicable laws and orders to which it may be subject if failure so to comply would materially impair its ability to perform its obligations under this Agreement or any Credit Support Document to which it is a party.

5. Events of Default and Termination Events

(a) Events of Default. The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any of the following events constitutes an event of default (an "Event of Default") with respect to such party:-

(i) Failure to Pay or Deliver. Failure by the party to make, when due, any payment under this Agreement or delivery under Section 2(a)(i) or 2(d) required to be made by it if such failure is not remedied on or before the third Local Business Day after notice of such failure is given to the party;

(ii) Breach of Agreement. Failure by the party to comply with or perform any agreement or obligation (other than an obligation to make any payment under this Agreement or delivery under Section 2(a)(i) or 2(d) or to give notice of a Termination Event) to be complied with or performed by the party in accordance with this Agreement if such failure is not remedied on or before the thirtieth day after notice of such failure is given to the party;

(iii) Credit Support Default.

(1) Failure by the party or any Credit Support Provider of such party to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with any Credit Support Document if such failure is continuing after any applicable grace period has elapsed;

(2) the expiration or termination of such Credit Support Document or the failing or ceasing of such Credit Support Document to be in full force and effect for the purpose of this Agreement (in either case other than in accordance with its terms) prior to the satisfaction of all obligations of such party under each Transaction to which such Credit Support Document relates without the written consent of the other party; or

(3) the party or such Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Credit Support Document;

(iv) Misrepresentation. A representation made or repeated or deemed to have been made or repeated by the party or any Credit Support Provider of such party in this Agreement or any Credit Support Document proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;

(v) Default under Specified Transaction. The party, any Credit Support Provider of such party or any applicable Specified Entity of such party (1) defaults under a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, there occurs a liquidation of, an acceleration of obligations under, or an early termination of, that Specified Transaction, (2) defaults, after giving effect to any applicable notice requirement or grace period, in making any payment or delivery due on the last payment, delivery or exchange date of, or any payment on early termination of, a Specified Transaction (or such default continues for at least three Local Business Days if there is no applicable notice requirement or grace period) or (3) disaffirms, disclaims, repudiates or rejects, in whole or in part, a Specified Transaction (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(vi) Cross Default. If "Cross Default" is specified in the Schedule as applying to the party, the occurrence or existence of (1) a default, event of default or other similar condition

or event (however described) in respect of such. party, any Credit Support Provider of such party or any applicable Specified Entity of such party under one or more agreements or instruments relating to Specified Indebtedness of any of them (individually or collectively) in an aggregate amount of not less than the applicable Threshold Amount (as specified in the Schedule) which has resulted in such Specified Indebtedness becoming, or becoming capable at such time of being declared, due and payable under such agreements or instruments, before it would otherwise have been due and payable or (2) a default by such party, such Credit Support Provider or such Specified Entity (individually or collectively) in making one or more payments on the due date thereof in an aggregate amount of not less than the applicable Threshold Amount under such agreements or instruments (after giving effect to any applicable notice requirement or grace period);

(vii) Bankruptcy. The party, any Credit Support Provider of such party or any applicable Specified Entity of such party:

(1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors* rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (7) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; (8) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (7) (inclusive); or (9) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or

(viii) Merger Without Assumption. The party or any Credit Support Provider of such party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all

its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer

(1) the resulting, surviving or transferee entity fails to assume all the obligations of such party or such Credit Support Provider under this Agreement or any Credit Support Document to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other party to this Agreement; or

(2) the benefits of any Credit Support Document fail to extend (without the consent of the other party) to the performance by such resulting, surviving or transferee entity of its obligations under this Agreement.

(b) Termination Events. The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any event specified below constitutes an Illegality if the event is specified in (i) below, and, if specified to be applicable, a Credit Event Upon Merger if the event is specified pursuant to (ii) below or an Additional Termination Event if the event is specified pursuant to (iii) below:

(i) Illegality. Due to the adoption of, or any change in, any applicable law after the date on which a Transaction is entered into, or due to the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law after such date, it becomes unlawful (other than as a result of a breach by the party of Section 4(b)) for such party (which will be the Affected Party):-

(1) to perform any absolute or contingent obligation to make a payment or delivery or to receive a payment or delivery in respect of such Transaction or to comply with any other material provision of this Agreement relating to such Transaction; or

(2) to perform, or for any Credit Support Provider of such party to perform, any contingent or other obligation which the party (or such Credit Support Provider) has under any Credit Support Document relating to such Transaction;

(ii) Credit Event Upon Merger. If "Credit Event Upon Merger" is specified in the Schedule as applying to the party, such party ("X"), any Credit Support Provider of X or any applicable Specified Entity of X consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and such action does not constitute an event described in Section 5(a)(viii) but the creditworthiness of the resulting, surviving or transferee entity is materially weaker than that of X, such Credit Support Provider or such Specified Entity, as the case may be, immediately prior to such action (and, in such event, X or its successor or transferee, as appropriate, will be the Affected Party); or

(iii) Additional Termination Event. If any "Additional Termination Event" is specified in the Schedule or any Confirmation as applying, the occurrence of such event (and, in such event, the Affected Party or Affected Parties shall be as specified for such Additional Termination Event in the Schedule or such Confirmation).

(c) Event of Default and Illegality. If an event or circumstance which would otherwise constitute or give rise to all Event of Default also constitutes an Illegality, it will be treated as an Illegality and will not constitute an Event of Default.

6. Early Termination

(a) Right to Terminate Following Event of Default. If at any time an Event of Default with respect to a party (the "Defaulting Party") has occurred and is then continuing, the other party (the "Non-defaulting Party") may, by not more than 20 days notice to the Defaulting Party specifying the relevant Event of Default, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all outstanding Transactions. If, however, "Automatic Early Termination" is specified in the Schedule as applying to a party, then an Early Termination Date in respect of all outstanding Transactions will occur immediately upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(1), (3), (5), (6) or, to the extent analogous thereto, (8), and as of the time immediately preceding the institution of the relevant proceeding or the presentation of the relevant petition upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(4) or, to the extent analogous thereto, (8).

(b) Right to Terminate Following Termination Event.

(i) Notice. If a Termination Event occurs, an Affected Party will, promptly upon becoming aware of it, notify the other party, specifying the nature of that Termination Event and each Affected Transaction and will also give such other information about that Termination Event as the other party may reasonably require-

(ii) Two Affected Parties. If an Illegality under Section 5(b)(i)(1) occurs and there are two Affected Parties, each party will use all reasonable efforts to reach agreement within 30 days after notice thereof is given under Section 6(b)(i) on action to avoid that Termination Event.

(iii) Right to Terminate. If:

(1) an agreement under Section 6(b)(ii) has not been effected with respect to all Affected Transactions within 30 days after an Affected Party gives notice under Section 6(b)(i); or

(2) an Illegality other than that referred to in Section 6(b)(ii), a Credit Event Upon Merger or an Additional Termination Event occurs,

either party in the case of an Illegality, any Affected Party in the case of an Additional Termination Event if there is more than one Affected Party, or the party which is not the Affected Party in the case of a Credit Event Upon Merger or an Additional Termination Event if there is only one Affected Party may, by not more than 20 days notice to the other party and provided that the relevant Termination Event is then continuing, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all Affected Transactions.

(c) Effect of Designation.

(i) If notice designating an Early Termination Date is given under Section 6(a) or (b), the Early Termination Date will occur on the date so designated, whether or not the relevant Event of Default or Termination Event is then continuing.

(ii) Upon the occurrence or effective designation of an Early Termination Date, no further payments or deliveries under Section 2(a)(i) or 2(d) in respect of the Terminated Transactions will be required to be made, but without prejudice to the other provisions of this Agreement. The amount, if any, payable in respect of an Early Termination Date shall be determined pursuant to Section 6(e).

(d) Calculations.

(i) Statement. On or as soon as reasonably practicable following the occurrence of an Early Termination Date, each party will make the calculations on its part, if any, contemplated by Section 6(e) and will provide to the other party a statement (1) showing, in reasonable detail, such calculations (including all relevant quotations and specifying any amount payable under Section 6(e)) and (2) giving details of the relevant account to which any amount payable to it is to be paid. In the absence of written confirmation from the source of a quotation obtained in determining a Market Quotation, the records of the party obtaining such quotation will be conclusive evidence of the existence and accuracy of such quotation.

(ii) Payment Date. An amount calculated as being due in respect of any Early Termination Date under Section 6(e) will be payable on the day that notice of the amount payable is effective (in the case of an Early Termination Date which is designated or occurs as a result of an Event of Default) and on the day which is two Local Business Days after the day on which notice of the amount payable is effective (in the case of an Early Termination Date which is designated as a result of a Termination Event). Such amount will be paid together with (to the extent permitted under applicable law) interest thereon (before as well as after judgment), from (and including) the relevant Early Termination Date to (but excluding) the date such amount is paid, at the Applicable Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed.

(e) Payments on Early Termination. If an Early Termination Date occurs, the following provisions shall apply based on the parties' election in the Schedule of a payment measure, either

"Market Quotation" or "Loss", and a payment method, either the "First Method" or the "Second Method". If the parties fail to designate a payment measure or payment method in the Schedule, it will be deemed that "Market Quotation" or the "Second Method", as the case may be, shall apply. The amount, if any, payable in respect of an Early Termination Date and determined pursuant to this Section will be subject to any Set-off.

(i) Events of Default. If the Early Termination Date results from an Event of Default:

(1) First Method and Market Quotation. If the First Method and Market Quotation apply, the Defaulting Party will pay to the Non-defaulting Party the excess, if a positive number, of (A) the sum of the Settlement Amount (determined by the Non-defaulting Party) in respect of the Terminated Transactions and the Unpaid Amounts owing to the Non-defaulting Party over (B) the Unpaid Amounts owing to the Defaulting Party.

(2) First Method and Loss. If the First Method and Loss apply, the Defaulting Party will pay to the Non-defaulting Party, if a positive number, the Non-defaulting Party's Loss in respect of this Agreement.

(3) Second Method and Market Quotation. If the Second Method and Market Quotation apply, an amount will be payable equal to (A) the sum of the Settlement Amount (determined by the Non-defaulting Party) in respect of the Terminated Transactions and the Unpaid Amounts owing to the Non-defaulting Party less (B) the Unpaid Amounts owing to the Defaulting Party. If that amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of that amount to the Defaulting Party.

(4) Second Method and Loss. If the Second Method and Loss apply, an amount will be payable equal to the Non-defaulting Party's Loss in respect of this Agreement. If that amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of that amount to the Defaulting Party.

(ii) Termination Events. If the Early Termination Date results from a Termination Event:

(1) One Affected Party. If there is one Affected Party, the amount payable will be determined in accordance with Section 6(e)(i)(3), if Market Quotation applies, or Section 6(e)(i)(4), if Loss applies, except that, in either case, references to the Defaulting Party and to the Non-defaulting Party will be deemed to be references to the Affected Party and the party which is not the Affected Party, respectively, and, if Loss applies and fewer than all the Transactions are being terminated, Loss shall be calculated in respect of all Terminated Transactions.

(2) Two Affected Parties. If there are two Affected Parties:

(A) if Market Quotation applies, each party will determine a Settlement Amount in respect of the Terminated Transactions, and an amount will. be payable equal to (1) the sum of (a) one-half of the difference between the Settlement Amount of the party with the higher Settlement Amount CW') and the. Settlement Amount of the party with the lower Settlement Amount ("Y") and (b) the Unpaid Amounts owing to X less (H) the Unpaid Amounts owing to Y; and

(B) if Loss applies, each party will determine its Loss in respect of this Agreement (or, if fewer than all the Transactions are being terminated, in respect of all Terminated Transactions) and an amount will be payable equal to one-half of the difference between the Loss of the party with the higher Loss (")C') and the Loss of the party with the lower Loss ("Y").

If the amount payable is a positive number, Y will pay it to X; if it is a negative number, X will pay the absolute value of that amount to Y.

(iii) Adjustment for Bankruptcy. In circumstances where an Early Termination Date occurs because "Automatic Early Termination" applies in respect of a party, the amount determined under this Section 6(e) will be subject to such adjustments as are appropriate and permitted by law to reflect any payments or deliveries made by one party to the other under this Agreement (and retained by such other party) during the period from the relevant Early Termination Date to the date for payment determined under Section 6(d)(ii).

(iv) Pre-Estimate. The parties agree that if Market Quotation applies an amount recoverable under this Section 6(e) is a reasonable pre-estimate of loss and not a penalty. Such amount is payable for the loss of bargain and the loss of protection against future risks and except as otherwise provided in this Agreement neither party will be entitled to recover any additional damages as a consequence of such losses.

7. Transfer

Neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) by either party without the prior written consent of the other party, except that:

(a) a party may make such a transfer of this Agreement pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of ail or substantially all its assets to, another entity (but without prejudice to any other right or remedy under this Agreement); and

(b) a party may make such a transfer of all or any part of its interest in any amount payable to it from a Defaulting Party under Section 6(e).

Any purported transfer that is not in compliance with this Section will be void.

8. Miscellaneous

(a) Entire Agreement. This Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter and supersedes all oral communication and prior writings with respect thereto.

(b) Amendments. No amendment, modification or waiver in respect of this Agreement will be effective unless in writing (including a writing evidenced by a facsimile transmission) and executed by each of the parties or confirmed by an exchange of telexes or electronic messages on an electronic messaging system.

(c) Survival of Obligations. Without prejudice to Sections 2(a)(iii) and 6(c)(ii), the obligations of the parties under this Agreement will survive the termination of any Transaction.

(d) Remedies Cumulative. Except as provided in this Agreement, the rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.

(e) Counterparts and Confirmations.

(i) This Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts (including by facsimile transmission), each of which will be deemed an original

(ii) The parties intend that they are legally bound by the terms of each Transaction from the moment they agree to those terms (whether- orally or otherwise). A Confirmation shall be entered into as soon as practicable and may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system, which in each case will be sufficient for all purposes to evidence a binding supplement to this Agreement. The parties will specify therein or through another effective means that any such counterpart, telex or electronic message constitutes a Confirmation.

(f) No Waiver of Rights. A failure or delay in exercising any right, power or privilege in respect of this Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or further exercise, of that right, power or privilege or the exercise of any other right, power or privilege.

(g) Headings. The headings used in this Agreement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Agreement.

9. Expenses

A Defaulting Party will, on demand, indemnify and hold harmless the other party for and against all reasonable out-of-pocket expenses, including legal fees, incurred by such other party by reason of the enforcement and protection of its rights under this Agreement or any Credit Support Document to which the Defaulting Party is a party or by reason of the early termination of any Transaction, including, but not limited to, costs of collection.

10. Notices

(a) Effectiveness. Any notice or other communication in respect of this Agreement may be given in any manner set forth below (except that a notice or other communication under Section 5 or 6 may not be given by facsimile transmission or electronic messaging system) to the address or number or in accordance with the electronic messaging system details provided (see the Schedule) and will be deemed effective as indicated:-

(i) if in writing and delivered in person or by courier, on the date it is delivered;

(ii) if sent by telex, on the date the recipient's answer back is received;

(iii) if sent by facsimile transmission, on the date that transmission is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);

(iv) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date that mail is delivered or its delivery is attempted; or

(v) if sent by electronic messaging system, on the date that electronic message is received,

unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Local Business Day or that communication is delivered (or attempted) or received, as applicable, after the close of business on a Local Business Day, in which case that communication shall be deemed given and effective on the first following day that is a Local Business Day.

(b) Change of Addresses. Either party may by notice to the other change the address, telex or facsimile number or electronic messaging system details at which notices or other communications are to be given to it.

11. Governing Law and Jurisdiction

(a) Governing Law. This Agreement will be governed by and construed in accordance with the law specified in the Schedule.

(b) Jurisdiction. With respect to any suit, action or proceedings relating to this Agreement ("Proceedings"), each party irrevocably:

(i) submits to the jurisdiction of the English courts, if this Agreement is expressed to be governed by English law, or to the non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City, if this Agreement is expressed to be governed by the laws of the State of New York; and

(ii) waives any objection which it may have at anytime to the laying of venue of any Proceedings brought in any such cowl, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party.

Nothing in this Agreement precludes either party from bringing Proceedings in any other jurisdiction (outside, if this Agreement - is expressed to be governed by English law, the Contracting States, as defined in Section 10) of the Civil Jurisdiction and Judgments Act 1982 or any modification, extension or re-enactment thereof for the time being in force) nor will the bringing of Proceedings in any one or more jurisdictions preclude the bringing of Proceedings in any other jurisdiction.

(c) Waiver of Immunities. Each party irrevocably waives, to the fullest extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from W suit, (ii) jurisdiction of any court, (iii) relief by way of injunction, order for specific performance or for recovery of property, GO attachment of its assets (whether before or after judgment) and (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any Proceedings in the courts of any jurisdiction and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in any Proceedings.

12. Definitions

As used in this Agreement:

"Additional Termination Event" has the meaning specified in Section 5(b).

"Affected Party" has the meaning specified in Section 5(b).

"Affected Transactions" means (a) with respect to any Termination Event consisting of an Illegality, all Transactions affected by the occurrence of such Termination Event and (b) with respect to any other Termination Event, all Transactions.

"Affiliate" means, subject to the Schedule, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

"Applicable Rate" means:

(a) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Defaulting Party, the Default Rate;

(b) in respect of an obligation to pay an amount under Section 6(e) of either party from and after the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable, the Default Rate;

(c) in respect of all other obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Non-defaulting Party, the Non-default Rate; and

(d) in all other cases, the Termination Rate.

"consent" includes a consent, approval, action, authorization, exemption, notice, filing, registration or exchange control consent.

"Credit Event Upon Merger" has the meaning specified in Section 5(b).

"Credit Support Document" means any agreement or instrument that is specified as such in this Agreement.

"Credit Support Provider" has the meaning specified in the Schedule.

"Default Rate" means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount plus 1 % per annum.

"Defaulting Party" has the meaning specified in Section 6(a).

"Early Termination Date" means the date determined in accordance with Section 6(a) or 6(b)(iii).

"Event of Default" has the meaning specified in Section 5(a) and, if applicable, in the Schedule.

"Illegality" has the meaning specified in Section 5(b).

"law" includes any treaty, law, rule or regulation and "lawful" and "unlawful"will be construed accordingly.

"Local Business Day" means, subject to the Schedule, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) (a) in relation to any obligation under Section 2(a)(i), in the place(s) specified in the relevant Confirmation or, if not so specified, as otherwise agreed by the parties in writing or determined pursuant to provisions contained, or incorporated by reference, in this Agreement, (b) in relation to any other payment, in the place where the relevant account is located, (c) in relation to any notice or other communication, including notice contemplated under Section 5(a)(i), in the city specified in the address for notice provided by the recipient and, in the case of a notice contemplated by Section 2(b), in the place where the relevant new account is to be located and (d) in relation to Section 5(a)(v)(2), in the relevant locations for performance with respect to such Specified Transaction.

"Loss" means, with respect to this Agreement or one or more Terminated Transactions, as the case may be, and a party, an amount that party reasonably determines in good faith to be its total losses and costs (or gain, in which case expressed as a negative number) in connection with this Agreement or that Terminated Transaction or group of Terminated Transactions, as the case may be, including any loss of bargain, cost of funding or, at the election of such party but without duplication, loss or cost incurred as a result of its terminating, liquidating, obtaining or reestablishing any hedge or related trading position (or any gain resulting from any of them). Loss includes losses and costs (or gains) in respect of any payment or delivery required to have been made (assuming satisfaction of each applicable condition precedent) on or before the relevant Early Termination Date and not made, except so as to avoid duplication, if Section 6(e)(i)(1) or (3) or 6(e)(ii)(2)(A) applies. Loss does not include a party's legal fees and out-of-pocket expenses referred to under Section 9. A party will determine its Loss as of the relevant Early Termination Date, or, if that is not reasonably practicable, as of the earliest date thereafter as is reasonably practicable. A party may (but need not) determine its Loss by reference to quotations of relevant rates or prices from one or more leading dealers in the relevant markets.

"Market Quotation" means, with respect to one or more Terminated Transactions and a party making the determination, an amount determined on the basis of quotations from Reference Market-makers. Each quotation will be for an amount, if any, that would be paid to such party (expressed as a negative number) or by such party (expressed as a positive number) in consideration of an agreement between such party (taking into account any existing Credit Support Document with respect to the obligations of such party) and the quoting Reference Market-maker to enter into a transaction (the "Replacement Transaction") that would have the effect of preserving for such party the economic equivalent of any payment or delivery (whether the underlying obligation was absolute or contingent and assuming the satisfaction of each applicable condition precedent) by the parties under Section 2(a)(i) in respect of such Terminated Transaction or group of Terminated Transactions that would, but for the occurrence of the relevant Early Termination Date, have been required after

that date. For this purpose, Unpaid Amounts in respect of the Terminated Transaction or group of Terminated Transactions are to be excluded but, without limitation, any payment or delivery that would, but for the relevant Early Termination Date, have been required (assuming satisfaction of each applicable condition precedent) after that Early Termination Date is to be included. The Replacement Transaction would be subject to such documentation as such party and the Reference Market-maker may, in good faith, agree. The party making the determination (or its agent) will request each Reference Market-maker to provide its quotation to the extent reasonably practicable as of the same day and time (without regard to different time zones) on or as soon as reasonably practicable after the relevant Early Termination Date. The day and time as of which those quotations are to be obtained will be selected in good faith by the party obliged to make a determination under Section 6(e), and, if each party is so obliged, after consultation with the other. If more than three quotations are provided, the Market Quotation will be the arithmetic mean of the quotations, without regard to the quotations having the highest and lowest values. If exactly three such quotations are provided, the Market Quotation will be the quotation remaining after disregarding the highest and lowest quotations. For this purpose, if more than one quotation has the same highest value or lowest value, then one of such quotations shall be disregarded. If fewer than three quotations are provided, it will be deemed that the Market Quotation in respect of such Terminated Transaction or group of Terminated Transactions cannot be determined.

"Non-default Rate" means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the Non-defaulting Party (as certified by it) if it were to fund the relevant amount-

"Non-defaulting Party" has the meaning specified in Section 6(a).

"Potential Event of Default" means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"Reference Market-makers" means four leading dealers in the relevant market selected by the party determining a Market Quotation in good faith (a) from among dealers of the highest credit standing which satisfy all the criteria that such party applies generally at the Lime in deciding whether to offer or to make an extension of credit and (b) to the extent practicable, from among such dealers having an office in the same city.

"Scheduled Payment Date" means a date on which a payment or delivery is to be made under Section 2(a)(i) with respect to a Transaction-

"Set-off" means set-off, offset, combination of accounts, right of retention or withholding or similar right or requirement to which the payer of an amount under Section 6 is entitled or subject (whether-arising under this Agreement, another contract, applicable law or otherwise) that is exercised by, or imposed on, such payer.

"Settlement Amount" means, with respect to a party and any Early Termination Date, the sum of:-

(a) the Market Quotations (whether positive or negative) for each Terminated Transaction or group of Terminated Transactions for which a Market Quotation is determined; and

(b) such party's Loss (whether positive or negative and without reference to any Unpaid Amounts) for each Terminated Transaction or group of Terminated Transactions for which a Market Quotation cannot be determined or would not (in the reasonable belief of the party making the determination) produce a commercially reasonable result.

"Specified Entity" has the meaning specified in the Schedule.

"Specified Indebtedness" means, subject to the Schedule, any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money.

"Specified Transaction" means, subject to the Schedule, (a) any transaction (including an agreement with respect thereto) now existing or hereafter entered into between one party to this Agreement (or any Credit Support Provider of such party or any applicable Specified Entity of such party) and the other party to this Agreement (or any Credit Support Provider of such other party or any applicable Specified Entity of such other party) which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions), (b) any combination of these transactions and (c) any other transaction identified as a Specified Transaction in this Agreement or the relevant confirmation.

"Terminated Transactions" means with respect to any Early Termination Date (a) if resulting from a Termination Event, all Affected Transactions and (b) if resulting from an Event of Default, all Transactions (in either case) in effect immediately before the effectiveness of the notice designating that Early Termination Date (or, if "Automatic Early Termination" applies, immediately before that Early Termination Date).

"Termination Event" means an Illegality or, if specified to be applicable, a Credit Event Upon Merger or an Additional Termination Event.

"Termination Rate" means a rate per annum equal to the arithmetic mean of the cost (without proof or evidence of any actual cost) to each party (as certified by such party) if it were to fund or of funding such amounts.

"Unpaid Amounts" owing to any party means, with respect to an Early Termination Date, the aggregate of (a) in respect of all Terminated Transactions, the amounts that became payable (or that would have become payable but for Section 2(a)(iii)) to such party under Section 2(a)(i) on or prior to such Early Termination Date and which remain unpaid as at such Early Termination Date and (b) in respect of each Terminated Transaction, for each obligation under Section 2(a)(i) which was (or

would have been but for Section 2(a)(iii)) required to be settled by delivery to such party on or prior to such Early Termination Date and which has not been so settled as at such Early Termination Date, an amount equal to the fair market value of that which was (or would have been) required to be delivered as of the originally scheduled date for delivery, in each case together with (to the extent permitted under applicable law) interest, in the currency of such amounts, from (and including) the date such amounts or obligations were or would have been required to have been paid or performed to (but excluding) such Early Termination Date, at the Applicable Rate. Such amounts of interest will be calculated on the basis of daily compounding and the actual number of days elapsed. The fair market value of any obligation referred to in clause (b) above shall be reasonably determined by the party obliged to make the determination under Section 6(e) or, if each party is so obliged, it shall be the average of the fair market values reasonably determined by both parties.

IN WITNESS WHEREOF the parties have executed this document on the respective dates specified below with effect from the date specified on the first page of this document.

BANK ONE, OKLAHOMA, N.A. (Name of Party)	MATRIX SERVICE COMPANY (Name of Party)
By: --- Name: Title: Date:	By: --- Name: Title: Date:

(Local Currency-Single Jurisdiction)

ISDA(R)
International Swaps and Derivatives Association, Inc.

SCHEDULE

to the
MASTER AGREEMENT

dated as of February 1, 1998

between

BANK ONE, OKLAHOMA N.A.,
a national banking association
with its main office located in Oklahoma City, Oklahoma
("Party All)

and

MATRIX SERVICE COMPANY,
a Delaware corporation
with its principal place of business in Tulsa, Oklahoma
("Party B")

Part 1. Termination Provisions and Certain Other Matters

In this Agreement:

(a) "Specified Entity" will not apply to Party A and for Party B will mean, for purposes of Sections 5(a)(v), 5(a)(vi) and 5(a)(vii) of this Agreement, any Affiliate of Party B.

(b) "Specified Transaction" includes for Party 13, in addition to the transactions specified in Section 12 of this Agreement, any transaction between Party A (or any Affiliate of Party A), on the one hand, and Party B (or any Affiliate of Party B), on the other.

(c) The "Cross Default" provisions of Section 5(a)(vi) of this Agreement will not apply to Party A and will apply to Party B and, with respect thereto, "Specified Indebtedness " will have for Party B the meaning specified in Section 12 of this Agreement and "Threshold Amount" will mean for Party

B $0 (including the United States Dollar equivalent on the date of any Cross Default of any obligation stated in any other currency).

(d) The "Credit Event upon Merger" provisions of Section 5(b)(ii) will not apply to Party A and will apply to Party B.

(e) The "Automatic Early Termination" provision of Section 6(a) will not apply to Party A or to Party B.

(f) Payments on Early Termination. For the purpose of Section 6(e):

(i) Market Quotation will apply.

(ii) The Second Method will apply.

(g) Additional Termination Event will not apply.

Part 2. Agreement to Deliver Documents

Party B agrees to deliver to Party A, upon execution of this Agreement and upon consummation of any Transaction, such evidence as Party A may reasonably require (including, without limitation, an opinion reasonably acceptable in form and substance to Party A of legal counsel reasonably acceptable to Party A) that Party B is duly authorized to enter into this Agreement or into such Transaction, and that the person(s) executing this Agreement or any Confirmation on Party B's behalf is duly authorized by Party B to do so.

Part 3. Miscellaneous

(a) Addresses for Notices. For the purpose of Section 10(a) of this Agreement:

Address for notices or communications to Party A:

Address: 35 North Fourth Street, Lower Level
Columbus, Ohio 43271-0103

Attention: Swap Operations

Facsimile No.: 614/248-5209 Telephone No.:614/248-5621

Address for notices or communications to Party B:

Address: 10701 East UTE Street
Tulsa, Oklahoma 74116-1517

Attention: C. William Lee or Doyl West

Facsimile No.: 918/838-8810 Telephone No.:8918/838-8822

(b) Calculation Agent. "Me Calculation Agent is Party A, unless otherwise specified in a Confirmation in relation to the relevant Transaction.

(c) Credit Support Document. Does not apply to Party A and, with respect to Party B, means each contract, agreement, instrument and other document listed in Annex A hereto, each of which is intended by both Parties to secure the full and timely performance of Party B's obligations under this Agreement. Annex A is hereby incorporated herein in its entirety.

(d) Credit Support Provider. Does not apply to Party A and, with respect to Party B, means each party to any Credit Support Document of Party B other than Party A or Party 13, any Affiliate of Party A, and any other secured party under any such Credit Support Document.

(e) Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of New York (without reference to choice of law doctrine).

(d) Netting of Payments. Subparagraph (ii) of Section 2(c) will not apply to any Transaction unless otherwise provided in the Confirmation for such Transaction.

(g) "Affiliate" means, with respect to each Party, any entity that, directly or indirectly, controls, is controlled by, or is under common control with such Party. For this purpose, a person shall be deemed to "control" any entity if such person, directly or indirectly or acting through one or more other persons, (a) owns, controls or has the power to vote 50% or more of any class of voting securities of such entity, (b) is a general partner of such entity, (c) controls in any manner the election of a majority of the directors, trustees or other similar officials of such entity, or (d) otherwise exercises a controlling influence over the management or policies of such entity.

(h) "Party" means Party A and/or Party B, as the context may require.

Part 4. Other Provisions

(a) Additional Representations. Each Party hereby represents and warrants to the other Party (which representations will be deemed to be repeated by each Party on each date on which a Transaction is entered into) as follows:

(i) The necessary action to authorize referred to in the representation in Section 3(a)(ii) includes all authorizations, if any, required by such Party under the Federal Deposit Insurance Act, as amended, including amendments effected by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, and under any

agreement, writ, decree, or order entered into with such party's supervisory authorities;

(ii) This Agreement is a "qualified financial contract" as defined in Section 11 (e)(8)(D)(i) of the Federal Deposit Insurance Act, 12 U.S.C. (S)1821(e)(8)(D)(i); a "swap agreement" as defined in Section 11 (e)(8)(D)(vi) of the Federal Deposit Insurance Act, 12 U.S.C. (S) 182 1 (e)(8)(D)(vi); and a "swap agreement" as defined in Section 10 1 (53B) of the Bankruptcy Code, 11 U.S.C. (S) 10 1 (53 B);

(iii) It is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the other party to this Agreement, other than the representations expressly set forth in this Agreement, each Credit Support Document and in any Confirmation;

(iv) It has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisors to the extent it has deemed necessary, and has made its own investment, hedging and trading decisions (including decisions regarding the suitability of any Transaction pursuant to this Agreement) based upon its own judgment and upon any advice from such advisors as it has deemed necessary and not upon any view expressed by the other party to this Agreement;

(v) It has a full understanding of all the terms, conditions and risks (economic and otherwise) of this Agreement, each Credit Support Document and each Transaction, and is capable of assuming and willing to assume (financially and otherwise) such risks;

(vi) It is entering into this Agreement, each Credit Support Document and each Transaction for the purposes of managing its borrowings or investments, hedging its underlying assets or liabilities or in connection with a line of business, and not for purposes of speculation; and

(vii) It is entering into this Agreement and will enter into all Transactions as principal and in connection with its business or the management of its business, and not as agent or in any other capacity, fiduciary or otherwise.

(b) Exchange of Confirmations. Anything in this Agreement to the contrary notwithstanding, for each Transaction entered into hereunder, Party A shall promptly send to Party B a Confirmation, via telex or facsimile transmission, in such form as the parties may from time to time agree. The parties agree that any such exchange of telexes or facsimile transmissions shall constitute a Confirmation for all purposes hereunder.

(c) Right of Set-Off. If an Early Termination Date occurs as the result of (i) an Event of Default or (ii) a Termination Event with respect to which there is only one Affected Party, the

Non-Defaulting or Non-Affected Party may Set-off (x) against any amount due and payable by it under Section 6(e) of this Agreement, any Other Obligations of the Defaulting or Affected Party; and (y) against any of its Other Obligations, any amount due and payable to it under Section 6(e) of this Agreement. A Party may exercise such Set-off rights without prior notice to the other Party, but shall notify the other Party promptly, after any exercise of such rights. If the amount of any Other Obligation Set-off is unascertained, the Non-Defaulting or Non-Affected Party may in good faith estimate such amount and Set-off based on such estimate, subject to an accounting to the other Party when such amount is ascertained, and to appropriate adjustment. The Set-off rights of each Party hereunder shall be in addition to, and not in lieu of, such other remedies, including such other set-off rights, as such Party may have by contract, operation of law, in equity or otherwise. As used herein, the term "Other Obligations- means, with respect to either Party, any amount payable by it or any of its Affiliates to the other Party, whether such amount is payable-under this Agreement, another contract, applicable law or otherwise, and whether such amount is due at the time in question, in the future or subject to a. contingency.

(d) Events of Default Termination Event Designation of Early Termination Date. Notwithstanding the terms of Sections 5 and 6 of this Agreement, if at any time and so long as one of the Parties to this Agreement CW~ shall have satisfied in full all its payment and delivery obligations under Section 2(a)(i) of this Agreement and shall at such time have no future payment or delivery obligations thereunder, whether absolute or contingent, then unless the other Party ("Y") is required pursuant to appropriate proceedings to return to X or otherwise returns to X upon demand of X any portion of any such payment or delivery, (i) the occurrence of an event described in Section 5(a) of this Agreement with respect to X, any Credit Support Provider of X or any Specified Entity of X shall not constitute an Event of Default with respect to X as the Defaulting Party and (ii) Y shall be entitled to designate an Early Termination Date pursuant to Section 6 of this Agreement only as a result of the occurrence of a Termination Event set forth in Section 5(b)(i) with respect to Y as the Affected Party.

(e) Condition to Payments. The condition precedent in Section 2(a)(iii)(1) does not apply to a payment and delivery owing by a Party if the other Party shall have satisfied in full all its payment or delivery obligations under Section 2(a)(i) of this Agreement and shall at the relevant time have no future payment or delivery obligations, whether absolute or contingent, under Section 2(a)(i).

ACCEPTED AND AGREED:

BANK ONE, OKLAHOMA, N.A.	MATRIX SERVICE COMPANY
By: ----------	By: ----------
Name: ----------	Name: ----------
Title: ----------	Title: ----------

ANNEX A

Credit Support Documents

Each of the following is a Credit Support Document of Party B for purposes of this Agreement, and is intended by both Parties to secure the full and timely performance of Party B's obligations under this Agreement:

EXHIBIT 10.20

AMENDED AND RESTATED SECURITY AGREEMENT

This Amended and Restated Security Agreement ("Agreement") is made and entered into effective as of the 22/nd/ day of October, 1998, by and among MATRIX SERVICE COMPANY, a Delaware corporation (hereinafter referred 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"), BROWN STEEL CONTRACTORS, INC., a Georgia corporation (hereinafter referred to as "BSC"), BROWN TANKS, INC., a Georgia corporation (hereinafter referred to as "BTI"), AQUA TANKS, INC., a Georgia corporation (hereinafter referred to as "ATI"), WEST COAST INDUSTRIAL COATINGS, INC., a California corporation (hereinafter referred to as "WCI"), MIDWEST SERVICE COMPANY, a Delaware corporation (hereinafter referred to as "MSC"), MATRIX SERVICE, INC. (CANADA), an Ontario corporation (hereinafter referred to as "MSIC"), MAYFLOWER VAPOR SEAL CORPORATION, an Oklahoma corporation (hereinafter referred to as "MVS"), GENERAL SERVICE CORPORATION, a Delaware corporation (hereinafter referred to as "GSC"), MAINSERV-ALLENTECH, INC., a Delaware corporation (hereinafter referred to as "MA"), MAINTENANCE SERVICES, INC., a Delaware corporation (hereinafter referred as to "MSERV"), in favor of BANK ONE, OKLAHOMA, N.A., successor in interest to LIBERTY BANK AND TRUST COMPANY OF TULSA, NATIONAL ASSOCIATION (hereinafter referred to as the "Secured Party"). Matrix, MSI, MIC, MSM, PEI, TSI, SLT, CCC, MII, BSC, BTI, ATI, WCI, MSC, MSIC, MVS, GSC, MA and MSERV are hereinafter collectively referred to as the "Debtors" and individually as a "Debtor."

RECITALS

A. Pursuant to that certain Credit Agreement dated August 30, 1994 (the "Original Credit Agreement"), as amended by that certain First Amendment to Credit Agreement dated June 19, 1997 (the "First Amendment"), as amended by that certain Second Amendment to Credit Agreement dated September 15, 1997 (the "Second Amendment"), as amended by that certain Third Amendment to Credit Agreement dated March 1, 1998 (the "Third Amendment"), and as further amended by that Amended and Restated Credit Agreement dated as of October 22, 1998 (the "Amended and Restated Credit Agreement") (the Original Credit Agreement, First Amendment, Second Amendment, Third Amendment, and Amended and Restated Credit Agreement, as amended, supplemented or otherwise modified from time to time, being hereinafter referred to as the "Credit Agreement"), among Debtors as Borrowers (as such term is defined in the Credit Agreement) and Secured Party, Secured Party has established in favor of the Debtors, on the terms and conditions set forth therein, (i) a revolving credit facility in the original principal amount not to exceed $20,000,000, and (ii) a term loan facility in the original principal amount not to exceed $10,000,000.

B. Pursuant to the Original Credit Agreement, Matrix, MSI, MIC, MSM, PEI, TSI, SLT, CCC, MII, BSC, WCI, and MSC, among others, each as a Debtor, and Secured Party executed and

delivered invidia Security Agreements dated as of August 30, 1994 (the "Original Security Agreements").

C. Pursuant to the First Amendment, GSC, MA, and MSERV, each as a Debtor, and Secured Party executed and delivered individual Security Agreements dated as of June 19, 1997 (the "Supplemental Security Agreements") (the "Original Security Agreements" and the "Supplemental Security Agreements" hereinafter referred to as the "Existing Security Agreements").

D. Pursuant to the Amended and Restated Credit Agreement, the Bank (among other modifications made to the Credit Agreement) removed Georgia Steel Acquisition Corporation, Georgia Steel Fabricators, Inc., Heath Engineering, LTD., and Heath (Tank Maintenance) Engineering, LTD., as Borrowers and added BTI, ATI, and MSIC as Borrowers.

