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

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report: January 26, 2005

Commission File No. 001-13783

INTEGRATED ELECTRICAL SERVICES, INC.
(Exact name of registrant as specified in its charter)

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

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

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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

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

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

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

ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT.

Amended and Restated Employment Agreement with David A. Miller

On February 1, 2005, Integrated Electrical Services, Inc. (the "Company"), and David A. Miller entered into an Amended and Restated Employment Agreement (the "Employment Agreement"), dated effective as of January 6, 2005, in connection with the employment of Mr. Miller as Senior Vice President and Chief Financial Officer. In addition to setting Mr. Miller's annual salary, providing for an annual bonus upon the attainment of certain goals and business objectives, and providing for severance payments upon certain events of termination by either the Company or Mr. Miller, the Employment Agreement sets forth certain obligations to which Mr. Miller has agreed with regard to non-competition, trade secrets, and maintaining confidential information. The Employment Agreement has a term of three years.

Asset Purchase Agreement with DKD Electric Co., Inc.

On February 1, 2005 the Company, DKD Electric Co., Inc. ("DKD"), DKD Electric LLC and J. Dee Dennis, Jr., as indemnitor, entered into an Asset Purchase Agreement (the "DKD Electric Agreement"), effective as of January 31, 2005, providing for the sale of substantially all of the assets of DKD to DKD Electric LLC for a purchase price of $3,000,000, subject to adjustment. The closing of the transactions contemplated by the DKD Electric Agreement was consummated on February 1, 2005. Mr. Dennis was the President of DKD prior to the sale, and is a member of the buyer.

In determining the sales price for the disposed--of assets and liabilities, the Company evaluated past performance, expected future performance, management issues, bonding requirements, market forecasts and the carrying value of such assets and liabilities and received a fairness opinion from an independent consulting and investment banking firm in support of this determination.

Asset Purchase Agreement with Howard Brothers Electric Co., Inc.

On February 1, 2005 the Company, Howard Brothers Electric Co., Inc., ("Howard Brothers") Howard Brothers Electric of Charlotte, LLC, and David Latour, as guarantor, entered into an Asset Purchase Agreement (the "Howard Brothers Agreement") providing for the sale of substantially all of the assets of Howard Brothers to Howard Brothers Electric of Charlotte, LLC for a purchase price of $1,443,000, subject to adjustment. The closing of the transactions contemplated by the Howard Brothers Agreement was consummated on February 1, 2005. Mr. Latour was the President of Howard Brothers prior to the sale and is a member of the buyer.

In determining the sales price for the disposed--of assets and liabilities, the Company evaluated past performance, expected future performance, management issues, bonding requirements, market forecasts and the carrying value of such assets and liabilities and received a fairness opinion from an independent consulting and investment banking firm in support of this determination.

On February 2, 2005, the Company issued a press release announcing the closing of the aforementioned asset sale transactions, which is filed as Exhibit 99.3 to this Current Report on Form 8-K and is incorporated herein in its entirety.

The descriptions of the Employment Agreement, the DKD Electric Agreement, and the Howard Brothers Agreement provided in this item 1.01 are qualified in their entirety by reference to the Agreements themselves, which are filed as Exhibits 10.1, 10.2 and 10.3 to this current report on Form 8-K.

ITEM 7.01 REGULATION FD DISCLOSURE.

On January 28, 2005, Integrated Electrical Services, Inc. issued a press release announcing its fiscal 2005 first quarter earnings release and conference call schedule. H. Roddy Allen, President and CEO, and David A. Miller, CFO, will conduct a conference call on Thursday, February 10, 2005 at 9:30 a.m. Eastern Time to discuss the financial results. The conference call will be broadcast through the Company's web site at http://www.ies-co.com. A replay of the call will be available approximately two hours after the live broadcast ends and will be accessible until February 17, 2005. A copy of the press release is attached as Exhibit 99.1 hereto and is incorporated herein in its entirety.

ITEM 8.01 OTHER MATERIAL EVENTS.

