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

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of report (Date of earliest event reported):
April 26, 2006

INTEGRATED ELECTRICAL SERVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-13783
(Commission
File Number)

76-0542208
(IRS Employer
Identification No.)

1800 West Loop South, Suite 500
Houston, Texas
(Address of principal
executive offices)

77027
(Zip Code)

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

(Former name or former address, if changed since last report): Not applicable

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 1.03 Bankruptcy or Receivership

On April 26, 2006, the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the “Bankruptcy Court”) confirmed the Second Amended Joint Plan of Reorganization (the “Plan”) of Integrated Electrical Services, Inc. (“IES” or the “Company”) and all of its domestic subsidiaries (the “Debtors”).

The Chapter 11 Cases

On February 14, 2006 (the “Commencement Date”), the Debtors filed voluntary petitions for reorganization (the “Chapter 11 Cases”) under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”) in the Bankruptcy Court. The Bankruptcy Court is jointly administering these cases as “In re Integrated Electrical Services, Inc. et. al., Case No. 06-30602-BJH-11.” Since the Commencement Date, the Debtors have continued to operate their businesses and manage their properties as debtors in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. On February 27, 2006, the United States Trustee appointed an Official Committee of Unsecured Creditors. On March 8, 2006, the United States Trustee appointed an Official Equity Holders Committee.

On the Commencement Date, the Debtors filed a Joint Plan of Reorganization and the related Disclosure Statement with the Bankruptcy Court. On March 10, 2006, the Debtors filed a First Amended Joint Plan of Reorganization and the related First Amended Disclosure Statement with the Bankruptcy Court. On March 10, 2006, the Bankruptcy Court approved the adequacy of information in the First Amended Disclosure Statement. On March 17, 2006, the Debtors filed the Plan and the related Second Amended Disclosure Statement (the “Disclosure Statement”), each of which were distributed, along with ballots, to creditors and equity interest holders entitled to vote on the Plan.

On April 26, 2006, the Bankruptcy Court entered an order (Docket No. 387) (the “Confirmation Order”) approving and confirming the Plan. The Effective Date of the Plan is expected to be in the first half of May 2006 (the “Effective Date”). A copy of the Plan as confirmed by the Bankruptcy Court and a copy of the Confirmation Order are attached as Exhibits 2.1 and 2.2, respectively, to this Current Report on Form 8-K and are incorporated herein by reference. Capitalized terms used but not defined herein shall have the meaning set forth in the Plan. A copy of the press release announcing the Bankruptcy Court’s confirmation of the Plan is attached hereto as Exhibit 99.1.

The following is a summary of the material terms of the Plan. This summary highlights only certain provisions of the Plan and is not a complete description of that document. Therefore, this summary is qualified in its entirety by reference to the Plan.

Plan of Reorganization

The Plan permits the Debtors to continue their business as a going concern, although the Company has previously disclosed in its Current Report on Form 8-K/A dated April 3, 2006 that it has committed to the winding-down or earlier sale or disposition of certain underperforming subsidiaries, which were identified in its subsequent Current Report on Form 8-K dated April 5, 2006. If the Plan is consummated, on the Effective Date or as soon as reasonably practicable thereafter, the Debtors will make distributions in respect of certain Classes of Claims and Equity Interests as provided in the Plan.

Purpose

The primary purpose of the Plan is to effectuate the restructuring of the Debtors’ capital structure (the “Restructuring”), to improve free cash flow, strengthen the balance sheet, and enhance surety bonding capacity. Presently, the Debtors have a substantial amount of indebtedness outstanding under the Senior Subordinated Notes and the Senior Convertible Notes. If the Debtors are not able to consummate the Restructuring, the Debtors will likely have to formulate an alternative plan, and the Debtors’ financial condition and the value of their securities will likely be further materially adversely affected.

The Restructuring will reduce the amount of the Debtors’ outstanding indebtedness by approximately \$173 million plus accrued and unpaid interest thereon by converting all of the Senior Subordinated Notes into equity of Reorganized IES through the transfer of Senior Subordinated Note Claims to the Debtors in exchange for a portion of the shares of New IES Common Stock. Following consummation of the Restructuring, IES’s long-term debt is expected to be approximately \$58 million, comprised of approximately \$53 million borrowed and outstanding under

the Term Exit Facility and approximately \$8.3 million borrowed and outstanding under the Revolving Exit Facility. Among other things, pursuant to the Restructuring:

- Each Holder of Senior Subordinated Notes would receive, in exchange for its total Claim (including principal and interest), its Pro Rata portion of 82% of the New IES Common Stock to be issued pursuant to the Plan, before giving effect to the New Options issued pursuant to the 2006 Long Term Incentive Plan.
- Each Holder of IES Common Stock Interests would receive its Pro Rata portion of 15% of the New IES Common Stock to be issued pursuant to the Plan, before giving effect to the New Options issued pursuant to the 2006 Long Term Incentive Plan.
- Certain members of Reorganized Debtors' management would receive restricted shares of New IES Common Stock equal to 3% of the New IES Common Stock to be issued pursuant to the Plan, before giving effect to the New Options issued pursuant to the 2006 Long Term Incentive Plan.
- On the Effective Date, the sole equity interests in Reorganized IES would consist of New IES Common Stock issued to the Holders of Senior Subordinated Notes, Holders of IES Common Stock Interests and certain members of Reorganized IES's management and New Options to be issued to certain key employees of the Debtors pursuant to the 2006 Long Term Incentive Plan, which will be exercisable for up to 10% of the New IES Common Stock on a fully diluted basis.
- The Debtors' obligations under existing operating leases and trade credit extended to the Debtors by their vendors and suppliers, would be Unimpaired.
- On the Effective Date, the Reorganized Debtors will enter into the Revolving Exit Facility.
- The \$50 million in outstanding Senior Convertible Notes and related IES Subsidiary Guarantees will be refinanced from the proceeds of the Term Exit Facility.
- On the Commencement Date, the Debtors filed motions to approve the CHUBB DIP Bonding Facility and the SureTec DIP Bonding Facility, including the assumption of the underlying bonded contracts. The motions were approved on an interim basis by the Bankruptcy Court on February 15, 2006 and on a final basis on March 13, 2006. The Scarborough DIP Bonding Facility was also approved on a final basis on March 13, 2006. On the Effective Date, the Claims of the Debtors' sureties, CHUBB, SureTec and Scarborough, if any, will be Reinstated under the Plan.

Treatment of Claims and Interests

Under the Plan, Claims against and Equity Interests in the Debtors are divided into Classes. Certain Claims, including Administrative Claims and Priority Tax Claims are not classified and will receive payment in full in Cash on the Distribution Date, as such claims are liquidated, or as agreed with the Holders of such Claims. All other Claims and Equity Interests will receive the Distributions and recoveries (if any) described in the table below.

The table below summarizes the classification and treatment of the Claims and Equity Interests under the Plan. The Plan should be consulted for further detail. Estimated Claim amounts are based upon balances as of December 31, 2005. Estimated recovery percentages are based upon the mid-point total Enterprise Value of the Debtors as determined by Gordian Group, LLC, the Debtors' financial advisor (see Section VIII.D of the Disclosure Statement — "FEASIBILITY OF THE PLAN AND THE BEST INTERESTS OF CREDITORS TEST — VALUATION OF THE REORGANIZED DEBTORS"). The actual Allowed amount and recovery percentage may vary materially depending upon the nature and extent of Claims actually asserted.

Class	Claim/Equity Interest	Treatment of Claim/Equity Interest	Estimated Aggregate Amount of Allowed Claims or Equity Interests	Estimated Percentage Recovery of Allowed Claims or Equity Interests
Class 1	Priority Claims	Unimpaired	n/a	100%
Class 2	Credit Agreement Claims	Unimpaired	n/a	100%
Class 3	Secured Claims	Unimpaired	n/a	100%
Class 4	Unsecured Claims	Unimpaired	Approximately \$48mm	100%
Class 5	Senior Convertible Note Claims	Impaired	\$50mm plus interest accrued through the Commencement Date, and certain postpetition interest and other amounts	100%
Class 6	Senior Subordinated Note Claims	Impaired	\$172.9mm plus accrued interest through the Commencement Date	69%
Class 7	Subordinated Claims	Unimpaired	-0-	n/a
Class 8	IES Common Stock Interests	Impaired	n/a	15% of New IES Common Stock
Class 9	IES Other Equity Interests	Impaired	n/a	0%
Class 10	IES Subsidiary Debtor Interests	Unimpaired	n/a	100% (Reinstated)

Corporate Action; Cancellation of Securities

As of the Effective Date, the Certificates evidencing the Existing Securities shall evidence solely the right to receive from the Debtors the Distribution of the consideration, if any, set forth in Article 3.03 of the Plan. On the Effective Date, except as otherwise provided for in the Plan, and except to the extent that the Term Exit Facility does not close and the Debtors elect to Reinstate the Senior Convertible Notes and related IES Subsidiary Guarantees, (a) the Existing Securities, to the extent not already cancelled, shall be deemed cancelled and of no further force or effect without any further action on the part of the Bankruptcy Court or any other Person, and (b) the obligations of the Debtors under the Existing Securities and under the Debtors' certificates of incorporation, limited partnership, or formation, any agreements, indentures, or certificates of designations governing the Existing Securities shall be terminated and discharged; provided, however, that each indenture or other agreement that governs the rights of the Holder of a Claim based upon the Existing Securities and that is administered by an indenture trustee, agent, or servicer shall continue in effect solely for the purposes of (x) allowing such indenture trustee, agent, or servicer to make the Distributions to be made on account of such Claims under the Plan and (y) permitting such indenture trustee, agent, or servicer to maintain any rights it may have for fees, costs, expenses, and indemnification under such indenture or other agreement. Additionally, the cancellation of any indenture shall not impair the rights and duties under such indenture as between the indenture trustee thereunder and the beneficiaries of the trust created thereby. Additionally, as of the Effective Date, all IES Other Equity Interests, to the extent not already cancelled, shall be cancelled. For avoidance of doubt, the IES Other Equity Interests will include all options to purchase IES Common Stock that, immediately prior to the Effective Date, are issued and outstanding but have not been exercised in accordance with the terms and conditions of the applicable IES long-term incentive plans and related agreements pursuant to which such options were granted or that have not been deemed exercised pursuant to Article 4.05 of the Plan or that have been deemed under the provisions of Article 4.05 of the Plan to be IES Other Equity Interests. The IES Subsidiary Debtor Interests shall not be cancelled, but shall be Reinstated and shall vest in Reorganized IES or the respective Reorganized Debtors, as the case may be, as of the Effective Date.

New Securities

A total of 15,404,172 shares of New IES Common Stock will be issued as follows:

As of the Effective Date, 12,631,421 shares of New IES Common Stock shall be issued, on a Pro Rata basis, to Holders of Allowed Senior Subordinated Note Claims in full satisfaction of and in exchange for their Allowed Senior Subordinated Note Claims. As a result, the Holders of the Allowed Senior Subordinated Note Claims will own 82% of the shares of New IES Common Stock issued and outstanding as of the Effective Date, subject to dilution by the issuance of shares of New IES Common Stock upon exercise of the New Options granted pursuant to the 2006 Long Term Incentive Plan.

As of the Effective Date, 2,310,626 shares of New IES Common Stock shall be issued, on a Pro Rata basis, to the Holders of IES Common Stock Interests in full satisfaction of and in exchange for such IES Common Stock Interests. As a result, the Holders of IES Common Stock Interests will own 15% of the shares of New IES Common Stock issued and outstanding as of the Effective Date, subject to dilution by the issuance of shares of New IES Common Stock upon exercise of the New Options granted pursuant to the 2006 Long Term Incentive Plan.

As of the Effective Date, 462,125 shares of Restricted New IES Common Stock, representing 3% of the shares of New IES Common Stock issued and outstanding as of the Effective Date, shall be issued to certain members of Reorganized IES's management as part of the 2006 Long Term Incentive Plan. Existing IES management will receive 2.5% of the shares of New IES Common Stock issued and outstanding as of the Effective Date and 0.5% will be reserved for the new Chief Executive Officer and/or other new key employees, to be allocated by the board of directors of Reorganized IES. The Restricted New IES Common Stock to be issued on the Effective Date will vest one-third (1/3) on January 1, 2007 (the "Initial Vesting Date"), one-third (1/3) on the first anniversary of the Initial Vesting Date, and one-third (1/3) on the second anniversary of the Initial Vesting Date; provided, however, that if a person receiving Restricted New IES Common Stock is involuntarily terminated by Reorganized IES, without cause, prior to the Initial Vesting Date, the portion of the Restricted New IES Common Stock allocated to such person that would have vested on the Initial Vesting Date absent the termination will automatically vest upon such termination.

As of the Effective Date, and without the requirement of any further action by any Entity, each former Holder of an Allowed Senior Subordinated Note Claim that becomes an owner of at least 10% of the shares of New IES Common Stock issued and outstanding as of such date or shall otherwise be an affiliate of Reorganized IES shall become a party to a Registration Rights Agreement with Reorganized IES. The Registration Rights Agreement shall require Reorganized IES to file a "shelf" registration statement covering resales of New IES Common Stock after the Effective Date and shall provide the stockholders that are parties thereto with demand and piggyback registration rights following the expiration of such "shelf" registration statement on the terms set forth in the Registration Rights Agreement. The Registration Rights Agreement shall be substantially in the form set forth in the Plan Supplement.

As of the Effective Date, the board of directors of the Reorganized IES shall be authorized to issue the New Options to purchase an aggregate of up to ten percent (10%) of the number of fully diluted outstanding shares of New IES Common Stock as of the Effective Date in accordance with the 2006 Long Term Incentive Plan.

Exit Facilities

On the Effective Date, Reorganized IES and certain of the IES Subsidiaries, as borrowers, and each of its non-borrower Reorganized Subsidiaries, as guarantors, will enter into two Exit Facilities, which will consist of the Revolving Exit Facility and the Term Exit Facility. The Revolving Exit Facility will provide liquidity for working capital and other general corporate purposes to Reorganized IES and its debtor and non-debtor subsidiaries following the conclusion of the Chapter 11 Cases, and the Term Exit Facility will be available to refinance the Senior Convertible Notes. A portion of the proceeds of the Revolving Exit Facility shall be used to refinance the principal balance of loans outstanding under the DIP Credit Documents, and any outstanding letters of credit under the DIP Facility, if not continued under the Revolving Exit Facility, will be either cash collateralized or back-stopped with new letters of credit from the Revolving Exit Facility.

Injunctions, Releases and Exculpation

1. Injunction

All injunctions or stays provided for in the Chapter 11 Cases pursuant to sections 105 and 362 of the Bankruptcy Code or otherwise and in effect on the Confirmation Date, shall remain in full force in effect until the Effective Date. Except as otherwise provided in the Plan or the Confirmation Order, all Persons or Entities that have held, hold or may hold Claims or Causes of Action against or Equity Interests in any of the Debtors are, as of the Effective Date permanently enjoined from taking any of the following actions against any of the Debtors and their Estates, the Reorganized Debtors, or their property or assets, on account of such Claims, Causes of Action or Equity interests: (a) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding relating to such Claim, Cause of Action or Equity Interest; (b) enforcing, levying, attaching, collecting or otherwise recovering in any manner or by any means, whether directly or indirectly, any judgment, award, decree or order relating to such Claim, Cause of Action or Equity Interest; (c) creating, perfecting or enforcing in any manner, directly or indirectly, any lien relating to such Claim, Cause of Action or Equity Interest; (d) asserting any setoff, right of subrogation or recoupment of any kind, directly or indirectly, against any debt, liability or obligation due to the Debtors relating to such Claim, Cause of Action or Equity Interest; and (e) proceeding in any manner in any place whatsoever that does not conform to or comply with or is inconsistent with the provisions of the Plan or the Confirmation Order. Notwithstanding this section, the set off rights of any holders of Allowed Claims are preserved to the extent of applicable law.

2. Debtors' Releases

As of the Effective Date, the Debtors as Debtors in Possession and the Reorganized Debtors will be deemed to forever release, waive and discharge all Claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities (other than the rights of the Debtors and the Reorganized Debtors to enforce the Plan and the contracts, instruments, releases and other agreements or documents delivered under the Plan) whether direct or derivative, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date, or in any way relating to the restructuring of the Debtors, the Chapter 11 Cases, the Plan, or the Disclosure Statement, and that could have been asserted by or on behalf of the Debtors or their Estates against (a) the directors, officers and employees of any of the Debtors and the Debtors' agents, advisors and professionals serving as of the Commencement Date, in each case in their capacity as such, (b) the Holders of Senior Subordinated Note Claims, including the Supporting Noteholders, and the Senior Subordinated Notes Indenture Trustee, and the agents, advisors and professionals of same, in each case in their capacity as such, (c) the holders of Credit Agreement Claims and Claims under the DIP facility, and the agents, advisors and professionals of same, in each case in their capacity as such, and (d) the members of any Committee, including the Ad Hoc Committee, and its agents, advisors and professionals, in each case in their capacity as such; provided, however, nothing in Article 13.06 of the Plan shall be construed to release or exculpate any Person or Entity from fraud, willful misconduct, criminal conduct, or unauthorized use of confidential information that causes damages or for personal gain.

3. Exculpation and Limitation of Liability

The Debtors, the Reorganized Debtors, the Holders of Senior Subordinated Note Claims, the Supporting Noteholders, the Senior Secured Lenders, the DIP Lenders, the Senior Subordinated Notes Indenture Trustee, the Committee, the Ad Hoc Committee and any and all of their respective present and former members, officers, directors, employees, equity interest holders, partners, affiliates, advisors, attorneys, and agents, and any of their successors or assigns, shall not have or incur any liability to any Holder of a Claim or an Equity Interest, or any other party-in-interest, or any of their respective agents, employees, equity interest holders, partners, members, representatives, financial advisors, attorneys, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of the negotiation, solicitation, and/or distribution of the Plan and Disclosure Statement, the administration of the Chapter 11 Cases, the solicitation of acceptances of the Plan, the pursuit of Confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for their willful misconduct or gross negligence, and in all respects they shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities.

Conditions to the Effective Date

The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived in accordance with Article 9.04 of the Plan:

- (a) The Confirmation Order shall have been entered by the Bankruptcy Court.
- (b) The Confirmation Order shall have become a Final Order.
- (c) All authorizations, consents, and regulatory approvals required, if any, in connection with the consummation of the Plan shall have been obtained.
- (d) The Debtors shall have executed and delivered all documents necessary to effectuate the issuance of the New Securities and the New Notes and New IES Subsidiary Guarantees (if applicable).
- (e) All other actions, documents, and agreements necessary to implement the Plan shall have been effected or executed.
- (f) All documents referenced in subsections (d) and (e) of this paragraph, including all documents in the Plan Supplement, shall be reasonably acceptable to the Ad Hoc Committee.
- (g) No stay of the consummation of the Plan shall be in effect.

Furthermore, it shall be a condition to the effectiveness of the Plan that (i) the Term Exit Facility shall have closed and Cash from the proceeds of such facility shall be available to pay the Holders of the Allowed Senior Convertible Note Claims as required by Article 3.03(e)(ii) of the Plan, (ii) the Bankruptcy Court shall have entered an order, following a Contingency Hearing approving either (a) the Reinstatement Treatment, or (b) the New Note Exchange Treatment, or (iii) if a requirement for a Contingency Hearing is waived by the Holders of the Senior Convertible Notes, the Debtors and the Holders of the Senior Convertible Notes shall have reached an agreement on the applicable treatment. If a Contingency Hearing is convened and the Bankruptcy Court sustains objections asserted by the Senior Convertible Notes Indenture Trustee or Holders of Senior Convertible Note Claims to confirmation of the Plan (whether such objections relate to the proposed treatment of the Senior Convertible Note Claims or other confirmation issues), the Bankruptcy Court shall forthwith vacate the Confirmation Order.

Information as to Assets and Liabilities

Information as to the Debtors' assets and liabilities as of the most recent practicable date is contained in the Monthly Operating Report for the monthly period ended February 28, 2006, filed with the Bankruptcy Court on March 28, 2006, and included as exhibit 99.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on March 30, 2006 and incorporated herein by reference.

This current report on Form 8-K includes certain statements that may be deemed to be "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on the Company's expectations and involve risks and uncertainties that could cause the Company's actual results to differ materially from those set forth in the statements. Such risks and uncertainties include, but are not limited to, the inability to satisfy the conditions set forth in its reorganization plan and thereupon exit from Chapter 11 protection, the inability to reach agreement with our lenders and surety providers on any exit facilities, the residual effect with customers and vendors from the bankruptcy process, the delayed effect of less new projects awarded to the company during the bankruptcy and its effect on future financial results, the lowered efficiency and higher costs associated with projects at subsidiaries that the company has determined to wind down or close; the loss of employees during the bankruptcy process and the winding down of subsidiaries distraction of management time in winding down and closing subsidiaries, high costs associated with exit facilities and exiting the bankruptcy, concerns created by the Well's notices received by IES and one of its officers, difficulties in fulfilling the more restrictive terms of credit facility and term facility lending the inherent uncertainties relating to estimating future operating results or our ability to generate sales, operating income, or cash flow, potential difficulty in addressing a material weakness in the company's accounting systems that has been identified by the company and its independent auditors, potential limitations on our ability to access the credit line under our credit facility, litigation risks and uncertainties, fluctuations in operating results because of downturns in levels of construction, inaccurate estimates used in entering into and executing contracts, difficulty in managing the operation of existing entities while emerging from bankruptcy, the high level of competition in the construction industry both from third parties and ex-employees, changes in interest rates that could effect the level of construction, the general level of the economy, increases in costs or limitations on availability of labor, steel, copper and gasoline, limitations on the availability and the increased costs of surety bonds required for certain projects, inability to provide sufficient bonding needed for available work, risk associated with failure to provide surety bonds on jobs where we have commenced work or are otherwise contractually obligated to provide surety bonds, loss of key personnel, business disruption and costs associated with the Securities and Exchange Commission investigation now pending and the associated Wells notice delivered to the company and other litigation that may arise from time to time, unexpected liabilities associated with warranties or other liabilities attributable to the retention of the legal structure or retained liabilities of business units where we have sold substantially all of the assets, inability to fulfill the terms of any exit facility, inability of subsidiaries to incorporate new accounting, control and operating procedures, inaccuracies in estimating revenues and percentage of completion on contracts, lack of an established trading market for the company's new class of common stock contemplated by the company's plan of reorganization; inability to successfully restructure our operations to reduce operating losses; and unexpected weather interference. You should understand that the foregoing important factors, in addition to those discussed in our other filings with the Securities and Exchange

Commission, including those under the heading ‘Risk Factors’ contained in our annual report on Form 10-K for the fiscal year ended September 30, 2005 and our quarterly report on Form 10-Q for the quarter ended December 31, 2005, could affect our future results and could cause results to differ materially from those expressed in such forward-looking statements. We undertake no obligation to publicly update or revise the Company’s borrowing availability, its cash position or any forward-looking statements to reflect events or circumstances that may arise after the date of this report.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
2.1*	Debtors’ Second Amended Joint Plan of Reorganization
2.2*	Order Confirming Debtors’ Second Amended Joint Plan of Reorganization
99.1*	Press Release, dated April 26, 2006

* Filed herewith

** The Debtors filed with the Bankruptcy Court the following attachments to the Plan as a Plan Supplement, which, as permitted by Item 601(b)(2) of Regulation S-K, have been omitted from this Current Report on Form 8-K:

First Plan Supplement

- Exhibit A. Reorganized IES’s Bylaws and Certificate of Incorporation
- Exhibit B. Registration Rights Agreement
- Exhibit C. 2006 Long Term Incentive Plan
- Exhibit D. Form of the Restricted New IES Common Stock Agreement
- Exhibit E. Employment Agreement dated February 13, 2006, between C. Byron Snyder and Integrated Electrical Services, Inc.

Second Plan Supplement

- Exhibit A. List of the proposed directors of Reorganized IES
- Exhibit B. List of executory contracts and unexpired leases of nonresidential real property proposed to be rejected in accordance with the terms of the Plan

The Company will furnish supplementally a copy of any attachment to the Plan to the Securities and Exchange Commission upon request.

SIGNATURES

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

INTEGRATED ELECTRICAL SERVICES, INC.

By: /s/ Curt L. Warnock

Curt L. Warnock

Senior Vice President and General Counsel

Date: April 27, 2006

EXHIBIT INDEX

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* Filed herewith

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

IN RE:

INTEGRATED ELECTRICAL SERVICES,
INC., ET AL.,

DEBTORS.

§
§
§
§
§

CASE NO. 06-30602-BJH-11
Chapter 11

(JOINTLY ADMINISTERED)

**SECOND AMENDED JOINT PLAN OF
REORGANIZATION OF INTEGRATED ELECTRICAL SERVICES, INC.
AND CERTAIN OF ITS DIRECT AND INDIRECT SUBSIDIARIES
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

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Certain of its Direct and Indirect Subsidiaries

Dated: Dallas, Texas
March 17, 2006

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Integrated Electrical Services, Inc. and those direct and indirect subsidiaries set forth on Addendum 1, as debtors and debtors in possession (collectively, the “Debtors”), jointly propose the following plan of reorganization under Chapter 11 of the Bankruptcy Code.

ARTICLE I
DEFINITIONS, RULES OF INTERPRETATION, AND COMPUTATION OF TIME

1.01 Definitions. The following terms used in the Plan shall have the respective meanings defined below:

“2006 Long Term Incentive Plan” means the Long Term Incentive Plan to be adopted by the Reorganized Debtors on the Effective Date under the Plan providing for the issuance of options or other securities of up to 10% of the fully diluted shares of New IES Common Stock outstanding as of the Effective Date, and pursuant to which Restricted New IES Common Stock and the New Options will be issued.

“Ad Hoc Committee” means the ad hoc committee of the Supporting Noteholders. Any action taken by or consent required of the Ad Hoc Committee shall be authorized if approved by the Majority Supporting Noteholders.

“Administrative Claim” means a Claim for payment of an administrative expense of a kind specified in section 503(b) of the Bankruptcy Code and entitled to priority under section 507(a)(2) of the Bankruptcy Code, including (a) actual, necessary costs and expenses, incurred after the Commencement Date, of preserving the Debtors’ Estates and operating their businesses, including wages, salaries, or commissions for services rendered after the Commencement Date, (b) Professional Fee Claims, (c) all fees and charges assessed against the Estates under chapter 123 of title 28, United States Code, (d) the reasonable post-petition fees and expenses of the Indenture Trustees, including any successors thereto, including reasonable attorney’s fees and expenses of such Indenture Trustees and (e) any obligations under the DIP Facility.