E. Debtors and Secured Party desire to execute this Agreement to renew and continue the Existing Security Agreements and to grant Secured Party a security interest in the rights of BTI, ATI and MSIC in and to the Collateral (as hereinafter defined).

F. It is a condition precedent to the obligations of Secured Party under the Credit Agreement that Debtors shall have executed and delivered this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged and in order to induce Secured Party to make loans and other extensions of credit under the Credit Agreement, Debtors hereby agree as follows:

ARTICLE I

DEFINITIONS

1.1 Terms Defined in Credit Agreement. Capitalized terms used herein and not otherwise defined have the respective meanings assigned to them in the Credit Agreement.

1.2 Defined Terms. The following terms used herein shall have the meanings indicated:

Accounts. "Accounts" shall mean and include all accounts (as such term is defined in Article 9 of the UCC) of Debtors, of every nature, whether now existing or hereafter arising, including, without limitation, all accounts receivable and other rights to payment for goods sold or leased or for services rendered.

Collateral. "Collateral" shall mean and include (i) all Accounts, (ii) all Inventory, (iii) all General Intangibles, (iv) all books, records, ledger cards, electronic data processing materials and other general intangibles relating to the foregoing property, and (v) all Proceeds of the foregoing property.

General Intangibles. "General Intangibles" shall mean and include (i) all general intangibles (as such term is defined in Article 9 of the UCC) of Debtors, of every nature, whether now owned or existing or hereafter arising or acquired, including, without limitation, all books, correspondence, credit files, records, computer programs, source codes, computer tapes, computer cards, computer disks, Permits, know-how, technologies, trade secrets, claims (including, without limitation, claims for income tax and other refunds), causes of action, choses in action, judgments, goodwill, patents, copyrights, brand names, trademarks, tradenames, service names, service marks, logos, licensing agreements, franchises, royalty payments, settlements, partnership interests (whether general, limited or special), interests in joint ventures, contracts, contract rights and monies due under any contract or agreement, (ii) all chattel paper of Debtors, whether now owned or existing or hereafter arising or acquired, and (iii) all papers and documents evidencing or constituting any of the foregoing.

Governmental Authority. "Governmental Authority" shall mean any court or any administrative or governmental department, commission, board, bureau, authority, agency or body of any governmental entity, whether foreign or domestic, and whether national, federal, state, county, city, municipal or otherwise.

Indebtedness. "Indebtedness" shall mean and include all liabilities, obligations and indebtedness of the Debtors to the Secured Party or an affiliate of the Secured Party, of every kind and description, now existing or hereafter incurred, direct or indirect, absolute or contingent, due or to become due, matured or unmatured, and whether or not of the same or a similar class or character as the Credit Facilities and whether or not currently contemplated by the Secured party or the Debtors, including, without limitation, (i) all Advances, and Letters of Credit (including interest accruing thereon and fees payable in respect thereof), (ii) all Reimbursement Obligations, (iii) all liabilities, obligations and indebtedness of the Debtors to the Secured Party arising out of or relating to the Credit Agreement, the Credit Facilities, the Notes, the L/C Agreements or any other of the Loan Documents, (iv) any overdrafts by any of the Debtors on any deposit account maintained with the Secured Party, (v) any Interest Rate Swap with the Secured Party or affiliate of the Secured Party, and (vi) any and all extensions and renewals of any of the foregoing.

Inventory. "Inventory" shall mean and include all inventory (as such term is defined in Article 9 of the UCC) of Debtors, now existing or hereafter acquired and wherever located, including, without limitation, (i) raw goods and raw materials, (ii) goods in process, (iii) finished goods, (iv) materials, supplies, containers, boxes and packaging materials, (v) materials used or consumed in the course of business, and (vi) all other goods held or stored for sale or lease or furnished or to be furnished under contracts of service.

Permit. "Permit" shall mean any permit, certificate, consent, franchise, concession, license, authorization, approval, filing, registration or notification from or with any Governmental Authority or other Person.

Person. "Person" shall mean any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, limited liability company, institution, entity, party or Governmental Authority.

Proceeds. "Proceeds" shall mean all proceeds of all or any portion of the Collateral within the meaning of Article 9 of the UCC, including, without limitation, (i) all proceeds of any insurance, judgment, indemnity, warranty or guaranty payable to or for the account of Debtors with respect to all or any portion of the Collateral, (ii) all proceeds in the form of accounts, collections, contract rights, documents, instruments, chattel paper or general intangibles relating in whole or in part to the Collateral, and (iii) all payments, in any form whatsoever, made or due and payable to or for the account of Debtors in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any portion of the Collateral by any Governmental Authority.

UCC. "UCC: shall mean the Uniform Commercial Code as in effect from time to time in the State of Oklahoma.

1.3 Interpretations. Unless otherwise defined herein, (i) terms defined in the UCC are used herein as so defined, and (ii) the singular shall be deemed to include the plural and the plural shall be deemed to include the singular.

ARTICLE II

GRANT OF SECURITY INTEREST

In order to secure the prompt and complete payment and performance when due (whether at the stated maturity, upon a mandatory prepayment, by acceleration or otherwise) of the Indebtedness, Debtors hereby renew and continue their assignment, transfer and pledge unto Secured Party, and additionally, as applicable, grant to Secured Party a continuing security interest in, the Collateral.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

3.1 Ownership; Free of Encumbrances. Debtors are and will remain the legal and beneficial owners of the Collateral, free and clear of any prior Liens, except the security interest created hereby and except as set forth in Subsection 5.6 of the Credit Agreement. Debtors will defend the Collateral against all claims and demands of all persons at any time claiming the Collateral or any interest therein, other than persons holding Liens permitted under Subsection 5.6 of the Credit Agreement. No security agreement, financing statement or other public notice with respect to all or any part of the Collateral is on file or of record in any public office except such as may have been filed pursuant to this Agreement and except as set forth in Schedule I attached to the Existing Security Agreement. Debtors have exclusive possession and control of the Collateral.

3.2 Conflicting Agreements and Charter Provisions. Neither the execution and delivery of this Agreement, nor fulfillment nor compliance with the terms and provisions hereof, will conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in any violation of, the charter or bylaws of Debtors, or any agreement, instrument, judgment, decree, statute, law, rule or regulation to which Debtors are subject or by which the Collateral is bound or affected, or require any authorization, consent, approval or other action by, or notice to any Governmental Authority. Except for the filings and other actions contemplated under Subsection 4.2 hereof, no consent or authorization of or filing with or other act by and in respect of any other Person is required in connection with the execution, delivery, performance, validity or enforceability of this Agreement.

3.3 Actions and Proceedings. There is no action or proceeding against or investigation of Debtors, pending or threatened, which questions the validity of this Agreement or any of the Loan Documents or which is likely to have a Material Adverse Effect.

3.4 Organization; Authority. Each of the Debtors is a corporation, duly organized, validly existing and in good standing under the laws of the state or jurisdiction of its incorporation and is duly qualified to conduct business and in good standing under the laws of the State of Oklahoma and all other states or jurisdictions in which it does business. Each of the Debtors is duly authorized, qualified and licensed under all applicable laws, regulations, ordinances and orders of public authorities to carry on its business as currently conducted and as contemplated to be conducted, or, if not, such noncompliance does not create or give rise to a Material Adverse Effect. Debtors now have and will have at all material times requisite corporate power and authority to enter into this Agreement and to carry out the terms and provisions hereof. This Agreement has been duly authorized by all necessary corporate action on the part of Debtors, has been duly executed and delivered by the Debtors' duly authorized officers, and constitutes the legal, valid and binding obligation of Debtors, enforceable in accordance with its terms (except as enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally, and (ii) general principles of equity).

3.5 Location of Principal Office; Records. The chief place of business and chief executive office of Debtors and the offices where Debtors keep their records concerning the Accounts and the original copies of all contracts that evidence or constitute Collateral are located at the following address:

c/o Matrix Service Company
10701 East Ute Street
Tulsa; Oklahoma 74116-1517
Attn: Michael J. Hall,
Chief Financial Office and Vice President/Finance
Fax: (918) 838-8810

Schedule II attached to the Existing Security Agreements contains a complete and accurate list of the location of all Inventory. Within the last four months, no Debtor has changed its name, identity or corporate structure (by reorganization or otherwise), or its address.

3.6 Tradenames. Schedule III attached to the Existing Security Agreements contains a complete and accurate list of (i) all names under which Debtors are or have been doing business within the last twelve months, including, without limitation, tradenames, division names, and fictitious names, (ii) all tradenames owned by Debtors or that Debtors are licensed to use, and (iii) all tradenames that Debtors have established the right to use.

3.7 Instruments. None of the Accounts is currently evidenced by a promissory note or other instrument.

3.8 Accounts. The amount represented to Secured Party from time to time as owing by each account debtor or by all account debtors in respect of the Accounts will at no time be other than the correct amount actually owing by such account debtor or debtors thereunder. No consent of any account debtor in respect of any account is required, or purports to be required, in connection with the execution, delivery and performance of this Agreement by Debtors. Each of the Accounts is in full force and effect and constitutes a valid and legally enforceable obligation of the account debtor in respect thereof.

3.9 Law and Ordinances. Debtors have not violated and will not violate any applicable statute, regulation or ordinance of any Governmental Authority in any material adverse respect as to the ownership, acquisition, use and operation of the Collateral including, without limitation, any Environmental Laws.

3.10 Permits. Each of the Debtors has acquired or will acquire at appropriate times, and are in compliance with the terms of, all Permits and has made all governmental and regulatory filings, registrations and notifications (i) which are presently necessary for it to carry on its business as now being conducted or as contemplated to be conducted, (ii) which are or will be necessary for it to own, maintain, use or operate the Collateral, or (iii) which if not obtained would have a Material Adverse Effect. All such Permits are or will be valid and subsisting, and none of the Debtors is or will be in material violation of any such Permit.

ARTICLE IV

COVENANTS

Debtors covenant and agree with Secured Party that, from and after the date of this Agreement until the Indebtedness is paid in full:

4.1 Insurance. Debtors, at their cost and expense, shall maintain in full force and effect liability and casualty insurance on the Inventory as required under the terms of the Credit Agreement.

4.2 Recordings, Filings, Further Assurances. Debtors agree that from time to time, at the expense of Debtors, Debtors will promptly execute and deliver all further instruments and documents, and take all further action that may be necessary or desirable, or that Secured Party may reasonably request, in order to continue, perfect and protect any security interest granted hereby or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, Debtors will: (i) mark conspicuously each item of chattel paper included in the Accounts with a legend in form and substance satisfactory to Secured Party, indicating that such chattel paper is subject to the security interest granted hereby; (ii) if any of the Accounts shall be evidenced by a promissory note or other instrument, deliver and pledge to Secured Party such note or instrument duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance satisfactory to Secured Party; (iii) execute and file such financing or continuation statements or amendments thereto and such other instruments or notices as may be necessary or desirable, or as Secured Party may request, in order to perfect and preserve the security interest granted or purported to be granted hereby; (iv) deliver to Secured Party promptly upon receipt thereof all promissory notes and other instruments representing or evidencing any of the Collateral; and (v) prepare and furnish to Secured Party upon request such lists of the Accounts as Secured Party may, from time to time, reasonably request. Debtors hereby authorize Secured Party to file one or more financing or continuation statements and amendments thereto relative to all or part of the Collateral without the signature of Debtors, where permitted by law and to execute the same as attorney-in-fact for Debtors to the extent Debtors' signature is required by law.

4.3 Records and Inspection; Field Audits. Debtors shall keep and shall make available to Secured Party at reasonable times, accurate and complete books and records with respect to the Collateral and Debtors' business generally, in accordance with generally accepted accounting principles or other reasonable and sound business practices, including a record of all payments received and any credits granted on any of the Accounts, and Secured Party shall have the right to inspect and copy such records and to inspect the Collateral at reasonable times. Without limiting the generality of the foregoing, Debtors will: (i) permit Secured Party, through its authorized representatives, to conduct periodic field audits of Debtors and to review Debtors' operations, books and records, accounts receivable methods and controls, and other matters relating to the value and maintenance of the Collateral and Debtors' financial reporting, and (ii) afford any authorized representative of Secured Party with access to any Property owned by Debtors, during business hours and upon reasonable notice. For the further security of Secured Party, Secured Party shall have a security interest in all such books and records pertaining to the Collateral, and after any Event of Default Debtors shall turn over any such books and records to Secured Party or to its representatives during normal business hours at the request of Secured Party.

4.4 Location of Office and Records; Change of Name. Debtors shall keep their chief place of business and chief executive office, and the offices where they keep their records concerning

the Accounts and the original copies of all contracts and chattel paper that evidence or constitute Collateral, at the location therefor specified in Subsection 3.5 above and shall notify Secured Party at least thirty (30) days prior to any change from said location. No Debtor will change its name, identity or corporate or other structure to such an extent that any financing statement filed by Secured Party in connection with this Agreement would become seriously misleading, unless it shall have given Secured Party at least thirty (30) days prior written notice thereof and prior to effecting any such change taken such steps as Secured Party may deem necessary or advisable to continue the perfection and priority of the security interest granted pursuant hereto.

4.5 Removal of Inventory. Debtors shall keep the Inventory at the locations listed on Schedule II (attached to the Existing Security Agreements) or, with the prior written consent of Secured Party, at such other location in a jurisdiction in which all actions required by Subsection 4.2 shall have been taken with respect to the Collateral as Debtors may have advised Secured Party at least thirty (30) days prior to such removal.

4.6 Debtors Remain Liable. Debtors shall remain liable under all contracts or other agreements included in the Collateral to the extent set forth therein to perform all of their duties and obligations thereunder to the same extent as if this Agreement had not bee executed. The exercise by Secured Party of any of the rights hereunder shall not release Debtors from any of their duties or obligations under such contracts or agreements included in the collateral. Secured Party shall not have any obligation or liability under such contracts or agreements included in the Collateral by reason of this Agreement, nor shall Secured Party be obligated to perform any of the obligations or duties of Debtors thereunder or to take any action to collect or enforce any claim for payment assigned hereunder. Debtors shall at their expense perform and observe all of the terms and provisions of such contracts to be performed or observed by them to maintain such contracts in full force and effect, enforce such contracts in accordance with their terms, and take all such action to such ends as may from time to time be reasonably requested by Secured Party.

4.7 Debtors to Pay Taxes. Each of the Debtors will pay promptly when due all taxes, assessments, governmental charges or levies owing or payable by it, and will pay when due all claims for labor, materials, supplies, rent and other obligations which, if unpaid, might become a Lien against any of the Collateral, except to the extent any of the foregoing are being diligently contested in good faith by appropriate legal proceedings and against which there are established adequate reserves in conformity with GAAP.

4.8 Transfers and Other Liens. Debtors shall not: (a) sell, assign, or otherwise dispose of or grant any option with respect to any of the Collateral (except as permitted by Subsection 7.2 of the Credit Agreement), or (b) create or suffer to exist any lien upon or with respect to any of the Collateral (except as permitted by Subsection 7.1 of the Credit Agreement).

4.9 Limitations on Modifications, Waivers or Extensions of Agreements Giving Rise to Accounts. Debtors will not (i) amend, modify, terminate or waive any provision of any agreement giving rise to an Account in any manner which could reasonably be expected to materially adversely affect the value of such Account as Collateral, or (ii) fail to exercise promptly and diligently each

and every material right which it may have under each agreement giving rise to an Account (other than any right of termination). Debtors will deliver to Secured Party a copy of each material demand, notice or document sent or received by it relating in any way to any amendment, modification, termination or waiver of any provision of any agreement giving rise to an Account.

4.10 Secured Party's Rights and Duties. Debtors shall remain liable under the Accounts to observe and perform al the conditions and obligations to be observed and performed by it thereunder, all in accordance with and pursuant to the terms and provisions of each Account. Secured Party shall not have any obligation or liability under any Accounts by reason of or arising out of this Agreement, or the receipt by Secured Party of any payment relating to any Account pursuant hereto, nor shall Secured Party be required or obligated in any manner to perform or fulfill any of the obligations of Debtors under or pursuant to any Account or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by Secured Party or the sufficiency of any performance by any party under any Account or to present or file any claim, or to take any action to collect or enforce any performance or the payment of any amounts which have been assigned to Secured Party or to which Secured Party may be entitled at any time or times.

4.11 Collection of Accounts and Proceeds. Debtors shall cause all payments from account debtors on any of the Accounts to be remitted directly to a "lockbox" maintained with Secured Party. Until further notice from Secured Party, any proceeds of Accounts remitted to the lockbox, whether consisting of checks, notes, drafts, bills of exchange, money orders, commercial paper of any kind whatsoever, or other documents received in payment of any Accounts or in payment for any Inventory, shall be deposited by Secured Party in an operating account maintained by Matrix with Secured Party (subject to Secured Party's established policies on availability of uncollected funds). Such proceeds when deposited shall continue to be collateral security for all of the Indebtedness and shall not constitute payment thereof until applied as hereinafter provided. Upon the occurrence and during the continuation of an Event of Default, Secured Party may apply all or any part of the funds on deposit in said operating account on account of the principal of and/or interest on any of the Indebtedness, the order and method of any such application to be in the sole discretion of Secured Party. If an Event of Default shall have occurred and be continuing, at Secured Party's request Debtors shall deliver to Secured Party all original and other documents evidencing and relating to the sale and delivery of Inventory or the performance of labor or services which created the Accounts, including, but not limited to, all original orders, invoices and shipping receipts. Secured Party may, at any time after the occurrence and during the continuation of any Event of Default, notify account debtors that the Accounts have been assigned to Secured Party and that payment shall be made directly to Secured Party, and Debtors will so notify such account debtors on the request of Secured Party. Secured Party may in its own name or in the name of others, at any time after the occurrence and during the continuation of any Event of Default, communicate with account debtors in order to verify with them the existence, amount, and terms of any Accounts.

4.12 Continuation of Security Interests. Debtors agree that the security interest granted herein is a renewal and continuation of the Existing Security Agreements, and provides Secured Party priority with a continual uninterrupted security interest in the Collateral, free from any gaps in the priority of the security interests granted under the Existing Security Agreements.

ARTICLE V

DEFAULT

The term "Event of Default" for all purposes of this Agreement shall mean the occurrence of an "Event of Default" as defined in the Credit Agreement.

ARTICLE VI

REMEDIES

6.1 Acceleration of Indebtedness. Upon the occurrence of any Event of Default, Secured Party may, at its option, without notice or demand, terminate its obligations to Debtors (including the Revolving Commitment as defined in the Credit Agreement) and declare the Indebtedness to be immediately due and payable, whereupon the same shall become forthwith due and payable.

6.2 Other Remedies. Upon the occurrence and during the continuation of any Event of Default, Secured Party shall be entitled to exercise all remedies available to it under the Loan Documents (as defined in the Credit Agreement) or otherwise under applicable law, including, without limitation, the following:

6.2.1 All Legal Remedies. Proceed to selectively and successively enforce and exercise any and all rights and remedies which Secured Party may have under this Agreement, any other applicable agreement or applicable law, including, without limitation: (i) commencing one or more actions against Debtors and reducing the claims of Secured Party against Debtors to judgment, (ii) foreclosing, realizing upon, or otherwise enforcing Secured Party's security interest in the Collateral, or any portion thereof, or otherwise enforcing Secured Party's rights and remedies in respect of the Collateral, through judicial action or otherwise, including all available remedies under the applicable provisions of the UCC, and (iii) paying or discharging of any claim or Lien, prior or subordinate, in respect of or affecting the Collateral.

6.2.2 Cash Equivalent Items. As regards any portion of the Collateral consisting of cash equivalent items (i.e., checks, drafts or other items convertible at face), immediately apply them against the Indebtedness and for this purpose Debtors agree that such items will be considered identical in character to cash proceeds.

6.2.3 Disposition. Sell, lease or otherwise dispose of the Collateral at private or public sale, in bulk or in parcels and, where permitted by law, without having the Collateral present at the place of sale. Unless the Collateral is perishable or it appears that the value of the Collateral will decline speedily or the collateral is a type customarily sold on a recognized market, or unless Debtors have signed a statement (after the occurrence of an Event of Default) renouncing or modifying Debtors' right to notice, Secured Party will give Debtors reasonable notice of the time and place of any public sale or other disposition thereof

or the time after which any private sale or other disposition thereof is to be made. The requirements of reasonable notice shall be met if such notice is given to Debtors at least ten (10) days before the time of any such sale or disposition.

6.2.4 Costs and Expenses. Recover from Debtors an amount equal to all costs, expenses and attorney's fees incurred by Secured Party in connection with the exercise of the rights contained or referred to herein, together with interest on such sums at the default rate applicable to the Term Note from time to time.

6.2.5 Collections. Exercise any and all rights and remedies of Debtors relating to the Collateral, including, but not by way of limitation, the right to collect, demand, receive, settle, compromise, adjust or sue for all amounts due thereon or thereunder and the right either in Secured Party's own name or in the name of Debtors, to take such legal or other action as Debtors might have taken except for this Agreement.

6.3 Letters of Credit. Upon the acceleration of the Indebtedness after an Event of Default an amount equal to the aggregate stated amount of all outstanding Letters of Credit issued by Secured Party for the account of the Borrowers shall, at Secured Party's option and without demand upon or further notice to Debtors, be deemed (as between Secured Party and the Debtors) to have been paid or disbursed by Secured Party under the Letters of Credit (notwithstanding that such amounts may not in fact have been so paid or disbursed), and a loan to the Debtors in the amount of such Letters of Credit to have been made and accepted, which loan shall be immediately due and payable and shall bear interest at the post default rate provided in the Revolving Note. In lieu of the foregoing, at the election of Secured Party, Debtors shall, upon Secured Party's demand, deliver to Secured Party cash, or other collateral of a type satisfactory to Secured Party, having a value, as determined by Secured Party, equal to the aggregate outstanding Letters of Credit. Any such collateral and/or any amounts received by Secured Party in payment of the loan made pursuant to this Section shall be held by Secured Party in a separate account appropriately designated as a cash collateral account in relation to this Agreement and the Letters of Credit and retained by Secured Party as collateral security for the Indebtedness and each of the Letters of Credit. Such amounts shall not be used by Secured Party to pay any amounts drawn or paid under or pursuant to any Letter of Credit, but may be applied to reimburse Secured Party for drawings or payments under or pursuant to Letters of Credit which Secured Party has paid or, if no such reimbursement is required, to payment of such other Indebtedness as Secured Party shall determine. At the option of Secured Party, proceeds of sale of the Collateral may be used to fund the cash collateral account herein provided for. Any amounts remaining in any cash collateral account established pursuant to this Section following payment in full of the Indebtedness, which amounts are not (as determined by Secured Party) to be applied to reimburse Secured Party for amounts actually paid by Secured Party in respect of a Letter of Credit, shall be returned to the Debtors (after deduction of Secured Party's reasonable and necessary expenses).

6.4 Selective Enforcement. In the event Secured Party shall elect to selectively and successively enforce its rights and remedies in respect of any of the Collateral, pursuant to any applicable agreements or otherwise, such action shall not be deemed a waiver or discharge of any

other right, remedy, lien or encumbrance until such time as Secured Party shall have been paid in full the Indebtedness.

6.5 Waiver of Default. Secured Party may, by an instrument in writing signed by Secured Party, waive any Event of Default which shall have occurred and any of the consequences thereof and, in such event, Secured Party and Debtors shall be restored to their respective former positions, rights and obligations. Any Event of Default so waived shall, for all purposes of this Agreement, be deemed to have been cured and not to be continuing, but no such waiver shall extend to any subsequent or other default or impair any consequence thereof.

6.6 Deposits; Setoff. Regardless of the adequacy of any other Collateral held by Secured Party, any deposits or other sums credited by or due from Secured Party to Debtors shall at all times constitute collateral security for the Indebtedness and may be set off against the Indebtedness. The rights granted in this subsection shall be in addition to the rights of Secured Party under any statutory banker's lien or common law right of setoff.

6.7 Application of Payments. During the continuance of any Event of Default, all payments received by Secured Party in respect of the Indebtedness, whether from Debtors, any guarantor, recoveries upon any portion of the Collateral or otherwise, may be applied by Secured Party to any liabilities, obligations or indebtedness included in the Indebtedness selected by Secured Party in its sole and exclusive discretion.

6.8 Secured Party's Satisfaction of Debtor's Obligations. Upon the occurrence of any event which, but for the giving of notice or the passage of time, would constitute an Event of Default, Secured Party may, but shall not be obligated to, pay, satisfy or cure any liability or obligation of Debtors arising out of or relating to this Agreement or the Notes, upon prior notice to Debtors, and Debtors will from time to time within ten (10) days after a request made by Secured Party, reimburse Secured Party for all amounts expended, advanced or incurred by Secured Party in connection with such payment, cure or satisfaction, together with interest on such sums at the default rate applicable to the Term Note from time to time.

ARTICLE VII

MISCELLANEOUS

From and after the date of this Agreement and until the Indebtedness is paid in full:

7.1 Power of Attorney. Debtors hereby irrevocably constitute and appoint Secured Party, with full power of substitution, as ifs full and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Debtors and in the name of Debtors or in its own name from time to time in Secured Party's discretion, for the purposes of carrying out this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the

generality of the foregoing, Debtors hereby give Secured Party the power and right on behalf of Debtors, without notice to or assent by Debtors to do the following:

(a) At any time when any Event of Default shall have occurred and be continuing, to take possession of and endorse and collect any checks, drafts, notes, acceptances, or other instruments for the payment of money due under or with respect to any Collateral and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by Secured Party for the purpose of collecting any and all such monies due or with respect to such Collateral whenever payable;

(b) Upon the occurrence and during the continuance of any Event of Default, (i) to direct any party liable for any payment under any of the Collateral to make payment of any and all monies due or to become due thereunder directly to Secured Party, or as Secured Party shall direct; (ii) to ask for or demand, collect, receive payment of and receipt for, any and all monies, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (iii) to assign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (iv) to commence and prosecute any suits, actions, or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any portion thereof and to enforce any other right in respect of any Collateral; (v) to defend any suit, action, or proceeding brought against such Debtors with respect to any Collateral; and (vi) to settle, compromise or adjust any suit, action or proceeding described in the preceding clause and, in connection therewith, to give such discharges or releases as Secured Party may deem appropriate.

All acts of such attorney or designee are hereby ratified and approved and such attorney or designee shall not be liable for any acts of omission or commission nor for any error of judgment or mistake of fact or law. This power of attorney being coupled with an interest is irrevocable while any of the Indebtedness shall remain unpaid.

7.2 Amendment; Entire Agreement. This Agreement cannot be amended, modified or supplemented, except by an agreement in writing signed by the party or parties against whom enforcement of any waiver, change, amendment, modification or discharge is sought. This Agreement constitutes the entire agreement of the parties hereto with respect to the matters dealt with herein, except as expressly indicated to the contrary herein.

7.3 Notices. All notices, requests and demands required or authorized hereunder shall be given in the manner set forth in Subsection 10.4 of the Credit Agreement.

7.4 Waivers; Consents. Debtors hereby (i) consent to all extensions and renewals of the Indebtedness, (ii) consent to the addition, release or substitution of any person other than Debtors liable on any portion of the Indebtedness, (iii) waive all demands, notices and protests of any action taken by Secured Party pursuant to this Agreement or in connection with the Indebtedness, (iv)

waive any indulgence by Secured Party, and (v) consent to any substitutions for, exchanges of or releases of the Collateral or any portion thereof or of any other property securing the Indebtedness.

7.5 Survival of Representations and Warranties. All representations and warranties of Debtors contained herein or made in writing by Debtors in connection herewith shall continue and shall survive the execution and delivery of this Agreement.

7.6 Successors and Assigns. All covenants and agreements in this Agreement made by Debtors and Secured Party shall inure to the benefit of and shall be binding upon Secured Party and Debtors and their respective successors and assigns, whether so expressed or not.

7.7 Descriptive Headings. The descriptive headings of the Sections of this Agreement are inserted for convenience only and do not constitute a part of the Agreement.

7.8 Governing Law. THIS AGREEMENT HAS BEEN DELIVERED TO AND ACCEPTED BY SECURED PARTY IN THE STATE OF OKLAHOMA, IS TO BE PERFORMED IN THE STATE OF OKLAHOMA, SHALL BE DEEMED A CONTRACT MADE UNDER THE LAWS OF THE STATE OF OKLAHOMA, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAWS OF THE STATE OF OKLAHOMA.

7.9 Severability. In the event any one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

7.10 Indemnity and Expenses. Debtors agree to indemnify Secured Party from and against any and all claims, losses, liabilities or expenses (including without limitation legal fees and expenses) (i) arising out of or resulting from this Agreement (including, without limitation, enforcement of this Agreement), (ii) resulting from any delay in paying excise, sales or other taxes in connection with the Collateral, or (iii) with respect to or resulting from any failure to comply with any requirement of law with respect to the Collateral, except claims, losses or liabilities resulting from Secured Party's gross negligence or willful misconduct. Debtors will, upon demand, pay to Secured Party the amount of any and all expenses, including the fees and disbursements of its counsel and of any experts and agents which Secured Party may reasonably incur in connection with (I) the execution and delivery of this Agreement, (II) any proposed amendment or modification of this Agreement, (III) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon any of the Collateral, (IV) the exercise or enforcement of any of the rights of Secured Party hereunder, or (V) failure of Debtors to perform or observe any of the provisions hereof.

7.11 Preservation of Collateral. Secured Party's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession under Section 9-207 of the UCC, or otherwise, shall be to deal with it in the same manner as Secured Party deals with similar property for its own account. Neither Secured Party nor any of its directors, officers, employees, or

agents shall be liable for failure to demand, collect, or realize upon all or any part of the Collateral, or for any delay in doing so, or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of Debtors, or otherwise.

7.12 No Waiver by Secured Party. Secured Party shall not by any act (except by a written instrument pursuant to Subsection 7.2 hereof), delay, indulgence, omission, or otherwise, be deemed to have waived any right or remedy hereunder or to have acquiesced in any Event of Default, or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of Secured Party, any right, power, or privilege hereunder, shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof, or the exercise of any other right, power or privilege. A waiver by Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which Secured Party would otherwise have on any future occasion.

7.13 Jurisdiction and Venue. All actions or proceedings with respect to this Agreement may be instituted in any state or federal court sitting in Tulsa County, Oklahoma, as Secured Party may elect, and by execution and delivery of this Agreement Debtors irrevocably and unconditionally (i) submit to the nonexclusive jurisdiction (both subject matter and person) of each such court, and (ii) waive (a) any objection that Debtors may now or hereafter have to the laying of venue in any of such courts, and (b) any claim that any action or proceeding brought in any such court has been brought in an inconvenient forum.

7.14 Financing Statements. A carbon, photographic or other reproduction of this instrument or any financing statement in connection herewith shall be sufficient as a financing statement for any and all purposes.

IN WITNESS WHEREOF, Debtors have executed and delivered this Agreement to and in favor of Secured Party as of the date first set forth above.

MATRIX SERVICE COMPANY,
a Delaware corporation

By:

Name: Michael J. Hall
Title: Secretary

MATRIX SERVICE, INC.,
an Oklahoma corporation

By:

Name: Michael J. Hall
Title: Secretary

MIDWEST INDUSTRIAL CONTRACTORS, INC.,
a Delaware corporation

By:

Name:
Title: Secretary

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

By:

Name: Michael J. Hall
Title: Secretary

PETROTANK EQUIPMENT, INC.,
an Oklahoma corporation

By:

Name: Michael J. Hall
Title: Secretary

TANK SUPPLY, INC.,
an Oklahoma corporation

By:

Name: Michael J. Hall
Title: Secretary

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

By:

Name: Michael J. Hall
Title: Secretary

COLT CONSTRUCTION CO., INC.,
a Delaware corporation

By:

Name: Michael J. Hall
Title: Secretary

MIDWEST INTERNATIONAL, INC.,

a Delaware corporation

By:

Name:
Title: Secretary

BROWN STEEL CONTRACTORS, INC.,
a Georgia corporation

By:

Name: Michael J. Hall
Title: Secretary

BROWN TANKS, INC.,
a Georgia corporation

By:

Name: Michael J. Hall
Title: Secretary

AQUA TANKS, INC.,
a Georgia corporation

By:

Name: Michael J. Hall
Title: Secretary

WEST COAST INDUSTRIAL COATINGS, INC.,
a California corporation

By:

Name: Michael J. Hall
Title: Secretary

MIDWEST SERVICE COMPANY,
a Delaware corporation

By:

Name: Michael J. Hall
Title: Secretary

MATRIX SERVICE, INC. (CANADA),
an Ontario corporation

By:

Name: Michael J. Hall
Title: Secretary

MAYFLOWER VAPOR SEAL CORPORATION,
an Oklahoma corporation

By:

Name: Michael J. Hall
Title: Secretary

GENERAL SERVICE CORPORATION,
a Delaware corporation

By:

Name: Michael J. Hall
Title: Secretary

MAINSERV-ALLENTECH, INC.,
a Delaware corporation

By:

Name: Michael J. Hall
Title: Secretary

MAINTENANCE SERVICES, INC.,
a Delaware corporation

By:

Name: Michael J. Hall
Title: Secretary

EXHIBIT 10.21

FIFTH AMENDMENT TO CREDIT AGREEMENT

This Amendment ("Amendment") is made as of the 30/th/ day of April, 1999, by and between MATRIX SERVICE COMPANY, a Delaware corporation, MATRIX SERVICE, INC., an Oklahoma corporation, MIDWEST INDUSTRIAL CONTRACTORS, INC., a Delaware corporation, MATRIX SERVICE MID-CONTINENT, INC., an Oklahoma corporation, SAN LUIS TANK & PIPING CONSTRUCTION CO., INC., a Delaware corporation, WEST COAST INDUSTRIAL COATINGS, INC. a California corporation, MATRIX SERVICE, INC. (CANADA), an Ontario corporation, hereinafter collectively referred to as the "Borrowers" and individually as "Borrower" and Bank One, Oklahoma, NA formerly names Liberty Bank and Trust Company of Oklahoma City, N.A., assignee of Liberty Bank and Trust Company of Tulsa, N.A. (the "Bank").

WHEREAS, the Borrowers and the Bank entered into a Credit Agreement dated August 30, 1994, as amended by that certain First Amendment to Credit Agreement dated June 19, 1997 (the "First Amendment"), as amended by that certain Second Amendment to Credit Agreement dated September 15, 1997, as further amended by that certain Third Amendment to Credit Agreement dated as of March 1, 1998, and as further amended by the Fourth Amended and Restated Credit Agreement dated as of October 22, 1998 (hereinafter collectively referred to as the "Existing Credit Agreement"), pursuant to which the Bank has established certain credit facilities in favor of the Borrowers, as more particularly described therein; and

WHEREAS, Midwest International, Inc., a Delaware corporation, merged into Midwest Service Company, a Delaware corporation, which further merged into and is no longer independent but remains a part of Matrix Service, Inc., an Oklahoma corporation; and

WHEREAS, Maintenance Services, Inc., a Delaware corporation, has merged into and is no longer independent but remains a part of Matrix Service Mid-Continent, Inc., and Oklahoma corporation; and

WHEREAS, Colt Construction Company, a Delaware corporation, Mainserve-Allentech, Inc., a Delaware corporation, Tank Supply, Inc., an Oklahoma corporation, General Service Corporation, a Delaware corporation, Mayflower Vapor Seal Corp., an Oklahoma corporation, Petrotank Equipment, Inc., an Oklahoma corporation, have merged into and are no longer independent but remain a part of Matrix Service, Inc., an Oklahoma corporation; and

WHEREAS, the parties hereto desire to amend the Existing Credit Agreement as set forth below:

NOW, THEREFORE, the parties hereto agree as follows:

1. Capitalized terms not defined herein shall have the meaning ascribed in the Existing Credit Agreement.

2. (a) Section 7.2/ The Section bearing the heading Sale of Assets of the Existing Credit Agreement is hereby amended and restated to read as follows: None of the Borrowers will sell, transfer, convey or otherwise dispose of, whether pursuant to a single transaction or a series of

transaction: (i) the Collateral, or any portion thereof; or (ii) more than five percent (5%) in value of its other Properties. Notwithstanding the foregoing: (i) the Borrowers may sell their Inventory and collect their Accounts in the ordinary course of business; (ii) the Borrowers may sell Properties not included in the Collateral if (A) such Properties are no longer used or useful in their respective business, (B) any such sale, transfer or other disposition is for a price not less than the fair market value of any such Properties and is made pursuant to commercially reasonable terms and condition, and (C) such sales, transfers and dispositions do not create a Default or Event of Default under any other provision of this Agreement; and (iii) the Borrowers may sell the stock and other assets of Brown Steel Contractors, Inc. and subsidiaries.

(b) Section 7.9/ The Section bearing the heading Dividends and Distributions of the Existing Credit Agreement is hereby amended and restated to read as follows: None of the Borrowers will: (i) declare, make or pay any dividends on shares of any class of its capital stock, or set apart any sum of money or any assets for the payment of dividends, or make any other distribution, by reduction of capital or otherwise, in respect of any class of its capital stock; (ii) purchase, redeem, retire, or otherwise acquire, either directly or indirectly, any shares of any class of its capital stock, or set apart any sum of money or any of its assets therefor, or (iii) make any other type of payment or distribution of cash, property or assets to or among any of its shareholders (in their capacities as shareholder) with the exception of the distribution of the assets of Brown Steel Contractors and its subsidiaries to the Affiliates or borrowers. Notwithstanding the foregoing, any of the Borrowers may purchase or redeem shares of its capital stock in each fiscal year, provided that (A) no Default or Event of Default has occurred and is continuing as of the date any such purchase or redemption is to be made, and (B) the making of such purchase or redemption would not create or give rise to a Default or Event of Default under any other provision of this Agreement (including, without limitation, the financial covenants set forth in Subsection 7.11 hereof).

(c) Section 7.11.1/ The Section bearing the heading Tangible Net Worth of the Existing Credit Agreement is hereby amended and restated to read as follows: 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 (beginning with the fiscal year ending May 31, 2000) fifty percent (50%) of the Borrowers' cumulative net income after tax, 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.

3. The Borrowers represent and warrant that (a) the representations and warranties contained in the Existing Credit Agreement are true and correct in all material respects as of the date of this Amendment, except to the extent necessary to reflect the mergers as defined in the preamble. (b) no condition, act or event which would constitute and Event of Default under the Existing Credit Agreement exists, and (c) no condition, event, act or omission has occurred, which, with the giving of notice or passage of time, would constitute and Event of Default under the Existing Credit Agreement.

4. The Borrowers agree to pay all fees and out-of-pocket disbursements incurred by the Bank in connection with this Amendment, including legal fees incurred by the Bank in the preparation, consummation, administration and enforcement of this Amendment.

