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

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended March 31, 2000

OR

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

For the transition period from_____to_____.

Commission File No. 1-13783

INTEGRATED ELECTRICAL SERVICES, INC.

(Exact name of registrant as specified in its charter)

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

515 Post Oak Boulevard Suite 450 Houston, Texas	77027-9408
(Address of principal executive offices)	(zip code)

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

The number of shares outstanding as of May 11, 2000, of the issuer's common stock was 37,723,580 and of the issuer's restricted voting common stock was 2,655,709.

INTEGRATED ELECTRICAL SERVICES, INC. AND SUBSIDIARIES

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

	September 30, 1999 (Audited)	March 31, 2000 (Unaudited)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 2,931	$ 7,002
Accounts receivable:		
Trade, net of allowance of $5,709 and $6,460, respectively	222,824	231,775
Retainage	47,682	53,214
Related parties	220	725
Inventories, net	12,793	16,459
Costs and estimated earnings in excess of billings on uncompleted contracts	40,592	44,054
Prepaid expenses and other current assets	7,640	13,748
Total current assets	334,682	366,977
PROPERTY AND EQUIPMENT, net	47,368	56,242
GOODWILL, net	467,385	501,614
OTHER NON-CURRENT ASSETS	9,057	9,278
Total assets	$ 858,492	$ 934,111
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term debt and current maturities of long-term debt	$ 1,444	$ 1,150
Accounts payable and accrued expenses	116,188	138,304
Income taxes payable	3,971	1,081
Billings in excess of costs and estimated earnings on uncompleted contracts	37,507	46,170
Total current liabilities	159,110	186,705
LONG-TERM BANK DEBT	76,980	110,000
OTHER LONG-TERM DEBT, net of current maturities	1,120	1,708
SENIOR SUBORDINATED NOTES, net of $1,151 and $1,113 unamortized discount, respectively	148,849	148,887
OTHER NON-CURRENT LIABILITIES	5,267	2,451
Total liabilities	391,326	449,751
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, $.01 par value, 10,000,000 shares authorized, none issued and outstanding	--	--
Common stock, $.01 par value, 100,000,000 shares authorized, 35,985,838 and 37,723,580 shares outstanding, respectively	360	377
Restricted common stock, $.01 par value, 2,655,709 shares Authorized, 2,655,709 shares issued and outstanding	27	27
Additional paid-in capital	407,926	424,974
Retained earnings	58,853	58,982
Total stockholders' equity	467,166	484,360
Total liabilities and stockholders' equity	$ 858,492	$ 934,111

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

INTEGRATED ELECTRICAL SERVICES, INC. AND SUBSIDIARIES

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

	Six Months Ended March 31,	
	1999	2000
	(Unaudited)	
Revenues	$ 413,404	$ 705,518
Cost of services (including depreciation)	326,934	583,038
Gross profit	86,470	122,480
Selling, general and administrative expenses	45,590	99,790
Goodwill amortization	3,943	6,720
Income from operations	36,937	15,970
Other (income)/expense:		
Interest expense, net	4,427	11,395
Gain on sale of assets	(129)	(188)
Other income, net	(154)	(553)
	4,144	10,654
Income before income taxes	32,793	5,316
Provision for income taxes	13,961	5,187
Net income	$ 18,832	$ 129
Basic earnings per share	$ 0.59	$ --
Diluted earnings per share	$ 0.58	$ --
Shares used in the computation of earnings per share (Note 4)		
Basic	31,761,207	39,878,952
Diluted	32,254,651	39,912,540

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

INTEGRATED ELECTRICAL SERVICES, INC. AND SUBSIDIARIES

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

	Three Months Ended March 31,	
	1999	2000
	(Unaudited)	
Revenues	$ 215,692	$ 370,327
Cost of services (including depreciation)	170,189	307,467
Gross profit	45,503	62,860
Selling, general and administrative expenses	23,749	54,444
Goodwill amortization	2,095	3,256
Income from operations	19,659	5,160
Other (income)/expense:		
Interest expense, net	2,883	6,205
(Gain)/loss on sale of assets	(99)	54
Other income, net	(126)	(194)
	2,658	6,065
Income (loss) before income taxes	17,001	(905)
Provision for income taxes	7,261	1,569
Net income (loss)	$ 9,740	$ (2,474)
Basic earnings (loss) per share	$ 0.30	$ (0.06)
Diluted earnings (loss) per share	$ 0.30	$ (0.06)
Shares used in the computation of earnings per share (Note 4)		
Basic	32,422,323	40,379,289
Diluted	32,882,040	40,379,289

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

INTEGRATED ELECTRICAL SERVICES, INC. AND SUBSIDIARIES

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

	Common Stock		Restricted Common Stock		Additional Paid In Capital	Retained Earnings	Total Equity
	Shares	$	Shares	$			
BALANCE, September 30, 1999	35,985,838	$ 360	2,655,709	$ 27	$ 407,926	$ 58,853	$ 467,166
Issuance of stock for acquisitions (unaudited)	1,737,522	17	--	--	17,045	--	17,062
Options exercised (unaudited)	220	--	--	--	3	--	3
Net income (unaudited)	--	--	--	--	--	129	129
BALANCE, March 31, 2000 (unaudited)	37,723,580	$ 377	2,655,709	$ 27	$ 424,974	$ 58,982	$ 484,360

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

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

	Six Months Ended March 31,	
	1999	2000
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 18,832	$ 129
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,533	17,917
Gain on sale of property and equipment	(129)	(188)
Non-cash compensation expense	--	2,156
Changes in operating assets and liabilities		
(Increase) decrease in:		
Accounts receivable, net	(2,879)	547
Inventories	(392)	(2,583)
Costs and estimated earnings recognized in excess of billings on uncompleted contracts	(5,044)	(4,189)
Prepaid expenses and other current assets	(422)	(5,996)
Increase (decrease) in:		
Accounts payable and accrued expenses	4,391	8,800
Billings in excess of costs and estimated earnings recognized on uncompleted contracts	(2,703)	4,667
Income taxes payable and other current liabilities	(4,539)	(1,188)
Other, net	(1,092)	(2,618)
Net cash provided by operating activities	12,556	17,454
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of businesses, net of cash acquired	(35,101)	(32,181)
Proceeds from sale of property and equipment	321	1,290
Additions to property and equipment	(3,786)	(15,410)
Net cash used in investing activities	(38,566)	(46,301)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings	183,748	48,404
Repayments of debt	(131,313)	(15,489)
Other	(5,378)	3
Net cash provided by financing activities	47,057	32,918
NET INCREASE IN CASH AND CASH EQUIVALENTS	21,047	4,071
CASH AND CASH EQUIVALENTS, beginning of period	14,583	2,931
CASH AND CASH EQUIVALENTS, end of period	$ 35,630	$ 7,002
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for:		
Interest	$ 2,655	$ 11,507
Income taxes	$ 17,430	$ 16,373

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

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

	Three Months Ended March 31, 1999	Three Months Ended March 31, 2000
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 9,740	$ (2,474)
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation and amortization	3,472	11,819
(Gain) loss on sale of property and equipment	(99)	54
Non-cash compensation expense	--	1,848
Changes in operating assets and liabilities		
(Increase) decrease in:		
Accounts receivable, net	(3,431)	(8,447)
Inventories	53	(1,993)
Costs and estimated earnings recognized in excess of billings on uncompleted contracts	(4,449)	(4,596)
Prepaid expenses and other current assets	(589)	(5,409)
Increase (decrease) in:		
Accounts payable and accrued expenses	7,618	22,135
Billings in excess of costs and estimated earnings recognized on uncompleted contracts	684	4,175
Income taxes payable and other current liabilities	(479)	(1,508)
Other, net	(852)	(2,621)
Net cash provided by operating activities	11,668	12,983
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of businesses, net of cash acquired	(27,650)	--
Proceeds from sale of property and equipment	192	864
Additions to property and equipment	(1,810)	(7,621)
Net cash used in investing activities	(29,268)	(6,757)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings	164,248	--
Repayments of debt	(109,909)	(9,712)
Other	(5,153)	--
Net cash provided by (used in) financing activities	49,186	(9,712)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	31,586	(3,486)
CASH AND CASH EQUIVALENTS, beginning of period	4,044	10,488
CASH AND CASH EQUIVALENTS, end of period	$ 35,630	$ 7,002
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for		
Interest	$ 1,621	$ 6,088
Income taxes	$ 13,369	$ 12,364

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

INTEGRATED ELECTRICAL SERVICES, INC. AND SUBSIDIARIES

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. OVERVIEW

Integrated Electrical Services, Inc. ("IES" or the "Company"), a Delaware corporation founded in June 1997, is a leading national provider of electrical and telecommunications contracting and maintenance services, focusing primarily on the commercial, industrial, residential, power line and information technology markets.

The accompanying unaudited condensed historical financial statements of the Company have been prepared in accordance with generally accepted accounting principles for interim financial information and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements and therefore the financial statements included herein should be reviewed in conjunction with the financial statements and related notes thereto contained in the Company's annual report filed on Form 10-K with the Securities and Exchange Commission. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Actual operating results for the six months ended March 31, 2000, are not necessarily indicative of the results that may be expected for the fiscal year ended September 30, 2000.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

There were no significant changes in the accounting policies of the Company during the periods presented. For a description of these policies, refer to Note 2 of the Notes to Financial Statements included in the Company's Annual Report on Form 10-K for the year ended September 30, 1999.

