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):
November 12, 2007

INTEGRATED ELECTRICAL SERVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware	**001-13783**	**76-0542208**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1800 West Loop South, Suite 500 Houston, Texas	**77027**
(Address of principal executive offices)	(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):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) On November 12, 2007, the Human Resources and Compensation Committee (the "Committee") of the Board of Directors of Integrated Electrical Services, Inc. (the "Company") approved the Long Term Incentive Plan for Fiscal 2008 (the "Long Term Incentive Plan"). Pursuant to the terms of the Long Term Incentive Plan the Committee approved the grant of restricted stock awards (the "Restricted Stock Awards") pursuant to the Company's 2006 Equity Incentive Plan, as amended and restated (the "Plan") to the Chief Executive Officer and President Michael J. Caliel, Senior Vice President and Chief Financial Officer Randy Guba, Senior Vice President-Law, General Counsel and Secretary Curt L. Warnock, Senior Vice President-Human Resources Robert B. Callahan and several additional individuals. Messrs. Caliel, Guba, Warnock and Callahan received 18,500, 11,000, 6,100 and 5,300 shares, respectively, as well as a total of 37,900 shares were received by additional individuals. These shares vest at the end of the three- year period commencing November 12, 2007. The Committee also granted Messrs. Caliel, Guba, Warnock and Callahan phantom share awards (the "Phantom Share Awards") under the Plan in the target amount of 18,500, 11,000, 6,100 and 5,300, respectively, with additional individuals receiving 37,900 Phantom Share Awards. These awards are subject to the attainment by the Company of target earnings per share over the time period from October 1, 2007 through September 30, 2009. It is anticipated that the earnings per share targets, which are derived from the Company's operating plan, a proprietary internal document which outlines the Company's operational strategies for competing in the electrical contracting industry, will be difficult to achieve in light of the Company's recent negative earnings history as well as the anticipated difficult 2008-2009 operating climate. The disclosure of the actual target amounts would also effectively be giving earnings guidance which the Company does not do. Failure to meet a minimum threshold of 75 percent of the amount of earnings would result in no payment and exceeding the target would result in up to 200 percent payment. Payment of the Phantom Share Awards would be in the form of an equal amount of shares of Restricted Stock with the restrictions lapsing on September 30, 2010.

Also on November 12, 2007, the Committee approved the Fiscal Year 2008 Annual Management Incentive Plan (the "Management Incentive Plan"). The Management Incentive Plan provides an incentive compensation pool for certain key employees and officers of the Company based on the Company's achievement of its annual operating income and cash flow targets. These targets are developed as an integral part of the Company's operating plan discussed above.

Pursuant to the Management Incentive Plan, Messrs. Caliel, Guba, Warnock and Callahan are eligible to receive target payout of 100 percent, 75 percent, and 50 percent, respectively, of the amount of their annual base salary in cash. Failure to reach 90 percent of the target amount will result in no payout while achieving 120 percent of the target amount will result in a doubling of the payout. The final awards are subject to discretionary adjustment downward or upward based upon the individuals performance considerations in amounts not to exceed 25 percent of the award. The performance review is based upon the attainment of individual goals and objectives established for the plan year. Three to five individual goals must be set and weighted for each participant. The Chief Executive Officer will establish individual goals for the other Named Executive Officers subject to review and ratification by the Committee. These individual goals have not yet been set. The Committee shall have the sole discretion to increase or decrease the annual incentive award made to the Chief Executive Officer. Finally, the Committee has the right, in its absolute discretion to reduce or eliminate the amount otherwise payable based upon individual performance or any other factors the Committee deems appropriate.

The foregoing descriptions of the Long term Incentive Plan, the Management Incentive Plan and the awards granted thereunder are qualified in their entirety by reference to these plans and awards which are hereby incorporated by reference and attached hereto as Exhibits 10.1 through 10.5.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

Exhibit Number	Description
10.1	Form of Phantom Share Award
10.2	Form of Restricted Stock Award
10.3	Fiscal 2008 Long Term Incentive Plan
10.4	Fiscal 2008 Annual Management Incentive Plan
10.5	Fiscal 2008 Annual Management Incentive Plan Performance Criteria

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: November 16, 2007

EXHIBIT INDEX

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10.5	Fiscal 2008 Annual Management Incentive Plan Performance Criteria

«Date»

«Sal» «First» «Last»
«Street_Address»
«City», «State» «Zip»

Re: Grant of Performance-Based Phantom Stock Units

I am pleased to inform you that as of «Grant_Date» (the “Grant Date”) Integrated Electrical Services, Inc., a Delaware corporation (the “Company”), has made a performance-based grant to you of phantom stock units (“PSUs”) with respect to the Company’s stock under the Company’s 2006 Equity Incentive Plan (the “Plan”). The terms of the grant are as follows:

1. Grant/Performance Matters/Vesting.

(a) Number of PSUs Granted. You are hereby granted «PSU_Grant» PSUs under the Plan.

(b) Performance Goals. Attachment A hereto sets forth the Performance Period, Performance Goals and the levels of achievement required in order for your PSUs to become shares of Restricted Stock at the end of the Performance Period.

(c) Vesting of Award. Except as provided in Paragraph 2 below, the vesting of your Award is dependent upon your continuous employment with the Company until «Vesting_Date» (the “Vesting Date”). However, your Award will be automatically cancelled unpaid if the minimum goal for the Performance Period is not achieved.

2. **Events Occurring Prior to Vesting Date**.

(a) **Termination due to Death or Disability**.

(i) PSUs. If you cease to be an employee of the Company as a result of your death or a disability that entitles you to disability benefits under the Company’s long-term disability plan (“Disability”) on or prior to the end of the Performance Period, all of the PSUs granted to you will become 100% vested upon such termination.

(ii) Restricted Stock. If you cease to be an employee of the Company after the end of the Performance Period and prior to the Vesting Date as a result of your death or Disability, the shares of Restricted Stock, if any, granted to you for the Performance Period results achieved will become 100% vested upon such termination.

(b) **Other Terminations**. If, prior to the Vesting Date, you cease to be an employee of the Company for any reason other than as provided in paragraph (a) above or your employer ceases to be an Affiliate of the Company, all PSUs or shares of Restricted Stock, as applicable, granted to you shall be forfeited automatically upon such termination without payment.

(c) **Change in Control**. Notwithstanding any other provision hereof, (i) if a Change in Control occurs on or prior to the end of the Performance Period, all PSUs granted to you shall become fully vested upon the occurrence of the Change in Control and (ii) if a Change in Control occurs after the end of the Performance Period and prior to the Vesting Date, all shares of Restricted Stock, if any, granted to you for the Performance Period results achieved will become fully vested upon the occurrence of the Change in Control.