5. This Amendment shall become effective only after it is fully executed by the Borrowers and the Bank. Except as amended by this Amendment, the Existing Credit Agreement shall remain in full force and effect in accordance with its terms.

6. This Amendment is a modification only and not a novation. Except for the above-quoted modification(s), the Existing Credit Agreement, any agreement or security document, and all the terms and conditions thereof, shall be and remain in full force and effect with the changes herein deemed to be incorporated therein. This Amendment is to be considered attached to the Existing Credit Agreement and made a part thereof. This Amendment shall not release or affect the liability of any guarantor, surety or endorser of the Existing Credit Agreement or release any owner of collateral securing the Existing Credit Agreement with the exception of the release of Brown Steel Contractors, Inc. and its subsidiaries from their liabilities under the Existing Credit Agreement, the Revolving Credit Facility and the Term Loan Facility. The validity, priority, and enforceability of the Existing Credit Agreement shall not be impaired hereby. To the extent that any provision of this Amendment conflicts with any term or condition set forth in the Existing Credit Agreement, or any agreement or security document executed in conjunction therewith, the provisions of this Amendment shall supersede and control. Borrowers acknowledge that as of the date of this Amendment it has no offsets with respect to all amounts owed by Borrowers to Bank and Borrowers waive and release all claims which it may have against Bank arising under the Existing Credit Agreement on or prior to the date of this Amendment.

7. The Borrowers acknowledge and agree that this Amendment is limited to the terms outlined above, and shall not be construed as an amendment of any other terms or provisions of the Existing Credit Agreement; The Borrowers hereby specifically ratify and affirm the terms and provisions of the Existing Credit Agreement. Borrowers release Bank from any and all claims which may have arisen, known or unknown, in connection with the Existing Credit Agreement on or prior to the date hereof. This Amendment shall not establish a course of dealing or be construed as evidence of any willingness on the Bank's part to grant other or future amendments, should any be requested.

IN WITNESS WHEREOF, the parties have entered into this Amendment as of the day and year first above written.

BORROWERS:

MATRIX SERVICE COMPANY

By:

Title:

MATRIX SERVICE, INC.

By:

Title:

MIDWEST INDUSTRIAL CONTRACTORS, INC.

By:

Title:

MATRIX SERVICE MID-CONTINENT, INC.

By:

Title:

SAN LUIS TANK PIPING CONSTRUCTION CO., INC.

By:

Title:

WEST COAST INDUSTRIAL COATINGS, INC.

By:

Title:

MATRIX SERVICE, INC. (CANADA)

By:

Title:

BANK ONE, OKLAHOMA, NA

By:

Title:

EXHIBIT 10.22

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STOCK PURCHASE AGREEMENT

BY AND AMONG

CALDWELL TANKS ALLIANCE, LLC,

CALDWELL TANKS, INC.,

BROWN STEEL CONTRACTORS, INC.,

GEORGIA STEEL ACQUISITION CORP.

AND

MATRIX SERVICE COMPANY

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June 9, 1999

TABLE OF CONTENTS

TABLE OF CONTENTS

EXHIBITS

SCHEDULES

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement is made and entered into as of this 9th day of June, 1999, by and among Caldwell Tanks Alliance, LLC, a Georgia limited liability company ("Caldwell"), Caldwell Tanks, Inc., a Kentucky corporation ("Caldwell Tanks"), Brown Steel Contractors, Inc., a Georgia corporation ("Brown"), Georgia Steel Acquisition Corp., an Oklahoma corporation ("GSAC"), and Matrix Service Company, a Delaware corporation ("Matrix") (collectively, the "Parties").

Recitals:

A. Matrix owns all of the issued and outstanding capital stock of GSAC, and GSAC owns all of the issued and outstanding capital stock of Brown.

B. Caldwell desires to purchase from GSAC, and GSAC desires to sell to Caldwell, for the consideration and upon and subject to the terms, conditions and covenants set forth in this Agreement, all of the issued and outstanding capital stock of Brown.

C. Matrix has agreed to become a party to this Agreement, and to make its representations, warranties, covenants and agreements set forth herein, as an inducement for and condition to the execution and delivery of this Agreement by Caldwell and Caldwell Tanks.

D. Caldwell Tanks, the sole member of Caldwell, has agreed to become a party to this Agreement, and to make its representations, warranties, covenants and agreements set forth herein, as an inducement for and condition to the execution and delivery of this Agreement by Matrix, GSAC and Brown.

E. Capitalized terms used in this Agreement shall have the respective meanings set forth in Exhibit A attached hereto.

Agreement:

Now, Therefore, in consideration of the premises and for other valuable consideration, the receipt of which is hereby acknowledged, the Parties hereby agree as follows:

1. Purchase and Sale of Stock. Upon the terms and subject to the conditions set forth herein, GSAC agrees to sell, transfer, convey, assign and deliver to Caldwell at the Closing, and Caldwell agrees to purchase and accept from GSAC at the Closing, all of GSAC's rights, title and interests under, in and to all of the issued and outstanding common capital stock, no par value, of Brown owned of record or beneficially by GSAC (the "Shares"), consisting in the aggregate of 12,000 Class A common Shares, and 8,000 Class B common Shares, free and clear of all Encumbrances.

2. Purchase Price.

2.1 Purchase Price. Caldwell shall pay to GSAC at the Closing, for and in consideration of the sale by GSAC to Caldwell of the Shares, a purchase price equal to: (a) $6,000,000, subject to adjustment as contemplated in Section 22 (the "Base Price"); plus (b) an amount equal to the lesser of (i) the sum of the costs (as reflected in Brown's and the Subsidiaries financial books and records) incurred by Brown and the Subsidiaries (collectively, the "Brown Parties") to purchase all items of steel plate, pipe, channel and angle inventory of the Brown Parties on hand as of the Closing at the Brown Parties' facilities in Newnan, Georgia, and which are unused and not allocated to a particular WIP Contract (collectively, the "Inventory"), or (ii) the fair market value of all such Inventory as of the Closing, but in either case exclusive of obsolete Inventory (the "Inventory Price") (the Base Price and the Inventory Price are hereinafter collectively referred to as the "Purchase Price"). The Inventory and Inventory Price shall be determined pursuant to the procedures set forth in Section 22. The Purchase Price shall be paid in immediately available funds at the Closing, subject to any adjustment in the Base Price and/or the Inventory Price prior to or following the Closing as contemplated in Section 2.2.

2.2 Adjustments to Purchase Price.

(a) Adjustments to Base Price. The Base Price shall be subject to adjustment prior to and following the Closing as follows:

(1) The Base Price shall be increased by an amount equal to the amount (if any) by which (A) the aggregate of all Net Billings by the Brown Parties pursuant to the WIP Contracts exceeds (B) the sum of (y) the amount determined by dividing (i) the aggregate of all Completion Costs (exclusive of liquidated damages, penalties or other similar payments) to be incurred by the Brown Parties in connection with the WIP Contracts following the Closing by (ii) ninety-five percent (95%), plus (z) the aggregate of all liquidated damages, penalties or other similar payments included within the definition of Completion Costs to be incurred by the Brown Parties in connection with the WIP Contracts following the Closing.

(2) The Base Price shall be decreased by an amount equal to the amount (if any) by which (A) the aggregate of all Net Billings by the Brown Parties pursuant to the WIP Contracts is less than (B) the sum of (y) the amount determined by dividing (i) the aggregate of all Completion Costs (exclusive of liquidated damages, penalties or other similar payments) to be incurred by the Brown Parties in connection with the WIP Contracts following the Closing by (ii) ninety-five percent (95%), plus (z) the aggregate of all liquidated damages, penalties or other similar payments included within the definition of Completion Costs to be incurred by the Brown Parties in connection with the WIP Contracts following the Closing.

(3) As used in this Agreement, the following terms shall have the meanings set forth below:

(A) "Net Billings" shall mean the amount by which: (i) the aggregate consideration payable by the relevant customer(s) to the Brown Parties (or any of them) in accordance with a particular WIP Contract (whether paid before the Closing or payable thereafter, and whether payable in cash or in any other form of consideration (which other form of consideration shall be valued at its fair market value on the date paid)), assuming performance

owing by the relevant Brown Party(s) under that WIP Contract prior to and following the Closing has been and will be completed in accordance with its terms (the "Contract Price"); exceeds (ii) the aggregate sum of all amounts
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that have actually been billed for collection by the Brown Parties (or any of them) to the relevant customer(s) as of and prior to the Closing under that WIP Contract, whether or not collected prior to the Closing, including without limitation, all retainage that has been included in any invoice delivered by the Brown Parties to any customer that remains unpaid as of the Closing Date (collectively, the "Billings"). The Parties' agreement as to the Contract Price and Billings for each WIP Contract shall be reflected on the "Revised Exhibit B" contemplated in Subpart (C) below, and shall not be subject to adjustment or challenge by any Party following the Closing.

(B) "WIP Contracts" shall mean the contracts, agreements and work orders entered into by the Brown Parties (or any of them) and identified on

Exhibit B attached hereto (but only to the extent such contract is identified
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under the "Percentage Completed" (Pct. Cmpt.) column on Exhibit B as not being
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100% completed as of the date hereof, and then only to the extent performance by the relevant Brown Party(s) under the same (exclusive of warranty or other similar undertakings) shall not have been fully completed by such Brown Party(s) prior to the Closing), together with such other customer contracts, agreements and work orders as shall be added to Exhibit B by mutual written
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agreement of the Parties prior to the Closing. "Other Work-in-Process Contracts" shall mean the contracts and agreements entered into by the Brown Parties (or any of them) and identified on Exhibit B-1 attached hereto, and
----
any bids identified on Exhibit B-1 where any of the Brown Parties have been
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notified they are the low bidder.

(C) "Completion Costs" shall mean the amounts determined by the mutual agreement of the Parties prior to the Closing (subject to adjustment following the Closing as contemplated below), for each WIP Contract, as being the sum of all direct and indirect costs and expenses that will be incurred by the Brown Parties (or any of them) following the Closing in connection with their performance and completion of all remaining obligations under that WIP Contract in accordance with its terms (but exclusive of all Retained Obligations in respect of that WIP Contract that are assumed and discharged by GSAC as contemplated in Section 25), including without limitation, all costs and expenses for (1) labor (whether employee or

contractor) and related benefits, (2) inventories, materials, supplies, tools and spare parts, (3) site procurement and site preparation, (4) permitting, (5) performance and surety bonds (and replacements therefor), (6) subcontractor compensation and expenses which are properly chargeable to any Brown Party in accordance with the relevant subcontracts, and (7) any liquidated damages, penalties or other similar payments that may become due and owing by any Brown Party following the Closing, but excluding all engineering, marketing, administrative and interest costs and expenses. The Parties' determination as to the Completion Costs shall be set forth under the heading "Estimated Cost to be Incurred" on a revised version of Exhibit B prior to the Closing, which shall be separately dated and executed by the Parties to signify their agreement to the same ("Revised Exhibit B"). The amounts set forth under that heading on Exhibit B attached hereto as of the date hereof shall have no relevance for purposes of this Agreement. The Parties acknowledge that the Completion Costs for each WIP Contract set forth on Revised Exhibit B as of the Closing will reflect their agreement as to those costs as of a date prior to the Closing Date, which shall be specified on the face of Revised Exhibit B (the "Preliminary Determination Date"). Revised Exhibit B shall also set forth, on a separate spreadsheet labeled "Estimated Closing Date Numbers," the Parties' best estimates of those Completion Costs as of the Closing, based upon the anticipated work to be performed by the relevant Brown Party(s) during the period from the Preliminary Determination Date through the Closing. The adjustment to the Base Price paid at the Closing shall be determined based upon this best estimate of the Completion Costs as of the Closing. However, the Parties acknowledge that the estimates of the Completion Costs as of the Closing may not, by reason of the timing for the Closing and the lack of available information prior thereto, reflect the actual work performed by the relevant Brown Party(s), and the actual costs of the goods, materials and services utilized and delivered by the relevant Brown Party(s), between the Preliminary Determination Date and the Closing. In light of the foregoing, Caldwell and GSAC agree to meet with each other promptly following the Closing to (x) determine the percentage of additional work completed by the relevant Brown Party(s), and the actual costs incurred by that Brown Party, during the period between the Preliminary Determination Date and the Closing, and (y) correspondingly adjust the Completion Costs for the relevant WIP Contracts as of the Closing based upon those determinations. In the event Caldwell and GSAC agree in writing on an appropriate adjustment to the Completion Costs based upon the determination contemplated above, the Completion

Costs as so adjusted shall be deemed to be final and binding on the Parties. In the event Caldwell and GSAC are not able to agree in writing on that adjustment within fourteen (14) days after the Closing, either of those Parties shall be entitled to refer the matter for resolution pursuant to the arbitration procedures set forth in Section 11 of this Agreement; provided that the sole determination made in that proceeding shall be the amount of the adjustment in the Parties' estimate of the Completion Costs as of the Closing that is required based upon the actual work performed and costs incurred by the relevant Brown Party(s) in respect of the WIP Contracts from the Preliminary Determination Date through the Closing. To the extent the adjustment in the Completion Costs determined by agreement of the Parties (or by the arbitration procedures described above) would have resulted in an increase or decrease in the Base Price paid by Caldwell at the Closing had the amount of that adjustment been known to the Parties prior to the Closing, Caldwell agrees to pay to GSAC (in the case of an increase in the Base Price), or GSAC agrees to reimburse Caldwell (in the case of a decrease in the Base Price) an amount equal to the amount of that increase or decrease (as applicable) within ten (10) days after the date on which GSAC and Caldwell agree in writing on the adjustment or, as applicable, after the date on which that adjustment is finally determined pursuant to Section 11. Any such payment by Caldwell or GSAC shall be deemed to be an adjustment in the Base Price. Following any adjustment as contemplated above, the Completion Costs shall not be subject to further adjustment following the Closing based upon the actual completion costs incurred by the Brown Parties in connection with those WIP Contracts. In the event the Parties are unable to agree prior to the Closing (pursuant to Revised Exhibit B) on the Completion Costs for a particular WIP

Contract as of a Preliminary Determination Date, or on their best estimate of those Completion Costs as of the Closing (each a "Disputed Contract"), then Caldwell (for itself and as agent for Caldwell Tanks) shall be entitled, in its discretion, to elect (such election to be made as soon as practicable after Caldwell has determined the Parties are unable to so agree) to terminate this Agreement upon ten (10) days prior written notice delivered to Matrix (for itself and as agent for GSAC and Brown) at any time prior to the Closing, and without further obligation on the part of any Party other than for any breach or default by it occurring under this Agreement prior to such termination. Notwithstanding the preceding sentence, any notice of termination delivered by Caldwell to Matrix as contemplated therein shall be rendered of no further force and effect, and shall be deemed to be withdrawn by Caldwell, in the event Matrix

shall deliver to Caldwell, during the above-described 10-day notice period, a written election by Matrix to continue this Agreement in force and effect, and to consummate the transactions contemplated herein irrespective of those Disputed Contracts (but subject to the conditions precedent set forth in Section 7). In the event Caldwell shall elect not to terminate this Agreement as contemplated above, or Matrix shall elect to continue this Agreement as contemplated in the immediately preceding sentence, and in the event the Closing shall thereafter occur, then the Net Billings and Completion Costs relating to the Disputed Contract(s) shall not be used in calculating any adjustment to the Base Price pursuant to Section 2.21 or 2.22, and those amounts shall be omitted from Revised Exhibit B. Thereafter the Brown Party
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which is a party thereto shall perform and discharge each Disputed Contract in accordance with its terms (other than the obligations thereunder that are Retained Obligations), and shall incur only customary and reasonable costs and expenses in doing so, considering the nature of the project and the location(s) in which the Disputed Contracts are being performed. Within 120 days following the completion of performance by the relevant Brown Party under each Disputed Contract (exclusive of warranty obligations thereunder), Caldwell shall be entitled, upon written election delivered to GSAC during that 120-day period, to refer that Disputed Contract to arbitration pursuant to Section 11, for the sole limited purposes of determining the Net Billings by the relevant Brown Party(s) as of the Closing for that Disputed Contract (absent the written agreement of the Parties regarding those Net Billings), the aggregate direct and indirect costs and expenses incurred by the relevant Brown Party(s) following the Closing in order to complete its performance under that Disputed Contract in accordance with its terms, and whether and to the extent those costs and expenses were customary and reasonable under the circumstances. Upon a determination of the amounts described above pursuant to Section 11, or upon any written agreement of the Parties as to those amounts in lieu of arbitration, then the Base Price shall be further adjusted by the difference between the Net Billings relating to that Disputed Contract and the amount determined by dividing the customary and reasonable costs and expenses
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of completion of that Disputed Contract incurred by the relevant Brown Party(s) by ninety-five percent (95%),with a corresponding payment by Caldwell
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(in the case of a Base Price increase) or by GSAC (in the case of a Base Price decrease) becoming immediately due and payable to the other of those Parties within thirty (30) days after their written agreement or the final arbitration decision, as applicable.

(4) Notwithstanding anything contained in this Agreement to the contrary, in the event the adjustment to the Base Price determined in accordance with this Section 22 (exclusive of any adjustments relating to Disputed Contracts) would result in an increase or decrease in the Base Price of greater than $200,000, then Caldwell (in the case of an increase in the Base Price) or GSAC (in the case of a decrease in the Base Price) shall be entitled, at any time prior to the Closing (but not thereafter), to terminate this Agreement upon written notice delivered to the other of those parties and to Matrix and Brown, upon which termination the Parties hereto shall be relieved of any further obligation or liability to the other Parties other than for their breach or default under this Agreement occurring prior to such termination.

(5) Notwithstanding anything contained in this Agreement to the contrary, in the event there are one or more Disputed Contracts as contemplated above, and in the event: (A) the cumulative difference between (y) the Completion Costs for all such Disputed Contracts, collectively, believed by Caldwell to be correct as of the Preliminary Determination Date specified in Revised Exhibit B, and (z) such Completion Costs believed by GSAC to be correct as of that date, exceeds $100,000; or (B) the cumulative difference between (y) Caldwell's best estimate of all Completion Costs for all Disputed Contracts, collectively, as of the Closing, and (z) GSAC's best estimate of such Completion Costs as of the Closing, exceeds $100,000; then either Caldwell or GSAC shall be entitled, at any time prior to the Closing (but not thereafter), to terminate this Agreement upon written notice delivered to the other of those Parties and to Caldwell Tanks, or Matrix and Brown (as applicable), upon which termination the Parties hereto shall be relieved of any further obligation or liability to the other Parties other than for their breach or default under this Agreement occurring prior to such termination.

(b) Determination of Inventory Price; Adjustment. A physical inventory of all Inventory of the Brown Parties as of a mutually agreeable date prior to the Closing Date shall be jointly conducted and completed by the Parties prior to the Closing, at the joint expense of Caldwell and GSAC. Based on that physical inventory, an estimate of the Inventory Price shall be assigned by mutual agreement of GSAC and Caldwell prior to the Closing, which assigned price (the "Assigned Inventory Price") shall be used for purposes of the Purchase Price to be paid at the Closing. Notwithstanding the foregoing, in the event, following the Closing, either GSAC or

Caldwell shall believe that the quantity of any one or more items of Inventory on hand as of the Closing differed in any material respect from the quantity that was on hand as of the date of their physical inventory prior to the Closing (and that formed the basis for the Inventory Price paid at the Closing), or shall believe that the Assigned Inventory Price was otherwise inaccurate in any material respect, and in the event GSAC and Caldwell are not thereafter able to agree in writing on an appropriate adjustment to the Inventory Price, then either of those Parties may, by written notice delivered to the other of those Parties not later than forty-five (45) days after the Closing, elect to cause an independent, nationally recognized, certified public accounting firm reasonably satisfactory to the other of those Parties (an "Audit Firm") to conduct an audit of the quantity of Inventory of the Brown Parties as of the Closing and/or of the costs incurred by the Brown Parties (as reflected in their financial books and records) to purchase all items of Inventory (exclusive of obsolete items) on hand as of the Closing, and to conduct an appraisal of the fair market value of that Inventory as of the Closing (as applicable). The Audit Firm shall be free to retain such appraisers and other consultants as it shall deem appropriate for that audit and/or appraisal. Upon any such election, each Party shall reasonably cooperate with the others and the Audit Firm (and its consultants) to facilitate that audit and appraisal at the earliest practicable time, including without limitation, by providing the Audit Firm (and its consultants) with reasonable access to all books and records of the Brown Parties as shall be necessary for the audit and appraisal. In the event the audit and appraisal shall determine that the Assigned Inventory Price did not accurately reflect the actual Inventory Price that should have been assigned (whether due to a discrepancy in the quantity of Inventory assumed to exist as of the Closing or in the cost or fair market value thereof), the Audit Firm shall notify GSAC and Caldwell of that conclusion and of the amount by which it believes the Assigned Inventory Price differed from the actual Inventory Price that should have been paid. In the event the audit and appraisal shall determine that the Assigned Inventory Price was correct, the Audit Firm shall likewise notify GSAC and Caldwell of that conclusion. The determination of the Audit Firm shall be final and binding on the Parties. In the event such a conclusion of inaccuracy is reached by the Audit Firm, then Caldwell or GSAC (as the case may be) agrees to pay the other Party, within 30 days after the Audit Firm's final determination, an amount equal to the amount by which the Assigned Inventory Price was less than (in the case of a payment by Caldwell) or was greater than (in the case of a payment by GSAC) the actual Inventory Price that should have been paid. Any such payment shall be deemed to be an increase or decrease (as the case may be) in the Inventory Price.

(c) Other Work-in-Process Contracts. Notwithstanding that the Other Work-in-Process Contracts shall not constitute WIP Contracts and shall not be the basis for an adjustment to the Base Price pursuant to Section 22, the Parties agree that the Other Work-in-Process Contracts may be the basis for an adjustment to the Base Price following the Closing under the following circumstances: In the event any of the Brown Parties have actually incurred, prior to the Closing, costs or expenses in connection with their performance of any obligations under a particular Other Work-in-Process Contract and in accordance with the provisions thereof (exclusive of allocations of general, administrative and other overhead expenses), and in the event the amount of such costs and expenses exceeds the aggregate sum of all amounts that have actually been collected by that Brown Party as of and prior to the Closing under that contract, then Caldwell shall pay to GSAC, within thirty (30) days after the Closing Date and as an adjustment to the Base Price, an amount in immediately available funds equal to the actual costs and expenses so incurred by that Brown Party. To the extent the relevant Brown Party has actually billed for collection to the relevant customer(s) such costs and expenses prior to or as of the Closing, the account receivable represented by that billing shall not constitute an Excluded Asset, and shall continue to be the asset and property of that Brown Party following the Closing, notwithstanding the provisions of Section 2.5(d) below. In the event GSAC or Matrix shall, at any time following the Closing, receive from the relevant customer(s) any amounts on account of the account receivable described above, GSAC or Matrix (as applicable) shall promptly notify Caldwell Tanks of the same, and shall promptly remit and pay all such amounts to Caldwell Tanks for the account of the relevant Brown Party. Within fifteen (15) days after the Closing Date, GSAC shall provide to Caldwell a Certificate duly executed by an officer of GSAC and certifying as to the costs and expenses actually incurred, and the billings actually made, by each Brown Party through the Closing under each Other Work-in-Process Contract (separated by contract). In the event Caldwell shall dispute any amount(s) set forth in that Certificate, the dispute may be referred by either GSAC or Caldwell for resolution pursuant to Section 11, if it cannot otherwise be resolved by the mutual agreement of those Parties. In the event of such a dispute, the relevant Party shall pay to the other all amounts owing under this Section 22 that are not in dispute as contemplated above.

2.3 Payment of Fees and Expenses of Arbitration and Audit Firm. In the event either Caldwell or GSAC shall submit the Inventory Price to an Audit Firm for determination as provided

in Section 2.2(b), Caldwell and GSAC shall each be responsible for their own costs and expenses and for one-half of all fees and expenses of the Audit Firm and its consultants. In the event either Caldwell or GSAC shall submit the resolution of Completion Costs, of the matters relating to the Disputed Contracts, or of the matters referred to in Section 2.2(c), to arbitration as provided in Section 2.2(a)3(c) or 2.2(c), Caldwell and GSAC shall each be responsible for their own costs and expenses and for one-half of the expenses of the arbitrator(s).

2.4 Effect of Adjustments; Interest. Any adjustments to the Base Price or the Inventory Price pursuant to Section 2.2(a), 2.2(b) or 2.2(c) above shall be deemed to be an adjustment to the Purchase Price for all purposes. Any amounts payable by Caldwell or GSAC to the other of those Parties as an adjustment to the Purchase Price shall bear interest at a rate per annum of ten percent (10%) from the Closing Date until paid to the relevant Party, all of which interest amounts shall become immediately due and payable together with the adjustment amount(s) on which they have accrued.

2.5 Assumption of Retained Obligations; 338 Election; Distribution of Certain Assets. The Parties acknowledge and agree that Caldwell is willing to acquire the Shares of Brown from GSAC, in lieu of acquiring all of the assets and properties of Brown directly from it, on the condition (a) that Caldwell will be entitled to make an election with respect to Brown and each of its Subsidiaries, pursuant to Section 338 of the Internal Revenue Code of 1986, as amended (the "Code") (other than pursuant to Section 338(h)(10)), to treat that acquisition of Shares as a sale and purchase by Brown and each of the Subsidiaries of all of their respective assets and properties for tax purposes (collectively, the "338 Election"), (b) that GSAC agree to assume and undertake to pay and discharge any and all Taxes that may be assessed against Brown or the Subsidiaries, or Caldwell, by reason of that 338 Election or the deemed sales of assets resulting therefrom (collectively, "338 Taxes"), (c) that GSAC agree to assume and undertake to pay, perform and discharge all "Retained Obligations" (as defined below), (d) that GSAC agree to contribute (and to cause its relevant Affiliates to assign to GSAC so that it may contribute) to Brown or its Subsidiaries, as applicable, prior to the Closing and as a contribution to capital, any and all "Contributed Obligations" (as defined below), and (e) that GSAC agree to cause each Brown Party, prior to the Closing, to distribute as a dividend to GSAC all Accounts Receivable, prepaid assets and tax related assets of

the Brown Parties set forth or identified on Exhibit C attached hereto or
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generated in the Ordinary Course of Business of the Brown Parties from the date hereof through the Closing, and all cash on hand or in bank accounts of the Brown Parties as of the Closing (such Accounts Receivable, prepaid assets, tax related assets, and cash being hereinafter collectively referred to as the "Excluded Assets"). In light of the foregoing, the Parties agree as follows:

(a) 338 Election. At the Closing, Caldwell shall elect, pursuant to Section 338 of the Code (but not Section 338(h)(10)) with respect to Brown and each of its Subsidiaries, to cause the purchase and sale of the Shares hereunder to be treated for Tax purposes as a sale and purchase by Brown and such Subsidiaries of all of their respective assets and properties, tangible and intangible (other than the Excluded Assets which shall have been conveyed and dividended to GSAC prior to the Closing and the time of the 338 Election), thereby resulting in a "step up" of Brown's and such Subsidiaries' basis for Tax purposes in those assets and properties following the Closing. The Parties each agree to execute, deliver and file all such elections and other documents, and to take all such other actions, whether at or after the Closing, to effect the 338 Election. The Parties further agree that, for purposes of that election, the Purchase Price shall be deemed to be allocated among Brown's and the Subsidiaries' assets and properties in the manner to be set forth on Exhibit D
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to this Agreement, which shall be mutually agreed upon by the Parties and attached to this Agreement prior to the Closing.

(b) Retained Obligations. At or prior to the Closing, GSAC, Brown and each of the Subsidiaries shall each execute and deliver to the others and to Caldwell an Assignment & Assumption Agreement in a form reasonably satisfactory to the Parties (the "Assignment & Assumption Agreement"), pursuant to which Brown and the Subsidiaries shall convey, assign and transfer to GSAC, and GSAC shall assume and undertake to pay, perform and discharge, any and all Retained Obligations (as defined below) effective as of the Closing. As used in this Agreement, the "Retained Obligations" shall mean any and all debts, obligations and liabilities of any nature of Brown or any Subsidiary (or of any predecessor in interest of them) on and as of the Closing on the Closing Date, whether fixed, absolute, accrued, contingent or otherwise, whether known or unknown, whether arising out of the business, assets, properties, employees or operations of the Brown Parties or otherwise, whether or not the subject of a representation or warranty set forth in

Section 4, and whether owing to GSAC,Matrix or any of its other Affiliates (other than Contributed Obligations, which are being released and discharged as of the Closing), to any Governmental Body, to any employee of any Brown Party, or to any other Person; but excluding from such Retained Obligations (i) any and all executory payment and performance obligations which first arise or accrue following the Closing under the WIP Contracts, under the agreements identified on Exhibit E, under the bid proposalsBrown identified on Exhibit E that have been accepted by customers but which are not yet the subject of definitive contracts, under any contracts or agreements that may be entered into prior to the Closing by Brown arising out of any of the bid proposals referred to in the immediately preceding clause, or under such other agreements or bid proposals of Brown as shall be added to Exhibit B or E by mutual agreement of the Parties prior to the Closing (collectively, the "Other Agreements") (other than warranty or other similar obligations, or breach or default obligations, in either case arising out of work performed or not performed, or materials, goods or services delivered or not delivered, by any Brown Party prior to the Closing, all of which shall be Retained Obligations); (ii) any and all obligations of Brown to Matrix or GSAC arising under this Agreement which relate to periods after the Closing and are to be performed after the Closing Date; and (iii) any and all obligations that are expressly referred to in Clauses (A) through (L) below as Excluded Obligations (the obligations described in (i), (ii) and (iii) above being hereinafter collectively referred to as the "Excluded Obligations"). The Retained Obligations being assumed and undertaken by GSAC shall include, without limitation, any claims, demands, actions, causes of action, Proceedings, liabilities, damages, fines, penalties, costs and expenses previously incurred or accrued or now or hereafter incurred or accrued by or against Brown, any Subsidiary, Matrix, GSAC, Caldwell, any Governmental Body or any other Person, resulting from, arising out of or relating to: (A) any contract, agreement, arrangement or commitment to which any Brown Party is a party or by which any of its assets or properties are bound or subject to, in each case, as of the Closing, other than the Excluded Obligations; (B) any warranties (whether express or implied), guarantees or other similar commitments made by any Brown Party to any other Person prior to the Closing (other than the warranties expressly made by a Brown Party in the WIP Contracts and relating to the services to be performed and goods and materials to be delivered by that Brown Party thereunder following the Closing, all of which shall constitute Excluded Obligations), regardless of whether the relevant warranty or guaranty claims are asserted following the Closing; (C) any indebtedness of the Brown Parties for borrowed money to any Person as of the Closing; (D) any Encumbrances on or affecting

any of the assets or properties of any Brown Party prior to the Closing (other than the Permitted Encumbrances referred to in clauses (i), (v), (vi) and (vii) of the definition of Permitted Encumbrances in Exhibit A, which shall constitute
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Excluded Obligations; provided, that such an inclusion of a Permitted Encumbrance as an Excluded Obligation shall not relieve GSAC of its obligation to pay, perform, satisfy and discharge in full all debts, obligations and liabilities which are secured by such Permitted Encumbrances, to the extent that such debts, obligations or liabilities themselves constitute Retained Obligations), all of which GSAC and Matrix agree, shall be fully released prior to the Closing at no cost or expense to the Brown Parties, Caldwell or Caldwell Tanks; (E) except for the debts, obligations and liabilities specifically retained by or allocated to Brown, Caldwell or Caldwell Tanks pursuant to Section 6.13 (all of which shall be deemed to be Excluded Obligations), the employment of any of the Brown Parties' employees, officers or other agents at any time prior to the Closing, any injuries to such employees, officers or other agents incurred at any time prior to the Closing, any compensation or other benefits accruing to the account of such employees, officers or other agents under any Benefit Plans prior to the Closing (whether or not vested prior to the Closing), or accruing to their account following the Closing but based on their service to any Brown Party or their Affiliate prior to the Closing, any other acts, omissions, state of facts or circumstances occurring or existing prior to the Closing and relating to any "Benefit Plans" (as defined in Section 4.14) of the Brown Parties or in which they are or were a participant, and any other obligations or liabilities to or relating to such Benefit Plans as of the Closing or arising following the Closing and relating to the period prior to the Closing; (F) any of the matters identified on any disclosure Schedules delivered by Brown, Matrix or GSAC to Caldwell or Caldwell Tanks and attached to or made a part of this Agreement, or on any supplemental or amended disclosure Schedules delivered by them to Caldwell or Caldwell Tanks following the date hereof and prior to the Closing, in either case except to the extent such matters constitute Excluded Obligations; (G) any debts, obligations or liabilities of the Brown Parties set forth or reflected on the "Acquisition Balance Sheet" or the "Interim Balance Sheet" (each as defined in Section 4.5) (except to the extent the same are Excluded Obligations); (H) any of the Excluded Assets; (I) any failure by any Brown Party or any of its assets or properties to comply with any Environmental Laws as of or at any time prior to the Closing, and any Environmental, Health and Safety Liabilities of or relating to any Brown Party or any of its assets or properties as of or at any time prior to the Closing; (J) any obligation or liability to any surety, guarantor or other lender (including without limitation, any reimbursement obligation)

on account of or by reason of any payment or distribution of funds to any customer of any Brown Party or other Person under any payment or performance bond or other similar surety commitment, resulting from or arising out of any breach of performance or failure or delay in performance by any Brown Party occurring prior to the Closing under any contract, agreement, arrangement or commitment to which such Brown Party is or was a Party, whether or not such payment or distribution of funds occurs prior to the Closing; (K) any 338 Taxes; and (L) the termination by any Brown Party of any of their employees that are identified by Caldwell Tanks as employees to whom offers of employment will not be made following the Closing, as contemplated in Section 613, or any failure or refusal by any Brown Party or Caldwell to re-hire or re-employ any of those terminated employees following the Closing. Notwithstanding the foregoing, the Retained Obligations shall not include the representations and warranties contained in Sections 4.11, 4.12, 4.18, 4.19, 4.24(a) and 4.29, and Caldwell and Caldwell Tanks shall look solely to the provisions of Section 10.2(a) of this Agreement for indemnification by Matrix with respect thereto. Except as otherwise provided in Section 6.13, prior to any dividend of the Excluded Assets as contemplated in (d), below, GSAC agrees to cause Brown to fully fund and contribute to each relevant Benefit Plan all matching contributions and other funding requirements normally funded by Matrix, GSAC, Brown or any Subsidiary, and required to fund all benefits to which the employees of the Brown Parties have or shall become vested or otherwise entitled by reason of their service for the relevant Brown Party prior to the Closing, or otherwise by reason of their own contributions to such Benefit Plans prior to the Closing.

(c) Contribution of Indebtedness; Release. Prior to the Closing, GSAC agrees to (A) cause all of its Affiliates (other than the Brown Parties) to assign and transfer to GSAC, free and clear of all Encumbrances, any and all accounts receivable, notes receivable and other forms or kinds of indebtedness of any of Brown Parties to such Affiliates (whether or not in writing) and all of their respective rights therein, and (B) assign and transfer to Brown, as an additional contribution to capital (and not as a relinquishment or cancellation of indebtedness of a kind that could give rise to cancellation of indebtedness or other similar income (or related Tax liability) attributable to the Brown Parties), all such accounts receivable, notes receivable and other forms or kinds of indebtedness, together with any and all other accounts receivable, notes receivable and other forms or kind of indebtedness of the Brown Parties (or any of them) to GSAC as of the Closing

(collectively, the "Contributed Obligations"). Except for encumbrances under the Bank Agreement (which shall be released by Matrix and GSAC, at their expense, prior to the Closing), GSAC and Matrix jointly and severally represent and warrant to Caldwell and Caldwell Tanks that neither of GSAC or Matrix has, nor have they caused or permitted any of their Affiliates to, assign or transfer to any other Person at any time prior to the date hereof, any of their respective rights or interests in or to any such accounts receivable, notes receivable or other forms or kinds of indebtedness of the Brown Parties to them (or any of them), and Matrix and GSAC each agrees that it shall not, and shall not cause or permit any of its Affiliates to, so assign or transfer any of those rights or interests prior to the Closing, other than to GSAC and Brown as contemplated above. At the Closing, GSAC agrees to deliver to Caldwell written evidence reasonably satisfactory to Caldwell that the foregoing assignments, transfers and contributions to capital have been made prior to the Closing, and further agrees, together with Matrix, to execute and deliver to each Brown Party and Caldwell a General Release of Claims in a form reasonably satisfactory to the Parties, releasing the Brown Parties and their successors and assigns from any and all claims, obligations and the like owing to Matrix, GSAC and their successors and assigns (the "Release of Claims").

(d) Assignment of Excluded Assets. Prior to the Closing, Brown and, as applicable, each Subsidiary shall execute and deliver to GSAC a Bill of Sale and Assignment in a form reasonably satisfactory to the Parties (the "Bill of Sale"), pursuant to which the Brown Parties will assign and transfer to GSAC (directly or indirectly through Brown) as a dividend, for no additional consideration, all of their Excluded Assets effective as of a time immediately prior to the Closing and the making of the 338 Election.

3. Closing.

3.1 Closing. The closing of the transactions contemplated in this Agreement ("Closing") shall take place at the offices of Greenebaum Doll & McDonald PLLC, 3300 National City Tower, Louisville, Kentucky 40202, at 10:00 A.M., local time.

3.2 Closing Date. The Closing shall occur on May 28, 1999 if all of the conditions set forth in Section 7 have been fulfilled by such date. If all of such conditions have not been fulfilled

by such date, and subject to the termination rights provided for in Section 8.1, then the Closing shall take place (a) on such other date which is two business days after the Party obligated to fulfill such conditions shall have notified the other Parties that the last of such conditions has been satisfied or waived or (b) on such other date as the Parties may agree, provided that the Closing shall in no event occur prior to the earlier of (i) the expiration of the statutory waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act") (or such later date on which any extended waiting period expires) or (ii) receipt of early termination of such statutory waiting period from the Federal Trade Commission or the Antitrust Division of the Department of Justice thereunder (the "Closing Date").