SUBSIDIARY GUARANTIES

All of the Company's operating income and cash flow is generated by its wholly owned subsidiaries, which are the subsidiary guarantors of the Company's outstanding 9 3/8% Senior Subordinated Notes due 2009 (the "Senior Subordinated Notes"). The separate financial statements of the subsidiary guarantors are not included herein because (i) the subsidiary guarantors are all of the direct and indirect subsidiaries of the Company; (ii) the subsidiary guarantors have fully and unconditionally, jointly and severally guaranteed the Senior Subordinated Notes; (iii) the aggregate assets, liabilities, earnings, and equity of the subsidiary guarantors is substantially equivalent to the assets, liabilities, earnings and equity of the Company on a consolidated basis; and (iv) the presentation of separate financial statements and other disclosures concerning the subsidiary guarantors is not deemed material. Under the terms of the Senior Subordinated Notes, any loans between the subsidiary guarantors and the Company must be subordinated to the Company's senior debt.

USE OF ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates in these financial statements include those regarding revenue recognition for contracts accounted for under the percentage-of-completion method.

ACCOUNTING PRONOUNCEMENTS

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." In accordance with SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date FASB Statement No. 133," SFAS No. 133 becomes effective for the Company for its year ended September 30, 2001. SFAS No. 133 requires a company to recognize all derivative instruments (including certain derivative instruments embedded in other contracts) as assets or liabilities in its balance sheet and measure them at fair value. The statement requires that changes in the derivatives fair value be recognized currently in earnings unless specific hedge accounting criteria are met. The Company is evaluating SFAS No. 133 and the impact on existing accounting policies and financial reporting disclosures. However, the Company has not to date engaged in activities or entered into arrangements normally associated with derivative instruments.

In December 1999, the SEC released Staff Accounting Bulletin ("SAB") No. 101 "Revenue Recognition". SAB No. 101 provides guidance on the recognition, presentation and disclosure of revenue in financial statements and draws upon the existing accounting rules and explains those rules, by analogy, to other transactions that the existing rules do not specifically address. SAB No. 101 requires that revenue generally is realized or realizable when all of the following criteria are met: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the seller's price to the buyer is fixed or determinable and collectibility is reasonably assured. The Company has not yet determined what impact the adoption of SAB No. 101 will have on its consolidated financial statements. The Company is required to adopt SAB No. 101 no later than the first quarterly filing of fiscal 2001.

2. ACQUISITIONS

For the six months ended March 31, 2000, the Company completed five acquisitions accounted for as purchases. The total consideration paid in these transactions was approximately $49.2 million, comprised of $32.2 million of cash, net of cash acquired and 1.7 million shares of common stock, which exceeded the net tangible assets acquired by $40.9 million, which amount has been recorded as goodwill in the accompanying consolidated financial statements. The accompanying balance sheets include allocations of the respective purchase prices to the assets acquired and liabilities assumed based on preliminary estimates of fair value and are subject to final adjustment.

The unaudited pro forma data presented below assume that the acquisitions made by the Company from October 1, 1998 through March 31, 2000 had occurred at the beginning of the periods presented.

	Six Months Ended March 31,	
	1999	2000
	(in thousands, except per share data)	
Revenues	$ 642,611	$ 720,880
Net income	$ 27,353	$ 873
Basic earnings per share	$ 0.69	$ 0.02
Diluted earnings per share	$ 0.69	$ 0.02

The unaudited pro forma data presented above also reflects pro forma adjustments primarily related to: reductions in general and administrative expenses for contractually agreed reductions in owners' compensation, estimated goodwill amortization for the excess of consideration paid over the net assets acquired assuming a 40-year amortization period, interest expense on borrowings incurred to fund acquisitions, elimination of interest income, and additional tax expense based on the Company's effective tax rate.

3. WRITE-OFF OF CAPITALIZED SOFTWARE

In accordance with its ongoing review of capitalized software, in March 2000, the Company curtailed the development of a complex and proprietary information system. This comprehensive information system had been under development for approximately one year. After a period of field-testing, the Company determined that it was necessary to significantly alter the technological architecture of the system in order to reduce ongoing support, maintenance and communications costs. Accordingly, the Company recorded a pretax charge of approximately $7.7 million, of which $5.7 million was included in depreciation expense for the quarter ended March 31, 2000, to write-off the carrying value of the software costs, development costs and certain hardware and network infrastructure costs.

4. LONG-TERM DEBT

Credit Facility

The Company has a $175.0 million three-year revolving credit facility with Bank of America, N.A. as agent, as amended (the "Credit Facility"). The Credit Facility matures on July 30, 2001, and is used for working capital, acquisitions, capital expenditures and other corporate purposes. The amounts borrowed under the Credit Facility bear interest at an annual rate equal to either (a) the London interbank offered rate ("LIBOR") plus 1.0% to 2.0%, as determined by the ratio of the Company's total funded debt to EBITDA (as defined), or (b) the higher of (i) the bank's prime rate and (ii) the Federal Funds rate plus 0.5%, plus up to an additional 0.5% as determined by the ratio of the Company's total funded debt to EBITDA. Commitment fees of 0.25% to 0.375%, as determined by the ratio of the Company's total funded debt to EBITDA, are due on any unused borrowing capacity under the Credit Facility. The Company's subsidiaries have guaranteed the repayment of all amounts due under the facility, and the facility is secured by the

capital stock of the guarantors and the accounts receivable of the Company and the guarantors. The Credit Facility requires the consent of the lenders for acquisitions exceeding a certain level of cash consideration, prohibits the payment of cash dividends on the Company's common stock, restricts the ability of the Company to incur other indebtedness and requires the Company to comply with certain financial covenants. The Company was in compliance with its financial covenants at March 31, 2000. As of March 31, 2000, the Company had outstanding indebtedness of $110.0 million under its Credit Facility, letters of credit outstanding of $2.2 million, and available capacity under the Credit Facility of $62.8 million. Availability of the Credit Facility is subject to customary drawing conditions.

Senior Subordinated Notes

In January 1999 the Company issued its $150.0 million Senior Subordinated Notes (the "Notes"). The Notes bear interest at 9 3/8% and mature on February 1, 2009. The Company pays interest semi-annually on February 1 and August 1. The Notes are unsecured senior subordinated obligations and are subordinated to all existing and future senior indebtedness. The Notes are guaranteed on a senior subordinated basis by all of the Company's subsidiaries. Under the terms of the Notes, the Company is required to comply with various affirmative and negative covenants including: (i) restrictions on additional indebtedness, and (ii) restrictions on liens, guarantees and dividends.

5. PER SHARE INFORMATION

Basic earnings per share calculations are based on the weighted average number of shares of common stock and restricted voting common stock outstanding. Diluted earnings per share calculations are based on the weighted average number of common shares outstanding and common equivalent shares from the assumed exercise of outstanding stock options.

As of March 31, 2000, the Company had outstanding options to purchase up to a total of approximately 5.7 million shares of Common Stock, of which approximately 1.3 million shares were vested and exercisable, issued pursuant to the Company's stock option plans. The shares used to calculate the historical earnings per share for the periods presented are summarized as follows:

	Six Months Ended March 31,	
	1999	2000
Weighted average shares outstanding........................	31,761,207	39,878,952
Weighted average equivalent shares from outstanding stock options........................	493,444	33,588
	32,254,651	39,912,540

	Three Months Ended March 31,	
	1999	2000
Weighted average shares outstanding	32,422,323	40,379,289
Weighted average equivalent shares from outstanding stock options	459,717	--
	32,882,040	40,379,289

For the six months ended March 31, 1999 and 2000, the Company excluded 0.2 million and 3.9 million stock options, respectively, from the computation of diluted earnings per share because the options' exercise prices were greater than the average market price of the Company's common stock during the period.

6. NON EXECUTIVE INCENTIVE COMPENSATION PLAN

In November 1999 the Board of Directors adopted the Nonexecutive Incentive Compensation Plan (the "NICP"). The NICP authorizes the Compensation Committee of the Board of Directors or the Board of Directors to grant employees of the Company awards in the form of options, stock appreciation rights, restricted stock or other stock based awards. The Company has up to 2.0 million shares of Common Stock authorized for issuance under the NICP.

In December 1999 the Company awarded 594,534 shares of common stock under its stock plans to certain of its employees. The awards vest in equal installments on May 31, 2000, and August 31, 2000, provided that the recipient is still employed by the Company. At the time of the awards, the market value of the awards was approximately $5.2 million. The Company is amortizing this amount to expense over the vesting period. During the six months and three months ended March 31, 2000, this expense totaled approximately $2.2 million and $1.9 million, respectively.