"Employment" with the Company, for purposes of this Agreement, shall include being an employee, consultant or director of the Company or any Subsidiary of the Company.

3. **Payment of Vested Awards**. Subject to Section 4 below, as soon as reasonably practicable after the Vesting Date, you shall receive from the Company a number of vested Shares equal to the number of shares of Restricted Stock held by you on the Vesting Date. Notwithstanding the foregoing, with respect to PSUs or shares of Restricted Stock that become vested pursuant to Section 2(a) or (c) prior to the Vesting Date, payment of such vested award shall be paid to you within 30 days of such earlier vesting event.

4. **Tax Withholding**. To the extent this award results in compensation income to you upon grant, vesting or any election by you under Section 83(b) of the Code, you must deliver to the Company at that time such amount of money as the Company may require to meet its tax withholding obligation under applicable laws or make such other arrangements to satisfy such withholding obligation as the Company, in its sole discretion, may approve. The Company, in its discretion, may withhold Shares (valued at their fair market value on the date of the withholding of such Shares) otherwise to be issued to you to satisfy its withholding obligations.

5. **Limitations Upon Transfer**. All rights under this Agreement shall belong to you and may not be transferred, assigned, pledged, or hypothecated in any way (whether by operation of law or otherwise), other than by will or the laws of descent and distribution or pursuant to a "qualified domestic relations order", and shall not be subject to execution, attachment, or similar process.

6. **Binding Effect**. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company or upon any person lawfully claiming under Employee.

7. **Modification**. Except to the extent permitted by the Plan, any modification of this Agreement will be effective only if it is in writing and signed by each party whose rights hereunder are affected thereby.

8. **Employment Agreement**. If you are party to a written employment agreement with the Company that provides you with additional rights with respect to PSUs or Restricted Stock granted under the Plan, this Agreement shall be deemed to incorporate such additional rights.

9. **Plan Controls**. This grant is subject to the terms of the Plan, which are hereby incorporated by reference. In the event of a conflict between the terms of this Agreement and the Plan, the Plan shall be the controlling document. Capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed to them in the Plan.

10. **Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas, without regard to conflicts of laws principles thereof.**

By signing below, you agree that this grant is under and governed by the terms and conditions of the Plan, including the terms and conditions set forth in this Agreement, including Attachment A hereto. Please execute and return this Agreement to Bob Callahan. The attached copy of this Agreement is for your records.

INTEGRATED ELECTRICAL SERVICES, INC.

By: ________________________________
Name: Robert B. Callahan
Title: Sr. Vice President, Human Resources

EMPLOYEE:

____
«First» «Middle» «Last»

ATTACHMENT A

Performance Goals

Except as otherwise provided in the Agreement, the provisions of this Attachment A shall determine the number of shares of Restricted Stock, if any, payable with respect to your PSUs.

I. Performance Period

The Performance Period shall be the period beginning «Perf_Period_Start_Date»and ending «Perf_Period_End_Date».

II. Earnings Per Share ("EPS")

The number of shares of Restricted Stock, if any, that will be granted to you at the end of the Performance Period upon cancellation of your PSUs will be determined based on the sum of the annual EPS of the Company for each of the fiscal years in the Performance Period.

Such annual EPS amounts shall be those reported in the Company's annual reports to its stockholders for the applicable fiscal years in the Performance Period, determined on a fully diluted basis, and adjusted for any restatements in such EPS that occur prior to the Vesting Date or, if earlier, a vesting event (under Section 2 of the Agreement) that occurs after the end of the Performance Period and prior to the Vesting Date.

III. Determination of Number of PSUs Earned/Restricted Stock Granted

	1	**2**	**3**	**4**	**5**
Number of PSUs Earned	**<Threshold 0%**	**Threshold 50%**	**Target 100%**	**Stretch 150%**	**Maximum 200%**
Company's total EPS for Performance Period	$«0%»	$«50%»	$«100%»	$«150%»	$«200%»

For EPS results between any of the columns, the percentage earned shall be determined by linear interpolation between the two columns.
For each PSU "earned," as provided above, you will receive one share of Restricted Stock.

IV. Adjustments for Significant Events

If, after the beginning of the Performance Period, there is change in accounting standards required by the Financial Accounting Standards Board or other significant event with respect to the Company, the earnings per share shall be adjusted by the Committee as appropriate to equitably reflect such change or event.

V. Committee Determination

As soon as reasonably practical following the end of the Performance Period, the Committee shall review and determine the performance results for the Performance Period. No shares of Restricted Stock shall be granted prior to the Committee's determination of the performance results; provided, however, the Committee's determination shall not be required in the event of a Change in Control.

INTEGRATED ELECTRICAL SERVICES, INC.

2006 EQUITY INCENTIVE PLAN

RESTRICTED STOCK AWARD AGREEMENT

THIS RESTRICTED STOCK AWARD AGREEMENT is made and entered into as of ____________ ("Grant Date") by and between Integrated Electrical Services, Inc. a Delaware corporation ("Company"), and___________ ("Grantee") pursuant to the terms and conditions of the Integrated Electrical Services, Inc. 2006 Equity Incentive Plan ("Plan").

SECTION 1. GRANT OF RESTRICTED STOCK AWARD.

(a) Restricted Stock Award. The Company hereby grants the Grantee_________ Shares ("Granted Shares"), subject to restrictions and other terms and conditions set forth in this Agreement.

(b) No Purchase Price. In lieu of a purchase price, this award is made in consideration of Service previously rendered or to be rendered by the Grantee to the Company or its Subsidiaries. The Purchase Price of this award is $0.

(c) Plan and Defined Terms. This award is granted under and subject to the terms of the Plan, which is incorporated herein by reference. If there is any inconsistency between the terms of the Plan and the terms of this Agreement, the Plans terms shall supersede and replace the conflicting terms of this Agreement. Capitalized terms that are defined in the Plan are incorporated herein by reference and other capitalized terms are defined in Section 8 of this Agreement.

SECTION 2. ISSUANCE OF GRANTED SHARES.

(a) Stock Certificates. The Company shall cause to be issued a certificate or certificates for the Granted Shares representing this award, registered in the name of the Grantee. Alternatively, the Company may cause a book entry to be made with the Companys transfer agent evidencing the Granted Shares registered in the name of the Grantee.

(b) Stockholder Rights. The Grantee (or any successor in interest) shall have all the rights of a stockholder (including, without limitation, voting, dividend and liquidation rights) with respect to the Granted Shares, subject, however, to the restrictions of this Agreement.