On January 26, 2005, Integrated Electrical Services, Inc. issued a press release announcing an update on the status of an investigation conducted by the

Securities and Exchange Commission. A copy of the press release is attached as Exhibit 99.2 hereto and is incorporated herein in its entirety.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits.

EXHIBIT NUMBER	DESCRIPTION OF EXHIBIT
10.1	Amended and Restated Employment Agreement of David A. Miller, dated January 6, 2005.
10.2	Asset Purchase Agreement with DKD Electric Co., Inc. dated February 1, 2005.
10.3	Asset Purchase Agreement with Howard Brothers Electric Co., Inc. dated February 1, 2005.
99.1	Press release, dated January 26, 2005.
99.2	Press release, dated January 28, 2005.
99.3	Press release, dated February 2, 2005.

As provided in General Instruction B.2 to Form 8-K, the information furnished in Item 7.01 and Exhibit 99.2 hereto shall not be deemed "filed" for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing with the Securities and Exchange Commission, except as shall be expressly provided by specific reference in such filing.

SIGNATURES

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

INTEGRATED ELECTRICAL SERVICES, INC.

By: /s/ David A. Miller

David A. Miller
Senior Vice President and
Chief Financial Officer

Dated: February 2, 2005

EXHIBIT INDEX

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99.3	Press release, dated February 2, 2005.

EXHIBIT 10.1

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Amended and Restated Employment Agreement (the "Agreement") by and between Integrated Electrical Services, Inc., a Delaware Corporation ("IES") and David A. Miller ("Executive") is hereby entered into effective as of this 6th day of January, 2005.

RECITALS

Whereas, Executive and IES have previously entered into an Employment Agreement (the "Original Agreement") as of the 13th day of August, 2004; and

Whereas, the parties to the Original Agreement deem it desirable to amend and restate such Agreement in its entirety; and

Whereas, as of the Effective Date, IES and the subsidiary companies of IES (collectively, the "IES Companies") are engaged primarily in the providing of any electrical contracting, information technology principally related to the electrical contracting or cabling industry, and related services business; and

Whereas, 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's 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, the Original Agreement is hereby amended and restated in its entirety as follows:

AGREEMENTS

1. Employment and Duties.

(a) IES hereby employs Executive as Senior Vice President and Chief Financial Officer. As such, Executive shall have responsibilities, duties and authority reasonably accorded to, expected of and consistent with Executive's position. 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.

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 $22,916.67 monthly ($275,000 on an annualized basis), 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 eligibility criteria, be eligible to participate in all compensation and

(iii) Provided Executive is the Senior Vice President and Chief Financial Officer of IES, he may receive an incentive payment equal to a percentage of his annualized base, as set forth in paragraph 2(a) above, developed based on mutually agreeable goals, objectives and incremental performance of the business unit for which Executive is directly responsible, all subject to approval of the Compensation Committee of the Board of Directors. The actual payout of any incentive payment is typically made in December of each year.

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

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, information technology principally related to the electrical contracting or cabling industry, and related services 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, information technology principally related to the electrical contracting or cabling industry, and related 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 therefore, 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, whether predicated on this Agreement or

otherwise, shall not constitute a defense to the enforcement by 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"). This Agreement and Executive's employment may be terminated in any one of the following ways:

(a) Notice of Non-Renewal. This amended and restated agreement may be terminated by the Company by serving notice of intent not to continue the agreement no later than ninety (90) days prior to the expiration of the Initial or Extended Term. Notwithstanding the foregoing, in the event a change of control (as defined in Paragraph 9) occurs during either the Initial Term or the Extended Term, this Agreement may not be terminated by the Company for a period of two (2) years following such change in control.

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

(c) 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.

(d) Cause. The Company may terminate this Agreement and Executive's employment 10 days after written notice to Executive for "Cause", which shall be: (1) Executive's willful, material and irreparable breach of this Agreement (which remains

uncured 5 days after delivery of written notice); (2) Executive's gross negligence in the performance or intentional nonperformance (in either case continuing for 10 days after receipt of written notice of need to cure) of any of Executive's material duties and responsibilities hereunder; (3) Executive's dishonesty or fraud with respect to the business, reputation or affairs of the Company or IES which materially and adversely affects the Company or IES (monetarily or otherwise); (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.