4. Representations and Warranties of Brown, GSAC and Matrix. Brown, GSAC and Matrix, jointly and severally, hereby represent and warrant to Caldwell and Caldwell Tanks as follows:

4.1 Authority; Consents; Enforcement; Noncontravention.

(a) Authority of Brown, GSAC and Matrix; Binding Effect. This Agreement has been duly executed and delivered by Brown, GSAC and Matrix and constitutes, and each and every agreement and instrument executed by Brown, GSAC and Matrix in connection herewith, including without limitation, the Lost Records Affidavit contemplated in Section 7.1 and the Environmental Work Plan contemplated in Section 7.1 (collectively, the "Ancillary Documents") will constitute, the legal, valid and binding obligation of Brown, GSAC and Matrix, enforceable against them in accordance with their respective terms. Brown, GSAC and Matrix have the absolute and unrestricted right, power, authority and capacity, corporate or otherwise, to execute and deliver this Agreement and the Ancillary Documents, and to perform their respective obligations under this Agreement and the Ancillary Documents. Brown is a corporation duly organized, validly existing and in good standing under the laws of the State of Georgia. Matrix is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. GSAC is a corporation duly organized, validly existing and in good standing under the laws of the State of Oklahoma. Neither Brown, GSAC nor Matrix needs to give any notice to, make any filing with, or obtain any authorization, declaration, consent or approval of any Governmental Body in order to consummate

the transactions contemplated herein and in the Ancillary Documents, other than the HSR Act filing described in Section 7.1, and the filing of any releases under the UCC to the extent required to effect the transactions contemplated in this Agreement. Brown has, and at all times has had, full corporate power and authority to own and lease its assets and properties as and where such assets and properties are now owned and leased, and to conduct its businesses as and where such businesses have been and are now being conducted. Set forth on Schedule 4.1 are true and complete copies of the Articles or Certificate of Incorporation and Bylaws of each Brown Party, as amended through the date hereof.

(b) Noncontravention. Neither the execution and delivery of this Agreement or the Ancillary Documents by Brown, GSAC or Matrix, nor their compliance with or fulfillment of the terms, conditions and provisions hereof or thereof, will (i) violate any Legal Requirement or Order applicable to Brown, GSAC, any Subsidiary or Matrix (or their respective businesses), or any provision of their Articles or Certificate of Incorporation or Bylaws; or (ii) with notice, the passage of time or both, conflict with, result in a breach of, constitute a default under, result in the acceleration of, or create in any Person the right to accelerate, terminate, modify or cancel, any contract, agreement, lease, license, Governmental Authorization, instrument, arrangement or commitment to which Brown, GSAC, any Subsidiary or Matrix is a party or by which it or any of their respective assets or properties are bound, or (iii) result in the imposition or creation of any Encumbrance upon or with respect to any of the assets or properties owned or used by any Brown Party (except for the Excluded Assets, which shall become subject to the lien of the Bank Agreement after the Closing), or (iv) require any notice under any contract, agreement, lease, Order, license, instrument, arrangement or commitment to which Brown, GSAC, any Subsidiary or Matrix is a party or by which it or they are bound or to which any of its or their respective assets or properties are subject (other than the consent required under the Bank Agreement, which shall be obtained by Matrix at its expense prior to the Closing); or (v) require the approval, consent, authorization or act of, or the making by any Brown Party, GSAC or Matrix of any declaration, filing or registration with, any Person, other than the HSR Act filing described in Section 7.1, the releases of UCC Financing Statements referred to above and the consent required under the Bank Agreement.

4.2 Qualification of Brown in Other States. Each Brown Party is duly qualified to transact business as a foreign corporation, and is in good standing, in the jurisdictions set forth on Schedule 4.2. Neither the nature of the business of, nor the character and location of the assets and properties owned or leased by, any Brown Party makes qualification of it as a foreign corporation necessary under the laws of any jurisdiction other than as set forth on Schedule 4.2.

4.3 Capitalization, Stock Ownership and Rights.

(a) Ownership of Shares. GSAC holds of record and owns beneficially, and will transfer and deliver to Caldwell at the Closing, 20,000 issued and outstanding shares of the common capital stock, no par value, of Brown, representing 100% of the issued and outstanding capital stock of Brown, free and clear of all Encumbrances. GSAC has good and marketable title to the Shares, and the sole right and authority to sell the Shares and to receive the Purchase Price therefor.

(b) Capitalization. The authorized capital stock of Brown consists of 12,000 Class A shares of no par value voting common stock, and 8,000 Class B shares of no par value voting common stock (collectively, the "Common Stock"). There are 12,000 Class A shares of Common Stock and 8,000 Class B shares of Common Stock issued and outstanding. All of the Shares are duly authorized, validly issued, fully-paid and non-assessable, and no personal liability attaches to the ownership thereof.

(c) No Outstanding Rights. There are no, nor is there any agreement, commitment or arrangement not yet fully performed which would result in any, outstanding agreements, arrangements, subscriptions, options, warrants, calls, rights or other commitments of any character relating to the issuance, sale, purchase or redemption of Common Stock. There are no outstanding securities of Brown other than the Shares.

(d) Stock Issued in Compliance With Laws. None of the Common Stock has been issued in violation of any Legal Requirement pertaining to the issuance of securities, or in violation of any rights, pre-emptive or otherwise, of any present or past stockholder of Brown.

4.4 Subsidiaries and Investments. Brown does not, directly or indirectly, (a) own, of record or beneficially, any outstanding voting securities or other equity interests in any Person other than the Subsidiaries, or (b) "Control" any Person which is involved in or relates to Brown or its businesses other than the Subsidiaries. As used in this Agreement, "Control" of a Person means the power, direct or indirect, to direct or cause the direction of the management and policies of such Person, whether by ownership of securities, contract, law or otherwise. Schedule 4.4 sets forth the authorized capital stock of the Subsidiaries, and indicates the number of issued and outstanding shares of capital stock, the number of issued shares of capital stock held as treasury shares and the number of shares of capital stock unissued and not reserved for any purpose for each Subsidiary. There are no agreements, arrangements, subscriptions, options, warrants, calls, rights or commitments of any character relating to the issuance, sale, purchase or redemption of any shares of capital stock of any of the Subsidiaries. All of the outstanding shares of capital stock of each of the Subsidiaries are validly issued, fully paid and nonassessable. All of the outstanding shares of capital stock of each of the Subsidiaries are owned by Brown of record and beneficially, and are free from all Encumbrances. Each Subsidiary is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, with full corporate power and authority to own and lease its properties as such properties are now owned and leased and to conduct its business as and where such business has been and is now being conducted.

4.5 Financial Statements. Attached as Schedule 4.5 are the consolidated balance sheet, statement of income and statement of EBITDA as at February 28, 1998 and for each of the fiscal quarters then ended commencing with the fiscal quarter ended May 31, 1994, of Brown and its Subsidiaries prepared in accordance with GAAP as included in the consolidated and consolidating financial statements of Matrix which were audited by Ernst & Young LLP (the "Financial Statements"). The balance sheet included in the Financial Statements as of February 28, 1999, is hereinafter referred to as the "Interim Balance Sheet." The Financial Statements (including the notes thereto, if any) represent actual, bona fide transactions, were prepared in accordance with GAAP, present fairly the consolidated financial condition of Brown and the Subsidiaries as of the respective dates of the Financial Statements, and the consolidated results of operations and changes in EBITDA of Brown and the Subsidiaries for such periods, and are consistent with the books and records of Brown and the Subsidiaries: (i) subject in the case of any period ended prior to May 31, 1998, to

normal year-end adjustments (all of which are reflected in the Financial Statements for the year ended May 31, 1994, 1995, 1996, 1997 and 1998), and (ii) in the case of the Financial Statements as of February 28, 1999, subject to normal year-end adjustments, in each case which shall not be material, individually or in the aggregate, and lack footnotes and other presentation items that, if presented, would not differ materially from those included in the balance sheet included in the Financial Statements for the fiscal year ended May 31, 1998 (the "Acquisition Balance Sheet"). No financial statement of any Person other than Brown and the Subsidiaries is required by GAAP to be included in the Financial Statements.

4.6 Absence of Undisclosed Liabilities. None of the Brown Parties has any debts, obligations, duties or liabilities of any nature, whether known or unknown, whether fixed, absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, whether matured or unmatured, whether asserted or unasserted and whether due or to become due (collectively, "Liability"), except as shown (and in the amounts shown) on the face of the Interim Balance Sheet (rather than the notes thereto) or on Schedule 4.6. From the date of the Interim Balance Sheet through the date hereof, except as shown on Schedule 4.6, the Brown Parties have not incurred or become subject to any Liability, other than Liabilities incurred in the Ordinary Course of Business of such Brown Parties, all of which have been paid in full in the Ordinary Course of Business or are reflected on the regular books of account of the Brown Parties, and none of which is inconsistent with the representations, warranties and covenants of Brown, GSAC and Matrix contained in this Agreement or with any other provisions of this Agreement.

4.7 Absence of Certain Events. Since May 31, 1998, no Brown Party has, except as set forth on the Schedules referred to in this Section 4.7:

(a) issued, sold, purchased or redeemed any stock, bonds, debentures, notes or other corporate securities, or issued, sold or granted any option, warrant or right to acquire any thereof;

(b) waived or released any debts, claims, rights of value or suffered any extraordinary loss or written down the value of any inventories or other assets or written down or

off any receivable in excess of $25,000 for any single transaction or series of related transactions, or in excess of $50,000 in the aggregate;

(c) except as set forth on Schedule 4.7(c), made any capital expenditures or capital commitments in excess of $25,000 for any single transaction or series of related transactions, or in excess of $50,000 in the aggregate;

(d) made any change in the business or operations or the manner of conducting the business or operations of that Brown Party, other than changes in the Ordinary Course of Business of that Brown Party;

(e) except as set forth on Schedule 4.7(e), terminated, placed on probation, disciplined, warned, or experienced any material dissatisfaction with, any officer or supervisory employee of that Brown Party;

(f) except as set forth on Schedule 4.7(f), experienced any resignations of, or had any disputes involving the employment or agency relationship with any of, the employees or agents of that Brown Party;

(g) suffered any casualty, damage, destruction or loss to any of its properties in excess of $25,000 for any one event or in excess of $50,000 in the aggregate;

(h) declared, set aside or paid any dividends or distributions in respect of shares of its capital stock;

(i) except as set forth on Schedule 4.7(i), paid or obligated itself to pay any bonuses or extraordinary compensation to, or made any increase (except increases in the Ordinary Course of Business of that Brown Party) in the compensation payable (or to become payable by it) to, any of the directors, officers, employees, agents or other representatives of that Brown Party;

(j) terminated or amended or suffered the termination or amendment of any material contract, lease, agreement, license or other instrument to which it is or was a party;

(k) except as set forth on Schedule 4.7(k), adopted, modified or amended any plan or agreement listed on Schedule 414 so as to increase the benefits due the employees of any Brown Party under any such plan or agreement;

(l) made any loan or advance to any Person (except a normal travel or other reasonable expense advance to its officers and employees);

(m) except as set forth on Schedule 4.7(m), suffered any material adverse change in such Brown Party's business, financial condition, results of operations, assets or properties from that reflected in the Acquisition Balance Sheet;

(n) except as set forth on Schedule 4.7(n), subjected or agreed to subject any of its assets or properties to any Encumbrances (other than Permitted Encumbrances) or to any other similar charge of any nature whatsoever;

(o) except as set forth on Schedule 4.7(o), paid any funds to any of its officers or directors, or to any family member of any of them, or any Person in which any of the foregoing have any direct or indirect interest, except for the payment of installments of annual salaries and the bonuses accrued in the Ordinary Course of Business of that Brown Party through the date hereof;

(p) disposed of or agreed to dispose of any of its properties or assets other than in the Ordinary Course of Business of that Brown Party, and except as contemplated in this Agreement;

(q) except as set forth on Schedule 4.7(q), entered into any transactions other than in the Ordinary Course of Business of that Brown Party (except for the transactions contemplated in this Agreement);

(r) made any change in such Brown Party's accounting principles, methods or practices;

(s) except as set forth on Schedule 4.7(s), entered into any agreement, contract, lease or license (or series of related agreements, contracts, leases or licenses) involving consideration or goods and/or services having a value in excess of $25,000, or having a term greater than one (1) year in length;

(t) delayed or postponed the payment of any accounts payable or other Liabilities outside the Ordinary Course of Business of such Brown Party;

(u) been a party to any other occurrence, event, incident, action, failure to act, or transaction outside the Ordinary Course of Business of that Brown Party, except where the same would not subject any of the Brown Parties to a penalty, fine or judgment in excess of $5,000 in any one case of $20,000 in the aggregate or render any of the Brown Agreements void or unenforceable, result in any forfeiture of title to any of its properties or assets or otherwise have a material adverse effect on the business of any of the Brown Parties; or

(v) not granted credit to any material customer or other Person on terms more favorable than the terms on which credit has been extended to such customer or other Person in the past, nor materially changed the terms of any credit previously extended;

(w) except as set forth on Schedule 4.7(w), entered into any agreement or commitment (whether or not in writing) to do any of the foregoing;

and each Brown Party has:

(x) used its best efforts to preserve its business and organization, and to keep available, without entering into any binding agreement, the services of its employees, and to preserve the goodwill of its customers and others having business relationships with it; and

(y) continued its business and maintained its assets, properties, operations, books of account, and other books, records and files in the Ordinary Course of Business.

4.8 Books of Account, Records and Minute Books. Prior to the execution of this Agreement, Brown made available to Caldwell and Caldwell Tanks for their examination the books of account, records (including without limitation, computer data and records) and minute books of each Brown Party. Such books of account and records are true and complete in all respects, have been maintained in accordance with sound business practices and the requisite requirements of section 13(b)(2) of the Exchange Act (regardless of whether or not that Brown Party is subject to such section) including the maintenance of an adequate system of internal controls. The minute books of the Brown Parties contain accurate and complete records of all meetings held of, and corporate action taken by, the stockholders, the board of directors and the committees of the board of directors of the Brown Parties, and no meeting of any such stockholders, board of directors or committee has been held for which minutes have not been prepared and are not contained in such minute books. There has been duly and completely entered in the books and records of each Brown Party all monies due or to become due from or to or owing by that Brown Party, and all Liabilities of that Brown Party by reason of any transaction, matter, or cause whatsoever. No changes or additions to the books and records of any Brown Party have been made as of or for the period prior to the date such books and records were first made available to Caldwell and Caldwell Tanks, and nothing which should be set forth in said books and records, if prepared in the usual and customary manner of that Brown Party, has occurred from the date such books and records were first made available to Caldwell and Caldwell Tanks, except for such changes, additions or events which have been made or have occurred, as the case may be, in the Ordinary Course of Business of that Brown Party, or as permitted or disclosed in Section 4.7 and Section 6.2 hereof. At the Closing all books and records shall be in the possession of that Brown Party.

4.9 Certain Payments. Neither Brown, GSAC, any Subsidiary nor Matrix, nor to the knowledge of Brown, GSAC, any Subsidiary and Matrix any other Person associated with or acting on behalf of Brown, GSAC, any Subsidiary or Matrix, has directly or indirectly made any contribution or paid or delivered, or committed itself or himself to pay or deliver, any fee, commission, gift, bribe, rebate, payoff, influence payment or kickback, regardless of form, whether in

money, property or services, or any other payment of money or items of property or services, however characterized, to any Person that in any manner is related to the business or operations of any Brown Party, and which Brown, GSAC, any Subsidiary, Matrix or such other Person, or any of them, knows, or has reason to believe, were or are illegal under any Legal Requirement.

4.10 Compliance With Legal Requirements; Governmental Authorizations.

(a) Compliance With Legal Requirements. Except as set forth in a Schedule referred to in this Section 4.10, and except (in the case of (1) and (2) below) with respect to (v) the Benefit Plans and related trust agreements and annuity contracts of the Brown Parties, and all "group health plans" (as defined in section 4980B(g)(2) of the Code) of the Brown Parties (which are the subject of Section 4.14 and Section 4.14, respectively), (w) environmental matters (which are the subject of Section 4.16), (x) labor matters (which are the subject of Section 4.20), (y) Orders (which are the subject of Section 4.21), and (z) Tax matters (which are the subject of Section 4.28):

(1) Each Brown Party is, and at all times has been, in full compliance with each Legal Requirement that is or was applicable to it or to the conduct or operation of its business or the ownership or use of any of its assets, except where the failure to be in such compliance would not subject that Brown Party to a penalty, fine or judgment in excess of $5,000 in any one case of $20,000 in the aggregate or render any of the Brown Agreements void or unenforceable, result in any forfeiture of title to any of its properties or assets or otherwise have a material adverse effect on the business of that Brown Party;

(2) No event has occurred, nor does any circumstance exist, that (with or without notice or lapse of time) (A) may constitute or result in a violation by any Brown Party of, or a failure on the part of any Brown Party to comply with, any Legal Requirement, or (B) may give rise to any obligation on the part of any Brown Party to undertake, or to bear all or any portion of the cost of, any remedial action of any nature, except for such violations or obligations, if any, that would not subject that Brown Party to a penalty, fine or judgment in excess of $5,000 in any one case of $20,000 in the aggregate or render any of the Brown

Agreements void or unenforceable, result in any such forfeiture of title to any of its properties or assets or otherwise have a material adverse effect on the business of that Brown Party; and

(3) No Brown Party has received any notice or other communication (whether oral or written) from any Person regarding (A) any actual, alleged, possible or potential violation of, or failure to comply with, any Legal Requirement, or (B) any actual, alleged, possible or potential obligation on the part of that or any other Brown Party to undertake, or to bear all or any portion of the cost of, any remedial action of any nature.

(b) Governmental Authorizations. Schedule 4.10(b) contains a complete and accurate list of each Governmental Authorization that is held by any Brown Party or that otherwise relates to the business of, or to any of the assets owned or used by, any Brown Party. The Governmental Authorizations listed in Schedule 4.10(b) collectively constitute all of the Governmental Authorizations necessary to permit the Brown Parties to lawfully conduct and operate their businesses in the manner currently conducted and operated, and to permit the Brown Parties to own and use their assets in the manner in which they currently own and use such assets. There will not be a material adverse effect on or with respect to such Governmental Authorizations or the Brown Parties' maintenance of the same as a result of the consummation of the transactions contemplated in this Agreement or in the Ancillary Documents. Each Governmental Authorization listed or required to be listed in Schedule 4.10(b) is valid and in full force and effect. Except as set forth in Schedule 4.10(b):

(1) Each Brown Party is, and at all times has been, in full compliance with all of the terms and requirements of each Governmental Authorization identified or required to be identified in Schedule 4.10(b), except where the failure to be in such compliance would not subject that Brown Party to a penalty, fine or judgment in excess of $5,000 in any one case or $20,000 in the aggregate or render any of the Brown Agreements void or unenforceable, result in any forfeiture of title to any of its properties or assets or otherwise have a material adverse effect on the business of that Brown Party;

(2) No event has occurred, nor does any circumstance exist, that may (with or without notice or lapse of time) (A) constitutes or could result directly or indirectly in a violation of or a failure to comply with any term or requirement of any Governmental Authorization listed or required to be listed in Schedule 4.10(b), or (B) could result directly or indirectly in the revocation, withdrawal, suspension, cancellation, or termination of, or any modification to, any Governmental Authorization listed or required to be listed in Schedule 4.10(b);

(3) No Brown Party has received any notice or other communication (whether oral or written) from any Governmental Body or any other Person regarding (A) any actual, alleged, possible or potential violation of or failure to comply with any term or requirement of any Governmental Authorization, or (B) any actual, proposed, possible, or potential revocation, withdrawal, suspension, cancellation, termination of, or modification to any Governmental Authorization; and

(4) All applications required to have been filed for the renewal of the Governmental Authorizations listed or required to be listed in Schedule 4.10(b) have been duly filed on a timely basis with the appropriate Governmental Bodies, and all other filings required to have been made with respect to such Governmental Authorizations have been duly made on a timely basis with the appropriate Governmental Bodies.

4.11 Computer Systems; Software.

(a) Condition of Computers. All computers and computer systems owned, leased or used by the Brown Parties (including, software, communication links and storage media) (collectively, "Computers") comply with and are used in accordance with all Legal Requirements, and to the Knowledge of Brown, GSAC and Matrix: (1) are in operating order and fulfill the purposes for which they were acquired, established and are currently used; (2) have adequate capacity for the present needs of the Brown Parties and (taking into account the extent to which the computer systems are expandable, but without considering the future plans for the Brown Parties by Caldwell following the Closing other than the operation of their respective businesses in the

Ordinary Course of Business, consistent with past practices) foreseeable future needs; (3) have adequate security, back-ups, duplication, hardware and software support and maintenance (including emergency cover) and trained personnel to ensure: (A) that breaches of security, errors and breakdowns are kept to a minimum; and (B) that no material disruption will be caused to the Brown Parties or any material part thereof in the event of a breach of security, error or breakdown; (4) are properly established and documented by written technical descriptions and manuals so as to enable them to be used and operated by any reasonably qualified personnel; and (5) are under the sole control of the Brown Parties, are located at branch locations of the Brown Parties, are not shared with, used by or on behalf of or accessible by any other Person and, except for software properly licensed to the Brown Parties, are owned by the Brown Parties.

(b) Condition of Software. All software used on or stored or resident in the Computers ("Software"): (1) performs in accordance with its specifications and does not contain any defect or feature which may materially adversely affect its performance or the performance of any other software in the future (providing such future software is otherwise compatible); (2)(A) in the case of Software that is necessary for the businesses or operations of the Brown Parties or is otherwise material to those businesses or operations (collectively, "Core Software"), is lawfully held and used and does not infringe the intellectual property rights of any Person and all copies held have been lawfully made, and (B) in the case of Software that is not Core Software, is lawfully held and used and does not infringe the intellectual property rights of any Person and all copies held have been lawfully made, except where such unlawful holding or use, such infringement or such unlawful copying would not, individually or in the aggregate, have a material adverse affect on any of the Brown Parties; and (3) as to copyrights in connection with the Core Software: (A) such Core Software written or commissioned by any Brown Party is owned exclusively by that Brown Party, no other person has the rights therein or rights to the use or copies of the Core Software or source codes, and complete written listings and written copies of the source codes for the Core Software are in the possession of the Brown Parties; (B) standard packaged software, is licensed to the Brown Parties on an express or implied license which does not require the Brown Parties to make any further payments, is not terminable without the consent of the relevant Brown Party and which imposes no material restrictions except as to copying or the use or transfer of the Core Software; and (C) all other Core Software is licensed to the Brown Parties on the terms of written licenses which

require payment by the Brown Parties of a fixed annual license fee at a rate not exceeding that paid in calendar 1998, except for reasonable fees for software support, require the Brown Parties to make no further or other payments, are not terminable, except for failure to pay the license fee, without the consent of the Brown Parties, and impose no material restrictions except as to copying or the use or transfer of the Core Software.

(c) Ownership of Software. No Software owned by or licensed to any Brown Party is used by or licensed or sublicensed by that Brown Party to any other Person.

(d) Operation of Computers. No person is in a position, by virtue of its or his rights in, knowledge of or access to the Computers, to prevent or impair the proper and efficient functioning of the Computers or to demand any payment in excess of any current license fee or in excess of reasonable remuneration for services rendered, or to impose any onerous condition, in order to preserve the proper and efficient functioning of the Computers in the future. The employees of the Brown Parties are adequately trained to enable them to use and operate the Computers to perform the functions for which they were hired. All data and records stored by electronic means are capable of ready access through the Computers. The transactions contemplated in this Agreement will not cause any license agreements as referred to in this Section 4.11 to be terminated or the terms varied or any rates or royalties payable to be increased.

4.12 Condition and Sufficiency of Assets. With due consideration for their age, the buildings, plants, facilities, structures and equipment of the Brown Parties are structurally sound, are free from defects (patent and latent), have been maintained in accordance with normal industry practice, are in good operating condition and repair (subject to normal wear and tear), and are suitable for the purposes for which they presently are used and presently proposed to be used, and none of such buildings, plants, facilities, structures or equipment is in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in nature or cost. The buildings, plants, structures, and equipment of the Brown Parties are sufficient for the continued conduct of their businesses after the Closing in substantially the same manner as conducted prior to the Closing. The Brown Parties own or lease all buildings, machinery, equipment, and other tangible

property necessary for the conduct of the business of the Brown Parties as presently conducted and as presently proposed to be conducted.

4.13 Contracts. Schedule 4.13 (or other Schedules that refer to particular subsections of this Section 4.13) contains a complete and accurate list of the following types and forms of contracts and other agreements to which any of Brown Parties is a party or by which any of its assets or properties are bound:

(a) any agreement (or group of related agreements), written or oral, for the lease of personal property to or from any Person providing for lease payments in excess of $25,000 per annum or which may not be terminated by the relevant Brown Party without penalty or payment on 30 days, or less, notice;

(b) any agreement (or group of related agreements) for the purchase or sale of real property, improvements, raw materials, commodities, equipment, supplies, products, or other real or personal property, or for the furnishing or receipt of services, the performance of which shall (i) extend over a period of more than one year, (ii) result in a material loss to any Brown Party, or (iii) involve consideration in excess of $250,000;

(c) any agreement concerning a partnership or limited partnership, joint venture, limited liability company or limited liability partnership, including any agreement with or involving such an organization which provides for a sharing of profits, losses, costs or liabilities of the Brown Parties (or any of them) or such organization with any other Person;

(d) any agreement granting a power of attorney to any Person;

(e) any contract, arrangement or commitment with a labor union or association or other employee group;

(f) any easements, right-of-way agreements or other similar agreements or rights;

(g) any agreements, commitments or pledges for civic or charitable donations;

(h) any agreement involving a warranty, guaranty or other similar understanding with respect to contractual performance extended by any Brown Party;

(i) any agreement (or group of related agreements) under which any Brown Party has created, incurred, assumed or guaranteed any indebtedness for borrowed money, or any capitalized lease obligation, in excess of $25,000 or under which it has imposed an Encumbrance on any of its assets or properties, tangible or intangible;

(j) any agreement containing covenants by any Brown Party not-to-compete in any line of business with any Person, or restricting the customers from whom, or the area in which, any Brown Party may solicit or conduct business, or any contract, arrangement or commitment involving a covenant of confidentiality;

(k) any agreement under which it has advanced, lent or borrowed any amount of money or property to or from any of its directors, officers, shareholders or employees (other than advances to employees for expenses in the Ordinary Course of Business);

(l) any agreement under which the consequences of a default or termination could have a material adverse effect on the business, financial condition, results of operations, assets or properties of any Brown Party;

(m) any agreement not made in the Ordinary Course of Business of any Brown Party; or

(n) any other agreement (or group of related agreements) the performance of which involves consideration in excess of $50,000 or has a term in excess of one year.

Brown has delivered to Caldwell a correct and complete copy of each WIP Contract and of each other written agreement listed in Schedule 4.13, and a written summary setting forth the terms and conditions of each oral agreement referred to in Schedule 4.13.

4.14 Employee Benefits.

(a) Benefit Plans. Except as set forth on Schedule 4.14(a), no Brown Party is a "Plan Sponsor" (as defined in section 3(16)(B) of ERISA) or an "ERISA Affiliate" (which shall mean, with respect to any Brown Party, any other Person that, together with such Brown Party, would be treated as a single employer under section 414 of the Code), and no Brown Party nor an ERISA Affiliate contributes or is obligated to contribute to any "employee pension benefit plans" ("Pension Plans") or "employee welfare benefit plans" ("Welfare Plans") (as described in section 3(2) and (1), respectively, of ERISA), or to any "multiemployer plan" ("Multiemployer Plans") (as defined in either section 3(37) of ERISA or section 414(f) of the Code). Except as set forth on Schedule 4.14(a), no Brown Party nor an ERISA Affiliate has any obligation, arrangement, practice, plan or agreement to provide present or future benefits, other than salary, as compensation for services rendered, to any of its present or former employees, officers, direc tors, agents or representatives, nor any voluntary employees' beneficiary association under section 501(c)(9) of the Code ("VEBA") whose members include employees or former employees of any Brown Party or an ERISA Affiliate, nor any obligation, arrangement, practice, plan or agreement providing stock options, stock purchase, deferred compensation, bonus, severance, "fringe benefits" (as described in section 132 of the Code), or any other employee benefits of any nature whatsoever ("Compensation Plans"). Welfare Plans, Pension Plans and Compensation Plans are collectively referred to as "Benefit Plans." The consummation of the transactions contemplated in this Agreement shall not result in the payment, vesting or acceleration of any benefit or right under any Benefit Plan.

(b) Funding Method for Pension Plans. The funding method used in each of the Pension Plans subject to Title I, Subtitle B, Part 3 of ERISA ("DB Plan") is acceptable under ERISA, there is no accumulated funding deficiency, whether or not waived, with respect to any DB Plan, and no event has occurred or circumstance exists that may result in any accumulated funding deficiency as of the last day of the current plan year of any DB Plan. The Brown Parties and each ERISA

Affiliate has met the minimum funding standard, and has made all contributions required, under section 302 of ERISA and section 412 of the Code. Brown has delivered to Caldwell a true and complete copy of the most recent actuarial report with respect to each DB Plan identified on Schedule 4.14(a) and such report fairly presents the financial condition and the results of operations of each such DB Plan in accordance with GAAP. Since the last valuation date of each DB Plan no event has occurred or circumstance exists that would increase the amount of benefits under any DB Plan or that would cause the excess of plan assets over benefit liabilities (as defined in section 4001 of ERISA) to decrease, or the amount by which benefit liabilities exceed assets to increase. If each DB Plan identified on Schedule 4.14(a) were terminated as of the Closing Date, it would have sufficient assets so as to be terminated in a "standard termination" (as described in section 4041(b) of ERISA). No Brown Party is liable for any contributions or excise taxes due and unpaid under any Pension Plans as of the date hereof. There is no Liability, and there are no circumstances which may arise which would give rise to any such Liability, of any Brown Party or Caldwell to the Pension Benefit Guaranty Corporation ("PBGC") under Title IV of ERISA.

(c) Compliance of Benefit Plans With ERISA and Code. Each Brown Party has performed all of its obligations under all Benefit Plans and has made appropriate entries in its financial records and statements for all Liabilities under all Benefit Plans that have accrued but are not due. All of the Benefit Plans and any related trust agreements or annuity contracts (or any funding instrument) comply currently, and have complied in the past, with the provisions of ERISA and the Code, where required in order to be a qualified plan under section 401(a) of the Code and tax exempt under section 501 of the Code, and all other Legal Requirements, and any applicable collective bargaining agreements. No event has occurred or circumstance exists that will or could give rise to disqualification or loss of tax exempt status of any such Plan or trust, or result in any Tax, excise Tax, fines or penalties, or amounts required to be paid under any settlement with the U.S. Department of Labor, the IRS or the PBGC. Neither the Brown Parties, nor any Person who is a fiduciary or otherwise has a trust relationship with a Benefit Plan, has any liability to the Benefit Plan, the IRS, the Department of Labor, or the PBGC with respect to a Benefit Plan, or any Liability under sections 502 or 4071 of ERISA. All contributions and payments made or accrued with respect to all Benefit Plans are deductible under the Code. No amount, or any asset of any Benefit Plan, is subject to Tax as unrelated business taxable income. All filings required by ERISA and the Code

as to each Benefit Plan have been timely filed, and all notices and disclosures to participants required by either ERISA or the Code have been timely provided. Other than routine Claims for benefits submitted by participants or beneficiaries in the ordinary course, no Claim against, or Proceeding involving any Benefit Plan is pending or Threatened. No payment that is owed or may become due to any director, officer, employee or agent of any Brown Party will be non-deductible to such Brown Party or subject to Tax under sections 280G or 4999 of the Code, nor shall such Brown Party be required to "gross-up" or otherwise compensate any such person because of the imposition of any Tax or excise Tax on a payment to such person.

(d) Multiemployer Plans. Schedule 4.14(d) contains, for each Multiemployer Plan, as of its last valuation date, the amount of potential withdrawal liability of each Brown Party, calculated according to information made available pursuant to section 4221(e) of ERISA. Neither the Brown Parties nor an ERISA Affiliate has received any notice from any Multiemployer Plan that it is in reorganization or is insolvent, that increased contributions may be required to avoid a reduction in plan benefits or the imposition of any Tax, excise Tax, or that such plan intends to terminate or has terminated. None of the Brown Parties nor an ERISA Affiliate has withdrawn from any Multi-Employer Plan with respect to which there is any outstanding Liability as of the date hereof. No event has occurred or circumstance exists that presents a risk of the occurrence of any withdrawal from, or the participation, termination, reorganization or insolvency of, any Multi-Employer Plan that could result in any Liability of any Brown Party or Caldwell to a Multi-Employer Plan. No Multiemployer Plan to which any Brown Party or an ERISA Affiliate contributes or has contributed is a party to any pending merger or asset or liability transfer or is subject to any Proceeding brought by the PBGC.

(e) Post-Retirement Benefits. Schedule 4.14(e) contains a calculation of the Liability of each Brown Party for post-retirement benefits for its past and present officers, employees and directors (or their dependents or beneficiaries) other than pensions, made in accordance with Financial Accounting Statement 106 of the Financial Accounting Standards Board, regardless of whether such Brown Party is required by this Statement to disclose such information. Except as set forth on Schedule 4.14(e) or as required by section 601 et seq. of ERISA and section 4980B of the Code, no Brown Party provides, or is obligated to provide, health or welfare benefits

(including without limitation, retiree medical insurance coverage or retiree life insurance coverage), or pension benefits, for any retired or former officer, employee or director, or any dependents or beneficiaries of the same, nor is it obligated to provide any health or welfare benefits to any active employee following such employee's retirement or other termination of service. Each Brown Party has the right to modify and terminate benefits to retirees or their dependents or beneficiaries (other than Pension Plan benefits) with respect to both retired and active officers, employees and directors. To the extent of such health, welfare or pension benefits to retirees (or their dependents or beneficiaries), Schedule 4.14(e) sets forth the name, pension benefit, pension option election, medical insurance coverage, and life insurance coverage for such retirees, dependents or beneficiaries.

(f) Administration and Cost of Plans. Each of the Welfare Plans and Pension Plans has been administered in compliance with the requirements of the Code and ERISA and all reports required by any governmental agency with respect to each such Plan have been timely filed. No statement, either written or oral, has been made by any Brown Party or an ERISA Affiliate to any Person with regard to any Benefit Plan that was not in accordance with the Benefit Plan and that could have an adverse economic consequence to the Brown Parties or Caldwell. Each Benefit Plan, and the participation by the Brown Parties in each Benefit Plan, other than a DB Plan, can be terminated within 30 days without payment of any additional contribution or amount and without the vesting or acceleration of any benefits promised by such Plan. No event has occurred or circumstance exists that could result in a material increase in premium costs of Benefit Plans that are insured, or a material increase in benefit costs of such Plans that are self-insured. None of the Brown Parties nor an ERISA Affiliate has filed a notice of intent to terminate any current Plan or has adopted any amendment to treat a Plan as terminated. The PBGC has not instituted Proceedings to treat any DB Plan or Multiemployer Plan as terminated. No event has occurred or circumstance exists that may constitute grounds under section 4041 of ERISA for the termination of, or the appointment of a trustee to administer, any DB Plan or Multiemployer Plan. No amendment has been made, or is reasonably expected to be made, to any DB Plan that has required or could require the provision of security under section 307 of ERISA or section 401(a)(29) of the Code.

(g) No Prohibited Transactions. None of the Brown Parties, nor any of their respective directors, officers or employees who are fiduciaries, nor any other fiduciary of any of the Pension Plans or Welfare Plans, has engaged in any transaction in violation of section 406 of ERISA (for which no exemption exists under section 408 of ERISA) or any "prohibited transaction" (as defined in section 4975(c)(1) of the Code) for which no exemption exists under sections 4975(c)(2) or 4975(d) of the Code.

(h) Compliance of Health Plans. Each "group health plan" (as defined in section 4980B(g)(2) of the Code) maintained by any of the Brown Parties, or in which any of them participated, has been administered in compliance with the continuation coverage and notice requirements of section 601 et seq. of ERISA, section 4980B of the Code (and the regulations thereunder) and all other Legal Requirements.

(i) PBGC Premiums. Each Brown Party, and each ERISA Affiliate, has paid all premiums (and interest charges and penalties for late payment if applicable) due to the PBGC with respect to each of the DB Plans described in Schedule 4.14(a) in each plan year thereof for which such premiums are required. There has been no "reportable event" (as defined in section 4043 of ERISA and the regulations of the PBGC thereunder) with respect to any of the DB Plans described in Schedule 414(a).

(j) Copies of Documents. Brown has furnished to Caldwell and Caldwell Tanks a true and complete copy of all documents that set forth the terms of each Benefit Plan described on Schedule 4.14(a) and the summary plan description which any Brown Party or an ERISA Affiliate is obligated to prepare for such plans, and all summaries and descriptions furnished to participants and beneficiaries regarding Benefit Plans for which a summary plan description is not required. In addition, Brown has furnished to Caldwell:

(1) a written description of any Benefit Plan, program or practice that is not otherwise in writing;

(2) all personnel, payroll, and employment manuals and policies;

(3) all collective bargaining agreements pursuant to which contributions have been made or obligations incurred (including both pension and welfare benefits) by any Brown Party and all collective bargaining agreements pursuant to which contributions are being made or obligations are owed by any Brown Party;

(4) all registration statements filed with respect to any Benefit Plan;

(5) all insurance policies purchased by or to provide benefits under any Benefit Plan;

(6) all contracts with third party administrators, actuaries, investment managers, consultants, and other independent contractors that relate to any Benefit Plan;

(7) [Intentionally Omitted];

(8) a favorable determination letter as to the qualification under the Code of each of the Pension Plans and each amendment thereto that has been issued by the IRS and a true and correct copy of each such determination letter has been delivered to Caldwell;

(9) all notifications to employees of their rights under section 601 et seq. of ERISA and section 4980B of the Code; provided, in the case of notices to multiple employees that are substantially identical, Brown has only furnished to Caldwell and Caldwell Tanks a sample of such notifications;

(10) the annual return (Form 5500 or Form 990 series) filed in each of the most recent three plan years with respect to each Benefit Plan, including all schedules thereto and the opinions of independent accountants;

(11) all notices that were given by any Brown Party, an ERISA Affiliate or any Benefit Plan to the IRS, the PBGC, the Department of Labor or any participant or

beneficiary, pursuant to Legal Requirements, within the four years preceding the date of this Agreement, including notices that are expressly mentioned elsewhere in this Section 4.14;

(12) all notices that were given by the IRS, the PBGC or the Department of Labor to any Brown Party, an ERISA Affiliate or any Benefit Plan within the four years preceding the date of this Agreement;

(13) with respect to each Pension Plan and VEBA, the most recent determination letter for each Plan; and

(14) with respect to each DB Plan, the Form PBGC-1 filed for each of the three most recent plan years.

(k) Termination. Each Brown Party can unilaterally terminate, or terminate its participation in, each of the Benefit Plans identified on Schedule 4.14(a) without incurring any material Liabilities.

4.1 Employees and Independent Contractors.

(a) List of Employees. Included as Schedule 4.15(a) is a true and complete list of all officers and employees of the Brown Parties on the date hereof along with the amount of the current annual salaries or hourly rate, job title and vacation accrued, along with a full and complete description of any commitments to such officers and employees with respect to compensation payable hereafter. No Brown Party has, because of past practices or previous commitments with respect to its officers or employees, established any rights or expectations on the part of such officers or employees to receive additional compensation inconsistent with past practices with respect to any period after the date hereof. None of the officers or employees of the Brown Parties has given notice to the Brown Parties that he or she intends to leave their employment. Except as set forth in Schedule 4.15, no Brown Party has reason to believe that any of its officers or employees shall leave such employment. Set forth on Schedule 4.15 is a description of all claims made against the Brown

Parties by their officers or employees within the last 24 months. No officer or employee of the Brown Parties is employed outside the United States of America.