(c) Form of Issuance and Escrow. For so long as Granted Shares are not vested, the Company shall cause such certificate or certificates to be deposited in escrow if certificates are issued. If evidenced by book entry at the transfer agent the entry shall denote the shares are restricted as to transfer. The Grantee shall deliver to the Company a duly-executed blank Stock Power (in the form attached hereto as Exhibit A). All regular cash dividends paid on Granted Shares shall be held in escrow, without interest, until the applicable vesting date, upon which the dividends attributable to Granted Shares that have vested shall be paid directly to the Grantee. Upon the vesting of any Granted Shares, such Vested Shares together with any dividends held in escrow related thereto hereunder, shall be distributed to the Grantee as soon as practicable.

(d) Withholding Requirements. To the extent this award results in compensation income to you upon grant, vesting or any election by you under Section 83(b) of the Code, you must deliver to the Company at that time such amount of money as the Company may require to meet its tax withholding obligation under applicable laws or make such other arrangements to satisfy such withholding obligation as the Company, in its sole discretion, may approve. The Company, in its discretion, may withhold Shares (valued at their fair market value on the date of the withholding of such Shares) authorized to be issued to you to satisfy its withholding obligations.

SECTION 3. VESTING.

Subject to the further provisions of this Agreement, the Granted Shares shall vest according to the following schedule:

Vesting Date	*Granted Shares Vested*
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SECTION 4. TERMINATION OF SERVICE.

(a) If you cease to be an employee of the Company prior to the vesting of the Shares granted hereby as a result of your death or disability under the Companys long term disability plan ("Disability") the Granted Shares will become 100% vested upon such Termination.

(b) If prior to the vesting of the Granted Shares you cease to be an employee of the Company for any reason other than as provided in paragraph (a) above or your Employer ceases to be an Affiliate of the Company all unvested Shares shall be forfeited automatically upon such Termination.

Employment with the Company, for purposes of this Agreement, shall include being an employee, consultant or director of the Company or any subsidiary of the Company.

SECTION 5. CHANGE IN CONTROL.

Notwithstanding anything herein to the contrary, upon the occurrence of a Change in Control, all Granted Shares held by the Grantee shall no longer be subject to the vesting schedule set forth in Section 3 of this Agreement, and shall vest immediately upon the consummation of the Change in Control.

SECTION 6. ADJUSTMENT OF SHARES.

In the event of a subdivision of the outstanding Shares, a declaration of a dividend payable in Shares, a declaration of an extraordinary dividend payable in a form other than Shares in an amount that has a material effect on the Fair Market Value of the Shares, a combination or consolidation of the outstanding Shares into a less number of Shares, a recapitalization, a spin-off, a reclassification or a similar occurrence, the terms of this award (including, without limitation, the number and kind of Shares subject to this award) shall be adjusted as set forth in Section 10 of the Plan. In the event that the Company is a party to a merger or consolidation, this award shall be subject to the agreement of merger or consolidation, as provided in Section 10 of the Plan.

SECTION 7. MISCELLANEOUS PROVISIONS.

(a) <u>No Retention Rights.</u> Nothing in this award or in the Plan shall confer upon the Grantee any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Subsidiary employing the Grantee) or of the Grantee, which rights are hereby expressly reserved by each, to terminate his or her Service at any time and for any reason, with or without Cause.

(b) <u>Limitation Transfer.</u> All rights under this Agreement shall belong to you and may not be transferred, assigned, pledged, or hypothecated in any way (whether by operation of law or otherwise), other than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order and shall not be subject to execution, attachment, or similar process.

(c) <u>Notification.</u> Any notification required by the terms of this Agreement shall be given in writing and shall be deemed effective upon personal delivery or upon deposit with the United States Postal Service, by registered or certified mail, with postage and fees prepaid. A notice shall be addressed to the Company at its principal executive office and to the Grantee at the address that he or she most recently provided to the Company.

(d) <u>Entire Agreement.</u> This Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter hereof.

(e) <u>Waiver.</u> No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature.

(f) <u>Assignment.</u> The Company may assign its rights under this Agreement to any person or entity selected by the Committee.

(g) <u>Successors and Assigns.</u> The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Grantee, the Grantees assigns and the legal representatives, heirs and legatees of the Grantees estate, whether or not any such person shall have become a party to this Agreement and have agreed in writing to be joined herein and be bound by the terms hereof.

(h) <u>Choice of Law.</u> This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, as such laws are applied to contracts entered into and performed in such State.

SECTION 8. DEFINITIONS.

(a) **"<u>Agreement</u>"** shall mean this Restricted Stock Award Agreement.

(b) **"<u>Grant Date</u>"** shall have the meaning ascribed to such term in the introduction of this Agreement.

(c) **"<u>Granted Shares</u>"** shall have the meaning ascribed to such term in Section l(a) of this Agreement.

(d) **"<u>Grantee</u>"** shall mean the person named herein.

(e) **"<u>Purchase Price</u>"** shall mean the price, if any, paid by the Grantee for the Granted Shares.

(f) **"<u>Service</u>"** shall mean service as an Employee, Director or Consultant. For any purpose under this Agreement, Service shall be deemed to continue while the Grantee is on a bona fide leave of absence, if such leave was approved by the Company or Subsidiary in writing or if continued crediting of Service for such purpose is expressly required by the terms of such leave or by applicable law (as determined by the Committee).

(g) **"<u>Vested Shares</u>"** shall mean a Granted Share that is vested.

By signing below, the Grantee accepts this award, and acknowledges and agrees that this award is granted under and governed by the terms and conditions of the Integrated Electrical Services, Inc. 2006 Equity Incentive Plan and this Restricted Stock Award Agreement.

Grantee:	**Integrated Electrical Services, Inc.**
______________________________	By: ______________________________
	Title: ______________________________

EXHIBIT A

STOCK POWER

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfers) unto Integrated Electrical Services, Inc. (the "Company"), ___________ shares of the common stock, par value $0.01 per share, of the Company standing in his name on the books of the Company represented by Certificate No. ___________ herewith or alternatively standing in his/her/its name in book entry at the Companys transfer agent and do(es) hereby irrevocably constitute and appoint _____________________________his attorney-in-fact, with full power of substitution, to transfer such shares on the books of the Company.

Dated: ________________________________

Signature: ____________________________________

Print Name: __________________________________

Mailing Address: __________________________________

____

Instructions: *Please do not fill in any blanks other than the signature line and printed name and mailing address. Please print your name exactly as you would like your name to appear on the issued stock certificate. The purpose of this assignment is to enable the Company to exercise its right to reacquire the Shares without requiring additional signatures on your part.*

INTEGRATED ELECTRICAL SERVICES, INC
LONG TERM INCENTIVE PLAN
PLAN DOCUMENT

SECTION 1. PURPOSE.

