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

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended December 31, 2002

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. 1-13783

INTEGRATED ELECTRICAL SERVICES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	76-0542208
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1800 West Loop South
Suite 500
Houston, Texas 77027-3290
(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code: (713) 860-1500

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 [ ]

The number of shares outstanding as of January 29, 2003 of the issuer's common stock was 39,226,487 and of the issuer's restricted voting common stock was 2,605,709.

INTEGRATED ELECTRICAL SERVICES, INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

INTEGRATED ELECTRICAL SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE INFORMATION)

	September 30, 2002	December 31, 2002
	(Audited)	(Unaudited)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 32,779	$ 19,062
Accounts receivable:		
Trade, net of allowance of $6,262 and $5,896 respectively	237,310	228,310
Retainage	62,482	61,844
Related parties	153	144
Costs and estimated earnings in excess of billings on uncompleted contracts	46,314	46,007
Inventories	23,651	22,677
Prepaid expenses and other current assets	35,041	35,066
Total current assets	437,730	413,110
PROPERTY AND EQUIPMENT, net	61,577	58,899
GOODWILL, net	198,220	198,005
OTHER NON-CURRENT ASSETS	24,112	23,683
Total assets	$ 721,639	$ 693,697
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term debt and current maturities of long-term debt	$ 570	$ 467
Accounts payable and accrued expenses	141,398	115,505
Income taxes payable	--	167
Billings in excess of costs and estimated earnings on uncompleted contracts	51,548	45,383
Total current liabilities	193,516	161,522
OTHER LONG-TERM DEBT, net of current maturities	504	381
SENIOR SUBORDINATED NOTES, net of $3,797 and $3,648 unamortized discount, respectively	247,935	247,932
OTHER NON-CURRENT LIABILITIES	25,252	26,651
Total liabilities	467,207	436,486
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, $.01 par value, 10,000,000 shares authorized, none issued and outstanding	--	--
Common stock, $.01 par value, 100,000,000 shares authorized, 38,439,984 shares issued	385	385
Restricted voting common stock, $.01 par value, 2,605,709 shares issued, authorized and outstanding	26	26
Treasury stock, at cost, 1,421,068 and 1,681,545 shares, respectively	(9,774)	(10,795)
Additional paid-in capital	428,427	428,420
Retained earnings (deficit)	(164,632)	(160,825)
Total stockholders' equity	254,432	257,211
Total liabilities and stockholders' equity	$ 721,639	$ 693,697

The accompanying condensed notes to consolidated financial statements are an integral part of these financial statements.

INTEGRATED ELECTRICAL SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT SHARE INFORMATION)

	Three Months Ended December 31, 2001	Three Months Ended December 31, 2002
		(Unaudited)
Revenues	$ 375,179	$ 348,577
Cost of services (including depreciation)	317,950	297,221
Gross profit	57,229	51,356
Selling, general and administrative expenses	49,773	38,619
Restructuring charge	4,000	--
Income from operations	3,456	12,737
Other (income)/expense:		
Interest expense	6,785	6,456
(Gain) loss on sale of assets	(71)	59
Other expense, net	178	31
	6,892	6,546
Income (loss) before income taxes and cumulative effect of change in accounting principle	(3,436)	6,191
Provision (benefit) for income taxes	(1,623)	2,384
Cumulative effect of change in accounting principle, net of tax	283,284	--
Net income (loss)	$ (285,097)	$ 3,807
Basic earnings (loss) per share:		
Basic earnings (loss) per share before cumulative effect of change in accounting principle	$ (0.04)	$ 0.10
Cumulative effect of change in accounting principle	$ (7.13)	$ 0.00
Basic earnings (loss) per share	$ (7.17)	$ 0.10
Diluted earnings (loss) per share:		
Diluted earnings (loss) per share before cumulative effect of change in accounting principle	$ (0.04)	$ 0.10
Cumulative effect of change in accounting principle	$ (7.13)	$ 0.00
Diluted earnings (loss) per share	$ (7.17)	$ 0.10
Shares used in the computation of earnings (loss) per share (Note 5):		
Basic	39,759,175	39,447,351
Diluted	39,759,175	39,472,309

The accompanying condensed notes to consolidated financial statements are an integral part of these financial statements.

INTEGRATED ELECTRICAL SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(IN THOUSANDS, EXCEPT SHARE INFORMATION)

Restricted Voting Common Stock Common Stock Treasury Stock Additional --------- -------------- ----- ------------------ - ------------------- --- Paid-In Shares Amount Shares Amount Shares Amount Capital ---------- - --------- ---------- ---------- --------- - ---------- ------- --- BALANCE, September 30, 2002 .... 38,439,984 $ 385 2,605,709 $ 26 (1,421,068) $ (9,774) $ 428,427 Issuance of stock (unaudited) .... -- -- -- -- 2,559 18 (7) Purchase of treasury stock (unaudited) .... -- -- -- -- (192,706) (769) -- Receipt of treasury stock (unaudited) .... -- -- -- -- (70,330) (270) -- Net income (unaudited) .... -- -- -- -- -- -- -- ---------- --------- - ---------- ------- --- ---------- ----- ----- ---------- BALANCE, December 31, 2002 (unaudited) .... 38,439,984 $ 385 2,605,709 $ 26 (1,681,545) $ (10,795) $ 428,420 ========== ========== ========== ========== ========== ========== ==========

Retained Total Earnings Stockholders' (Deficit) Equity --- ------- ------------ - BALANCE, September 30, 2002 .... $ (164,632) $ 254,432 Issuance of stock (unaudited) .... -- 11 Purchase of treasury stock (unaudited) .... -- (769) Receipt of treasury stock (unaudited) .... -- (270) Net income (unaudited) .... 3,807 3,807 --------

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BALANCE, December 31, 2002 (unaudited) .... $ (160,825) $ 257,211
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The accompanying condensed notes to consolidated financial statements are an integral part of these financial statements.

INTEGRATED ELECTRICAL SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	Three Months Ended December 31,	
	2001	2002
		(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (285,097)	$ 3,807
Adjustments to reconcile net income to net cash provided by operating activities -		
Cumulative effect of change in accounting principle	283,284	--
Allowance for doubtful accounts	705	379
Depreciation and amortization	4,227	3,650
(Gain) loss on sale of property and equipment	(71)	59
Non-cash compensation expense	1,422	--
Gain on divestiture	--	(26)
Changes in operating assets and liabilities (Increase) decrease in:		
Accounts receivable, net	6,637	8,401
Inventories	(5,622)	873
Costs and estimated earnings in excess of billings on uncompleted contracts	11,745	105
Prepaid expenses and other current assets	3,541	(27)
Other noncurrent assets	(1,144)	429
Increase (decrease) in:		
Accounts payable and accrued expenses	(31,537)	(10,075)
Billings in excess of costs and estimated earnings on uncompleted contracts	6,904	(6,101)
Other current liabilities	(452)	167
Other noncurrent liabilities	1,219	1,612
Net cash provided by (used in) operating activities	(4,239)	3,253
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property and equipment	170	1,056
Additions to property and equipment	(3,942)	(2,529)
Sale of business	--	1,084
Additions to note receivable from affiliate	(583)	--
Net cash used in investing activities	(4,355)	(389)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings	44,291	5
Repayments of debt	(36,721)	(15,835)
Purchase of treasury stock	--	(769)
Proceeds from exercise of stock options	4	--
Proceeds from issuance of stock	1,712	18
Net cash provided by (used in) financing activities	9,286	(16,581)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	692	(13,717)
CASH AND CASH EQUIVALENTS, beginning of period	3,475	32,779
CASH AND CASH EQUIVALENTS, end of period	$ 4,167	$ 19,062
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for Interest	$ 475	$ 277
Income taxes	$ 3,383	$ --

The accompanying condensed notes to consolidated financial statements are an integral part of these financial statements.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. OVERVIEW

Integrated Electrical Services, Inc. (the "Company" or "IES"), a Delaware corporation, was founded in June 1997 to create a leading national provider of electrical services, focusing primarily on the commercial and industrial, residential, communications and related service and maintenance markets.

The accompanying unaudited condensed historical financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required for complete financial statements, and therefore should be reviewed in conjunction with the financial statements and related notes thereto contained in the Company's annual report for the year ended September 30, 2002, filed on Form 10-K with the Securities and Exchange Commission. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Actual operating results for the three months ended December 31, 2002, are not necessarily indicative of the results that may be expected for the fiscal year ended September 30, 2003.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For a description of these policies, refer to Note 2 of the Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended September 30, 2002.

SUBSIDIARY GUARANTIES

All of the Company's operating income and cash flows are generated by its wholly owned subsidiaries, which are the subsidiary guarantors of the Company's outstanding 9 3/8% senior subordinated notes due 2009 (the "Senior Subordinated Notes"). The Company is structured as a holding company and substantially all of its assets and operations are held by its subsidiaries. There are currently no significant restrictions on the Company's ability to obtain funds from its subsidiaries by dividend or loan. The separate financial statements of the subsidiary guarantors are not included herein because (i) the subsidiary guarantors are all of the direct and indirect subsidiaries of the Company; (ii) the subsidiary guarantors have fully and unconditionally, jointly and severally guaranteed the Senior Subordinated Notes; and (iii) the aggregate assets, liabilities, earnings, and equity of the subsidiary guarantors is substantially equivalent to the assets, liabilities, earnings and equity of the Company on a consolidated basis. As a result, the presentation of separate financial statements and other disclosures concerning the subsidiary guarantors is not deemed material.

USE OF ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the use of estimates and assumptions by management in determining the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are primarily used in the Company's revenue recognition of construction in progress, fair value assumptions in analyzing goodwill impairment, allowance for doubtful accounts receivable and self-insured claims liability.