“Administrative Claims Bar Date” means the date, if any, designated by the Bankruptcy Court as the last date for filing proofs of Administrative Claims against the Debtors.

“Affiliate” shall have the meaning set forth in section 101(2) of the Bankruptcy Code.

“Allowed” means, with reference to any Claim: (a) any Claim against any Debtor that is listed by such Debtor in the Schedules, as may be amended by the Debtors from time to time in accordance with Bankruptcy Rule 1009, as liquidated in amount and not disputed or contingent, and for which no contrary proof of claim or objection to claim has been timely filed; (b) any Claim allowed hereunder; (c) any Claim, or portion thereof, that is not Disputed; (d) any Claim that is compromised, settled or otherwise resolved pursuant to a Final Order of the Bankruptcy Court or under the Plan; or (e) any Claim which, if Disputed, has been Allowed by Final Order or ceased to be Disputed; provided, however, that Claims allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Bankruptcy Court shall not be considered an Allowed Claim hereunder. Unless otherwise specified herein or by order of the Bankruptcy Court, an Allowed Administrative Claim or Allowed Claim shall not, for any

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purpose under the Plan, include interest on such Administrative Claim or Claim from and after the Commencement Date.

“Allowed Claim” means any Claim that has been Allowed.

“Allowed Equity Interest” means an Equity Interest in IES that has been or hereafter is listed by IES in its books and records as liquidated in number or amount and not disputed or contingent; provided, however, that to the extent an Equity Interest is a Disputed Equity Interest, the determination of whether such Equity Interest will be Allowed and/or the amount of any such Equity Interest will be determined, resolved, or adjudicated, as the case may be, in the manner in which such Equity Interest would have been determined, resolved, or adjudicated if the Chapter 11 Cases had not been commenced; provided, however, that the Reorganized Debtors may, in their discretion, bring an objection or other motion before the Bankruptcy Court with respect to resolution of a Disputed Equity Interest.

“Ballots” means each of the ballot forms (including Master Ballots) distributed with the Disclosure Statement to Holders of Eligible Claims and Eligible Equity Interests.

“Bankruptcy Code” means The Bankruptcy Reform Act of 1978, as codified in title 11 of the United States Code, as now in effect or hereafter amended.

“Bankruptcy Court” means the United States Bankruptcy Court for the Northern District of Texas, Dallas Division, or any other court with jurisdiction over the Chapter 11 Cases.

“Bankruptcy Rules” means collectively, the Federal Rules of Bankruptcy Procedure and the Official Bankruptcy Forms, the Federal Rules of Civil Procedure, as applicable to the Chapter 11 Cases or proceedings therein, and the Local Rules of the Bankruptcy Court, all as now in effect or hereafter amended.

“BoFA” means Bank of America, N.A., the collateral and administrative agent under the Credit Agreement, the DIP Facility and the Revolving Exit Facility.

“Business Day” means any day, excluding Saturdays, Sundays or “legal holidays” (as defined in Bankruptcy Rule 9006(a)), on which commercial banks are open for business in New York, New York.

“Cash” means legal tender of the United States of America.

“Causes of Action” means all actions, causes of action, liabilities, obligations, rights, suits, damages, judgments, remedies, demands, setoffs, defenses, recoupments, crossclaims, counterclaims, third-party claims, indemnity claims, contribution claims or any other claims or causes of action whatsoever, whether known or unknown, matured or unmatured, fixed or contingent, liquidated or unliquidated, disputed or undisputed, suspected or unsuspected, foreseen or unforeseen, direct or indirect, choate or inchoate, existing or hereafter arising, in law, equity, or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Commencement Date or during the course of the Chapter 11 Cases, including through the Effective Date.

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“Certificate” means any certificate, instrument, or other document evidencing an Existing Security.

“Chapter 11 Cases” means the jointly administered Chapter 11 cases of the Debtors.

“CHUBB” means the Debtors’ primary surety bond provider, Federal Insurance Company, an Indiana corporation and part of the CHUBB group of insurance companies.

“CHUBB DIP Bonding Facility” means the \$48 million post-petition bonding facility with CHUBB.

“Claim” means a claim, as defined in section 101(5) of the Bankruptcy Code, against a Debtor.

“Class” means one of the classes of Claims or Equity Interests described in the Plan.

“Commencement Date” means the date on which the Debtors file their voluntary petitions for relief commencing the Chapter 11 Cases.

“Committee” means any official committee of creditors appointed in the Chapter 11 Cases, as such committee may be reconstituted from time to time.

“Confirmation” means the Bankruptcy Court’s confirmation of the Plan in accordance with section 1129 of the Bankruptcy Code.

“Confirmation Date” means the date of entry of the Confirmation Order on the docket of the Bankruptcy Court.

“Confirmation Hearing” means the Bankruptcy Court’s hearing to consider Confirmation of the Plan, as it may be adjourned or continued from time to time.

“Confirmation Order” means the Bankruptcy Court’s order confirming the Plan under section 1129 of the Bankruptcy Code.

“Credit Agreement” means that certain Loan and Security Credit Agreement, dated as of August 1, 2005, among IES and certain of the IES Subsidiaries, as borrowers or guarantors thereunder, the several banks and other financial institutions from time to time parties thereto, and BofA, as administrative agent, and all related guaranty, security, and other documents executed in connection therewith.

“Credit Agreement Claim” means a Claim arising under the Credit Agreement.

“Cure” means the payment of Cash by a Debtor, or the Distribution of other property (as the parties may agree or the Bankruptcy Court may order), as necessary to cure a default by a Debtor under an executory contract or unexpired lease of a Debtor and to permit a Debtor to assume such contract or lease under section 365(a) of the Bankruptcy Code.

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“Debtor” means each of IES and the IES Subsidiaries on and after the Commencement Date, and “Debtors” means all of them collectively, and when the context so requires, in their capacity as debtors and debtors in possession under sections 1107 and 1108 of the Bankruptcy Code.

“DIP Agent” means BofA as administrative agent for the DIP Lenders.

“DIP Commitment Letter” means the letter between IES and BofA setting forth the general terms and conditions of the DIP Facility.

“DIP Credit Agreement” means the credit agreement with respect to the DIP Facility.

“DIP Credit Documents” means the DIP Credit Agreement and related guaranty, security and other documents in form and substance reasonably satisfactory to the DIP Lenders and the DIP Agent.

“DIP Effective Date” means the date upon which all conditions precedent to the effectiveness of the DIP Credit Documents are satisfied or waived in writing by the DIP Lenders.

“DIP Facility” means that certain \$80 million revolving loan and letter of credit facility as described in the DIP Commitment Letter.

“DIP Lenders” means the lenders under the DIP Credit Documents.

“Disallowed Claim” means any Claim against any Debtor that has been disallowed, in whole or in part, by Final Order of the Bankruptcy Court, or that has been withdrawn, in whole or in part, by the Holder thereof.

“Disallowed Equity Interest” means any Equity Interest in any Debtor that has been disallowed, in whole or in part, by Final Order of the Bankruptcy Court, or that has been withdrawn, in whole or in part, by the Holder thereof.

“Disbursing Agent” means the Reorganized Debtors or any party designated by the Reorganized Debtors, in their sole discretion, and approved by the Bankruptcy Court if other than a Debtor, to serve as a disbursing agent under the Plan.

“Disclosure Statement” means the disclosure statement relating to and describing the Plan, as amended, supplemented or modified from time to time, that is distributed in accordance with sections 1125 and/or 1145 of the Bankruptcy Code and Bankruptcy Rule 3018.

“Disputed” means, with respect to any Claim or Equity Interest, any Claim or Equity Interest to which the Debtors or any other party in interest has interposed a timely objection or request for estimation in accordance with the Bankruptcy Code and the Bankruptcy Rules or that is otherwise disputed by the Debtors in accordance with applicable law, which objection, request for estimation, or dispute has not been settled, waived, withdrawn, or determined by a Final Order. A Claim that is Disputed by the Debtors as to its amount only shall be deemed Allowed in the amount the Debtors admit owing, if any, and Disputed as to the excess.

“Distribution” means any distribution made under the Plan to the Holders of Allowed Claims or Allowed Equity Interests.

“Distribution Date” means the date, occurring as soon as reasonably practicable after the Effective Date, on which the Disbursing Agent first makes Distributions to Holders of Allowed Claims and Allowed Equity Interests, if any, as provided in the Plan.

“Effective Date” means the first Business Day (a) on which all conditions to the Plan’s consummation set forth in Article 9.02 have been satisfied or waived and (b) that is the date on which the Plan is substantially consummated.

“Eligible Claims” means the Senior Subordinated Note Claims and the Senior Convertible Note Claims, the Holders of which are entitled to vote under Article 8.01 of the Plan to accept or reject the Plan.

“Eligible Equity Interests” means the IES Common Stock Interests, the Holders of which are entitled to vote under Article 8.01 of the Plan to accept or reject the Plan.

“Employments Agreements” means the employment agreements to be assumed by the Debtors.

“Entity” shall have the meaning set forth in section 101(15) of the Bankruptcy Code.

“Equity Committee” means the Official Committee of Equity Holders appointed by the United States Trustee on March 8, 2006.

“Equity Interests” means IES Common Stock Interests, IES Other Equity Interests, and IES Subsidiary Debtor Interests.

“Estate” means the estate of any of the Debtors in the Chapter 11 Cases, and “Estates” means, collectively, the estates of all of the Debtors in the Chapter 11 Cases, as created under section 541 of the Bankruptcy Code.

“Exchange Act” means the Securities Exchange Act of 1934, as now in effect or hereafter amended.

“Existing Securities” means all Equity Interests, Senior Subordinated Notes, and Senior Convertible Notes.

“Face Amount” means when used in reference to (a) a Disputed Claim, the full stated amount claimed by the Holder thereof in any proof of Claim timely filed with the Bankruptcy Court, (b) an Allowed Claim, the Allowed amount thereof, and (c) an Equity Interest, the number of shares evidencing such Equity Interests.

“Final Order” means (a) an order or judgment of the Bankruptcy Court as to which the time to appeal, petition for certiorari, or other proceedings for reargument or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for reargument or rehearing shall then be pending or (b) in the event that an appeal, petition for certiorari, or

motion for reargument or rehearing has been sought, such order of the Bankruptcy Court shall have been affirmed by the highest court to which such order was appealed or from which reargument or rehearing was sought, or certiorari has been denied, and the time to take any further appeal, petition for certiorari or other proceedings for reargument or rehearing shall have expired; provided, however, that no order shall fail to be a Final Order solely because of the possibility that a motion pursuant to Rule 60 of the Federal Rules of Civil Procedure or Rule 9024 of the Bankruptcy Rules may be filed with respect to such order.

“Financial Projections” means the projected financial information attached to the Disclosure Statement as Exhibit C that projects the financial performance of the Reorganized Debtors through September 30, 2010, and is based upon information available as of March 7, 2006.

“Holder” and, collectively, “Holders,” means a Person or Entity legally or beneficially, as applicable, holding a Claim or Equity Interest.

“IES” means Integrated Electrical Services, Inc., a Delaware corporation.

“IES Common Stock” means, without duplication, (i) IES’s common stock, par value \$0.01 per share, including all of IES’s restricted voting common stock, issued and outstanding immediately before the Effective Date, (ii) the IES Existing Restricted Common Stock and (iii) the IES Existing Option Shares.

“IES Common Stock Interests” means all of the IES Common Stock.

“IES Existing Option Shares” means shares of IES common stock, par value \$0.01 per share, (i) issued and outstanding immediately before the Effective Date as a result of the exercise of options to purchase IES common stock after February 6, 2006 or (ii) deemed to be issued and outstanding immediately before the Effective Date as a result of the deemed exercise of options pursuant to the provisions of Article 4.05 of the Plan.

“IES Existing Restricted Common Stock” means IES’s restricted common stock issued pursuant to IES’s existing long-term incentive plans and related agreements, which restricted common stock is issued and outstanding (or issued and held in treasury) immediately before the Effective Date and will become fully vested on the Effective Date pursuant to the provisions of Article 4.05 of the Plan.

“IES Other Equity Interests” means collectively, (a) all incentive stock options, non-qualified stock options, and stock appreciation rights granted under any Debtor-sponsored stock option plans, (b) any other options, warrants, or rights, contractual or otherwise, if any, to acquire or receive an Equity Interest existing immediately before the Effective Date, and (c) all IES common stock issued and held in treasury as of immediately before the Effective Date, except for any shares of IES Existing Restricted Common Stock.

“IES Subsidiary Debtor Interests” means all of the authorized, issued and outstanding equity securities and the partnership and member interests of the IES Subsidiaries.

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“IES Subsidiary Guarantees” means the guarantees of certain IES Subsidiaries of IES’s obligations under (a) the Credit Agreement, (b) the Senior Convertible Notes Indenture, (c) the Senior Subordinated Notes Indenture, or (d) the CHUBB Facility.

“IES Subsidiaries” means those direct and indirect subsidiaries of IES set forth on Addendum 1.

“Initial Vesting Date” means January 1, 2007.

“Impaired” means, when used with reference to a Claim or Equity Interest, a Claim or Equity Interest that is impaired within the meaning of section 1124 of the Bankruptcy Code.

“Impaired Claim” means a Claim classified in an Impaired Class.

“Impaired Class” means each of Classes 6, 8, and 9, as set forth in Article III of the Plan and Class 5 to the extent that the Debtors elect to give the Holders of Claims in such Class the New Notes in exchange for such claims.

“Indenture Trustees” means, collectively, the Senior Convertible Notes Indenture Trustee and the Senior Subordinated Notes Indenture Trustee.

“Lien” means any lien, lease, right of first refusal, servitude, claim, pledge, option, charge, hypothecation, easement, security interest, right-of-way, encroachment, mortgage, deed of trust, and/or any other encumbrance, restriction or limitation whatsoever.

“Majority Supporting Noteholders” means, as of any date of determination, Supporting Noteholders who hold at least fifty-one percent (51%) in aggregate principal amount of the Senior Subordinated Notes held by all of the Supporting Noteholders.

“Master Ballot” means each of the ballot forms distributed with the Disclosure Statement to a Nominee.

“New IES Common Stock” means all of the new common stock, par value \$0.01 per share, authorized by the Plan to be issued by Reorganized IES following the Effective Date.

“New IES Subsidiary Guarantees” means the guarantees by certain of the Reorganized IES Subsidiaries of Reorganized IES’s obligations under the New Notes, which will be given if the Debtors elect (in the event the Term Exit Facility does not close on or before the Effective Date) to give the Holders of the Senior Convertible Notes the New Notes in exchange for the Senior Convertible Note Claims, and which will be in substantially the same form as the existing IES Subsidiary Guarantees of the Senior Convertible Notes.

“New Notes” means the notes that, at the election of the Debtors, if the Term Exit Facility does not close on or before the Effective Date, may be delivered to each Holder of an Allowed Senior Convertible Note Claim in exchange for such Allowed Claim that will have a value, as of the Effective Date, equal to such Allowed Claim, and which will be in substantially the form of Exhibit G to the Disclosure Statement. The New Notes will (i) be in the aggregate

principal amount of approximately \$51 million, (ii) have a five (5) year term, and (iii) have an interest rate of 9.75%, with accrued interest payable semi-annually.

“New Options” means the options authorized hereunder to be issued by Reorganized IES to purchase New IES Common Stock pursuant to the provisions of the 2006 Long Term Incentive Plan, which will be issued with an exercise price equal to the fair market value of the Reorganized IES shares as of the date of issuance and with vesting provisions to be determined by the board of directors of Reorganized IES, or, in the case of C. Byron Snyder, with an exercise price and vesting provisions set forth in the form of option agreement attached to the Employment Agreement between IES and C. Byron Snyder.

“New Securities” means, collectively, the New IES Common Stock and the Restricted New IES Common Stock.

“Nominee” means a bank, brokerage firm or other nominee holding Eligible Claims or Eligible Equity Interests in its own name on behalf of a beneficial owner, or any agent thereof.

“Other Priority Claim” means a Claim entitled to priority under section 507(a) of the Bankruptcy Code, other than a Priority Tax Claim or an Administrative Claim.

“Person” shall have the meaning set forth in section 101(41) of the Bankruptcy Code.

“Plan” means this chapter 11 plan of reorganization, including, without limitation, the exhibits and schedules hereto, as the same may be amended or modified from time to time in accordance with the provisions of the Bankruptcy Code and the terms hereof.

“Plan Supplement” means the compilation of documents, including Reorganized IES’s bylaws, Reorganized IES’s certificate of incorporation, the Registration Rights Agreement, the 2006 Long Term Incentive Plan, the form of Restricted New IES Common Stock Agreement, the list of proposed directors of Reorganized IES, the Employment Agreement between IES and C. Byron Snyder, and the schedule of executory contracts and unexpired leases to be rejected by the Debtors, to be filed with the Bankruptcy Court.

“Plan Support Agreement” means the Plan Support Agreement, dated as of February 13, 2006, among IES and the Supporting Noteholders.

“Postpetition Interest” means interest accruing after the Commencement Date on a Claim.

“Priority Tax Claim” means any Claim that is entitled to priority under section 507(a)(8) of the Bankruptcy Code.

“Professional” means a professional Person, as that term is used in sections 327 and 1103 of the Bankruptcy Code.

“Professional Fee Claim” means a Professional’s Claim for compensation or reimbursement of costs and expenses relating to services performed on and after the Commencement Date and before and including the Confirmation Date.

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“Pro Rata” means at any time, the proportion that the Face Amount of an Allowed Claim or Allowed Equity Interest in a particular Class bears to the aggregate Face Amount of all Claims or Equity Interests (including Disputed Claims or Disputed Equity Interests, but excluding Disallowed Claims or Disallowed Equity Interests) in that particular Class, unless the Plan provides otherwise.

“Record Date for Plan Distribution” means, for purposes of receiving a Distribution on account of a non-securities Claim, only, under the Plan, the date that is the second Business Day after the Confirmation Date.

“Registration Rights Agreement” means the agreement between Reorganized IES and certain holders of New IES Common Stock that will govern the registration rights of the New IES Common Stock substantially in the form filed with the Plan Supplement on the date of the commencement of solicitation of acceptances of this Plan.

“Reinstated” or “Reinstatement” means rendering a Claim or Equity Interest unimpaired within the meaning of section 1124 of the Bankruptcy Code.

“Reorganized Debtor” means each of Reorganized IES and the Reorganized Subsidiaries, and “Reorganized Debtors” means all of them collectively.

“Reorganized IES” means IES, on and after the Effective Date.

“Reorganized Subsidiaries” means those direct and indirect subsidiaries of IES that are set forth on Addendum 1 hereto, on and after the Effective Date.

“Requisite Acceptances” means (i) with respect to either of the Impaired Classes 5 or 6, acceptance of the Plan by (a) Holders of at least two-thirds (2/3) in amount of Allowed Claims in such Impaired Class of Claims actually voting and (b) the Holders of more than one-half (1/2) in number of Allowed Claims in such Impaired Class of Claims actually voting and (ii) with respect to the Impaired Class 8, acceptance of the Plan by Holders of at least two-thirds (2/3) in amount of Allowed Equity Interests in such Impaired Class of Equity Interests actually voting, in each case not counting the vote of any Holder designated under section 1126(e) of the Bankruptcy Code.

“Restricted New IES Common Stock” means all of the restricted shares of New IES Common Stock, par value \$0.01 per share, authorized by the Plan to be issued by Reorganized IES under the 2006 Long Term Incentive Plan.

“Restricted New IES Common Stock Agreement” means the agreement to be entered into between grantees of Restricted New IES Common Stock and Reorganized IES pursuant to the 2006 Long Term Incentive Plan.

“Restructuring Transactions” means collectively, the transactions and transfers described in Article IV of the Plan.

“Revolving Exit Facility Agent” means BofA, as administrative agent for the Revolving Exit Facility Lenders.

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“Revolving Exit Facility Commitment Letter” means the commitment letter between IES and the Revolving Exit Facility Lenders setting forth the general terms and conditions of the Revolving Exit Facility.

“Revolving Exit Facility Credit Agreement” means the credit agreement with respect to the Revolving Exit Facility.

“Revolving Exit Facility Credit Documents” means the Revolving Exit Facility Credit Agreement and related guaranty, security, and other documents in form and substance reasonably satisfactory to the Revolving Exit Facility Lenders and the Revolving Exit Facility Agent.

“Revolving Exit Facility” means that certain credit facility described in the Revolving Exit Facility Commitment Letter.

“Revolving Exit Facility Lenders” means the lenders under the Revolving Exit Facility Credit Documents.

“Scarborough” means Edward C. Scarborough, as individual surety, the surety bond provider under the Scarborough DIP Bonding Facility.

“Scarborough DIP Bonding Facility” means the \$100 million post-petition bonding facility with Scarborough.

“Schedules” means the schedule of assets and liabilities and the statements of financial affairs filed by the Debtors as the same may have been or may be amended, modified, or supplemented.

“Securities Act” means the Securities Act of 1933, as now in effect or hereafter amended.

“Secured Claim” means a Claim that is secured by a Lien that is valid, perfected and enforceable, and not avoidable, upon property in which a Debtor has an interest, to the extent of the value, as of the Effective Date, of such interest or Lien as determined by a Final Order pursuant to section 506 of the Bankruptcy Code, or as otherwise agreed to in writing by a Debtor or Reorganized Debtor and the Holder of such Claim.

“Securities Litigation Claim” means any Claim against any of the Debtors, individually or collectively, whether or not the subject of an existing lawsuit, arising from rescission of a purchase or sale of shares, notes, interests, partnership interests, or any other security of the Debtors or an Affiliate of any of the Debtors, for damages arising from the purchase or sale of any such security, or for reimbursement or contribution allowed under section 502 of the Bankruptcy Code on account of any such Claim as provided in section 510(b) of the Bankruptcy Code, including claims based on allegations that the Debtors made false and misleading statements and engaged in other deceptive acts in connection with the sale of securities.

“Senior Convertible Note Claim” means any Claim against any of the Debtors arising under the Senior Convertible Notes, the Senior Convertible Notes Indenture or any ancillary agreement.

“Senior Convertible Notes” means the 6.5% senior unsecured convertible notes due 2014 in the aggregate principal amount of \$50 million issued by IES under the Senior Convertible Notes Indenture.

“Senior Convertible Notes Indenture” means that certain Indenture dated as of November 24, 2004, by and between IES and the Senior Convertible Notes Indenture Trustee.

“Senior Convertible Notes Indenture Trustee” means The Bank of New York, as Indenture Trustee for the Senior Convertible Notes or any successor to such indenture trustee.

“Senior Secured Debt” means all obligations arising under the Credit Agreement.

“Senior Secured Lenders” means the Holders of Claims under the Credit Agreement.

“Senior Subordinated Note Claim” means any Claim against any of the Debtors arising under the Senior Subordinated Notes, the Senior Subordinated Notes Indenture or any ancillary agreement.

“Senior Subordinated Notes” means the 9 3/8% senior unsecured notes due 2009 of IES in the aggregate principal amount of \$172.9 million issued by IES under the Senior Subordinated Notes Indenture.

“Senior Subordinated Notes Indenture” means, collectively, (a) that certain Indenture dated as of January 28, 1999, by and between IES and the Senior Subordinated Notes Indenture Trustee and (b) that certain Indenture, dated as of May 29, 2001, by and between IES and the Senior Subordinated Notes Indenture Trustee.

“Senior Subordinated Notes Indenture Trustee” means U.S. Bank, as Indenture Trustee for the Senior Subordinated Notes or any successor to such indenture trustee.

“Solicitation” means the solicitation by the Debtors from Holders of Eligible Claims and Eligible Equity Interests of acceptances of the Plan pursuant to section 1126(b) of the Bankruptcy Code.

“Solicitation Agent” means Financial Balloting Group LLC.

“Solicitation Package” means the package provided by IES that includes the Plan, the Disclosure Statement and related materials and, where appropriate, Ballots.

“Subordinated Claim” means any Securities Litigation Claim or any other Claim arising from rescission of a purchase or sale of a security of any of the Debtors or an Affiliate of any of the Debtors, for damages arising from the purchase or sale of such a security, or for reimbursement or contribution allowed under section 502 of the Bankruptcy Code on account of such a Claim that is determined to be subordinated to other Claims pursuant to section 510(b) of the Bankruptcy Code.

“Supporting Noteholders” means those Holders of Senior Subordinated Notes, or their permitted successors and assigns, that executed the Plan Support Agreement.

“SureTec” means one of the Debtors’ surety bond providers, SureTec Insurance Company.

“SureTec DIP Bonding Facility” means the \$10 million post-petition bonding facility with SureTec.

“Term Exit Facility” means that certain credit facility described in the Term Exit Facility Commitment Letter.

“Term Exit Facility Agent” means the administrative agent for the Term Exit Facility Lenders.

“Term Exit Facility Commitment Letter” means the commitment letter between IES and the Term Exit Facility Lenders setting forth the general terms and conditions of the Term Exit Facility.

“Term Exit Facility Credit Agreement” means the credit agreement with respect to the Term Exit Facility.

“Term Exit Facility Credit Documents” means the Term Exit Facility Credit Agreement and related guaranty, security, and other documents in form and substance reasonably satisfactory to the Term Exit Facility Lenders and the Term Exit Facility Agent.

“Term Exit Facility Lenders” means the lenders under the Term Exit Facility Credit Documents.

“Unimpaired” means, with respect to a Claim (or Class of Claims) or Equity Interest (or Class of Equity Interests), a Claim (or Class of Claims) or Equity Interest (or Class of Equity Interests) that is not impaired within the meaning of section 1124 of the Bankruptcy Code.

“Unimpaired Class” means each of Classes 1, 2, 3, 4, 7, and 10, as set forth in Article III of the Plan.

“Unsecured Claim” means an unsecured Claim, other than a Senior Convertible Note Claim or a Senior Subordinated Note Claim, that is not entitled to priority under section 507 of the Bankruptcy Code.

“Voting Deadline” means 5:00 p.m., prevailing New York time, on April 19, 2006; the date and time by which the Ballots must be received by the Solicitation Agent.