This Long Term Incentive Plan ("LTIP") has been established for certain officers of Integrated Electrical Services, Inc. and certain of its subsidiaries to foster and promote the long term financial success of the Company and increase shareholder value by (a) strengthening the Company's ability to develop, maintain and retain effective senior management; (b) motivating superior performance by means of long term performance related incentives linked to business performance; (c) encouraging and providing for ownership interests in the Company by its senior management; (d) attracting and retaining qualified senior management personnel by providing incentive compensation opportunities competitive with comparable companies; and (e) enabling senior management to participate in the long term financial growth and financial success of the Company. The terms, conditions and provisions of the Plan shall be as follows:

SECTION 2. DEFINITIONS .

Unless the context requires otherwise, the following words as used in the Plan shall have the meanings ascribed to each below, it being understood that masculine, feminine, and neuter pronouns are interchangeable and that each comprehends the others.

(a) " *Award* " means a grant of Options, Stock Appreciation Rights, Restricted Shares, Restricted Share Units, Performance Awards, or any or all of them.

(b) " *Base Salary* " means a Participant's regular basic annual rate of compensation prior to any reduction thereof under a salary reduction agreement pursuant to Section 401(k) or Section 125 of the Code and shall not include (without limitation) cost of living allowances, auto allowances, fees, retainers, reimbursements, bonuses, incentive awards, prizes or similar payments.

(c) " *Board* " shall mean the Board of Directors of the Company.

(d) " *Cause* " for termination by the Company or a Subsidiary of a Participant's employment, means (i) Executive's willful, material and irreparable breach of his terms of employment as provided herein or otherwise (which remains uncured ten (10) business days after delivery of written notice specifically identifies such breach); (ii) Executive's gross negligence in the performance or intentional nonperformance (in either case continuing for ten (10) business days after receipt of written notice of need to cure and sets forth such duty and responsibility) of any of Executive's material duties and responsibilities to the Company; (iii) Executive's dishonesty or fraud with respect to the business, reputation or affairs of the Company which materially and adversely affects the Company (monetarily or otherwise); (iv) Executive's conviction of a felony or crime involving moral turpitude; (v) Executive's confirmed drug or alcohol abuse that materially affects Executive's service or results in a material violation of the Company's drug or alcohol abuse policy; or (vi) Executive's material violation of the Company's personnel or similar policy, such policy having been made available to Executive by the Company which materially and adversely affects the Company and which remains uncured or continues ten (10) business days after delivery of written notice) and such notice specifically sets forth said violation.

(e) " *Change of Control* " has the meaning ascribed to it in the IES 2006 Equity Plan.

(f) " *Committee* " shall mean the Compensation Committee of the Board (or such other committee of the Board that the Board shall designate from time to time) or any subcommittee thereof comprised of two or more directors each of whom is an "outside director" within the meaning of Section 162(m).

(g) " *Company* " shall mean Integrated Electrical Services, Inc.

(h) " *Disability* " shall have the meaning ascribed to it in the IES 2006 Equity Plan.

(i) “ *Fiscal Year* ” shall refer to the Company’s annual financial reporting period which begins on October 1st of each year and ends the following September 30 th .

(j) " *Good Reason* " for termination by a Participant of his employment means the occurrence (without the Participant's express written consent) of any one of the following acts, or failure to act, unless such act or failure to act is corrected prior to the date of termination specified in a notice of termination by Participant given in respect thereof at least 30 days prior to the effective date of his termination: (i) any material reduction in Executive’s position, duties, authority or compensation from those described in this Agreement; or (ii) any relocation of the Company’s corporate office that is more than fifty (50) miles from its current location; or (iii) the Company’s breach of a material term of this Agreement or material duty owed to the Executive; provided that either of the events described in clauses (i), (ii), and (iii) of this Section shall constitute Good Reason only if the Company fails to cure such event within ten (10) business days after receipt from Executive of written notice of the event which constitutes Good Reason; provided, further, that “Good Reason” shall cease to exist for an event on the sixtieth (60th) day following the later of its occurrence or Executive’s knowledge thereof, unless Executive has given the Company written notice thereof prior to such date.

(k) “ *Named Executive Officer* ” shall include the Chief Executive Officer, C hief Financial Officer, the three other most highly compensated executive officers , plus any other officer designated as a Named Executive Officer (“NEO”) by the Board of Directors.

(l) “ *Participant* ” shall mean a Named Executive Officer (“NEO”) of the Company designated as a participant under the Plan.

(m) “ *Performance Period* ” shall means the time period, which shall not be less than one year, during which performance objectives must be met in order for a Participant to earn Performance Shares granted under this Plan. The Performance Period with respect to each Award under this Plan shall be determined by the Committee.

(n) “ *Plan* ” shall mean the Integrated Electrical Services Long Term Incentive Plan, as set forth herein and as may be amended from time to time.

(o) " *Scheduled Vesting Date* " shall have the meaning ascribed to it in Section 7 hereof.

(p) “ *Section 162(m)* ” shall mean Section 162(m) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (including any proposed regulations).

(q) “ *Subsidiary* ” shall mean any corporation in which the Company owns, directly or indirectly, stock representing more than 50% of the voting power of all classes of stock entitled to vote.

SECTION 3. ADMINISTRATION .

The Plan will be administered by the Compensation Committee (“Committee”) of the Board of Directors.

(a) *Authority of Committee* . The Plan shall be administered by the Committee, which shall have full and exclusive discretionary power to interpret the terms and the intent of the Plan . Such powers to include the authority (within the limitations described herein):

i. to select the persons to be granted Awards under the Plan,

ii. to determine the type, size and terms of Awards to be made to each Named Executive Officer selected,

iii. to determine the time when Awards are to be made and any conditions which must be satisfied before an Award is made,

iv. to establish objectives and conditions for earning Awards,

v. to determine whether an Award shall be evidenced by an agreement and, if so, to determine the terms of such agreement (which shall not be inconsistent with the Plan) and who must sign such agreement,

vi. to determine whether the conditions for earning an Award have been met and whether an Award will be paid at the end of the Performance Period,

vii. to determine if and when an Award may be deferred,

viii. to determine whether the amount or payment of an Award should be increased, reduced or eliminated, and

ix. to determine the guidelines and/or procedures for the payment or exercise of Awards.

(b) *Interpretation of Plan* . The Committee shall have full power and authority to administer and interpret the Plan and to adopt or establish such rules, regulations, agreements, guidelines, procedures and instruments, which are not contrary to the terms of the Plan and which, in its opinion, may be necessary or advisable for the administration and operation of the Plan. The Committee's interpretations of the Plan, and all actions taken and determinations made by the Committee pursuant to the powers vested in it hereunder, shall be conclusive and binding on all parties concerned, including IES, its shareholders and any person receiving an Award under the Plan.