NEW ACCOUNTING PRONOUNCEMENTS

Effective October 1, 2002, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 supercedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." SFAS No. 144 establishes a single accounting model for long-lived assets to be disposed of by sale and requires that those long-lived assets be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations. The adoption had no impact on the Company's financial position or results of operations.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 establishes requirements for recognition of a liability for a cost associated with an exit or disposal activity based with an objective of recording the initial liability at fair value. The Company will adopt SFAS No 146 effective January 1, 2003. The Company does not expect the adoption of SFAS NO. 146 to impact its financial position or results of operations.

2. GOODWILL AND OTHER INTANGIBLE ASSETS

Effective October 1, 2001, the Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets," which establishes new accounting and reporting requirements for goodwill and other intangible assets. Under SFAS No. 142, all goodwill amortization ceased effective October 1, 2001. Goodwill attributable to each of the Company's reporting units is tested for impairment by comparing the fair value of each reporting unit with its carrying value. Fair value is determined using discounted cash flows, market multiples and market capitalization. Significant estimates used in the methodologies include estimates of future cash flows, future short-term and long-term growth rates, weighted average cost of capital and estimates of market multiples for each of the reportable units. The Company will perform its impairment tests annually during the first fiscal quarter absent any impairment indicators requiring more frequent impairment tests.

Based on the Company's impairment tests performed upon adoption of SFAS No. 142, it recognized a charge of $283.3 million ($7.13 per share) in the first quarter of 2002 to reduce the carrying value of goodwill of its reporting units to its implied fair value. Under SFAS No. 142, the impairment adjustment recognized at adoption of the new rules was reflected as a cumulative effect of change in accounting principle in the statement of operations for the year ended September 30, 2002. The Company performed its annual impairment test on October 1, 2002 and determined that there was no impairment of recorded goodwill.

The carrying amount of goodwill attributable to each reportable operating unit with goodwill balances and changes therein follows (in thousands):

	September 30, 2002	Divestiture	December 31, 2002
Commercial and Industrial	$ 140,695	$ 215	$ 140,480
Residential	57,525	--	57,525
	$ 198,220	$ 215	$ 198,005

3. RESTRUCTURING CHARGES

In October 2001, the Company began implementation of a workforce reduction program. The purpose of this program was to cut costs by reducing the number of administrative staff both in the field and at the home office. The total number of terminated employees was approximately 450. As a result of the program implementation, the Company recorded pre-tax restructuring charges of $4.0 million associated with 45 employees during the three months ended December 31, 2001. The charges were based on the costs of the workforce reduction program and include severance and other special termination benefits. At December 31, 2002, approximately $2.0 million of these charges have not been paid and are included in accrued expenses.

4. DEBT

Credit Facility

The Company is party to a $150.0 million revolving credit facility with a syndicate of lending institutions to be used for working capital, capital expenditure, acquisitions and other corporate purposes that matures May 22, 2004, as amended (the "Credit Facility"). Amounts borrowed under the Credit Facility bear interest at an annual rate equal to either (a) the London interbank offered rate (LIBOR) plus 1.75 percent to 3.50 percent, as determined by the ratio of the Company's total funded debt to EBITDA (as defined in the Credit Facility) or (b) the higher of (i) the bank's prime rate or (ii) the Federal funds rate plus 0.50 percent plus an additional 0.25 percent to 2.00 percent, as determined by the ratio of the Company's total funded debt to EBITDA. Commitment fees of 0.50 percent are assessed on any unused borrowing capacity under the Credit Facility. The Company's existing and future subsidiaries guarantee the repayment of all amounts due under the facility, and the facility is secured by the capital stock of those subsidiaries and the accounts receivable of the Company and those subsidiaries. Borrowings under the Credit Facility are limited to 66 2/3% of outstanding receivables (as defined in the agreement). The Credit Facility requires the consent of the lenders for acquisitions exceeding a certain level of cash consideration, prohibits the payment of cash dividends on the common stock, restricts the ability of the Company to repurchase shares of common stock, to incur other indebtedness and requires the Company to comply with various affirmative and negative covenants including certain financial covenants. Among other restrictions, the financial covenants include minimum net worth requirements; a maximum total consolidated funded debt to EBITDA ratio, a maximum senior consolidated debt to EBITDA ratio, and a minimum interest coverage ratio. The Company was in compliance with the financial covenants of its Credit Facility, as amended, at December 31, 2002. As of December 31, 2002, the Company had no borrowings outstanding under its Credit Facility, letters of credit outstanding under its Credit Facility of $22.4 million, $0.8 million of other borrowings and available borrowing capacity under its Credit Facility of $127.6 million.

Senior Subordinated Notes

On January 25, 1999 and May 29, 2001, the Company completed offerings of $150.0 million and $125.0 million Senior Subordinated Notes, respectively. The offering completed on May 29, 2001 yielded $117.0 million in proceeds to the Company, net of a $4.2 million discount and $3.9 million in offering costs. The proceeds from the May 29, 2001, offering were used primarily to repay amounts outstanding under the Credit Facility. The Senior Subordinated Notes bear interest at 9 3/8% and mature on February 1, 2009. The Company pays interest on the Senior Subordinated Notes on February 1 and August 1 of each year. The Senior Subordinated Notes are unsecured obligations and are subordinated to all existing and future senior indebtedness. The Senior Subordinated Notes are guaranteed on a senior subordinated basis by all of the Company's subsidiaries. Under the terms of the Senior Subordinated Notes, the Company is required to comply with various affirmative and negative covenants including: (i) restrictions on additional indebtedness, and (ii) restrictions on liens, guarantees and dividends. During the fourth quarter of the year ended September 30, 2002, the Company retired approximately $27.1 million of these Senior Subordinated Notes. At September 30, 2002, the cost basis of $15.6 million notional amount of the retired Senior Subordinated Notes were classified as part of accounts payable and accrued expenses as the settlement date occurred subsequent to September 30, 2002 and during the three months ended December 31, 2002.

Debt consists of the following (in thousands):

	September 30, 2002	December 31, 2002
Secured credit facility with a group of lending institutions, due May 22, 2004	$ --	$ --
Senior subordinated notes, due February 1, 2009, bearing interest at 9.375% with an effective interest rate of 9.50%	137,885	137,885
Senior subordinated notes, due February 1, 2009, bearing interest at 9.375% with an effective interest rate of 10.00%	110,000	110,000
Other	1,074	848
Total debt	248,959	248,733
Less - short-term debt and current maturities of long-term debt	(570)	(467)
Less - unamortized discount on senior subordinated notes	(3,797)	(3,648)
Add - fair value of terminated interest rate hedge	3,847	3,695
Total long-term debt	$ 248,439	$ 248,313

5. EARNINGS PER SHARE

The following table reconciles the numerators and denominators of the basic and diluted earnings per share for the three months ended December 31, 2001 and 2002 (in thousands, except share information):

	Three Months Ended December 31,	
	2001	2002
Numerator: Net income (loss)	$ (285,097)	$ 3,807
Denominator: Weighted average shares outstanding - basic	39,759,175	39,447,351
Effect of dilutive stock options	--	24,958
Weighted average shares outstanding - diluted	39,759,175	39,472,309
Earnings (loss) per share: Basic	$ (7.17)	$ 0.10
Diluted	$ (7.17)	$ 0.10

For the three months ended December 31, 2001 and 2002, stock options of 6.9 million and 5.4 million, respectively, were excluded from the computation of diluted earnings per share because the options exercise prices were greater than the average market price of the Company's common stock. For the three months ended December 31, 2001, the weighted average diluted shares outstanding excluded 25,830 shares related to employee stock options where the exercise prices were less than the average market price of the Company's common stock. These shares were excluded because the Company reported a loss during the period, and including them would have had an antidilutive effect on loss per share.

6. OPERATING SEGMENTS

The Company follows SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." Certain information is disclosed, per SFAS No. 131, based on the way management organizes financial information for making operating decisions and assessing performance.

The Company's reportable segments are strategic business units that offer products and services to two distinct customer groups. They are managed separately because each business requires different operating and marketing strategies.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company evaluates performance based on income from operations of the respective business units prior to unallocated home office expenses. Management allocates costs between segments for selling, general and administrative expenses, goodwill impairment, depreciation expense, capital expenditures and total assets. Those methods used for allocation may change in the future.

Segment information for the three months ended December 31, 2001 and 2002 is as follows (in thousands):

THREE MONTHS ENDED DECEMBER 31, 2001	COMMERCIAL/ INDUSTRIAL	RESIDENTIAL	OTHER	TOTAL
Revenues	$ 308,045	$ 67,134	$ --	$ 375,179
Cost of services (including depreciation)	265,032	52,918	--	317,950
Gross profit	43,013	14,216	--	57,229
Selling, general and administrative	33,240	8,634	7,899	49,773
Restructuring charge	--	--	4,000	4,000
Operating income	$ 9,773	$ 5,582	$ (11,899)	$ 3,456
Other data:				
Depreciation expense	$ 3,421	$ 332	$ 474	$ 4,227
Capital expenditures	2,638	112	1,192	3,942
Total assets	559,573	99,831	70,979	730,383

THREE MONTHS ENDED DECEMBER 31, 2002	COMMERCIAL/ INDUSTRIAL	RESIDENTIAL	OTHER	TOTAL
Revenues	$ 271,634	$ 76,943	$ --	$ 348,577
Cost of services (including depreciation)	237,277	59,944	--	297,221
Gross profit	34,357	16,999	--	51,356
Selling, general and administrative	25,258	8,699	4,662	38,619
Operating income	$ 9,099	$ 8,300	$ (4,662)	$ 12,737
Other data:				
Depreciation expense	$ 2,920	$ 260	$ 470	$ 3,650
Capital expenditures	1,280	252	997	2,529
Total assets	492,839	104,853	96,005	693,697

The Company does not have significant operations or long-lived assets in countries outside of the United States.