7. COMMITMENTS AND CONTINGENCIES

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

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

INTRODUCTION

The following should be read in conjunction with the response to Part I, Item 1 of this Report. Any capitalized terms used but not defined in this Item have the same meaning given to them in Part I, Item 1. This report on Form 10-Q includes certain statements that may be deemed to be "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements are based on our expectations and involve risks and uncertainties that could cause our actual results to differ materially from those set forth in the statements. Such risks and uncertainties include, but are not limited to, fluctuations in operating results because of downturns in levels of construction, incorrect estimates used in entering into fixed price contracts, difficulty in managing the operation and growth of existing and newly acquired businesses, the high level of competition in the construction industry and due to seasonality. The foregoing and other factors are discussed in our filings with the SEC including our Annual Report on Form 10-K for the year ended September 30, 1999.

Because of the significant effect of acquisitions on our results of operations, our historical results of operations and period-to-period comparisons are not indicative of future results and may not be meaningful. The integration of acquired businesses and the addition of management personnel to support acquisitions may positively or negatively affect our results of operations.

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED MARCH 31, 1999 COMPARED TO THE SIX MONTHS ENDED MARCH 31, 2000

The following table presents selected unaudited historical financial information for the six months ended March 31, 1999 and 2000. The historical results of operations of IES presented below includes the results of operations of its acquired companies beginning on their respective dates of acquisition.

	Six Months Ended March 31,			
	1999	%	2000	%
	(dollars in millions)			
Revenues	$ 413.4	100%	$ 705.5	100%
Cost of services	326.9	79%	583.0	83%
Gross profit	86.5	21%	122.5	17%
Selling, general & administrative expenses	45.6	11%	99.8	14%
Goodwill amortization	4.0	1%	6.7	1%
Income from operations	36.9	9%	16.0	2%
Interest and other expense, net	4.1	1%	10.7	1%
Income before income taxes	32.8	8%	5.3	1%
Provision for income taxes	14.0	3%	5.2	1%
Net income	$ 18.8	5%	$ 0.1	0%

REVENUES. Revenues increased $292.1 million, or 71%, from $413.4 million for the six months ended March 31, 1999, to $705.5 million for the six months ended March 31, 2000. The increase in revenues is primarily the result of acquisitions. Same store revenues increased $38.7 million, or 9%, from $409.5 million for the six months ended March 31, 1999, to $448.2 million for the six months ended March 31, 2000, primarily due to increased construction activity in the markets we serve.

GROSS PROFIT. Gross profit increased $36.0 million, or 42%, from $86.5 million for the six months ended March 31, 1999, to $122.5 million for the six months ended March 31, 2000. Gross profit as a percentage of revenues decreased approximately 4%, from 21% for the six months ended March 31, 1999 to 17% for the six months ended March 31, 2000. The decrease in gross profit as a percentage of revenues is primarily the result of losses recorded on contracts at one subsidiary, the mix of bid and negotiated contract work, the completion of certain contracts at lower than planned gross margins and the recording of additional claims reserves for our self-insured healthcare plan resulting from a higher level of employee participation and higher medical costs.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses increased $54.2 million, or 119%, from $45.6 million for the six months ended March 31, 1999, to $99.8 million for the six months ended March 31, 2000. Selling, general and administrative expenses as a percentage of revenues increased approximately 3% from 11% for the six months ended March 31, 1999 to 14% for the six months ended March 31, 2000. The increased selling, general and administrative expenses related to acquisitions was $50.4 million. Other increased selling, general and administrative costs primarily resulted from the need for additional infrastructure as a result of our rapid growth, claims reserves related to the Company's self-insured health insurance plan, the non-cash compensation charge associated with the restricted stock awards and the write-off of costs associated with the Company's decision to curtail the development of its information system.

INCOME FROM OPERATIONS. Income from operations decreased $20.9 million, from $36.9 million for the six months ended March 31, 1999, to $16.0 million for the six months ended March 31, 2000. This decrease in income from operations is primarily attributed to the lower gross profit margins as previously discussed, higher selling, general and administrative expenses resulting from acquisitions, additional infrastructure costs, a higher funding level for claims in the Company's medical plan, a non-cash compensation charge related to the restricted stock awards, the write-off of costs associated with the Company's decision to curtail the development of its information system and higher goodwill amortization resulting from acquisitions.

NET INTEREST AND OTHER EXPENSE. Interest and other expense, net increased from expense of $4.1 million for the six months ended March 31, 1999, to $10.7 million for the six months ended March 31, 2000, primarily as a result of interest expense on borrowings to fund the Company's acquisitions and interest expense on the $150.0 million 9 3/8% Senior Subordinated Notes ("the Notes") due February 1, 2009.

PROVISION FOR INCOME TAXES. Our effective tax rate increased from 42.7% for the six months ended March 31, 1999 to 98.1% for the six months ended March 31, 2000. The higher effective tax rate for the current six month period is the result of disproportionately lower pretax income than in the prior period together with higher non-deductible goodwill amortization and the non-deductible portion of the compensation expense associated with the restricted stock awards.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 1999 COMPARED TO THE THREE MONTHS ENDED MARCH 31, 2000

The following table presents selected unaudited historical financial information for the three months ended March 31, 1999 and 2000. The historical results of operations of IES presented below includes the results of operations of its acquired companies beginning on their respective dates of acquisition.

	Three Months Ended March 31,			
	1999	%	2000	%
	(dollars in millions)			
Revenues	$ 215.7	100%	$ 370.3	100%
Cost of services	170.2	79%	307.4	83%
Gross profit	45.5	21%	62.9	17%
Selling, general & administrative expenses	23.7	11%	54.4	14%
Goodwill amortization	2.1	1%	3.3	1%
Income from operations	19.7	9%	5.2	2%
Interest and other expense, net	2.7	1%	6.1	2%
Income (loss) before income taxes	17.0	8%	(0.9)	0%
Provision for income taxes	7.3	3%	1.6	1%
Net income (loss)	$ 9.7	5%	$ (2.5)	(1%)

REVENUES. Revenues increased $154.6 million, or 72%, from $215.7 million for the three months ended March 31, 1999, to $370.3 million for the three months ended March 31, 2000. The increase in revenues is primarily the result of acquisitions. Same store revenues increased $21.8 million, or 10%, from $213.9 million for the three months ended March 31, 1999, to $235.7 million for the three months ended March 31, 2000, primarily due to increased construction activity in the markets we serve.

GROSS PROFIT. Gross profit increased $17.4 million, or 38%, from $45.5 million for the three months ended March 31, 1999, to $62.9 million for the three months ended March 31, 2000. Gross profit as a percentage of revenues decreased approximately 4%, from 21% for the three months ended March 31, 1999 to 17% for the three months ended March 31, 2000. The decrease in gross profit as a percentage of revenues was primarily the result of losses recorded on contracts at one subsidiary, the mix of bid and negotiated contract work and the completion of certain contracts at lower than planned gross margins.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses increased $30.7 million, or 130%, from $23.7 million for the three months ended March 31, 1999, to $54.4 million for the three months ended March 31, 2000. Selling, general and administrative expenses as a percentage of revenues increased approximately 3% from 11% for the three months ended March 31, 1999 to 14% for the three months ended March 31, 2000. The increased selling, general and administrative expenses related to acquired companies was $11.4 million. The other increased selling, general and administrative costs primarily resulted from the write-off of costs associated with the Company's decision to curtail the development of its information system and the non-cash compensation charge associated with the restricted stock awards.

INCOME FROM OPERATIONS. Income from operations decreased $14.5 million, from $19.7 million for the three months ended March 31, 1999, to $5.2 million for the three months ended March 31, 2000. This decrease in income from operations is primarily attributed to lower gross profit margins previously explained and higher selling, general and administrative costs resulting from acquisitions, the write-off of costs associated with the Company's decision to curtail the development of its information system, a non-cash compensation charge associated with the restricted stock awards and increased goodwill amortization resulting from acquisitions.

NET INTEREST AND OTHER EXPENSE. Interest and other expense, net increased from expense of $2.7 million for the three months ended March 31, 1999, to $6.1 million for the three months ended March 31, 2000, primarily as a result of interest expense on borrowings to fund the Company's acquisitions and a full quarter of interest expense related to the Notes.

PROVISION FOR INCOME TAXES. Our effective tax rate increased from the three months ended March 31, 1999 to the three months ended March 31, 2000. The higher effective tax rate for the current three month period is the result of disproportionately lower pretax income than in the prior period together with higher non-deductible goodwill amortization and the non-deductible portion of the compensation expense associated with the restricted stock awards.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2000, we had cash and cash equivalents of $7.0 million, working capital of $180.3 million, $110.0 million in outstanding borrowings under our Credit Facility (defined below), $2.2 million of letters of credit outstanding, and available capacity under our Credit Facility of $62.8 million.

During the six months ended March 31, 2000, we generated $17.5 million of net cash from operating activities. Net cash flow from operating activities is comprised of $20.0 million of non-cash charges including approximately $5.7 million related to the Company's decision to curtail the development of its information system and approximately $2.0 million of compensation expense related to the restricted stock awards, and further increased by a $8.8 million increase in accounts payable and accrued expenses as a result of the timing of payments. Net cash used by investing activities included capital expenditures of approximately $15.4 million and businesses acquired of approximately $32.8 million. Net cash flow provided by financing activities includes net borrowings of $32.9 million.