(c) *Delegation of Authority* . To the extent not prohibited by law, the Committee may delegate its authority hereunder and may grant authority to designate employees of the Company to execute documents on behalf of the Committee or to otherwise assist the Committee in the administration and operation of the Plan.

SECTION 4. ELIGIBILITY AND PARTICIPATION.

The following shall be Participants in the Plan: each individual (a) who as of the commencement of each Performance Period is a member of the Executive Committee unless the Compensation Committee within 120 days after the commencement of a Performance Period determines that with respect to such Performance Period such individual shall not be a Participant or (b) who is designated by the Compensation Committee as a Participant with respect to a Performance Period no more than 120 days after the commencement of such Performance Period. A person designated as a Participant during the first year for the applicable Performance Period shall remain a Participant for such applicable Performance Period. No person has, or at any time will have, any right to be selected for current or future participation in the Plan.

SECTION 5. ESTABLISHMENT OF PERFORMANCE PERIOD AND GOALS.

The first Performance Period under this Plan shall be the period commencing on October 1, 2007 and ending on September 30, 2009. New Performance Periods shall commence on October 1st of each successive fiscal year. The Committee may, in its sole discretion, establish the duration of the Performance Period, provided such period may not be less than one year.

No later than 90 days after the commencement of each Performance Period (or than such earlier or later date as may be the applicable deadline for compensation payable hereunder for such Performance Period to qualify as "performance-based" under section 162(m)(4)(C) of the Code, hereafter referred to as the "Establishment Deadline" for each successive Performance Period), the Committee shall establish in writing the method for computing the amount of compensation that each participant in the Plan can earn under the Plan for such Performance Period if the performance goals established by the Committee for such Performance Period are attained in whole or in part.

No later than the Establishment Deadline for each Performance Period, the Committee shall establish in writing the performance goals for the Performance Period, which may include any of the following performance criteria (either alone or in any combination) as the Committee may determine: return on net assets, sales, net asset turnover, cash flow, cash flow from operations, operating profit, net operating profit, income from operations, operating margin, net income margin, return on total assets, return on gross assets, return on total capital, working capital turnover, economic value added, shareholder value added, enterprise value, receivables growth, earnings to fixed charges ratios, customer satisfaction, customer service, or developing and/or implementing action plans or strategies. The foregoing criteria shall have any reasonable definitions that the Committee may specify at the time such criteria are adopted. Any such

performance criterion or combination of such criteria may apply to a participant's award opportunity in its entirety, or to any designated portion or portions of the award opportunity, as the Committee may specify.

SECTION 6. AWARDS .

Each Participant in the Plan is entitled to an Award each year based on a percentage of his annual base salary rate in effect on the first day of the Performance Period. This award is referred to as the "LTIP Target Bonus". One-half of the LTIP Target Bonus is payable as the retention component in the form of restricted stock. The remaining one-half of the LTIP Target Bonus is performance vesting restricted stock based on achievement of against predetermined earnings per share targets over a two year measurement period. Specifically, the LTIP Target Award provides for:

(a) *Retention Component* . Annual grant of restricted stock units to eligible Participants equal to one-half of the Participants LTIP Target Bonus. Restricted Stock Unit awards will vest in full on the three year anniversary of the grant date if the executive officer is employed with the Company at the end of such period.

(b) *Performance-Based Component* . Annual grant of additional restricted stock units subject to performance-based vesting equal to one-half of the Participants LTIP Target Bonus. Restricted Stock Unit awards will vest in full on the three year anniversary of the grant date if (i) the Company attains LTIP performance target(s) during the applicable Performance Period following the grant date and (ii) if the executive officer is employed with the Company at the end of such period. The Stock Price Target is equal to the average closing price of IES common stock on the 20 consecutive trading days preceding the grant date

The Performance-Based component of the LTIP Award shall be determined by the Committee at the end of each Performance Period based on a Participant's Individual Target Award and the Company's achievement of its Performance Target established by the Company for that Performance Period.

For grant purposes, restricted stock units awarded under the Long Term Incentive Plan, whether restricted stock and performance share units, will be rounded up or down to the nearest 100 shares.

SECTION 7. DISTRIBUTIONS.

Awards shall be distributed under the Plan for any Performance Period solely on account of the attainment of the performance goals established by the Committee with respect to such Performance Period. The awards payable for any Performance Period shall be distributed following the end of the respective Performance Period. Distribution of any award under the Plan shall be contingent upon the Committee's certifying in writing that the performance goals and any other material terms applicable to such award were in fact satisfied, and, until the Committee so certifies, such award shall not be awarded.

(a) *Scheduled Vesting Date* . Except as otherwise provided herein, all Awards shall vest on the third anniversary of the grant date such Stock Units were awarded (the "Scheduled Vesting Date").

(b) *Early Vesting and Early Distribution*. If there shall be a Change of Control (provided that the Compensation Committee does not reasonably determine that the Change of Control is not an event described in Section 409A(a)(2)(A)(v) of the Code), or if a Participant's employment (a) shall be terminated by the Company without Cause or (b) shall be terminated by a Participant for Good Reason or by reason of his Retirement (provided, in the case of Retirement, the Plan shall have been in effect for at least three years) or (c) shall be terminated by the Company or the Participant by reason of his Disability, or if the Participant shall die while employed by the Company or a Subsidiary, then in such case as of such date of Change of Control or termination of employment, as the case may be, all Stock Units in a Participant's Account(s) shall vest and an equal number of shares of Company Stock shall be promptly issued in respect thereof; provided that such distribution shall be delayed for six months following his termination of employment if necessary to avoid tax penalties under Section 409A of the Code.

SECTION 8. GENERAL PROVISIONS.

(a) *Effectiveness of the Plan*. The Plan shall be effective with respect to fiscal years beginning on October 1, 2007 and continue until such time the Plan is amended, suspended, or terminated by the Board.

(b) *Amendment and Termination*. Notwithstanding Section 7(a), the Board or the Committee may at any time amend, suspend, discontinue, or terminate the Plan; provided, however, that no such amendment, suspension, discontinuance, or termination shall adversely affect the rights of any Participant in respect of any fiscal year which has already commenced and no such action shall be effective without approval by the shareholders of the Company to the extent necessary to continue to qualify the amounts payable hereunder to Covered Employees as performance-based compensation under Section 162(m).