7. 1999 INCENTIVE COMPENSATION PLAN

In November 1999, the Board of Directors adopted the 1999 Incentive Compensation Plan (the "1999 Plan"). The 1999 Plan authorizes the Compensation Committee of the Board of Directors or the Board of Directors to grant employees of the Company awards in the form of options, stock appreciation rights, restricted stock or other stock based awards. The Company has up to 5.5 million shares of Common Stock authorized for issuance under the 1999 Plan.

The Company granted a restricted stock award of 400,000 shares under its 1999 Plan. The market value of the stock on the date of grant for this award was $2.3 million. The award became fully vested and was fully amortized during the three months ended December 31, 2001. Accordingly, the Company had no amortization expense related to this award during the three months ended December 31, 2002.

8. COMMITMENTS AND CONTINGENCIES

Subsidiaries of the Company are involved in various legal proceedings that have arisen in the ordinary course of business. While it is not possible to predict the outcome of such proceedings with certainty and it is possible that the results of legal proceedings may materially adversely affect us, in the opinion of the Company, all such proceedings are either adequately covered by insurance or, if not so covered, should not ultimately result in any liability which would have a material adverse effect on the financial position, liquidity or results of operations of the Company. The Company expenses routine legal costs related to such proceedings as incurred.

The Company has committed to invest up to $5.0 million in EnerTech Capital Partners II L.P. ("EnerTech"). EnerTech is a private equity firm specializing in investment opportunities emerging from the deregulation and resulting convergence of the energy, utility and telecommunications industries. Through December 31, 2002, the Company had invested $1.8 million under its commitment to EnerTech.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

The following should be read in conjunction with the response to Part I, Item 1 of this Report. Any capitalized terms used but not defined in this Item have the same meaning given to them in Part I, Item 1.

This report on Form 10-Q includes certain statements that may be deemed to be "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements are based on our expectations and involve risks and uncertainties that could cause our actual results to differ materially from those set forth in the statements. Such risks and uncertainties include, but are not limited to, the inherent uncertainties related to estimating future results, fluctuations in operating results because of downturns in levels of construction, incorrect estimates used in entering into fixed price contracts, difficulty in managing the operation and growth of existing and newly acquired businesses, the high level of competition in the construction industry and the effects of seasonality. The foregoing and other factors are discussed in our filings with the SEC including our Annual Report on Form 10-K for the year ended September 30, 2002.

In response to the SEC's Release No. 33-8040, "Cautionary Advice Regarding Disclosure About Critical Accounting Policies," we have identified the accounting principles which we believe are most critical to our reported financial status by considering accounting policies that involve the most complex or subjective decisions or assessments. We identified our most critical accounting policies to be those related to revenue recognition, the assessment of goodwill impairment, our allowance for doubtful accounts receivable and the recording of our self-insurance liabilities. These accounting policies, as well as others, are described in the Notes to the Consolidated Financial Statements of our Annual Report on Form 10-K for the year ended September 30, 2002 and at relevant sections in this discussion and analysis.

We enter into contracts principally on the basis of competitive bids. We frequently negotiate the final terms and prices of those contracts with the customer. Although the terms of our contracts vary considerably, most are made on either a fixed price or unit price basis in which we agree to do the work for a fixed amount for the entire project (fixed price) or for units of work performed (unit price). We also perform services on a cost-plus or time and materials basis. We are generally able to achieve higher margins on fixed price and unit price than on cost-plus contracts. We currently generate, and expect to continue to generate, more than half of our revenues under fixed price contracts. The cost of labor and materials, however, may vary from the costs we originally estimated. Variations from estimated contract costs along with other risks inherent in performing fixed price and unit price contracts may result in actual revenue and gross profit for a project differing from those we originally estimated and could result in losses on projects. Depending on the size of a particular project, variations from estimated project costs could have a significant impact on our operating results for any fiscal quarter or year. We believe our exposure to losses on fixed price contracts is limited in aggregate by the high volume and relatively short duration of the fixed price contracts we undertake. Additionally, we derive a significant amount of our revenues from new construction and from the southern part of the United States. Downturns in new construction activity or in construction in the southern United States could affect our results.

We complete most projects within one year, while we frequently provide service and maintenance work under open-ended, unit price master service agreements which are renewable annually. We recognize revenue on service and time and material work when services are performed. Work performed under a construction contract generally provides that the customers accept completion of progress to date and compensate us for services rendered measured in terms of units installed, hours expended or some other measure of progress. Revenues from construction contracts are recognized on the percentage-of-completion method in accordance with the American Institute of Certified Public Accountants Statement of Position 81-1 "Accounting for Performance of Construction-Type and Certain Production-Type Contracts." Percentage-of-completion for construction contracts is measured principally by the percentage of costs incurred and accrued to date for each contract to the estimated total costs for each contract at completion. We generally consider contracts to be substantially complete upon departure from the work site and acceptance by the customer. Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs and depreciation costs. Changes in job performance, job conditions, estimated contract costs and profitability and final contract settlements may result in revisions to costs and income and the effects of these revisions are recognized in the period in which the revisions are determined. Provisions for total estimated losses on uncompleted contracts are made in the period in which such losses are determined.

We evaluate goodwill for potential impairment in accordance with Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets." Included in this evaluation are certain assumptions and estimates to determine the fair values of reporting units such as estimates of future cash flows, discount rates, as well as assumptions and estimates related to the valuation of other identified intangible assets. Changes in these assumptions and estimates or significant changes to the market value of our common stock could materially impact our results of operations or financial position.

We provide an allowance for doubtful accounts receivable for unknown collection issues in addition to reserves for specific accounts receivable where collection is considered doubtful. Inherent in the assessment of the allowance for doubtful accounts receivable are certain judgments and estimates including, among others, our customers' access to capital, our customers' willingness to pay, general economic conditions and the ongoing relationships with our customers.

We are self-insured for workers' compensation, auto liability, general liability and employee-related health care claims, subject to large deductibles. Losses up to the deductible amounts are accrued based upon our estimates of the liability for claims incurred and an estimate of claims incurred but not reported. The accruals are derived from known facts, historical trends and industry averages utilizing the assistance of an actuary to determine the best estimate of the ultimate expected loss. We believe such accruals to be adequate. However, insurance liabilities are difficult to assess and estimate due to unknown factors, including the severity of an injury, the determination of our liability in proportion to other parties, the number of incidents not reported and the effectiveness of our safety program. Therefore, if actual experience differs from than the assumptions used in the actuarial valuation, adjustments to the reserve may be required and would be recorded in the period that the experience becomes known.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED DECEMBER 31, 2001 COMPARED TO THE THREE MONTHS ENDED DECEMBER 31, 2002

The following table presents selected unaudited historical financial information for the three months ended December 31, 2001 and 2002.

	Three Months Ended December 31,			
	2001	%	2002	%
	(dollars in millions)			
Revenues	$ 375.2	100%	$ 348.6	100%
Cost of services (including depreciation)	318.0	85%	297.2	85%
Gross profit	57.2	15%	51.4	15%
Selling, general & administrative expenses	49.7	13%	38.6	11%
Restructuring charge	4.0	1%	--	0%
Income from operations	3.5	1%	12.8	4%
Interest and other expense, net	6.9	2%	6.6	2%
Income (loss) before income taxes and cumulative effect of change in accounting principle	(3.4)	(1)%	6.2	2%
Provision for income taxes	(1.6)	0%	2.4	1%
Cumulative effect of change in accounting principle, net of tax	283.3	75%	--	0%
Net income	$ (285.1)	(76)%	$ 3.8	1%

REVENUES

	PERCENT OF TOTAL REVENUES	
	THREE MONTHS ENDED DECEMBER 31,	
	2001	2002
Commercial and Industrial	82%	78%
Residential	18%	22%
Total Company	100%	100%

Total revenues decreased $26.6 million, or 7%, from $375.2 million for the three months ended December 31, 2001, to $348.6 million for the three months ended December 31, 2002. This decrease in revenues is primarily the result of $14.2 million of non-recurring revenues on divested or closed companies that were included in revenues for the three months ended December 31, 2001, but not during the three months ended December 31, 2002. This decrease in revenues is additionally impacted by increased competition across the country for available work during the three months ended December 31, 2002, a decrease in revenues from communications work and a decrease of non-residential revenues in the Midwest .

Commercial and industrial revenues decreased $36.4 million, or 12%, from $308.0 million for the three months ended December 31, 2001, to $271.6 million for the three months ended December 31, 2002. This decrease in revenues is primarily the result of $14.2 million of non-recurring revenues on divested or closed companies that were included in revenues for the three months ended December 31, 2001, but not during the three months ended December 31, 2002. This decrease in revenues is additionally impacted by increased competition across the country for available work during the three months ended December 31, 2002.

Residential revenues increased $9.8 million, or 15%, from $67.2 million for the three months ended December 31, 2001, to $77.0 million for the three months ended December 31, 2002, primarily as a result of increased awards of construction contracts in markets we serve.

GROSS PROFIT

	SEGMENT GROSS PROFIT MARGINS AS A PERCENT OF SEGMENT REVENUES	
	THREE MONTHS ENDED DECEMBER 31,	
	2001	2002
Commercial and Industrial	14%	13%
Residential	21%	22%
Total		

Company 15%
15%
=============
=============

Gross profit decreased $5.8 million, or 10%, from $57.2 million for the three months ended December 31, 2001, to $51.4 million for the three months ended December 31, 2002. Gross profit margin as a percentage of revenues remained the same at 15% for the three months ended December 31, 2001 and 2002.