(e) Without Cause. Executive may, without Good Reason (as hereinafter defined) terminate this Agreement and Executive's employment, effective 30 days after written notice is provided to the Company. Executive may be terminated without Cause by the Company during either the Initial Term or Extended Term. Should Executive be terminated by the Company without Cause or should Executive terminate with Good Reason during the Initial Term or Extended Term, Executive shall receive from the Company, 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 the Extended Term, as applicable, or for one year, whichever amount is greater. Further, any termination without Cause by the Company or by Executive for Good Reason shall operate to eliminate the period set forth in paragraph 3(a) and during which the terms of paragraph 3 apply. If Executive resigns or otherwise terminates his employment without Good Reason, rather than the Company terminating his employment pursuant to this paragraph 4(d), Executive shall receive no severance compensation.

(f) Good Reason. 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 the Company than the position described in Section 1 hereof; (b) Executive's annual base salary as then in effect is reduced; or (c) the relocation of the Company's principal executive offices to a location outside the greater Houston, Texas area.

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 or any IES Companies or their representatives, vendors or customers which pertain to the business of IES or any IES Companies shall be and remain the property of 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 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, 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, Executive shall receive from Company, in a lump sum payment due on the effective date of termination the base salary at the rate then in effect for two years, one year's bonus payment with all goals deemed met in full, and two years' coverage under the Company's medical benefit plan on a tax neutral basis.

(c) If, on or within six months 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 thirty days 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 base salary at the rate then in effect for two years, one year's bonus payment with all goals met in full, and two years' coverage under the Company's medical benefit plan on a tax neutral basis.

(d) 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.

(e) 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 non-competition restrictions imposed on Executive pursuant to paragraph 3(a).

(f) 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. Indemnification. In the event Executive is made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by the Company against Executive), by reason of the fact that he is or was performing services under this Agreement, then the Company shall indemnify Executive against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement, as actually and reasonably incurred by Executive in connection therewith. In the event that both Executive and the Company are made a party to the same third-party action, complaint, suit or proceeding, the Company agrees to engage competent legal representation, and Executive agrees to use the same representation, provided that if counsel selected by the Company shall have a conflict of interest that prevents such counsel from representing Executive, Executive may engage separate counsel and the Company shall pay all reasonable attorneys' fees and reasonable expenses of such separate counsel. Further, while Executive is expected at all times to use his best efforts to faithfully discharge his duties under this Agreement, Executive cannot be held liable to the Company for errors or omissions made in good faith where Executive has not exhibited gross, willful and wanton negligence and misconduct nor performed criminal and fraudulent acts which materially damage the business of the Company.

11. Outplacement Services. Should Executive be terminated Without Cause or resign with Good Reason, he shall be entitled to outplacement services commensurate with Executive's position for a period of one year or until he obtains comparable employment, whichever is less.

12. 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.

13. 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 11 above, 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.

14. 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.

15. 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.

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

To IES: Law Department
Integrated Electrical Services, Inc.
1800 West Loop South, Suite 500
Houston, Texas 77027

To Executive: David A. Miller
10618 Shady River
Houston, Texas 77042

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 16.

17. 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.

18. 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.

19. 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.

20. 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/ H. Roddy Allen, Sr.

Name: H. Roddy Allen, Sr.
Title: President and Chief Executive Officer

EXECUTIVE

/s/ David A. Miller

David A. Miller

EXHIBIT 10.2

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this "AGREEMENT") is made and entered into as of January 31, 2005 by and among INTEGRATED ELECTRICAL SERVICES, INC., a Delaware corporation (the "PARENT"), DKD ELECTRIC CO., INC., a New Mexico corporation (the "COMPANY"), DKD ELECTRIC LLC, a New Mexico limited liability company (the "BUYER"), and J. DEE DENNIS, JR., an individual and resident of the State of New Mexico ("INDEMNITOR").