During the three months ended March 31, 2000, we generated $13.0 million of net cash from operating activities. Net cash flow from operating activities is comprised of $13.7 million of non-cash charges including approximately $5.7 million related to the Company's decision to curtail the development of its information system and approximately $1.8 million of compensation expense related to the restricted stock awards, and further increased by a $21.1 million increase in accounts payable and accrued expenses as a result of the timing of payments. Net cash used by investing activities included capital expenditures of approximately $7.6 million. Net cash used by financing activities includes paydowns on debt of $9.7 million.

We have a $175.0 million revolving credit facility with Bank of America, N.A. as agent that matures on July 30, 2001 (the "Credit Facility"). The Credit Facility is used for working capital, acquisitions, capital expenditures and other corporate purposes. The amounts borrowed under

the Credit Facility bear interest at an annual rate equal to either (a) the London interbank offered rate ("LIBOR") plus 1.0% to 2.0%, as determined by the ratio of our total funded debt to EBITDA (as defined), or (b) the higher of (i) the bank's prime rate and (ii) the Federal Funds rate plus 0.5%, plus up to an additional 0.5% as determined by the ratio of our total funded debt to EBITDA. Commitment fees of 0.25% to 0.375%, as determined by the ratio of our total funded debt to EBITDA, are due on any unused borrowing capacity under the Credit Facility. Our subsidiaries have guaranteed the repayment of all amounts due under the Credit Facility, and the Credit Facility is secured by the capital stock of the guarantors and the accounts receivable of the Company and the guarantors. The Credit Facility requires the consent of the lenders for acquisitions exceeding a certain level of cash consideration, prohibits the payment of cash dividends on our common stock, restricts our ability to incur other indebtedness and requires us to comply with certain financial covenants. Availability of the Credit Facility is subject to customary drawing conditions. As of May 12, 2000, we have available borrowing capacity under our Credit Facility of approximately $98 million. The Company was in compliance with its financial covenants at March 31, 2000.

In January 1999, we completed our offering of $150.0 million Senior Subordinated Notes (the "Notes"). The Notes bear interest at 9 3/8% and will mature on February 1, 2009. The Company pays interest semi-annually on February 1 and August 1. The Notes are unsecured Senior Subordinated obligations and are subordinated to all existing and future senior indebtedness. The Notes are guaranteed on a senior subordinated basis by all of our subsidiaries. Under the terms of the Notes, we are required to comply with various affirmative and negative covenants including: (i) restrictions on additional indebtedness, and (ii) restrictions on liens, guarantees and dividends.

We anticipate that our existing cash, cash flow from operations and borrowings under our Credit Facility will provide sufficient cash to enable us to meet our working capital needs, debt service requirements and planned capital expenditures for property and equipment through at least the remainder of the year.

While we have currently curtailed our acquisition program compared to historical standards to focus on operations and integration of existing companies, the timing, size or success of any acquisition effort and the associated potential capital commitments cannot be predicted. To the extent we pursue and consummate any acquisitions, we would fund such acquisitions primarily with issuances of Company equity, working capital, cash flow from operations and borrowings, including any unborrowed portion of the Credit Facility. Should a significant portion of the consideration for future acquisitions be funded with cash, we may have to incur additional debt or issue additional equity. Capital expenditures for equipment and expansion of facilities are expected to be funded from cash flow from operations and supplemented as necessary by borrowings under the Credit Facility.

SEASONALITY AND QUARTERLY FLUCTUATIONS

Our results of operations, particularly from residential construction, are seasonal, depending on weather trends, with typically higher revenues generated during the spring and summer and lower revenues during the fall and winter. The commercial and industrial aspect of our business is less subject to seasonal trends, as this work generally is performed inside structures protected from the weather. Our service business is generally not affected by seasonality. In addition, the construction industry has historically been highly cyclical. Our volume of business may be

adversely affected by declines in construction projects resulting from adverse regional or national economic conditions. Quarterly results may also be materially affected by gross margins in both bid and negotiated projects, the timing of new construction projects and any acquisitions. Accordingly, operating results for any fiscal period are not necessarily indicative of results that may be achieved for any subsequent fiscal period.

ACCOUNTING PRONOUNCEMENTS

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." In accordance with SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date FASB Statement No. 133," SFAS No. 133 becomes effective for the Company for its year ended September 30, 2001. SFAS No. 133 requires a company to recognize all derivative instruments (including certain derivative instruments embedded in other contracts) as assets or liabilities in its balance sheet and measure them at fair value. The statement requires that changes in the derivatives fair value be recognized currently in earnings unless specific hedge accounting criteria are met. The Company is evaluating SFAS No. 133 and the impact on existing accounting policies and financial reporting disclosures. However, the Company has not to date engaged in activities or entered into arrangements normally associated with derivative instruments.

In December 1999, the SEC released Staff Accounting Bulletin ("SAB") No. 101 "Revenue Recognition". SAB No. 101 provides guidance on the recognition, presentation and disclosure of revenue in financial statements and draws upon the existing accounting rules and explains those rules, by analogy, to other transactions that the existing rules do not specifically address. SAB No. 101 requires that revenue generally is realized or realizable when all of the following criteria are met: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the seller's price to the buyer is fixed or determinable and collectibility is reasonably assured. The Company has not yet determined what impact the adoption of SAB No. 101 will have on its consolidated financial statements. The Company is required to adopt SAB No. 101 no later than the first quarterly filing of fiscal 2001.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk primarily related to potential adverse changes in interest rates as discussed below. Management is actively involved in monitoring exposure to market risk and continues to develop and utilize appropriate risk management techniques. We are not exposed to any other significant market risks, including commodity price risk, foreign currency exchange risk or interest rate risks from the use of derivative financial instruments. Management does not use derivative financial instruments for trading or to speculate on changes in interest rates or commodity prices.

Therefore, our exposure to changes in interest rates primarily results from our short-term and long-term debt, with both fixed and floating interest rates. Our debt with fixed interest rates primarily consists of the Senior Subordinated Notes. Our debt with variable interest rates is primarily the Credit Facility. The following table presents principal or notional amounts (stated in thousands) and related interest rates by year of maturity for our debt obligations and their indicated fair market value a March 31, 2000:

	2001	2002	2003	2004	2005	Thereafter	Total
Liabilities -- Long-Term Debt:							
Variable Rate..................	$110,000	$ --	$ --	$ --	$ --	$ --	$110,000
Average Interest Rate	7.54%	7.54%	7.54%	7.54%	7.54%	7.54%	7.54%
Fixed Rate	$ --	$ --	$ --	$ --	$ --	$ 150,000	$150,000
Average Interest Rate	9.375%	9.375%	9.375%	9.375%	9.375%	9.375%	9.375%

	Total	Fair Value
Liabilities -- Long-Term Debt:		
Variable Rate	$110,000	$110,000
Fixed Rate	$150,000	$118,500

INTEGRATED ELECTRICAL SERVICES, INC. AND SUBSIDIARIES

PART II. OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

(A) The company held its annual meeting of stockholders in Houston, Texas on February 9, 2000. The following sets forth matters submitted to a vote of the stockholders:

(B) The following individuals were elected to the Board of Directors as stated in the Company's Proxy Statement dated December 29, 1999, for terms expiring at the 2003 annual stockholders' meeting or until their successors have been elected and qualified -- Class II Directors: Jerry M. Mills, Richard Muth, Jon Pollock and Richard L. Tucker.

Mr. Mills was elected by a vote of 24,566,308 shares, being more than a majority of the common stock of the Company, and 472,545 shares withheld. Mr. Muth was elected by a vote of 24,863,769 shares, being more than a majority of common stock of the Company, and 175,084 withheld. Mr. Pollock was elected by a vote of 22,488,179 shares, being more than a majority of common stock of the Company, and 2,550,674 withheld. Mr. Tucker was elected by a vote of 24,887,509 shares, being more than a majority of common stock of the Company, and 151,344 withheld.

(C) The stockholders ratified the appointment of Arthur Andersen LLP to audit the financial statements of the Company and its subsidiaries, by a vote of 26,260,396 shares, being more than a majority of the common stock and restricted voting common stock of the Company, with 101,707 shares of common stock voted against, and 4,605 shares of common stock abstained.

The stockholders approved the Employee Stock Purchase Plan by a vote of 25,925,935 shares, being more than a majority of the common stock and restricted voting common stock of the Company, with 317,226 shares of common stock voted against, and 123,547 shares of common stock abstained.

ITEM 6. EXHIBITS

A. EXHIBITS:

10.1 Amendment No. 4 dated March 31, 2000 for the Credit Agreement dated July 30, 1998, among the Company, the Financial Institutions named therein and NationsBank of Texas, N.A.

10.2 Employment Agreement between the Company and H. David Ramm dated March 20, 2000.

27.1 Financial Data Schedule

EXHIBIT 10.1

AMENDMENT NO. 4

This Amendment No. 4 dated as of March 31, 2000 (the "Agreement"), is among Integrated Electrical Services, Inc., a Delaware corporation (the "Borrower"), Bank of America, N.A., as agent (the "Agent"), and the financial institutions parties to the Credit Agreement defined below (the "Banks").