Commercial and industrial gross profit decreased $8.6 million, or 20%, from $43.0 million for the three months ended December 31, 2001, to $34.4 million for the three months ended December 31, 2002. Commercial and industrial gross profit margin as a percentage of revenues decreased from 14% for the three months ended December 31, 2001, to 13% for the three months ended December 31, 2002. This decrease in gross profit margin as a percentage of revenues was primarily the result of increased competition for available work and lower margins on work in the communications market.

Residential gross profit increased $2.8 million, or 20%, from $14.2 million for the three months ended December 31, 2001, to $17.0 million for the three months ended December 31, 2002. Residential gross profit margin as a percentage of revenues increased from 21% for the three months ended December 31, 2001 to 22% for the three months ended December 31, 2002. This increase in gross profit margin as a percentage of revenues was primarily the result of increased available work and higher margins on awarded work in the residential market.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses decreased $11.1 million, or 22%, from $49.7 million for the three months ended December 31, 2001, to $38.6 million for the three months ended December 31, 2002. Selling, general and administrative expenses as a percentage of revenues decreased 2% from 13% for the three months ended December 31, 2001 to 11% for the three months ended December 31, 2002. This decrease results from the elimination of certain administrative field and home office personnel expenses during the three months ended December 31, 2001 as compared to the three months ended December 31, 2002.

RESTRUCTURING CHARGE

In October 2001, we began implementation of a workforce reduction program. The purpose of this program was to reduce the number of administrative staff both in the field and in the home office. As a result of the program implementation, we recorded a pre-tax restructuring charge of $4.0 million during the quarter ended December 31, 2001. The charge was based on the cost of the workforce reduction program, including severance and other special termination benefits. At December 31, 2002, approximately $2.0 million of these charges have not been paid and are included in accounts payable and accrued expenses.

INCOME FROM OPERATIONS

Income from operations increased $9.3 million, or 266%, from $3.5 million for the three months ended December 31, 2001, to $12.8 million for the three months ended December 31, 2002. This increase in income from operations was primarily attributed to decreased selling, general and administrative expenses year over year and a non-recurring restructuring charge of $4.0

million incurred during the three months ended December 31, 2001, offset by decreased revenues year over year and decreased margins earned on those revenues.

NET INTEREST AND OTHER EXPENSE

Interest and other expense, net decreased from $6.9 million for the three months ended December 31, 2001, to $6.6 million for the three months ended December 31, 2002, primarily as a result of decreased interest expense attributable to decreased average borrowings over the period.

PROVISION FOR INCOME TAXES

During the three months ended December 31, 2002, we recorded a tax provision of 38.5%. We recorded a tax benefit of 47.2% for the three months ended December 31, 2001. This benefit is the result of a loss before income taxes recorded during the three months ended December 31, 2001 and includes the impact of the projected utilization of certain net operating loss carryforwards.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2002, we had cash and cash equivalents of $19.1 million, working capital of $251.6 million, no outstanding borrowings under our credit facility, $22.4 million of letters of credit outstanding, and available capacity under our credit facility of $127.6 million. The amount outstanding under our senior subordinated notes was $247.9 million. All debt obligations are on our balance sheet.

During the three months ended December 31, 2002, we generated $3.3 million of net cash from operating activities. This net cash provided by operating activities was comprised of net income of $3.8 million, increased by $4.1 million of non-cash charges related primarily to depreciation expense and provision for allowance for doubtful accounts, and decreased by changes in working capital. Working capital changes consisted of a $8.4 million decrease in accounts receivable due to the timing of collections, offset by a $10.1 million decrease in accounts payable and accrued expenses as a result of the timing of payments made. Working capital changes also included a $6.1 million decrease in billings in excess of costs and estimated earnings on uncompleted projects and a $0.1 million increase in costs and estimated earnings in excess of billings on uncompleted contracts, with the balance of the change due to other working capital changes. Net cash used in investing activities was $0.4 million, consisting primarily of $2.5 million used for capital expenditures, offset by $1.1 million received from divestitures and $1.0 million in proceeds from the sale of fixed assets. Net cash used in financing activities was $16.6 million, resulting primarily from repurchases of the senior subordinated notes.

On May 22, 2001, we replaced our $175.0 million credit facility with a new $150.0 million revolving credit facility with a syndicate of lending institutions to be used for working capital, capital expenditure, acquisitions and other corporate purposes that matures May 22, 2004. Amounts borrowed under our credit facility bear interest at an annual rate equal to either (a) the London interbank offered rate (LIBOR) plus 1.75 percent to 3.50 percent, as determined by the ratio of our total funded debt to EBITDA (as defined in our credit facility) or (b) the higher of (i) the bank's prime rate or (ii) the Federal funds rate plus 0.50 percent plus an additional 0.25 percent to 2.00 percent, as determined by the ratio of our total funded debt to EBITDA. Commitment fees of 0.50 percent are assessed on any unused borrowing capacity under our credit facility. Our existing and future subsidiaries guarantee the repayment of all amounts due under our facility, and our facility is secured by the capital stock of those subsidiaries, our accounts receivable and the accounts receivable of those subsidiaries. Borrowings under our credit facility are limited to 66 2/3% of outstanding receivables (as defined in the agreement). Our credit facility requires the consent of the lenders for acquisitions exceeding a certain level of cash consideration, prohibits the payment of cash dividends on our common stock, restricts our ability to repurchase shares of common stock, to incur other indebtedness and requires us to comply with various affirmative and negative covenants including certain financial covenants. Among other restrictions, the financial covenants include minimum net worth requirements, a maximum total consolidated funded debt to EBITDA ratio, a maximum senior consolidated debt to EBITDA ratio, and a minimum interest coverage ratio. We were in compliance with the financial covenants of our credit facility, as amended, at December 31, 2002. At January 29, 2003, we had no outstanding borrowings on our credit facility.

On January 25, 1999 and May 29, 2001, we completed our offerings of $150.0 million and $125.0 million senior subordinated notes, respectively. The offering completed on May 29, 2001 yielded $117.0 million in proceeds, net of a $4.2 million discount and $3.9 million in offering costs. The proceeds from the May 29, 2001 offering were used primarily to repay amounts outstanding under our credit facility. The notes bear interest at 9 3/8% and will mature on February 1, 2009. We pay interest on the notes on February 1 and August 1 of each year. The notes are unsecured senior subordinated obligations and are subordinated to all of our existing and future senior indebtedness. The notes are guaranteed on a senior subordinated basis by all of our subsidiaries. Under the terms of the notes, we are required to comply with various affirmative and negative covenants including (1) restrictions on additional indebtedness, and (2) restrictions on liens, guarantees and dividends. During the fourth quarter of the year ended September 30, 2002, we retired approximately $27.1 million of these senior subordinated notes. At December 31, 2002, we have $247.9 million in outstanding senior subordinated notes.

Effective October 1, 2001, we adopted SFAS No. 142, "Goodwill and Other Intangible Assets," which establishes new accounting and reporting requirements for goodwill and other intangible assets. Under SFAS No. 142, all goodwill amortization ceased effective October 1, 2001. Goodwill attributable to each of our reporting units is tested for impairment by comparing the fair value of each reporting unit with its carrying value. Fair value is determined using discounted cash flows, market multiples and market capitalization. Significant estimates used in the methodologies include estimates of future cash flows, future short-term and long-term growth rates, weighted average cost of capital and estimates of market multiples for each of the reportable units. We will perform our impairment tests annually during the first fiscal quarter absent any impairment indicators requiring more frequent impairment tests.

Based on our impairment tests performed upon adoption of SFAS No. 142, we recognized a charge of $283.3 million ($7.13 per share) in the first quarter of 2002 to reduce the carrying value of goodwill of our reporting units to its implied fair value. Under SFAS No. 142, the impairment adjustment recognized at adoption of the new rules was reflected as a cumulative effect of change in accounting principle in the statement of operations for the year ended September 30, 2002. We performed our annual impairment test on October 1, 2002 and determined that there was no impairment of recorded goodwill.

All of our operating income and cash flows are generated by our wholly owned subsidiaries, which are the subsidiary guarantors of our outstanding senior subordinated notes. The separate financial statements of the subsidiary guarantors are not included herein because (i) the subsidiary guarantors are all of the direct and indirect subsidiaries of the Company; (ii) the subsidiary guarantors have fully and unconditionally, jointly and severally guaranteed the senior subordinated notes; (iii) the aggregate assets, liabilities, earnings, and equity of the subsidiary guarantors is substantially equivalent to the assets, liabilities, earnings and equity of the Company on a consolidated basis; and (iv) the presentation of separate financial statements and other disclosures concerning the subsidiary guarantors is not deemed material.

Other Commitments. As is common in our industry, we have entered into certain off balance sheet arrangements that expose us to increased risk. Our significant off balance sheet transactions include liabilities associated with noncancelable operating leases, letter of credit obligations and surety guarantees.

We enter into noncancelable operating leases for many of our vehicle and equipment needs. These leases allow us to retain our cash when we do not own the vehicles or equipment and we pay a monthly lease rental fee. At the end of the lease, we have no further obligation to the lessor. We may determine to cancel or terminate a lease before the end of its term. Typically we are liable to the lessor for various lease cancellation or termination costs and the difference between the then fair market value of the leased asset and the implied book value of the leased asset as calculated in accordance with the lease agreement.

Some of our customers require us to post letters of credit as a means of guaranteeing performance under our contracts and ensuring payment by us to subcontractors and vendors. If our customer has reasonable cause to effect payment under a letter of credit, we would be required to reimburse our creditor for the letter of credit. Depending on the circumstances surrounding a reimbursement to our creditor, we may have a charge to earnings in that period. To date we have not had a situation where a customer has had reasonable cause to effect payment under a letter of credit.