WITNESSETH:

WHEREAS, the Parent owns, either directly or indirectly, all of the issued and outstanding capital stock of the Company, which is engaged in the electrical construction and services business (the "BUSINESS");

WHEREAS, the Parent and the Company desire to sell to the Buyer substantially all of the Company's assets, which are more fully described in Section 1.1 hereof, and the Buyer desires to acquire such assets in consideration of the payment by the Buyer of the purchase price and the assumption by the Buyer of the liabilities provided for herein, all upon the terms and subject to the conditions hereinafter set forth;

WHEREAS, Indemnitor is a Member of the Buyer and has agreed to personally guarantee to the Parent and the Company the Buyer's performance of all representations, warranties, covenants, agreements and conditions set forth herein;

NOW, THEREFORE, for and in consideration of the premises and of the respective representations, warranties, covenants, agreements and conditions of the parties contained herein, it is hereby agreed as follows:

1. PURCHASE AND SALE OF ASSETS.

1.1 Transfer of Assets. On the terms and subject to the conditions set forth in this Agreement, on the Closing Date (as defined in Section 2.1 hereof), the Company shall sell, convey, assign, transfer and deliver to the Buyer, and the Buyer shall purchase and acquire from the Company (except as provided in Section 1.2 hereof) all of the assets, rights and properties of the Parent or the Company set forth on Schedule 1.1. The assets described in this Section 1.1 as being sold, conveyed, assigned, transferred and delivered to the Buyer hereunder are sometimes hereinafter referred to collectively as the "ASSETS".

1.2 Excluded Assets. It is expressly understood and agreed that the Assets shall not include the following (such assets are hereinafter referred to collectively as the "EXCLUDED ASSETS"):

(a) Cash and cash equivalents or similar type investments, such as certificates of deposit, Treasury bills and other marketable securities;

(b) Claims for refunds of taxes and other governmental charges to the extent such refunds relate to periods ending on or prior to the Closing Date;

(c) Any asset, tangible or intangible, which is not freely transferable without the consent of a third party, upon the failure to obtain such consent;

(d) The original corporate minute books, stock books, financial records, tax returns, personnel and payroll records and corporate policies and procedures manuals of the Company and other records required by applicable laws to be retained;

(e) Any contract or agreement, whether written or oral, between the Company and IES Contractors, Inc.; and

(f) Any asset not set forth on Schedule 1.1.

1.3 Instruments of Conveyance and Transfer.

(a) At the Closing, the Buyer, the Company and the Parent shall enter into a Bill of Sale, Assignment and Assumption Agreement in the form attached hereto as Exhibit A, transferring to the Buyer good and indefeasible title to all of the tangible personal property included in the Assets, subject only to Permitted Encumbrances.

(b) At the Closing, the Buyer and the Parent shall deliver such other instruments of transfer and assignment in respect of the Assets as the Buyer shall reasonably require and as shall be consistent with the terms and provisions of this Agreement.

(c) At the Closing, the Buyer shall, and shall cause the Transferred Employees (as hereinafter defined) to, resign as officers and directors of the Company and any other affiliates of the Parent.

1.4 Further Assurances. From time to time after the Closing, the Parent and the Company will execute and deliver, or cause to be executed and delivered, without further consideration, such other instruments of conveyance, assignment, transfer and delivery and will take such other actions as the Buyer may reasonably request in order to more effectively transfer, convey, assign and deliver to the Buyer, and to place the Buyer in possession and control of any of the Assets or to enable the Buyer to exercise and enjoy all rights and benefits of the Company with respect thereto.

1.5 Liabilities. On the Closing Date, the Buyer will assume and agree to pay and discharge all liabilities of the Company, known or unknown, absolute or contingent (the "ASSUMED LIABILITIES") other than the liabilities set forth on Schedule 1.5 (the "RETAINED LIABILITIES"), which shall be retained by the Parent or the Company, respectively.

1.6 Expenses: Consents and Taxes. The Buyer shall pay, or cause to be paid (i) all costs and expenses of obtaining all consents of third parties for the assignment of any of the Assets, and (ii) all transfer, stamp, sales, use or other similar taxes or duties payable in connection with the sale and transfer of the Assets to the Buyer.