(b) Agreements With Employees and Independent Contractors. Except as set forth on Schedule 4.15, no Brown Party is a party to or bound by any oral or written:

(1) employee collective bargaining agreement, employment or independent contractor agreement (other than agreements terminable by that Brown Party without premium or penalty on notice of 30 days or less under which the only monetary obligation of that Brown Party is to make current wage or salary payments and provide current employee benefits), consulting, advisory or service agreement, deferred compensation agreement, confidentiality agreement or covenant not to compete; or

(2) contract or agreement with any officer or employee (other than employment agreements disclosed in response to clause (1) or excluded from the scope of clause (1)), agent, or attorney-in-fact of that Brown Party.

(c) Confidentiality and Noncompetition Agreements. No officer, employee or director of any Brown Party is a party to, or is otherwise bound by, any agreement or arrangement, including any confidentiality, noncompetition, or proprietary rights agreement, between such officer, employee or director and any other Person that in any way materially adversely affects or will materially adversely affect (1) the performance of his or her duties as an officer, employee or director of that Brown Party, or (ii) the ability of that Brown Party to conduct its business, including any such agreement or arrangement with Matrix, GSAC or Brown.

4.1 Environmental Matters.

(a) Compliance with Environmental Laws. Except as set forth on Schedule 4.16(a), each Brown Party is, and at all times has been, in full compliance with, and has not been and is not in violation of or liable under, any Environmental Law, except for such violations or non-compliance (each an "Immaterial Violation"), if any, that would (i) not subject any Brown Party to,

or cause any Brown Party to suffer or incur, any penalty, fine, judgment, remediation, cost or other Damage in excess of $5,000 for any one violation or event of non-compliance or $20,000 in the aggregate, (ii) not render any of the Brown Agreements void or unenforceable, (iii) not result in any forfeiture of title to any of the properties or assets of any Brown Party, and (iv) not otherwise have a material adverse effect on the business or operations of any Brown Party. To the knowledge of GSAC, Matrix and Brown, there has not occurred nor does there now exist any Immaterial Violations of any Environmental Laws by any Brown Party, except to the extent set forth on Schedule 4.16(a). Neither Brown, GSAC, any Subsidiary nor Matrix has any basis to expect, nor has any of them or any other Person for whose conduct they are or may be held to be responsible received, any actual or Threatened Order, notice, or other communication from any Governmental Body or private citizen acting in the public interest, or from the current or prior owner or operator of any Facilities, of any actual or potential violation or failure to comply with any Environmental Law, or of any actual or Threatened obligation to undertake or bear the cost of any Environmental, Health, and Safety Liabilities with respect to any of the Facilities or any other properties or assets (whether real, personal, or mixed) in which any Brown Party now has or has had an interest, or with respect to any property or Facility at or to which Hazardous Materials were generated, manufactured, refined, transferred, imported, used, or processed by Brown, GSAC, any Subsidiary or Matrix, or any other Person for whose conduct they are or may be held responsible, or from which Hazardous Materials have been transported, treated, stored, handled, transferred, disposed, recycled or received.

(b) No Claims. Except as set forth on Schedule 4.16(a), there are no pending or, to the knowledge of Brown, GSAC, any Subsidiary and Matrix, Threatened Claims, Encumbrances, Proceedings or other restrictions of any nature, resulting from any Environmental, Health, and Safety Liabilities or arising under or pursuant to any Environmental Law, with respect to or affecting any of the Facilities or any other properties or assets (whether real, personal, or mixed) in which any Brown Party has or has had an interest.

(c) No Orders. Except as set forth on Schedule 4.16(a), neither Brown, GSAC, any Subsidiary nor Matrix has any basis to expect, nor has either of them or any other Person for whose conduct they are or may be held responsible, received, any citation, directive, inquiry, notice, order, summons, warning, or other communication that relates to Hazardous Activity, Hazardous Materials,

or any alleged, actual, or potential violation or failure to comply with any Environmental Law, or of any alleged, actual, or potential obligation to undertake or bear the cost of any Environmental, Health, and Safety Liabilities with respect to any of the Facilities or any other properties or assets (whether real, personal, or mixed) in which any Brown Party now has or has had an interest, or with respect to any property or Facility to which Hazardous Materials generated, manufactured, refined, transferred, imported, used or processed by Brown, GSAC, any Subsidiary or Matrix, or any other Person for whose conduct they are or may be held responsible, have been transported, treated, stored, handled, transferred, disposed, recycled or received.

(d) No Environmental Liabilities. Except as set forth on Schedule 416, neither Brown, GSAC, any Subsidiary nor Matrix, or any other Person for whose conduct they are or may be held responsible, has any Environmental, Health, and Safety Liabilities with respect to the Facilities or with respect to any other properties and assets (whether real, personal, or mixed) in which any Brown Party (or any of its predecessors) now has or has had an interest, or at any property geologically or hydrologically adjoining the Facilities or any such other property or assets, except for such liabilities (each an "Immaterial Liability"), if any, that would not result in any of the events or circumstances described in Subclauses (i) through (iv) inclusive of Section 4.16(a), above. To the knowledge of GSAC, Matrix and Brown, there has not occurred nor does there now exist any Immaterially Liabilities of any Brown Party, except to the extent set forth on Schedule 4.16(a).

(e) No Hazardous Materials. Except as set forth on Schedule 4.16(a), there are no Hazardous Materials present on or in the Environment at the Facilities or at any geologically or hydrologically adjoining property, including any Hazardous Materials contained in barrels, above or underground storage tanks, landfills, land deposits, dumps, equipment (whether moveable or fixed) or other containers, either temporary or permanent, and deposited or located in land, water, sumps, or any other part of the Facilities or such adjoining property, or incorporated into any structure therein or thereon. Neither Brown, GSAC, any Subsidiary nor Matrix, or any other Person for whose conduct they are or may be held responsible, or to the knowledge of Brown, GSAC, any Subsidiary and Matrix, any other Person, has permitted or conducted, or is aware of, any Hazardous Activity conducted with respect to the Facilities or any other properties or assets (whether real,

personal, or mixed) in which any Brown Party now has or has had an interest, except such activities as are and were in full compliance with all applicable Environmental Laws.

(f) No Release. Except as set forth on Schedule 4.16(a), there has been no Release or, to the knowledge of Brown, GSAC, any Subsidiary or Matrix, Threat of Release, of any Hazardous Materials at or from the Facilities or at any other locations where any Hazardous Materials were generated, manufactured, refined, transferred, produced, imported, used or processed from or by the Facilities, or from or by any other properties and assets (whether real, personal, or mixed) in which any Brown Party now has or has had an interest, or any geologically or hydrologically adjoining property, whether by Brown, GSAC, any Subsidiary, Matrix or any other Person.

(g) Delivery of Reports, etc. GSAC has delivered to Caldwell true and complete copies and results of all reports, studies, analyses, tests or monitoring possessed or initiated by Brown, GSAC, any Subsidiary or Matrix pertaining to Hazardous Materials or Hazardous Activities in, or under, the Facilities, or concerning compliance by Brown, GSAC, any Subsidiary and Matrix or any other Person for whose conduct they are or may be held responsible with Environmental Laws.

4.17 Insurance. Schedule 4.17 sets forth the following information with respect to each insurance policy (including policies providing property, casualty, liability, and workers' compensation coverage and bond and surety arrangements) to which any Brown Party has been a party, a named insured, or otherwise the beneficiary of coverage at any time within the past five (5) years: (a) the name, address, and telephone number of the agent; (b) the name of the insurer, the name of the policyholder, and the name of each covered insured; (c) the policy number and the period of coverage; (d) the scope (including an indication of whether the coverage was on a claims made, occurrence, or other basis) and amount (including a description of how deductibles and ceilings are calculated and operate) of coverage; and (e) a description of any retroactive premium adjustments or other loss-sharing arrangements. To the extent any such insurance policy includes "occurrence" based coverages: (1) the policy is legal, valid, binding, enforceable and in full force and effect; (2) the consummation of the transactions contemplated in this Agreement shall not cause

a loss of any coverage or other rights (if any) of the Brown Parties thereunder and relating to losses, events or other circumstances occurring or existing prior to the Closing or which are otherwise Retained Obligations; (3) the policy has been issued by an insurer that is financially sound and reputable; (4) no Brown Party is in breach or default (including with respect to the payment of premiums or the giving of notices), and no event has occurred which, with notice or the lapse of time, would constitute such a breach or default, or permit termination, modification, or acceleration, under the policy; (5) the policy does not provide for any retrospective premium adjustment or other experience-based liability on the part of any Brown Party; (6) taken together, the policies provide adequate insurance coverage for the assets and the operations of the Brown Parties for all risks normally insured against by a Person carrying on the same business or businesses as the Brown Parties; and (7) no party to the policy has repudiated any provision thereof. Each Brown Party has been covered during the past five (5) years by insurance in scope and amount customary and reasonable for the businesses in which it has engaged during the aforementioned period. Schedule 4.17 describes any self-insurance arrangements affecting the Brown Parties. Schedule 4.17 further lists and describes all claims for payment made by any Brown Party within the previous five (5) years under any such insurance policy listed on that Schedule. Brown has furnished to Caldwell copies of each insurance policy listed on Schedule 4.17.

4.18 Intellectual Property.

(a) Definition of Intellectual Property. The term "Intellectual Property" as used in this Agreement shall mean and include all of the following: (1) the names Brown Steel Contractors, Inc., Brown Tanks, Inc., Aqua Tanks, Inc., Brown Steel Services, Inc., all fictional business names, trading names, registered and unregistered trademarks, service marks and applications (collectively, "Marks"); (2) all patents, patent applications and inventions and discoveries that may be patentable (collectively, "Patents"); (3) all original works of authorship fixed in any tangible medium protected by the Copyright Act, 17 U.S.C. (S)101 et seq. (collectively, "Copyrights"); (4) all rights in mask works (collectively, "Rights in Mask Works"); and (5) all know-how, trade secrets, confidential information, customer lists, technical information, data, process technology, plans, forecasts, drawings and blue prints (collectively, "Trade Secrets").

(b) Ownership of Intellectual Property. The Brown Parties own or have the right to use all of the Intellectual Property necessary or desirable for the operation of their businesses as they are currently conducted. Except for the Intellectual Property licensed by the Brown Parties as a licensee, the Brown Parties own all right, title, and interest in and to all of the Intellectual Property, free and clear of all liens, security interests, charges, encumbrances, equities, and other adverse claims, and have the right to use all of such Intellectual Property without payment to a third party.

(c) Patents. Set forth on Schedule 4.18(c), is a complete and accurate list and summary description of all Patents owned or used by the Brown Parties. Except as disclosed on Schedule 4.18(c): (1) all of the issued Patents are currently in compliance with all applicable laws and regulations (including payment of filing, examination, and maintenance fees and proofs of working or use), are valid and enforceable, and are not subject to any maintenance fees or taxes or actions falling due within 90 days after the Closing Date; (2) no Patent has been or is now involved in any interference, reissue, reexamination, or opposition proceeding and, to the knowledge of the Brown Parties, GSAC and Matrix, there is no potentially interfering patent or patent application of any third party; (3) no Patent is infringed or, to the knowledge of Brown, GSAC, the Subsidiaries and Matrix, has been challenged or threatened in any way; (4) none of the products manufactured and sold, nor any process or know-how used, by the Brown Parties infringes or is alleged to infringe any patent or other proprietary right of any other Person; and (5) all products made, used, or sold under the Patents have been marked with the proper patent notice.

(d) Marks. Set forth on Schedule 4.18(d) is a complete and accurate list and summary description of all Marks. Except as disclosed on Schedule 4.18(d): (1) The Brown Parties are the owners of all right, title, and interest in and to each of the Marks, free and clear of all liens, security interests, charges, encumbrances, equities, and other adverse claims; (2) all Marks that have been registered with the United States Patent and Trademark Office are currently in compliance with all formal laws and regulations (including the timely post-registration filing of affidavits of use and incontestability and renewal applications), are valid and enforceable, and are not subject to actions falling due within 90 days after the Closing Date; (3) no Mark has been or is now involved in any opposition, invalidation, cancellation or infringement action and, to the knowledge of Brown, GSAC, the Subsidiaries and Matrix, no such action is threatened against any of the Marks; (4) none of the

Marks used by the Brown Parties infringes or is alleged to infringe any trade name, trademark or service mark of any third party, nor, to the knowledge of Brown, GSAC, the Subsidiaries and Matrix, is there any potentially interfering trademark or trademark application of any other Person; and (5) all products and materials containing a Mark bear the proper federal registration notice where permitted by law.

(e) Copyrights. Set forth on Schedule 4.18(e) is a complete and accurate list and summary description of all Copyrights. Except as disclosed on Schedule 4.18(e): (1) Each Brown Party is the owner of all right, title, and interest in and to each of the Copyrights, free and clear of all Encumbrances and other adverse claims; (2) all the Copyrights have been registered and are currently in compliance with formal legal requirements, are valid and enforceable, and are not subject to any taxes or actions falling due within 90 days after the date of Closing; (3) no Copyright is infringed or to the knowledge of Brown, GSAC, the Subsidiaries and Matrix, has been challenged or threatened in any way; (4) none of the subject matter of any of the Copyrights infringes or is alleged to infringe any copyright of any third party or is a derivative work based on the work of a third party.

(f) Trade Secrets. To the knowledge of GSAC, Matrix and Brown, (i) each Trade Secret, and the documentation relating to such Trade Secret is current, accurate, and sufficient in detail and content to identify and explain it and to allow its full and proper use without reliance on the knowledge or memory of any individual, (ii) Matrix, GSAC, Brown and the Subsidiaries have taken all reasonable precautions to protect the secrecy, confidentiality, and value of the Trade Secrets, (iii) the Brown Parties have good title and an absolute and exclusive right to use the Trade Secrets, (iv) the Trade Secrets are not part of the public knowledge or literature, and have not been used, divulged or appropriated either for the benefit of any other person or to the detriment of the Brown Parties, and (v) no Trade Secret is subject to any adverse claim has been challenged or threatened in any way.

(g) Royalties. Schedule 4.18(g) contains a complete and accurate list and summary description, including any royalties paid or received by the Brown Parties, of all agreements or contracts relating to any of the Intellectual Property to which any of Brown Parties is a party or by

which it is bound, except for any license implied by the sale of a product and perpetual, paid-up licenses for commonly available programs with a value of less than $10,000 under which such Brown Party is the licensee. There are no outstanding and to the knowledge of Brown, GSAC, the Subsidiaries and Matrix, no threatened disputes or disagreements relating to any such agreement.

(h) Employee Agreements. Except as set forth in Schedule 4.18(h), all former and current employees of the Brown Parties have executed written agreements with such Brown Parties that assign to such Brown Parties all rights to any inventions, improvements, discoveries, or information relating to the business of such Brown Parties. No employee of any Brown Party has entered into any agreement that restricts or limits in any way the scope or type of work in which the employee may be engaged or requires the employee to transfer, assign, or disclose information concerning his work to anyone other than Brown.

4.19 Inventory. All Inventory of the Brown Parties, consists of a quality and quantity usable and salable in the Ordinary Course of Business of the Brown Parties, except for obsolete items and items of below-standard quality, all of which have been written off or written down to net realizable value on the accounting records of the Brown Parties as of the date hereof, as the case may be. All Inventories not written off have been priced at the lower of cost or market on a first in, first out basis. The quantities of each item of Inventory (whether raw materials, work-in-process, or finished goods) are not excessive, but are reasonable in the present circumstances of the Brown Parties. The Inventory obsolescence policies of the Brown Parties are appropriate for the nature of the products sold and the marketing methods used by the Brown Parties, the reserve for Inventory obsolescence contained in the financial books and records of the Brown Parties as of the date hereof fairly reflects the amount of obsolete Inventory as of the date hereof, and the reserve for Inventory obsolescence to be contained in the books and records of the Brown Parties as of the Closing Date will fairly reflect the amount of obsolete Inventory as of the Closing Date. No items included in the Inventories are pledged as collateral or held by the Brown Parties on consignment from another Person.

4.20 Labor Relations; Compliance. No Brown Party has been nor is it now a party to any collective bargaining or other labor contract. There has not been, there is not presently pending

or existing, and to the knowledge of Brown, GSAC, the Subsidiaries and Matrix there is not Threatened, (a) any strike, slowdown, picketing, work stoppage or employee grievance process, (b) any Proceeding against or affecting any Brown Party relating to the alleged violation of any Legal Requirement pertaining to labor relations or employment matters, including any charge or complaint filed by an employee or union with the National Labor Relations Board, the Equal Employment Opportunity Commission, or any comparable Governmental Body, organizational activity, or other labor or employment dispute against or affecting any Brown Party or its premises, or (c) any application for certification of a collective bargaining agent. No event has occurred or circumstance exists that could provide the basis for any work stoppage or other labor dispute. There is no lockout of any employees by any Brown Party, and no such action is contemplated by any Brown Party. Each Brown Party has complied in all material respects with all Legal Requirements relating to employment, equal employment opportunity, nondiscrimination, immigration, wages, hours, benefits, collective bargaining, the payment of social security and similar taxes, occupational safety and health, and plant closing. No Brown Party is liable for the payment of any compensation, damages, taxes, fines, penalties, or other amounts, however designated, for failure to comply with any of the foregoing Legal Requirements.

4.21 Litigation; Compliance With Legal Requirements, Etc.

(a) Proceedings. Except as set forth on Schedule 4.21(a), and except for (i) Claims or Proceedings against or involving any of the Benefit Plans of the Brown Parties (which are the subject of Section 4.14(c)), (ii) Claims or Proceedings resulting from any Environmental, Health and Safety Liabilities or arising under or pursuant to any Environmental Law (which are the subject of Section 4.16(b)), (iii) Proceedings against or affecting any Brown Party relating to the alleged violation of any Legal Requirement pertaining to labor relations or employment matters (which are the subject of Section 4.20(b)), and (iv) Claims or Proceedings pending or proposed against any Brown Party relating to any Taxes or assessments or any Claims or deficiencies with respect thereto (which are the subject of Section 4.28(b)), there is no Claim or Proceeding pending or, to the knowledge of Brown, GSAC, the Subsidiaries or Matrix, Threatened, against or relating to any Brown Parties or its properties or assets. Brown, GSAC, the Subsidiaries and Matrix do not know or have any reasonable grounds to know of any basis or alleged basis for any such Claim or

Proceedings or of any governmental investigation relative to the Brown Parties, its properties or assets, and no event has occurred, nor does any circumstance exist, that may give rise to or serve as a basis for the commencement of any such Claim or Proceedings. No event or condition of any nature which might have a material adverse effect on the business, financial condition, results of operations or assets or properties of any Brown Party has occurred, exists or, to the knowledge of Brown, GSAC, any Subsidiary or Matrix, is anticipated. To the knowledge of Brown, GSAC, any Subsidiary and Matrix, no legislative or regulatory proposal has been adopted or is pending which could have a material adverse effect on the business, financial condition, results of operations or assets or properties of any Brown Party. The Proceedings listed on Schedule 4.21(a)shall not have a material adverse effect on the business, financial condition, results of operations or assets or properties of any Brown Party.

(b) Orders. Except as set forth in Schedule 4.21(b),(1) there is no Order to which any Brown Party, or any of the assets owned or used by any Brown Party, is subject; (2) Matrix and GSAC are not subject to any Order that relates to the business of, or any of the assets owned or used by any Brown Party; and (3) to the knowledge of Brown, GSAC, any Subsidiary and Matrix no officer, director, agent, or employee of any Brown Party is subject to any Order that prohibits such officer, director, agent, or employee from engaging in or continuing any conduct, activity or practice relating to the business of any Brown Party. Except as set forth in Schedule 4.2(b)1: (A) each Brown Party is, and at all times has been, in full compliance with all of the terms and requirements of each Order to which it, or any of the assets owned or used by it, is or has been subject; (B) no event has occurred, nor does any circumstance exist that may constitute or result in (with or without notice or lapse of time) a violation of or failure to comply with any term or requirement of any Order to which any Brown Party, or any of the assets owned or used by any Brown Party, is subject; and (C) no Brown Party has received any notice or other communication (whether oral or written) from any Governmental Body or any other Person regarding any actual, alleged, possible, or potential violation of, or failure to comply with, any term or requirement of any Order to which such Brown Party, or any of the assets owned or used by such Brown Party, is or has been subject.

4.22 No Agent, Finder or Broker. No Brown Party has any Liability or obligation, contingent or otherwise, to pay any fees or commissions to any agent, broker or finder with respect to the transactions contemplated in this Agreement or the Ancillary Documents.

4.23 Products.

(a) Product Warranties. Each product manufactured, sold, leased or delivered by the Brown Parties (or any of them) has been in conformity with all applicable contractual commitments and all express and implied warranties, and no Brown Party has Liability (nor is there any basis for any present or future Proceedings against it giving rise to any Liability) for replacement or repair thereof or other damages in connection therewith, subject only to the reserve for product warranty claims set forth on the face of the Interim Balance Sheet (rather than in any notes thereto) as adjusted for the passage of time through the Closing Date in the Ordinary Course of Business of the Brown Parties. No product manufactured, sold, leased or delivered by the Brown Parties is subject to any guaranty, warranty, or other indemnity beyond the applicable standard terms and conditions of sale or lease. Schedule 4.23(a) includes copies of the standard terms and conditions of sale or lease for the Brown Parties (containing applicable guaranty, warranty, and indemnity provisions).

(b) Product Liability. No Brown Party has Liability (nor is there any basis for any present or future Proceedings against it giving rise to any Liability) arising out of any injury to individuals or property as a result of the ownership, possession or use of any product manufactured, sold, leased or delivered by any of the Brown Parties.

4.24 Real Property.

(a) Owned Real Property. Schedule 4.24(a) lists and describes briefly all real property that any Brown Party owns. With respect to each such parcel of owned real property:

(1) the relevant Brown Party has good and marketable title to the parcel of real property, free and clear of any Encumbrances (other than Permitted Encumbrances), except as set forth on Schedule 4.24(a)(1);

(2) there are no pending, or to the knowledge of Brown, GSAC, the Subsidiaries and Matrix, Threatened condemnation Proceedings relating to the property or other matters affecting materially and adversely the current use, occupancy or value thereof;

(3) the legal description for the parcel contained in the deed thereof describes such parcel fully and adequately, the buildings and improvements are located within the boundary lines of the described parcels of land, are not in violation of applicable setback requirements, zoning laws and ordinances (and none of the properties or buildings or improvements thereon are subject to "permitted non-conforming use" or "permitted non-conforming structure" classifications), and do not encroach on any easement which may burden the land, and the land does not serve any adjoining property for any purpose inconsistent with the use of the land, and the property is not located within any flood plain or subject to any similar type restriction for which any permits or licenses necessary to the use thereof have not been obtained;

(4) all facilities have received all Governmental Authorizations required in connection with the ownership or operation thereof and have been operated and maintained in accordance with all applicable Legal Requirements;

(5) there are no leases, subleases, licenses, concessions or other agreements, written or oral, granting to any other Person the right of use or occupancy of any portion of the parcel of real property;

(6) there are no outstanding options or rights of first refusal to purchase the parcel of real property, or any portion thereof or interest therein;

(7) there are no Persons (other than Brown) or Governmental Bodies in possession of the parcel of real property, other than tenants under any leases disclosed in Schedule 424 who are in possession of space to which they are entitled;

(8) all facilities located on the parcel of real property are supplied with utilities and other services necessary for the operation of such facilities, including gas, electricity, water, telephone, sanitary sewer, and storm sewer, all of which services are adequate in accordance with all applicable Legal Requirements and are provided via public roads or via permanent, irrevocable, appurtenant easements benefitting the parcel of real property; and

(9) each parcel of real property abuts on and has direct vehicular access to a public road, or has access to a public road via a permanent, irrevocable, appurtenant easement benefitting the parcel of real property, and access to the property is provided by paved public right-of-way with adequate curb cuts available.

(b) Leased Real Property. Schedule 4.24(b) lists and describes briefly all real property leased or subleased to any Brown Party (and all related lease and sublease agreements), and also identifies the leased or subleased properties for which title insurance policies are to be procured in accordance with Section 6.4. Brown has delivered to Caldwell correct and complete copies of the leases and subleases listed in Schedule 4.24(b), as amended. With respect to each lease and sublease agreement listed in Schedule 4.24(b):

(1) there are no disputes, oral agreements, or forbearance programs in effect as to the lease or sublease;

(2) the relevant Brown Party has not assigned, transferred, conveyed, mortgaged, deeded in trust or encumbered any interest in the leasehold or subleasehold;

(3) all facilities leased or subleased thereunder have received all approvals of Governmental Authorities (including licenses and permits) required in connection with the operation thereof and have been operated and maintained in accordance with all Legal Requirements;

(4) all facilities leased or subleased thereunder are supplied with utilities and other services necessary for the operation of said facilities; and

(5) to the knowledge of Brown, GSAC, the Subsidiaries and Matrix, the owner of the facility leased or subleased has good and marketable title to the parcel of real property, free and clear of any Encumbrance, except for installments of special assessments not yet delinquent and recorded easements, covenants, and other restrictions which do not materially impair the current use, occupancy, or value, or the marketability of title, of the property subject thereto.

4.25 Similar Business Ownership. Except as set on Schedule 4.25, neither GSAC, Matrix, any of its Affiliates other than Brown, nor any officer, director or employee of Brown, GSAC, Matrix or such Affiliates, nor any family member of any of them, (a) owns, directly or indirectly, any interest in, or is an officer, director or principal of, any corporation, partnership, proprietorship, association or other entity which is engaged in a business similar to that of any Brown Party, which has conducted any business of any type whatsoever with any Brown Party, or which is a party to any contract or agreement to which any Brown Party is a party or to which it may be bound, (b) has directly or indirectly engaged in any transaction with any Brown Party, except transactions inherent in the capacity of such person as an officer, director or employee, or (c) owns, directly or indirectly, in whole or in part, any property, assets or rights, real, personal or mixed, tangible or intangible, which are associated with or necessary for the use, operation or conduct of any of the businesses, assets or operations of any Brown Party.

4.26 Status of Contracts and Leases. Each of the WIP Contracts, the Other Agreements and the other contracts and agreements listed on Schedule 4.13 (collectively, the "Brown Agreements"), constitutes a legal, valid, binding and enforceable obligation of the parties thereto and is in full force and effect, and except for those Brown Agreements which by their terms shall expire prior to the Closing Date or are, with the prior written consent of Caldwell, otherwise terminated prior to the Closing Date in accordance with the provisions thereof, the transactions contemplated in this Agreement shall not have a material adverse effect on the Brown Agreements, and they shall continue in full force and effect thereafter, in each case without breaching the terms thereof or resulting in the forfeiture or impairment of any rights thereunder, and without the consent, approval or act of, or the making of any filing with, any other party. Each Brown Party has fulfilled and performed in all material respects its obligations under each of Brown Agreements, and the Brown

Parties are not in, or alleged to be in, breach or default under, nor is there or is there alleged to be any basis for termination of, any of the Brown Agreements and, to the knowledge of Brown, GSAC, the Subsidiaries and Matrix, no other party to any of the Brown Agreements has breached or defaulted thereunder, and no event has occurred and no condition or state of facts exists which, with the passage of time or the giving of notice or both, would constitute such a default or breach by Brown or, to the knowledge of Brown, GSAC, the Subsidiaries and Matrix, by any such other party. No Brown Party is currently renegotiating any of the Brown Agreements or paying liquidated damages in lieu of performance thereunder. None of the Brown Agreements contains terms unduly burdensome or harmful to any Brown Party. True and complete copies of each of the Brown Agreements have heretofore been delivered to Caldwell and Caldwell Tanks by Brown. No party has repudiated any provision of any Brown Agreement, and there are no existing disputes between Brown and the other parties thereto.

4.27 Studies. Brown has delivered to Caldwell and Caldwell Tanks copies of all engineering studies, environmental impact reports or assessments and other reports and studies that are material to the businesses of the Brown Parties.

4.28 Taxes; Tax Returns; Tax Elections.

(a) Definition of Tax and Tax Return. The term "Tax" as used herein shall mean any taxes, however denominated, including income tax, capital gains tax, value-added tax, sales tax, property tax, gift tax, estate tax, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, sales, use, transfer, registration, alternative or add-on minimum, estimated, or other tax of any kind whatsoever and any related charge or amount (including any fine, penalty, interest or addition to tax), imposed, assessed or collected by or under the authority of any Governmental Body or payable pursuant to any tax-sharing agreement or any other arrangement relating to the sharing or payment of any such tax, levy, assessment, tariff, duty, deficiency or fee, including any interest, penalty, or addition thereto, whether disputed or not. The term "Tax Returns" as used herein shall mean any return (including any information return), report, declaration of estimated Taxes, statement, schedule, notice, form, or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Body in connection with

the determination, assessment, collection, or payment of any Tax or in connection with the administration, implementation, or enforcement of or compliance with any Legal Requirement relating to any Tax.

(b) Tax Returns. Each Brown Party has prepared, signed and filed all Tax Returns required to be filed prior to the date hereof. Included in Schedule 4.28 are copies of all Tax Returns relating to income and franchise Taxes filed by the Brown Parties since 1994. All Tax Returns were correct and complete in all respects, and the Brown Parties have timely paid or accrued all Taxes or installments thereof of every kind and nature whatsoever which were due and owing on Tax Returns or which were or are otherwise due and owing under all applicable laws and regulations for any periods for which Tax Returns were due, whether or not reflected on the Tax Returns. The provision for Taxes in the Acquisition Balance Sheet is sufficient for the payment of all Taxes attributable to all periods ended on or before May 31, 1998, and ade quate accruals have been made by the Brown Parties for all liabilities for Taxes accruing since the date of the Acquisition Balance Sheet. There are no Proceedings, investigations or Claims now pending, nor, to the knowledge of Brown, GSAC, the Subsidiaries and Matrix, proposed against any Brown Party, nor are there any matters under discussion with the IRS, or any other Governmental Body, relating to any Taxes or assessments, or any Claims or deficiencies with respect thereto. The federal income Tax Returns of the Brown Parties have not been audited by the IRS or relevant state authorities, except as set forth on Schedule 4.28(b).

(c) Tax Basis and Tax Attributes. Schedule 4.28(c) contains accurate and complete description of the Brown Parties' respective basis in their assets. The current and accumulated earnings and profits of the Brown Parties, its tax carryovers and tax elections are described in Schedule 4.28(c). Except as set forth on Schedule 428, the Brown Parties have no net operating losses, or other tax attributes presently subject to limitation under sections 382, 383 or 384 of the Code.

(d) Tax Elections. The Brown Parties are not United States real property holding corporations within the meaning of section 897(c)(2) of the Code during the applicable period specified in section 897(c)(1)(A)(ii) of the Code, and Caldwell is not required to withhold tax on the

purchase of the Shares by reason of section 1445 of the Code. Neither GSAC nor Matrix is a "foreign person" within the meaning of section 1445 of the Code. The Brown Parties are not "consenting corporations" under section 341(f) of the Code. The Brown Parties have not agreed, nor are they required to make, any adjustment under section 481(a) of the Code by reason of a change in accounting method or otherwise.

(e) Withholdings. Each Brown Party has withheld proper and accurate amounts from its employees in full and complete compliance with the Tax withholding provisions of the Code and other applicable Legal Requirements, and has filed proper and accurate federal, foreign, state and local Tax Returns and reports for all years and periods (and portions thereof) for which any Tax Returns were due with respect to employee income, income Tax withholding, withholding Taxes, social security taxes and unemployment Taxes. All payments due from any Brown Party on account of employee Tax withholdings, including income Tax withholdings, social security Taxes or unemployment Taxes in respect to years and periods (and portions thereof) ended on or prior to the date hereof were paid prior to such date on or before their due date.

(f) Waivers of Statute of Limitations. Except as set forth on Schedule 4.28(f), the Brown Parties have not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to any Tax assessment or deficiency.

(g) Tax Agreements. Except as set forth on Schedule 4.28(g), the Brown Parties are not, nor have they ever been, a party to any tax allocation or sharing agreement. No Brown Party has any liability for the Taxes of any corporation or other entity under Treas. Reg. (S)1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise.

(h) Preparation of Tax Returns; Payment of Taxes. Matrix (i) shall cause Brown and each Subsidiary, for all taxable periods of Brown and each Subsidiary ending (or the portion of any taxable period ending) on or prior to the Closing Date, to be included in, and shall prepare and file or cause to be filed, the United States consolidated federal income Tax Returns of Matrix or its Affiliates and, where applicable, all other consolidated, combined or unitary Tax Returns of Matrix

or its Affiliates, and (ii) shall prepare and file or cause to be filed all other Tax Returns of or which include Brown and each Subsidiary, that are required to be filed (taking into account any extensions) on or prior to the Closing Date and shall pay any and all Taxes due with respect to the Tax Returns referred to in clauses (i) and (ii) of this subparagraph, including, but not limited to, any liability due with respect to any 338 Election. All Tax Returns described in this subsection (h) shall be prepared in a manner consistent with prior practice unless otherwise required by applicable Legal Requirements relating to Taxes.

(i) Filings By Caldwell Tanks. Following the Closing, Caldwell Tanks shall prepare or cause to be prepared and file or cause to be filed all Tax Returns required of Brown and each Subsidiary for periods ending after the Closing Date and shall report on such returns (including any consolidated United States federal income Tax Return filed by Caldwell Tanks) any transactions by or relating to Brown and each Subsidiary occurring after the Closing Date. To the extent any Taxes shown as due on such Tax Returns are the responsibility of Matrix or GSAC as contemplated in this Agreement or in any Ancillary Document, (i) such Tax Returns shall be prepared in a manner consistent with prior practice unless otherwise required by applicable Legal Requirements relating to Taxes, (ii) Caldwell Tanks shall provide Matrix with copies of each such Tax Return at least 20 days prior to the due date for filing such return, and (iii) Matrix shall have the right to review and approve (which approval shall not be unreasonably withheld) such Tax Returns for 10 days following receipt thereof. Matrix and Caldwell Tanks shall attempt in good faith to mutually resolve any disagreements regarding such Tax Returns prior to the due date for filing thereof. Any disagreements regarding such Tax Returns which are not resolved prior to the filing thereof shall be promptly resolved by arbitration as provided in Section 11; provided, that such arbitration proceeding shall not prevent Caldwell or Caldwell Tanks from filing all such disputed Tax Returns on a timely basis with the appropriate taxing authorities. The fees and expenses of the arbitrator(s) shall be borne equally by Matrix and Caldwell Tanks. Caldwell or Caldwell Tanks shall file or cause to be filed all such Tax Returns and shall, subject to receiving the payments from Matrix referred to in subsection (j) below, pay or cause to be paid the Taxes shown as due thereon; provided, however, that nothing contained in the foregoing shall in any manner
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terminate, limit or adversely affect any right of Caldwell, Caldwell Tanks or Brown to receive indemnification pursuant to any provision in this Agreement.

(j) Payment By Matrix. Not later than five days before the due date for payment of Taxes with respect to any Tax Returns which Caldwell or Caldwell Tanks has the responsibility to file, Matrix shall pay to Caldwell an amount equal to that portion of the Taxes shown on such return for which GSAC has an obligation to pay and discharge as contemplated in Section 2.5(b) and Matrix and GSAC have an obligation to indemnify the Caldwell Indemnitees (or any of them) pursuant to the provisions of Section 10.2 hereof.

(k) Closure of Taxable Year. For federal income Tax purposes, the taxable year of the Brown Parties shall end as of the close of the Closing Date and, with respect to all other Taxes, Matrix and Caldwell Tanks will, unless prohibited by applicable Legal Requirements, close the taxable period of Brown and each Subsidiary as of the Closing on the Closing Date. Neither Matrix nor Caldwell Tanks shall take any position inconsistent with the preceding sentence on any Tax Return, except as otherwise required by Legal Requirements. In any case where Legal Requirements do not permit Brown and each Subsidiary to close its taxable year on the Closing Date or in any case in which a Tax is assessed with respect to a taxable period which includes the Closing Date (but does not begin or end on that day), then Taxes, if any, attributable to the taxable period of Brown or the relevant Subsidiary, as the case may be, beginning before and ending after the Closing Date shall be allocated (i) to Matrix for the period up to and including the Closing Date, and (ii) to Caldwell Tanks, Caldwell or Brown (as applicable) for the period subsequent to the Closing Date. Any allocation of income or deductions required to determine any Taxes attributable to any period beginning before and ending after the Closing Date shall be made by means of a closing of the books and records of the Brown Parties as of the close of the Closing Date, provided that exemptions, allowances or deductions that are calculated on an annual basis (including, but not limited to, depreciation and amortization deductions) shall be allocated between the period ending on the Closing Date and the period after the Closing Date in proportion to the number of days in each such period. The foregoing allocation of responsibility for Taxes as between Matrix, on the one hand, and Caldwell Tanks, Caldwell or Brown (as applicable), on the other hand, shall include without limitation, any property Taxes assessed on or with respect to the assets or properties of the Brown Parties at any time prior to or following the Closing, and attributable to any taxing period in which the Closing Date falls, whether or not such Taxes are due and payable as of the Closing or in that taxing period.

(l) Cooperation. Caldwell Tanks and Matrix agree to furnish or cause to be furnished to each other, and each at their own expense, as promptly as practicable, such information (including access to books and records) and assistance, including making employees available on a mutually convenient basis to provide additional information and explanations of any material provided, relating to Brown and each Subsidiary as is reasonably necessary for the filing of any Tax Return, for the preparation for any audit, and for the prosecution or defense of any claim, suit or proceeding relating to any adjustment or proposed adjustment with respect to Taxes. Matrix shall retain in its possession all Tax Returns and Tax records relating to the Brown Parties that are or might reasonably be expected to become relevant to any computations or payments required after the Closing Date with respect to Tax matters relating to any taxable period (or portions thereof) ending on or prior to the Closing Date until the relevant statute of limitations has expired, and shall afford Caldwell, Caldwell Tanks and Brown reasonable access to all such Tax Returns and Tax records, from time-to-time, upon their request. After such time, Matrix may dispose of such materials, provided that prior to such disposition Matrix shall give Caldwell Tanks a reasonable opportunity to take possession of such materials. Caldwell, Caldwell Tanks, Brown and each Subsidiary shall retain in their possession, and shall provide Matrix reasonable access to (including the right to make copies of), such supporting Tax books and records relating to Brown and each Subsidiary that are or might reasonably be expected to become relevant to computations or payments with respect to material Tax matters relating to any taxable period (or portions thereof) ending after the Closing Date, until the relevant statute of limitations has expired (or prior thereto with Matrix's consent).