“Voting Notes” means the Senior Convertible Notes and the Senior Subordinated Notes, the Holders of which are entitled to vote to accept or reject the Plan.

“Voting Record Date” means March 10, 2006; the date for the determination of Holders of record of Eligible Claims and Eligible Equity Interests entitled to receive the Solicitation Package and vote on the Plan.

SECOND AMENDED JOINT PLAN OF REORGANIZATION OF INTEGRATED ELECTRICAL SERVICES, INC. AND CERTAIN OF ITS DIRECT AND INDIRECT SUBSIDIARIES UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

1.02 Scope of Definitions; Rules of Construction; Rules of Interpretation; Computation of Time.

a) Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include both the singular and the plural and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter. Unless otherwise specified, all section, schedule, or exhibit references in this Plan are to the respective section in, article of, or schedule or exhibit to this Plan, as the same may be amended, waived, or modified from time to time. The words “herein,” “hereof,” “hereto,” “hereunder,” and other words of similar import refer to this Plan as a whole and not to any particular section, subsection, or clause contained therein. A term used in this Plan that is not defined in this Plan shall have the meaning assigned to that term in the Bankruptcy Code. The rules of construction contained in section 102 of the Bankruptcy Code shall apply to this Plan. The headings in this Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof.

b) In computing any period of time prescribed or allowed by this Plan, the provisions of Bankruptcy Rule 9006(a) will apply. Unless otherwise provided in this Plan, any reference in this Plan to a contract, instrument, release, or other agreement or document being in a particular form or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions. Any reference in this Plan to an existing document or schedule filed or to be filed means such document or schedule, as it may have been or may be amended, modified or supplemented pursuant to this Plan. Any reference to an Entity as a Holder of a Claim or Equity Interest includes that Entity’s legal successors and assigns.

c) This Plan is the product of extensive discussions and arm’s-length negotiations between and among the Debtors and the Supporting Noteholders. Each of the foregoing was represented by counsel who either (i) participated in the formulation and documentation of or (ii) was afforded the opportunity to review and provide comments on, the Plan, the Disclosure Statement, and the other relevant and necessary documents ancillary thereto, as applicable. To the extent that the provisions of this Plan conflict or are inconsistent with the provisions set forth in the Plan Supplement, including any provision of the DIP Credit Documents, the Revolving Exit Facility Credit Documents, or the Term Exit Facility Credit Documents, the terms of such document, as applicable, shall govern.

ARTICLE II

TREATMENT OF UNCLASSIFIED CLAIMS

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims are not classified and are not entitled to vote on this Plan.

2.01 Administrative Claims. Except to the extent that any Entity entitled to payment of any Allowed Administrative Claim agrees to a less favorable treatment, each Holder of an Allowed Administrative Claim shall receive Cash equal to the unpaid portion of its Allowed Administrative Claim, on the latest of (a) the Distribution Date, (b) the date on which its Administrative Claim becomes an Allowed

Administrative Claim, or (c) the date on which its Administrative Claim becomes payable under any agreement relating thereto, or as soon thereafter as is reasonably practicable. Notwithstanding the foregoing, any Allowed Administrative Claim based on a liability incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases, including but not limited to the reasonable fees and expenses incurred after the Commencement Date by the Indenture Trustees, shall be paid by the Debtors or the Reorganized Debtors as Administrative Claims in the ordinary course of the Debtors' businesses, in accordance with the terms and conditions of any agreement relating thereto or upon such other terms as may be agreed upon between the Holder of such Claim and the Debtors, without application by or on behalf of any such parties to the Bankruptcy Court, and without notice and a hearing, unless specifically required by the Bankruptcy Court.

2.02 Priority Tax Claims. On the later of (a) the Distribution Date or (b) the date such Priority Tax Claim becomes an Allowed Priority Tax Claim, each Holder of an Allowed Priority Tax Claim shall receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Priority Tax Claim, (x) Cash equal to the unpaid portion of such Allowed Priority Tax Claim or (y) such other treatment as to which the Debtors and such Holder shall have agreed upon in writing.

2.03 Professional Fee Claims. Unless otherwise ordered by the Court, the Holders of Professional Fee Claims shall file their respective final fee applications for the allowance of compensation for services rendered and reimbursement of expenses incurred through the Confirmation Date by no later than the date that is sixty (60) days after the Effective Date, or such other date that may be fixed by the Bankruptcy Court. If granted by the Bankruptcy Court, such award shall be paid in full in such amount as is Allowed by the Bankruptcy Court either (a) on the date such Professional Fee Claim becomes an Allowed Professional Fee Claim, or as soon as reasonably practicable thereafter, or (b) upon such other terms as may be mutually agreed upon between such Holder of an Allowed Professional Fee Claim and the Debtors. Requests for compensation under section 503(b)(3) and (4) of the Bankruptcy Code must be filed with the Bankruptcy Court and served on the Debtors, any Committee appointed in the Chapter 11 Cases, the Equity Committee, and other parties in interest by the Administrative Claims Bar Date. Notwithstanding the foregoing, and in the event that the applications to retain (i) Weil, Gotshal & Manges LLP, as counsel to the Committee and/or (ii) Conway, Del Genio, Gries & Co., LLC, as financial advisors to the Committee are not approved by the Bankruptcy Court, the reasonable fees and expenses incurred after the Commencement Date by (x) Weil, Gotshal & Manges LLP as counsel to the Ad Hoc Committee, and (y) Conway, Del Genio, Gries & Co., LLC, as financial advisors to the Ad Hoc Committee, in accordance with their respective agreements with IES, shall both be paid by the Debtors or the Reorganized Debtors as Administrative Claims in the ordinary course of the Debtors' businesses, without application by or on behalf of any such parties to the Bankruptcy Court, and without notice and a hearing, unless specifically required by the Bankruptcy Court. If the Debtors or the Reorganized Debtors and any such professional cannot agree on the amount of fees and expenses to be paid to such party, the amount of fees and expenses shall be determined by the Bankruptcy Court. If any fees and expenses have not been paid to Weil, Gotshal & Manges LLP and/or Conway, Del Genio, Gries & Co., LLC in the ordinary course and the parties do not disagree as to the appropriate amounts payable, such fees and expenses shall be paid by the Reorganized Debtors on the Effective Date (unless the Bankruptcy Court has otherwise specifically required a hearing on the payment of such amounts). The payment of the Weil, Gotshal & Manges LLP and Conway, Del Genio,

Gries & Co., LLC fees and expenses under this Article 2.03 are part of the overall settlement embodied by the Plan among the Supporting Noteholders and the Debtors.

ARTICLE III

CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

3.01 Introduction. This Plan places all Claims and Equity Interests, except unclassified Claims provided for in Article II, in the Classes listed below. A Claim or Equity Interest is placed in a particular Class only to the extent that it falls within the description of that Class, and is classified in any other Class to the extent that any portion thereof falls within the description of such other Class.

2p 3.02 Summary of Classes.

CLASS	DESIGNATION	IMPAIRMENT	ENTITLED TO VOTE
Class 1	Priority Claims	Unimpaired	No (deemed to accept)
Class 2	Credit Agreement Claims	Unimpaired	No (deemed to accept)
Class 3	Secured Claims	Unimpaired	No (deemed to accept)
Class 4	Unsecured Claims	Unimpaired	No (deemed to accept)
Class 5	Senior Convertible Note Claims	Impaired	Yes
Class 6	Senior Subordinated Note Claims	Impaired	Yes
Class 7	Subordinated Claims	Unimpaired	No (deemed to accept)
Class 8	IES Common Stock Interests	Impaired	Yes
Class 9	IES Other Equity Interests	Impaired	No (deemed to reject)
Class 10	IES Subsidiary Debtor Interests	Unimpaired	No (deemed to accept)

3.03 Treatment of Classified Claims and Equity Interests

a) CLASS 1— PRIORITY CLAIMS

i) Claims in Class: Priority Claims are Claims that are accorded priority in right of payment under section 507(a) of the Bankruptcy Code (other than Allowed Administrative Claims and Allowed Priority Tax Claims).

ii) Treatment: On the later of (i) the Distribution Date or (ii) the date on which its Priority Claim becomes an Allowed Priority Claim, or, in each case, as soon as reasonably practicable thereafter, each Holder of an unpaid Allowed Priority Claim against the Debtors shall receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Priority Claim, Cash equal to the full amount of its Allowed Priority Claim.

iii) Voting: Class 1 is Unimpaired by the Plan. Pursuant to section 1126(f) of the Bankruptcy Code, each Holder of an Allowed Priority Claim in Class 1 is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

b) CLASS 2 — CREDIT AGREEMENT CLAIMS

i) Claims in Class: Class 2 consists of all Allowed Credit Agreement Claims, to the extent outstanding and not refinanced in full from the proceeds of the DIP Facility.

ii) Treatment: Unless otherwise agreed to by the Holders of any Allowed Credit Agreement Claim, on the Effective Date, or as soon as reasonably practicable thereafter, (i) the Holder of any noncontingent Allowed Credit Agreement Claim that has not been refinanced in full pursuant to the DIP Facility shall receive Cash in an amount equal to one hundred percent (100%) of such Holder's remaining Allowed Credit Agreement Claim, and (ii) all letters of credit issued and outstanding under the Credit Agreement that have not been subsumed in DIP Facility shall be replaced by the Reorganized Debtors. All IES Subsidiary Guarantees of obligations under the Credit Agreement shall be terminated; provided that all Allowed Credit Agreement Claims are refinanced in full and/or eliminated by the replacement of the outstanding letters of credit.

iii) Voting: Class 2 is Unimpaired by the Plan. Pursuant to section 1126(f) of the Bankruptcy Code, each Holder of an Allowed Credit Agreement Claim in Class 2 is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

c) CLASS 3 — SECURED CLAIMS

i) Claims in Class: Class 3 consists of all Allowed Secured Claims, other than Claims in Class 2, including, but not limited to, the Allowed Secured Claims of CHUBB and SureTec, if any.

ii) Treatment: On the later of (x) the Effective Date, (y) the date on which a Secured Claim becomes an Allowed Secured Claim, or (z) such other date as may be ordered by the Bankruptcy Court, or, in each case, as soon as reasonably practicable thereafter, each Allowed Secured Claim shall be, at the election of the Debtors, (i) Reinstated, (ii) paid in Cash, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Secured Claim together with accrued post-Commencement Date interest, (iii) satisfied by the Debtors' surrender of the collateral securing such Allowed Secured Claim, or (iv) offset against, and to the extent of, the Debtors' claims against the Holder of such Allowed Secured Claim. To the extent that any Allowed Secured Claim is Reinstated under the Plan, the IES Subsidiary Guarantees (if any) of such Allowed Secured Claim shall be Reinstated as well.

iii) Voting: Class 3 is Unimpaired by the Plan. Pursuant to section 1126(f) of the Bankruptcy Code, each Holder of an Allowed Secured Claim in Class 3 is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

d) CLASS 4 — UNSECURED CLAIMS

i) Claims in Class: Class 4 consists of all Allowed Unsecured Claims, other than Claims in Classes 5, 6, or 7.

ii) Treatment: Except to the extent that any Entity entitled to payment of any Allowed Unsecured Claim agrees to a less favorable treatment, each Holder of an Allowed Unsecured Claim shall, at the election of the Debtors, on the Effective Date or as soon as reasonably practicable thereafter: (x) receive Cash equal to the unpaid amount of such Claim or (y) have such Claim Reinstated. The Debtors will have paid a substantial portion, if not all, of the undisputed and liquidated Allowed Class 4 Claims in the ordinary course of business prior to Confirmation.

iii) Voting: Class 4 is Unimpaired by the Plan. Pursuant to section 1126(f) of the Bankruptcy Code, each Holder of an Allowed Unsecured Claim in Class 4 is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

e) CLASS 5 — SENIOR CONVERTIBLE NOTE CLAIMS

i) Claims in Class: Class 5 consists of all Allowed Senior Convertible Note Claims.

ii) Treatment: On the later of (x) the Effective Date, (y) the date on which a Senior Convertible Note Claim becomes an Allowed Senior Convertible Note Claim, or (z) such other date as may be ordered by the Bankruptcy Court, and, solely with respect to clauses (y) and (z) above, within five (5) business days thereafter, each Allowed Senior Convertible Note Claim shall be paid in Cash from the proceeds of the Term Exit Facility, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Senior Convertible Note Claim; *provided, however*, that if the Term Exit Facility does not close on or before the Effective Date, the Debtors shall have the right to request a hearing (the “Contingency Hearing”) before the Bankruptcy Court to be convened upon not less than thirty-five (35) days advance written notice to the Senior Convertible Notes Indenture Trustee and the Holders of Allowed Senior Convertible Note Claims, to either (x) Reinstatement the Allowed Senior Convertible Notes (the “Reinstatement Treatment”) or (y) exchange each Allowed Senior Convertible Note Claim for a Pro Rata share of the New Notes in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Senior Convertible Note Claim (the “New Note Exchange Treatment”). In the event the Senior Convertible Notes are Reinstated, the IES Subsidiary Guarantees of the Senior Convertible Note Claims will be Reinstated as well. In the event New Notes are issued in exchange for Class 5 Claims, New IES Subsidiary Guarantees will be given by the same IES Subsidiaries that guaranteed IES’s obligations under the Senior Convertible Notes Indenture.

iii) Voting: Class 5 may be Impaired by the Plan in the event that the Debtors elect to give the Holders of Claims in Class 5 the New Notes in exchange for such Claims. Therefore, the Holders of Claims in Class 5 are being solicited for votes in favor of the Plan. To the extent the treatment of Class 5 Claims elected by the Debtors is determined by the

Bankruptcy Court to render the Holders of such Claims Unimpaired, the Holders of Claims in Class 5 will be conclusively presumed to have accepted the Plan notwithstanding that any Holder of a Claim in Class 5 may have voted to reject the Plan.

iv) **Reservation of Rights:** Until the Bankruptcy Court has scheduled a Contingency Hearing and set an objection deadline with respect to such hearing, (i) neither the Senior Convertible Notes Indenture Trustee nor any Holder of a Senior Convertible Note Claim shall be required to assert any objections concerning the confirmability of the Plan, and (ii) the Debtors will not adduce any evidence or advance any legal arguments concerning the propriety, under Bankruptcy Code section 1129 or otherwise, of the Reinstatement Treatment or the New Note Exchange Treatment, nor shall the Senior Convertible Notes Indenture Trustee nor any Holder of a Senior Convertible Note Claim object to the Plan on the basis of the Reinstatement Treatment or New Note Exchange Treatment prior to receiving written notice of the Reinstatement Treatment or the New Note Exchange Treatment as set forth in subparagraph (ii) above. If the Bankruptcy Court convenes a Contingency Hearing, none of the Bankruptcy Court, the Senior Convertible Notes Indenture Trustee or the Holders of Senior Convertible Note Claims shall be bound in any manner by legal or factual determinations made by the Bankruptcy Court at the Confirmation Hearing. Without limiting the foregoing in any respect, if a Contingency Hearing is convened, the Senior Convertible Notes Indenture Trustee and each Holder of a Senior Convertible Note Claim shall have the right to challenge the confirmability of the Plan on any ground which they have standing to raise, and the Bankruptcy Court shall (a) consider their objections de novo and determine the merits of any such objections (and the legal consequences of the vote of any Holder of a Senior Convertible Note Claim) as if they were raised at the Confirmation Hearing, and (b) determine, inter alia, the issue of whether the Plan treatment of the Senior Convertible Note Claims constitutes “unfair discrimination” pursuant to section 1129(b) of the Bankruptcy Code as if all Claims paid pursuant to the Order Authorizing Payment of Undisputed General Unsecured Claims in the Ordinary Course of Business [Docket No. 56] were to be paid in Cash pursuant to the Plan. The Holders of the Senior Convertible Note Claims withdraw all objections to the Disclosure Statement. The Senior Convertible Notes Indenture Trustee and any Holder of a Senior Convertible Note Claim shall reserve their rights to assert that Holders of Senior Convertible Note Claims are entitled to be paid any and all amounts, including without limitation, principal, interest, fees, liquidated damages and other charges, to which the Holders of Senior Convertible Note Claims or the Senior Convertible Notes Indenture Trustee are determined to be entitled under the terms of any operative lending document, including, without limitation, the Senior Convertible Notes Indenture, the Senior Convertible Notes, the Bankruptcy Code, other applicable law, or otherwise.

f) CLASS 6 — SENIOR SUBORDINATED NOTE CLAIMS

i) **Claims in Class:** Class 6 consists of all Allowed Senior Subordinated Note Claims. On the Effective Date, the Senior Subordinated Note Claims shall be deemed Allowed in the aggregate principal amount of approximately \$173 million plus accrued and unpaid interest thereon through the Commencement Date.

ii) **Treatment:** On the Effective Date, or as soon as reasonably practicable thereafter, Holders of Allowed Senior Subordinated Note Claims shall receive, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Senior

Subordinated Note Claims, their Pro Rata share of eighty-two percent (82%) of the New IES Common Stock, subject to dilution by the issuance of shares of New IES Common Stock upon the exercise of the New Options. The IES Subsidiary Guarantees of the Senior Subordinated Note Claims shall be terminated and forever discharged as of the Effective Date.

iii) Voting: Class 6 is Impaired by the Plan. Each Holder of an Allowed Senior Subordinated Note Claim in Class 6 is entitled to vote to accept or reject the Plan.

g) CLASS 7 — SUBORDINATED CLAIMS

i) Claims in Class: Class 7 consists of all Allowed Subordinated Claims.

ii) Treatment: On the Effective Date, or as soon as reasonably practicable thereafter, each Holder of an Allowed Subordinated Claim shall have its Claim Reinstated.

iii) Voting: Class 7 is Unimpaired by the Plan. Pursuant to section 1126(f) of the Bankruptcy Code, each Holder of an Allowed Subordinated Claim in Class 8 is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

h) CLASS 8 — IES COMMON STOCK INTERESTS

i) Equity Interests in Class: Class 8 consists of all Allowed IES Common Stock Interests.

ii) Treatment: On the Effective Date, or as soon as reasonably practicable thereafter, all existing Allowed IES Common Stock Interests will be cancelled, and Holders of Allowed IES Common Stock Interests will receive, in exchange for such Allowed IES Common Stock Interests, their Pro Rata share of fifteen percent (15%) of the New IES Common Stock, subject to dilution by the issuance of shares of New IES Common Stock upon the exercise of the New Options.

iii) Voting: Class 8 is Impaired by the Plan. Each Holder of an Allowed IES Common Stock Interest in Class 8 is entitled to vote to accept or reject the Plan.

i) CLASS 9 — IES OTHER EQUITY INTERESTS

i) Equity Interests in Class: Class 9 consists of all IES Other Equity Interests. For avoidance of doubt, the IES Other Equity Interests will include all options to purchase IES Common Stock that, immediately prior to the Effective Date, are issued and outstanding but have not been exercised in accordance with the terms and conditions of the applicable IES long-term incentive plans and related agreements pursuant to which such options were granted or that have not been deemed exercised pursuant to Article 4.05 of the Plan or that have been deemed under the provisions of Article 4.05 of the Plan to be IES Other Equity Interests.

ii) Treatment: On the Effective Date, all IES Other Equity Interests shall be cancelled, and the Holders of IES Other Equity Interests shall not receive or retain any property or interest in property on account of their IES Other Equity Interests.

iii) Voting: Holders of IES Other Equity Interests shall receive no Distribution under the Plan. Pursuant to section 1126(g) of the Bankruptcy Code, each Holder of an IES Other Equity Interest in Class 9 is conclusively presumed to have rejected the Plan and is not entitled to vote to accept or reject the Plan.

j) CLASS 10 — IES SUBSIDIARY DEBTOR INTERESTS

i) Equity Interests in Class: Class 10 consists of all IES Subsidiary Debtor Interests.

ii) Treatment: On the Effective Date, all IES Subsidiary Debtor Interests shall be Reinstated and shall vest in Reorganized IES, or the respective Reorganized Debtors, as the case may be.

iii) Voting: Holders of IES Subsidiary Debtor Interests are Unimpaired. Pursuant to section 1126(f) of the Bankruptcy Code, each Holder of an IES Subsidiary Debtor Interest in Class 10 is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

3.04 Allowed Claims and Equity Interests. Notwithstanding any provision herein to the contrary, the Debtors or Reorganized Debtors shall only make Distributions on account of Allowed Claims and Allowed Equity Interests. A Claim that is Disputed by the Debtors as to its amount only shall be deemed Allowed in the amount the Debtors admit owing and Disputed as to the remainder.

3.05 Postpetition Interest. In accordance with section 502(b)(2) of the Bankruptcy Code, the amount of all prepetition Unsecured Claims against the Debtors shall be calculated as of the Commencement Date. Except as otherwise explicitly provided in this Plan, in section 506(b) of the Bankruptcy Code, or by Final Order, no Holder of a prepetition Claim shall be entitled to or receive interest on such Claim after the Commencement Date.

3.06 Alternative Treatment. Notwithstanding any provision herein to the contrary, any Holder of an Allowed Claim may receive, instead of the Distribution or treatment to which it is entitled hereunder, any other Distribution or treatment to which it, the Debtors and the Ad Hoc Committee may agree to in writing; provided, however, that such other Distribution or treatment shall not provide a return having a present value in excess of the present value of the Distribution or treatment that otherwise would be given such Holder pursuant to this Plan.

3.07 Allocation. The value of any New IES Common Stock received by Holders of Claims in satisfaction of interest-bearing obligations shall be allocated first to the full satisfaction of principal of such interest-bearing obligations and second in satisfaction of any accrued and unpaid interest.

**ARTICLE IV
MEANS FOR IMPLEMENTATION OF THIS PLAN**

4.01 Continued Corporate Existence. The Reorganized Debtors shall continue to exist after the Effective Date as separate Entities in accordance with the applicable law in the applicable jurisdiction in which they were formed under their respective certificates of incorporation, limited partnership, or formation, as applicable, and bylaws or similar organizational documents, as applicable, in effect before the Effective Date except as their certificates of incorporation, limited partnership, or formation and bylaws or similar organizational documents may be amended pursuant to this Plan. On the Effective Date, without any further corporate or similar action, the certificate of incorporation and bylaws of Reorganized IES shall be amended as necessary to satisfy the provisions of this Plan and the Bankruptcy Code and shall include, pursuant to section 1123(a)(6) of the Bankruptcy Code, a provision prohibiting the issuance of non-voting equity securities. The certificate of incorporation and by-laws of Reorganized IES shall be substantially in the form filed with the Plan Supplement. The appointment of the Board of Directors of Reorganized IES pursuant to this Plan as of the Effective Date being deemed to constitute the election of directors of Reorganized IES by written consent in lieu of an annual meeting pursuant to Section 303 of the Delaware General Corporation Law and Section 211 of the Delaware General Corporation Law, Reorganized IES shall not be required to hold an annual meeting of stockholders prior to the end of its 2006 fiscal year. The certificate of incorporation, limited partnership or formation and bylaws or other organizational documents of each Reorganized Subsidiary shall be the certificate of incorporation, limited partnership, or formation and bylaws of each Reorganized Subsidiary on the Effective Date without any modification or amendment thereto.

4.02 Restructuring Transactions. On the Effective Date, and pursuant to the Plan or the applicable Plan Supplement documents, the applicable Debtors or Reorganized Debtors shall enter into the Restructuring Transactions contemplated herein, and shall take any actions as may be reasonably necessary or appropriate to effect a restructuring of their respective businesses or the overall organizational structure of the Reorganized Debtors. The Restructuring Transactions may include one or more mergers, consolidations, restructurings, conversions, dissolutions, transfers or liquidations as may be determined by the Debtors or the Reorganized Debtors to be necessary or appropriate. The actions to effect the Restructuring Transactions may include: (a) the execution and delivery of appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, dissolution or liquidation containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable state law and any other terms to which the applicable Entities may agree; (b) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable parties agree; (c) the filing of appropriate certificates or articles of incorporation or reincorporation, limited partnership, or formation, merger, consolidation, conversion, or dissolution pursuant to applicable state law; and (d) all other actions that the applicable Entities determine to be reasonably necessary or appropriate, including making filings or recordings that may be required by applicable state law in connection with the Restructuring Transactions. The chairman of the board of directors, president, chief executive officer, chief financial officer, any executive vice-president or senior vice-president, or any other appropriate officer, manager or general partner of

each Debtor or Reorganized Debtor, as appropriate, shall be authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents, and take such other actions, as may be reasonably necessary or appropriate, to effectuate and further evidence the terms and conditions of this Plan. The secretary or assistant secretary of the appropriate Debtor or Reorganized Debtor, as appropriate, shall be authorized to certify or attest to any of the foregoing actions.

4.03 Corporate Action; Cancellation of Securities. As of the Effective Date, the Certificates evidencing the Existing Securities shall evidence solely the right to receive from the Debtors the Distribution of the consideration, if any, set forth in Article 3.03. On the Effective Date, except as otherwise provided for herein, and except to the extent that the Term Exit Facility does not close and the Debtors elect to Reinstate the Senior Convertible Notes and related IES Subsidiary Guarantees, (a) the Existing Securities, to the extent not already cancelled, shall be deemed cancelled and of no further force or effect without any further action on the part of the Bankruptcy Court or any other Person and (b) the obligations of the Debtors under the Existing Securities and under the Debtors' certificates of incorporation, limited partnership, or formation, any agreements, indentures, or certificates of designations governing the Existing Securities shall be terminated and discharged; provided, however, that each indenture or other agreement that governs the rights of the Holder of a Claim based on the Existing Securities and that is administered by an indenture trustee, agent, or servicer shall continue in effect solely for the purposes of (x) allowing such indenture trustee, agent, or servicer to make the Distributions to be made on account of such Claims hereunder and (y) permitting such indenture trustee, agent, or servicer to maintain any rights it may have for fees, costs, expenses, and indemnification under such indenture or other agreement. Additionally, the cancellation of any indenture shall not impair the rights and duties under such indenture as between the indenture trustee thereunder and the beneficiaries of the trust created thereby. Additionally, as of the Effective Date, all IES Other Equity Interests, to the extent not already cancelled, shall be cancelled. For avoidance of doubt, the IES Other Equity Interests will include all options to purchase IES Common Stock that, immediately prior to the Effective Date, are issued and outstanding but have not been exercised in accordance with the terms and conditions of the applicable IES long-term incentive plans and related agreements pursuant to which such options were granted or that have not been deemed exercised pursuant to Article 4.05 of the Plan or that have been deemed under the provisions of Article 4.05 of the Plan to be IES Other Equity Interests. The IES Subsidiary Debtor Interests shall not be cancelled, but shall be Reinstated and shall vest in Reorganized IES or the respective Reorganized Debtors, as the case may be, as of the Effective Date.