2. CLOSING; PURCHASE PRICE.

2.1 Closing Date. The consummation of the transactions contemplated in this Agreement (the "CLOSING") shall take place at the offices of Gardere Wynne Sewell LLP, 1000 Louisiana, Suite 3400, Houston, Texas at 10:00 a.m., Central time, January 31, 2005 (the "CLOSING DATE") contemporaneously with the execution of this Agreement or at such other place and time as the parties hereto may mutually agree.

2.2 Purchase Price. The aggregate purchase price for the Assets shall be $3,000,000 (the "PURCHASE PRICE"), subject to adjustment pursuant to Section 2.3 below, plus the Buyer's assumption of the Assumed Liabilities pursuant to Section 1.5 above. The Purchase Price shall be payable by the Buyer at the Closing to the Company in immediately available funds by confirmed wire transfer to a bank account to be designated by the Company.

2.3 Cash Reconciliation. (a) Within 90 days following the Closing Date, the Company shall prepare and deliver to the Buyer a schedule setting forth, for the period commencing on October 1, 2004, and ending as of the Closing, (a) the cash disbursements funded by the Company, the Parent or any of their affiliates for the benefit of the Company, to include those made in the ordinary course to trade vendors and those made in the ordinary course for Company employee benefit plans (the "DISBURSEMENTS"), and (b) the cash deposits made by the Company (the "DEPOSITS"). Within three business days of the receipt of such schedule, (i) the Buyer shall remit to the Company in immediately available funds, the amount by which the Disbursements exceed the Deposits, if any; provided, however, that if such amount exceeds $250,000, then $250,000 shall be due and payable on such third business day and the amounts in excess of $250,000 shall be due and payable on the 180th day following the Closing, or (ii) the Company shall remit to the Buyer, in like manner and within such period, the amount by which Deposits exceed the Disbursements, if any. Disbursements shall include, but not be limited to, actual cash amounts paid by the Company or the Parent on behalf of the Company with respect to pre-Closing periods, including (i) amounts paid after September 30, 2004 for checks issued by the Company or Parent on behalf of the Company on or before September 30, 2004 that had not cleared the banks on September 30, 2004, which amounts were reflected on the September 30, 2004 balance sheet as negative cash amounts, (ii) checks issued by the Company or Parent on behalf of the Company subsequent to September 30, 2004, but before the Closing that have not cleared the banks as of the Closing, (iii) workers compensation, general liability, auto insurance, health and similar insurance premiums paid by the Parent on behalf of the Company with respect to periods prior to the Closing, whether accrued prior to or after the Closing, and (iv) other amounts paid by the Company or by the Parent on behalf of the Company with respect to periods prior to the Closing, but for which invoices are received or accruals are made after the Closing Date. Deposits shall include, but not be limited to, actual cash amounts received by the Company or the Parent on behalf of the Company subsequent to September 30, 2004, but before the Closing that have not been reflected in the Company's accounts as of the Closing. Except as specifically set forth in paragraph 2.3(b) below, Disbursements and Deposits will be accounted for in accordance with Parent's accounting practices consistent with past periods.

(b) At the Closing, the Parent shall pay to the Buyer a total of $118,000 on behalf of Pan American Electric Company, Inc. ("PAN AM"), through an offset to the Purchase Price, on account of certain accounts receivable and work in process owed to the Company by Pan Am for work done on the Holy Cross job, which accounts receivable and work in process would otherwise be included

among the Assets, in full and final satisfaction of all amounts owed to the Company by the Parent, Pan Am, or any of their respective affiliates in connection with the Holy Cross project. At the Closing, the Parent shall pay to the Buyer a total of $51,643.10 on behalf of Federal Communications Group, Inc. ("FCG"), through an offset to the Purchase Price, on account of amounts owed by FCG to the Company, which amounts would otherwise be an account receivable or work in process included among the Assets, in full and final satisfaction of all amounts owed by FCG to the Company. Amounts offset against the Purchase Price in accordance with the above will not be treated as Disbursements. Further, Disbursements shall not include (i) lease payments and associated costs paid by the Company to FCG for the Xerox machine listed in Schedule 1.5, 7(b), or (ii) fees in the amount of $5,700 paid to Cushman & Wakefield in connection with the early termination of the Las Vegas, NV lease.