(m) Notices. Each of Caldwell Tanks and Matrix shall promptly notify the other in writing of its receipt of notice of any pending or threatened federal, state, local or foreign Tax audits, assessments or other dispute affecting the Tax reporting positions of Brown or any Subsidiary for taxable periods (or portions thereof) ending on or prior to the Closing Date. The failure of Caldwell Tanks or Matrix to timely forward such notification in accordance with the immediately preceding sentence shall not relieve the other Party or its Affiliate of its obligation to pay such liability for Taxes except and to the extent that the failure to timely forward such notification actually prejudices the ability of the other Party or such Affiliate to contest such liability for Taxes or increases the amount of such Taxes.

(n) Matrix Representation. Matrix shall have the right to represent the interests of Brown and each Subsidiary in any Tax audit or administrative or court proceeding relating to taxable periods ending on or prior to the Closing Date and to employ counsel of its choice at its expense, and Caldwell Tanks shall have the right to consult with Matrix during such proceedings at its own expense. Caldwell Tanks agrees that it shall cooperate fully, and cause Brown and each Subsidiary to cooperate fully, with Matrix and its counsel in the defense against or compromise of any claim in said proceeding, and Matrix agrees that it shall pay any reasonable third party out of pocket expenses incurred by Caldwell Tanks, Brown or any Subsidiary in connection therewith. Notwithstanding the foregoing, if the results of such Tax audit or proceeding reasonably could be expected to have a material adverse effect on the assets, business, operations, Tax position or financial condition of Caldwell Tanks, Caldwell or Brown or any of their Affiliates for taxable periods ending after the Closing Date, then there shall be no settlement or closing or other agreement with respect thereto without the written consent of Caldwell Tanks (which consent shall not be unreasonably withheld or delayed).

(o) Joint Representation. Matrix and Caldwell Tanks jointly shall represent the interests of Brown and each Subsidiary in any Tax audit or administrative or court proceeding relating to any taxable period of Brown or such Subsidiary which includes (but does not begin or end on) the Closing Date. Any disputes regarding the conduct or resolution of an such audit or proceeding shall be resolved by arbitration as provided in Section 11. The fees and expenses of the arbitrator(s) shall be borne equally by Matrix and Caldwell Tanks. All other costs, fees and expenses paid to third parties in the course of such audit or proceeding shall be borne by Matrix and Caldwell Tanks in the same ratio as the ratio in which, pursuant to the terms of this Agreement, Matrix and Caldwell Tanks would share the responsibility for payment of the Taxes asserted by the taxing authority in such claim or assessment if such claim or assessment were sustained in its entirety.

(p) Caldwell Tanks' Representation. Caldwell Tanks shall have the sole right to represent the interests of Brown and each Subsidiary in all other Tax audits or administrative or court proceedings except in the event and to the extent they involve Taxes for which Matrix or GSAC has agreed to be responsible pursuant to this Agreement or any Ancillary Document, in which event the provisions of subsection (n) shall apply.

(q) Refunds, Etc. Matrix shall be entitled to retain any Tax refund (including, without limitation, refunds arising by reason of amended returns filed after the Closing Date) or credit of federal, state, local or foreign Taxes (plus any interest thereon received with respect thereto from the applicable taxing authority) relating to Brown and each Subsidiary that is paid after the Closing Date with respect to (i) any period ending on or prior to the Closing Date, (ii) the 338 Election or (iii) any period which includes the Closing Date but does not begin or end on that day, provided that in the case of any Tax refund described in clause (iii) of this subsection (q), the portion of such Tax refund that shall belong to Matrix shall be that portion that is attributable to the portion of that period which ends on the Closing Date (determined on the basis of an interim closing of the books as of the Closing Date), and Brown, Caldwell Tanks or Caldwell shall pay any such refund, and the interest actually received thereon, to Matrix promptly upon receipt thereof. Caldwell Tanks shall be entitled to the benefit of any and all other refunds or credits of federal, state, local or foreign Taxes relating to the Brown Parties. Matrix and Caldwell Tanks agree to cooperate, and Caldwell Tanks agrees to cause Caldwell, Brown and each Subsidiary and their Affiliates to cooperate with Matrix, after the Closing Date, with respect to claiming any refund referred to in this subsection (q), including notifying Matrix or Caldwell Tanks, as the case may be, of the existence of any facts known to them that would constitute a reasonable basis for claiming such a refund, providing all relevant information available to and known to Matrix or Caldwell Tanks (through Brown or otherwise), as the case may be, with respect to any such claim, filing and diligently pursuing such claim, and in the case of the Party filing such a claim, consulting with the other Party prior to agreeing to any disposition of such claim.

(r) Payment of Certain Tax Assessments. Matrix and GSAC jointly and severally agree to pay and discharge, as and when due, any and all Taxes assessed against any of the Brown Parties, or their respective assets or properties, by virtue of their being members of the consolidated reporting group of Matrix for the tax year in which the Closing occurs, whether attributable to the income, assets or operations of members of that reporting group prior to the Closing or during the remainder of that tax year following the Closing.

(s) Effectiveness; Not Representations or Warranties. The Parties agree that their respective covenants and agreements set forth in Subsections (h) through (r), inclusive, above shall

be effective and binding on the relevant Parties only to the extent the Closing shall occur, and shall not constitute representations or warranties by any Party, notwithstanding that they are contained in this Section 4.

4.29 Title to Properties. Except for real property (which is the subject of Section 4.24), the Brown Parties have good and marketable title to all of their properties, interests in properties and assets, tangible and intangible, owned or used by them in the business of the Brown Parties (excluding leased properties) including all of their vehicles, equipment, furniture and fixtures. Except as set forth in Schedule 4.29, all such properties, interest in properties and assets of the Brown Parties are free and clear of all Encumbrances (other than Permitted Encumbrances).

4.30 Contract Price; Billings; Customer Offsets. Exhibit B attached hereto sets forth a correct and complete listing, by WIP Contract, of the respective Contract Price and Billings through the date hereof with respect to all of the WIP Contracts. No customer under any WIP Contract has notified any Brown Party that it intends to withhold or otherwise deduct any amounts that are or may be owing by that customer to that Brown Party following the Closing, on account of or as a set off against any damages incurred by, or indebtedness of that Brown Party owing to, that customer prior to the Closing. Except as set forth on Exhibit B, no such customer has prepaid any Brown Party prior to the Closing for goods or services to be delivered or performed by any Brown Party following the Closing.

4.31 Bank Accounts. Included as Schedule 4.31 is a true and complete list of the name of each bank, brokerage firm and other financial institution with which the Brown Parties have a depositary, trading, margin, purchase, lending, borrowing or similar account, a line of credit, or from which the Brown Parties are authorized to effect loans, or any safe deposit boxes, and the names of all persons authorized to draw on such accounts, effect such loans or who have access to such safe deposit boxes.

4.32 Brown Family Claims; Dissolution of Georgia Steel Fabricators. Except as set forth on Schedule 4.32, none of the Brown Parties is currently indebted or otherwise obligated to Sample D. Brown, Patricia W. Brown, Alan S. Brown, Mark A. Brown, Leslie C. Binion,

Matthew K. Brown or Patricia W. Brown, as trustee of the Sample D. Brown 12-30-76 Trusts B, C and D (collectively, the "Browns"), or to any of their respective personal representatives, heirs, successors or assigns, or any of them, for any debts, obligations or liabilities of any nature, including without limitation, any debts, obligations or liabilities arising under or pursuant to (a) the Stock Purchase Agreement dated as of February 22, 1994, among Matrix, GSAC, Georgia Steel Fabricators, Inc. and the Browns, or (b) the two Employment and Non-Competition Agreements of even date therewith between Brown and Mark A. Brown and Sample D. Brown, respectively (collectively, the "Employment Agreements"). The terms of the Employment Agreements have expired, and the only provisions thereof which remain in effect and enforceable are Sections 4 through 16 inclusive. Georgia Steel Fabricators Inc. was dissolved by GSAC prior to the date hereof in accordance with applicable Georgia Legal Requirements, and no Brown Party is currently indebted or otherwise obligated to any Person for any debts, obligations or liabilities previously owing by Georgia Steel Contractors, Inc.

4.33 Completeness of Statement; Effect of Representations and Warranties. No representation or warranty of Brown, GSAC or Matrix in this Agreement contains any untrue statement of a material fact, omits any material fact necessary to make such representation or war ranty, under the circumstances which it was made, not misleading, or contains any misstatement of a material fact. Brown, GSAC and Matrix have disclosed all adverse facts known to them relating to the representations and warranties. All representations and warranties contained in this Section 4 are correct and complete as of the date hereof and shall be correct and complete in all material respects (or, with respect to representations and warranties that are expressly subject to materiality or that include a specific dollar threshold, in all respects) as of the Closing Date as though made then with the Closing Date being substituted for the date hereof throughout this Section 4. Reference to a document, agreement, matter or other information in one Exhibit or Schedule shall be deemed a reference to such document, agreement, matter or information in all other Exhibits or Schedules, but only to the extent the information or facts required to be disclosed with respect to such other Exhibits or Schedules are manifest from a reading of the Exhibit or Schedule itself and not from a reading of the agreements or other documents annexed thereto, referenced therein or that constitute a part thereof. Nothing in any auditor's report to Brown, GSAC or Matrix shall be deemed adequate to disclose an exception to a representation or warranty made herein. Without limiting the generality

of the foregoing, the mere listing (or inclusion of a copy) of a document or other item shall not be deemed adequate to disclose an exception to a representation or warranty made in this Agreement (unless the representation or warranty has to do with the existence of the document or other item itself). All of the representations and warranties made by Brown, GSAC and Matrix are made with the knowledge, expectation, understanding and desire that Caldwell places complete reliance there on. Neither the representations and warranties of Brown, GSAC and Matrix, nor the indemnification obligations of Brown, GSAC and Matrix, shall be affected, qualified, modified or deemed waived by reason of the fact that Caldwell knew or should have known that any representation or warranty is or might be inaccurate in any respect.

5. REPRESENTATIONS AND WARRANTIES OF CALDWELL AND CALDWELL TANKS. Caldwell and Caldwell Tanks, jointly and severally, hereby represent and warrant to Matrix and GSAC as follows:

5.1 Corporate Status. Caldwell Tanks is a corporation duly incorporated and existing under the laws of the Commonwealth of Kentucky, is in good standing with the Department of State of the Commonwealth of Kentucky, and is authorized to transact business in such Commonwealth. Caldwell is a limited liability company duly organized and existing under the laws of the State of Georgia, is in good standing with the Department of State (or its equivalent) to the State of Georgia, and is authorized to transact business in that State. They each have, and at all times have had, full corporate power and authority to own and lease their properties as such properties are now owned and leased and to conduct their businesses as and where such businesses have and are now being conducted.

5.2 Authority; Consents; Enforcement; Noncontravention.

(a) Authority of Caldwell and Caldwell Tanks; Binding Effect. This Agreement has been duly executed and delivered by Caldwell and Caldwell Tanks, and constitutes the legal, valid and binding obligation of them, enforceable against them in accordance with its terms. Caldwell and Caldwell Tanks have the absolute and unrestricted right, power, authority and capacity to execute and deliver this Agreement and to perform their obligations under this Agreement.

Caldwell and Caldwell Tanks do not need to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any Governmental Body in order to consummate the transactions contemplated in this Agreement, other than the HSR Act filing contemplated in Sections 7.1(g) and 7.2(d).

(b) Noncontravention. Neither the execution and the delivery of this Agreement or the Ancillary Documents by Caldwell or Caldwell Tanks, nor their compliance with or the fulfillment of the terms, conditions and provisions hereof or thereof, will (i) violate any Legal Requirement applicable to them, any provision of their Articles of Incorporation or Bylaws; or (ii) with notice, the passage of time or both, conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, any contract, agreement, lease, license, instrument, arrangement or commitment to which Caldwell or Caldwell Tanks is a party or by which any of its assets or properties are bound, or (iii) result in the imposition of or creation of any Encumbrance upon or with respect to any of the assets or properties owned or used by Caldwell or Caldwell Tanks (other than such Encumbrances (if any) on the Shares as may be created pursuant to Caldwell's or Caldwell Tanks' financing of the Purchase Price), or (iv) require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which Caldwell or Caldwell Tanks is a party or by which it is bound or to which any of its assets or properties are subject; or (v) require the approval, consent, authorization or act of, or the making by Caldwell or Caldwell Tanks of any declaration, filing or registration with, any Person.

5.3 No Agent, Finder or Broker. Caldwell and Caldwell Tanks have no Liability or obligation, contingent or otherwise, to pay any fees or commissions to any agent, broker or finder with respect to the transactions contemplated in this Agreement.

5.4 Investment Intent. Caldwell is acquiring the Shares solely for its own account for investment purposes, and not with a view to the distribution thereof.

5.5 Completeness of Statement; Effect of Representations and Warranties. No representation or warranty of Caldwell or Caldwell Tanks in this Agreement contains any untrue

statement of a material fact, omits any material fact necessary to make such representation or warranty, under the circumstances which it was made, not misleading, or contains any misstatement of a material fact. Caldwell and Caldwell Tanks have disclosed all adverse facts known to them relating to the representations and warranties. The representations and warranties of Caldwell and Caldwell Tanks contained in this Section 5 are correct and complete as of the date hereof and shall be correct and complete in all material respects as of the Closing Date as though made then with the Closing Date being substituted for the date hereof throughout this Section 5. All of the representa tions and warranties made by Caldwell and Caldwell Tanks are made with the knowledge, expectation, understanding and desire that Matrix and GSAC place complete reliance thereon. Neither the representations and warranties of Caldwell or Caldwell Tanks, nor the indemnification obligations of Caldwell or Caldwell Tanks, shall be affected, qualified, modified or deemed waived by reason of the fact that Matrix or GSAC knew or should have known that any representation and warranty is or might be inaccurate in any respect.

5.6 Litigation. There is no action, suit, inquiry, proceeding or investigation by or before any Governmental Body or by or on behalf of any other Person pending or, to Caldwell's or Caldwell Tanks' knowledge, Threatened, against or involving Caldwell or Caldwell Tanks or any of their Affiliates (i) which alone or in the aggregate would, if adversely, determined have a material adverse effect on the ability of Caldwell or Caldwell Tanks to perform its obligations to Matrix and GSAC under this Agreement and the transactions contemplated hereby, or (ii) which questions or challenges the validity of this Agreement or any action taken or to be taken by Caldwell or Caldwell Tanks pursuant to this Agreement or in connection with the transactions contemplated hereby.

6. COVENANTS OF THE PARTIES.

6.1 No Negotiation. Until such time, if any, as this Agreement is terminated pursuant to Section 8, neither Brown, GSAC nor Matrix, nor any representative of Brown, GSAC or Matrix, shall, nor shall they permit any of their Affiliates to, (a) directly or indirectly, entertain, solicit, initiate, accept or encourage any inquiries, offers or proposals from, discuss or negotiate with, provide any non-public information to, or consider the merits of any unsolicited inquiries or proposals from, any Person (other than Caldwell or Caldwell Tanks) relating to any transaction

involving the sale or lease of the business or assets (other than in the Ordinary Course of Business of the Brown Parties) of the Brown Parties, or any of the capital stock of the Brown Parties, or any merger, consolidation, business combination, or similar transaction involving the Brown Parties, or (b) participate in any discussions or negotiations regarding, furnish any information with respect to, assist or participate in, or facilitate in any other manner any effort or attempt by any Person to do or seek, any of the foregoing. Brown, GSAC and Matrix will notify Caldwell Tanks immediately if any Person makes any proposal, offer, inquiry, or contact with respect to any of the foregoing.

6.2 Operations of Brown Pending Closing. Brown, GSAC and Matrix covenant and agree that from the date hereof through the Closing Date, without the prior written consent of Caldwell (which consent will not be unreasonably withheld), the Brown Parties shall:

(a) continue the business and operations of the Brown Parties substantially in the same manner as heretofore, not change any of the accounting principles followed, not submit to any customer, any primary contractor or any other Person any binding bid or offer committing to, and not otherwise undertake any transactions or enter into any contracts, commitments or arrangements for, the design, engineering, fabrication, construction, installation or sale of any elevated tanks to or for the benefit of any Person other than pursuant to the WIP Contracts identified on Exhibit B, and other than
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fabrication services for the account of Matrix and for which the Brown Parties are reimbursed for all of its costs and expenses, not undertake any other transactions or enter into any other contracts, commitments or arrangements other than in the Ordinary Course of Business of the Brown Parties, use their reasonable best efforts to preserve the present business and organization of the Brown Parties and to keep available for the benefit of Caldwell (without entering into any binding agreement) the services of their employees, and to preserve for the benefit of Caldwell the goodwill of their customers, suppliers and others having business relationships with them;

(b) not renew, extend, modify, terminate or waive any right under any of the WIP Contracts identified on Exhibit B or any of the Other
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Agreements, and not enter into, renew, extend, modify, terminate or waive any right under any other material lease, contract or other instrument, except in the Ordinary Course of Business of the Brown Parties;

(c) not increase the rate or change the nature of the compensation payable to any of their employees, except in the Ordinary Course of Business of the Brown Parties;

(d) not allow any of their assets and properties to be subject to any Encumbrance (other than Permitted Encumbrances), or to be disposed of outside the Ordinary Course of Business of the Brown Parties;

(e) except as otherwise provided in Section 4.17, maintain their existing insurance coverages, subject to variations in amounts required by the Ordinary Course of Businesses of the Brown Parties;

(f) confer with Caldwell concerning operational matters of a material nature;

(g) otherwise report periodically to Caldwell concerning the status of the business, operations and finances of the Brown Parties;

(h) not amend or modify their articles or certificate of incorporation or bylaws;

(i) maintain their corporate existence and good standing in their respective state of incorporation and their qualifications as foreign corporations in the jurisdictions set forth on Schedule 4.2;

(j) maintain their licenses, permits and franchises, and not take any action, or refrain from taking any action, which could cause any license, permit or franchise to be revoked, restricted or suspended;

(k) not authorize for issue or issue additional shares of capital stock, nor grant any option, warrant or right to purchase or acquire capital stock of itself;

(l) not declare or pay any dividend, nor, directly or indirectly, redeem, purchase or otherwise acquire any of its securities (except for the dividend of the Excluded Assets as contemplated in this Agreement);

(m) not make any investment in any other corporation, association, partnership, joint venture or other business organization;

(n) not make any capital expenditures in excess of $150,000 for any single item of equipment or other property;

(o) not incur or agree to incur any indebtedness for borrowed money;

(p) maintain all of its properties in good working order and repair (ordinary wear and tear excepted) and take all steps reasonably necessary to maintain its assets (other than Excluded Assets) for Caldwell's use and benefit;

(q) not enter into any contract, commitment or arrangement to merge, combine or consolidate with or into any other corporation or entity, or enter into any other contract, commitment or arrangement to sell, transfer, or dispose of any of its assets to any person or entity other than in the Ordinary Course of Business;

(r) not increase the quantities of inventories, raw materials or spare parts maintained by the Brown Parties to levels that are materially greater than the levels historically maintained by the Brown Parties in the Ordinary Course of Business;

(s) operate their businesses in compliance in all material respects with all Legal Requirements, Governmental Authorizations and Orders applicable to them; and

(t) not enter into any agreement or commitment to do any of the foregoing.

6.3 Investigation of Brown by Caldwell and Caldwell Tanks. From the date hereof through the Closing, Matrix, GSAC and Brown shall afford to the officers, employees and authorized representatives of Caldwell and Caldwell Tanks (including independent public accountants and attorneys) complete access to the offices, properties, employees and business and financial records (including computer files, retrieval programs and similar documentation and such access and infor mation that may be necessary in connection with an environmental audit) of the Brown Parties to the extent Caldwell or Caldwell Tanks shall deem necessary or desirable, and shall furnish to Caldwell and Caldwell Tanks or their authorized representatives such additional information concerning the assets, properties and operations of the Brown Parties as shall be reasonably requested, including all such information as shall be reasonably necessary or appropriate to enable Caldwell, Caldwell Tanks or their representatives to verify the accuracy of the representations and warranties contained in this Agreement, to verify that the covenants of Brown, GSAC and Matrix contained in this Agreement have been complied with, and to determine whether the conditions set forth in Section 7.1 have been satisfied. Caldwell and Caldwell Tanks agree that such investigation shall be conducted in such a manner as will not interfere unreasonably with the operations of Brown, GSAC or Matrix. No investigation made by Caldwell, Caldwell Tanks or their representatives hereunder shall affect the representations and warranties of Brown, GSAC and Matrix made in this Agreement.

6.4 Title Insurance; Surveys. GSAC will obtain, at its cost and expense, and deliver to Caldwell within five business days after the date of this Agreement, commitments to issue the following title insurance, meeting the following requirements, at the Closing:

(a) Parcels of Real Estate. With respect to each parcel of real estate that the Brown Parties own (each, a "Parcel"), a commitment to issue an ALTA Owner's Policy of Title Insurance (Form 10/17/92 or its nearest equivalent if a Parcel is located in a jurisdiction in which Form 10/17/92 is not available) (each a "Commitment"), which Commitments shall be issued by a title insurer reasonably satisfactory to Caldwell, committing to insure the interest of the respective Brown Party in each Parcel for such amount as Caldwell shall reasonably determine to be the fair market value of the interest in such Parcel (including in all improvements).

(b) State of Title. Within ten business days after the receipt by Caldwell of a Commitment and of the Survey (as defined below) for a Parcel, Caldwell shall notify GSAC of any exceptions to title contained in that Commitment or shown on that Survey which Caldwell finds, in its reasonable discretion, to be unacceptable to Caldwell. Thereafter, GSAC shall, within five business days notify Caldwell of its intention to take such action as may be necessary to remove the exceptions objected to from the Commitment or the Survey, as applicable, and an endorsement to that Commitment shall be issued or the Survey amended, at least five business days prior to the Closing deleting the exceptions so objected to from that Commitment or correcting the Survey items objected to. All exceptions to title or survey issues as to each Parcel as to which Caldwell shall not object (or shall subsequently withdraw its objection) shall be deemed to be "Permitted Exceptions."

(c) Further Commitment Requirements. In addition to the matters set forth in (a) and (b) above, each Commitment shall further commit (i) to insure title to all recorded easements benefitting that Parcel, (ii) to issue an ALTA Endorsement 3.1 (or equivalent) as to that Parcel, and (iii) to issue a standard "non-imputation" endorsement.

(d) Surveys. With respect to each Parcel, Matrix and GSAC will at their expense, within five business days after the date of this Agreement, obtain and deliver to Caldwell a survey by a licensed surveyor reasonably acceptable to Caldwell, certified to Caldwell and to the title company insuring that Parcel and conforming to the Minimum Detail Requirements for ALTA/ACSM Land Surveys (Class A Survey) including all items contained in items 1, 2, 3, 4, 6, 8 and 10 (each a "Survey"). All Surveys shall be updated to conform to the deletion or correction of survey issues as described in Section 6.4(b).

(e) Title at Closing. At the Closing, the state of title to each Parcel shall be such that the title company issuing the Commitment for that Parcel shall be prepared to and shall issue a title policy on the form mandated by Section 6.4(a), insuring the interest of the Brown Party(ies) having an interest in that Parcel as a valid fee simple interest, (i) subject only to the Permitted Exceptions, (ii) having deleted therefrom the standard exceptions for parties in possession, survey, rights of way and easements not of record and mechanics and materialmans liens (iii) insuring that the Parcel as described in the policy is the same property as is described in the Survey for that Parcel,

(iv) insuring the contiguity of the Parcel if the Parcel consists of more than one tract or lot and (v) insuring direct and unencumbered pedestrian and vehicular access to the Parcel from each street or roadway adjacent to the Parcel.

6.5 Lien and Litigation Searches. Caldwell or Caldwell Tanks may (in their discretion) obtain, at their cost and expense, a Uniform Commercial Code security interest search report, a tax lien search report and a litigation search report, all dated within five days of the date of delivery thereof, with an update within three days of the Closing Date, showing that there are no Encumbrances against the assets, properties or rights of the Brown Parties, other than those disclosed on Schedules 4.24(a)(1) and 4.29, and no litigation, except as disclosed on Schedule 4.21.

6.6 Transition of Brown. Brown, GSAC and Matrix covenant with Caldwell and Caldwell Tanks to cooperate with Caldwell and Caldwell Tanks to effect the smooth transition of the control and operation of the Brown Parties from Matrix to Caldwell, as contemplated herein, including the retention of the customers of the Brown Parties, by such means that Caldwell or Caldwell Tanks may reasonably request. Brown, GSAC and Matrix covenant to cooperate with Caldwell and Caldwell Tanks in providing all information required hereunder and access thereto and whatever is required to carry out the purposes and intent of the transactions contemplated in this Agreement.

6.7 Further Assurances. Each of the Parties hereto shall, at any time, and from time to time, either before or after the Closing Date, upon the request of the appropriate Party, do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such further acts, assignments, transfers, conveyances, and assurances as may be reasonably required to complete the transactions contemplated in this Agreement. After the Closing Date Matrix and GSAC shall, and shall use their reasonable best efforts to assure that any necessary third party shall, execute such documents and do such other acts and things as Caldwell or Caldwell Tanks may rea sonably require for the purpose of giving to Caldwell, Caldwell Tanks and the Brown Parties the full benefit of all the provisions of this Agreement and as may be reasonably required to complete the transactions contemplated in this Agreement.

6.8 Actions of the Parties.

(a) No Actions Constituting a Breach. From the date hereof through the Closing Date, neither Brown, GSAC, Matrix, Caldwell Tanks nor Caldwell will take or knowingly permit to be done anything in the conduct of the business of the Brown Parties or Caldwell, as the case may be, or otherwise, which would be in or represent a misrepresentation, breach of warranty or non-fulfillment of any covenant or agreement on the part of that Party under this Agreement, and each of the Parties hereto shall cause the deliveries for which such Party is responsible at the Closing to be duly and timely made.

(b) Notification of Breaches. From the date hereof through the Closing Date, each Party agrees to promptly notify the other Parties in writing if such Party becomes aware of any fact or condition that causes or constitutes a breach by that Party of any of its representations or warranties as of the date of this Agreement, or if such Party becomes aware of the occurrence after the date of this Agreement of any fact or condition that would (except as expressly contemplated by this Agreement) cause or constitute such a breach by that Party had its representations and warranties been made as of the time of the occurrence or discovery of such fact or condition. Should any such fact or condition require any change in the Schedules if the Schedules were dated the date of the occurrence or discovery of any such fact or condition, Matrix, GSAC and Brown will promptly deliver to Caldwell and Caldwell Tanks a supplement to the Schedules specifying such change. During the same period, each Party agrees to promptly notify the other parties of the occurrence of any breach of any covenant of that Party in this Agreement or of the occurrence of any event that may make the satisfaction of the conditions in Section 7 impossible or unlikely. No disclosure by any Party pursuant to this Section 6.8(b), nor any supplement of the Schedules by Matrix, GSAC or Brown as contemplated above, however, shall be deemed to amend or supplement the Schedules for purposes of the conditions to Closing provided in Section 7, to prevent or cure any misrepresentation or breach of a warranty or covenant, or to otherwise amend or supplement any of the conditions to Closing provided in Section 7.

6.9 Compliance With Conditions. Each Party hereto agrees to cooperate fully with the other Parties, and shall use its reasonable best efforts to cause the conditions precedent for which

such Party is responsible to be fulfilled. Each Party hereto further agrees to use its reasonable best efforts, and act in good faith, to consummate this Agreement and the transactions contemplated herein as promptly as possible.

6.10 Consents; Actions. Subject to the terms and conditions of this Agreement, the Parties hereto undertake and agree to (a) in good faith, take all steps that are within their power to cause to be fulfilled those of the conditions precedent to each Party's obligations to consummate the transactions contemplated herein as are dependent upon their actions; and (b) use their reasonable best efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable under applicable laws to consummate and make effective the transactions contemplated and not to take any actions that would be inimical to such result. Matrix, GSAC, Caldwell Tanks and Caldwell shall prepare and file with the United States Department of Justice and the Federal Trade Commission the notification and report form with respect to the transactions contemplated in this Agreement as required pursuant to the HSR Act. Matrix, Brown, Caldwell Tanks and Caldwell shall each cooperate with the other in the preparation of such filings and shall promptly comply with any reasonable requests by the Department of Justice and of the Federal Trade Commission for supplemental information, and shall use their commercially reasonably efforts to obtain early termination of the waiting period under the HSR Act.

6.11 Accounts Receivable. Following the Closing, Brown agrees to reasonably cooperate with GSAC, at GSAC's expense, in its efforts to collect all amounts owing by third- Persons under the Accounts Receivable that are included in the Excluded Assets to be assigned to GSAC. To the extent Brown receives any amounts from third-Persons on account of any of those Accounts Receivable at any time after the Closing, Brown agrees to promptly remit the same to GSAC. For the avoidance of doubt, the Parties agree that in the event any amounts are received by Brown following the Closing on account of any one or more WIP Contracts under which those Accounts Receivable remain owing to GSAC, such amounts shall first be deemed to be a payment by the relevant customer on such accounts receivable owing to GSAC, with any excess amounts being deemed to be a payment on amounts then owing to the relevant Brown Party, in each case unless and to the extent the relevant customer notifies any Brown Party in writing that it is disputing the indebtedness to GSAC, or that the amounts remitted by that customer are specifically intended

as a payment of amounts owing to any Brown Party for services performed or products delivered following the Closing. Brown shall have no further obligation to assist GSAC in the collection of any Account Receivable which is disputed by the relevant customer or that has otherwise become more than 90 days past due. Notwithstanding the foregoing, GSAC shall be solely responsible for the collection or non-collection of any Accounts Receivable that are included in the Excluded Assets.

6.12 Matrix's Guaranty. Matrix hereby guarantees unconditionally and absolutely to Caldwell and Caldwell Tanks: (a) the due and punctual payment and performance by Brown of all obligations of Brown provided for in this Agreement that are to be paid or performed by Brown on or prior to the Closing Date; and (b) the due and punctual payment and performance by GSAC of all obligations of GSAC provided for in this Agreement or in any other Ancillary Document, whether such payment or performance is required before or after the Closing, including without limitation, GSAC's obligations pursuant to the Assignment & Assumption Agreement to assume and undertake to pay, perform and discharge all of the Retained Obligations. This is a guarantee of payment and performance and not of collection, and this guarantee shall survive any termination of this Agreement to the extent of any continuing obligations of Brown or GSAC hereunder or under any Ancillary Document. The obligations of Matrix hereunder shall remain in full force and effect without regard to, and shall not be affected or impaired by, any of the following, any of which may be taken without the consent of, or notice to, Matrix: (a) any exercise, non-exercise or waiver by Caldwell or Caldwell Tanks of any right or privilege under this Agreement (provided, that any non-performance by Caldwell or Caldwell Tanks that would be a defense to Brown's or GSAC's performance under this Agreement shall constitute a defense to Matrix under this Section 6.12); (b) any bankruptcy, insolvency, reorganization, dissolution, liquidation or other like proceeding relating to Brown, GSAC or Matrix, whether or not Matrix shall have had knowledge of any of the foregoing; (c) any permitted assignment or other transfer of this Agreement; and (d) the invalidity or unenforceability of this Agreement or any provision hereof. Matrix unconditionally waives all demands, protests and notices of protests, any right to require Caldwell or Caldwell Tanks to first proceed against Brown or GSAC, and any and all guarantor's defenses, whether general or otherwise.

6.13 Certain Employee Matters. Notwithstanding any other provision of this Agreement to the contrary, the Parties agree as follows:

(a) Accrued Vacation.

(1) With respect to all persons who are or were employed by any of the Brown Parties as of or at any time prior to the Closing other than (y) "field" employees and (z) the employees that are identified by Caldwell Tanks as not to be offered employment following the Closing as contemplated in Subsection (e) below (collectively, the "Non-Field Employees"): (A) Matrix and GSAC shall be solely responsible for the costs of all vacation of such Non-Field Employees accrued under the vacation policies of the Brown Parties in effect as of or at any time prior to the Closing, based upon their service with the relevant Brown Party at any time prior to January 1, 1999, including without limitation, all vacation time to be taken in 1999 for service to the Brown Parties during 1998; and (B) the Brown Parties shall remain responsible for the costs of all vacation of such Non-Field Employees accrued based upon their service for the relevant Brown Party during the period from January 1, 1999 through the Closing, including without limitation, all vacation time to be taken in 2000 for service during 1999. Prior to the Closing, the Parties shall mutually agree upon the amount of accrued vacation of the Non- Field Employees for which Matrix and GSAC are responsible as contemplated above, and such amount shall be deducted from the Purchase Price otherwise payable by Caldwell to GSAC at the Closing. Following that deduction the responsibility of the Brown Parties thereafter for such accrued vacation shall be an Excluded Obligation and not a Retained Obligation. The Parties agree that any accrued vacation of any of the employees that are identified by Caldwell Tanks as not to be offered employment following the Closing as contemplated in Subsection (e) below, whether of the type described in Subclause (A) or (B), above, shall remain a Retained Obligation for all purposes under this Agreement, and shall not be the subject of a deduction from the Purchase Price as contemplated above.

(2) With respect to all persons who are or were employed by any of the Brown Parties as of or at any time prior to the Closing as "field" employees (collectively, the "Field Employees"), Matrix and GSAC shall be solely responsible for, and hereby agree to pay and discharge, and to defend, indemnify and hold harmless the Brown Parties, Caldwell Tanks and Caldwell from and against, the costs of any vacation of such Field Employees accrued under the vacation policies of the Brown Parties in effect as of or at any time prior to the Closing

(including without limitation, any amounts owed to such Field Employees and any amounts required under applicable Legal Requirements to be withheld from such employees and remitted to any Governmental Body): (A) based upon their service for the relevant Brown Party at any time during the period from January 1, 1999 through the Closing (it being the belief of Matrix and GSAC that no such vacation has or will accrue for the Field Employees for that period under the policies of the Brown Parties or applicable Legal Requirements); and (B) based upon the service of the Field Employees for the relevant Brown Party at any time prior to January 1, 1999. Promptly following the Closing, Matrix shall (x) inform each of the Field Employees that they will not, following the Closing, be entitled to any vacation (or payments in lieu thereof) from the Brown Parties that may have accrued prior to the Closing under the vacation policies of the Brown Parties in effect prior to the Closing, (y) offer to each of those Field Employees in lieu of such accrued vacation one (1) week's wages or salaries (based upon that employee's wage rate or salary in effect immediately prior to the Closing), and (z) inform those Field Employees that, should they desire to take time off from work at any time following the Closing in order to use vacation time that they believe accrued prior to the Closing, they shall not be entitled to their wages or salary during that vacation time.

(b) Severance, Sick Pay and Bonuses. Matrix and GSAC shall be solely responsible for, and shall pay when due and defend, indemnify and hold harmless the Brown Parties, Caldwell Tanks and Caldwell from and against: (i) any severance benefits, termination benefits or other similar payments or benefits now or hereafter owing under the policies of the Brown Parties in effect immediately prior to the Closing to any of the employees of the Brown Parties who are identified by Caldwell Tanks as not to be offered employment following the Closing as contemplated in Subsection (e) below, and to any employees who are offered such employment but who decline to accept the same (it being understood by the Parties that the Brown Parties shall remain responsible for any such severance benefits, termination benefits and other similar payments or benefits that may now or hereafter be owing to any employees of the Brown Parties that are actually employed by Caldwell or Caldwell Tanks following the Closing, and the same shall constitute Excluded Obligations); (ii) any bonuses or other incentive compensation (over and above their base salary or wages), to which any past or present employee of the Brown Parties is entitled as of the Closing, or to which they may become entitled following the Closing by reason of their service to the Brown

Parties prior to the Closing, by reason of the performance (financial or otherwise) of the Brown Parties prior to the Closing (it being the belief of Matrix and GSAC that any such bonuses and incentive compensation payments may be made or made available, or withheld, by the Brown Parties in their sole and absolute discretion and without obligation to those employees); and (iii) any sick pay or sick leave benefits (including without limitation, any short term disability benefits) to which any past or present employee of the Brown Parties is entitled as of the Closing, or to which they may become entitled following the Closing by reason of their service to the Brown Parties prior to the Closing, in either case in excess of the sick pay or sick leave benefits to which they may become entitled under the policies of Caldwell Tanks and its Affiliates in effect following the Closing. Matrix and GSAC shall have no obligation hereunder for any such bonuses, other incentive compensation or sick leave or sick pay benefits that may accrue following the Closing by reason of the service of any employees of the Brown Parties following the Closing. Caldwell Tanks agrees that it shall not, and shall not permit Caldwell or any Brown Party to, pay any discretionary bonuses or incentive compensation to any employees of the Brown Parties by reason of their service to the Brown Parties prior to the Closing, or by reason of the performance (financial or otherwise) of the Brown Parties prior to the Closing.

(c) 401(k) Plan Participation. Matrix agrees that it shall, consistent with the last sentence of Section 2.5(b), make all contributions to its 401(k) plan required of it, GSAC or any Brown Party for the benefit of the employees of the Brown Parties participating therein, for all periods through the Closing Date, shall (and shall cause GSAC and each of the Brown Parties to) vest 100% of all such employer contributions to its 401(k) plan for the benefit of the employees of the Brown Parties, and shall offer to all such employee participants the options available under the terms of that 401(k) plan, which include lump sum distributions and, depending upon amounts, continued investment in the Matrix 401(k) plan. Matrix agrees to give each employee of the Brown Parties who is a participant in the Matrix 401(k) plan, and who, as of the Closing, has an outstanding loan owing to their 401(k) plan account, reasonable prior notice that their loan must be repaid by them to their account prior to the Closing in order to avoid a deemed distribution to them of such loan amounts from their accounts. Matrix and GSAC acknowledge that Caldwell Tanks and Caldwell do not intend to permit any such plan participant to roll his or her 401(k) plan account

balances into the 401(k) plan of Caldwell Tanks until such time as all previous loans taken from their Matrix 401(k) plan accounts have been repaid.

(d) Employees Currently Under Disability. Matrix agrees to cause the benefits of its long term disability plan and workers compensation insurance coverages (as applicable) in effect prior to the Closing for the employees of the Brown Parties, to be made available following the Closing to all employees of the Brown Parties who are off from work as of the Closing due to a disability or other injury, until such time as those employees are no longer disabled or eligible for workers compensation benefits under applicable Legal Requirements and Matrix's workers compensation insurance policies. The covenant of Matrix in the preceding sentence shall include, without limitation, all employees that are terminated by the Brown Parties as contemplated in (e), below, and that may be hired by Brown, Caldwell or Caldwell Tanks following the Closing.