4.04 Directors and Executive Officers. On the Effective Date, the term of each member of IES's current board of directors will automatically expire. Subject to the requirements of section 1129(a)(5) of the Bankruptcy Code, the initial board of directors of Reorganized IES on and after the Effective Date will consist of nine (9) members, consisting of IES's new chief executive officer and eight (8) other members to be designated by the Ad Hoc Committee.

The Debtors shall identify the individuals proposed to serve as directors of Reorganized IES in the Plan Supplement, which shall be filed with the Bankruptcy Court on or before the date that is ten (10) days prior to the Confirmation Hearing. The board of directors of Reorganized

IES shall have the responsibility for the oversight of Reorganized IES on and after the Effective Date. The members of existing IES management shall maintain their current positions as executive officers of the Reorganized Debtors on and after the Effective Date, unless otherwise provided in the Plan Supplement.¹ The current officers and directors of the IES Subsidiaries shall also serve as the officers and directors of each of the Reorganized Subsidiaries, respectively, on and after the Effective Date unless otherwise provided in the Plan Supplement.

On the Effective Date, Reorganized IES will assume all existing Employment Agreements to which the Debtors are a party.

4.05 Vesting of Options and IES Existing Restricted Common Stock; Deemed Exercise of Certain Options for IES Common Stock In connection with and immediately prior to the consummation of the Plan on the Effective Date, all IES Existing Restricted Common Stock and all non-vested options to purchase IES common stock issued pursuant to IES's existing long-term incentive plans and related agreements and outstanding (or, in the case of certain shares of IES Existing Restricted Common Stock, issued and held in treasury) immediately prior to the Effective Date will become fully vested, all restrictions, if any, with respect thereto will lapse and all performance criteria, if any, applicable thereto, will be deemed to have been satisfied. In connection with and immediately prior to the consummation of the Plan on the Effective Date, each option that becomes vested pursuant to the terms of this Article 4.05 with an exercise price that is less than or equal to the Fair Market Value (as defined in the applicable existing IES long-term incentive plan and related agreement pursuant to which such option was granted) of a share of IES common stock on the day prior to the Effective Date will be deemed to have been exercised by the holder thereof in a cashless exercise and such holder shall be deemed to have received upon such exercise a number of shares of IES common stock (rounded down to the nearest whole number after taking into account all such options held by such holder) having a Fair Market Value as of the day prior to the Effective Date that is equal to the difference between such Fair Market Value and such exercise price. The shares of IES common stock deemed to be so issued will be treated as Class 8 IES Common Stock Interests under this Plan. Each other option to purchase IES common stock that is issued and outstanding immediately prior to the Effective Date will be treated as a Class 9 IES Other Equity Interest and cancelled on the Effective Date unless prior to the Effective Date the holder thereof exercises such option in accordance with the terms and conditions of the applicable existing IES long-term incentive plan and related agreement pursuant to which such option was issued, in which case the share(s) of IES common stock issued upon exercise thereof shall be treated as Class 8 IES Common Stock Interests under this Plan.

¹ Pursuant to the employment agreement dated February 13, 2006 between IES and C. Byron Snyder (a copy of which will be filed with the Plan Supplement), unless the agreement is earlier terminated in accordance with its terms, Mr. Snyder will remain the President and Chief Executive Officer of IES, or Reorganized IES, as the case may be, until the earlier of such time (i) as a new president and chief executive officer is hired by the board of directors of IES or Reorganized IES, as the case may be, or (ii) as is otherwise determined by the board of directors of IES or Reorganized IES, as the case may be (in either case, a "Replacement Event"). If Mr. Snyder ceases to be the President and Chief Executive Officer as a result of a Replacement Event before the end of the two-year term of his employment agreement, Mr. Snyder will continue to be engaged by IES or Reorganized IES, as the case may be, as a consultant until the end of such term unless the agreement is earlier terminated in accordance with its terms.

4.06 New Securities. As of the Effective Date, 12,631,421 shares of New IES Common Stock shall be issued, on a Pro Rata basis, to Holders of Allowed Senior Subordinated Note Claims in full satisfaction of and in exchange for their Allowed Senior Subordinated Note Claims. As a result, the Holders of the Allowed Senior Subordinated Note Claims will own 82% of the shares of New IES Common Stock issued and outstanding as of the Effective Date, subject to dilution by the issuance of shares of New IES Common Stock upon exercise of the New Options granted pursuant to the 2006 Long Term Incentive Plan.

As of the Effective Date, 2,310,626 shares of New IES Common Stock shall be issued, on a Pro Rata basis, to the Holders of IES Common Stock Interests in full satisfaction of and in exchange for such IES Common Stock Interests. As a result, the Holders of IES Common Stock Interests will own 15% of the shares of New IES Common Stock issued and outstanding as of the Effective Date, subject to dilution by the issuance of shares of New IES Common Stock upon exercise of the New Options granted pursuant to the 2006 Long Term Incentive Plan.

As of the Effective Date, 462,125 shares of Restricted New IES Common Stock, representing 3% of the shares of New IES Common Stock issued and outstanding as of the Effective Date, shall be issued to certain members of Reorganized IES's management as part of the 2006 Long Term Incentive Plan. Existing IES management will receive 2.5% of the shares of New IES Common Stock issued and outstanding as of the Effective Date and 0.5% will be reserved for the new Chief Executive Officer and/or other new key employees, to be allocated by the board of directors of Reorganized IES. The Restricted New IES Common Stock to be issued on the Effective Date will vest one-third (1/3) on the Initial Vesting Date, one-third (1/3) on the first anniversary of the Initial Vesting Date, and one-third (1/3) on the second anniversary of the Initial Vesting Date; provided, however, that if a person receiving Restricted New IES Common Stock is involuntarily terminated by Reorganized IES, without cause, prior to the Initial Vesting Date, the portion of the Restricted New IES Common Stock allocated to such person that would have vested on the Initial Vesting Date absent the termination will automatically vest upon such termination.

As of the Effective Date, and without the requirement of any further action by any Entity, each former Holder of an Allowed Senior Subordinated Note Claim that becomes an owner of at least 10% of the shares of New IES Common Stock issued and outstanding as of such date or shall otherwise be an affiliate of Reorganized IES shall become a party to a Registration Rights Agreement with Reorganized IES. The Registration Rights Agreement shall require Reorganized IES to file a "shelf" registration statement covering resales of New IES Common Stock after the Effective Date and shall provide the stockholders that are parties thereto with demand and piggyback registration rights following the expiration of such "shelf" registration statement on the terms set forth in the Registration Rights Agreement. The Registration Rights Agreement shall be substantially in the form set forth in the Plan Supplement.

As of the Effective Date, the Board of Directors of the Reorganized IES shall be authorized to issue the New Options to purchase an aggregate of up to ten percent (10%) of the number of fully diluted outstanding shares of New IES Common Stock as of the Effective Date in accordance with the 2006 Long Term Incentive Plan.

SECOND AMENDED JOINT PLAN OF REORGANIZATION OF INTEGRATED ELECTRICAL SERVICES, INC. AND CERTAIN OF ITS DIRECT AND INDIRECT SUBSIDIARIES UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

The issuance, grant, and reservation of New Securities authorized in this Article 4.06 shall not require any further act or action by any shareholder or creditor of the Debtors, under applicable law, regulation, order or rule.

On or before the Distribution Date, Reorganized IES shall issue the New IES Common Stock for Distribution pursuant to the provisions hereof. All securities to be issued shall be deemed issued as of the Effective Date regardless of the date on which they are actually distributed.

4.07 Issuance of New Securities and New Notes. The issuance of the New Securities (and, if applicable, the issuance of the New Notes and New IES Subsidiary Guarantees) by Reorganized IES is hereby authorized without further act by the board of directors, shareholders, or officers of Reorganized IES or action under applicable law, regulation, order, or rule. All New Securities, except the Restricted New IES Common Stock (which will be issued pursuant to a registration statement on Form S-8 to be filed by IES or Reorganized IES with the SEC), issued under the Plan shall be exempt from registration under the Securities Act or any applicable state or local law pursuant to section 1145 of the Bankruptcy Code. To the extent the New Notes and New IES Subsidiary Guarantees are deemed to be a "securities" under the Securities Act, they will be issued (if they are issued) under section 4(2) of the Securities Act and Regulation D thereunder.

4.08 Exit Facilities. On the Effective Date, Reorganized IES and certain of the IES Subsidiaries, as borrowers, and each of its non-borrower Reorganized Subsidiaries, as guarantors, will enter into two exit facilities, which will consist of the Revolving Exit Facility and the Term Exit Facility. The Revolving Exit Facility will provide liquidity for working capital and other general corporate purposes to Reorganized IES and its debtor and non-debtor subsidiaries following the conclusion of the Chapter 11 Cases, and the Term Exit Facility will be available to refinance the Senior Convertible Notes. A portion of the proceeds of the Revolving Exit Facility shall be used to refinance the principal balance of loans outstanding under the DIP Credit Documents, and any outstanding letters of credit under the DIP Facility, if not continued under the Revolving Exit Facility, will be either cash collateralized or back-stopped with new letters of credit from the Revolving Exit Facility.

4.09 2006 Long Term Incentive Plan. On the Effective Date, Reorganized IES will adopt a stock incentive plan (the "2006 Long Term Incentive Plan"). The 2006 Long Term Incentive Plan will provide for awards in the form of stock options and restricted stock. Pursuant to the terms of the 2006 Long Term Incentive Plan, up to a maximum of 10% of the number of fully diluted shares of New IES Common Stock outstanding as of the Effective Date will be available for issuance. Individual awards will not exceed 50% of the maximum number of shares available for issuance under the 2006 Long Term Incentive Plan. Certain members of Reorganized IES's Management will be issued restricted shares of New IES Common Stock ("Restricted New IES Common Stock") equal to 3% of the New IES Common Stock to be issued pursuant to the Plan, before giving effect to the options issued pursuant to the 2006 Long Term Incentive Plan, with 2.5% to be allocated to existing IES management on the Effective Date and 0.5% to be reserved for the new Chief Executive Officer and/or other new key employees, as determined by the board of directors of Reorganized IES. The Restricted New IES Common Stock to be issued on the Effective Date will vest one-third (1/3) on the Initial Vesting Date, one-

third (1/3) on the first anniversary of the Initial Vesting Date, and one-third (1/3) on the second anniversary of the Initial Vesting Date; provided, however, that if a person receiving Restricted New IES Common Stock is involuntarily terminated by Reorganized IES, without cause, prior to the Initial Vesting Date, the portion of the Restricted New IES Common Stock allocated to such person that would have vested on the Initial Vesting Date absent the termination will automatically vest upon such termination.

After the Effective Date, Reorganized IES will grant options issued pursuant to the 2006 Long Term Incentive Plan to C. Byron Snyder and to certain other officers and key employees identified by Reorganized IES's board of directors. The New Options will be issued with an exercise price equal to the fair market value of the Reorganized IES shares as of the date of issuance and with vesting provisions to be determined by the board of directors of Reorganized IES, or, in the case of Mr. Snyder, such exercise price and vesting provisions will be as set forth in his option agreement with Reorganized IES (the form of which is attached to his Employment Agreement with IES).

4.10 Revesting of Assets. The property of each Debtor's Estate shall revert in the applicable Reorganized Debtor on the Effective Date. Thereafter, the Reorganized Debtors may operate their businesses and may use, acquire, and dispose of property free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules, and the Bankruptcy Court. As of the Effective Date, all property of the Reorganized Debtors shall be free and clear of all Claims, encumbrances, Equity Interests, charges and Liens except as specifically provided or contemplated herein, in connection with the Revolving Exit Facility, Term Exit Facility, or in the Confirmation Order. Without limiting the generality of the foregoing, the Reorganized Debtors may, without application to or approval by the Bankruptcy Court, pay professional fees and expenses incurred after the Effective Date.

4.11 Preservation of Rights of Action; Settlement of Litigation Claims. Except as otherwise provided herein or the Confirmation Order, or in any contract, instrument, release, indenture, or other agreement entered into in connection with this Plan, in accordance with section 1123(b) of the Bankruptcy Code, following the Confirmation Date, the Reorganized Debtors shall retain and may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all Causes of Action that any of the Debtors or their Estates may hold against any Person or Entity without further approval of the Bankruptcy Court. The Reorganized Debtors or their successor(s) may pursue such retained Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtors or their successor(s) who hold such rights.

4.12 Exemption from Certain Transfer Taxes. Pursuant to section 1146(a) of the Bankruptcy Code, any transfers from a Debtor to a Reorganized Debtor or any other Person or Entity pursuant to this Plan, including the Revolving Exit Facility and Term Exit Facility, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, or other similar tax or governmental assessment, and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

ARTICLE V
PROVISIONS GOVERNING DISTRIBUTIONS

5.01 Distributions for Claims and Equity Interests Allowed as of the Effective Date. Except as otherwise provided herein or as ordered by the Bankruptcy Court, Distributions and issuances of New IES Common Stock, Restricted New IES Common Stock, and New Notes (to the extent applicable) to be made (1) in exchange for or on account of Claims or Equity Interests that are Allowed Claims or Allowed Equity Interests as of the Effective Date or (2) to certain members of Reorganized IES's management pursuant to the 2006 Long Term Incentive Plan, shall be made on the Distribution Date, or as soon as thereafter as reasonably practicable. All Cash Distributions shall be made by the Disbursing Agent from available Cash of the Reorganized Debtors. Any Distribution hereunder of property other than Cash (including any issuance of New IES Common Stock, Restricted New IES Common Stock, and New Notes, to the extent applicable, and the Distribution of such New IES Common Stock, Restricted New IES Common Stock, or New Notes (to the extent applicable) in exchange for Allowed Claims and Allowed Equity Interests as of the Effective Date) shall be made by the Disbursing Agent, the Senior Subordinated Notes Indenture Trustee, the Senior Convertible Notes Indenture Trustee, or the transfer agent in accordance with the terms of this Plan.

5.02 Disbursing Agent. The Disbursing Agent shall make all Distributions required hereunder, except with respect to a Holder of a Claim whose Distribution is governed by an indenture or other agreement and is administered by an indenture trustee, agent, or servicer, which Distributions shall be deposited with the appropriate indenture trustee, agent, or servicer, who shall deliver such Distributions to the Holders of Allowed Claims in accordance with the provisions hereof and the terms of the relevant indenture or other governing agreement.

If the Disbursing Agent is an independent third party designated by the Reorganized Debtors to serve in such capacity (or, in the case of the Senior Subordinated Notes Indenture or the Senior Convertible Notes Indenture, the Indenture Trustees), such Disbursing Agent or Indenture Trustee shall receive, without further Bankruptcy Court approval, reasonable compensation for Distribution services rendered pursuant to this Plan and reimbursement of reasonable out-of-pocket expenses incurred in connection with such services from the Reorganized Debtors on terms acceptable to the Reorganized Debtors, or, in the case of the Indenture Trustees, in accordance with the terms and conditions of the Senior Subordinated Notes Indenture or Senior Convertible Notes Indenture (as applicable) or upon such other terms as may be agreed upon between such Indenture Trustee and the Reorganized Debtors. No Disbursing Agent shall be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court. If otherwise so ordered, all costs and expenses of procuring any such bond shall be paid by the Reorganized Debtors.

5.03 Surrender of Securities or Interests. On or before the Distribution Date, or as soon as reasonably practicable thereafter, each Holder of a Certificate shall surrender such Certificate (i) in the case of Equity Interests, to the Disbursing Agent, (ii) in the case of the Senior Subordinated Notes, to the Senior Subordinated Notes Indenture Trustee, and (iii) in the case of the Senior Convertible Notes, to the Senior Convertible Notes Trustee, and each Certificate shall be cancelled. No Distribution of property hereunder shall be made to or on

behalf of any such Holder unless and until such Certificate is received by the Disbursing Agent or the applicable Indenture Trustee, as the case may be, or the unavailability of such Certificate is reasonably established to the satisfaction of the Disbursing Agent or the applicable Indenture Trustee, as the case may be. Any such Holder who fails to surrender or cause to be surrendered such Certificate or fails to execute and deliver an affidavit of loss and indemnity reasonably satisfactory to the Disbursing Agent or the applicable Indenture Trustee, as the case may be, prior to the second anniversary of the Effective Date shall be deemed to have forfeited all rights and Claims or Equity Interests in respect of such Certificate and shall not participate in any Distribution hereunder, and all New IES Common Stock in respect of such forfeited Distribution shall be cancelled notwithstanding any federal or escheat laws to the contrary.

5.04 Instructions to Disbursing Agent. Prior to any Distribution on account of an Allowed Senior Subordinated Note Claim, the Senior Subordinated Notes Indenture Trustee shall (a) inform the Disbursing Agent as to the amount of properly surrendered Senior Subordinated Notes and (b) inform the Disbursing Agent in a properly completed letter of transmittal, accompanied by properly remitted securities, of the names of registered Holders of Allowed Senior Subordinated Note Claims, and the number of shares of New IES Common Stock to be issued and distributed to or on behalf of such Holders of Allowed Senior Subordinated Note Claims in exchange for properly surrendered Senior Subordinated Notes.

In the event that the Debtors elect to make a Distribution on account of the Allowed Senior Convertible Note Claims, the Senior Convertible Notes Indenture Trustee shall, prior to such Distribution, (x) inform the Disbursing Agent as to the amount of properly surrendered Senior Convertible Notes and (y) inform the Disbursing Agent in a properly completed letter of transmittal, accompanied by properly remitted securities, of the names of registered Holders of Allowed Senior Convertible Note Claims, and the Pro Rata share of the principal amount of the Senior Convertible Notes held by each such Holder.

5.05 Services of the Indenture Trustees. The Indenture Trustees' services with respect to consummation of this Plan shall be as set forth herein and as authorized by the Senior Subordinated Notes Indenture and the Senior Convertible Notes Indenture, as applicable.

5.06 Record Date for Plan Distributions. Except with respect to securities Claims and Equity Interests, at the close of business on the Record Date for Plan Distributions, the transfer ledgers for the Senior Secured Debt (maintained by BofA, as administrative agent under the Credit Agreement) shall be closed, and there shall be no further changes recognized in the record Holders of such debt. The Reorganized Debtors and the Disbursing Agent, if any, shall have no obligation to recognize any transfer of any such debt occurring after the Record Date for Plan Distributions and shall be entitled instead to recognize and deal for all purposes hereunder with only those record Holders listed on the transfer ledgers as of the close of business on the Record Date for Plan Distributions. Distributions on account of any securities Claims or Equity Interests shall be made in accordance with Article 5.03 of the Plan.

5.07 Means of Cash Payment. Cash payments hereunder shall be in U.S. funds by check, wire transfer, or such other commercially reasonable manner as the payor shall determine in its sole discretion.

5.08 Calculation of Distribution Amounts of New IES Common Stock. No fractional shares of New IES Common Stock shall be issued or distributed hereunder or by Reorganized IES or any Disbursing Agent, indenture trustee, agent, or servicer. Each Person entitled to receive New IES Common Stock shall receive the total number of whole shares of New IES Common Stock to which such Person is entitled. Whenever any Distribution to a particular Person would otherwise call for Distribution of a fraction of a share of New IES Common Stock, such number of shares to be distributed shall be rounded up or down to the nearest whole number and such Person shall receive no separate consideration for such fractional shares.

5.09 Delivery of Distributions; Undeliverable or Unclaimed Distributions. Distributions to Holders of Allowed Claims shall be made by the Disbursing Agent or the Indenture Trustees, as the case may be, (a) at the Holder's last known address, (b) at the address in any written notice of address change delivered to the Disbursing Agent, (c) in the case of the Holder of an Allowed Senior Convertible Note Claim or an Allowed Senior Subordinated Note Claim, at the address in the respective Indenture Trustee's official records, or (d) at the address set forth in a properly completed letter of transmittal accompanying a Certificate properly remitted in accordance with the terms hereof. If any Holder's Distribution is returned as undeliverable, no further Distributions to such Holder shall be made, unless and until the Disbursing Agent or respective Indenture Trustee is notified of such Holder's then current address, at which time all missed Distributions shall be made to such Holder without interest. Amounts in respect of undeliverable Distributions made through the Disbursing Agent or an Indenture Trustee shall be returned to the appropriate Reorganized Debtor or Indenture Trustee, as the case may be, until such Distributions are claimed. All claims for undeliverable Distributions must be made on or before the second anniversary of the Effective Date, after which date (x) all Cash in respect of such forfeited Distribution including interest accrued thereon shall revert to Reorganized IES and (y) all New IES Common Stock or New Notes (to the extent applicable) in respect of such forfeited Distribution shall be cancelled, in each case, notwithstanding any federal or escheat laws to the contrary. The Debtors will file a list of unclaimed Distributions immediately prior to the closing of these Chapter 11 Cases.

5.10 Withholding and Reporting Requirements. In connection with this Plan and all Distributions hereunder, the Disbursing Agent shall, to the extent applicable, comply with all tax withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority, and all Distributions hereunder shall be subject to any such withholding and reporting requirements. The Disbursing Agent shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements.

5.11 Setoffs. Other than in respect of any Allowed Credit Agreement Claim or any Allowed Senior Subordinated Note Claim, a Reorganized Debtor may, but shall not be required to, set off against any Claim, and the payments or other Distributions to be made pursuant to this Plan in respect of such Claim, claims of any nature whatsoever that the Debtors or Reorganized Debtors may have against the Claim's Holder; provided, however, that neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Reorganized Debtors of any claim that the Debtors or Reorganized Debtors may have against such Holder. Nothing in this Plan shall be deemed to expand rights to setoff under applicable non-bankruptcy law.

**ARTICLE VI
PROCEDURES FOR RESOLVING DISPUTED, CONTINGENT, AND UNLIQUIDATED
CLAIMS**

6.01 Objections to Claims; Disputed Claims. The Debtors intend to make Distributions, as required by this Plan, in accordance with the Schedules, if any, and the books and records of the Debtors (or in the case of the Senior Secured Debt or obligations under the DIP Facility, in accordance with the books and records of BofA as administrative agent). Unless disputed by a Holder of a Claim or Equity Interest, the amount set forth in the Schedules and the books and records of the Debtors shall constitute the amount of the Allowed Claim or Allowed Equity Interest of such Holder. If any Holder of a Claim or Equity Interest disagrees with the Debtors, such Holders must so advise the Debtors in writing, in which event, the Claim or Equity Interest shall be a Disputed Claim or a Disputed Equity Interest. The Debtors intend to attempt to resolve any such disputes consensually, or, at the Debtors option, through other judicial means outside of the Bankruptcy Court. Nevertheless, the Debtors may, in their discretion, file with the Bankruptcy Court (or any other court of competent jurisdiction) an objection to the allowance of any Claim or Equity Interest, or any other appropriate motion or adversary proceeding with respect thereto. All such objections shall be litigated to Final Order; provided, however, that the Debtors may compromise and settle, withdraw or resolve by any other method, without requirement of Bankruptcy Court approval, any objections to Claims or Equity Interests. In addition, any Debtor may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to section 502(c) of the Bankruptcy Code or other applicable law regardless of whether such Debtor has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of the any appeal relating to any such objection. In the event the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtors may elect to pursue any supplemental proceedings to object to any ultimate Distribution on such Claim. All of the aforementioned Claims objection, estimation, and resolution procedures are cumulative and are not necessarily exclusive of one another. Claims may be estimated and thereafter resolved by any permitted mechanism.

6.02 No Distribution Pending Allowance. Notwithstanding any other provision herein, if any portion of a Claim is a Disputed Claim or any portion of an Equity Interest is a Disputed Equity Interest, no payment or Distribution provided hereunder shall be made on account of or in exchange for such portion of such Claim or Equity Interest unless and until such Disputed Claim or Disputed Equity Interest becomes an Allowed Claim or an Allowed Equity Interest.

6.03 Distributions After Allowance. To the extent that a Disputed Claim or Disputed Equity Interest ultimately becomes an Allowed Claim or Allowed Equity Interest, a Distribution shall be made to the Holder of such Allowed Claim or Allowed Equity Interest in accordance with the provisions of this Plan. As soon as reasonably practicable after the date that the order or judgment of the Bankruptcy Court or other applicable court of competent jurisdiction allowing any Disputed Claim or Disputed Equity Interest becomes a Final Order, the Disbursing Agent

shall provide to the Holder of such Claim or Equity Interest the Distribution to which such Holder is entitled hereunder on account of or in exchange for such Allowed Claim.

**ARTICLE VII
TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

7.01 Assumed Contracts and Leases. Except as otherwise provided herein, or in any contract, instrument, release, indenture, or other agreement or document entered into in connection with this Plan, as of the Effective Date each Reorganized Debtor shall be deemed to have assumed each executory contract and unexpired lease to which it is a party, unless such contract or lease (a) was previously assumed or rejected by the Debtors, (b) previously expired or terminated pursuant to its own terms, (c) is the subject of a motion to reject filed on or before the Confirmation Date or (d) is set forth in a schedule, as an executory contract or unexpired lease to be rejected, filed as part of the Plan Supplement. The Confirmation Order shall constitute an order of the Bankruptcy Court under section 365 of the Bankruptcy Code approving the contract and lease assumptions or rejections described above, as of the Effective Date.

Each executory contract and unexpired lease that is assumed and relates to the use, ability to acquire, or occupancy of real property shall include (x) all modifications, amendments, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affect such executory contract or unexpired lease and (y) all executory contracts or unexpired leases appurtenant to the premises, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, reciprocal easement agreements, vaults, tunnel or bridge agreements or franchises, and any other interests in real estate or rights in rem related to such premises, unless any of the foregoing agreements has been rejected pursuant to an order of the Bankruptcy Court.