(c) *Designation of Beneficiary*. Each Participant may designate a beneficiary or beneficiaries (which beneficiary may be an entity other than a natural person) to receive any payments which may be made following the Participant's death. Such designation may be changed or canceled at any time without the consent of any such beneficiary. Any such designation, change or cancellation must be made in a form approved by the Committee and shall not be effective until received by the Committee. If no beneficiary has been named, or the designated beneficiary or beneficiaries shall have predeceased the Participant, the beneficiary shall be the Participant's spouse or, if no spouse survives the Participant, the Participant's estate. If a Participant designates more than one beneficiary, the rights of such beneficiaries shall be payable in equal shares, unless the Participant has designated otherwise.

(d) *No Right of Continued Employment*. Nothing in this Plan shall be construed as conferring upon any Participant any right to continue in the employment of the Company or any of its Subsidiaries.

(e) *No Limitation on Corporate Actions*. Nothing contained in the Plan shall be construed to prevent the Company or any Subsidiary from taking any corporate action which is deemed by it to be appropriate or in its best interest, whether or not such action would have an adverse effect on any awards made under the Plan. No employee, beneficiary or other person shall have any claim against the Company or any Subsidiary as a result of any such action.

(f) *Nonalienation of Benefits*. Except as expressly provided herein, no Participant or beneficiary shall have the power or right to transfer, anticipate, or otherwise encumber the Participant's interest under the Plan. The Company's obligations under this Plan are not assignable or transferable except to (i) a corporation which acquires all or substantially all of the Company's assets, or (ii) any corporation into which the Company may be merged or consolidated. The provisions of the Plan shall inure to the benefit of each Participant and the Participant's beneficiaries, heirs, executors, administrators, or successors in interest.

(g) *Withholding* . Any amount payable to a Participant or a beneficiary under this Plan shall be subject to any applicable Federal, state, and local income and employment taxes and any other amounts that the Company is required at law to deduct and withhold from such payment.

(h) *Severability* . If any provision of this Plan is held unenforceable, the remainder of the Plan shall continue in full force and effect without regard to such unenforceable provision and shall be applied as though the unenforceable provision were not contained in the Plan.

(i) *Governing Law*. The Plan shall be construed in accordance with and governed by the laws of the State of Texas, without reference to the principles of conflict of laws.

(j) *Headings* . Headings are inserted in this Plan for convenience of reference only and are to be ignored in a construction of the provisions of the Plan.

APPENDIX A
LONG TERM INCENTIVE PLAN
PERFORMANCE CRITERIA
FOR FISCAL 2008-2009

On November 12, 2007 the Human Resources and Compensation Committee of the Board of Directors of the Company (the *"Committee"*) established the aggregate earnings per share objective (*"EPS Target")* for the Performance Period consisting of the 2008 and 2009 fiscal years under the Company's Long Term Incentive Plan (the *"LTIP"*) in which each of Messrs. Michael J. Caliel, President and Chief Executive Officer, Raymond K. Guba, Chief Financial Officer, Curt L. Warnock, Senior Vice President and General Counsel, Robert B. Callahan, Senior Vice President of Human Resources, Christopher Haas, Vice President of Supply Chain, Edjuan Bailey, Vice President of Marketing, Richard Beck, Vice President of Operations, Johnny Menninga, Group Vice President, Glenn Schaefer, Group Vice President, Richard A. Nix, Group Vice President, Robert W. Lewey, Vice President of Tax, and Harvey Hammock, Vice President of Safety participate.

Under the LTIP, among other things, bonuses are to be paid to each such executive officer based upon the Company's achievement of the applicable Performance Criteria for the two-year Performance Period consisting of 2008 and 2009 (the " *Two-Year Performance Period* "). If at least 75 % of the EPS Target is achieved for a P erformance Period , the named executive officer is entitled to receive a percentage of his target award (the *"LTIP Target Bonus"*), which target bonus is based on a predetermined percentage of his annual base salary as of the first day of the Performance Period. The percentage of the LTIP Target Bonus payable in respect of the Performance Period is based on achievement of the Performance Criteria during the Performance Period. If 50% o f the actual earnings per share of the Company (the *"Actual EPS"*) for the Performance Period is 75% of the EPS Target for the P erformance Period, 100% of the LTIP Target Bonus if the a ctual EPS for the performance cycle is 100% of the EPS Target, and 200% of the LTIP Target Bonus if the a ctual EPS for the P erformance Period is 14 0% of the EPS Target, with interpolation between such EPS Target attainment percentages (refer to Exhibit 1: LTIP Payout Schedule attached hereto). No bonus is payable in respect of a P erformance Period if the a ctual EPS for such P erformance Period is less than 7 5% of the EPS Target.

The Target Bonus with respect to each executive officer may be adjusted at the discretion of the c ommittee prior to the commencement of a P erformance Period . The LTIP Target B onus for the T wo-Y ear Performance Period for each named executive officer of the Company is as follows: Michael J. Caliel - 175%; Raymond K. Guba - 150%; Curt L. Warnock - 125%; Robert B. Callahan - 125%; Christopher Haas – 100%; Edjuan Bailey – 100%; Richard Beck – 100%; Johnny Menninga – 100%; Glenn Schaefer – 100%; Richard A. Nix – 100%; Robert W. Lewey – 50%, and Harvey Hammock - 50%.

EXHIBIT #1

LTIP PAYOUT SCHEDULE [1]

Corporate Performance Against EPS Target For the Performance Period	LTIP Incentive Plan Multiplier
<75%	0.00%
75%	50.00%
80%	60.00%
85%	70.00%
90%	80.00%
95%	90.00%
100%	100.00%
105%	112.50%
110%	125.00%
115%	137.50%
120%	150.00%
125%	162.50%
130%	175.00%
135%	187.50%
140% >	200.00%

1 **Percent of participant's targeted annual LTIP awarded will be interpolated on a straight line basis for EPS performance between threshold and maximum.**

cancel

INTEGRATED ELECTRICAL SERVICES, INC
ANNUAL MANAGEMENT INCENTIVE PLAN
PLAN DOCUMENT

1.
PURPOSE

The purposes of the Annual Management Incentive Plan (“Plan”) are to provide annual cash-based incentives to Named Executive Officers who are those deemed by the Committee to have significant responsibility for the success and growth of Integrated Electrical Services, Inc. ("IES") and its subsidiaries, divisions and affiliated businesses, to align the interests of such persons with those of IES’ shareholders, to assist IES in recruiting, retaining and motivating executive officers on a competitive basis, and to ensure a pay for performance linkage for Participants.

2.
DEFINITIONS

Unless the context requires otherwise, the following words as used in the Plan shall have the meanings ascribed to each below, it being understood that masculine, feminine, and neuter pronouns are interchangeable and that each comprehends the others.

(a) “ *Board* ” shall mean the Board of Directors of the Company.

(b) “ *Committee* ” shall mean the Human Resources and Compensation Committee of the Board (or such other committee of the Board that the Board shall designate from time to time) or any subcommittee thereof comprised of two or more directors each of whom is an “outside director” within the meaning of Section 162(m).