INTRODUCTION

Reference is made to the Credit Agreement dated as of July 30, 1998 (as amended, the "Credit Agreement"), among the Borrower, the Banks, and NationsBank, N.A., predecessor in interest to the Agent, the defined terms of which are used herein unless otherwise defined herein. The Borrower has requested and the Banks and the Agent have agreed to modify the Credit Agreement to amend the calculation of the Fixed Charge Coverage Ratio, permit certain additional investments, and to make other amendments to the Credit Agreement as set forth herein in connection therewith.

Therefore, in connection with the foregoing and for other good and valuable consideration, the Borrower, the Banks, and the Agent hereby agree as follows:

Section 1. Amendment.

(a) The definition of "Applicable Margin" is modified by replacing such definition in its entirety with the following:

"Applicable Margin" means, with respect to interest rates, unused commitment fees, and letter of credit fees and as of any date of its determination, an amount equal to the percentage amount set forth in the table below opposite the applicable ratio of (a) the consolidated Total Debt of the Borrower as of the end of the fiscal quarter then most recently ended to (b) the consolidated EBITDA of the Borrower for the four fiscal quarters then most recently ended:

Total Debt to EBITDA	Applicable Margin LIBOR Tranches and Letter of Credit Fee	Applicable Margin Prime Rate Tranche	Applicable Margin Commitment Fee
< or = 1.50	1.25%	0.00%	0.250%
>1.50 but < or = 2.00	1.50%	0.00%	0.375%
>2.00 but < or = 2.50	1.75%	0.25%	0.375%
>2.50 but < or = 3.00	2.00%	0.50%	0.500%
>3.00	2.25%	0.75%	0.500%

The foregoing ratio and resulting Applicable Margin shall be based upon Schedule C of the most recent Compliance Certificate delivered to the Agent pursuant to Section 5.2(a) or Section 5.2(b) (provided that for the period from the date of this Agreement until the date when the Applicable Margin is reset based upon the Compliance Certificate for the period ending March 31, 2000, the ratio shall be deemed to be 2.01 and the Applicable Margin shall be set accordingly).

Any adjustments to the Applicable Margin shall become effective on the 45th day following the last day of each fiscal quarter or on the 90th day following the last day of each fiscal year as applicable; provided, however, that if any such Compliance Certificate is not delivered when required hereunder, the Applicable Margin shall be deemed to be the maximum percentage amount in each table from such 45th or 90th day until such Compliance Certificate is received by the Agent.

Upon any change in the Applicable Margin, the Agent shall promptly notify the Borrower and the Banks of the new Applicable Margin.

(b) The definition of "Permitted Investments" is modified by adding the following subpart (h) thereto in appropriate alphabetical order and replacing the final paragraph of such definition in its entirety with the paragraph set forth below:

(h) other investments in an aggregate outstanding amount not to exceed $25,000,000.

In valuing any investments for the purpose of applying the limitations set forth in this Agreement, such investments shall be taken at the original cost thereof (but without reduction for any subsequent appreciation or depreciation thereof) less any amount actually repaid or recovered on account of capital or principal (but without reduction for any offsetting investments made by the investee in the investor).

(c) Section 5.5(c) of the Credit Agreement is amended by replacing such Section in its entirety with the following: (a)

(c) Minimum Fixed Charge Coverage Ratio. As of the last day of each fiscal quarter, the Borrower shall not permit the ratio of (i) (A) the consolidated EBITDA of the Borrower for the preceding four fiscal quarters then ended minus (B) consolidated Cash Taxes paid by the Borrower during such period minus (C) the consolidated Capital Expenditures (other than Capital Expenditures that are deemed to occur solely because of the making of an Acquisition) of the Borrower during such period to (ii) (A) the consolidated Interest Expense of the Borrower for the preceding four fiscal quarters then ended (excluding, however, Interest Expense paid by Persons prior to the respective dates on which such Persons became Restricted Entities) plus (B) the aggregate amount of Restricted Payments declared or paid by the Borrower during such period (excluding, however, Restricted Payments permitted pursuant to the proviso to Section 5.10) plus (C) the consolidated current maturities of the Borrower (including Capital Leases but excluding any portion of the Revolving Loan classified as current in accordance with GAAP) plus (D) the greater of (1) 1/7 of the outstanding amount of the Revolving Loan as of the last day of such fiscal quarter or (2) $4,000,000, to be less than 1.25 to 1.00; provided, that with respect to a determination for which any component of such determination involves Persons which were not Restricted Entities for the entire applicable period of determination, the Cash Taxes paid by each such Person during such period may, at the election of the Borrower, be deemed to be equal to the product of (a) the actual historical EBIT of such Person for the applicable period multiplied by (b) 39%. Compliance with this paragraph (c) shall be determined based upon Schedule C of the applicable Compliance Certificate.

(d) Section 5.12(a) of the Credit Agreement is amended by replacing such Section in its entirety with the following:

(a) The Borrower shall cause each Restricted Entity to maintain insurance with responsible and reputable insurance companies or associations reasonably acceptable to the Agent in such amounts and covering such risks as are usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which such Persons operate. The Borrower shall deliver to the Agent certificates evidencing such policies or copies of such policies at the Agent's request following a reasonable period to obtain such certificates taking into account the jurisdiction where the insurance is maintained.

(e) Section 5.14 of the Credit Agreement is amended by replacing such Section in its entirety with the following:

5.14 Lines of Business. The Borrower, either through itself or the Restricted Entities, shall not change the character of its business as conducted on the date of this Agreement, or engage in any type of business not reasonably related to such business as presently and normally conducted.

Section 2. Representations and Warranties. The Borrower represents and warrants that (a) the execution, delivery, and performance of this Agreement are within the corporate power and authority of the Borrower and have been duly authorized by appropriate proceedings, (b) this Agreement constitutes legal, valid, and binding obligations of the Borrower enforceable in accordance with its terms, except as limited by applicable bankruptcy, insolvency,

reorganization, moratorium, or similar laws affecting the rights of creditors generally and general principles of equity, and (c) upon the effectiveness of this Agreement and the amendment of the Credit Documents as provided for herein, the representations and warranties contained in each Credit Document are true and correct in all material respects, no Event of Default exists under the Credit Documents, and there shall have occurred no event which with notice or lapse of time would become an Event of Default under the Credit Documents.

Section 3. Effect on Credit Documents. As amended herein, the Credit Documents remain in full force and effect. Except as specifically set forth herein, nothing herein shall act as a waiver of any of the Agent's or the Banks' rights under the Credit Documents as amended, including the waiver of any default or event of default, however denominated. The Borrower must continue to comply with the terms of the Credit Documents, as amended. This Agreement is a Credit Document for the purposes of the provisions of the other Credit Documents. Without limiting the foregoing, any breach of representations, warranties, and covenants under this Agreement may be a default or event of default under other Credit Documents.

Section 4. Effectiveness. This Agreement shall be effective as of the date hereof when the Agent shall have received duly executed counterparts hereof signed by the Borrower, the Agent, and the Majority Banks.

Section 5. Miscellaneous. The miscellaneous provisions of the Credit Agreement apply to this Agreement. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Texas. This Agreement may be signed in any number of counterparts, each of which shall be an original, and may be executed and delivered by telecopier.

THIS WRITTEN AGREEMENT AND THE CREDIT DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

EXECUTED as of the date first above written.

BORROWER:

INTEGRATED ELECTRICAL SERVICES, INC.

By: /s/ STANLEY H. FLORANCE

Name: Stanley H. Florance

Title: Senior Vice President and
Chief Financial Officer

AGENT:

BANK OF AMERICA, N.A., as Agent

By: /s/ CRAIG S. WALL

Craig S. Wall
Senior Vice President

BANKS:

BANK OF AMERICA, N.A., as Agent

By: /s/ CRAIG S. WALL

Craig S. Wall
Senior Vice President

BANK OF SCOTLAND

By: /s/ ANNIE GLYNN
Name: Annie Glynn
Title: Senior Vice President

COMERICA BANK - TEXAS

By: /s/ ROBERT HUMPHREYS
Name: Robert Humphreys
Title: Vice President

NATIONAL CITY BANK OF KENTUCKY

By: /s/ TOM GURBACH
Name: Tom Gurbach
Title: Vice President

PARIBAS

By: /s/ ROSINE K. MATTHEWS
Name: Rosine K. Matthews
Title: Vice President

By: /s/ MARIAN LIVINGSTON
Name: Marian Livingston
Title: Vice President

THE BANK OF NOVA SCOTIA

By: /s/ F.C.H. ASHBY

Name: F.C.H. Ashby

Title: Senior Manager, Loan Operations

CENTURA BANK

By: /s/ LOWRY D. PERRY

Name: Lowry D. Perry

Title: Bank Officer

CREDIT LYONNAIS NEW YORK BRANCH

By: /s/ ROBERT IVOSEVICH

Name: Robert Ivosevich

Title: Senior Vice President

Amsouth Bank successor in interest by merger to

FIRST AMERICAN NATIONAL BANK

By: /s/ SETH BUTLER

Name: Seth Butler

Title: Corporate Bank Officer

SUNTRUST BANK, ATLANTA

By: /s/ DAVID J. EDGE

Name: David J. Edge

Title: Vice President

By: /s/ DANIEL KOMITOR

Name: Daniel Komitor

Title: Vice President

EXHIBIT 10.2

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") by and between Integrated Electrical Services, Inc., a Delaware corporation ("IES"), and H. David Ramm ("Executive") is hereby entered into effective as of this 20th day of March, 2000 (the "Effective Date").