7.02 Payments Related to Assumption of Contracts and Leases. Any monetary amounts by which any executory contract and unexpired lease to be assumed under the Plan is in default shall be satisfied, under section 365(b)(1) of the Bankruptcy Code, by the applicable Debtor on or before the Effective Date; *provided, however*, if there is a dispute regarding (i) the nature or amount of any Cure, (ii) the ability of a Reorganized Debtor or any assignee to provide “adequate assurance of future performance” (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (iii) any other matter pertaining to assumption, Cure shall occur following the entry of a Final Order of the Bankruptcy Court resolving the dispute and approving the assumption or assumption and assignment, as the case may be.

7.03 Rejected Contracts and Leases. Except for those executory contracts and unexpired leases set forth on a schedule to the Plan Supplement, none of the executory contracts and unexpired leases to which a Debtors are a party shall be rejected under the Plan; provided, however, that the Debtors reserve the right, at any time prior to the Confirmation Date, to seek to reject any executory contract or unexpired lease to which any Debtor is a party.

7.04 Claims Based upon Rejection of Executory Contracts or Unexpired Leases. All Claims arising out of the rejection of executory contracts and unexpired leases must be served upon the appropriate Debtor and its counsel within sixty (60) days after the earlier of (a) the date

of entry of an order of the Bankruptcy Court approving such rejection or (b) the Confirmation Date. Any such Claims not filed within such times shall be forever barred from assertion against the respective Debtor, its Estate, and its property.

7.05 Compensation and Benefit Plans and Treatment of Retirement Plan. Except and to the extent previously assumed by an order of the Bankruptcy Court, on or before the Confirmation Date, all employee compensation and benefit plans of the Debtors, including benefit plans and programs subject to sections 1114 and 1129(a)(13) of the Bankruptcy Code, entered into before or after the Commencement Date and not since terminated, shall be deemed to be, and shall be treated as if they were, executory contracts that are to be assumed hereunder. The Debtors' obligations under such plans and programs shall survive Confirmation of this Plan, except for (a) executory contracts or employee benefit plans specifically rejected pursuant to this Plan (to the extent such rejection does not violate sections 1114 and 1129(a)(13) of the Bankruptcy Code) and (b) such executory contracts or employee benefit plans as have previously been rejected, are the subject of a motion to reject as of the Confirmation Date, or have been specifically waived by the beneficiaries of any employee benefit plan or contract; provided, however, that the Debtors' obligations, if any, to pay all "retiree benefits," as defined in section 1114(a) of the Bankruptcy Code, shall continue unimpaired and in full force and effect. Options issued under the Debtors' long term incentive plans existing as of the Commencement Date shall be cancelled unless exercised prior to the Effective Date in accordance with the terms and conditions of the applicable existing IES long-term incentive plans and agreements pursuant to which such options were issued or deemed exercised pursuant to the provisions of Article 4.05 of this Plan.

ARTICLE VIII ACCEPTANCE OR REJECTION OF THIS PLAN

8.01 Classes Entitled to Vote. Each Holder, as of the Voting Record Date, of an Allowed Claim in Classes 5 or 6 or Allowed Equity Interest in Class 8 is entitled to vote to accept or reject this Plan. Holders of Claims or Equity Interests in Unimpaired Classes 1, 2, 3, 4, 7 and 10 shall not be entitled to vote because they are conclusively deemed, by operation of section 1126(f) of the Bankruptcy Code, to have accepted this Plan. Holders of Equity Interests in Impaired Class 9 will not receive or retain any property under this Plan on account of their Equity Interests, and therefore are deemed not to have accepted the Plan by operation of section 1126(g) of the Bankruptcy Code.

8.02 Acceptance by Impaired Classes. An Impaired Class of Claims shall have accepted this Plan if the Holders of at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Allowed Claims in the Class actually voting have voted to accept this Plan and an Impaired Class of Equity Interests shall have accepted this Plan if the Holders of at least two-thirds (2/3) in amount of the Allowed Equity Interests in the Class actually voting have voted to accept this Plan, in each case not counting the vote of any Holder designated under section 1126(e) of the Bankruptcy Code.

8.03 Elimination of Classes. Any Class that does not contain any Allowed Claims or Equity Interests or any Claims or Equity Interests temporarily allowed for voting purposes under Bankruptcy Rule 3018, as of the date of the commencement of the Confirmation Hearing, shall

be deemed not included in this Plan for purposes of (i) voting to accept or reject this Plan and (ii) determining whether such Class has accepted or rejected this Plan under section 1129(a)(8) of the Bankruptcy Code.

8.04 Nonconsensual Confirmation. The Bankruptcy Court may confirm this Plan over the dissent of or rejection by any Impaired Class if all of the requirements for consensual confirmation under subsection 1129(a), other than subsection 1129(a)(8), of the Bankruptcy Code and for nonconsensual confirmation under subsection 1129(b) of the Bankruptcy Code have been satisfied. To the extent necessary, the Debtors shall request Confirmation of this Plan, as this Plan may be modified from time to time, under section 1127 of the Bankruptcy Code.

ARTICLE IX CONDITIONS PRECEDENT TO CONFIRMATION AND EFFECTIVENESS

9.01 Conditions to Confirmation. The proposed Confirmation Order shall be in form and substance reasonably acceptable to the Debtors, the Ad Hoc Committee, and any Committee appointed in these Chapter 11 Cases. This condition is subject to the satisfaction or waiver in accordance with Article 9.04 below.

The proposed Confirmation Order shall be in form and substance reasonably acceptable to the Revolving Exit Facility Agent and the Term Exit Facility Agent in all respects that relate to, or could otherwise reasonably be expected to impact in an adverse manner, the Revolving Exit Facility Lenders or the Term Exit Facility Lenders.

9.02 Conditions to Effective Date. The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived in accordance with Article 9.04 below:

- a) The Confirmation Order shall have been entered by the Bankruptcy Court.
- b) The Confirmation Order shall have become a Final Order.
- c) All authorizations, consents, and regulatory approvals required, if any, in connection with the consummation of this Plan shall have been obtained.
- d) The Debtors shall have executed and delivered all documents necessary to effectuate the issuance of the New Securities and the New Notes and New IES Subsidiary Guarantees (if applicable).
- e) All other actions, documents, and agreements necessary to implement this Plan shall have been effected or executed.
- f) All documents referenced in subsections (d) and (e) of this article, including all documents in the Plan Supplement, shall be reasonably acceptable to the Ad Hoc Committee.
- g) No stay of the consummation of this Plan shall be in effect.

Furthermore, it shall be a condition to the effectiveness of the Plan that (i) the Term Exit Facility shall have closed and Cash from the proceeds of such facility shall be available to pay the Holders of the Allowed Senior Convertible Note Claims as required by Article 3.03(e)(ii) hereof, (ii) the Bankruptcy Court shall have entered an order, following a Contingency Hearing approving either (a) the Reinstatement Treatment, or (b) the New Note Exchange Treatment, or (iii) if a requirement for a Contingency Hearing is waived by the Holders of the Senior Convertible Notes, the Debtors and the Holders of the Senior Convertible Notes shall have reached an agreement on the applicable treatment. If a Contingency Hearing is convened and the Bankruptcy Court sustains objections asserted by the Senior Convertible Notes Indenture Trustee or Holders of Senior Convertible Note Claims to confirmation of the Plan (whether such objections relate to the proposed treatment of the Senior Convertible Note Claims or other confirmation issues), the Bankruptcy Court shall forthwith vacate the Confirmation Order.

9.03 Effect of Failure of Conditions. In the event that one or more of the conditions specified in Article 9.02 hereof shall not have occurred or been waived pursuant to Article 9.04 on or before July 14, 2006, or such later date as may be agreed to by the Debtors and the Ad Hoc Committee, (a) the Confirmation Order shall be vacated, (b) no Distributions under the Plan shall be made, (c) the Debtors and Holders of Claims and Equity Interests shall be restored to the *status quo* as of the day immediately preceding the Confirmation Date as though the Confirmation Order had never been entered, and (d) the Debtors' obligations with respect to Claims and Equity Interests shall remain unchanged and nothing contained herein shall constitute or be deemed a waiver or release of any Claims or Equity Interests by or against the Debtors or any Person or governmental Entity or to prejudice in any manner the rights of the Debtors or any Person or governmental Entity in any other or further proceedings involving the Debtors.

9.04 Waiver of Conditions. Each of the conditions set forth in Article 9.01 and Article 9.02 above, other than as set forth in Article 9.02(a) and Article 9.02(g), may be waived in whole or in part by the Debtors with the consent of the Ad Hoc Committee (which consent shall not be unreasonably withheld).

ARTICLE X MODIFICATIONS AND AMENDMENTS; WITHDRAWAL

Subject to the provisions of the Plan Support Agreement, the Debtors may amend or modify this Plan at any time prior to the Confirmation Date. The Debtors reserve the right to include any amended exhibits in the Plan Supplement with the consent of the Ad Hoc Committee, whereupon each such amended exhibit shall be deemed substituted for the original of such exhibit; provided, however, that the DIP Commitment Letter, the DIP Credit Documents, the Revolving Exit Facility Commitment Letter, the Revolving Exit Facility Credit Documents, the Term Exit Facility Commitment Letter, and the Term Exit Facility Credit Documents may not be amended without the consent of the parties thereto. After the Confirmation Date the Debtors or Reorganized Debtors may, under section 1127(b) of the Bankruptcy Code, institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies herein, the Disclosure Statement, and the Confirmation Order, and to accomplish such matters as may be reasonably necessary to carry out the purposes and intent hereof so long as such proceedings do not materially and adversely affect the treatment of Holders of Claims or Equity Interests hereunder.

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**ARTICLE XI
RETENTION OF JURISDICTION**

Under sections 105(a) and 1142 of the Bankruptcy Code, and notwithstanding this Plan's Confirmation and the occurrence of the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of or related to the Chapter 11 Cases and this Plan, to the fullest extent permitted by law, including jurisdiction to:

- a) hear and determine any and all objections to the allowance of Claims or Equity Interests;
- b) hear and determine any and all motions to estimate Claims at any time, regardless of whether the Claim to be estimated is the subject of a pending objection, a pending appeal, or otherwise;
- c) hear and determine any and all motions to subordinate Claims or Equity Interests at any time and on any basis permitted by applicable law;
- d) hear and determine all Professional Fee Claims and other Administrative Claims;
- e) hear and determine all matters with respect to the assumption or rejection of any executory contract or unexpired lease to which a Debtor is a party or with respect to which a Debtor may be liable, including, if necessary, the nature or amount of any Rejection Claim or required Cure or the liquidation of any Claims arising therefrom;
- f) hear and determine any and all adversary proceedings, motions, applications, and contested or litigated matters arising out of, under, or related to, the Chapter 11 Cases;
- g) enter such orders as may be necessary or appropriate in aid of the consummation hereof and to execute, implement, or consummate the provisions hereof and all contracts, instruments, releases, and other agreements or documents created in connection with this Plan, the Disclosure Statement or the Confirmation Order;
- h) hear and determine disputes arising in connection with the interpretation, implementation, consummation, or enforcement of this Plan and all contracts, instruments, and other agreements executed in connection with this Plan;
- i) hear and determine any request to modify this Plan or to cure any defect or omission or reconcile any inconsistency herein or any order of the Bankruptcy Court;
- j) issue and enforce injunctions or other orders, or take any other action that may be necessary or appropriate to restrain any interference with or compel action for the implementation, consummation, or enforcement hereof or the Confirmation Order;
- k) enter and implement such orders as may be necessary or appropriate if the Confirmation Order is for any reason reversed, stayed, revoked, modified, or vacated;

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- l) hear and determine any matters arising in connection with or relating hereto, the Confirmation Order or any contract, instrument, release, or other agreement or document created in connection with this Plan, the Disclosure Statement or the Confirmation Order;
- m) enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings entered in connection with the Chapter 11 Cases;
- n) recover all assets of the Debtors and property of the Debtors' Estates, wherever located;
- o) hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;
- p) hear and determine all disputes involving the existence, nature, or scope of the Debtors' discharge;
- q) hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under, or not inconsistent with, provisions of the Bankruptcy Code; and
- r) enter a final decree closing the Chapter 11 Cases.

**ARTICLE XII
COMPROMISES AND SETTLEMENTS**

Pursuant to Federal Rule of Bankruptcy Procedure 9019(a), the Debtors may compromise and settle various Claims against them and/or claims they may have against other Persons. Each of the Debtors expressly reserves the right (and except as otherwise provided herein, with Bankruptcy Court approval, following appropriate notice and opportunity for a hearing) to compromise and settle Claims against it and claims that it may have against other Persons up to and including the Effective Date. After the Effective Date, such right shall transfer to the Reorganized Debtors pursuant hereto and no Bankruptcy Court approval of any such action, compromise or settlement shall be required.

**ARTICLE XIII
MISCELLANEOUS PROVISIONS**

13.01 Bar Date for Certain Claims

a) **Administrative Claims.** At the election of the Debtors, the Confirmation Order may establish an Administrative Claims Bar Date for the filing of all Administrative Claims (other than Administrative Claims paid in the ordinary course of business pursuant to Article 2.01 hereof, Professional Fee Claims, Claims for United States Trustee fees, Claims outstanding under the DIP Facility, or Claims for the expenses of the members of the Ad Hoc Committee, the Committee, or the Equity Committee), which date shall be ninety (90) days after the Confirmation Date. If such an Administrative Claims Bar Date is established, Holders of asserted Administrative Claims (other than Administrative Claims paid in the ordinary course of

business pursuant to Article 2.01 hereof, Professional Fee Claims, Claims for United States Trustee fees, Claims outstanding under the DIP Facility, or Claims for the expenses of the members of the Ad Hoc Committee, the Committee, or the Equity Committee), must submit proofs of Administrative Claim on or before such Administrative Claims Bar Date or forever be barred from doing so. If an Administrative Claims Bar Date is set, (i) the notice of Confirmation to be delivered pursuant to Bankruptcy Rules 3020(c) and 2002(f) shall set forth such date and constitute notice of the Administrative Claims Bar Date, and (ii) the Debtors or the Reorganized Debtors, as the case may be, shall have sixty (60) days (or such longer period as may be allowed by order of the Bankruptcy Court) following the Administrative Claims Bar Date to review and object to such Administrative Claims. All such objections shall be litigated to Final Order; *provided, however*, that the Debtors or the Reorganized Debtors may compromise and settle, withdraw or resolve by any other method, without requirement of Bankruptcy Court approval, any objections to Administrative Claims.

b) Professional Fee Claims. All final requests for compensation or reimbursement of Professional Fee Claims pursuant to sections 327, 328, 330, 331, 503(b), or 1103 of the Bankruptcy Code for services rendered to the Debtors, the Committee, the Equity Committee, or to such other entities as to which the foregoing sections apply prior to the Confirmation Date must be filed and served on the Reorganized Debtors and their counsel no later than sixty (60) days after the Effective Date, unless otherwise ordered by the Bankruptcy Court. Objections to applications of such Professionals or other Entities for compensation or reimbursement of expenses must be filed and served on the Reorganized Debtors and their counsel and the requesting Professional or other Entity, no later than twenty (20) days (or such longer period as may be allowed by order of the Bankruptcy Court) after the date on which the applicable application for compensation or reimbursement was served.

13.02 Payment of Statutory Fees. All fees payable under section 1930 of title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on or before the Effective Date. All such fees that arise after the Effective Date but before the closing of the Chapter 11 Cases shall be paid by the Reorganized Debtors.

13.03 Severability of Plan Provisions. If, prior to Confirmation, any term or provision hereof is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the request of the Debtors, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision hereof, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

13.04 Successors and Assigns. The rights, benefits and obligations of all Persons named or referred to herein shall be binding on, and shall inure to the benefit of, their respective heirs, executors, administrators, personal representatives, successors or assigns.

13.05 Injunction. ALL INJUNCTIONS OR STAYS PROVIDED FOR IN THE CHAPTER 11 CASES PURSUANT TO SECTIONS 105 AND 362 OF THE BANKRUPTCY CODE OR OTHERWISE AND IN EFFECT ON THE CONFIRMATION DATE, SHALL REMAIN IN FULL FORCE IN EFFECT UNTIL THE EFFECTIVE DATE. EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR THE CONFIRMATION ORDER, ALL PERSONS OR ENTITIES THAT HAVE HELD, HOLD OR MAY HOLD CLAIMS OR CAUSES OF ACTION AGAINST OR EQUITY INTERESTS IN ANY OF THE DEBTORS ARE, AS OF THE EFFECTIVE DATE PERMANENTLY ENJOINED FROM TAKING ANY OF THE FOLLOWING ACTIONS AGAINST ANY OF THE DEBTORS AND THEIR ESTATES, THE REORGANIZED DEBTORS, OR THEIR PROPERTY OR ASSETS, ON ACCOUNT OF SUCH CLAIMS, CAUSES OF ACTION OR EQUITY INTERESTS: (A) COMMENCING, CONDUCTING OR CONTINUING IN ANY MANNER, DIRECTLY OR INDIRECTLY, ANY SUIT, ACTION OR OTHER PROCEEDING RELATING TO SUCH CLAIM, CAUSE OF ACTION OR EQUITY INTEREST; (B) ENFORCING, LEVYING, ATTACHING, COLLECTING OR OTHERWISE RECOVERING IN ANY MANNER OR BY ANY MEANS, WHETHER DIRECTLY OR INDIRECTLY, ANY JUDGMENT, AWARD, DECREE OR ORDER RELATING TO SUCH CLAIM, CAUSE OF ACTION OR EQUITY INTEREST; (C) CREATING, PERFECTING OR ENFORCING IN ANY MANNER, DIRECTLY OR INDIRECTLY, ANY LIEN RELATING TO SUCH CLAIM, CAUSE OF ACTION OR EQUITY INTEREST; (D) ASSERTING ANY SETOFF, RIGHT OF SUBROGATION OR RECOUPMENT OF ANY KIND, DIRECTLY OR INDIRECTLY, AGAINST ANY DEBT, LIABILITY OR OBLIGATION DUE TO THE DEBTORS RELATING TO SUCH CLAIM, CAUSE OF ACTION OR EQUITY INTEREST; AND (E) PROCEEDING IN ANY MANNER IN ANY PLACE WHATSOEVER THAT DOES NOT CONFORM TO OR COMPLY WITH OR IS INCONSISTENT WITH THE PROVISIONS OF THE PLAN OR THE CONFIRMATION ORDER. NOTWITHSTANDING THIS SECTION, THE SET OFF RIGHTS OF ANY HOLDERS OF ALLOWED CLAIMS ARE PRESERVED TO THE EXTENT OF APPLICABLE LAW.

13.06 Debtors' Releases. AS OF THE EFFECTIVE DATE, THE DEBTORS AS DEBTORS IN POSSESSION AND THE REORGANIZED DEBTORS WILL BE DEEMED TO FOREVER RELEASE, WAIVE AND DISCHARGE ALL CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION AND LIABILITIES (OTHER THAN THE RIGHTS OF THE DEBTORS AND THE REORGANIZED DEBTORS TO ENFORCE THE PLAN AND THE CONTRACTS, INSTRUMENTS, RELEASES AND OTHER AGREEMENTS OR DOCUMENTS DELIVERED HEREUNDER) WHETHER DIRECT OR DERIVATIVE, LIQUIDATED OR UNLIQUIDATED, FIXED OR CONTINGENT, MATURED OR UNMATURED, DISPUTED OR UNDISPUTED, KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, THEN EXISTING OR THEREAFTER ARISING, IN LAW, EQUITY OR OTHERWISE THAT ARE BASED IN WHOLE OR IN PART ON ANY ACT, OMISSION, TRANSACTION, EVENT OR OTHER OCCURRENCE TAKING PLACE ON OR PRIOR TO THE EFFECTIVE DATE, OR IN ANY WAY RELATING TO THE RESTRUCTURING OF THE DEBTORS, THE CHAPTER 11 CASES, THE PLAN, OR THE DISCLOSURE STATEMENT, AND THAT COULD HAVE BEEN ASSERTED BY OR ON BEHALF OF THE DEBTORS OR THEIR ESTATES AGAINST (A) THE DIRECTORS, OFFICERS AND EMPLOYEES OF ANY OF THE DEBTORS AND THE DEBTORS' AGENTS, ADVISORS AND PROFESSIONALS

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SERVING AS OF THE COMMENCEMENT DATE, IN EACH CASE IN THEIR CAPACITY AS SUCH, (B) THE HOLDERS OF SENIOR SUBORDINATED NOTE CLAIMS, INCLUDING THE SUPPORTING NOTEHOLDERS, AND THE SENIOR SUBORDINATED NOTES INDENTURE TRUSTEE, AND THE AGENTS, ADVISORS AND PROFESSIONALS OF SAME, IN EACH CASE IN THEIR CAPACITY AS SUCH, (C) THE HOLDERS OF CREDIT AGREEMENT CLAIMS AND CLAIMS UNDER THE DIP FACILITY, AND THE AGENTS, ADVISORS AND PROFESSIONALS OF SAME, IN EACH CASE IN THEIR CAPACITY AS SUCH, AND (D) THE MEMBERS OF ANY COMMITTEE, INCLUDING THE AD HOC COMMITTEE, AND ITS AGENTS, ADVISORS AND PROFESSIONALS, IN EACH CASE IN THEIR CAPACITY AS SUCH; PROVIDED, HOWEVER, NOTHING IN THIS ARTICLE 13.06 OF THE PLAN SHALL BE CONSTRUED TO RELEASE OR EXCULPATE ANY PERSON OR ENTITY FROM FRAUD, WILLFUL MISCONDUCT, CRIMINAL CONDUCT, OR UNAUTHORIZED USE OF CONFIDENTIAL INFORMATION THAT CAUSES DAMAGES OR FOR PERSONAL GAIN.

13.07 Exculpation and Limitation of Liability. The Debtors, the Reorganized Debtors, the Holders of Senior Subordinated Note Claims, the Supporting Noteholders, the Senior Secured Lenders, the DIP Lenders, the Senior Subordinated Notes Indenture Trustee, the Committee, the Ad Hoc Committee, and any and all of their respective present and former members, officers, directors, employees, equity interest holders, partners, affiliates, advisors, attorneys, and agents, and any of their successors or assigns, shall not have or incur any liability to any Holder of a Claim or an Equity Interest, or any other party-in-interest, or any of their respective agents, employees, equity interest holders, partners, members, representatives, financial advisors, attorneys, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of the negotiation, solicitation, and/or distribution of the Plan and Disclosure Statement, the administration of the Chapter 11 Cases, the solicitation of acceptances hereof, the pursuit of Confirmation hereof, the consummation hereof, or the administration hereof or the property to be distributed hereunder, except for their willful misconduct or gross negligence, and in all respects they shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities.

13.08 Binding Effect. This Plan shall be binding upon and inure to the benefit of the Debtors, all present and former Holders of Claims against and Equity Interests in the Debtors, their respective successors and assigns, including the Reorganized Debtors, and all other parties-in-interest in the Chapter 11 Cases.

13.09 Revocation, Withdrawal, or Non-Consummation. The Debtors reserve the right to revoke or withdraw this Plan at any time prior to the Confirmation Date and to file other plans of reorganization. If the Debtors revoke or withdraw this Plan, or if Confirmation or consummation hereof does not occur, then (a) this Plan shall be null and void in all respects, (b) any settlement or compromise embodied herein (including the fixing or limiting to an amount any Claim or Class of Claims), assumption or rejection of executory contracts or leases effected by this Plan, and any document or agreement executed pursuant to this Plan shall be deemed null and void, and (c) nothing contained herein, and no acts taken in preparation for consummation hereof, shall (x) constitute or be deemed to constitute a waiver or release of any Claims by or against, or any Equity Interests in, the Debtors or any other Person, (y) prejudice in any manner

the rights of the Debtors or any Entity in any further proceedings involving the Debtors, or (z) constitute an admission of any sort by the Debtors or any other Entity.

13.10 Committees. On the Effective Date, the duties of the Committee and the Equity Committee shall terminate.

13.11 Plan Supplement. Any and all agreements, exhibits, lists, or schedules referred to herein but not filed with this Plan shall be contained in the Plan Supplement. The Debtors' initial Plan Supplement was filed with the Bankruptcy Court on the Commencement Date. All remaining documents required to be filed with the Plan Supplement but not filed as part of the initial Plan Supplement shall be filed with the Bankruptcy Court at least ten (10) days prior to the date of the commencement of the Confirmation Hearing. Thereafter, any Person may examine the Plan Supplement in the office of the Clerk of the Bankruptcy Court during normal court hours or may obtain a copy by contacting Pam Lewis, paralegal at Vinson & Elkins L.L.P., at (214) 220-7960. Holders of Claims against or Equity Interests in the Debtors may also obtain a copy of the Plan Supplement upon written request to the Debtors in accordance with Article 13.12.

13.12 Notices to Debtors. Any notice, request, or demand required or permitted to be made or provided to or upon a Debtor or a Reorganized Debtor hereunder shall be (i) in writing, (ii) served by (a) certified mail, return receipt requested, (b) hand delivery, (c) overnight delivery service, (d) first class mail, or (e) facsimile transmission, and (iii) deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

INTEGRATED ELECTRICAL SERVICES, INC.
1800 West Loop South
Houston, Texas 77057
Attn: Curt L. Warnock
Telephone: (713) 860-1500
Facsimile: (713) 860-1588

with a required copy to:

VINSON & ELKINS L.L.P.
Trammell Crow Center
2001 Ross Avenue, Suite 3700
Dallas, Texas 75201
Attn: Daniel C. Stewart
Telephone: 214.220.7700
Facsimile: 214.220-7716

13.13 Indemnification Obligations. Except as otherwise specifically set forth herein, any obligations or rights of the Debtors or Reorganized Debtors to defend, indemnify, reimburse, or limit the liability of the Debtors' present and former directors, managing partners, managers, officers or employees (the "Covered Persons") pursuant to the Debtors' or Reorganized Debtors' certificates of incorporation, limited partnership or formation, bylaws or similar organizational

documents, policy of providing employee indemnification, applicable state law, or specific agreement in respect of any claims, demands, suits, causes of action, or proceedings against such Covered Persons based upon any act or omission related to such Covered Persons' service with, for, or on behalf of the Debtors prior to the Effective Date shall be deemed executory contracts assumed hereunder and shall, in any event, survive Confirmation hereof and remain unaffected thereby, and shall not be discharged, irrespective of whether such defense, indemnification, reimbursement, or limitation of liability accrued or is owed in connection with an occurrence before or after the Commencement Date.