Many of our customers require us to post performance and payment bonds issued by a surety. Those bonds guarantee the customer that we will perform under the terms of a contract and that we will pay subcontractors and vendors. In the event that we fail to perform under a contract or pay subcontractors and vendors, the customer may demand the surety to pay or perform under our bond. Our relationship with our surety is such that we will indemnify the surety for any expenses it incurs in connection with any of the bonds it issues on our behalf. To date, we have not incurred significant expenses to indemnify our surety for expenses it incurred on our behalf.

We have committed to invest up to $5.0 million in EnerTech Capital Partners II, L.P. ("EnerTech"). EnerTech is a private equity firm specializing in investment opportunities emerging from deregulation and resulting convergence of the energy, utility and telecommunications industries. Through December 31, 2002, we had invested $1.8 million under our commitment to EnerTech.

Our future contractual obligations include (in thousands):

	LESS THAN ONE YEAR	2003	2004	2005	2006	THEREAFTER	TOTAL
Debt and capital lease obligations ..	$ 467	$ 246	$ 107	$ 25	$ 3	$247,885	$248,733
Operating lease obligations	$ 9,251	$ 10,146	$ 7,438	$ 4,118	$ 2,198	$ 2,771	$ 35,922

Our other commercial commitments expire as follows (in thousands):

	LESS THAN ONE YEAR	2003	2004	2005	2006	THEREAFTER	TOTAL
Standby letters of credit	$ 11,302	$11,069	$ --	$ --	$ --	$ --	$22,371
Other commercial commitments ..	$ --	$ --	$ --	$ --	$ --	$ 3,200(1)	$ 3,200

(1) Balance of investment commitment in EnerTech.

Outlook. The following statements are based on current expectations. These statements are forward-looking and actual results may differ materially. Economic conditions across the country are challenging. We continue to focus on collecting receivables and reducing days sales outstanding. To improve our position for continued success, we continue to take steps to reduce costs. We have made significant cuts in administrative overhead at the home office and in the field. Although we have seen signs of improvement in our quarter ended December 31, 2002, the economic outlook for the remainder of fiscal 2003 is still somewhat uncertain. We expect earnings per share in the second quarter of fiscal 2003 to range between $0.08 and $0.14 per share. For the year ended September 30, 2003, we expect earnings to range between $0.53 and $0.60 per share excluding any potential goodwill impairment charges.

We expect to generate cash flow from operations. Our cash flows from operations tend to track with the seasonality of our business and historically have improved in the latter part of our fiscal year. We anticipate that our cash flow from operations will provide sufficient cash to enable us to meet our working capital needs, debt service requirements and planned capital expenditures for property and equipment through the next twelve months. Our ability to generate cash flow from operations is dependent on many factors, including demand for our products and services, the availability of work at margins acceptable to us and the ultimate collectibility of our receivables.

SEASONALITY AND QUARTERLY FLUCTUATIONS

Our results of operations, particularly from residential construction, are seasonal, depending on weather trends, with typically higher revenues generated during the spring and summer and lower revenues during the fall and winter. The commercial and industrial aspect of our business is less subject to seasonal trends, as this work generally is performed inside structures protected from the weather. Our service business is generally not affected by seasonality. In addition, the construction industry has historically been highly cyclical. Our volume of business may be adversely affected by declines in construction projects resulting from adverse regional or national economic conditions. Quarterly results may also be materially affected by gross margins for both bid and negotiated projects, the timing of new construction projects and any acquisitions. Accordingly, operating results for any fiscal period are not necessarily indicative of results that may be achieved for any subsequent fiscal period.

NEW ACCOUNTING PRONOUNCEMENTS

Effective October 1, 2002, we adopted Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 supercedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." SFAS No. 144 establishes a single accounting model for long-lived assets to be disposed of by sale and requires that those long-lived assets be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations. The adoption had no impact on our financial position or results of operations.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 establishes requirements for recognition of a liability for a cost associated with an exit or disposal activity based with an objective of recording the initial liability at fair value. We will adopt SFAS No 146 effective January 1, 2003. We do not expect the adoption of SFAS NO. 146 to impact our financial position or results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Management is actively involved in monitoring exposure to market risk and continues to develop and utilize appropriate risk management techniques. We are not exposed to any significant market risks from commodity price risk or foreign currency exchange risk. Our exposure to significant market risks includes outstanding borrowings under our floating rate credit facility. Management does not use derivative financial instruments for trading purposes or to speculate on changes in interest rates or commodity prices.

As a result, our exposure to changes in interest rates results from our short-term and long-term debt with both fixed and floating interest rates. The following table presents principal or notional amounts (stated in thousands) and related interest rates by year of maturity for our debt obligations and their indicated fair market value at December 31, 2002:

	2002	2003	2004	2005	2006	THEREAFTER	TOTAL
Liabilities - Debt: Fixed Rate (senior subordinated notes) ...	$ --	$ --	$ --	$ --	$ --	$ 247,885	$ 247,885
Interest Rate	9.375%	9.375%	9.375%	9.375%	9.375%	9.375%	9.375%
Fair Value of Debt: Fixed Rate							$ 225,575

ITEM 4. CONTROLS AND PROCEDURES

Within 90 days prior to the filing date of this report on Form 10-Q, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's principal executive officer and principal financial officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. The Company's principal executive officer and principal financial officer concluded, based on this evaluation, that the Company's disclosure controls and procedures are effective in alerting them timely to material information relating to the Company required to be included in the Company's periodic SEC filings.

Since the date of the evaluation, there have been no significant changes in the Company's internal controls or in other factors that could significantly affect these controls.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS

A. EXHIBITS

10.1	Integrated Electrical Services, Inc. Executive Savings Plan
99.1	Certification of Herbert R. Allen, Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted to Section 906 of The Sarbanes-Oxley Act of 2002.
99.2	Certification of William W. Reynolds, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted to Section 906 of The Sarbanes-Oxley Act of 2002.

INTEGRATED ELECTRICAL SERVICES, INC. AND SUBSIDIARIES

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, who has signed this report on behalf of the Registrant and as the principal financial officer of the Registrant.

INTEGRATED ELECTRICAL SERVICES, INC.

Date: January 30, 2003

By: /s/ William W. Reynolds

William W. Reynolds
Executive Vice President and
Chief Financial Officer

CERTIFICATION

I, Herbert R. Allen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Integrated Electrical Services, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in the Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

    a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

    b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

    c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

    a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: January 29, 2003

/s/ Herbert R. Allen

Herbert R. Allen
Chief Executive Officer

CERTIFICATION

I, William W. Reynolds, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Integrated Electrical Services, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in the Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

    a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

    b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

    c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

    a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: January 29, 2003

/s/ William W. Reynolds

William W. Reynolds
Chief Financial Officer

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
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EXHIBIT 10.1

INTEGRATED ELECTRICAL SERVICES, INC.
EXECUTIVE SAVINGS PLAN

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INTEGRATED ELECTRICAL SERVICES, INC.
EXECUTIVE SAVINGS PLAN

WITNESSETH:

WHEREAS, INTEGRATED ELECTRICAL SERVICES, INC. (the "Company", which term shall include its successors) desires to encourage and ensure the continued service of key executives with the Company and its Subsidiaries by helping them provide for their future through a nonqualified deferred compensation plan;

NOW, THEREFORE, effective as of April 1, 2000, the Integrated Electrical Services, Inc. Executive Savings Plan (the "Plan") is hereby established as follows:

I.

DEFINITIONS AND CONSTRUCTION

1.1 DEFINITIONS. Where the following words and phrases appear in the Plan, they shall have the respective meanings set forth below, unless their context clearly indicates to the contrary.

(a) ACCOUNT: A Member's Employee Account and/or Company Account.

(b) ACT: The Employee Retirement Income Security Act of 1974, as amended.

(c) BASE COMPENSATION: The base salary payable to a Member by an Employer with respect to that portion of the Plan Year in which the Member is a Key Employee eligible to participate in the Plan.

(d) BENEFICIARY: The person(s) designated by the Member, on a form provided by and filed with the Company's Human Resources Department, to receive benefits from the Plan in the event of his or her death. A Member may change his or her beneficiary designation at any time. If no designated Beneficiary survives the Member, the Beneficiary shall be the Member's surviving spouse or, if none, his or her estate.

(e) BENEFIT PAYMENT DATE: With respect to each Member, the date on which such Member's benefit is to be paid.

(f) BOARD: The Board of Directors of the Company.

(g) BONUS: The annual bonus payable to a Member by an Employer with respect to a Plan Year.

(h) CAUSE: A termination of the Member's employment by the Company or a Subsidiary due to the Member's gross negligence or willful misconduct in the performance or nonperformance of the Member's duties, or any act of dishonesty or fraud that is intended to benefit the Member at the expense of the Company or a Subsidiary or any act that causes a material injury to the business or reputation of the Company or a Subsidiary.

(i) COMMITTEE: The committee of Employees that administer generally the various employee benefit plans of the Company and its Subsidiaries, except to the extent a separate committee is appointed by the Board to administer all or part of this Plan.

(j) COMPANY ACCOUNT. An individual notional account for a Member, which is credited with the Employer Contributions credited to the Plan on behalf of the Member, and also credited with or debited for such Account's allocation of deemed Investment Fund net income or loss, as the case may be.

(k) CONTRIBUTION PERIOD. The Plan Year, month, day or other period(s) or date(s), as designated by the Committee, with respect to which Base Compensation deferrals are credited to Accounts under the Plan. Bonus deferrals shall be credited as of the date the Bonus would otherwise be paid in cash.