(e) Termination of Certain Employees. The Brown Parties shall, and Matrix and GSAC agree to cause the Brown Parties to, prior to the Closing, terminate all of the employees of the Brown Parties immediately prior to the Closing. Caldwell or Caldwell Tanks agrees to offer employment to all such terminated employees following the Closing, based on job responsibilities comparable to their previous positions with the Brown Parties (but otherwise on terms that are satisfactory to Caldwell or Caldwell Tanks (as applicable)), other than those employees who are identified by Caldwell Tanks, in a notice delivered to Matrix at least ten (10) days prior to the anticipated Closing Date, as not to be offered such employment following the Closing. Matrix and GSAC shall be solely responsible for communicating to (and hereby agree to communicate to) all employees of the Brown Parties all such notices regarding their termination or otherwise that are required by applicable Legal Requirements (including without limitation, sending to all employees the notice required under COBRA), and shall provide whatever assistance as Matrix elects, or the Brown Parties are otherwise required pursuant to Legal Requirements to make or provide, to assist such designated employees. Matrix and GSAC agree to use their commercially reasonable efforts from and after the date hereof to obtain from all employees identified by Caldwell Tanks as not to be offered employment following the Closing, a general release of claims in a form reasonably satisfactory to Caldwell Tanks, releasing Caldwell Tanks, Caldwell and each Brown Party of and from any debts, obligations and liabilities of any nature to those employees. The Parties further

agree that Matrix shall initially pay all premium payments that would otherwise be owing by the Field Employees who accept the offer of employment by Caldwell or Caldwell Tanks as contemplated above, for continued COBRA medical coverage under the Benefit Plans of Matrix throughout the ninety (90) day period immediately following their termination by the relevant Brown Party (or throughout such shorter period following that termination as they shall remain employees of Caldwell or Caldwell Tanks (as applicable)). Following their payment of such premium payments, Matrix shall either bill the total amount of such premium payments to the relevant Field Employees (with a copy to Caldwell) or shall bill those premium payments to Caldwell. If billed to a Field Employee, Caldwell shall promptly reimburse that employee for the premium payments actually paid by him or her to Matrix for that period. If billed to Caldwell, Caldwell shall remit and pay to Matrix the amount of such premium payments within thirty (30) days after Caldwell's receipt of the Matrix invoice.

(f) Medical Coverage. With respect to terminated employees of the Brown Parties that are offered employment by Caldwell or Caldwell Tanks as contemplated in (e) above, Caldwell Tanks shall use its commercially reasonable efforts to attempt to have such employees made eligible for inclusion in the health and medical Benefit Plans of Caldwell Tanks based upon their prior service with the Brown Parties.

6.14 Books and Records. Matrix, GSAC, Caldwell and Brown agree to retain, for a period of seven (7) years after the Closing Date, any and all books and records (hard copy, electronic or otherwise) related to the Brown Parties and their respective businesses for all periods through the Closing Date or related to the transactions contemplated hereby; provided, however, that upon expiration of such seven (7) year period, the Party with custody of such books and records shall give written notice to the other Party(s) and an opportunity to such other Party(s) to ship such books and records at such other Party's costs, expense and risk to a location chosen by it. In the event any Party needs access to such books and records for purposes of verifying any representations and warranties contained in this Agreement, responding to inquiries regarding the Brown Parties' businesses from Governmental Bodies, indemnifying, defending and holding harmless Caldwell, Brown, GSAC or Matrix, as the case may be, in accordance with Section 10 or any other legitimate business purpose, each Party will allow representatives of the other Party(s) access to such books and records upon

reasonable notice during regular business hours for the sole purpose of obtaining information for use as aforesaid, and will permit such other Party(s) to make such extracts and copies thereof as may be necessary or convenient and, if required for such purpose, to have access to and possession of original documents.

6.15 Orion Contract. The Parties acknowledge that Brown, together with Matrix (through its San Luis Tank Division) and Orion Refining Corporation, are or may become parties to one or more related agreements pertaining to the completion of construction by Matrix and the Brown, as the Contractors, for Orion Refining Corporation, as the Owner, of two (2) 69-foot diameter spheres (A and B) that were originally under Contract K73524E (collectively, the "Orion Contract"). The latest draft of the Orion Contact is set forth in Exhibit F attached hereto. The Parties agree that any and all debts, obligations and liabilities that Brown may now or hereafter have arising out of or in any manner relating to the Orion Contract or Brown's performance thereunder shall constitute Retained Obligations for all purposes under this Agreement (but only to the extent not resulting from or arising out of Brown's gross negligence or willful misconduct occurring following the Closing), including without limitation, any obligations or liabilities arising out of any breach or default by Brown or Matrix (or their respective successors or assigns) under the Orion Contract occurring following the Closing Date. Subject to the foregoing and to the obligations of Matrix and GSAC to pay, indemnify, defend and hold harmless Brown and the other Caldwell Indemnitees for, from and against such Retained Obligations pursuant to Section 10.2, Brown shall endeavor to perform the obligations of Brown under the Orion Contract as specified in the June 2, 1999 memorandum that is included as a part of Exhibit F as being specifically allocated to Brown alone, based upon the form of the Orion Contract set forth in Exhibit F (with such changes from that form as shall be approved in writing by Caldwell, which approval shall not be unreasonably withheld), and in accordance with the code and standards established by the American Society of Mechanical Engineers. Matrix shall pay or cause to be paid to Brown, within thirty (30) days after its invoice for the same, all reasonable costs and expenses that are incurred by Brown in rendering such performance, at the rates specified in such June 2, 1999 memorandum. Brown agrees that Matrix will oversee and direct the performance of Brown pursuant to the Orion Contract, subject to the limitations described above; provided, that Brown shall have no obligation to follow the directives of Matrix in the event Brown shall reasonably believe that the same would result in a

breach or default by Brown under the terms of the Orion Contract or would give rise to damages for which Matrix will be unable or will refuse to defend, indemnify and hold harmless Brown pursuant to Section 10.2.

6.16 Permits. The Parties agree to reasonably cooperate with and assist each other, at their respective cost and expense, to effect the transfer or assignment of any existing Governmental Authorizations of the Brown Parties that may be required by reason of, or that may result from, the consummation of the transactions contemplated in this Agreement, and agree to file any notices, requests, applications and the like with all relevant Governmental Bodies in connection with those Government Authorizations (or their assignment or transfer), including without limitation, any notices of the change in control and ownership of Brown required under applicable Legal Requirements for the continued use, maintenance and effectiveness of such Governmental Authorizations.

6.17 [Intentionally Omitted].

6.18 Caldwell Tanks' Guaranty. Caldwell Tanks hereby guarantees unconditionally and absolutely to Matrix and GSAC the due and punctual payment and performance by Caldwell of all obligations of Caldwell provided for in this Agreement or in any other Ancillary Document, whether such payment or performance is required before or after the Closing. This is a guarantee of payment and performance and not of collection, and this guarantee shall survive any termination of this Agreement to the extent of any continuing obligations of Caldwell hereunder or under any Ancillary Document. The obligations of Caldwell Tanks hereunder shall remain in full force and effect without regard to, and shall not be affected or impaired by, any of the following, any of which may be taken without the consent of, or notice to, Caldwell Tanks: (a) any exercise, non-exercise or waiver by Matrix or GSAC of any right or privilege under this Agreement (provided, that any non-performance by Matrix or GSAC that would be a defense to Caldwell's performance under this Agreement shall constitute a defense to Caldwell Tanks under this Section 6.18); (b) any bankruptcy, insolvency, reorganization, dissolution, liquidation or other like proceeding relating to Caldwell or Caldwell Tanks, whether or not Caldwell Tanks shall have had knowledge of any of the foregoing; (c) any permitted assignment or other transfer of this Agreement; and (d) the invalidity or

unenforceability of this Agreement or any provision hereof. Caldwell Tanks unconditionally waives all demands, protests and notices of protests, any right to require Matrix or GSAC to first proceed against Caldwell, and any and all guarantor's defenses, whether general or otherwise.

7. CONDITIONS TO CLOSING.

7.1 Conditions to Obligations of Caldwell. The obligations of Caldwell to purchase the Shares and for Caldwell and Caldwell Tanks to take the other actions required to be taken by them at and subsequent to the Closing are subject to the satisfaction at or prior to the Closing of each of the following conditions, any one or more of which Caldwell and Caldwell Tanks may waive in whole or in part at or prior to the Closing:

(a) Representations True. The representations and warranties of Brown, GSAC and Matrix contained in this Agreement (considered collectively) and each of those representations and warranties (considered individually) must have been true and correct in all material respects (or with respect to representations and warranties that are expressly subject to materiality or that include a specific dollar threshold, in all respects) as of the date hereof, and (except as otherwise provided below) must be true and correct in all material respects (or with respect to representations and warranties that are expressly subject to materiality or that include a specific dollar threshold, in all respects) on and as of the Closing Date (including those representations and warranties which specifically speak as of the date hereof) with the same effect as though such representations and warranties had been made and this Agreement had been delivered on and as of the Closing Date, without giving effect to any supplement to the Schedules. Notwithstanding the foregoing, in the event any of the representations or warranties of Brown, GSAC and Matrix set forth in Section 4.6 of this Agreement are not true and correct as of the date hereof, or are not true and correct on and as of the Closing Date, each as contemplated above, then Caldwell and Caldwell Tanks shall be entitled to assert such misrepresentation, breach of warranty or other failure as being an unsatisfied condition precedent to its obligation to consummate the transactions contemplated in this Agreement only to the extent Caldwell and Caldwell Tanks shall reasonably believe that GSAC and Matrix will be unable or will refuse to indemnify and hold harmless the Caldwell Indemnities, pursuant to Section 10.2 hereof, from and against all Damages resulting from or arising out of such

misrepresentation, breach of warranty or other failure, or will otherwise be unable or will refuse to assume and pay, perform and discharge all Retained Obligations that were or are the subject of such misrepresentation, breach of warranty or other failure. Caldwell and Caldwell Tanks shall not be deemed to have waived their right, following the Closing, to seek the indemnification and other remedies provided for in this Agreement regarding such misrepresentation, breach of warranty or Retained Obligations, notwithstanding Caldwell's or Caldwell Tanks' knowledge of such misrepresentation or breach of warranty as of the Closing.

(b) Covenants Performed. All of the covenants, agreements and conditions of Brown, GSAC and Matrix required to be performed or complied with at or prior to the Closing pursuant to the terms of this Agreement (considered collectively), and each of those covenants, agreements and conditions (considered individually), must have been duly performed and complied with in all material respects.

(c) No Changes or Destruction of Property. Between the date hereof and the Closing Date, there shall have been (i) no material adverse change in the business, financial condition or results of operations of any of the Brown Parties; (ii) no material adverse federal or state legislative or regulatory change affecting any of the Brown Parties or their products or services; and (iii) no material damage to any assets or properties of any of the Brown Parties by fire, flood, casualty, act of God or public enemy or other cause, regardless of insurance coverage for such damage.

(d) Necessary Consents Received. The Brown Parties shall have received all consents and approvals, in form and substance reasonably satisfactory to Caldwell, to the transactions contemplated in this Agreement from the other parties to all contracts, leases, agreements and permits to which the Brown Parties (or any of them) are parties or by which they or any of their assets or properties are affected, and from all Governmental Bodies, in each case to the extent necessary under those contracts, leases, agreements or permits or under Legal Requirements.

(e) No Litigation. No Proceeding shall have been instituted or, to the knowledge of Brown, GSAC and Matrix, be Threatened, before any Governmental Body by any Person,

(1) making any challenge to, or seeking damages or other relief in connection with, the transactions contemplated in this Agreement, or (2) that may have the effect of restraining, enjoining or prohibiting, making illegal or otherwise interfering with such transactions.

(f) No Claim Regarding Shares. No claim shall have been made or Threatened by any Person asserting that such Person (1) is the holder or the beneficial owner of, or has the right to acquire or to obtain beneficial ownership of, any Shares or any other capital stock of Brown or any of the Subsidiaries, voting, equity or otherwise, or (2) is entitled to all or any portion of the Purchase Price payable for the Shares.

(g) Hart-Scott-Rodino Compliance. All applicable waiting periods (and any extensions thereof) under the HSR Act shall have expired or otherwise been terminated.

(h) Closing Documents. Matrix, GSAC and Brown shall have executed and delivered to Caldwell and Caldwell Tanks the Release of Claims, a Non-Competition Agreement in a form reasonably satisfactory to the Parties (the "Non-Competition Agreement"), and which is consistent with Section 5 of the non-binding letter of intent between Matrix and Caldwell Tanks dated March 24, 1999 (the "Letter of Intent"), a Fabrication Services Agreement in a form reasonably satisfactory to the Parties (the "Fabrication Services Agreement"), and which is consistent with Section 6 of the Letter of Intent, the Assignment & Assumption Agreement, the Certificates and Stock Powers, and the other certificates, instruments, legal opinion and documents contemplated in Section 9, and Brown and each of the Subsidiaries shall have executed and delivered the Bill of Sale to Matrix.

(i) Section 2.5 Matters. Each of the actions contemplated in Section 2.5 as being taken, completed or effected at or prior to the Closing shall have been so taken, completed or effected.

(j) Financing. Caldwell Tanks and Caldwell shall have received a binding written commitment from a lender reasonably satisfactory to them to provide tax exempt financing to them

at the Closing for the full amount of the Purchase Price, on such terms and conditions and shall be satisfactory to Caldwell and Caldwell Tanks.

(k) Environmental Review Report. Caldwell and Caldwell Tanks shall have received, at their expense (except as otherwise provided below) an environmental review report from a person satisfactory to Caldwell and Caldwell Tanks as to the absence of any violation of any Environmental Laws, and the absence of any Environmental, Health and Safety Liabilities, in each case that could materially adversely effect any Brown Party, Caldwell, Caldwell Tanks or any of their respective businesses, assets or property, or otherwise relating to any of the Brown Parties or any of their businesses, assets or property. Matrix agrees to reimburse Caldwell and Caldwell Tanks for one-half of all consulting fees, costs and other expenses incurred by them in conducting a "Phase II" environmental audit of the Brown Parties and their respective assets and properties, regardless of whether the Closing shall occur, which amounts shall be payable within ten (10) days after the written request therefor delivered by Caldwell to Matrix, together with reasonable documentation of such fees, costs and expenses.

(l) Caldwell's Investigation. The due diligence investigation by Caldwell's and Caldwell Tanks' Representatives in connection with the transactions contemplated in this Agreement shall not have caused Caldwell, Caldwell Tanks or their Representatives to become aware of any facts or circumstances relating to the businesses, operations, properties, Liabilities, financial condition, results of operation or affairs of any of the Brown Parties that, in the sole judgment of Caldwell and Caldwell Tanks, make it inadvisable for them to proceed with the Closing and the transactions contemplated in this Agreement.

(m) Revised Exhibit B. The parties shall have dated, executed and delivered to each other Revised Exhibit B as contemplated in Section 2.2(a)(3)(C).

(n) Inventory. The physical inventory of all Inventory of the Brown Parties contemplated in Section 2.2(b) shall have been completed, and the Parties shall have mutually agreed in writing on the Assigned Inventory Price as contemplated in that Section.

(o) Release of Encumbrances. Matrix and GSAC shall have delivered to Caldwell and Caldwell Tanks evidence reasonably satisfactory to Caldwell and Caldwell Tanks of the complete and absolute release and discharge of all Encumbrances, and of all debts, obligations and liabilities of the Brown Parties, each as contemplated in Section 7.2(f), below.

(p) [Intentionally Omitted]

(q) Purchase Price Allocation. The Parties shall have agreed in writing upon the Purchase Price allocation (Exhibit D) as contemplated in Section 2.5(a).

(r) Accrued Vacation. The Parties shall have agreed upon the accrued vacation for Non-Field Employees as contemplated in Section 6.13(a).

(s) Termination of Employees. The Brown Parties shall have terminated their employees as contemplated in Section 6.13(e).

(t) Lost Records Affidavit; New Share Certificates. Matrix, GSAC, Brown and each of the Subsidiaries shall have executed and delivered to Caldwell a Lost Records Affidavit in a form reasonably satisfactory to Caldwell, pursuant to which Matrix, GSAC, Brown and the Subsidiaries shall represent, warrant and certify to Caldwell that the share certificates representing the Shares, the share certificates representing the issued and outstanding capital stock of the Subsidiaries, and all other stock transfer records and cancelled share certificates of Brown and the Subsidiaries, have been lost or misplaced, and covenanting with Caldwell that in the event such share certificates and other records and cancelled certificates (or any of them) are found in the future by Matrix or GSAC, the same shall be promptly forwarded to Caldwell. Matrix shall also have caused Brown to issue to GSAC, and caused the Subsidiaries to issue to Brown, new share certificates representing all of the Shares and the shares of the outstanding capital stock of the Subsidiaries, in substitution for those that have been lost or misplaced.

(u) Environmental Work Plan. The Parties shall have each executed and delivered to the others an Environmental Work Plan in a form satisfactory to the Parties, pursuant to which they shall agree upon a plan of action for addressing certain environmental issues associated with the assets and properties of Brown, and an allocation of responsibility for those environmental issues.

7.2 Conditions to Obligations of Brown and Matrix. The obligations of Matrix, GSAC and Brown to sell the Shares and to take the other actions required to be taken by them at and subsequent to the Closing are subject to the satisfaction at or prior to the Closing of each of the following conditions, any one or more of which Matrix (for itself and for GSAC and Brown) may waive in whole or in part at or prior to the Closing:

(a) Representations True. The representations and warranties of Caldwell and Caldwell Tanks contained in this Agreement (considered collectively) and each of the representations and warranties (considered individually) must have been true and correct in all material respects as of the date hereof, and must be true and correct in all material respects on and as of the Closing Date (including those representations and warranties which speak specifically as of the date hereof) with the same effect as though such representations and warranties had been made and this Agreement had been delivered on and as of the Closing Date.

(b) Covenants Performed. All of the covenants, agreements and conditions of Caldwell and Caldwell Tanks required to be performed or complied with at or prior to the Closing pursuant to the terms of this Agreement (considered collectively), and each of those covenants, agreements and conditions (considered individually), must have been duly performed and complied with in all material respects.

(c) No Litigation. No Proceeding shall have been instituted or, to the knowledge of Caldwell and Caldwell Tanks, be Threatened, before any Governmental Body by any Person, (1) making any challenge to, or seeking damages or other relief in connection with, the transactions contemplated in this Agreement, or (2) that may have the effect of restraining, enjoining or prohibiting, making illegal or otherwise interfering with such transactions.

(d) Hart-Scott-Rodino Compliance. All applicable waiting periods (and any extensions thereof) under the HSR Act shall have expired or otherwise been terminated.

(e) Closing Documents. Caldwell and Caldwell Tanks shall have executed and delivered to Matrix the Non-Competition Agreement, and the other certificates, instruments, legal opinion and documents contemplated in Section 9.

(f) Bank Consent and Release. Matrix shall have obtained, at its expense, the consent of Bank One, Oklahoma, N.A. to the consummation of the transactions contemplated in this Agreement in accordance with the Bank Agreement and in form and substance satisfactory to Matrix and Matrix shall have obtained, at its expenses, a complete and absolute release and discharge of (i) all Encumbrances on, against or affecting any of the assets or properties of the Brown Parties (other than the Excluded Assets) and in favor of Bank One, Oklahoma, N.A. or any other Person, and (ii) any and all debts, obligations or liabilities of the Brown Parties to Bank One, Oklahoma, N.A. or any other Person, in each case arising under or in connection with the Bank Agreement or the transactions relating thereto.

(g) Revised Exhibit B. The parties shall have dated, executed and delivered to each other Revised Exhibit B as contemplated in Section 2.2(a)(3)(C).

(h) Inventory. The physical inventory of all Inventory of the Brown Parties contemplated in Section 2.2(b) shall have been completed, and the Parties shall have mutually agreed in writing on the Assigned Inventory Price as contemplated in that Section.

(i) Purchase Price Allocation. The Parties shall have agreed in writing upon the Purchase Price allocation (Exhibit D) as contemplated in Section 2.5(a).

(j) Accrued Vacation. The Parties shall have agreed upon the accrued vacation for Non-Field Employees as contemplated in Section 6.13(a).

(k) Environmental Work Plan. The Parties shall have executed and delivered the Environmental Work Plan contemplated in Section 7.1(u).

8. TERMINATION.

8.1 Termination of Agreement. This Agreement may be terminated only as follows:

(a) Mutual Consent. Caldwell, Caldwell Tanks, Matrix, GSAC and Brown may terminate this Agreement prior to the Closing by mutual written agreement.

(b) Conditions Not Satisfied.

(1) Caldwell and Caldwell Tanks may terminate this Agreement upon notice to Matrix, GSAC and Brown delivered at any time following June 24, 1999 and prior to the Closing, in the event any of the conditions set forth in Section 7.1 have not been satisfied for any reason on or prior to that date (other than any failure of such condition(s) to be so satisfied by reason of a breach by Caldwell or Caldwell Tanks of any of their covenants set forth in this Agreement), or have not been waived by Caldwell or Caldwell Tanks on or prior to that date.

(2) Matrix (on behalf of itself, GSAC and Brown) may terminate this Agreement upon notice to Caldwell and Caldwell Tanks delivered at any time following June 24, 1999 and prior to the Closing, in the event any of the conditions set forth in Section 7.2 have not been satisfied for any reason on or prior to that date (other than any failure of such condition(s) to be so satisfied by reason of a breach by Matrix, GSAC or Brown of any of their respective covenants set forth in this Agreement), or have not been waived by Matrix on or prior to that date.

Notwithstanding the provisions of Sections 8.1(b)(1) and 8.1(b)(2), above, Caldwell, Caldwell Tanks and Matrix each agree that, in the event the Closing shall not have occurred on or before June 24, 1999 by reason of a failure of any condition precedent set forth in Section 7.1 or 7.2 to have been satisfied or waived, and in the event the failure of such condition precedent to be so satisfied relates primarily to a failure by any Brown Party or any of their assets or properties to comply with any

Environmental Laws, or to any Environmental, Health and Safety Liability of or relating to any Brown Party, then Caldwell, Caldwell Tanks and Matrix shall each refrain from exercising their respective termination right provided for above until July 30, 1999, and shall continue until that date to reasonably cooperate with each other in an attempt to satisfy that condition precedent.

(c) Breach by a Party. Either Caldwell and Caldwell Tanks, on the one hand, or Matrix (on behalf of itself, GSAC and Brown), on the other hand, may terminate this Agreement if a breach of any of the provisions of this Agreement has been committed by the other Party(s) or, in the case of a termination by Caldwell and Caldwell Tanks, committed by GSAC or Brown, and such breach (if curable) has not been (i) cured by such other Party (or GSAC or Brown, as applicable) within ten (10) days after notice thereof is delivered by Caldwell and Caldwell Tanks or Matrix (as applicable), or (ii) waived by Caldwell and Caldwell Tanks or Matrix (as applicable) at or prior to the Closing.

(d) Other Permitted Terminations. Caldwell and Caldwell Tanks may terminate this Agreement as contemplated in Section 2.2(a)(3)(C), and Caldwell and Caldwell Tanks, or Matrix, as applicable, may terminate this Agreement as contemplated in Section 2.2(a)(4) or 2.2(a)(5).

8.2 Effect of Termination. Each Party's right of termination under Section 8.1 is in addition to, and not in lieu of, any other rights or remedies that it may have under this Agreement, at law, in equity or otherwise, and the exercise of a right of termination will not be an election of remedies. No such termination shall be deemed to relieve any Party from responsibility for any breach by it under this Agreement occurring prior to such termination.

9. DELIVERIES AND ACTIONS TO BE TAKEN AT THE CLOSING.

9.1 Deliveries by Brown, GSAC and Matrix. Brown, GSAC and Matrix agree to deliver (duly executed where appropriate) to Caldwell at the Closing each of the following:

(a) Shares. Certificates representing the Shares, duly endorsed (or accompanied by duly executed stock powers) for transfer to Caldwell (collectively, the "Certificates & Stock Powers").

(b) Resolutions. Copies of resolutions duly adopted by the Board of Directors of Matrix, GSAC and Brown, approving the transactions contemplated in this Agreement in a form reasonably satisfactory to Caldwell, certified by an officer of each of Matrix, GSAC and Brown as being correct, complete and in full force and effect as of the Closing Date.

(c) Certificate. A Certificate from a duly authorized officer of Brown, GSAC and Matrix, dated the Closing Date, certifying as to the fulfillment of the conditions set forth in Section 7.1.

(d) Matrix's Release and Other Evidence. Matrix and GSAC shall execute and deliver to Caldwell, Caldwell Tanks, Brown and each of the Subsidiaries the Release of Claims, and shall deliver to Caldwell written evidence of the assignment, transfer and contribution to capital as contemplated in 2.5(c), and of the releases and discharges contemplated in Section 7.1(o).

(e) Non-Competition Agreement. Matrix, GSAC and Brown shall execute and deliver to Caldwell and Caldwell Tanks the Non-Competition Agreement.

(f) Resignations. Each of the Brown Parties shall deliver to Caldwell executed written resignations of each of the directors and officers of the Brown Parties effective as of the Closing Date.

(g) Payment of Liens and Encumbrances. Written confirmation that the Encumbrances (other than Permitted Encumbrances) set forth on Schedules 4.25(a)(1) and 4.29, or as disclosed on the reports referred to in Section 6.5 (other than those accepted or waived in writing by Caldwell), have been paid, released and discharged.

(h) Opinion of Counsel. An opinion from Hall, Estill, Hardwick, Gable, Golden & Nelson, P.C., counsel for Matrix, GSAC and Brown, in a form reasonably satisfactory to Caldwell.

(i) Fabrication Services Agreement. GSAC and Brown shall execute and deliver the Fabrication Services Agreement.

(j) Assignment & Assumption Agreement, Bill of Sale and Environmental Work Plan. GSAC, Matrix, Brown and each of the Subsidiaries shall execute and deliver the Assignment & Assumption Agreement and the Environmental Work Plan contemplated in Section 7.1(u), and the Brown Parties shall execute and deliver the Bill of Sale.

(k) Delivery of Corporate Records; Lost Records Affidavit. The complete minute books and corporate seal of the Brown Parties, and the Lost Records Affidavit contemplated in Section 7.1(t).

(l) Other Documents. Such other documents as may be reasonably necessary to effect the closing of the transactions contemplated in this Agreement as such closing is herein contemplated.

9.2 Deliveries by Caldwell. Caldwell covenants to deliver (duly executed where appro priate) to Matrix and GSAC at the Closing each of the following:

(a) Caldwell's Resolutions. A copy of resolutions duly adopted by the Board of Directors of Caldwell and Caldwell Tanks, approving the transactions contemplated in this Agreement and in a form reasonably satisfactory to Matrix and GSAC, certified by an officer of Caldwell and Caldwell Tanks as being correct, complete and in full force and effect as of the Closing Date.

(b) Purchase Price. The Purchase Price, by means of a wire transfer of immediately available federal funds to such account or accounts as GSAC shall direct in writing at least two (2) business days prior to the Closing Date.

(c) Certificate. A Certificate from a duly authorized officer of Caldwell and Caldwell Tanks, dated the Closing Date, certifying as to the fulfillment of the conditions set forth in Section 7.2.

(d) Non-Competition Agreement and Environmental Work Plan. Caldwell and Caldwell Tanks shall execute and deliver the Non-Competition Agreement and the Environmental Work Plan contemplated in Section 7.1(u).

(e) Opinion of Counsel. An opinion from Greenebaum Doll & McDonald PLLC, counsel for Caldwell, in a form reasonably satisfactory to Matrix and GSAC.

(f) Other Documents. Such other documents as may be reasonably necessary to effect the closing of the transactions contemplated in this Agreement as such closing is herein contemplated.

9.3 Actions and Deliveries Simultaneous. Notwithstanding the order of the deliveries by the Parties set forth above, all actions and deliveries shall occur simultaneously and none shall be deemed to have been completed until each of the actions and deliveries set forth in this Section 9 has been completed or has been waived by the Party entitled to make such waiver.

10. INDEMNIFICATION; REMEDIES.

10.1 Survival; Right to Indemnification Not Affected by Knowledge. All representations, warranties, covenants and obligations set forth in this Agreement, the certificates delivered pursuant to Sections 9.1(c) and 9.2(c), and any other certificate or document delivered pursuant to this Agreement will survive the Closing; provided, that the representations and warranties (i) in Sections 4.19 and 4.24(a) shall expire after 12 months from the Closing Date, and (ii) in Sections 4.11, 4.12, 4.18 and 4.29 shall expire after 18 months from the Closing Date. The right to indemnification, payment of "Damages" (as defined in Section 10.2) or other remedies based on such representations, warranties, covenants and obligations will not be affected by the Closing, by any earlier termination of this Agreement, or by any investigation conducted by any Person with

respect to, or any knowledge acquired by any Person at any time, whether before or after the execution and delivery of this Agreement or the Closing Date, with respect to, the accuracy or inaccuracy of or compliance with any such representation, warranty, covenant or obligation. The waiver of any condition based on the accuracy of any representation or warranty, or on the performance of or compliance with any covenant or obligation, will not affect the right to indemnification, payment of Damages or other remedy based on such representations, warranties, covenants and obligations.

10.2 Indemnification and Payment of Damages By Matrix, GSAC and Brown. Prior to the Closing Matrix, GSAC and Brown each agrees, and following the Closing Matrix and GSAC each agrees, jointly and severally, to defend, indemnify and hold Brown, the Subsidiaries, Caldwell Tanks, Caldwell and their respective directors, officers, shareholders, Affiliates, successors and assigns (collectively, "Caldwell Indemnitees") harmless from and against, and to pay to the Caldwell Indemnitees the amount of, any and all debts, obligations, losses, claims, damages (including without limitation, direct, indirect, special incidental and consequential damages), Liabilities, deficiencies, Proceedings, demands, assessments, Orders, judgments, writs, decrees, costs and other expenses (including without limitation, costs of investigation and defense and reasonable attorneys' and accountants' fees), and diminution of value, whether or not involving a third-party claim, of any nature and of any kind whatsoever (collectively, "Damages"), that may be suffered or incurred by them (or any of them) resulting from, arising, directly or indirectly, out of or in connection with (without duplication):

(a) any misrepresentation or breach of warranty made by Brown, GSAC or Matrix in this Agreement or in any Ancillary Document; provided, that in the event the Closing does not occur, the Caldwell Indemnitees shall be entitled to be defended, indemnified and held harmless by Brown, Matrix and GSAC pursuant to this Subsection (a) only to the extent that Brown, Matrix or GSAC knew or should reasonably have known that the relevant representation or warranty was not true and correct in all material respects (or with respect to a representation or warranty that is expressly subject to materiality or that includes a specific dollar threshold, in all respects) as of the date of this Agreement; it being understood that the foregoing limitation on recovery shall have no relevance in the event the Closing shall occur;

(b) any breach by Brown, GSAC or Matrix of any covenant, agreement or obligation of Brown, GSAC or Matrix in this Agreement or in any Ancillary Document (other than Brown's obligations to GSAC or Matrix pursuant to the Non-Competition Agreement, the Bill of Sale, the Assignment and Assumption Agreement and the Fabrication Services Agreement); and

(c) the Retained Obligations (and each of them); it being understood and agreed by Matrix, GSAC and Brown that the foregoing right of the Caldwell Indemnitees to be defended, indemnified and held harmless from and against the Retained Obligations may be exercised by the Caldwell Indemnitees regardless of whether such Retained Obligations are the subject of any representations or warranties set forth in Section 4 or any disclosure(s) by Matrix, GSAC or Brown in connection with those representations and warranties, and regardless of whether the Caldwell Indemnitees have a claim for indemnification regarding the same Damages pursuant to Subsection (a) or (b) above (except to the extent otherwise provided in the second to last sentence of Section 2.5(b)).

The remedies provided in this Section 10.2 shall not be exclusive of or limit any other remedies that may be available to the Caldwell Indemnitees. All Damage payments to Caldwell or Caldwell Tanks hereunder shall be deemed adjustments to the Purchase Price.

10.3 Limitation on Matrix's Indemnification. Notwithstanding the provisions of Section 10.2, Matrix and GSAC shall have no obligation to indemnify or hold harmless any Caldwell Indemnitee pursuant to Section 10.2(a) until such time as the sum of all Damages that are suffered or incurred by all Caldwell Indemnitees, collectively, resulting from or arising out of all misrepresentations and breaches of warranties shall exceed $50,000 in the aggregate, at which time Matrix and GSAC shall indemnify and hold harmless all Caldwell Indemnitees pursuant to Section 10.2(a) for all Damages then and thereafter suffered or incurred by them, including without limitation, that initial $50,000 in Damages. The foregoing limitation on the Caldwell Indemnitees' right to indemnification shall not apply to any Damages resulting from, arising out of or in connection with any of the matters described in Section 10.2(b) or Section 10.2(c), notwithstanding that such Damages may also be recoverable pursuant to Section 10.2(a).

10.4 Indemnification By Caldwell. Caldwell and Caldwell Tanks, jointly and severally, shall defend, indemnify and hold Matrix and GSAC, and their respective directors, officers, shareholders, Affiliates, successors and assigns (collectively, the "Matrix Indemnitees"), harmless from and against, and will pay to the Matrix Indemnitees the amount of, all Damages suffered or incurred by them (or any of them) resulting from, arising directly or indirectly out of or in connection with: (a) any misrepresentation or breach of warranty made by Caldwell or Caldwell Tanks in this Agreement or in any Ancillary Document to which it is a party; and (b) any breach by Caldwell or Caldwell Tanks of any covenant, agreement or obligation of Caldwell or Caldwell Tanks in this Agreement or in any Ancillary Document to which it is a party; but excluding any Damages resulting from, arising out of or in connection with any Retained Obligations. Notwithstanding the foregoing, in the event the Closing does not occur, the Matrix Indemnitees shall be entitled to be defended, indemnified and held harmless by Caldwell and Caldwell Tanks pursuant to Subclause 10.4(a), above, only to the extent that Caldwell or Caldwell Tanks knew or should have known that the relevant representation or warranty was not true and correct in all material respects as of the date of this Agreement (it being understood that the foregoing limitation on recovery shall have no relevance in the event the Closing shall occur). The remedies provided in this Section 10.4 shall not be exclusive of or limit any other remedies that may be available to the Matrix Indemnitees.

10.5 Procedure for Indemnification.

(a) Notice of Claims. Promptly after receipt by a Party (the "Claiming Party") of notice of the commencement or assertion of any claim, action, suit, Proceeding, arbitration, audit, hearing, investigation, Order or litigation (each a "Claim") against it or any Caldwell Indemnitee (in the case of Caldwell, Caldwell Tanks and Brown) or any Matrix Indemnitee (in the case of Matrix and GSAC), and if a claim is to be made by the Claiming Party against any other Party (the "Indemnifying Party") for indemnification with respect to that Claim pursuant to Section 10.2 or 10.4 (as applicable), the Claiming Party shall promptly give notice to the Indemnifying Party of the commencement or assertion of such Claim; provided, that the failure to so notify the Indemnifying Party of the commencement or assertion of such Claim will not relieve the Indemnifying Party of any liability that it may have to any Caldwell Indemnitee or Matrix Indemnitee (as applicable) hereunder, except to the extent that such Indemnifying Party demonstrates that the defense of such action was

prejudiced by the Claiming Party's failure to give such notice. The notice contemplated herein shall describe the Claim and the specific facts and circumstances in reasonable detail, shall include a copy of any related notices or written claims from third-parties, and shall indicate the amount, if known, or an estimate, if possible, of the Damages that have been or may be suffered or incurred.

(b) Assumption of Defense. If any Claim is brought against a Caldwell Indemnitee or a Matrix Indemnitee and the Claiming Party gives notice to the Indemnifying Party of such Claim, the Indemnifying Party will, unless the Claim involves Taxes (which shall be resolved in accordance with the procedures in Section 4.28), be entitled to participate in such Claim and, to the extent that it wishes (unless (i) such Indemnifying Party is also a party to such Claim and the Claiming Party determines in good faith that joint representation would be inappropriate, or (ii) the Indemnifying Party fails to provide reasonable assurance to the Claiming Party of its financial capacity to defend such Claim and provide indemnification with respect to such Claim), to assume the defense of such Claim with counsel reasonably satisfactory to the Claiming Party and, after notice from the Indemnifying Party to the Claiming Party of its election to assume the defense of such Claim, the Indemnifying Party will not, as long as it diligently conducts such defense, be liable to the Claiming Party or the other relevant Caldwell Indemnitee(s) or Matrix Indemnitee(s) (as applicable) under this Section 10 for any fees of other counsel or any other expenses with respect to the defense of such Claim, in each case subsequently incurred by the Claiming Party or the other relevant Caldwell Indemnitee(s) or Matrix Indemnitee(s) (as applicable) in connection with the defense of such Claim, other than their reasonable costs of investigation. If the Indemnifying Party assumes the defense of a Claim, (i) it will be conclusively established for purposes of this Agreement that the Claim (and any resulting Damages) are within the scope of and subject to indemnification by the Indemnifying Party; (ii) no compromise or settlement of such claims may be effected by the Indemnifying Party without the Claiming Party's consent unless (A) there is no finding or admission of any violation of Legal Requirements or any violation of the rights of any Person and no effect on any other Claims that may be made against the Claiming Party or any other Caldwell Indemnitee or Matrix Indemnitee (as applicable), and (B) the sole relief provided is monetary damages that are paid in full by the Indemnifying Party; and (iii) the Claiming Party and each relevant Caldwell Indemnitee or Matrix Indemnitee (as applicable) will have no liability with respect to any compromise or settlement of such Claims effected without its consent. The Claiming Party and any relevant Caldwell Indemnitee

or Matrix Indemnitee shall be entitled to participate (at its expense) in the defense of any Claim assumed by the Indemnifying Party as contemplated herein. If notice is given to an Indemnifying Party of any Claim and the Indemnifying Party does not, within ten days after the Claiming Party's notice is given, give notice to the Claiming Party of its election to assume the defense of such Claim, the Indemnifying Party will no longer have the right to assume that defense, and will be bound by any determination made in such Claim or any compromise or settlement effected by the Claiming Party or any other Caldwell Indemnitee or Matrix Indemnitee (as applicable).

(c) Exception. Notwithstanding the foregoing, if a Claiming Party or any other Caldwell Indemnitee or Matrix Indemnitee (as applicable), determines in good faith that there is a reasonable probability a Claim (other than a claim arising under Section 10.2(c) hereof) may adversely affect it or its Affiliates other than as a result of monetary damages for which it would be entitled to indemnification under this Agreement, that party or Person may, by notice to the Indemnifying Party, assume the exclusive right to defend, compromise or settle such Claim, but the Indemnifying Party will not be bound by any determination of a Claim so defended or any compromise or settlement effected without its consent (which may not be unreasonably withheld).

(d) Other Claims. A claim for indemnification for any matter not involving a third-party Claim may be asserted by notice to the Party from whom indemnification is sought.