13.14 Governing Law. Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules), the laws of (a) the State of New York shall govern the construction and implementation hereof and any agreements, documents, and instruments executed in connection with this Plan and (b) the laws of the state of incorporation or organization of each Debtor shall govern corporate or other governance matters with respect to such Debtor, in either case without giving effect to the principles of conflicts of law thereof.

13.15 Prepayment. Except as otherwise provided herein or the Confirmation Order, the Debtors shall have the right to prepay, without penalty or premium, all or any portion of an Allowed Claim at any time; provided, however, that any such prepayment shall not be violative of, or otherwise prejudice, the relative priorities and parities among the Classes of Claims.

13.16 Section 1125(e) of the Bankruptcy Code. As of the Confirmation Date, the Debtors shall be deemed to have solicited acceptances hereof in good faith and in compliance with the Bankruptcy Code. As of the Confirmation Date, the Debtors, the Supporting Noteholders, and each of their respective affiliates, agents, directors, managing partners, managers, officers, employees, investment bankers, financial advisors, attorneys, and other professionals shall be deemed to have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer and issuance of the New Securities and the New Notes and New IES Subsidiary Guarantees (if applicable) hereunder, and therefore are not, and on account of such offer, issuance and solicitation shall not be, liable at any time for the violation of any law, rule or regulation governing the solicitation of acceptances or rejections hereof, the offer and issuance of New Securities and the New Notes and New IES Subsidiary Guarantees (if applicable) hereunder, or the distribution or dissemination of any information contained in the Plan, the Disclosure Statement, the Plan Supplement, and any and all related documents.

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Dated: Dallas, Texas
March 17, 2006

VINSON & ELKINS L.L.P.
Attorneys for the Debtors

INTEGRATED ELECTRICAL SERVICES,
INC.

By: /s/ Daniel C. Stewart
Daniel C. Stewart
2001 Ross Avenue, Suite 3700
Dallas, Texas 75201
(214) 220-7960

By: /s/ Curt L. Warnock
Curt L. Warnock
Senior Vice President

**SECOND AMENDED JOINT PLAN OF REORGANIZATION OF INTEGRATED
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ALADDIN-WARD ELECTRIC & AIR, INC.
AMBER ELECTRIC, INC.
ARC ELECTRIC, INCORPORATED
BACHOFNER ELECTRIC, INC.
BEAR ACQUISITION CORPORATION
BRYANT ELECTRIC COMPANY, INC.
BW/BEC, INC.
BW CONSOLIDATED, INC.
CHARLES P. BAGBY CO., INC.
COLLIER ELECTRIC COMPANY, INC.
COMMERCIAL ELECTRICAL CONTRACTORS, INC.
CROSS STATE ELECTRIC, INC.
CYPRESS ELECTRICAL CONTRACTORS, INC.
DANIEL ELECTRICAL CONTRACTORS, INC.
DANIEL ELECTRICAL OF TREASURE COAST, INC.
DANIEL INTEGRATED TECHNOLOGIES, INC.
DAVIS ELECTRICAL CONSTRUCTORS, INC.
ELECTRO-TECH, INC.
EMC ACQUISITION CORPORATION
FEDERAL COMMUNICATIONS GROUP, INC.
GENERAL PARTNER, INC.
HATFIELD REYNOLDS ELECTRIC COMPANY
HOLLAND ELECTRICAL SYSTEMS, INC.
HOUSTON-STAFFORD ELECTRIC HOLDINGS III,
INC.
HOUSTON-STAFFORD MANAGEMENT LLC
ICS HOLDINGS LLC
IES ALBUQUERQUE, INC.
IES AUSTIN, INC.
IES AUSTIN MANAGEMENT LLC
IES CHARLESTON, INC.
IES CHARLOTTE, INC.
IES COLLEGE STATION, INC.
IES COLLEGE STATION MANAGEMENT LLC
IES COMMUNICATIONS, INC.
IES CONTRACTORS MANAGEMENT LLC
IES DECATUR, INC.
IES EAST MCKEESPORT, INC.
IES ENC, INC.
IES ENC MANAGEMENT, INC.
IES MERIDIAN, INC.
IES NEW IBERIA, INC.
IES OKLAHOMA CITY, INC.

IES OPERATIONS GROUP, INC.
IES PROPERTIES, INC.
IES PROPERTIES MANAGEMENT, INC.
IES RALEIGH, INC.
IES RAPID CITY, INC.
IES RESIDENTIAL GROUP, INC.
IES SPECIALTY LIGHTING, INC.
IES VALDOSTA, INC.
IES VENTURES INC.
IES WILSON, INC.
INTEGRATED ELECTRICAL FINANCE, INC.
INTELLIGENT BUILDING SOLUTIONS, INC.
J.W. GRAY ELECTRIC CO., INC.
J.W. GRAY MANAGEMENT LLC
KAYTON ELECTRIC, INC.
KEY ELECTRICAL SUPPLY, INC.
LINEMEN, INC.
MARK HENDERSON, INCORPORATED
MENNINGA ELECTRIC, INC.
MID-STATES ELECTRIC COMPANY, INC.
MILLS ELECTRICAL CONTRACTORS, INC.
MILLS MANAGEMENT LLC
MITCHELL ELECTRIC COMPANY, INC.
M-S SYSTEMS, INC.
MURRAY ELECTRICAL CONTRACTORS, INC.
NBH HOLDING CO., INC.
NEAL ELECTRIC MANAGEMENT LLC
NEW TECHNOLOGY ELECTRICAL
CONTRACTORS, INC.
NEWCOMB ELECTRIC COMPANY, INC.
PAN AMERICAN ELECTRIC COMPANY, INC.
PAN AMERICAN ELECTRIC, INC.
PAULIN ELECTRIC COMPANY, INC.
POLLOCK ELECTRIC, INC.
PRIMENET, INC.
PRIMO ELECTRIC COMPANY
RAINES ELECTRIC CO., INC.
RAINES MANAGEMENT LLC
RIVIERA ELECTRIC, LLC
RKT ELECTRIC, INC.
ROCKWELL ELECTRIC, INC.
RODGERS ELECTRIC COMPANY, INC.
RON'S ELECTRIC, INC.
SEI ELECTRICAL CONTRACTOR, INC.
SPECTROL, INC.
SUMMIT ELECTRIC OF TEXAS, INC.

TESLA POWER GP, INC.
THOMAS POPP & COMPANY
VALENTINE ELECTRICAL, INC.
WRIGHT ELECTRICAL CONTRACTING, INC.

By: /s/ Curt L. Warnock
Curt L. Warnock
Vice President

IES CONTRACTORS, INC.

Name: /s/ Curt L. Warnock
Curt L. Warnock
Secretary

BEXAR ELECTRIC COMPANY, LTD.

By: BW/BEC, Inc., its general partner

Name: /s/ Curt L. Warnock
Curt L. Warnock
Vice President

HAYMAKER ELECTRIC, LTD

By: General Partner, Inc., its general partner

Name: /s/ Curt L. Warnock
Curt L. Warnock
Vice President

HOUSTON-STAFFORD ELECTRICAL CONTRACTORS LP

By: Houston-Stafford Management LLC, its general partner

Name: /s/ Curt L. Warnock
Curt L. Warnock
Vice President

IES AUSTIN HOLDING LP
By: IES Austin Management LLC, its general partner

Name: /s/ Curt L. Warnock
Curt L. Warnock
Vice President

IES COLLEGE STATION HOLDINGS LP
By: IES College Station Management LLC, its general partner

Name: /s/ Curt L. Warnock
Curt L. Warnock
Vice President

IES FEDERAL CONTRACT GROUP, LP
By: IES Contractors Management LLC

Name: /s/ Curt L. Warnock
Curt L. Warnock
Vice President

IES MANAGEMENT ROO, LP
By: Neal Electric Management LLC, its general partner

Name: /s/ Curt L. Warnock
Curt L. Warnock
Vice President

IES MANAGEMENT, LP
By: IES Residential Group, Inc., its general partner

Name: /s/ Curt L. Warnock
Curt L. Warnock
Vice President

IES PROPERTIES, LP
By: IES Properties Management, Inc., its general partner

Name: /s/ Curt L. Warnock
Curt L. Warnock
Vice President

J.W. GRAY ELECTRICAL CONTRACTORS LP
By: J.W. Gray Management LLC, its general partner

Name: /s/ Curt L. Warnock
Curt L. Warnock
Vice President

MILLS ELECTRIC LP
By: Mills Management LLC

Name: /s/ Curt L. Warnock
Curt L. Warnock
Vice President

NEAL ELECTRIC LP
By: BW/BEC, Inc., its general partner

Name: /s/ Curt L. Warnock
Curt L. Warnock
Vice President

POLLOCK SUMMIT ELECTRIC LP
By: Pollock Electric, Inc. and Summit Electric of Texas, Inc., its general partners

Name: /s/ Curt L. Warnock
Curt L. Warnock
Vice President

RAINES ELECTRIC LP
By: Raines Management LLC, its general partner

Name: /s/ Curt L. Warnock
Curt L. Warnock
Vice President

TESLA POWER AND AUTOMATION, L.P.
By: Tesla Power GP, Inc., its general partner

Name: /s/ Curt L. Warnock
Curt L. Warnock
Vice President

TESLA POWER PROPERTIES, LP
By: Tesla Power GP, Inc., its general partner

Name: /s/ Curt L. Warnock
Curt L. Warnock
Vice President

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BEXAR ELECTRIC II LLC
BW/BEC II LLC
BW/BEC, L.L.C.
HOUSTON-STAFFORD HOLDINGS II LLC
HOUSTON-STAFFORD HOLDINGS LLC
IES AUSTIN HOLDINGS II LLC
IES AUSTIN HOLDINGS LLC
IES COLLEGE STATION HOLDINGS II LLC
IES COLLEGE STATION HOLDINGS LLC
IES CONTRACTORS HOLDINGS LLC
IES HOLDINGS II LLC
IES HOLDINGS LLC
IES PROPERTIES HOLDINGS II LLC
J.W. GRAY HOLDINGS II LLC
J.W. GRAY HOLDINGS LLC
MILLS ELECTRIC HOLDINGS II LLC
MILLS ELECTRICAL HOLDINGS LLC
POLLOCK SUMMIT HOLDINGS II LLC
RAINES HOLDINGS II LLC
RAINES HOLDINGS LLC
TESLA POWER (NEVADA) II LLC

By: /s/ Victor Duva
Victor Duva, Manager

IES PROPERTIES HOLDINGS, INC.
POLLOCK SUMMIT HOLDINGS, INC.
TESLA POWER (NEVADA), INC.

By: /s/ Victor Duva
Victor Duva, President

**SECOND AMENDED JOINT PLAN OF REORGANIZATION OF INTEGRATED
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Addendum 1

Integrated Electrical Services, Inc.
Aladdin-Ward Electric & Air, Inc.
Amber Electric, Inc.
ARC Electric, Incorporated
Bachofner Electric, Inc.
Bear Acquisition Corporation
Bexar Electric Company, Ltd.
Bexar Electric II LLC
Bryant Electric Company, Inc.
BW/BEC, Inc.
BW/BEC II LLC
BW/BEC, L.L.C.
BW Consolidated, Inc.
Charles P. Bagby Co., Inc.
Collier Electric Company, Inc.
Commercial Electrical Contractors, Inc.
Cross State Electric, Inc.
Cypress Electrical Contractors, Inc.
Daniel Electrical Contractors, Inc.
Daniel Electrical of Treasure Coast, Inc.
Daniel Integrated Technologies, Inc.
Davis Electrical Constructors, Inc.
Electro-Tech, Inc.
EMC Acquisition Corporation
Federal Communications Group, Inc.
General Partner, Inc.
Hatfield Reynolds Electric Company
Haymaker Electric, Ltd.
Holland Electrical Systems, Inc.
Houston-Stafford Electric Holdings III, Inc.
Houston-Stafford Electrical Contractors LP
Houston-Stafford Holdings II LLC
Houston Stafford Holdings LLC
Houston-Stafford Management LLC
ICS Holdings LLC
IES Albuquerque, Inc.
IES Austin, Inc.
IES Austin Holding LP
IES Austin Holdings II LLC
IES Austin Holdings LLC
IES Austin Management LLC
IES Charleston, Inc.
IES Charlotte, Inc.
IES College Station, Inc.

**SECOND AMENDED JOINT PLAN OF REORGANIZATION OF INTEGRATED
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IES College Station Holdings II LLC
IES College Station Holdings LLC
IES College Station Holdings, LP
IES College Station Management LLC
IES Communications, Inc.
IES Contractors Holdings LLC
IES Contractors, Inc.
IES Contractors Management LLC
IES Decatur, Inc.
IES East McKeesport, Inc.
IES ENC, Inc.
IES ENC Management, Inc.
IES Federal Contract Group, L.P.
IES Holdings II LLC
IES Holdings LLC
IES Management, LP
IES Management ROO, LP
IES Meridian, Inc.
IES New Iberia, Inc.
IES Oklahoma City, Inc.
IES Operations Group, Inc.
IES Properties Holdings II LLC
IES Properties Holdings, Inc.
IES Properties, Inc.
IES Properties, LP
IES Properties Management, Inc.
IES Raleigh, Inc.
IES Rapid City, Inc.
IES Residential Group, Inc.
IES Specialty Lighting, Inc.
IES Valdosta, Inc.
IES Ventures Inc.
IES Wilson, Inc.
Integrated Electrical Finance, Inc.
Intelligent Building Solutions, Inc.
J.W. Gray Electric Co., Inc.
J.W. Gray Electrical Contractors LP
J.W. Gray Holdings II LLC
J.W. Gray Holdings, LLC
J.W. Gray Management LLC
Kayton Electric, Inc.
Key Electrical Supply, Inc.
Linemen, Inc.
Mark Henderson, Incorporated
Menninga Electric, Inc.
Mid-States Electric Company, Inc.

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Mills Electrical Contractors, Inc.
Mills Electric Holdings II LLC
Mills Electrical Holdings LLC
Mills Electric, LP
Mills Management LLC
Mitchell Electric Company, Inc.
M-S Systems, Inc.
Murray Electrical Contractors, Inc.
NBH Holding Co., Inc.
Neal Electric LP
Neal Electric Management LLC
New Technology Electrical Contractors, Inc.
Newcomb Electric Company, Inc.
Pan American Electric Company, Inc.
Pan American Electric, Inc.
Paulin Electric Company, Inc.
Pollock Electric, Inc.
Pollock Summit Electric LP
Pollock Summit Holdings II LLC
Pollock Summit Holdings, Inc.
PrimeNet, Inc.
Primo Electric Company
Raines Electric Co., Inc.
Raines Electric LP
Raines Holdings II LLC
Raines Holdings LLC
Raines Management LLC
Riviera Electric, LLC
RKT Electric, Inc.
Rockwell Electric, Inc.
Rodgers Electric Company, Inc.
Ron's Electric, Inc.
SEI Electrical Contractor, Inc.
Spectrol, Inc.
Summit Electric Of Texas, Inc.
Tesla Power And Automation, L.P.
Tesla Power GP, Inc.
Tesla Power Properties, L.P.
Tesla Power (Nevada) II LLC
Tesla Power (Nevada), Inc.
Thomas Popp & Company
Valentine Electrical, Inc.
Wright Electrical Contracting, Inc.

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U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
ENTERED
TAWANA C. MARSHALL, CLERK
THE DATE OF ENTRY IS
ON THE COURT'S DOCKET

The following constitutes the order of the Court.

Signed April 26, 2006


United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

IN RE:

INTEGRATED ELECTRICAL SERVICES,
INC., *et al.*

DEBTORS.

§
§
§
§
§
§
§

CASE NO. 06-30602-BJH-11

(Chapter 11)
(Jointly Administered)

Related to Dkt. No. 199

ORDER CONFIRMING SECOND AMENDED JOINT PLAN OF
REORGANIZATION OF INTEGRATED ELECTRICAL SERVICES,
INC. AND CERTAIN OF ITS DIRECT AND INDIRECT SUBSIDIARIES
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

BACKGROUND AND PROCEDURAL HISTORY

On February 14, 2006 (the "Petition Date"), Integrated Electrical Services, Inc. and the affiliated debtors listed on Addendum 1 hereto (collectively, the "Debtors") each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). Since the Petition Date, the Debtors have continued to

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operate and manage their businesses as debtors in possession pursuant to Bankruptcy Code §§ 1107(a) and 1108.

On the Petition Date, the Debtors filed a pre-negotiated plan of reorganization and supporting disclosure statement, and on March 17, 2006, the Debtors filed their *Second Amended Disclosure Statement for Second Amended Joint Plan of Reorganization of Integrated Electrical Services, Inc. and Certain of its Direct and Indirect Subsidiaries Under Chapter 11 of the Bankruptcy Code* [Dkt. No. 198] (as supplemented, amended, or modified, the "Disclosure Statement") and their *Second Amended Joint Plan of Reorganization of Integrated Electrical Services, Inc. and Certain of its Direct and Indirect Subsidiaries Under Chapter 11 of the Bankruptcy Code* [Dkt. No. 199] (as supplemented, amended, or modified, the "Plan").¹ A copy of the Plan, as hereby confirmed by this Bankruptcy Court, is attached hereto as **Exhibit A** [Dkt. No. 385].

Also on the Petition Date, the Debtors filed their initial Plan Supplement [Dkt. No. 36] and on April 14, 2006, the Debtors filed their Second Plan Supplement [Dkt. No. 312] (together, the "Plan Supplement"). The Plan Supplement is incorporated herein by reference.

On February 14, 2006, the Office of the United States Trustee appointed the Official Committee of Unsecured Creditors (the "Creditors' Committee") and on March 8, 2006, appointed the Official Equity Holders Committee (the "Equity Committee").

On March 10, 2006, this Bankruptcy Court entered its Order (i) Approving Disclosure Statement and the Form and Manner of Service Related Thereto; (ii) Setting

¹ Capitalized terms not defined herein shall have the meaning given to them in the Plan.

Dates for the Objection Deadline and Hearing Relating to Confirmation of the Plan; and (iii) Authorizing Related Relief [Dkt. No. 186] (as non-materially modified by Dkt. No. 240, the "Disclosure Statement Order").

In accordance with the Disclosure Statement Order, the Debtors have filed (a) a certificate of publication [Dkt. No. 228] attesting that the notice of the Confirmation Hearing was published in The Wall Street Journal, National Edition; (b) an Affidavit of Service of Financial Balloting Group, LLC [Dkt. No. 251] attesting that on or before March 22, 2005 (a) the Disclosure Statement, Plan, notice of Confirmation Hearing, and Ballots were mailed to Holders of Claims and Equity Interests in Impaired Classes 5, 6, and 8; (b) a Notice of Unimpaired Status and Scheduling of Confirmation Hearing was mailed to Holders of Claims and Equity Interests in Unimpaired Classes 1, 2, 3, 4, 7, and 10, and (c) a copy of the Disclosure Statement and Notice of Confirmation Hearing were mailed to Holders of Equity Interests in Class 9; and (c) the Supplemental Affidavit of Service [Dkt. No. 277] attesting that the March 31, 2006 letter of the Equity Committee (the "March 31 Letter") was mailed to Holders of Equity Interests in Class 8.

In support of Confirmation of the Plan, the Debtors filed with the Bankruptcy Court the following: (a) Declaration of Sanford R. Edlein in Support of Confirmation of the Second Amended Joint Plan of Reorganization of Integrated Electrical Services, Inc. and Certain of its Direct and Indirect Subsidiaries Under Chapter 11 of the Bankruptcy Code [Dkt No. 368] (the "Edlein Affidavit"); (b) Declaration of Peter S. Kaufman in Support of Confirmation of the Second Amended Joint Plan of Reorganization of Integrated Electrical Services, Inc. and Certain of its Direct and Indirect Subsidiaries Under Chapter 11 of the Bankruptcy Code [Dkt No. 369] (the "Kaufman Affidavit"); and

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(c) Certification of Jane Sullivan with Respect to the Tabulation of Votes on the Second Amended Joint Plan of Reorganization of Integrated Electrical Services, Inc. and Certain of its Direct and Indirect Subsidiaries Under Chapter 11 of the Bankruptcy Code [Dkt. No. 355] (the "Sullivan Affidavit," and collectively with the Edlein Affidavit and the Kaufman Affidavit, the "Affidavits").

The following objections (the "Objections") were filed to Confirmation of the Plan:

- Objection to Confirmation of Plan filed by Creditor Tax Appraisal District of Bell County, et al. [Dkt. No. 332];
- Confirmation Objection of Senior Convertible Noteholders to the Second Amended Joint Plan of Reorganization of Integrated Electrical Services, Inc. and Certain of Its Direct and Indirect Subsidiaries Under Chapter 11 of the Bankruptcy Code filed by Creditor Marathon Global Convertible Master Fund, Ltd., Marathon Special Opportunities Master Fund, Ltd. [Dkt. No. 336];
- Objection to Confirmation of Plan filed by Creditor Garland Independent School District [Dkt. No. 337];
- CNA's Limited Objection to Second Amended Joint Plan of Reorganization of Integrated Electrical Services, Inc. and Certain of Its Direct and Indirect Subsidiaries filed by American Casualty Company of Reading, PA, CNA ClaimPlus, Inc., Continental Casualty Company, Transportation Insurance Company [Dkt. No. 339];
- Objection to Confirmation of Plan filed by Clear Creek ISD, Klein ISD, Spring Branch ISD, City of Grapevine, Grapevine-Colleyville ISD [Dkt. No. 340];
- Objection to Confirmation of Plan by Local Tax Authorities (including City of Memphis, Dallas County, Tarrant County, Tom Green CAD, Wise County and Navarro County) filed by Bexar County, Fort Bend County, Fort Bend ISD, Harris County/City of Houston, Houston ISD, Katy ISD [Dkt. No. 341]; and
- Objection FILED UNDER SEAL to Confirmation of Second Amended Chapter 11 Plan filed by Interested Party Official Equity Holders Committee [Dkt. No. 343].

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- Objections to Confirmation of Debtors' Second Amended Plan of Reorganization filed by Scott Watkins and the Estate of Scott Watkins [Dkt. No.358].

In response to the Objections, the Debtors filed their Debtors' Omnibus Response to Objections to Confirmation [Dkt. No. 351] and Debtors' Response FILED UNDER SEAL to Equity Committee's Objection to Confirmation of Debtors' Second Amended Joint Plan of Reorganization [Dkt. No. 363], and the Creditors' Committee filed their Response of the Official Committee of Unsecured Creditors to the Objection of the Senior Convertible Noteholders to Confirmation of the Debtors' Chapter 11 Plan of Reorganization [Dkt. No. 350] and their Response of the Official Committee of Unsecured Creditors FILED UNDER SEAL to the Objection of the Official Equity Holders' Committee to Confirmation of the Debtors' Chapter 11 Plan of Reorganization [Dkt. No. 352].

Pursuant to Bankruptcy Code § 1128 and Rule 3020(b)(2) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the Bankruptcy Court held the Confirmation Hearing to consider the Confirmation of the Plan on April 25, 2006.

Based upon the Affidavits, the live testimony of C. Byron Snyder, Sanford R. Edlein and Peter S. Kaufman (the "Live Testimony") and the record of the Confirmation Hearing, the Objections that have not been consensually resolved or withdrawn are overruled on the merits pursuant to this Confirmation Order.

After considering the Plan, the Plan Supplement, the Affidavits, the Live Testimony, the Objections and the responses to the Objections, the exhibits admitted and other evidence presented or proffered at the Confirmation Hearing, representations and arguments of counsel at the Confirmation Hearing, and the entire record before the

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Bankruptcy Court in these Chapter 11 Cases, and after otherwise being fully apprised, the Bankruptcy Court makes the following findings of fact and conclusions of law, and issues this Confirmation Order confirming the Plan.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

Jurisdiction and Venue

A. Exclusive Jurisdiction; Venue; Core Proceeding. The Bankruptcy Court has jurisdiction over these Chapter 11 Cases pursuant to 28 U.S.C. §§157 and 1334. Venue in this Bankruptcy Court is proper under 28 U.S.C. §§ 1408 and 1409. This matter constitutes a core proceeding under 28 U.S.C. § 157(b)(2)(L) and this Bankruptcy Court has exclusive jurisdiction to determine whether the Plan complies with the applicable provisions of the Bankruptcy Code and should be confirmed.

B. Judicial Notice. The Bankruptcy Court takes judicial notice of the docket in these Chapter 11 Cases maintained by the clerk of the Bankruptcy Court, including, without limitation, all pleadings and other documents filed, all orders entered, and evidence and arguments made, proffered, or adduced at the hearings held before the Bankruptcy Court during the pendency of the Chapter 11 Cases.

C. Retention of Jurisdiction. The Bankruptcy Court finds and concludes that the Bankruptcy Court's retention of jurisdiction as set forth in Article XI of the Plan comports with 28 U.S.C. §§1334 and 157.

Notice, Solicitation and Acceptance

D. Adequate Notice of Confirmation Hearing. In accordance with Bankruptcy Rules 2002, 3019, and 9014 and the Disclosure Statement Order, the Bankruptcy Court finds and concludes that adequate notice of the time for filing objections to Confirmation

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of the Plan and adequate notice of the Confirmation Hearing was provided to all Holders of Claims and Equity Interests. No other or further notice of the Confirmation Hearing or Confirmation of the Plan is necessary or required.

E. Adequate Information. The Bankruptcy Court finds and concludes that the Solicitation was conducted after disclosure of “adequate information” as defined in Bankruptcy Code § 1125(a) and in accordance with the Disclosure Statement Order.

F. Good Faith Solicitation (11 U.S.C. § 1125(e)). The Bankruptcy Court finds and concludes that the Debtors have solicited acceptances of the Plan in good faith and in compliance with the Bankruptcy Code. The Debtors, the Supporting Noteholders, and each of their respective affiliates, agents, directors, managing partners, managers, officers, employees, investment bankers, financial advisors, attorneys, and other professionals are deemed to have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer and issuance of the New Securities under the Plan and the Solicitation of the Plan, and therefore are not and shall not, on account of such offer, issuance or Solicitation, be liable at any time for the violation of any law, rule, or regulation governing the Solicitation of acceptances or rejections of the Plan, the offer and issuance of New Securities under the Plan, or the distribution or dissemination of any information contained in the Plan, the Disclosure Statement, the March 31 Letter, the Plan Supplement, and any and all related documents.