(c) “ *Company* ” shall mean Integrated Electrical Services, Inc.

(d) “ *Named Executive Officer* ” shall include the C hief Executive Officer, C hief Financial Officer, the three other most highly compensated executive officers, plus any other officer designated as a Named Executive Officer (“NEO”) by the Board of Directors.

(e) “ *Participant* ” shall mean a Named Executive Officer (“NEO”) of the Company designate d as a participant under the Plan.

(f) “ *Plan* ” shall mean the Integrated Electrical Services Annual Management Incentive Plan, as set forth herein and as may be amended from time to time.

(g) “ *Section 162(m)* ” shall mean Section 162(m) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (including any proposed regulations).

(h) “ *Subsidiary* ” shall mean any corporation in which the Company owns, directly or indirectly, stock representing more than 50% of the voting power of all classes of stock entitled to vote.

3.
ADMINISTRATION

The Plan will be administered by the Committee

(a) *Authority of Committee* . The Committee shall have full and exclusive discretionary power to interpret the terms and the intent of the Plan . S uch powers to include the authority (within the limitations described herein):

i. to select the persons to be granted Awards under the Plan,

ii. to determine the type, size and terms of Awards to be made to each Named Executive Officer selected,

iii. to determine the time when Awards are to be made and any conditions which must be satisfied before an Award is made,

iv. to establish objectives and conditions for earning Awards,

v. to determine whether an Award shall be evidenced by an agreement and, if so, to determine the terms of such agreement (which shall not be inconsistent with the Plan) and who must sign such agreement,

vi. to determine whether the conditions for earning an Award have been met and whether an Award will be paid at the end of the Performance Period,

vii. to determine if and when an Award may be deferred,

viii. to determine whether the amount or payment of an Award should be reduced or eliminated,

ix. to determine the guidelines and/or procedures for the payment or exercise of Awards, and

x. to determine whether an Award should qualify, regardless of its amount, as deductible in its entirety for federal income tax purposes, including whether any Awards granted to a Named Executive Officers comply with the Performance Based Exception under Code Section 162(m).

(b) Interpretation of Plan . The Committee shall have full power and authority to administer and interpret the Plan and to adopt or establish such rules, regulations, agreements, guidelines, procedures and instruments, which are not contrary to the terms of the Plan and which, in its opinion, may be necessary or advisable for the administration and operation of the Plan. The Committee's interpretations of the Plan, and all actions taken and determinations made by the Committee pursuant to the powers vested in it hereunder, shall be conclusive and binding on all parties concerned, including IES, its shareholders and any person receiving an Award under the Plan .

(c) Delegation of Authority . To the extent not prohibited by law, the Committee may delegate its authority hereunder and may grant authority to designate employees of the Company to execute documents on behalf of the Committee or to otherwise assist the Committee in the administration and operation of the Plan.

4. ELIGIBILITY

Eligible Participants under the Plan is limited to Named Executive Officers designated and approved by the Committee in its sole discretion.

A Participant shall not be eligible to receive a bonus under the Plan for any year in which the Participant resigns or their employment terminates without or without cause before actual payment of the bonus to such employee. Upon termination of Executive's employment for either death or disability, Participant or Participant's estate (as the case may be) shall be entitled to receive a pro rata portion of the Participant's Annual Bonus awarded to Executive (the "Pro Rata Bonus") equal to the greater of (a) annual target incentive opportunity for the Fiscal Year in which such death or disability occurs; or (b) the most recent annual incentive awarded to Participant.

5. **BONUSES**

(a) *Performance Criteria*. On or before October 1 of each year (or such other date as may be required or permitted under Section 162(m)), the Committee shall establish the performance objective or objectives that must be satisfied in order for a Participant to receive a bonus for such year. Any such performance objectives will be based upon the relative or comparative achievement of one or more of the following criteria, as determined by the Committee: (i) return on capital; (ii) earnings per share; (iii) net sales; (iv) net earnings; (v) net operating profits; (vi) operating income; (vii) operating cash flow; (viii) expense control; (ix) working capital relating to inventory and/or accounts receivable; (x) net operating margin; (xi) share price performance; (xii) implementation or completion of critical projects; (xiii) total return to shareholders; or other performance measure as determined by the Committee.

(b) *Maximum Amount Payable*. If the Committee certifies that the performance objectives established for the relevant fiscal year under Section 5(a) has been satisfied, each Participant who is employed by the Company or one of its Subsidiaries on the day the bonus is actually paid shall be eligible to receive n bonus amount that in no event may ever exceed 200% of the Participant's annual incentive target for such fiscal year.

(c) *Negative Discretion*. Notwithstanding anything else contained in Section 5(b) to the contrary, the Committee shall have the right, in its absolute discretion, (*i*) to reduce or eliminate the amount otherwise payable to any Participant under Section 5(b) based on individual performance or any other factors that the Committee, in its discretion, shall deem appropriate and (*ii*) to establish rules or procedures that have the effect of limiting the amount payable to each Participant to an amount that is less than the maximum amount otherwise authorized under Section 5(b).

(d) *Affirmative Discretion*. Notwithstanding any other provision in the Plan to the contrary, (i) the Committee shall have the right, in its discretion, to pay to any Participant who is not a Covered Employee an annual bonus for such year in an amount up to the maximum bonus payable under Section 5(b), based on individual performance or any other criteria that the Committee deems appropriate and (ii) in connection with the hiring any person who is or becomes Covered Employee, the Committee may provide for a minimum bonus amount in any calendar year, regardless of whether performance objectives are attained.

6. **PAYMENT**

Except as otherwise provided hereunder, payment of any bonus amount determined under Section 5 shall be made to each Participant as soon as practicable after the Committee certifies that one or more of the applicable performance objectives have been attained (or, in the case of any bonus payable under the provisions of Section 5(d), after the Committee determines the amount of any such bonus).

7. **GENERAL PROVISIONS**

(a) *Effectiveness of the Plan*. The Plan shall be effective with respect to fiscal years beginning on October 1, 2007, and ending on or before September 30, 2008, unless the term hereof is extended by action of the Board.

(b) *Amendment and Termination*. Notwithstanding Section 7(a), the Board or the Committee may at any time amend, suspend, discontinue, or terminate the Plan; provided, however, that no such amendment, suspension, discontinuance, or termination shall adversely affect the rights of any Participant in respect of any fiscal year which has already commenced and no such action shall be effective without approval by the shareholders of the Company to the extent necessary to continue to qualify the amounts payable hereunder to Covered Employees as performance-based compensation under Section 162(m).