RECITALS

As of the Effective Date, IES and the subsidiary companies of IES (collectively, the "IES Companies") are engaged primarily in the providing of electrical contracting services.

Executive is employed hereunder by IES in a confidential relationship wherein Executive, in the course of his employment with IES, has and will continue to become familiar with and aware of information as to IES' customers and specific manner of doing business, including the processes, techniques and trade secrets utilized by IES, and future plans with respect thereto, all of which has been and will be established and maintained at great expense to IES. This information is a trade secret and constitutes the valuable goodwill of IES.

Therefore, in consideration of the mutual promises, terms, covenants and conditions set forth herein and the performance of each, it is hereby agreed as follows:

AGREEMENTS

1. Employment and Duties.

(a) IES hereby employs Executive as Chief Executive Officer ("CEO") of IES. As such, Executive shall have responsibilities, duties and authority reasonably accorded to, expected of and consistent with Executive's position as Chief Executive Officer of IES. Executive hereby accepts this employment upon the terms and conditions herein and agrees to devote substantially all of his time, attention and efforts to promote and further the business and interests of IES and its affiliates.

(b) Executive shall faithfully adhere to, execute and fulfill all lawful policies established by IES.

(c) Executive shall not, during the term of his employment hereunder, engage in any other business activity pursued for gain, profit or other pecuniary advantage if such activity interferes in any material respect with Executive's duties and responsibilities hereunder. The foregoing limitations shall not be construed as prohibiting Executive from making personal investments in such form or manner as will neither require his services in the operation or affairs of the companies or enterprises in which such investments are made nor violate the terms of paragraph 3 hereof.

(d) Executive shall be entitled to vacation in accordance with the policies of IES.

(e) Upon his employment as CEO, IES will also elect Executive as a member of the Board of Directors of IES.

2. Compensation. For all services rendered by Executive, IES shall compensate Executive as follows:

(a) Base Salary. The base salary payable to Executive during the term shall be $350,000 per year, payable in accordance with IES' payroll procedures for officers, but not less frequently than monthly. Such base salary may be increased from time to time, at the discretion of the Board of Directors of IES (the "IES Board"), in light of the Executive's position, responsibilities and performance.

(b) Executive Perquisites, Benefits and Other Compensation. Executive shall be entitled to receive additional benefits and compensation from IES in such form and to such extent as specified below:

(i) Reimbursement for all business travel and other out-of-pocket expenses (including those costs to maintain any professional certifications held or obtained by Executive) reasonably incurred by Executive in the performance of his duties pursuant to this Agreement and in accordance with IES' policy for executives of IES. All such expenses shall be appropriately documented in reasonable detail by Executive upon submission of any request for reimbursement, and in a format and manner consistent with IES' expense reporting policy.

(ii) Executive shall, subject to the satisfaction of any general eligible criteria, be eligible to participate in all compensation and benefit plans and programs as are maintained from time to time for executives of IES.

(iii) Executive shall receive four weeks of paid vacation per year.

(iv) IES shall provide Executive with such other perquisites as may be deemed appropriate for Executive by the IES Board.

(v) On the date of the Agreement, Executive will be granted an employee stock option to purchase 132,500 shares of IES Common Stock with an exercise price equal to the closing price on the New York Stock Exchange of the IES Common Stock on such day and will vest based on the following schedule:

First day of employment	40%
First anniversary of employment	55%
Second anniversary of employment	70%
Third anniversary of employment	85%
Fourth anniversary of employment	100%

While Executive is the CEO of IES, he will participate in the IES bi-annual stock option grant program for its officers subject to the terms of the applicable stock option plan. The program currently provides that Executive will receive an option to purchase 32,500 shares of IES common stock with an exercise price equal to fair market value of the IES common stock on the date of grant in October 2000, and an option to purchase 32,500 shares of IES common stock with an exercise price equal to fair market value of the IES common stock on the date of grant in April 2001.

(vi) Provided Executive is CEO of IES on September 30, 2000, IES shall pay Executive a cash payment of $300,000, minus all applicable withholdings required by law.

Additionally, while Executive is the CEO of IES, he may receive an incentive payment equal to one-fourth (1/4) of Executive's total cash compensation earned as set forth in paragraphs 2(a) and 2(b)(vi) above (i.e., salary paid to Executive during the fiscal year plus the bonus payment earned as described in the preceding paragraph) if IES has earned in excess of $0.75 per fully diluted share for its fiscal year ended September 30, 2000 (October 1, 1999 to September 30, 2000). The amount of such incentive payment will increase by 5% for each $0.01 in excess of $0.75 (i.e., the amount to be paid as calculated in the previous sentence will increase by 5% for $0.01 in excess of $0.75 and by a total of 10% for $0.02 in excess of $0.75). This incentive payment will be paid one-half in cash and one-half in IES common stock with a fair market value determined on September 30, 2000. IES anticipates offering a similar bonus potential related to earnings per share and the price of the IES common stock on September 30, 2001. IES will determine such targets following September 30, 2000. The actual payout of the bonus payments and incentive payment are typically made in December of each year.

(vii) Executive will be granted a contingent right to receive 400,000 shares of IES Common Stock in accordance with IES standard grants and, assuming Executive is employed by IES on such dates, such award will vest based on the following schedule:

First anniversary of employment	25%
Second anniversary of employment	50%
Third anniversary of employment	75%
Fourth anniversary of employment	100%

; provided, if Executive terminates his employment other than for Good Reason (as hereinafter defined) and such award is not 100% vested, then Executive shall forfeit and return to the Company 15% of such vested shares.

3. Non-Competition Agreement.

(a) Executive recognizes that IES' willingness to enter into this Agreement is based in material part on Executive's agreement to the provisions of this paragraph 3 and that Executive's breach of the provisions of this paragraph 3 could materially damage IES. Subject to the further provisions of this Agreement, Executive will not, during the term of his employment with IES, and for a period of two years immediately following the termination of such for any reason whatsoever, either for Cause or in the event the Executive terminates his employment without Good Reason, except as may be set forth herein, directly or indirectly, for himself or on behalf of or in conjunction with any other person, company, partnership, corporation or business of whatever nature:

(i) engage, as an officer, director, shareholder, owner, partner, joint venturer, or in a managerial capacity, whether as an employee, independent contractor, consultant or advisor, or as a sales representative, in any electrical contracting business in direct competition with any IES Company within 100 miles of where any IES Company conducts business, including any territory

serviced by an IES Company during the term of Executive's employment (the "Territory");

(ii) call upon any person who is, at that time, an employee of an IES Company for the purpose or with the intent of enticing such employee away from or out of the employ of the IES Company;

(iii) call upon any person or entity which is, at that time, or which has been, within one year prior to that time, a customer of an IES Company within the Territory for the purpose of soliciting or selling electrical contracting products or services in direct competition with the IES Companies within the Territory;

(iv) call upon any prospective acquisition candidate, on Executive's own behalf or on behalf of any competitor, which candidate was, to Executive's knowledge after due inquiry, either called upon by an IES Company or for which an IES Company made an acquisition analysis, for the purpose of acquiring such entity; or

(v) disclose customers, whether in existence or proposed, of IES to any person, firm, partnership, corporation or business for any reason or purpose whatsoever except to the extent that IES has in the past disclosed such information to the public for valid business reasons.

Notwithstanding the above, the foregoing covenant shall not be deemed to prohibit Executive from acquiring as an investment not more than 1% of the capital stock of a competing business, whose stock is traded on a national securities exchange, the Nasdaq Stock Market or on an over-the-counter or similar market, unless the Board of Directors of IES consents to such acquisition.

(b) Because of the difficulty of measuring economic losses to IES as a result of a breach of the foregoing covenant, and because of the immediate and irreparable damage that could be caused to IES for which they would have no other adequate remedy, Executive agrees that foregoing covenant may be enforced by IES, in the event of breach by him, by injunctions and restraining orders. Executive further agrees to waive any requirement for IES' securing or posting of any bond in connection with such remedies.

(c) It is agreed by the parties that the foregoing covenants in this paragraph 3 impose a reasonable restraint on Executive in light of the activities and business of the IES Companies on the date of the execution of this Agreement and the current plans of the IES Companies; but it is also the intent of IES and Executive that such covenants be construed and enforced in accordance with the changing activities, business and locations of the IES Companies throughout the term of this covenant, whether before or after the date of termination of the employment of Executive, unless the Executive was conducting such new business prior to any IES Company conducting such new business. For example, if, during the term of this Agreement, an IES Company engages in new and different activities, enters a new business or establishes new locations for its current activities or business in addition to or other than the activities or business enumerated under the Recitals above or the locations currently established therefor, then Executive will be precluded from soliciting the customers or employees of such new activities or business or from such new location and from directly competing with such new business within 100 miles of its then-established operating location(s) through the term of this

covenant, unless the Executive was conducting such new business prior to any IES Company conducting such new business.