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Compliance with Bankruptcy Code § 1129

G. Plan Compliance with Bankruptcy Code (11 U.S.C. § 1129(a)(1)). In accordance with Bankruptcy Code § 1129(a)(1), the Bankruptcy Court finds and concludes that the Plan complies with the applicable provisions of the Bankruptcy Code.

1. Compliance 11 U.S.C. § 1123(a). In accordance with Bankruptcy Code § 1123(a), the Bankruptcy Court finds and concludes that the Plan: (a) designates Classes of Claims and Equity Interests, other than Claims of a kind specified in Bankruptcy Code §§ 507(a)(2), 507(a)(3), and 507(a)(8); (b) specifies Classes of Claims and Equity Interests that are not Impaired under the Plan; (c) specifies the treatment of Classes of Claims and Equity Interests that are Impaired under the Plan; (d) provides the same treatment for each Claim or Equity Interest of a particular Class, unless the Holder of a particular Claim or Equity Interest agrees to less favorable treatment of their respective Claim or Equity Interest; (e) provides for adequate means for the Plan's implementation; (f) provides for the inclusion in the charter of Reorganized IES of a provision prohibiting the issuance of non-voting equity securities; and (g) contains only provisions that are consistent with the interests of Holders of Claims and Equity Interests and with public policy with respect to the manner of selection of any officer or director of the Reorganized Debtors on and after the Effective Date. Therefore, the Plan satisfies the requirements of Bankruptcy Code § 1123(a).

2. Compliance with 11 U.S.C. § 1123(b). As permitted by Bankruptcy Code § 1123(b), the Plan: (a) Impairs or leaves Unimpaired, Classes of Claims and Equity Interests; (b) provides for the assumption, rejection, or assignment of executory contracts and unexpired leases of the Debtors; (c) provides for the settlement or

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adjustment of Claims or interests belonging to the Debtors or their Estates and for the retention and enforcement of Claims or interests; (d) enjoins certain acts by Holders of Claims or Equity Interests; (e) exculpates certain Persons from certain Claims and Causes of Action; (f) contains a release of certain Claims and Causes of Action of, among others, the Debtors and their Estates that could be asserted against certain Persons; and (g) includes other appropriate provisions not inconsistent with the applicable provisions of the Bankruptcy Code.

3. The relief provided in the Plan is fair and necessary for the orderly implementation of the Plan and the administration of the Estates. Therefore, the Plan satisfies the requirements of Bankruptcy Code § 1123(a) and (b).

H. Debtors' Compliance with Bankruptcy Code (11 U.S.C. § 1129(a)(2)). In accordance with Bankruptcy Code § 1129(a)(2), the Bankruptcy Court finds and concludes that the Debtors have complied with the applicable provisions of the Bankruptcy Code. The Debtors are proper debtors under Bankruptcy Code § 109. The Debtors have complied with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Disclosure Statement Order in transmitting the Plan, the Disclosure Statement, the Ballots, the March 31 Letter, and all related documents and notices, and in soliciting and tabulating votes on the Plan.

I. Plan Proposed in Good Faith (11 U.S.C. § 1129(a)(3)). In accordance with Bankruptcy Code § 1129(a)(3), the Bankruptcy Court finds and concludes that the Debtors have proposed the Plan in good faith and not by any means forbidden by law, and the Debtors have acted, and are presently acting, in good faith in conjunction with all aspects of the Plan. All transactions contemplated by the Plan were negotiated and

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consummated at arm's-length, without collusion, and in good faith. In determining that the Plan has been proposed in good faith, the Bankruptcy Court has examined the totality of the circumstances surrounding the formulation of the Plan and the Solicitation of the Plan. The Debtors filed the Chapter 11 Cases and proposed the Plan with legitimate and honest purposes including, among other things, (1) the reorganization of the Debtors' businesses; (2) the preservation and maximization of the Debtors' business enterprise value through a rapid, efficient reorganization under chapter 11; (3) preserving creditor and customer relationships by not impairing ongoing trade creditors; (4) restructuring the Debtors' capital structure; (5) maximization of the recovery to Holders of Claims and Equity Interests under the circumstances of these Chapter 11 Cases; and (6) preserving jobs of the Debtors' employees in connection with the Debtors' go-forward operations. Furthermore, the Plan represents extensive arms-length negotiations among the Debtors and the Ad Hoc Committee, as well as each group's respective legal and financial advisors, and reflects the best interests of the Debtors' Estates and Holders of Claims and Equity Interests.

J. Payment for Services or Costs and Expenses (11 U.S.C. § 1129(a)(4)). In accordance with Bankruptcy Code § 1129(a)(4), the Bankruptcy Court finds and concludes that all payments made or to be made by the Debtors or by a Person issuing equity securities or acquiring property under the Plan, for services or for costs and expenses in, or in connection with, these Chapter 11 Cases, or in connection with the Plan and incident to these Chapter 11 Cases, have been approved by, or are subject to approval of, the Bankruptcy Court as reasonable, unless otherwise ordered by the Bankruptcy Court.

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K. Directors, Officers, and Insiders (11 U.S.C. § 1129(a)(5)). In accordance with Bankruptcy Code § 1129(a)(5), the Bankruptcy Court finds and concludes that: (1) the Debtors have disclosed the identity and affiliations of all individuals initially proposed to serve, after the Effective Date of the Plan, as directors and officers of the Reorganized Debtors; (2) the appointment of the individuals disclosed to serve, after the Effective Date, as directors and officers of the Reorganized Debtors is consistent with the interests of Holders of Claims and Equity Interests and with public policy; and (3) the Debtors have disclosed all insiders that will be employed by the Reorganized Debtors and the nature of compensation for such insiders.

L. No Rate Changes (11 U.S.C. § 1129(a)(6)). In accordance with Bankruptcy Code § 1129(a)(6), the Bankruptcy Court finds and concludes that the Debtors are not subject to any governmental regulation of any rates.

M. Best Interests of Creditors (11 U.S.C. § 1129(a)(7)). In accordance with Bankruptcy Code § 1129(a)(7), the Bankruptcy Court finds and concludes that with respect to Impaired Classes of Claims or Equity Interests (*i.e.*, Classes 5, 6, 8, and 9), each Holder of a Claim or Equity Interest has accepted the Plan or will receive or retain under the Plan, on account of such Claim or Equity Interest, property of a value, as of the Effective Date, that is not less than the amount that such Holder would so receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code on such date.

N. Acceptance or Rejection of Certain Classes (11 U.S.C. § 1129(a)(8)). In accordance with Bankruptcy Code § 1129(a)(8), the Bankruptcy Court finds and concludes that: (1) Classes 1, 2, 3, 4, 7, and 10 are not Impaired under the Plan and are

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deemed to have accepted the Plan under § 1126(f) of the Bankruptcy Code; and (2) Classes 5, 6 and 8 have accepted the Plan in accordance with §§ 1126(c) and (d) of the Bankruptcy Code. With respect to Class 9, which is deemed to have rejected the Plan pursuant to § 1126(g) of the Bankruptcy Code, the Bankruptcy Court finds and concludes that, pursuant to Bankruptcy Code § 1129(b)(1) and (2), the Plan does not discriminate unfairly, and is fair and equitable because no Holders of junior Claims or Equity Interests will receive or retain any property under the Plan. As set forth in the Sullivan Affidavit and as further agreed to by the Holders of Claims in Class 5 on the record at the Confirmation Hearing, the percentages of Holders of Claims and Equity Interests in Classes entitled to vote that voted to accept the Plan are as follows:

Class 5 (Senior Convertible Noteholders)

	<u>Number/Shares</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Accept	5	100.00%	\$50,000,000	100.00%
Reject	0	00.00%	\$0	00.00

Class 6 (Senior Subordinated Noteholders)

Accept	39	100.00%	\$147,920,726	100.00%
Reject	0	00.00%	\$0	00.00%

Class 8 (IES Common Stock Interests)

Accept	19,907,996	85.12%	n/a	n/a
Reject	3,479,126	14.88%	n/a	n/a

O. Treatment of Administrative, Priority, and Tax Claims (11 U.S.C. § 1129(a)(9)). The Bankruptcy Court finds and concludes that the Plan's treatment of Claims of a kind specified in Bankruptcy Code §§ 507(a)(1) through (8) satisfies the requirements set forth in Bankruptcy Code § 1129(a)(9).

P. Acceptance by Impaired Class (11 U.S.C. § 1129(a)(10)). In accordance with Bankruptcy Code § 1129(a)(10), the Bankruptcy Court finds and concludes that at

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least one Class of Claims or Equity Interests that is Impaired under the Plan has voted to accept the Plan, without including acceptances of the Plan by any insider.

Q. Feasibility (11 U.S.C. § 1129(a)(11)). The Disclosure Statement, the Kaufman Affidavit, the Edlein Affidavit, and the other evidence proffered or adduced at the Confirmation Hearing with respect to feasibility (1) is persuasive and credible and (2) establishes that Confirmation of the Plan is not likely to be followed by the need for further financial reorganization or liquidation of the Debtors not otherwise proposed in the Plan, thus satisfying the requirements of Bankruptcy Code § 1129(a)(11).

R. Payment of Fees (11 U.S.C. § 1129(a)(12)). In accordance with Bankruptcy Code § 1129(a)(12), the Bankruptcy Court finds and concludes that, to the extent that fees payable to the United States Trustee under 28 U.S.C. § 1930(a)(6) have not been paid, the Plan provides for the payment of all such fees on the Effective Date of the Plan and as they come due after the Effective Date.

S. Continuation of Retiree Benefits (11 U.S.C. § 1129(a)(13)). In accordance with Bankruptcy Code § 1129(a)(13), the Bankruptcy Court finds and concludes that the Plan provides for the continuation after the Effective Date of the payment of all retiree benefits, if any, as that term is defined in Bankruptcy Code § 1114.

T. Other Provisions of 11 U.S.C. 1129(a). The Court finds that the provisions of 11 U.S.C. §§ 1129(a)(14), (a)(15), and (a)(16) are not applicable to the Debtors or the Reorganized Debtors.

U. Principal Purpose (11 U.S.C. § 1129(d)). The Bankruptcy Court finds and concludes that the principal purpose of the Plan is not the avoidance of taxes or the

avoidance of the application of Section 5 of the Securities Act of 1933, and there has been no objection filed by any governmental unit asserting such avoidance.

V. No Unfair Discrimination; Fair and Equitable (11 U.S.C. § 1129(b)). Class 9 is an Impaired Class of Equity Interests that is deemed to have rejected the Plan pursuant to 11 U.S.C. § 1126(g) of the Bankruptcy Code because the Holders of such Equity Interests will not receive or retain any property under the Plan on account of such Equity Interests. The Debtors presented uncontroverted evidence at the Confirmation Hearing that the Plan does not discriminate unfairly and is fair and equitable with respect to Class 9, as required by § 1129(b)(1) of the Bankruptcy Code. Upon Confirmation and the occurrence of the Effective Date, the Plan shall be binding upon the members of all Classes, including the members of Class 9.

W. The Debtors, as proponents of the Plan, have met their burden of proving the elements of Bankruptcy Code §§ 1129(a) and (b).

Modifications to the Plan

X. The Bankruptcy Court finds and concludes that all modifications made to the Plan after Solicitation of votes on the Plan had commenced, as reflected in this Confirmation Order, as set forth on the record at the Confirmation Hearing, or as reflected in the Plan and Plan Supplement, satisfy the requirements of Bankruptcy Code § 1127(a) and Bankruptcy Rule 3019, are not material, and do not adversely affect the treatment and rights of the Holders of any Claim or Equity Interest under the Plan who have not otherwise accepted such modifications. Accordingly, the Debtors have satisfied Bankruptcy Code § 1127(c) and Bankruptcy Rule 3019 with respect to the Plan, as modified; and Holders of Claims or Equity Interests that have accepted or

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rejected the Plan (or are deemed to have accepted or rejected the Plan) are deemed to have accepted or rejected, as the case may be, the Plan as modified on the date of this Confirmation Order, pursuant to Bankruptcy Code § 1127(d) and Bankruptcy Rule 3019.

Exemptions

Y. Exemption from Registration Requirements (11 U.S.C. § 1145). The Bankruptcy Court finds and concludes that, in accordance with Bankruptcy Code § 1145, the issuance of the New Securities (except the Restricted New IES Common Stock) to Holders of Allowed Claims and Equity Interests in Classes 6 and 8 under the Plan is a Distribution in exchange for Claims against, or Equity Interests in, the Debtors. Therefore, such issued securities are exempt from the registration requirements of Section 5 of the Securities Act of 1933, as amended, or any other applicable federal law, and any state or local law requiring registration for offer or sale of a security or registration or licensing of an issuer of, underwriter of or broker dealer in such securities. None of the Debtors is an underwriter within the meaning of Bankruptcy Code § 1145(b).

Z. Exemptions from Recording, Stamp, and Similar Taxes (11 U.S.C. § 1146(a)). The Bankruptcy Court finds and concludes that, in accordance with Bankruptcy Code § 1146(a), any transfers from a Debtor to a Reorganized Debtor or any other Person or Entity pursuant to the Plan, including in relation to the Revolving Exit Facility and Term Exit Facility, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, or other similar tax or governmental assessment.

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Transactions Pursuant to the Plan

AA. Rule 9019 Settlement; Releases and Discharges. The Bankruptcy Court finds and concludes that pursuant to Bankruptcy Rule 9019 and in consideration of the Distributions and other benefits provided under the Plan, the provisions of the Plan constitute a good faith compromise and settlement of all Impaired Claims against and Equity Interests in the Debtors. Such compromises and settlements are made in exchange for consideration and are in the best interests of the Holders of Impaired Claims and Equity Interests, are within the range of possible litigation outcomes, are fair, equitable, reasonable, and are integral elements of the restructuring and resolution of the Chapter 11 Cases in accordance with the Plan.

BB. Discharge, Release, Indemnification, and Exculpation. The failure to effect the discharge, release, indemnification, and exculpation provisions of the Plan would impair the Debtors' ability to confirm the Plan. Accordingly, the compromises and settlements embodied in the release, discharge, indemnification, and exculpation provisions described in Article XIII of the Plan are approved.

CC. Issuance of Securities. The Bankruptcy Court finds and concludes that the issuance and Distribution of the New Securities and the New Options in accordance with the provisions of the Plan are reasonable and necessary.

DD. Assumption of Executory Contracts and Leases. The Bankruptcy Court finds and concludes that the assumption or rejection of executory contracts and unexpired leases pursuant to the Plan is a reasonable exercise of the Debtors' business judgment and is in the best interests of the Debtors and their Estates. The Bankruptcy Court further finds that (1) the Debtors have cured, will promptly cure, or will cure upon

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the entry of an appropriate order of the Bankruptcy Court any defaults in executory contracts and unexpired leases that have been assumed by the Debtors (without giving effect to any acceleration clauses or any default provisions of the kind specified in Bankruptcy Code § 365(b)(2)); and (2) the Debtors have provided adequate assurance of future performance under any such assumed executory contracts and unexpired leases.

EE. Plan Provisions Valid and Binding. The Bankruptcy Court finds and concludes that, upon entry of this Confirmation Order, each term and provision of the Plan and the Plan Supplement is valid, binding, and enforceable pursuant to its terms.

FF. Plan Documents Valid and Binding. The Bankruptcy Court finds and concludes that the Revolving Exit Facility Credit Documents, the Term Exit Facility Credit Documents, and all other documents reasonably necessary to implement the Plan shall be, upon execution on or after the Effective Date, valid, binding, and enforceable agreements. The Bankruptcy Court further finds and concludes that the Revolving Exit Facility Credit Documents, the Term Exit Facility Credit Documents (including the payment of fees and expenses under such facilities), and all other documents reasonably necessary to implement the Plan are in the best interests of the Debtors, their Estates and the Reorganized Debtors and have been negotiated in good faith and at arm's length.

GG. Compliance with Bankruptcy Rule 3016. In accordance with Bankruptcy Rule 3016(a), the Bankruptcy Court finds and concludes that the Plan is dated and the Entities that submitted it, and filed it, are identified.

MISCELLANEOUS PROVISIONS

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HH. The Bankruptcy Court finds that Confirmation of the Plan is in the best interests of the Debtors, their Estates, Holders of Claims and Equity Interests, and all other parties in interest.

II. All findings of fact and conclusions of law announced by this Bankruptcy Court on the record in connection with Confirmation of the Plan or otherwise at the Confirmation Hearing are incorporated herein by reference.

JJ. All findings of fact that are conclusions of law shall be deemed to be conclusions of law, and all conclusions of law which are findings of fact shall be deemed to be findings of fact.

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ORDER

Based on the foregoing Findings of Fact and Conclusions of Law, it is hereby **ORDERED** that:

1. Confirmation of Plan. The Plan, attached hereto as **Exhibit A** [Dkt. No. 385], is **APPROVED** and **CONFIRMED** under Bankruptcy Code § 1129. The terms of the Plan are incorporated by reference into and are an integral part of this Confirmation Order.

2. Approval of Plan Documents. The form and substance of the Plan documents as reflected in the Plan Supplement are hereby **APPROVED**.

3. Objections Overruled. All objections that have not been withdrawn, waived, or settled are **OVERRULED** on the merits.

4. Vesting of Assets (11 U.S.C. § 1141(b) and (c)). Except as otherwise provided for in the Plan or this Confirmation Order, the property of each Debtor's Estate shall revert in the applicable Reorganized Debtor on the Effective Date. Thereafter, the Reorganized Debtors may operate their businesses and may use, acquire, and dispose of property free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules, and the Bankruptcy Court. As of the Effective Date, all property of the Reorganized Debtors shall be free and clear of all Claims, encumbrances, interests, charges, and Liens, except as specifically provided or contemplated (a) in the Plan or prior orders of this Bankruptcy Court,² (b) in connection with the Revolving Exit Facility or the Term Exit Facility, or (c) in this Confirmation Order. Without limiting the generality of the

² The prior orders of the Court shall include, without limitation, the orders approving the CHUBB DIP Bonding Facility [Dkt. No. 183], the SureTec DIP Bonding Facility [Dkt. No. 184] and the Scarborough DIP Bonding Facility [Dkt. No. 185].

foregoing, the Reorganized Debtors may, without application to or approval by the Bankruptcy Court, pay Professional fees and expenses incurred after the Effective Date.

5. Assumption of Executory Contracts and Unexpired Leases (11 U.S.C. § 1123(b)(2)). On the Effective Date, all executory contracts and unexpired leases of the Debtors will be deemed assumed in accordance with, and subject to, the provisions and requirements of §§ 365 and 1123 of the Bankruptcy Code, except those executory contracts and unexpired leases that (a) have been rejected by order of the Bankruptcy Court; (b) previously expired or terminated pursuant to their own terms; (c) set forth in a schedule, to the Plan Supplement as an executory contract or unexpired lease to be rejected, or (d) are the subject of a motion to reject pending on the Confirmation Date. Entry of this Confirmation Order by the Bankruptcy Court shall constitute approval of such assumptions pursuant to §§ 365(a) and 1123 of the Bankruptcy Code. Each executory contract and unexpired lease assumed pursuant to this Confirmation Order shall vest in and be fully enforceable by the respective Reorganized Debtor in accordance with its terms, except as modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption or applicable federal law. If the Debtors' rejection of an executory contract or unexpired lease pursuant to the Plan gives rise to a Claim by the non-Debtor Party or parties to such contract or lease, such Claims shall be forever barred and shall not be enforceable against the Debtors, their Estates, or the Reorganized Debtors unless a proof of Claim is filed with the Bankruptcy Court and served upon the Debtors or the Reorganized Debtors, and their counsel, within sixty (60) days of the earlier of (a) the date of entry of an order approving such rejection or (b) the Confirmation Date.

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6. Approvals. No further approvals, notices, or meetings of any Debtor's board of directors or Holders of Equity Interests are necessary to effectuate the Plan, and any officer, managing member, or general partner of each respective Debtor is authorized and directed to execute any document, certificate, or agreement necessary to effectuate the Plan on behalf of such Debtor, which documents, certificates, and agreements shall be binding on the Debtors and all Holders of Claims and Equity Interests.

7. Continued Corporate Existence. The Reorganized Debtors shall continue to exist after the Effective Date as separate Entities in accordance with the applicable law in the applicable jurisdiction in which they were formed under their respective certificates of incorporation, limited partnership, or other formation documents, as applicable, and bylaws or similar organizational documents, as applicable, in effect before the Effective Date except as their certificates of incorporation, limited partnership, or other formation documents and bylaws or similar organizational documents may be amended pursuant to the Plan. The appointment of the Board of Directors of Reorganized IES pursuant to the Plan as of the Effective Date is deemed to constitute the election of directors of Reorganized IES by written consent in lieu of an annual meeting pursuant to Section 303 of the Delaware General Corporation Law and Section 211 of the Delaware General Corporation Law, Reorganized IES shall not be required to hold an annual meeting of stockholders prior to the end of its 2006 fiscal year. The certificate of incorporation, limited partnership, or other formation documents and bylaws or other organizational documents of each Reorganized Subsidiary shall be the certificate of incorporation, limited partnership, or other formation documents and

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bylaws of each Reorganized Subsidiary on the Effective Date without any modification or amendment thereto.

8. Plan Documents. All documents and agreements introduced in the Plan Supplement or contemplated by the Plan (including all exhibits and attachments thereto and documents referred to therein), including, but not limited to, (a) Reorganized IES's bylaws, (b) Reorganized IES's certificate of incorporation, (c) the Registration Rights Agreement, (d) the 2006 Long Term Incentive Plan, and (e) the form of Restricted New IES Common Stock Agreement are approved and the execution, delivery, and performance thereunder by the Reorganized Debtors are authorized and approved, without need for further corporate action or further order or authorization of the Bankruptcy Court. The Debtors and the Reorganized Debtors, as appropriate, are authorized and empowered to make any and all modifications to any and all documents included as part of the Plan and Plan Supplement that may be agreed to by the parties thereto and that are consistent with the Plan and the terms of this Confirmation Order.

9. Cancellation of Notes, Instruments, Debentures, and Common Stock. As of the Effective Date, the Certificates evidencing the Existing Securities shall evidence solely the right to receive from the Debtors the Distribution of the consideration, if any, set forth in Article 3.03 of the Plan. On the Effective Date, except to the extent set forth in the Plan, (a) the Existing Securities, to the extent not already cancelled, shall be deemed cancelled and of no further force or effect without any further action on the part of the Bankruptcy Court or any other Person and (b) the obligations of the Debtors under the Existing Securities and under the Debtors' certificates of incorporation, limited partnership, or other formation documents, and any agreements, indentures, or

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certificates of designations governing the Existing Securities shall be terminated and discharged. Additionally, as of the Effective Date, all IES Other Equity Interests, to the extent not already cancelled, shall be cancelled.

10. Issuance of New IES Common Stock. Pursuant to Article IV of the Plan, the issuance of the New Securities and the New Options by Reorganized IES is hereby authorized without further act by the board of directors, shareholders, or officers of Reorganized IES or action under applicable law, regulation, order, or rule.

11. Revolving Exit Facility. In conjunction with the Effective Date, the Reorganized Debtors shall enter into the Revolving Exit Facility Credit Agreement. The Revolving Exit Facility Credit Agreement will provide the Reorganized Debtors with extensions of credit up to an aggregate of \$80,000,000, subject to the terms and conditions set forth in the Revolving Exit Facility Credit Agreement.

12. The Reorganized Debtors are authorized to execute and deliver the Revolving Exit Facility Credit Agreement and the other Revolving Exit Facility Credit Documents and related intercreditor agreements, all of which shall be deemed approved and perform their obligations thereunder. Upon the execution thereof by the Reorganized Debtors, the Revolving Exit Facility Credit Documents shall constitute the legal, valid, and binding obligations of the Reorganized Debtors, enforceable against them in accordance with their terms. The Reorganized Debtors are hereby authorized to incur or obtain loans, letters of credit, and related obligations (as provided for in the Revolving Exit Facility Credit Agreement, the "Revolving Exit Facility Obligations") and to grant the Revolving Exit Facility Agent, on behalf of the Revolving Exit Facility Lenders, a security interest in and a Lien upon all of the Collateral (as such term is

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defined in the Revolving Exit Facility Credit Agreement) to secure all Revolving Exit Facility Obligations due the Revolving Exit Facility Lenders.

13. On the Effective Date, all of the Liens and security interests in property of each Debtor's Estate (which is reverting with the applicable Reorganized Debtor) presently provided for in the DIP Loan Agreement (as such term is defined in the Revolving Exit Facility Credit Agreement) shall be ratified and shall continue in full force and effect (with the same priority as specified in the DIP Loan Agreement) to secure the Revolving Exit Facility Obligations. Moreover, any additional Liens and security interests created under the Revolving Exit Facility Credit Agreement and the other Revolving Exit Facility Credit Documents shall be deemed approved and shall be legal, valid, binding and enforceable Liens. In furtherance of the foregoing, the Reorganized Debtors and the other Persons granting such Liens and security interests are authorized to make all filings and recordings, and to obtain all governmental approvals and consents necessary to establish and perfect such Liens and security interests under the provisions of state, provincial, federal or other law (whether domestic or foreign) that would be applicable in the absence of this Confirmation Order, and will thereafter reasonably cooperate to make all other filings and recordings that otherwise would be necessary under applicable law to give notice of such Liens and security interests to third parties. All fees, costs and expenses paid by or to be paid by the Reorganized Debtors in connection with the Revolving Exit Facility Credit Documents are ratified and approved.

14. Term Exit Facility. In conjunction with the Effective Date, Reorganized IES and the other Reorganized Debtors, as the case may be, shall enter into the Term

Exit Facility Credit Agreement and the other Term Exit Facility Credit Documents and related intercreditor agreements. The Term Exit Facility Credit Agreement will provide Reorganized IES with term loans in an aggregate principal amount not to exceed \$53,000,000, subject to the terms and conditions set forth in the Term Exit Facility Credit Agreement, that will be used to refinance the Senior Convertible Notes and is, therefore critical to the success and feasibility of the Plan.