(c) The Buyer and Parent, on its own behalf and on behalf of FCG, agree that $68,311.91 is owed by the Company to FCG at the Closing and shall not be due and payable until 180 days following the Closing Date. All amounts owed by the Company or the Buyer to FCG other than such $68,311.91 amount shall be paid in full by Buyer to FCG when due.

2.4 Purchase Price Allocation. As soon as practicable after the Closing Date, the Company and the Buyer shall jointly attempt to agree to and prepare IRS Form 8594 to report the allocation of the Purchase Price among the Assets. Each party hereto agrees not to assert, in connection with any tax return, tax audit or similar proceeding, any allocation that differs from that set forth in such Form 8594. If the Company and the Buyer cannot reach agreement as to the allocation of the Purchase Price among the Assets, the parties agree to allocate the Purchase Price among the Assets for all purposes (including financial accounting and tax purposes) independently.

3. REPRESENTATIONS AND WARRANTIES.

3.1 Representations and Warranties of the Company and the Parent. The Company and the Parent represent and warrant to the Buyer as follows:

(a) Organization, Authority and Qualification of the Company. The Company is a corporation duly organized and validly existing under the laws of the State of New Mexico and the Company has full corporate power and authority to own or lease its properties and to carry on its business in such state. The Company has the full corporate power and authority to execute, deliver and perform this Agreement, and this Agreement has been duly and validly executed and delivered by the Company and constitutes the valid and legally binding obligation of the Company, subject to general equity principles, enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization or similar laws affecting the rights of creditors generally.

(b) No Violation. The Company is not in default under or in violation of its Articles of Incorporation or Bylaws.

(c) Title to Properties; Absence of Liens and Encumbrances. The Company owns good and indefeasible title to the Assets, free and clear of all claims, liens, security interests, charges, leases, encumbrances, licenses or sublicenses and other restrictions of any kind and nature, other than the claims, liens, security interests, charges,

leases, encumbrances, licenses or sublicenses either included among the Assumed Liabilities or specifically set forth on Schedule 3.1(c) hereto ("PERMITTED ENCUMBRANCES").

3.2 Representations and Warranties of the Buyer. The Buyer and Indemnitor, jointly and severally, represent and warrant to the Parent and the Company as follows:

(a) Organization, Authority and Qualification of the Buyer. The Buyer is a limited liability company duly organized and validly existing under the laws of the State of New Mexico and the Buyer has full corporate power and authority to own or lease its properties and to carry on its business in such state. The Buyer has the full corporate power and authority to execute, deliver and perform this Agreement, and this Agreement has been duly and validly executed and delivered by the Buyer and constitutes the valid and legally binding obligation of the Buyer, subject to general equity principles, enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization or similar laws affecting the rights of creditors generally.

(b) No Violation. The Buyer is not in default under or in violation of its Articles of Organization or Operating Agreement.

(c) Certain Fees. The Buyer has not employed any broker or finder or incurred any other liability for any brokerage fees, commissions or finders' fees in connection with the transactions contemplated hereby.

(d) Financial Information. The financial and management reports (including, without limitation, WIP schedules) heretofore delivered or made by Indemnitor or the Company to the Parent are true and correct in all material respects and do not omit to state any fact necessary to make any of them, in light of the circumstances in which made, not misleading. All executed change orders have been recorded, all agreed change orders have been executed or are listed on Schedule 3.2(d), and all checks and cash received by the Company and its affiliates have been deposited.