(l) DISABILITY. The termination of employment with the Company and its Subsidiaries by a Member that (i) entitles the Member to receive long-term disability benefits under a long-term disability plan of the Employer, (ii) entitles the Member to disability benefits under the Federal Social Security Act, or (iii) in the opinion of the Committee, based on the report of a physician approved by the Committee, is due to a physical or mental impairment that renders the Member unable to perform his duties with the Company or a Subsidiary and is expected to result in death or continue for not less than six months.

(m) ELIGIBLE EMPLOYEE: Each Key Employee who is designated by the Committee as a Member in the Plan.

(n) EMPLOYEE: Each individual who is an employee of an Employer.

(o) EMPLOYEE ACCOUNT: An individual notional account for a Member, which is credited with the Employee Contributions credited on such Member's behalf, and also credited with or debited for such Account's allocation of deemed Investment Fund net income or net loss, as the case may be.

(p) EMPLOYEE CONTRIBUTIONS: A Member's before-tax deferrals credited to the Member's Account under the Plan pursuant to Section 3.1(a).

(q) EMPLOYER: The Company and each Subsidiary, other than any Subsidiary that has been designated by the Committee as being ineligible to participate in the Plan.

(r) EMPLOYER CONTRIBUTIONS: Matching contributions credited under the Plan by the Employer on behalf of a Member.

(s) INVESTMENT FUND: An investment vehicle for the deemed investment of Members' Accounts.

(t) KEY EMPLOYEE: Each Employee who is within a select group of management or highly compensated employees of the Company and its Subsidiaries within the meaning of the Act.

(u) MEMBER: Each Eligible Employee or former Eligible Employee who has an Account under the Plan. Only those Members who are Eligible Employees shall be eligible to make deferrals under the Plan.

(v) PLAN YEAR: April 1, 2000 through December 31, 2000, and thereafter each calendar year.

(w) RETIREMENT: A Member's termination of employment with the Company and its Subsidiaries on or after attaining the age of 65, or, if after age 55 and prior to age 65, with the consent of the Committee.

(x) SUBSIDIARY: Each corporation that is a member of a controlled group of corporations, within the meaning of section 414(b) of the Code, of which the Employer is a member, each trade or business (whether or not Incorporated) with which the Employer is under common control within the meaning of section 414(c) of the Code, and each member of an affiliated service group, within the meaning of section 414(m) of the Code, of which the Employer is a member.

(y) TRUST: The "rabbi trust," if any, established under the Trust Agreement.

(z) TRUST AGREEMENT: The agreement, if any, entered into between the Company and the Trustee.

(aa) TRUST FUND: The funds and properties, if any, held pursuant to the provisions of the Trust Agreement, together with all income, profits, and increments thereto.

(bb) TRUSTEE: The trustee or trustees qualified and acting under the Trust Agreement at any time.

(cc) VALUATION DATES: Each business day on which the principal securities markets are open.

(dd) VESTED INTEREST: The portion of a Member's Account which is nonforfeitable.

(ee) VESTING SERVICE: The Member's Years of Service credited under the Company's qualified 401(k) plan.

1.2 NUMBER AND GENDER. Wherever appropriate herein, words used in the singular shall be considered to include the plural, and words used in the plural shall be considered to include the singular. The masculine gender, where appearing in the Plan, shall be deemed to include the feminine gender.

1.3 HEADINGS. The headings of Articles and Sections herein are included solely for convenience, and if there is any conflict between such headings and the text of the Plan, the text shall control.

1.4 CONSTRUCTION. It is intended that the Plan constitute an unfunded, unsecured plan of deferred compensation for a select group of management or highly compensated employees of the Employer within the meaning of the Act and that the Plan be unfunded for purposes of the Internal Revenue Code and Title I of the Act, and all provisions herein shall be construed in accordance with such intent.

II.

PARTICIPATION

2.1 PARTICIPATION.

(a) Prior to the first day of each Plan Year, the Committee, in its sole discretion, shall select and notify those Eligible Employees who are newly eligible to become Members as of such date. Each such Eligible Employee may become a Member on the first day of the Plan Year next following such selection and notification, or the first day of any subsequent Plan Year, by executing and filing with the Company, prior to such date, the enrollment form prescribed by the Company.

(b) Notwithstanding Paragraph (a) above, if an Eligible Employee is selected by the Committee as newly eligible to become a Member following the first day of a Plan Year, such Eligible Employee may become a Member on the first day of the calendar month coincident with or next succeeding such selection, or on the first day of any subsequent Plan Year, by executing and filing with the Company, prior to the first day of such calendar month or such subsequent Plan Year, the enrollment form prescribed by the Company.

(c) Subject to the provisions of Section 2.2. a Member shall remain eligible to participate in the Plan each Plan Year following his initial year of participation in the Plan.

2.2 TERMINATION OF ELIGIBILITY. Notwithstanding any provision herein to the contrary, an Eligible Employee who has become a Member shall cease to be an active Member, i.e., shall cease to be able to make additional deferrals, effective as of the earliest of: (1) the date he or she is no longer employed by an Employer, (2) the date he or she is no longer an Eligible Employee, or (3) any date designated by the Committee.

III.

EMPLOYER CONTRIBUTIONS

3.1 BEFORE-TAX CONTRIBUTIONS.

(a) A Member may elect to defer an integral percentage of his or her Base Compensation each Computation Period and/or Bonus for a Plan Year subject to such limit (percentage or dollar amount), if any, that the Committee may establish for a Plan Year (which maximum limit may be different for Base Compensation deferrals and Bonus deferrals). An election to defer Base Compensation and/or Bonus shall be made by such Member by authorizing his Employer, in the manner prescribed by the Committee, to reduce his or her Base Compensation and/or Bonus in the elected amount, and the Employer, in consideration thereof, agrees to credit an equal amount to the Member's Employee Account under the Plan. A Member may make separate elections with respect to his Base Compensation and Bonus. Base Compensation and/or Bonus not so deferred for a Plan Year by such election(s) shall be received by such Member in cash. The reduction in a Member's Base Compensation for a Plan Year pursuant to his or her election hereunder shall be effected by Base Compensation reductions as of each payroll period within such Computation Periods following the effective date of such election. A Bonus deferral shall be effected at the time the Bonus would otherwise be paid to a Member. A Member's election to defer an amount of Base Compensation for a Plan Year must be made prior to the first day of such Plan Year and shall be effective as of the first day of such Plan Year, while a Bonus deferral election must be made not less than three months prior to the end of the Plan Year to be effective for Bonuses paid with respect to such year. However, in the case of an Eligible Employee who is selected by the Committee as newly eligible to become a Member after the first day of the Plan Year, his election to defer Base Compensation for the remainder of such Plan Year must be made prior to the first day of the month next following his selection and shall be effective as of the first day of such month, and any Bonus deferral election must be made not less than three months prior to the end of that Plan Year unless the Eligible Employee first becomes a Member in the last three months of the year in which event the Bonus deferral election must be made not later than the time the Member is first eligible to defer his Base Compensation. Except as provided below, a Member's Base Compensation and/or Bonus deferral election shall be irrevocable for the Plan Year, or remainder of the Plan Year, for which such election was made and shall remain in force and effect for all periods following its effective date until changed or canceled in accordance with Paragraph (b), (c) or (d) below or until such Member's participation in the Plan is terminated pursuant to Section 2.2.

(b) A Member who has elected to defer a portion of his or her Base Compensation or Bonus may change his or her deferral election percentage (within the limits set forth in Paragraph (a) above), effective as of the first day of any subsequent Plan Year, by electing a new Base Compensation or Bonus reduction percentage in the manner and within the time period prescribed by the Committee.

(c) A Member may cancel his or her Base Compensation or Bonus reduction election effective as of the first day of any subsequent Plan Year, in the manner and within the time period prescribed by the Committee. A Member who cancels his or her Base Compensation or Bonus reduction election may resume Base Compensation or Bonus deferrals, effective as of the first day of any subsequent Plan Year, by making a new Base Compensation or Bonus reduction election in the manner and within the time period prescribed by the Committee.

3.2 EMPLOYER MATCHING CONTRIBUTIONS. The Employer, in its discretion, may contribute for each Contribution Period a matching Company Contribution in an amount that equals a designated percentage (selected by and in the discretion of the Committee) of all or a designated part of the Member's Base Compensation deferrals and/or Bonus deferrals made pursuant to Section 3.1. In addition, the Committee may establish different levels of matching contributions for different classes of Members.

3.3 RETURN OF CONTRIBUTIONS. Anything to the contrary herein notwithstanding, if contributions are made under a mistake of fact, or, if it is determined by the Committee that a Member was not an Eligible Employee for all or any portion of the Contribution Period, the applicable portion of the contributions made in error shall be returned to the Employer.

IV.

ALLOCATIONS

4.1 ALLOCATION OF CONTRIBUTIONS. Deferrals made for a Contribution Period, if any, shall be credited as of the last day of such Contribution Period to the Accounts of the Members who are Eligible Employees on the last day of the Contribution Period or whose employment terminated during the Contribution Period due to death, Disability or Retirement.

4.2 ALLOCATION OF FORFEITURES. Any amounts that are forfeited under the Plan shall be applied to reduce future Employer Contributions otherwise to be credited under the Plan.

4.3 ALLOCATION OF DEEMED NET INCOME OR LOSS AND CHANGES IN ACCOUNT VALUE.

(a) As of each Valuation Date, the Committee shall determine or cause to be determined the fair market value and the deemed net income (or net loss) of each Investment Fund for the period elapsed since the next preceding Valuation Date. The deemed net income (or net loss) of each Investment Fund since the next preceding Valuation Date shall be ascertained by the Committee in such manner as it deems appropriate.