15. The Reorganized Debtors are authorized to execute and deliver the Term Exit Facility Credit Agreement and the other Term Exit Facility Credit Documents, all of which shall be deemed approved and, perform their obligations thereunder. Upon the execution thereof by the Reorganized Debtors, the Term Exit Facility Agreement Credit Documents shall constitute the legal, valid, and binding obligations of the Reorganized Debtors, enforceable against them in accordance with their terms. The Reorganized Debtors are hereby authorized to incur loans, guarantees, and related obligations (as provided for in the Term Exit Facility Credit Agreement, the "Term Exit Obligations") and to grant the Term Exit Facility Agent, on behalf of the Term Exit Facility Lenders, a security interest in and a Lien upon all of the Collateral (as such term is defined in the Term Exit Facility Credit Agreement) to secure all Term Exit Obligations due the Term Exit Facility Lenders.

16. On the Effective Date, all of the Liens and security interests to be created under the Term Exit Facility Credit Agreement and the other Term Exit Facility Credit Documents shall be deemed approved and shall be legal, valid, binding and enforceable Liens. In furtherance of the foregoing, the Reorganized Debtors and the other Persons granting such Liens and security interests are authorized to make all

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filings and recordings, and to obtain all governmental approvals and consents necessary to establish and perfect such Liens and security interests under the provisions of state, provincial, federal or other law (whether domestic or foreign) that would be applicable in the absence of this Confirmation Order, and will thereafter reasonably cooperate to make all other filings and recordings that otherwise would be necessary under applicable law to give notice of such Liens and security interests to third parties. All fees, costs and expenses paid by or to be paid by the Reorganized Debtors in connection with the Term Exit Facility Credit Documents are ratified and approved.

17. Insurance. All insurance policies of the Debtors and their Estates shall be assumed, and confirmation and consummation of the Plan shall have no effect on such insurance policies or any insurance policy in which any of the Debtors are or were an insured party.

18. Exemption from Certain Taxes. Pursuant to § 1146(a) of the Bankruptcy Code, any transfers from a Debtor to a Reorganized Debtor or any other Person or Entity pursuant to the Plan, including transfers related to the Revolving Exit Facility and the Term Exit Facility, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, or other similar tax or governmental assessment. Each applicable state or local governmental official or agent is hereby directed to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

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19. Final Fee Applications. Unless authorized by a separate order of the Bankruptcy Court, pursuant to Article 13.01 of the Plan, Professionals must file an application for final allowance of Professional fees for services rendered prior to the Effective Date no later than 60 days after the Effective Date. Objections to any Professional Fee Claim must be filed and served no later than 20 days after the date on which the applicable application was served (or such longer period as may be allowed by order of the Bankruptcy Court).

20. Termination of Injunctions and Automatic Stay. All injunctions or stays provided for in the Chapter 11 Cases under §§ 105 or 362 of the Bankruptcy Code or otherwise, and in existence on the Confirmation Date, shall terminate upon the Effective Date.

21. Injunction. Except as otherwise expressly provided in the Plan, this Confirmation Order, or a separate order of this Bankruptcy Court, the injunctions set forth in Article XIII of the Plan are approved.

22. Releases. Pursuant to § 1123(b)(3) of the Bankruptcy Code and Bankruptcy Rule 9019(a) the settlements, compromises, releases, discharges, exculpations, and injunctions set forth in the Plan, including, but not limited to, the releases set forth in Article XIII of the Plan and implemented by this Confirmation Order shall be, and hereby are, approved as fair, equitable, reasonable and in the best interests of the Debtors, the Reorganized Debtors and their Estates, and Holders of Claims and Equity Interests.

23. Non-Occurrence of Effective Date. In the event that one or more of the conditions specified in Article 9.02 of the Plan shall not have occurred or been waived

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pursuant to Article 9.04 of the Plan on or before July 14, 2006, or such later date as may be agreed to by the Debtors and the Ad Hoc Committee, (a) the Confirmation Order shall be vacated, (b) no Distributions under the Plan shall be made, (c) the Debtors and Holders of Claims and Equity Interests shall be restored to the *status quo* as of the day immediately preceding the Confirmation Date as though the Confirmation Order had never been entered, and (d) the Debtors' obligations with respect to Claims and Equity Interests shall remain unchanged and nothing contained in the Plan or this Confirmation Order shall constitute or be deemed a waiver or release of any Claims or Equity Interests by or against the Debtors or any Person or governmental Entity or to prejudice in any manner the rights of the Debtors or any Person or governmental Entity in any other or further proceedings involving the Debtors.

24. Failure to Consummate Plan. In the event that the Plan is not consummated, (a) the Plan shall be null and void in all respects, (b) any settlement or compromise embodied therein (including the fixing or limiting to an amount any Claim or Class of Claims), assumption or rejection of executory contracts or leases effected by the Plan, and any document or agreement executed pursuant to the Plan shall be deemed null and void, and (c) nothing contained in the Plan or this Confirmation Order, and no acts taken in preparation for consummation thereof, shall (x) constitute or be deemed to constitute a waiver or release of any Claims by or against, or any Equity Interests in, the Debtors or any other Person, (y) prejudice in any manner the rights of the Debtors or any Entity in any further proceedings involving the Debtors, or (z) constitute an admission of any sort by the Debtors or any other Entity.

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25. Authorization to Consummate Plan. Notwithstanding Bankruptcy Rule 3020(e), the Confirmation Order shall take effect immediately upon its entry and the Debtors are authorized to consummate the Plan immediately after entry of this Confirmation Order.

26. Notice of Entry of Confirmation Order and the Effective Date. Within five (5) Business Days of the Effective Date, the Debtors shall serve a notice (the "Confirmation and Effective Date Notice"), pursuant to Bankruptcy Rules 2002(f)(7), 2002(k) and 3020(c) on all Holders of Claims and Equity Interests of record and the United States Trustee by first-class mail, postage prepaid. The Debtors shall also publish the Notice of Confirmation and Effective Date in The Wall Street Journal, National Edition on or before five (5) Business Days after the Effective Date. The notice described herein is adequate under the particular circumstances and no other or further notice is necessary.

27. Exemption from Securities Laws. All New Securities, except the Restricted New IES Common Stock, issued under the Plan shall be exempt from registration under the Securities Act or any applicable state or local law pursuant to § 1145 of the Bankruptcy Code.

28. References to Plan Provisions. The failure specifically to include or reference any particular provision of the Plan in this Confirmation Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Bankruptcy Court that the Plan be confirmed in its entirety.

29. Reversal. If any or all of the provisions of this Confirmation Order are hereafter reversed, modified, or vacated by subsequent order of this Bankruptcy Court

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or any other court, such reversal, modification, or vacatur shall not affect the validity of the acts or obligations incurred or undertaken under or in connection with the Plan prior to the Debtors' receipt of written notice of any such order. Notwithstanding any such reversal, modification, or vacatur of this Confirmation Order, any such act or obligation incurred or undertaken pursuant to, and in reliance on, this Confirmation Order prior to the effective date of such reversal, modification or vacatur shall be governed in all respects by the provisions of this Confirmation Order and the Plan or any amendments or modifications thereto.

30. Applicable Non-Bankruptcy Law. Pursuant to §§ 1123(a) and 1142(a) of the Bankruptcy Code, the provisions of this Confirmation Order, the Plan, or any amendments or modifications thereto shall apply and be enforceable notwithstanding any otherwise applicable non-bankruptcy law.

31. Discharge. Except as otherwise provided in the Plan or in this Confirmation Order, all Distributions under the Plan shall be in exchange for, and in complete satisfaction, settlement, discharge, and release of, all Claims and Equity Interests (other than those Claims and Equity Interests that are Unimpaired and are Reinstated under the Plan or pursuant to an order of this Bankruptcy Court) of any nature whatsoever against the Debtors or any of their Estates, and regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims or Equity Interests. Upon the Effective Date, the Debtors, and each of them, shall be deemed discharged and released under § 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims and Equity Interests (other than Claims and Equity Interests that are Unimpaired and are Reinstated under the Plan or pursuant to

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an order of this Bankruptcy Court), including, but not limited to, demands and liabilities that arose before the Confirmation Date, and all debts of the kind specified in §§ 502(g), 502(h), or 502(i) of the Bankruptcy Code. The discharge shall be effective as to each Claim and Equity Interest except as otherwise expressly provided in the Plan or this Confirmation Order, regardless of whether (i) a proof of claim or interest based on such Claim, Equity Interest, debt or liability is filed or deemed filed under § 501 of the Bankruptcy Code or is filed in the Bankruptcy Court; (ii) a Claim or Equity Interest based upon such Claim, Interest, debt or liability is allowed; or (iii) the Holder of a Claim or Equity Interest based on such Claim, Equity Interest, debt or liability has accepted the Plan.

32. Ad Valorem Taxes. Ad valorem property taxes owed to taxing authorities in the State of Texas for the 2006 tax year are hereby designated to be post-confirmation debts and shall be paid in the ordinary course when billed without the necessity of the filing of proofs of claim for such current year taxes in the Bankruptcy Court. Such taxing authorities shall retain all liens securing such taxes and any penalties and interest on such taxes may accrue if not timely paid in the ordinary course and in accordance with applicable law. Any as yet unpaid ad valorem property taxes due to taxing authorities in the State of Texas for any years prior to 2006 shall be paid on the later of (a) the due date or (b) the Effective Date (and in the case of the Effective Date, as soon as a reasonably practicable thereafter), unless the Debtors have filed an objection thereto by such payment date. Furthermore, for these pre-2006 taxes, Article 6.01 of the Plan shall be inapplicable insofar as these claims being determined by the Debtors' books and records or Schedules. Such pre-2006 ad valorem taxes shall

retain all statutory liens securing such taxes, which liens shall not be primed by the Revolving Exit Financing, Term Exit Financing, or other financing arrangements being made in conjunction with Confirmation. The payment of these taxes will include interest from the Commencement Date until payment in full at the statutory rate of 1% per month pursuant to 11 U.S.C. § 511.

33. Retention of Jurisdiction. This Bankruptcy Court's retention of jurisdiction as set forth in Article XI of the Plan is approved. Such retention of jurisdiction does not affect the finality of this Confirmation Order.

34. CNA Insurance Policies. Notwithstanding anything to the contrary contained in the Plan or in this Confirmation Order, the terms of the post-discharge injunction provided for by Article 13.05 of the Plan, and the applicable provisions of the Bankruptcy Code, shall not impair the rights of a holder of an Unsecured Claim that is a Claim subject to coverage by the CNA Insurance Agreements (defined below) to (a) liquidate its Claim in the appropriate non-bankruptcy forum, or through settlement and compromise with the Debtors and the CNA Companies (defined below), pursuant to the provisions contained herein or in the Plan, and (b) receive a distribution of proceeds from any insurance policy that becomes payable as a consequence of such liquidation pursuant to the terms of any applicable insurance policy; provided, however, that the post-discharge injunction shall be enforceable against the holders of such Unsecured Claims in all other respects in accordance with its terms. Notwithstanding anything to the contrary contained in the Plan or this Confirmation Order, nothing contained in the Plan or this Confirmation Order shall enlarge, reduce, modify, impair, or affect in any way the parties' rights, defenses, and exclusions under: (a) any policies of insurance or

related agreements (individually or collectively, the "CNA Insurance Agreements") entered into by the CNA Companies on the one hand, and the Debtors on the other hand. In particular, (i) the corporate restructuring proposed in the Plan shall have no effect whatsoever on the scope of coverage and related duties under the CNA Insurance Agreements, (ii) Continental Casualty Company, Transportation Insurance Company, American Casualty Company of Reading, Pennsylvania, CNA ClaimPlus, Inc., as successor-in-interest to RSKCo Services, Inc. and their American insurance affiliates (the "CNA Companies") shall retain all of their respective rights of setoff and/or recoupment under the Insurance Agreements and applicable law, to the extent applicable, and (iii) the CNA Companies shall not be deemed to have released any of the non-Debtor parties released pursuant to Article 13.06 of the Plan from any direct and/or independent contractual obligations these parties may have to the CNA Companies, or from any claims whatsoever that the CNA Companies may now or hereafter hold against the insurance brokers or insurance agents of the Debtors. Subject to the terms and conditions of the respective letters of credit, if any, and/or other security, including but not limited to credits (the "CNA Collateral"), and the Insurance Agreements, (a) the CNA Companies shall be entitled to retain and hold CNA Collateral and (b) the CNA Companies shall be entitled to draw on the CNA Collateral as permitted by the CNA Insurance Agreements. The Debtors and Reorganized Debtors reserve all rights that they might have under the terms of the CNA Insurance Agreements to assert any demands for return or release of the CNA Collateral. Nothing contained in the Plan shall be deemed in any respect to enlarge the CNA Companies' rights under their respective policies of insurance or related agreements with the

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Debtors or under applicable law. The CNA Companies shall preserve all rights and defenses under applicable law that it may have as against any Person holding a Claim against the Debtors that may assert such Claim against any of the CNA Insurance Agreements, and the Debtors shall preserve all rights and defenses under applicable law to any such Claims asserted against the CNA Insurance Agreement; and the Plan or this Confirmation Order shall not limit the Debtors' rights, or the CNA Companies' rights to defend any Claims made as against the CNA Insurance Agreements.

35. Senior Convertible Note Claims. As of the Effective Date (to the extent such date occurs on or before May 15, 2006), the Senior Convertible Note Claims shall be Allowed in the aggregate amount of \$51,850,000; provided, however, if the Effective Date occurs after May 15, 2006, the Allowed amount of the Senior Convertible Note Claims shall be increased by \$9,375 per day until such Claims are paid on the Effective Date. On the Effective Date, and in accordance with Article 3.03(e)(ii) of the Plan (irrespective of whether one or more of the conditions specified in Article 9.02 of the Plan shall not have occurred or been waived pursuant to Article 9.04 of the Plan or otherwise), each Allowed Senior Convertible Note Claim shall be paid in full in Cash on a Pro Rata basis in full satisfaction, settlement, release and discharge of and in exchange for each such Allowed Senior Convertible Note Claim; provided however that if the Term Exit Facility does not close on or before the Effective Date and the Debtors request that the Bankruptcy Court convene a Contingency Hearing, the Holders of the Senior Convertible Note Claims reserve all of their rights under the Plan, including, but not limited to, the right under Article 3.03(e) of the Plan to challenge the confirmability of the Plan on any ground which they have standing to raise; provided, further, that the

condition to the effectiveness of the Plan set forth in the last paragraph of Article 9.02 of the Plan cannot be waived in whole or in part pursuant to Article 9.04 of the Plan or otherwise without the written consent of the Holders of the Senior Convertible Note Claims.

36. Nonseverable and Mutually Dependent. The provisions of this Confirmation Order are nonseverable and mutually dependent.

END OF ORDER

DALLAS:1096865.8_DOC/INT054-64000

**ORDER CONFIRMING SECOND AMENDED JOINT PLAN OF REORGANIZATION
OF INTEGRATED ELECTRICAL SERVICES, INC. AND CERTAIN OF ITS DIRECT
AND INDIRECT SUBSIDIARIES UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

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Addendum 1

Integrated Electrical Services, Inc.
Aladdin-Ward Electric & Air, Inc.
Amber Electric, Inc.
ARC Electric, Incorporated
Bachofner Electric, Inc.
Bear Acquisition Corporation
Bexar Electric Company, Ltd.
Bexar Electric II LLC
Bryant Electric Company, Inc.
BW/BEC, Inc.
BW/BEC II LLC
BW/BEC, L.L.C.
BW Consolidated, Inc.
Charles P. Bagby Co., Inc.
Collier Electric Company, Inc.
Commercial Electrical Contractors, Inc.
Cross State Electric, Inc.
Cypress Electrical Contractors, Inc.
Daniel Electrical Contractors, Inc.
Daniel Electrical of Treasure Coast, Inc.
Daniel Integrated Technologies, Inc.
Davis Electrical Constructors, Inc.
Electro-Tech, Inc.
EMC Acquisition Corporation
Federal Communications Group, Inc.
General Partner, Inc.
Hatfield Reynolds Electric Company
Haymaker Electric, Ltd.
Holland Electrical Systems, Inc.
Houston-Stafford Electric Holdings III, Inc.
Houston-Stafford Electrical Contractors LP
Houston-Stafford Holdings II LLC
Houston Stafford Holdings LLC
Houston-Stafford Management LLC
ICS Holdings LLC
IES Albuquerque, Inc.
IES Austin, Inc.
IES Austin Holding LP
IES Austin Holdings II LLC
IES Austin Holdings LLC
IES Austin Management LLC
IES Charleston, Inc.
IES Charlotte, Inc.
IES College Station, Inc.

IES College Station Holdings II LLC
IES College Station Holdings LLC
IES College Station Holdings, LP
IES College Station Management LLC
IES Communications, Inc.
IES Contractors Holdings LLC
IES Contractors, Inc.
IES Contractors Management LLC
IES Decatur, Inc.
IES East McKeesport, Inc.
IES ENC, Inc.
IES ENC Management, Inc.
IES Federal Contract Group, L.P.
IES Holdings II LLC
IES Holdings LLC
IES Management, LP
IES Management ROO, LP
IES Meridian, Inc.
IES New Iberia, Inc.
IES Oklahoma City, Inc.
IES Operations Group, Inc.
IES Properties Holdings II LLC
IES Properties Holdings, Inc.
IES Properties, Inc.
IES Properties, LP
IES Properties Management, Inc.
IES Raleigh, Inc.
IES Rapid City, Inc.
IES Residential Group, Inc.
IES Specialty Lighting, Inc.
IES Valdosta, Inc.
IES Ventures Inc.
IES Wilson, Inc.
Integrated Electrical Finance, Inc.
Intelligent Building Solutions, Inc.
J.W. Gray Electric Co., Inc.
J.W. Gray Electrical Contractors LP
J.W. Gray Holdings II LLC
J.W. Gray Holdings, LLC
J.W. Gray Management LLC
Kayton Electric, Inc.
Key Electrical Supply, Inc.
Linemen, Inc.
Mark Henderson, Incorporated
Menninga Electric, Inc.
Mid-States Electric Company, Inc.

Addendum 1

Mills Electrical Contractors, Inc.
Mills Electric Holdings II LLC
Mills Electrical Holdings LLC
Mills Electric, LP
Mills Management LLC
Mitchell Electric Company, Inc.
M-S Systems, Inc.
Murray Electrical Contractors, Inc.
NBH Holding Co., Inc.
Neal Electric LP
Neal Electric Management LLC
New Technology Electrical Contractors, Inc.
Newcomb Electric Company, Inc.
Pan American Electric Company, Inc.
Pan American Electric, Inc.
Paulin Electric Company, Inc.
Pollock Electric, Inc.
Pollock Summit Electric LP
Pollock Summit Holdings II LLC
Pollock Summit Holdings, Inc.
PrimeNet, Inc.
Primo Electric Company
Raines Electric Co., Inc.
Raines Electric LP
Raines Holdings II LLC
Raines Holdings LLC
Raines Management LLC
Riviera Electric, LLC
RKT Electric, Inc.
Rockwell Electric, Inc.
Rodgers Electric Company, Inc.
Ron's Electric, Inc.
SEI Electrical Contractor, Inc.
Spectrol, Inc.
Summit Electric Of Texas, Inc.
Tesla Power And Automation, L.P.
Tesla Power GP, Inc.
Tesla Power Properties, L.P.
Tesla Power (Nevada) II LLC
Tesla Power (Nevada), Inc.
Thomas Popp & Company
Valentine Electrical, Inc.
Wright Electrical Contracting, Inc.

Addendum 1

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NEWS RELEASE

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DRG&E
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INTEGRATED ELECTRICAL SERVICES ANNOUNCES CONFIRMATION OF PLAN OF REORGANIZATION

HOUSTON — APRIL 26, 2006 — Integrated Electrical Services, Inc. (OTC Pink Sheets: IESRQ) today announced that the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the “Bankruptcy Court”) has entered an order confirming the company’s second amendment to the plan of reorganization (the “Plan”). The Plan had previously been approved by a vote of the company’s subordinated note holders, senior convertible note holders and equity interest holders. The approval of the Plan affirms that all reorganization requirements have been met under the United States Bankruptcy Code, and IES expects to emerge from Chapter 11 protection in the first half of May 2006.

The company and all of its domestic subsidiaries had filed voluntary petitions for reorganization under Chapter 11 on February 14, 2006 in the Bankruptcy Court, which is jointly administering these cases as “In re Integrated Electrical Services, Inc. et. al., Case No. 06-30602-BJH-11.”

As previously disclosed, the principal terms of the Plan are as follows: each holder of the company’s \$173 million outstanding Senior Subordinated Notes will receive, in exchange for their total claim (including principal and interest), a pro rata portion of 82% of the new IES Common Stock to be issued pursuant to the Plan, and each holder of IES’ currently outstanding Common Stock (as described in the Plan) will receive their pro rata portion of 15% of the new IES Common Stock to be issued pursuant to the Plan, and certain members of the company’s management will receive restricted shares of new IES Common Stock equal to 3% of the new IES Common Stock to be issued pursuant to the Plan (in each case before giving effect to the

new options issued pursuant to the company's 2006 Equity Incentive Plan, which are expected to be exercisable for up to 10% of the new IES Common Stock on a fully diluted basis).

The company is conducting ongoing negotiations with term and revolving credit facility lenders, and it is contemplated that the company will enter into revolving, term and surety bonding exit agreements upon their emergence from Chapter 11. The revolving exit credit facility is expected to provide the company with liquidity for working capital and other general corporate purposes, and substantially all of the proceeds of the term exit credit facility are expected to be used to refinance the company's \$50 million outstanding Senior Convertible Notes and related business unit guarantees. The company is also in negotiations with its existing surety bond providers regarding post-emergence surety bonding for the company.

Pending the company's emergence from Chapter 11, the company will continue to pay its vendors in the ordinary course of business as has been done throughout the bankruptcy.

The company's emergence from Chapter 11 remains subject to several conditions set forth in the Plan, including among other items the closing of the company's exit credit facilities (which are still being negotiated), the refinancing (or reinstatement, if approved by the Bankruptcy Court) of the Senior Convertible Notes, and the confirmation order becoming a final order (which would occur after the 10-day appeal period runs without any appeal or the dismissal of any appeal that is made). There is no assurance as to when these conditions will be met.

"I am very happy to announce that we are completing this critical step in our reorganization process. We believed all along that we could get through this process fairly quickly, and thanks to the hard work of many people, including our outside advisors, we have achieved our goals," said Byron Snyder, IES' chairman, president, and chief executive officer.

"The support of our customers, vendors, lenders, surety providers, and other stakeholders was extremely important in achieving this milestone. Also, our management, operations, field and support teams diligently maintained their focus on the execution of day-to-day business, which was critical during this challenging period. I would like to once again thank each and every person who helped support this company and believed in our success."

Copies of all documents filed with the Bankruptcy Court, a list of upcoming deadlines and other important information may be obtained free of charge by visiting <http://www.velaw.com/mcso/clients/ies.asp>. All documents filed in the cases may also be viewed electronically on the PACER system at <http://ecf.txnb.uscourts.gov> and are on file with the Clerk of the Bankruptcy Court, Earle Cabell Building, U.S. Courthouse, 1100 Commerce

Street — Room 1254, Dallas, TX 75242, where they are available for review between the hours of 8:30 a.m. — 4:30 p.m. The staff of the bankruptcy clerk's office cannot give legal advice.

For more information regarding this release, visit the company's website at www.ies-co.com or call (713) 860-8001.

Integrated Electrical Services, Inc. is a national provider of electrical solutions to the commercial and industrial, residential and service markets. The company offers electrical system design and installation, contract maintenance and service to large and small customers, including general contractors, developers and corporations of all sizes.

This Press Release includes certain statements that may be deemed to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on the company's expectations and involve risks and uncertainties that could cause the company's actual results to differ materially from those set forth in the statements. Such risks and uncertainties include, but are not limited to the inability to satisfy the conditions set forth in its reorganization plan and thereupon exit from Chapter 11 protection, the inability to reach agreement with our lenders and surety providers on any exit facilities, the residual effect with customers and vendors from the bankruptcy process, the delayed effect of less new projects awarded to the company during the bankruptcy and its effect on future financial results, the lowered efficiency and higher costs associated with projects at subsidiaries that the company has determined to wind down or close; the loss of employees during the bankruptcy process and the winding down of subsidiaries distraction of management time in winding down and closing subsidiaries, high costs associated with exit facilities and exiting the bankruptcy, concerns created by the Well's notices received by IES and one of its officers, difficulties in fulfilling the more restrictive terms of credit facility and term facility lending the inherent uncertainties relating to estimating future operating results or our ability to generate sales, operating income, or cash flow, potential difficulty in addressing a material weakness in the company's accounting systems that has been identified by the company and its independent auditors, potential limitations on our ability to access the credit line under our credit facility, litigation risks and uncertainties, fluctuations in operating results because of downturns in levels of construction, inaccurate estimates used in entering into and executing contracts, difficulty in managing the operation of existing entities while emerging from bankruptcy, the high level of competition in the construction industry both from third parties and ex-employees, changes in interest rates that could effect the level of construction, the general level of the economy, increases in costs or limitations on availability of labor, steel, copper and gasoline, limitations on the availability and the increased costs of surety bonds required for certain projects, inability to provide sufficient bonding needed for available work, risk associated with failure to provide surety bonds on jobs where we have commenced work or are otherwise contractually obligated to provide surety bonds, loss of key personnel, business disruption and costs associated with the Securities and Exchange Commission investigation now pending and the associated Wells notice delivered to the company and other litigation that may arise from time to time, unexpected liabilities associated with warranties or other liabilities attributable to the retention of the legal structure or retained liabilities of business units where we have sold substantially all of the assets, inability to fulfill the terms of any exit facility, inability of subsidiaries to incorporate new accounting, control and operating procedures, inaccuracies in estimating revenues and percentage of completion on contracts, lack of an established trading market for the company's new class of common stock contemplated by the company's plan of reorganization; inability to successfully restructure our operations to reduce operating losses; and unexpected weather interference. You should understand that the foregoing as well as other risk factors discussed in our filings with the SEC, including those listed under the heading "Risk Factors" contained in our annual report on Form 10-K for the fiscal year ended September 30, 2005, could cause results to differ materially from those expressed in such forward looking statements. We undertake no obligation to publicly update or revise information concerning the company's restructuring efforts, borrowing availability, its cash position or any forward-looking statements to reflect events or circumstances that may arise after the date of this release.

General information about us can be found at <http://www.ies-co.com> under "Investor Relations." Our annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as well as any amendments to those reports, are available free of charge through our website as soon as reasonably practicable after we file them with, or furnish them to, the SEC.

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