(e) Cooperation of Parties. The Party assuming the defense of any Claim shall keep the other Party(s) reasonably informed at all times of the progress and development of the Party's defense of and compromise efforts with respect to such Claim, and shall furnish the other Party(s) with copies of all relevant pleadings, correspondence and other papers. In addition, the Parties to this Agreement shall cooperate with each other, and make available to each other and their representatives all available relevant records or other materials required by them for their use in defending, compromising or contesting any Claim.

10.6 No Liability of Brown Parties. In the event a Claim is made against Matrix or GSAC for any Damages incurred by Caldwell, Caldwell Tanks or any other Caldwell Indemnitee, Matrix and GSAC shall not, nor shall they be entitled to, maintain, assert or make a claim against

any Brown Party, or the directors, officers, Affiliates (other than claims or defenses against Caldwell or Caldwell Tanks with respect to their rights or obligations under this Agreement or the Non- Competition Agreement), successor or assigns of any Brown Party, for contribution, indemnity or any other recovery, it being the intention of the Parties hereto that after the Closing the Brown Parties shall have no liability, obligation or responsibility to Matrix or GSAC for any breach or nonfulfillment of the representations, warranties, covenants or obligations of Brown, GSAC or Matrix made in this Agreement, or for any indemnitees of Brown, GSAC or Matrix set forth herein.

11. ARBITRATION.

11.1 Referral. If any dispute under this Agreement or any Ancillary Document arises and the relevant Parties are unable to resolve such dispute, the unresolved dispute shall be resolved by arbitration if a Party requests arbitration in accordance with this Section 11. The place of arbitration shall be in Louisville, Kentucky. Arbitration shall be conducted under the auspices of the American Arbitration Association ("AAA"). Except as otherwise provided in this Section 11, the Rules of the AAA shall govern all proceedings; and in the case of conflict between the AAA Rules and this Agreement, the provisions of this Agreement shall govern.

11.2 Demand. Any Party may initiate arbitration by making a demand on the other relevant Party(s) and simultaneously filing copies of the demand, together with the required fees, with the AAA office in Louisville, Kentucky. The demand shall contain those provisions required by the Rules of the AAA and shall also request the AAA to designate and appoint one person as the arbitrator, who shall act as the sole arbitrator to resolve the matter.

11.3 Discovery. The Parties shall have the right of discovery in accordance with the Federal Rules of Civil Procedure except that discovery may commence immediately upon the service of the demand for arbitration. A Party's unreasonable refusal to cooperate in discovery shall be deemed to be refusal to proceed with arbitration and, until AAA has designated the arbitrator, the Parties may enforce their rights (including the right of discovery) in the courts. Such enforcement in the courts shall not constitute a waiver of a Party's right to arbitration. Upon his or her appointment, the arbitrator shall have the power to enforce the Parties' discovery rights.

11.4 Binding Decision. The Parties shall be bound by the decision of the arbitrator and accept his or her decision as the final determination of the matter in dispute. The prevailing Party(s) shall be entitled to enter a judgment in any court upon any arbitration award made pursuant to this Section 11. The arbitrator shall award the costs and expenses of the arbitration, including reasonable attorneys' fees, disbursements, arbitration expenses, arbitrators' fees and the administrative fee of the AAA, to the prevailing Party as shall be determined by the arbitrator. The dispute resolution procedure set forth in this Section 11 shall be the sole procedure by which disputes between the Parties under this Agreement or any Ancillary Document shall be resolved.

12. MISCELLANEOUS PROVISIONS.

12.1 Confidentiality of Agreement. Each Party agrees that it will treat in confidence all Confidential Information which such Party shall have obtained regarding the other Parties during the course of the negotiations leading to the consummation of the transactions contemplated in this Agreement (whether obtained before or after the date hereof), the investigation provided for herein and the preparation of this Agreement and the Ancillary Documents, and in the event the transactions contemplated in this Agreement shall not be consummated, each Party will return to the other Parties all copies of Confidential Information which have been furnished in connection herewith. Such Confidential Information shall not be communicated to any third Person (other than to each Party's counsel, accountants, financial advisors and lenders). No other Party shall use any Confiden tial Information in any manner whatsoever except solely for the purpose of evaluating the proposed purchase and sale of the Shares; provided, that after the Closing, Caldwell and Caldwell Tanks may use or disclose any Confidential Information included in the assets, properties or rights of the Brown Parties, or otherwise reasonably related to the Brown Parties or their assets, properties or rights. The obligation of each Party to treat such documents, materials and other information in confidence shall not apply to any Confidential Information which (a) is required to be disclosed under applicable law or judicial process, but only to the extent it must be disclosed, or (b) such Party reasonably deems necessary to disclose to obtain any of the consents or approvals contemplated herein.

12.2 Consent to Jurisdiction. Each of the Parties hereto consents and voluntarily submits to personal jurisdiction in the Commonwealth of Kentucky and in the courts in such state located in Jefferson County and the United States District Court for the Western District of Kentucky

in any Proceeding arising out of or relating to this Agreement which is not subject to arbitration as provided in Section 11, and agrees that all claims in respect of the Proceeding may be heard and determined in any such court. Each of the Parties hereto further consents and agrees that such Party may be served with process in the same manner as a Notice may be given under Section 12.12. Brown, GSAC and Matrix agree that any action instituted by any of them against Caldwell with respect to this Agreement will be instituted exclusively in the United States District Court for the Western District of Kentucky or, if such Court does not have jurisdiction to adjudicate such action, in the Courts of the Commonwealth of Kentucky located in Jefferson County. Brown, GSAC and Matrix irrevocably and unconditionally waive and agree not to plead, to the fullest extent permitted by law, any objection that they may now or hereafter have to the laying of venue or the convenience of the forum of any action with respect to this Agreement in the United States District Court for the Western District of Kentucky and the Courts of the Commonwealth of Kentucky located in Jefferson County. Each Party agrees that a final judgment in any Proceeding so brought, and in any arbitration proceeding pursuant to Section 11, shall be conclusive and may be enforced by suit on the judgment or in any other manner provided by law or in equity, in any court or other tribunal having competent jurisdiction.

12.3 Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any Legal Requirement shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. In the event of any inconsistency between the statements in the body of this Agreement and those in the Schedules (other than an exception expressly set forth as such in the Schedules rather than in any agreement or document referred to in or attached to such Schedule), the statements in the body of this Agreement will control. The Parties intend that each representation, warranty, covenant and obligation contained herein shall have independent significance. If any Party has breached any representation, warranty, covenant or obligation contained herein in any respect, the fact that there exists another representation, warranty, covenant or obligation relating to the same subject matter (regardless of the relative levels of specificity) which the Party has not breached shall not detract

from or mitigate the fact that the Party is in breach of the first representation, warranty, covenant or obligation. Unless the context clearly states otherwise, the use of the singular or plural in this Agreement shall include the other and the use of any gender shall include all others. All references to "Section" or "Sections" refer to the corresponding Section or Sections of this Agreement. Unless otherwise expressly provided, the word "including" does not limit the preceding words or terms.

12.4 Entire Agreement. This Agreement embodies the entire agreement and understanding of the Parties hereto with respect to the subject matter herein contained, and supersedes all prior agreements, correspondence, arrangements and understandings relating to the subject matter hereof. This Agreement may be amended, modified, superseded, or canceled only by a written instrument signed by all of the Parties hereto, and any of the terms, provisions, and condi tions hereof may be waived only by a written instrument signed by the waiving Party.

12.5 Exhibits and Schedules. All Exhibits to this Agreement and the Schedules hereto shall constitute part of this Agreement and shall be deemed to be incorporated herein by reference, in their entirety and made a part hereof, as if set out in full at the point where they first are mentioned. References in this Agreement to a specific Schedule shall refer solely to such Schedule and shall not be deemed to include material included in any other Schedule, unless the Schedule specifically states that the material is to be included in another specified Schedule.

12.6 Expenses. Except as otherwise specifically provided in this Section 12.6 or elsewhere in this Agreement, each Party to this Agreement will bear its respective expenses incurred in connection with the preparation, execution and performance of this Agreement and the transactions contemplated herein, including all fees and expenses of agents, representatives, counsel and accountants; provided Matrix will cause the Brown Parties not to incur any out-of-pocket expenses in connection with this Agreement and the transactions contemplated herein. In the event of the termination of this Agreement, the obligation of each Party to pay its or his own expenses will be subject to any rights of each party arising from a breach of this Agreement by another party. Caldwell Tanks and Matrix shall each pay one-half of the HSR Act filing fee, at the time of such filing.

12.7 Governing Law. This Agreement is executed and delivered in, and shall be governed by and construed in accordance with the laws of, the Commonwealth of Kentucky, without giving effect to any conflict of law rule or principle that might require the application of the laws of another jurisdiction.

12.8 Headings. The headings in this Agreement are included for purposes of convenience only and shall not be considered a part of this Agreement in construing or interpreting any provision hereof.

12.9 Invalidity of Provisions; Severability. If any provision of this Agreement or the application thereof to any Person or circumstance shall to any extent be held in any Proceeding to be invalid, illegal or unenforceable, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those to which it was held to be invalid, illegal or unenforceable, shall not be affected thereby, and shall be valid, legal and enforceable to the fullest extent permitted by law, but only if and to the extent such enforcement would not materially and adversely frustrate the parties' essential objectives as expressed herein. Notwithstanding the foregoing, each Party hereto agrees that it has reviewed the provisions of this Agreement, and that the same, taken as a whole, are fair and reasonable. The Parties hereto shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

12.10 No Public Announcement. Neither Caldwell, Caldwell Tanks, Brown, GSAC nor Matrix shall, without the approval of the others, make any press release or other public announcement concerning the transactions contemplated in this Agreement, except as and to the extent that any such Party shall be so obligated by law or the rules of any stock exchange, in which case the other Party shall be advised and the Parties shall use their reasonable best efforts to cause a mutually agreeable release or announcement to be issued; provided, the foregoing shall not preclude communications or disclosures necessary to implement the provisions of this Agreement or to comply with Securities and Exchange Commission disclosure obligations. Matrix and Caldwell Tanks will consult with each other concerning the means by which Brown's employees, customers,

and suppliers and others having dealings with the Brown Parties will be informed of the transactions contemplated in this Agreement, and Caldwell Tanks will have the right to be present for any such communication.

12.11 No Third Party Beneficiaries. This Agreement is not intended to, and shall not be construed to, confer upon any third Person any right, remedy or benefit nor is it intended to be enforceable by any third Person, and shall only be enforceable by the Parties hereto, and their respective successors and permitted assigns.

12.12 Notices.

(a) Giving of Notices. All notices, requests, consents, approvals, waivers, demands and other communications required or permitted to be given or made hereunder (collectively, "Notices") shall be given or made in writing and (1) personally delivered against a written receipt, or (2) sent by confirmed telephonic facsimile, or (3) delivered to a reputable express messenger service (such as Federal Express, DHL Courier and United Parcel Service) for overnight delivery, addressed as follows (or to such other address as a Party shall have given Notice to the other):

If to Brown prior to Closing: Brown Steel Contractors, Inc.
c/o Matrix Service Company
10701 East Ute Street
Tulsa, Oklahoma 74116
Attn: Chief Financial Officer
Fax: 918/838-8810

With a copy (which shall not constitute notice) to: Larry W. Sandel, Esq.
Hall, Estill, Hardwick, Gable, Golden & Nelson
320 South Boston Avenue, Suite 400
Tulsa, Oklahoma 74103-3708
Fax: 918/594-0505

If to Brown following Closing:

Brown Steel Contractors, Inc.
c/o Caldwell Tanks, Inc.
4000 Tower Road
Louisville, Kentucky 40219
Attn: President
Fax: 502/966-8732

With a copy (which shall not constitute notice) to:

Patrick R. Northam, Esq.
Greenebaum Doll & McDonald PLLC
3300 National City Tower
Louisville, Kentucky 40202
Fax: 502/587-3695

If to Matrix:

Matrix Service Company
10701 East Ute Street
Tulsa, Oklahoma 74116
Attn: Chief Financial Officer
Fax: 918/838-8810

With a copy (which shall not constitute notice) to:

Larry W. Sandel, Esq.
Hall, Estill, Hardwick, Gable, Golden & Nelson
320 South Boston Avenue, Suite 400
Tulsa, Oklahoma 74103-3708
Fax: 918/594-0505

If to GSAC:

Georgia Steel Acquisition Corp.
c/o Matrix Service Company
10701 East Ute Street
Tulsa, Oklahoma 74116
Attn: Chief Financial Officer
Fax: 918/838-8810

With a copy (which shall not constitute notice) to:

Larry W. Sandel, Esq.
Hall, Estill, Hardwick, Gable, Golden & Nelson
320 South Boston Avenue, Suite 400
Tulsa, Oklahoma 74103-3708
Fax: 918/594-0505

If to Caldwell Tanks:	Caldwell Tanks, Inc. 4000 Tower Road Louisville, Kentucky 40219 Attn: President Fax: 502/966-8732
With a copy (which shall not constitute notice) to:	Patrick R. Northam, Esq. Greenebaum Doll & McDonald PLLC 3300 National City Tower Louisville, Kentucky 40202 Fax: 502/587-3695
If to Caldwell:	Caldwell Tanks Alliance, LLC c/o Caldwell Tanks, Inc. 4000 Tower Road Louisville, Kentucky 40219 Attn: President Fax: 502/966-8732
With a copy (which shall not constitute notice) to:	Patrick R. Northam, Esq. Greenebaum Doll & McDonald PLLC 3300 National City Tower Louisville, Kentucky 40202 Fax: 502/587-3695

(b) Time Notices Deemed Given. All Notices shall be effective upon being properly personally delivered, or upon confirmation of a telephonic facsimile, or upon the delivery to a reputable express messenger service. The period in which a response to any such Notice must be given shall commence to run from the date on the receipt of a personally delivered notice, or the date of confirmation of a telephonic facsimile or two days following the proper delivery of the Notice to a reputable express messenger service, as the case may be.

12.13 Specific Performance. Brown, GSAC, Matrix, Caldwell Tanks and Caldwell acknowledge and agree that the other would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise

are breached. Accordingly, Brown, GSAC and Matrix, on the one hand, and Caldwell Tanks and Caldwell on the other, agree that the other(s) shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having jurisdiction over Caldwell, Caldwell Tanks, Brown, GSAC and Matrix and the matter (subject to the provisions set forth in Section 12.2), in addition to any other remedy to which it or he may be entitled, at law or in equity.

12.14 Successors and Assigns.

(a) Assignment. The rights of any Party under this Agreement shall not be assignable by such Party hereto prior to the Closing without the consent of the other Parties, except that the rights of Caldwell hereunder may be assigned prior to the Closing, without the consent of Brown, GSAC or Matrix, to any corporation all of the outstanding capital stock of which is owned or controlled by Caldwell Tanks, or to any general or limited partnership, or limited liability company or partnership, in which Caldwell Tanks or any such corporation is a general partner or controlling member; provided that (1) such assignment shall not result in Caldwell, Caldwell Tanks, GSAC, Matrix or Brown having to amend its respective Notification and Report Form filed under the HSR Act in connection with the transactions contemplated herein, (2) the assignee shall assume in writing all of Caldwell's obligations to Matrix and GSAC hereunder, (3) Caldwell shall not be released from any of its obligations hereunder by reason of such assignment, and (4) Matrix's and GSAC's obligations under this Agreement shall be subject to the delivery by such assignee, on or prior to the Closing Date, of a certificate signed on its behalf containing representations and warranties similar to those made by Caldwell in Section 5 and an opinion of counsel for Caldwell with respect to the assignee which is similar to the opinion with respect to Caldwell set forth in Section 9.2. Following the Closing, any Party may assign any of its rights hereunder, but no such assignment shall relieve it of its obligations hereunder.

(b) Successors. All of the terms, provisions and conditions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the Parties hereto and their successors and permitted assigns. The successors and permitted assigns hereunder shall include

without limitation, in the case of Caldwell, any permitted assignee as well as the successors in interest to such permitted assignee (whether by merger, liquidation (including successive mergers or liquidations) or otherwise). This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the Parties and their successors and permitted assigns.

12.15 Time of Essence. Time is of the essence to the performance of the obligations set forth in this Agreement.

12.16 Waiver. The rights and remedies of the Parties to this Agreement are cumulative and not alternative. Neither the failure nor any delay by any Party in exercising any right, power, or privilege under this Agreement or the documents referred to in this Agreement will operate as a waiver of such right, power, or privilege, and no single or partial exercise of any such right, power, or privilege will preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege. To the maximum extent permitted by applicable Legal Requirement, (a) no claim or right arising out of this Agreement or the documents referred to in this Agreement can be discharged by one Party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other Parties, (b) no waiver that may be given by a Party will be applicable except in the specific instance for which it is given, and (c) no notice to or demand on one Party will be deemed to be a waiver of any obligation of such Party or of the right of the party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement.

[Signatures Are on the Following Page]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement as of the date first above written.

CALDWELL TANKS, INC.

By: ----------

Title: ----------

("Caldwell Tanks")

CALDWELL TANKS ALLIANCE, LLC

By: ----------

Title: ----------

("Caldwell")

BROWN STEEL CONTRACTORS, INC.

By: ----------

Title: ----------

(the "Brown")

MATRIX SERVICE COMPANY

By: ----------

Title: ----------

("Matrix")

GEORGIA STEEL ACQUISITION CORP.

By: ----------

Title: ----------

("GSAC")

EXHIBIT A
CERTAIN DEFINED TERMS

As used in the Stock Purchase Agreement dated as of June 9, 1999, among Caldwell Tanks, Inc., Caldwell Steel Fabricators, LLC, Brown Steel Contractors, Inc., Georgia Steel Acquisition Corp. and Matrix Service Company, the following capitalized terms shall have the meanings set forth below. References hereto to particular Sections shall refer to Sections of the Stock Purchase Agreement, unless the context clearly requires a different construction.

"Acquisition Balance Sheet" -- shall have the meaning set forth in Section 4.5.

"Accounts Receivable" -- shall mean, without duplication, (i) all Billings, (ii) the unbilled amount of the Contract Price of any contract, agreement or work order that is identified on Exhibit B but is no longer a WIP Contract as of the Closing, as contemplated in Section 2.2(a)(3)(B) of the Agreement, and (iii) all other accounts that would be reflected as an account receivable of the Brown Parties on a balance sheet of the Brown Parties as of the Closing on the Closing Date prepared in accordance with GAAP (but excluding any such accounts receivable under the WIP Contracts).

"Acquisition Balance Sheet" -- shall have the meaning set forth in Section 4.5.

"Affiliate" -- any Person that, directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, the Person specified. For purposes of this definition, "control" means the power, direct or indirect, to direct or cause the direction of the management and policies of the relevant Person, whether by ownership of securities, contract, law or otherwise.

"Agreement" -- this Stock Purchase Agreement, the Exhibits hereto, including those executed and delivered by one or more of the parties prior to or at the Closing pursuant hereto, and the Schedules hereto.

"Ancillary Documents" -- shall have the meaning set forth in Section 4.1(a).

"Aqua Tanks" -- shall mean Aqua Tanks, Inc., a Georgia corporation.

"Assignment & Assumption Agreement" -- shall have the same meaning set forth in Section 2.5(b).

"Audit Firm" -- shall have the meaning set forth in Section 2.2(b).

"Bank Agreement" -- shall mean collectively, (a) the Amended and Restated Credit Agreement dated as of October 22, 1998, among Matrix, Brown, Brown Tanks, Aqua Tanks, certain

other Affiliates of Matrix and Bank One, Oklahoma, N.A. (as successor in interest to Liberty Bank and Trust Company of Tulsa, National Association) (the "Credit Agreement"), and (b) the "Loan Documents" (as defined in the Credit Agreement).

"Base Price" -- shall have the meaning set forth in Section 2.1.

"Benefit Plans" -- shall have the meaning set forth in Section 4.14(a).

"best efforts", "reasonable best efforts", "commercially reasonable efforts" and words of similar effect shall mean -- the efforts that a prudent Person desirous of achieving a result would use in similar circumstances to ensure that such result is achieved as expeditiously as possible; provided, however, that an obligation to use best efforts under any agreement does not require the Person subject to that obligation to take actions that would result in a materially adverse change in the benefits to such Person of such agreement and the transactions described therein.

"Bill of Sale" -- shall have the meaning set forth in Section 2.5(d).

"Billings" -- shall have the meaning set forth in Section 2.2(a)(3)(A).

"Brown" -- shall have the meaning set forth in the preamble of this Agreement.

"Brown Acquisition Agreements" -- shall have the meaning set forth in Section 6.13.

"Brown Agreements" -- shall have the meaning set forth in Section 4.26.

"Brown Parties" -- shall have the meaning set forth in Section 2.1.

"Brown Steel" -- shall mean Brown Steel Services, Inc., a Georgia corporation.

"Brown Tanks" -- shall mean Brown Tanks, Inc., a Georgia corporation.

"Caldwell" -- shall have the meaning set forth in the preamble of this Agreement.

"Caldwell Indemnitees" -- shall have the meaning set forth in Section 10.2.

"Caldwell Tanks" -- shall have the meaning set forth in the preamble of this Agreement.

"Certificates and Stock Powers" -- shall have the meaning set forth in Section 9.1(a).

"Claim" -- shall have the meaning set forth in Section 10.5.

"Claiming Party" -- shall have the meaning set forth in Section 10.5.

"Closing" -- shall have the meaning set forth in Section 3.1.

"Closing Date" -- shall have the meaning set forth in Section 3.2.

"Code" -- shall have the meaning set forth in Section 2.5.

"Common Stock" -- shall have the meaning set forth in Section 4.3(b).

"Compensation Plans" -- shall have the meaning set forth in Section 4.14.

"Completion Costs" -- shall have the meaning set forth in Section 2.2(a)(3)(C).

"Computers" -- shall have the meaning set forth in Section 4.12(a).

"Confidential Information" -- Any information which is proprietary in nature and non-public or confidential, in whole or in part; provided however Confidential Information shall not include any information in the possession of the receiving Party (a) that is independently developed by the such Party, (b) is learned from a third Person not under any duty of confidence to the disclosing Party or (c) becomes part of the public domain through no fault of the receiving Party.

"Consent" -- any approval, consent, ratification, waiver, or other authorization (including any Governmental Authorization).

"Contract Price" -- shall have the meaning set forth in Section 2.2(a)(3)(A).

"Control" -- shall have the meaning set forth in Section 4.4.

"Copyrights" -- shall have the meaning set forth in Section 4.18.

"Core Software" -- shall have the meaning set forth in Section 4.11(b).

"DB Plan" -- shall have the meaning set forth in Section 4.14(b).

"Damages" -- shall have the meaning set forth in Section 10.2.

"Disputed Contract" -- shall have the meaning set forth in Section 2.2(a)(3)(C).

"EBITDA" -- shall mean the sum of net income from operations before the effect of changes in accounting principles and extraordinary items, plus the following expenses or charges to the extent deducted from net income in such period: depreciation, amortization, depletion, interest expense and income Taxes, all determined in accordance with GAAP.

"Employment Agreements" -- shall have the meaning set forth in Section 4.32.

"Encumbrance" -- any charge, claim, community property interest, deed of trust, condition, equitable interest, lien, mortgage, easement, encumbrance, servitude, right of way, option, pledge, purchase agreement, conditional sale agreement, proxy, security interest, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income, or exercise of any other attribute of ownership.

"Entity" -- any corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association or any other type of business organization.

"Environment" -- soil, land surface or subsurface strata, surface waters (including navigable waters, ocean waters, streams, ponds, drainage basins, and wetlands), groundwaters, drinking water supply, stream sediments, ambient air (including indoor air), plant and animal life, and any other environmental medium or natural resource.

"Environmental, Health, and Safety Liabilities" -- any cost, damages, expense, liability, obligation, or other responsibility arising from or under Environmental Law or Occupational Safety and Health Law and consisting of or relating to:

(a) any environmental, health, or safety matters or conditions (including on-site or off-site contamination, occupational safety and health, and regulation of chemical substances or products);

(b) fines, penalties, judgments, awards, settlements, legal or administrative Proceedings, damages, losses, claims, demands and response, investigative, remedial, or inspection costs and expenses arising under Environmental Law or Occupational Safety and Health Law;

(c) financial responsibility under Environmental Law or Occupational Safety and Health Law for cleanup costs or corrective action, including any investigation, cleanup, removal, containment, or other remediation or response actions ("Cleanup") required by applicable Environmental Law or Occupational Safety and Health Law (whether or not such Cleanup has been required or requested by any Governmental Body or any other Person) and for any natural resource damages; or

(d) any other compliance, corrective, investigative, or remedial measures required under Environmental Law or Occupational Safety and Health Law.

The terms "removal," "remedial," and "response action," include the types of activities covered by the United States Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. ss. 9601 et seq., as amended ("CERCLA").

"Environmental Law" -- any Legal Requirement that requires or relates to:

(a) advising appropriate authorities, employees, and the public of intended or actual releases of pollutants or hazardous substances or materials, violations of discharge limits, or other prohibitions and of the commencements of activities, such as resource extraction or construction, that could have significant impact on the Environment;

(b) preventing or reducing to acceptable levels the release of pollutants or hazardous substances or materials into the Environment;

(c) reducing the quantities, preventing the release, or minimizing the hazardous characteristics of wastes that are generated;

(d) assuring that products are designed, formulated, packaged, and used so that they do not present unreasonable risks to human health or the Environment when used or disposed of;

(e) protecting resources, species, or ecological amenities;

(f) reducing to acceptable levels the risks inherent in the transportation of hazardous substances, pollutants, oil, or other potentially harmful substances;

(g) cleaning up pollutants that have been released, preventing the threat of release, or paying the costs of such clean up or prevention; or

(h) making responsible parties pay private parties, or groups of them, for damages done to their health or the Environment, or permitting self-appointed representatives of the public interest to recover for injuries done to public assets.

"ERISA" -- the Employee Retirement Income Security Act of 1974 or any successor law, and regulations and rules issued pursuant to that Act or any successor law.

"Exchange Act" -- the Securities Exchange Act of 1934, as amended, or any similar Federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect from time to time.

"Excluded Assets" -- shall have the meaning set forth in Section 2.5.

"Excluded Obligations" -- shall have the meaning set forth in Section 2.5(b).

"Fabrication Services Agreement" -- shall have the meaning set forth in Section 7.1(h).

"Facilities" -- any real property, leaseholds, or other interests currently or formerly owned or operated by the Brown Parties (and each of them) and any buildings, plants, structures, or equipment (including motor vehicles, tank cars, and rolling stock) currently or formerly owned or operated by any of the Brown Parties.

"Field Employees" -- shall have the meaning set forth in Section 6.13(a).

"Financial Statements" -- shall have the meaning set forth in Section 4.5.

"GAAP" -- generally accepted United States accounting principles, applied on a basis consistent with the basis on which the Balance Sheet and the other audited Financial Statements referred to in Section 4.5 were prepared.

"Governmental Authorization" -- any approval, consent, certificate, registration, variance, exemption, right of way, franchise, privilege, immunity, grant, ordinance, license, permit, waiver, or other authorization issued, granted, given, or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement.

"Governmental Body" -- any (a) nation, state, county, city, town, village, district, or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign, or other government; (c) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal); (d) multi-national organization or body; or (e) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power of any nature.

"Hazardous Activity" -- the distribution, generation, handling, importing, management, manufacturing, processing, production, refinement, Release, storage, transfer, transportation, treatment or use (including any withdrawal or other use of groundwater) of Hazardous Materials in, on, under, about, or from the Facilities or any part thereof into the Environment, and any other act, business, operation, or thing that increases the danger, or risk of danger, or poses an unreasonable risk of harm to persons or property on or off the Facilities, or that may affect the value of the Facilities or any of the Brown Parties.

"Hazardous Materials" -- any waste or other substance that is listed, defined, designated, or classified as, or otherwise determined to be, hazardous, radioactive, or toxic or a pollutant or a contaminant under or pursuant to any Environmental Law, including any admixture or solution thereof, and specifically including petroleum and all derivatives thereof or synthetic substitutes therefor and asbestos or asbestos-containing materials.

"HSR Act" -- shall have the meaning set forth in Section 3.2.

"Immaterial Liabilities" -- shall have the meaning set forth in Section 4.16(d).

"Immaterial Violations" -- shall have the meaning set forth in Section 4.16(a).

"Indemnifying Party" -- shall have the meaning set forth in Section 10.5.

"Intellectual Property" -- shall have the meaning set forth in Section 4.18.

"Interim Balance Sheet" -- shall have the meaning set forth in Section 4.5.

"Inventory Price" -- shall have the meaning set forth in Section 2.1.

"IRC" -- the Internal Revenue Code of 1986 or any successor law, and regulations issued by the IRS pursuant to the Internal Revenue Code or any successor law.

"IRS" -- the United States Internal Revenue Service or any successor agency, and, to the extent relevant, the United States Department of the Treasury.

"Legal Requirement" -- any federal, state, local, municipal, foreign, international, multinational, or other Order, constitution, law, ordinance, principle of common law, regulation, statute, or treaty.

"Letter of Intent" -- shall have the meaning set forth in Section 7.l(h).

"Liability" -- shall have the meaning set forth in Section 4.6.

"Marks" -- shall have the meaning set forth in Section 4.18.

"Matrix" -- shall have the meaning in the preamble of this Agreement.

"Matrix Indemnitees" -- shall have the meaning set forth in Section 10.4.

"Multiemployer Plans" -- shall have the meaning set forth in Section 4.14(a).

"Net Billings" -- shall have the meaning set forth in Section 2.2(a)(3)(A).

"Non-Competition Agreement" -- shall have the meaning set forth in Section 7.1(h).

"Non-Field Employees" -- shall have the meaning set forth in Section 6.13(a).

"Notices" -- shall have the meaning set forth in Section 12.12.

"Occupational Safety and Health Law" -- any Legal Requirement designed to provide safe and healthful working conditions and to reduce occupational safety and health hazards, and any program, whether governmental or private (including those promulgated or sponsored by industry associations and insurance companies), designed to provide safe and healthful working conditions.

"Order" -- any award, decision, injunction, judgment, writ, decree, order, ruling, subpoena, or verdict entered, issued, made, or rendered by any court, administrative agency, or other Governmental Body or by any arbitrator or arbitration panel.

"Ordinary Course of Business" -- an action taken by a Person will be deemed to have been taken in the "Ordinary Course of Business" only if:

(a) such action is consistent with the past practices of such Person and is taken in the ordinary course of the normal day-to-day operations of such Person;

(b) such action is not required to be authorized by the board of directors of such Person (or by any Person or group of Persons exercising similar authority) and is not required to be specifically authorized by the parent company (if any) of such Person; and

(c) such action is similar in nature and magnitude to actions customarily taken, without any authorization by the board of directors (or by any Person or group of Persons exercising similar authority), in the ordinary course of the normal day-to-day operations of other Persons of similar size and similarly situated that are in the same line of business as such Person.

"Orion Contract" -- shall have the meaning set forth in Section 6.15.

"Other Agreements" -- shall have the meaning set forth in Section 2.5(b).

"Other Work-in-Process Contracts" -- shall have the meaning set forth in Section 2.2(c).

"Parties" -- shall have the meaning set forth in the preamble of this Agreement.

"Patents" -- shall have the meaning set forth in Section 4.18.

"PBGC" -- shall have the meaning set forth in Section 4.14(b).

"Pension Plans" -- shall have the meaning set forth in Section 4.14.

"Permitted Encumbrances" -- shall mean (i) such Encumbrances and minor imperfections of title that have arisen only in the Ordinary Course of Business; (ii) Encumbrances for current Taxes not yet due or for Taxes being contested in good faith by appropriate proceedings; (iii) any inchoate mechanic's and materialmen's Encumbrances for construction in process; (iv) any workmen's, repairmen's, warehousemen's and carriers Encumbrances arising in the Ordinary Course of Business; (v) easements, quasi-easements, rights of way, restrictive covenants and land use ordinances and zoning plans which are matters of public record; (vi) deposits or pledges to secure obligations under workers' compensation, social security or similar laws or under unemployment insurance; (vii) any "Permitted Exceptions" (as contemplated in Section 6.4(b)); and (viii) deposits or pledges to secure bids, tenders, contracts (other than contracts for the payment of money), leases, statutory obligations, surety and appeal bonds and other obligations of like nature arising in the Ordinary Course of Business; in each case to the extent the same do not and will not detract in any material respect from the value (determined as if such Encumbrance did not exist) of, or impair the use or enjoyment of, or impair the sale, transfer, conveyance or assignment for fair value (determined as if such Encumbrance did not exist) of, any assets subject thereto or the operation of the businesses of the Brown Parties as currently conducted.

"Person" -- any individual, entity, organization, labor union, or other entity or Governmental Body.

"Preliminary Determination Date" -- shall have the meaning set forth in Section 2.2(a)(3)(C).

"Proceeding" -- any action, arbitration, audit, hearing, investigation, litigation, or suit (whether civil, criminal, administrative, investigative or informal, and whether in law or in equity) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Body or arbitrator or arbitration panel.

"Proprietary Property" -- all Marks, Patents, Copyrights, Rights in Mask Works and Trade Secrets.

"Purchase Price" -- shall have the meaning set forth in Section 2.1.

"Release" -- any spilling, leaking, emitting, discharging, depositing, escaping, leaching, dumping or other releasing into the Environment, whether intentional or unintentional.

"Release of Claims" -- shall have the meaning set forth in Section 2.5(c).

"Representative" -- with respect to a particular Person, any director, officer, employee, agent, consultant, advisor, or other representative of such Person, including legal counsel, accountants, and financial advisors.

"Retained Obligations" -- shall have the meaning set forth in Section 2.5.

"Revised Exhibit B" -- shall have the meaning set forth in Section 2.2(a)(3)(C).

"Rights in Mask Work" -- shall have the meaning set forth in Section 4.18(a).

"Securities Act" -- the Securities Act of 1933, as amended, or any similar Federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect from time to time.

"Shares" -- shall have the meaning set forth in Section 1.

"Software" -- shall have the meaning set forth in Section 4.11(b).

"Subsidiaries" -- shall mean Brown Tanks, Aqua Tanks and Brown Steel.

"Survey" -- shall have the meaning set forth in Section 6.4(d).

"Tax" -- shall have the meaning set forth in Section 4.28.

"Tax Return" -- shall have the meaning set forth in Section 4.28.

"Threat of Release" -- a substantial likelihood of a Release that may require action in order to prevent or mitigate damage to the Environment that may result from such Release.

"Threatened" -- a claim, Proceeding, dispute, action, or other matter will be deemed to have been "Threatened" if any demand or statement has been made (orally or in writing) or any notice has been given (orally or in writing), or if any other event has occurred or any other circumstances exist, that would lead a prudent Person to conclude that such a claim, Proceeding, dispute, action, or other matter is likely to be asserted, commenced, taken, or otherwise pursued in the future.

"338 Election" -- shall have the meaning set forth in Section 2.5.

"338 Taxes" -- shall have the meaning set forth in Section 2.5.

"Trade Secrets" -- shall have the meaning set forth in Section 4.18.

"Undisclosed Liabilities" -- shall have the meaning set forth in Section 4.6.

"Welfare Plans" -- shall have the meaning set forth in Section 4.14.

"WIP Contracts" -- shall have the meaning set forth in Section 2.2(a)(3)(B).

EXHIBIT 11.1

STATEMENTS RE COMPUTATION OF EARNINGS PER SHARE

[ARTICLE] 5
[MULTIPLIER] 1,000

[PERIOD-TYPE]	3-MOS	
[FISCAL-YEAR-END]		MAY-31-1999
[PERIOD-START]		MAR-01-1999
[PERIOD-END]		MAY-31-1999
[COMMON]		9,524
[NET-INCOME]		(14,139)
[EPS-BASIC]		(1.49)
[COMMON]		9,524
[NET-INCOME]		(14,139)
[EPS-DILUTED]		(1.49)
[FISCAL-YEAR-END]		MAY-31-1998
[PERIOD-START]		MAR-01-1998
[PERIOD-END]		MAY-31-1998
[COMMON]		9,987
[NET-INCOME]		1,297
[EPS-BASIC]		0.13
[COMMON]		10,008
[NET-INCOME]		1,297
[EPS-DILUTED]		0.13
[PERIOD-TYPE]	12-MOS	
[FISCAL-YEAR-END]		MAY-31-1999
[PERIOD-START]		JUN-01-1998
[PERIOD-END]		MAY-31-1999
[COMMON]		9,440
[NET-INCOME]		(12,612)
[EPS-BASIC]		(1.34)
[COMMON]		9,440
[NET-INCOME]		(12,612)
[EPS-DILUTED]		(1.34)
[FISCAL-YEAR-END]		MAY-31-1998
[PERIOD-START]		JUN-01-1997
[PERIOD-END]		MAY-31-1998
[COMMON]		9,546
[NET-INCOME]		(11,638)
[EPS-BASIC]		(1.22)
[COMMON]		9,546
[NET-INCOME]		(11,638)
[EPS-DILUTED]		(1.22)

Exhibit 21.1

MATRIX SERVICE COMPANY

Subsidiaries

Matrix Service, Inc., an Oklahoma corporation

Matrix Service Mid-Continent, Inc., an Oklahoma corporation

San Luis Tank Piping Construction Co., Inc., a Delaware corporation

West Coast Industrial Coatings, Inc., a California corporation

Matrix Service, Inc. Canada, an Ontario, Canada corporation

Midwest Industrial Contractors, Inc., a Delaware corporation

Brown Steel Contractors, Inc., a Georgia corporation

Georgia Steel Acquisition Corp., an Oklahoma corporation

Brown Steel Services, Inc., a Georgia corporation

Brown Tanks, Inc., a Georgia corporation

Aqua Tanks, Inc., a Georgia corporation

San Luis Tank S.A. de C.V., a Mexican corporation

Matrix Service, Inc., Panama, a Panama Corporation

Exhibit 23.1

Consent of Ernst & Young LLP

We consent to the incorporation by reference of our report dated August 27, 1999, with respect to the consolidated financial statements of Matrix Service Company included in this Form 10-K for the year ended May 31, 1999, in the following registration statements.

Matrix Service Company 1990 Incentive Stock Option Plan	Form S-8	File No. 33-36081
Matrix Service Company 1991 Stock Option Plan, as amended	Form S-8	File No. 333-56945
Matrix Service Company 1995 Nonemployee Directors' Stock Option Plan	Form S-8	File No. 333-2771

Ernst & Young LLP

Tulsa, Oklahoma
August 27, 1999

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1,000

12-MOS
MAY-31-1999
MAY-31-1999
2,972
0
36,854
(2,464)
3,042
58,656
36,185
17,971
88,220
32,984
0
0
0
96
49,619
88,220
210,997
210,997
197,012
197,012
25,467
0
969
(12,612)
0
0
0
0
0
(12,612)
(1.34)
(1.34)