(b) For purposes of allocations of deemed net income (or net loss), each Member's Account shall be divided into subaccounts to reflect such Member's deemed investment designation in a particular Investment Fund or Investment Funds pursuant to Article V. As of each Valuation Date, the deemed net income (or net loss) of each Investment Fund, separately and respectively, shall be allocated among the corresponding subaccounts of the Members who had such corresponding subaccounts on the next preceding Valuation Date, and each such corresponding subaccount shall be credited with (or debited for) that portion of such deemed net income (or net loss) that the value of each such corresponding subaccount on such next preceding Valuation Date was of the value of all such corresponding subaccounts on such date; provided, however, that the value of such subaccounts as of the next preceding Valuation Date shall be reduced by the amount of any distributions made therefrom since the next preceding Valuation Date.

(c) Except as otherwise provided herein, so long as there is any balance in any Account (including an Account payable to a Beneficiary of a Member), such Account shall continue to receive allocations pursuant to this Section 4.3.

V.

INVESTMENT OF ACCOUNTS

5.1 DEEMED INVESTMENT OF ACCOUNTS.

(a) Each Member shall designate, in accordance with the procedures established from time to time by the Committee, the Member's preference for the manner in which the amounts allocated to his or her Accounts shall be deemed to be invested from among the Investment Funds made available for such designation from time to time by the Committee. With respect to a Member's Accounts, such Member may designate one of such Investment Funds for all the amounts allocated to such Accounts or he or she may split the investment of the amounts allocated to such Accounts between such Investment Funds in such increments as the Committee may prescribe. If a Member fails to make a designation, then his or her Accounts shall be deemed to be invested in the Investment Fund or

Investment Funds designated by the Committee from time to time for such default in a uniform and nondiscriminatory manner. Unless the Committee provides otherwise, an investment election shall be applicable to all Accounts of the Member.

(b) A Member may change his or her deemed investment designation for future contributions to be allocated to his or her Accounts. Any such change shall be made in accordance with the procedures established by the Committee, and the frequency of such changes may be limited by the Committee.

(c) A Member may change his or her deemed investment designation with respect to the amounts already allocated to his or her Accounts. Any such change shall be made in accordance with the procedures established by the Committee, and the frequency of such changes may be limited by the Committee.

(d) Notwithstanding anything in the Plan seemingly to the contrary, a Member's Accounts (and, thus, benefits payable by the Employer pursuant to the Plan) shall be determined based solely on the value of the Investment Fund(s) of the Members Account(s). The Employers shall not be liable for any losses incurred by a Member under the Plan due to Investment Fund losses and the Employers do not guarantee the amount of any deferral or any Investment Fund.

VI.

RETIREMENT BENEFITS

6.1 RETIREMENT BENEFITS. Except as set forth in this Article VI, a Member shall not possess any right to benefits from the Plan upon termination of a Member's employment with the Employer and the Subsidiaries.

6.2 ACCOUNT BALANCES. Each Member whose employment is terminated for any reason other than Cause shall be entitled to a benefit, which shall be payable at the time and in the form provided below in Article VIII, equal in value to the amount credited to his or her Account as of the applicable Benefit Payment Date.

6.3 DETERMINATION OF VESTED INTEREST.

(a) Except as provided below, a Member shall have a 100% Vested Interest in all his Accounts.

(b) Notwithstanding the above, a Member who is terminated for Cause shall forfeit his Company Account.

VII.

DEATH BENEFITS

7.1 DEATH BENEFITS. Upon the death of a Member, the Member's Beneficiary shall be entitled to receive the Member's Account paid in the form of quarterly installments for 10 years in the same manner as provided in Section 8.2(b) or, if designated by the Member prior to his death, in a lump sum or for a shorter installment period. Notwithstanding the foregoing, the Committee, in its discretion, may accelerate all or any part of any installment payments.

7.2 DESIGNATION OF BENEFICIARIES. Each Member shall have the right to designate the Beneficiary or Beneficiaries to receive payment of his or her benefit in the event of his or her death. Each such designation shall be made by executing the beneficiary designation form prescribed by the Committee and delivering such form to the Committee. Any such designation may be changed at any time by such Member by execution of and delivery to the Committee a new designation in accordance with this Section.

VIII.

TIME AND FORM OF PAYMENT OF BENEFITS

8.1 TIME OF PAYMENT. A Member's Account shall be paid, or shall commence, as applicable, on or as soon as reasonably practical after the date the Member terminates his employment with the Company and its Subsidiaries.

8.2 FORMS OF BENEFIT PAYMENTS.

(a) All benefits shall be paid in cash in one of the following forms as elected by the Member:

(i) a single lump sum payment; or

(ii) if his termination is on or after age 55, in quarterly installment payments (e.g., 1/10, 1/9, etc. of the Account balance on the installment date) for a term certain not to exceed 10 years (as designated by the Member) and, in the event of such Member's death prior to the end of the designated term, any unpaid balance shall be paid in a lump sum to his designated Beneficiary. If the Member terminates prior to reaching age 55, distribution shall be in a lump sum.

(b) A Member must elect, on the form prescribed by the Committee, one of the above forms of payment on or before the beginning of the Plan Year in which he first becomes a Member. Except as provided in Paragraph (c) below, such election shall be irrevocable by the Member and shall remain in effect for deferrals in all subsequent Plan

Years. In the event a Member fails to elect the form in which his benefit payments are to be made prior to the date he first becomes a Member, such benefit payments shall be deemed to have been elected by such Member to be in the form of a single lump sum.

(c) With the consent of the Committee, a Member may change his elected form of benefit payment with respect to all of his Accounts; provided, that, no such change shall be effective if within 12 months of the date of such change the Member's employment terminates for any reason other than death or as a result of a total and permanent disability that occurs after such change.

8.3 CASH-OUT OF BENEFIT. The Committee, in its sole discretion, may accelerate the payment of a terminated Member's or a Beneficiary's Accounts at any time, notwithstanding the form of benefit payment elected by the Member.

8.4 CLAIMS REVIEW.

(a) In any case in which a claim for Plan benefits of a Member or Beneficiary is denied or modified, the Committee shall furnish written notice to the claimant within 90 days (or within 180 days if additional information requested by the Committee necessitates an extension of the 90-day period and the claimant is so informed prior to the expiration of the initial 90-day period), which notice shall:

(i) State the specific reason or reasons for the denial or modification;

(ii) Provide specific reference to pertinent Plan provisions on which the denial or modification is based;

(iii) Provide a description of any additional material or information necessary for the Member, his or her Beneficiary, or representative to perfect the claim and an explanation of why such material or information is necessary; and

(iv) Explain the Plan's claim review procedure as provided in Paragraph (b) below.

(b) In the event a claim for Plan benefits is denied or modified, if the Member, his or her Beneficiary, or a representative of such Member or Beneficiary desires to have such denial or modification reviewed, he must, within 60 days following receipt of the notice of such denial or modification, submit a written request for review by the Committee of its initial decision. In connection with such request, the Member, his or her Beneficiary, or the representative of such Member or Beneficiary may review any pertinent documents upon which such denial or modification was based and may submit issues and comments in writing. Within 60 days following such request for review, the Committee shall, after providing a full and fair review, render its final decision in writing to the Member, his or her Beneficiary, or the representative of such Member or Beneficiary stating specific reasons for such decision and making specific references to pertinent Plan provisions upon which the decision is based. If special circumstances require an extension of such 60-day period, the Committee's decision shall be rendered as soon as possible, but not later than 120 days after receipt of the request for review. If an extension of time for review is required, written notice of the extension shall be furnished to the Member, Beneficiary, or the representative of such Member or Beneficiary prior to the commencement of the extension period.

IX.

IN-SERVICE WITHDRAWALS

9.1 EMERGENCY WITHDRAWALS. A Member who has an unforeseeable financial emergency, as determined by and in the discretion of the Committee, may withdraw from his Accounts an amount not to exceed the lesser of (1) the amount credited to such Accounts or (2) the amount determined by the Committee as being necessary to meet the Member's unforeseeable financial emergency, considering for such determination, any change in such Member's financial condition that will result from a cancellation of his deferral election(s) for the balance of that Plan Year. An "unforeseeable financial emergency" means an unexpected need of a Member for cash, which (i) arises from an illness, casualty loss, sudden financial reversal, or such other unforeseeable occurrence that is caused by an event beyond the control of such Member, (ii) would result in severe financial hardship to such Member if his deferral election was not canceled and/or if a withdrawal pursuant to this Section was not permitted, and (iii) is not reasonably satisfiable from other resources of such Member. Cash needs arising from foreseeable events, such as the purchase of a house or education expenses for a Member, his spouse, or his children, shall not be considered to be the result of an unforeseeable financial emergency.

9.2 ADVANCE NOTICE WITHDRAWALS. A Member may, by giving proper written notice to the Committee at least one full Plan Year in advance of the designated date of withdrawal, withdraw all or a specified portion of his Accounts as of such designated future date.

9.3 PENALTY WITHDRAWALS. A Member may, without one Plan Year advance written notice, but only once in any Plan Year, withdraw all or a portion of his Accounts by giving advance notice in the manner prescribed by the Committee; provided, however, that upon any such withdrawal the Member shall forfeit an amount of his Accounts equal to 10% of the amount then being withdrawn. In addition, a Member who makes such a withdrawal shall be suspended from making any further deferrals under the Plan beginning with the date of such withdrawal and continuing through the end of the Plan Year following the Plan Year of the withdrawal.

X.

LOANS

10.1 NO LOANS. No loans to Members shall be made under the Plan.

XI.

ADMINISTRATION OF THE PLAN

11.1 APPOINTMENT OF COMMITTEE. The general administration of the Plan shall be vested in the Committee. The Committee shall be the Plan "administrator" with respect to the general administration of the Plan.