(d) It is further agreed by the parties hereto that, in the event that Executive shall cease to be employed hereunder and shall enter into a business or pursue other activities not in competition with the electrical contracting activities of the IES Companies or similar activities or business in locations the operation of which, under such circumstances, does not violate clause (a)(i) of this paragraph 3, and in any event such new business, activities or location are not in violation of this paragraph 3 or of Executive's obligations under this paragraph 3, if any, Executive shall not be chargeable with a violation of this paragraph 3 if the IES Companies shall thereafter enter the same, similar or a competitive (i) business, (ii) course of activities or (iii) location, as applicable.

(e) The covenants in this paragraph 3 are severable and separate, and the unenforceability of any specific covenant shall not affect the provisions of any other covenant. Moreover, in the event any court of competent jurisdiction shall determine that the scope, time or territorial restrictions set forth are unreasonable, then it is the intention of the parties that such restrictions be enforced to the fullest extent which the court deems reasonable, and the Agreement shall thereby be reformed.

(f) All of the covenants in this paragraph 3 shall be construed as an agreement independent of any other provision in this Agreement, and the existence of any claim or cause of action of Executive against IES or IES, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by IES or IES of such covenants. It is specifically agreed that the period of two years (subject to the further provisions of this Agreement) following termination of employment stated at the beginning of this paragraph 3, during which the agreements and covenants of Executive made in this paragraph 3 shall be effective, shall be computed by excluding from such computation any time during which Executive is in violation of any provision of this paragraph 3.

(g) IES and the Executive hereby agree that this covenant is a material and substantial part of this transaction.

4. Term; Termination; Rights on Termination. The term of this Agreement shall begin on the Effective Date and continue for three years (the "Initial Term") and, unless terminated sooner as herein provided, shall continue on a year-to-year basis on the same terms and conditions contained herein in effect as of the time of renewal (the "Extended Term"); provided, however, upon a Change in Control (as defined in paragraph 9(d)) the term of this Agreement shall automatically continue following such Change in Control for a period equal to the then remaining term or two years, whichever period is longer, unless earlier terminated as provided in paragraph 9. This Agreement and Executive's employment may be terminated in any one of the following ways:

(a) Death. The death of Executive shall immediately terminate this Agreement with no severance compensation due to Executive's estate.

(b) Disability. If, as a result of incapacity due to physical or mental illness or injury, Executive shall have been absent from his full-time duties hereunder for four consecutive months, then 30 days after receiving written notice (which notice may occur before or after the end of such four-month period, but which shall not be effective earlier

than the last day of such four-month period), IES may terminate Executive's employment hereunder, provided that Executive is unable to resume his full-time duties at the conclusion of such notice period. Also, Executive may terminate his employment hereunder if his health should become impaired to an extent that makes the continued performance of his duties hereunder hazardous to his physical or mental health, provided that Executive shall have furnished IES with a written statement from a doctor reasonably acceptable to IES to such effect and provided, further, that, at IES' request made within 30 days of the date of such written statement, Executive shall submit to an examination by a doctor selected by IES who is reasonably acceptable to Executive or Executive's doctor and such second doctor shall have concurred in the conclusion of Executive's doctor. In the event this Agreement is terminated as a result of Executive's disability, Executive shall receive from IES, in a lump sum payment due within 10 days of the effective date of termination, six months of base salary at the rate then in effect.

(c) Cause. IES may terminate this Agreement and Executive's employment 10 days after written notice to Executive for "Cause," which shall be: (1) Executive's breach of this Agreement; (2) Executive's gross negligence in the performance or intentional nonperformance of any of Executive's duties and responsibilities hereunder; (3) Executive's dishonesty or fraud with respect to the business, reputation or affairs of IES or IES; (4) Executive's conviction of a felony crime or crime involving moral turpitude; (5) Executive's drug or alcohol abuse; or (6) Executive's violation of Company policy (which remains uncured or continues 5 days after delivery of written notice). In the event of a termination for Cause, Executive shall have no right to any severance compensation.

(d) Without Cause. Executive may, without Good Reason (as hereinafter defined) terminate Executive's employment, effective 30 days after written notice is provided to IES. Executive may be terminated without Cause by IES during either the Initial Term or Extended Term. Should Executive be terminated by IES without Cause or should Executive terminate with Good Reason during the Initial Term, (i) Executive shall receive from IES, in a lump sum payment due on the effective date of termination, the base salary at the rate then in effect for whatever time period is remaining under the Initial Term or for one year, whichever amount is less and (ii) the contingent stock grant made to Executive under paragraph 2(b)(vii) shall immediately vest in full. Further, any termination without Cause by IES or by Executive for Good Reason shall operate to shorten the period set forth in paragraph 3(a) and during which the terms of paragraph 3 apply to one year from the date of termination of employment. If Executive resigns or otherwise terminates his employment without Good Reason, rather than IES terminating his employment pursuant to this paragraph 4(d), Executive shall receive no severance compensation.

Executive shall have "Good Reason" to terminate his employment hereunder upon the occurrence of any of the following events, unless such event is agreed to in writing by Executive: (a) Executive is demoted by means of a material reduction in authority, responsibilities or duties to a position of less stature or importance within IES than the position described in Section 1 hereof; or (b) Executive's annual base salary as then in effect is reduced.

If Executive's employment as CEO is terminated for any reason, Executive agrees to immediately resign as a member of the Board of Directors of IES.

5. Return of Company Property. All records, designs, patents, business plans, financial statements, manuals, memoranda, lists and other property delivered to or compiled by Executive by or on behalf of IES, IES or any IES Companies or their representatives, vendors or customers which pertain to the business of IES or IES or any IES Companies shall be and remain the property of IES or IES or the IES Company, as the case may be, and be subject at all times to their discretion and control. Likewise, all correspondence, reports, records, charts, advertising materials and other similar data pertaining to the business, activities or future plans of IES or IES or the IES Company which is collected by Executive shall be delivered promptly to IES without request by it upon termination of Executive's employment.

6. Inventions. Executive shall disclose promptly to IES any and all significant conceptions and ideas for inventions, improvements and valuable discoveries, whether patentable or not, which are conceived or made by Executive, solely or jointly with another, during the period of employment or within one year thereafter, if conceived during employment, and which are directly related to the business or activities of IES and which Executive conceives as a result of his employment by IES. Executive hereby assigns and agrees to assign all his interests therein to IES or its nominee. Whenever requested to do so by IES, Executive shall execute any and all applications, assignments or other instruments that IES shall deem necessary to apply for and obtain Letters Patent of the United States or any foreign country or to otherwise protect IES' interest therein.

7. Trade Secrets. Executive agrees that he will not, during or after the term of this Agreement, disclose the specific terms of IES' relationships or agreements with their respective significant vendors or customers or any other significant and material trade secret of IES or IES, whether in existence or proposed, to any person, firm, partnership, corporation or business for any reason or purpose whatsoever.

8. Confidentiality.

(a) Executive acknowledges and agrees that all Confidential Information (as defined below) of IES is confidential and a valuable, special and unique asset of IES that gives IES an advantage over its actual and potential, current and future competitors. Executive further acknowledges and agrees that Executive owes IES a fiduciary duty to preserve and protect all Confidential Information from unauthorized disclosure or unauthorized use, that certain Confidential Information constitutes "trade secrets" under applicable laws and, that unauthorized disclosure or unauthorized use of IES' Confidential Information would irreparably injure IES.

(b) Both during the term of Executive's employment and after the termination of Executive's employment for any reason (including wrongful termination), Executive shall hold all Confidential Information in strict confidence, and shall not use any Confidential Information except for the benefit of IES, in accordance with the duties assigned to Executive. Executive shall not, at any time (either during or after the term of Executive's employment), disclose any Confidential Information to any person or entity (except other employees of IES who have a need to know the information in connection with the performance of their employment duties), or copy, reproduce, modify, decompile or reverse engineer any Confidential Information, or remove any Confidential Information from IES' premises, without the prior written consent of the President of IES, or permit any other person to do so. Executive shall take reasonable precautions to protect the physical security of all documents and other material containing Confidential Information (regardless of the medium on which the Confidential Information is stored).

This Agreement applies to all Confidential Information, whether now known or later to become known to Executive.

(c) Upon the termination of Executive's employment with IES for any reason, and upon request of IES at any other time, Executive shall promptly surrender and deliver to IES all documents and other written material of any nature containing or pertaining to any Confidential Information and shall not retain any such document or other material. Within five days of any such request, Executive shall certify to IES in writing that all such materials have been returned.