(c) *Designation of Beneficiary*. Each Participant may designate a beneficiary or beneficiaries (which beneficiary may be an entity other than a natural person) to receive any payments which may be made following the Participant's death. Such designation may be changed or canceled at any time without the consent of any such beneficiary. Any such designation, change or cancellation must be made in a form approved by the Committee and shall not be effective until received by the Committee. If no beneficiary has been named, or the designated beneficiary or beneficiaries shall have predeceased the Participant, the beneficiary shall be the Participant's spouse or, if no spouse survives the Participant, the Participant's estate. If a Participant designates more than one beneficiary, the rights of such beneficiaries shall be payable in equal shares, unless the Participant has designated otherwise.

(d) *No Right of Continued Employment*. Nothing in this Plan shall be construed as conferring upon any Participant any right to continue in the employment of the Company or any of its Subsidiaries or any vested right to any payments until such payment is actually made to Participant or their estate.

(e) *No Limitation on Corporate Actions*. Nothing contained in the Plan shall be construed to prevent the Company or any Subsidiary from taking any corporate action which is deemed by it to be appropriate or in its best interest, whether or not such action would have an adverse effect on any awards made under the Plan. No employee, beneficiary or other person shall have any claim against the Company or any Subsidiary as a result of any such action.

(f) *Nonalienation of Benefits*. Except as expressly provided herein, no Participant or beneficiary shall have the power or right to transfer, anticipate, or otherwise encumber the Participant's interest under the Plan. The Company's obligations under this Plan are not assignable or transferable except to (i) a corporation which acquires all or substantially all of the Company's assets, or (ii) any corporation into which the Company may be merged or consolidated. The provisions of the Plan shall inure to the benefit of each Participant and the Participant's beneficiaries, heirs, executors, administrators, or successors in interest.

(g) *Withholding* . Any amount payable to a Participant or a beneficiary under this Plan shall be subject to any applicable Federal, state, and local income and employment taxes and any other amounts that the Company is required at law to deduct and withhold from such payment.

(h) *Severability* . If any provision of this Plan is held unenforceable, the remainder of the Plan shall continue in full force and effect without regard to such unenforceable provision and shall be applied as though the unenforceable provision were not contained in the Plan.

(i) *Governing Law*. The Plan shall be construed in accordance with and governed by the laws of the State of Texas, without reference to the principles of conflict of laws.

(j) *Headings* . Headings are inserted in this Plan for convenience of reference only and are to be ignored in a construction of the provisions of the Plan.

APPENDIX A

ANNUAL INCENTIVE PLAN
FISCAL 2008 PERFORMANCE CRITERIA

This document sets forth the Performance Criteria established by the Board of Directors for Integrated Electrical Services' Annual Management Incentive Plan (hereinafter "Plan") for Fiscal 2008.

I.

<u>PERFORMANCE CRITERIA</u>

The Board has established the following Performance Criteria for Fiscal 2008 from which Awards under this Plan shall be made pursuant to the Annual Management Incentive Plan Document:

- Annual Operating Income
- Annual Operating Cash Flow

Under the Plan, Participants are assigned an incentive award target expressed as a percent of their annual base salary. Based upon performance against pre-determined Performance Criteria, participants may earn a range of incentive award payouts relative to their target. Each Performance Criteria shall represent one-half of the annual incentive opportunity and contribute separately to the annual incentive award payout.

A minimum threshold performance of 90% against the pre-determined Performance Criteria target must be achieved before any incentive is payable under the Plan.

II.

<u>INCENTIVE AWARD CALUCLATIONS</u>

Awards under the Plan will be calculated based upon three factors:

<u>Corporate Performance</u>. Achievement of the Company's annual operating plan target for each Performance Criteria. There will be a Threshold Performance level for each Performance Criteria below which no award will be earned, and Maximum Performance level in all categories beyond which no additional award will be earned. A participant's annual incentive award will be increased or decreased based on corporate performance against predetermined performance criteria (refer to Exhibit A).

a) *<u>Threshold Award</u>* : The lowest award level paid, 50% of a Participant's annual incentive target, is paid for the lowest performance level (90%) eligible for an award under the Plan.

b) *<u>Target Award</u>* : The award to be paid for 100% attainment of the Performance Goal .

c) *<u>Maximum Award</u>* : The Maximum award under the plan is 200% of a Participant ' s annual incentive target.

1. *<u>Individual</u>* *<u>Performance</u>* . Attainment of individual goals and objectives established for the Participant during the p lan year. Three to five individual goals will be set and weighted for each Participant during the plan year. The CEO will establish individual goals and weightings for Participants subject to review and ratification by the Committee.

The Committee may in its sole discretion make downward or upwards adjustments to Awards based on "Individual Performance" considerations. The amount of the adjustment may not be increased or decreased by an amount exceeding 25% of the proposed incentive award. Discretionary adjustments may also be made for leadership behaviors that significantly impact strategic and operational initiatives of the Company; people development, and other factors as determined by the Company. Discretionary adjustments made to Plan participants, excluding the CEO, may not result in a net increase in Plan funding. The Board shall have sole discretion to increase or decrease the annual incentive award made to the CEO.

2. *Safety Modifier*. The final component in determining individual incentive awards under the Plan is the safety performance of the Company. Incentive awards will be modified based on the Company's annual Safety Performance Index ("SPI") score (refer to Exhibit B).

III.

PAYMENT OF AWARDS

Participants will receive an annual cash incentive award paid as soon as administratively possible after the Committee determines the amount of any such bonus to be awarded under the Plan.

EXHIBIT A THRESHOLD, TARGET & MAXIMUM AWARD LEVELS

Percent of Performance Goal Achieved	Percent of Target Award Received
90%	50.00%
91%	55.00%
92%	60.00%
93%	65.00%
94%	70.00%
95%	75.00%
96%	80.00%
97%	85.00%
98%	90.00%
99%	95.00%
100%	100.00%
101%	105.00%
102%	110.00%
103%	115.00%
104%	120.00%
105%	125.00%
106%	130.00%
107%	135.00%
108%	140.00%
109%	145.00%
110%	150.00%
111%	155.00%
112%	160.00%
113%	165.00%
114%	170.00%
115%	175.00%
116%	180.00%
117%	185.00%
118%	190.00%
119%	195.00%
120%	200.00%

EXHIBIT B SAFETY MODIFIER

Corporate Safety Performance Index (SPI) Score	Incentive Award Modifier
9.51 – 10.00	120%
9.01 – 9.50	115%
8.51 – 9.00	110%
8.01 – 8.50	105%
7.00 – 8.00	100%
6.50 – 6.99	90%
6.00 – 6.49	80%
5.50 – 5.99	70%
5.00 – 5.49	60%
0.00 – 4.99	0%