11.2 TERM, VACANCIES, RESIGNATION, AND REMOVAL. Each member of the Committee shall serve until he or she resigns, dies, or is removed by the Board. At any time during his term of office, a member of the Committee may resign by giving written notice to the Committee, such resignation to become effective upon the appointment of a substitute member or, if earlier, the lapse of 30 days after such notice is given as herein provided. At any time during his term of office, and for any reason, a member of the Committee may be removed by the Board with or without cause, and the Board may in its discretion fill any vacancy that may result therefrom.

11.3 OFFICERS, RECORDS, AND PROCEDURES. The Committee may select officers and may appoint a secretary who need not be a member of the Committee. The Committee shall keep appropriate records of its proceedings and the administration of the Plan and shall make available for examination during business hours to any Member or Beneficiary such records as pertain to that individual's interest in the Plan. The Committee shall designate the person or persons who shall be authorized to sign for the Committee and, upon such designation, the signature of such person or persons shall bind the Committee.

11.4 COMMITTEE POWERS AND DUTIES. The Committee shall supervise the administration and enforcement of the Plan according to the terms and provisions hereof and shall have all powers necessary to accomplish these purposes, including, but not by way of limitation, the right, power, authority, and duty:

(a) To make rules, regulations, and bylaws for the administration of the Plan that are not inconsistent with the terms and provisions hereof, provided such rules, regulations, and bylaws are evidenced in writing and copies thereof are delivered to the Company, and to enforce the terms of the Plan and the rules and regulations promulgated thereunder by the Committee;

(b) To construe in its discretion all terms, provisions, conditions, and limitations of the Plan. In all cases, the construction necessary for the Plan to qualify as an unfunded plan of deferred compensation for a select group of management or highly compensated employees under the applicable provisions of the Act and the Internal Revenue Code shall control:

(c) To correct any defect or to supply any omission or to reconcile any inconsistency that may appear in the Plan in such manner and to such extent as it shall deem in its discretion expedient to effectuate the purposes of the Plan;

(d) To employ and compensate such accountants, attorneys, investment advisors, and other agents, employees, and independent contractors as the Committee may deem necessary or advisable for the proper and efficient administration of the Plan;

(e) To determine in its discretion all questions relating to eligibility;

(f) To make a determination in its discretion as to the right of any person to a benefit under the Plan and to prescribe procedures to be followed by distributees in obtaining benefits hereunder;

(g) To prepare, file, and distribute, in such manner as the Committee determines to be appropriate, such information and material as is required by the reporting and disclosure requirements of the Act;

(h) To furnish the Employer any information necessary for the preparation of such Employer's tax return or other information that the Committee determines in its discretion is necessary for a legitimate purpose;

(i) To require and obtain from the Employer and the Members any information or data that the Committee determines is necessary for the proper administration of the Plan;

(j) To receive and review reports from the Trustee, if any, and from investment managers, if any, as to the financial condition of the Trust Fund, if any, including its receipts and disbursements; and

(k) To establish or designate Investment Funds as deemed investment options as provided in Article V.

11.5 EMPLOYER TO SUPPLY INFORMATION. The Employer shall supply full and timely information to the Committee, including, but not limited to, information relating to each Member's compensation, age, retirement, death, or other cause of termination of employment and such other pertinent facts as the Committee may require. When making a determination in connection with the Plan, the Committee shall be entitled to rely upon the aforesaid information furnished by the Employer.

11.6 INDEMNIFICATION OF EMPLOYEES ADMINISTERING PLAN. The Company shall indemnify and hold harmless each member of the Committee who is an Employee and each other Employee who is a delegate of the Committee against any and all expenses and liabilities arising out of such individual's administrative functions or fiduciary responsibilities, including any expenses and liabilities that are caused by or result from an act or omission constituting the negligence of such individual in the performance of such functions or responsibilities, but excluding expenses and liabilities that are caused by or result from such individual's own gross negligence or willful misconduct. Expenses against which such individual shall be indemnified hereunder shall include, without limitation, the amounts of any settlement or judgment, costs, counsel fees, and related charges reasonably incurred in connection with a claim asserted or a proceeding brought or settlement thereof.

XII.

UNFUNDED NATURE OF PLAN

12.1 UNFUNDED NATURE OF PLAN. The Plan is intended to constitute an unfunded, unsecured plan of deferred compensation for a select group of management or highly compensated employees of the Employer. Further, it is the intention of the Employer that the Plan be unfunded for purposes of the Internal Revenue Code and Title I of the Act. The Plan constitutes a mere promise by the Employer to make benefit payments in the future. Plan benefits herein provided are to be paid out of the Employer's general assets, and Members (and their Beneficiaries) shall have the status of general unsecured creditors of the Employer.

12.2 DISCRETIONARY ESTABLISHMENT OF RABBI TRUST.

(a) The Committee may cause the establishment of a Trust and authorize the Company to enter into the Trust Agreement. The Employer may transfer money or other property to the Trustee, and the Trustee shall pay Plan benefits to Members and their Beneficiaries out of the Trust Fund. In such event, the Employer shall remain the owner of all assets in the Trust Fund and the assets shall be subject to the claims of general creditors of the Employer if the Employer ever becomes insolvent. No Member or Beneficiary shall have any preferred claim to, or any beneficial ownership interest in, any assets of the Trust Fund.

XIII.

AMENDMENT OF PLAN

13.1 RIGHT TO AMEND PLAN. The Company, by action of the Board or the Committee, shall have the absolute and unconditional right to amend any or all of the provisions of the Plan at any time, in whole or in part; provided, however, that (i) no amendment shall be made that would materially impair the rights of a Member with respect to the amounts allocated to such

Member's Account as of the date of such amendment and (ii) no amendment made by the Committee may materially increase the obligations of the Company under the Plan. All such amendments shall be executed by an authorized officer of the Company.

XIV.

TERMINATION OF PLAN

14.1 RIGHT TO TERMINATE PLAN. The Board shall have the absolute and unconditional right to terminate the Plan at any time hereafter on behalf of the Company and all Employers.

14.2 PROCEDURE IN THE EVENT OF PLAN TERMINATION.

(a) Unless the Plan is otherwise amended prior to dissolution of the Company, the Plan shall terminate as of the date of dissolution of the Company.

(b) Upon termination of the Plan, any previously unallocated contributions and deemed net income (or net loss) shall be allocated among the Accounts of the Members on such date of termination according to the provisions of the Plan, as if such date of termination were a Valuation Date. Thereafter, any deemed net income (or net loss) shall continue to be allocated to the Accounts of the Members until the balances of the Accounts are distributed.

(c) In the case of a termination of the Plan, the balance of the Account of a Member shall be immediately paid to such Member.

XV.

MISCELLANEOUS PROVISIONS

15.1 NOT CONTRACT OF EMPLOYMENT. The adoption and maintenance of the Plan shall not be deemed to be a contract between the Employer and any person or to be consideration for the employment of any person. Nothing herein contained shall be deemed to give any person the right to be retained in the employ of the Employer or to restrict the right of the Employer to discharge any person at any time, nor shall the Plan be deemed to give the Employer the right to require any person to remain in the employ of the Employer or to restrict any person's right to terminate his employment at any time.

15.2 ALIENATION OF INTEREST FORBIDDEN. Except as may be provided by any applicable law, no right or interest of any kind in any benefit under the Plan shall be transferable or assignable by any Member or any Beneficiary or be subject to anticipation, adjustment, alienation, encumbrance, garnishment, attachment, execution, or levy of any kind.

15.3 PAYMENTS TO MINORS AND INCOMPETENTS. If a Member or Beneficiary entitled to receive a benefit under the Plan is a minor, is determined by the Committee in its discretion to be incompetent, or is adjudged by a court of competent jurisdiction to be legally incapable of giving valid receipt and discharge for a benefit provided under the Plan, the Committee may pay such benefit to the duly appointed guardian or conservator of such Member or Beneficiary for the account of such Member or Beneficiary. If no guardian or conservator has been appointed for such Member or Beneficiary, the Committee may pay such benefit to any third party who is determined by the Committee, in its sole discretion, to be authorized to receive such benefit for the account of such Member or Beneficiary. Such payment shall operate as a full discharge of all liabilities and obligations of the Committee, the Employer, and any fiduciary of the Plan with respect to such benefit.

15.4 SEVERABILITY. If any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining provisions hereof, but each provision shall be fully severable and the Plan shall be construed and enforced as if said illegal or invalid provision had never been included herein.

15.5 WITHHOLDING OF TAXES. The Company shall withhold or cause to be withheld from a Member's current compensation and from all payments made to Members and Beneficiaries pursuant to the Plan all applicable income, FICA and any other taxes required to be withheld by the payor.

15.6 JURISDICTION. The situs of the Plan hereby created is Texas. All provisions of the Plan shall be construed in accordance with the laws of Texas except to the extent preempted by federal law.

EXECUTED for all purposes effective as provided above.

INTEGRATED ELECTRICAL SERVICES, INC.

By: /s/ KENT M. EDWARDS

Name: Kent M. Edwards

Title: Vice President

EXHIBIT 99.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report of Integrated Electrical Services, Inc. (the "Company") on Form 10-Q for the period ending December 31, 2002 (the "Report"), I, Herbert R. Allen, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Herbert R. Allen
- --------------------------------
Herbert R. Allen
Chief Executive Officer
January 29, 2003

EXHIBIT 99.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report of Integrated Electrical Services, Inc. (the "Company") on Form 10-Q for the period ending December 31, 2002 (the "Report"), I, William W. Reynolds, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ William W. Reynolds
- --------------------------------
William W. Reynolds
Chief Financial Officer
January 29, 2003