3.3 No Warranty. The Buyer and the Indemnitor acknowledge that the Indemnitor, through previous ownership and/or management of the Company, is familiar with the Assets and the operations of the Company, and has access to any information pertaining thereto and has made such information available to Buyer. Neither the Company nor the Parent, nor any of their respective directors, officers, employees, agents or representatives has made, or shall be deemed to have made, and no such person shall be liable for, or bound in any manner by, and Buyer and the Indemnitor have not relied upon and will not rely upon, any express or implied representations, warranties, guaranties, promises or statements pertaining to the Business or Assets except as specifically provided in this Agreement. The Buyer and the Indemnitor acknowledge that in making the decision to enter into this Agreement and to consummate the transactions contemplated hereby, they have relied solely on the basis of their own independent investigation of the Business and the Assets and upon the express written representations, warranties and covenants in this Agreement. Without diminishing the scope of the express written representations, warranties and covenants of the Company and the Parent in this Agreement and without affecting or impairing their right to rely thereon, the Buyer and the Indemnitor acknowledge that (a) they have not relied, in whole or in part, on any information contained in documents, materials or other information provided to them by, or

on behalf of, Company or the Parent, and (b) neither Company nor the Parent is making any representations or warranties with respect to (i) any such documents, materials or other information, other than, in each case, as set forth in this Agreement or (ii) the value, condition, merchantability, marketability, profitability, suitability or fitness for a particular use or purpose of the Assets. ACCORDINGLY, THE ASSETS ARE BEING TRANSFERRED "AS IS, WHERE IS." EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 3.1 OF THIS AGREEMENT, THE COMPANY AND PARENT MAKE ABSOLUTELY NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED, REGARDING THE ASSETS, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR THE ABILITY OF THE COMPANY TO ASSIGN THE ASSETS, OR OBTAIN CONSENTS TO ANY ASSIGNMENT.

4. COVENANTS; ACTION SUBSEQUENT TO CLOSING.

4.1 Access to Books and Records. Until the third anniversary of the Closing Date, the Parent and the Company shall afford, and will cause its affiliates to afford, to the Buyer, its counsel, accountants and other authorized representatives, during normal business hours, reasonable access to the books, records and other data of the Company and the Business with respect to periods ending on or prior to the Closing Date to the extent that such access may be reasonably required by the Buyer to facilitate (i) the investigation, litigation and final disposition of any claims which may have been or may be made against the Buyer in connection with the Business or (ii) for any other reasonable business purpose. Following the Closing, the Buyer shall prepare and deliver to the Parent on or before February 12, 2005, on behalf of the Company, all regularly prepared financial reports and statements for periods up to and including the Closing Date, and shall cooperate with and provide assistance to the Parent and the Company in their financial and tax reporting obligations for the periods up to and including the Closing Date.

4.2 Mail. The Parent and the Company authorize and empower the Buyer on and after the Closing Date to receive and open all mail received by the Buyer relating to the Business or the Assets and to deal with the contents of such communications in any proper manner. The Parent and the Company shall promptly deliver to the Buyer any mail or other communication received by them after the Closing Date pertaining to the Business or the Assets. The Buyer shall promptly deliver to the Parent any mail or other communication received by it after the Closing Date pertaining to the Excluded Assets or Retained Liabilities, and any cash, checks or other instruments of payment in respect of the Excluded Assets. As soon as is practicable after the Closing Date, and in no event more than ten days thereafter, the Buyer shall mail to its customers and vendors a notice of the sale in the form provided by the Parent, with such changes thereto as Buyer and Parent shall agree.

4.3 No Consent Contracts. To the extent that any contract of the Company included in the Assets may not be assigned without the consent of any third party, and such consent is not obtained prior to Closing (such contracts referred to as "NO CONSENT CONTRACTS"), this Agreement and any assignment executed at Closing pursuant hereto shall not constitute an assignment thereof, but to the extent permitted by law shall constitute an equitable assignment by the Company and assumption by the Buyer of the Company's rights and obligations under the applicable No Consent

Contract, with the Company making available to the Buyer the benefits thereof and the Buyer performing the obligations thereunder on the Company's behalf.