(d) As used in this Agreement, the term "Confidential Information" shall mean any information or material known to or used by or for IES (whether or not owned or developed by IES and whether or not developed by Executive) that is not generally known to persons in the electrical contracting business. Confidential information includes, but is not limited to, the following: all trade secrets of IES; all information that IES has marked as confidential or has otherwise described to Executive (either in writing or orally) as confidential; all nonpublic information concerning IES' products, services, prospective products or services, research, product designs, prices, discounts, costs, marketing plans, marketing techniques, market studies, test data, customers, customer lists and records, suppliers and contracts; all Company business records and plans; all Company personnel files; all financial information of or concerning IES; all information relating to operating system software, application software, software and system methodology, hardware platforms, technical information, inventions, computer programs and listings, source codes, object codes, copyrights and other intellectual property; all technical specifications; any proprietary information belonging to IES; all computer hardware or software manual; all training or instruction manuals; and all data and all computer system passwords and user codes.

9. Change in Control.

(a) Executive understands and acknowledges that the Company may be merged or consolidated with or into another entity and that such entity shall automatically succeed to the rights and obligations of the Company hereunder or that the Company may undergo a Change in Control (as defined below). In the event a Change in Control is initiated or occurs during the Initial Term or Extended Term, then the provisions of this paragraph 9 shall be applicable.

(b) In the event of a Change in Control wherein the Company and Executive have not received written notice at least ten business days prior to the date of the event giving rise to the Change in Control from the successor to all or a substantial portion of the Company's business and/or assets that such successor is willing as of the closing to assume and agree to perform the Company's obligations under this Agreement in the same manner and to the same extent that the Company is hereby required to perform, then Executive may, at Executive's sole discretion, elect to terminate Executive's employment on such Change in Control by providing written notice to the Company prior to the closing of the transaction giving rise to the Change in Control. In such case, the applicable provisions of paragraph 4(d) will apply as though the Company had terminated Executive without Cause; however, the amount of the lump sum severance payment due Executive shall be double the amount calculated under the terms of paragraph 4(d).

(c) In any Change in Control situation, Executive may, at Executive's sole discretion, elect to terminate Executive's employment upon the effective date of such

Change in Control by providing written notice to the Company at least five business days prior to the closing of the transaction giving rise to the Change in Control. In such case, the applicable provisions of paragraph 4(d) will apply as though the Company had terminated Executive without Cause; however, the amount of the lump sum severance payment due Executive shall be double the amount calculated under the terms of paragraph 4(d).

(d) If, on or within two years following the effective date of a Change in Control the Company terminates Executive's employment other than for Cause or Executive terminates his employment for Good Reason, or if Executive's employment with the Company is terminated by the Company within three months before the effective date of a Change in Control and it is reasonably demonstrated that such termination (i) was at the request of a third party that has taken steps reasonably calculated to effect a Change in Control, or (ii) otherwise arose in connection with or anticipation of a Change in Control, then Executive shall receive from Company, in a lump sum payment due on the effective date of termination the equivalent of two years' base salary at the rate then in effect.

(e) A "Change in Control" shall be deemed to have occurred if:

(i) any person, entity or group (as such terms are used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Act"), other than the IES Companies or an employee benefit plan of the IES Companies, acquires, directly or indirectly, the beneficial ownership (as defined in Section 13(d) of the Act) of any voting security of the Company and immediately after such acquisition such person is, directly or indirectly, the beneficial owner of voting securities representing 20% or more of the total voting power of all of the then outstanding voting securities of the Company entitled to vote generally in the election of directors;

(ii) upon the first purchase of the Company's common stock pursuant to a tender or exchange offer (other than a tender or exchange offer made by the Company);

(iii) the stockholders of the Company shall approve a merger, consolidation, recapitalization or reorganization of the Company, or a reverse stock split of outstanding voting securities, or consummation of any such transaction if stockholder approval is not obtained, other than any such transaction which would result in at least 75% of the total voting power represented by the voting securities of the surviving entity outstanding immediately after such transaction being beneficially owned by the holders of all of the outstanding voting securities of the Company immediately prior to the transactions with the voting power of each such continuing holder relative to other such continuing holders not substantially altered in the transaction;

(iv) the stockholders of the Company shall approve a plan of complete liquidation or dissolution of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; or

(v) if, at any time during any period of two consecutive years, individuals who at the beginning of such period constitute the Board cease for any reason to constitute at least a majority thereof, unless the election or nomination

for the election by the Company's stockholders of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period.

(f) Notwithstanding anything in this Agreement to the contrary, a termination pursuant to paragraph 9(b), (c), or (d) shall operate to automatically waive in full the noncompetition restrictions imposed on Executive pursuant to paragraph 3(a).

(g) If it shall be finally determined that any payment made or benefit provided to Executive in connection with a Change in Control of the Company, whether or not made or provided pursuant to this Agreement, is subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended, or any successor thereto, the Company shall pay Executive an amount of cash (the "Additional Amount") such that the net amount received by Executive after paying all applicable taxes on such Additional Amount shall be equal to the amount that Executive would have received if Section 4999 were not applicable.

10. No Prior Agreements. Executive hereby represents and warrants to IES that the execution of this Agreement by Executive and his employment by IES and the performance of his duties hereunder will not violate or be a breach of any agreement with a former employer, client or any other person or entity. Further, Executive agrees to indemnify IES for any claim, including, but not limited to, reasonable attorneys' fees and expenses of investigation, by any such third party that such third party may now have or may hereafter come to have against IES based upon or arising out of any non-competition agreement, invention or secrecy agreement between Executive and such third party which was in existence as of the date of this Agreement.

11. Assignment; Binding Effect. Executive understands that he has been selected for employment by IES on the basis of his personal qualifications, experience and skills. Executive agrees, therefore, that he cannot assign all or any portion of his performance under this Agreement. Subject to the preceding two sentences and the express provisions of paragraph 12 below, this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective heirs, legal representatives, successors and assigns.

12. Release. Notwithstanding anything in this Agreement to the contrary, Executive shall not be entitled to receive any payments pursuant to this Agreement unless Executive has executed (and not revoked) a general release of all claims Executive may have against IES and its affiliates in a form of such release reasonably acceptable to IES.

13. Complete Agreement. Executive has no oral representations, understandings or agreements with IES, IES or any of their officers, directors or representatives covering the same subject matter as this Agreement. This written Agreement is the final, complete and exclusive statement and expression of the agreement between IES, IES and Executive and of all the terms of this Agreement, and it cannot be varied, contradicted or supplemented by evidence of any prior or contemporaneous oral or written agreements. This written Agreement may not be later modified, except by a further writing signed by an officer of IES who must be duly authorized by IES' Board of Directors and Executive, and no term of this Agreement may be waived except by writing signed by the party waiving the benefit of such term. Without limiting the generality of the foregoing, either party's failure to insist on strict compliance with this Agreement shall not be deemed a waiver thereof.

14. Notice. Whenever any notice is required hereunder, it shall be given in writing addressed as follows:

To IES: Law Department
Integrated Electrical Services, Inc.
515 Post Oak Boulevard, Suite 450
Houston, Texas 77027

To Executive: H. David Ramm
6320-B Haskell Street
Houston, Texas 77007

Notice shall be deemed given and effective on the earlier of three days after the deposit in the U.S. mail of a writing addressed as above and sent first class mail, certified, return receipt requested, or when actually received. Either party may change the address for notice by notifying the other party of such change in accordance with this paragraph 13.

15. Severability; Headings. If any portion of this Agreement is held invalid or inoperative, the other portions of this Agreement shall be deemed valid and operative and, so far as is reasonable and possible, effect shall be given to the intent manifested by the portion held invalid or inoperative. The paragraph headings herein are for reference purposes only and are not intended in any way to describe, interpret, define or limit the extent or intent of the Agreement or of any part hereof.

16. Dispute Resolutions. Except with respect to injunctive relief as provided in paragraph 3(b), neither party shall institute a proceeding in any court or administrative agency to resolve a dispute between the parties before that party has sought to resolve the dispute through direct negotiation with the other party. If the dispute is not resolved within two weeks after a demand for direct negotiation, the parties shall attempt to resolve the dispute through mediation. If the parties do not promptly agree on a mediator, the parties shall request the Association of Attorney Mediators in Harris County, Texas to appoint a mediator certified by the Supreme Court of Texas. If the mediator is unable to facilitate a settlement of the dispute within a reasonable period of time, as determined by the mediator, the mediator shall issue a written statement to the parties to that effect and any unresolved dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration, conducted before a panel of three arbitrators in Houston, Texas, in accordance with the rules of the American Arbitration Association then in effect. A decision by a majority of the arbitration panel shall be final and binding. Judgment may be entered on the arbitrators' award in any court having jurisdiction. The costs and expenses, including reasonable attorneys' fees, of the prevailing party in any dispute arising under this Agreement will be promptly paid by the other party.

17. Governing Law. This Agreement shall in all respects be construed according to the laws of the State of Texas without regard to its conflicts of law provisions.

18. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective for all purposes as of the Effective Date.

INTEGRATED ELECTRICAL SERVICES, INC.

By: /s/ C. BYRON SNYDER

Name: C. Byron Snyder

Title: Chairman of the Board of Directors

EXECUTIVE

/s/ H. DAVID RAMM

H. David Ramm

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF INTEGRATED ELECTRICAL SERVICES, INC. AS OF MARCH 31, 2000, AND FOR THE SIX MONTHS ENDED MARCH 31, 2000, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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