4.4 Preparation and Filing of Certain Tax Forms. The Buyer shall prepare and submit to the Parent for signature and timely filing all Forms W-2, 940, 941 and 1099 with all appropriate Governmental Entities, including without limitation any summary schedules and transmittal forms, as well as any similar filings required by any state or local Governmental Entity, with respect to all wages and other reportable payments for the calendar year 2004 and for the partial year in 2005 ending on the Closing Date. As used herein, "GOVERNMENTAL ENTITY" means any court or tribunal in any jurisdiction (domestic or foreign) or any public, governmental or regulatory body, agency, department, commission, board, bureau or other authority or instrumentality, domestic or foreign. The Buyer shall pay all administrative amounts owed as a result of or otherwise related to such filings with the exception of any tax, interest, or penalties associated with periods prior to the Closing. The Company will pay, on or before they become due, any employment taxes withheld by it which have not been previously paid. The Buyer, Parent and the Company shall cooperate in making all such filings and shall make available to the others such information as any of them requires to assure such filings are made on a timely and accurate basis.

4.5 The Parent Name and Logos. As soon as practicable (but in any event within 90 days) after the Closing Date, the Buyer, at its expense, shall remove all the Parent and its affiliates' names and logos from all of the Assets. Except as specifically provided in Section 1, nothing in this Agreement shall constitute a license or authorization for the Buyer to use in any manner any name, logo or mark owned by or licensed to the Company, the Parent or their respective affiliates which bears any reference to IES or any subsidiary of IES other than the Company. The name "DKD" and "DKD Electric" shall become the exclusive property of the Buyer following the Closing and shall not be used by the Company, Parent or their respective affiliates; provided that Parent will be given a reasonable period of time (not to exceed 90 days) to change the Company's name after the Closing Date.

4.6 Leased Assets. At the Closing, the Buyer, at its expense, shall pay off or refinance the leases on the vehicles listed on Schedule 4.6 attached hereto, and in connection therewith shall obtain the release of Parent and the Company for all liability under such vehicle leases. As soon as practicable (but in any event within 90 days) after the Closing Date, the Buyer, at its expense, shall pay off or refinance the leases on the other assets listed on Schedule 4.6 attached hereto, and in connection therewith shall obtain the release of Parent and the Company for all liability under such leases.

4.7 Chubb Bonds. Buyer agrees that at the Closing it shall execute and deliver to the Federal Insurance Company and its subsidiary or affiliated insurers and any applicable co-sureties (collectively, "FEDERAL"), a General Agreement of Indemnity in the form attached as Exhibit B, pursuant to which Buyer and Indemnitor agree to (i) indemnify Federal with respect to the performance and completion of the bonded obligations as set forth therein; and (ii) replace within ninety (90) days the bonds identified as Cancelable Bonds therein. Buyer further agrees to continue to provide to Federal monthly written reports (with a copy to the Parent) as to the progress of the completion of the bonded jobs. Buyer and Indemnitor further agree to provide, from time to time and at the request of the Parent, a certificate or certificates certifying that the Cancelable Bonds have

been replaced, and as to such other matters concerning the performance by the Buyer of its post-closing obligations under this Agreement as Parent shall request.

4.8 Retained Claims. The Company shall retain liability for certain insured claims as set forth in Schedule 1.5, paragraphs 5 and 9 (the "RETAINED CLAIMS"). The Buyer and the Indemnitor agree to cooperate with the Company and the Parent in the defense of the Retained Claims and to make available the Buyer's personnel and facilities for that purpose. The Company shall retain as Excluded Assets and not transfer to the Buyer all books and records associated with the Retained Claims, as well as reserves established on the books of the Company for the Retained Claims.

5. INDEMNIFICATION.

5.1 Survival. The representations and warranties of the Company, the Parent, the Buyer and the Indemnitor contained in this Agreement, any schedules delivered by or on behalf of the Company and the Buyer pursuant to this Agreement, or in any certificate, instrument, agreement or other writing delivered by or on behalf of the Company, the Parent, the Buyer or the Indemnitor pursuant to this Agreement shall survive the consummation of the transactions contemplated herein; provided that all such representations and warranties of the Company and the Parent shall be of no further force and effect, and no claim for indemnification by the Buyer pursuant to this Section 5 may be brought for any reason, after the expiration of twelve (12) months from the Closing Date (the "SURVIVAL PERIOD"), except for the representations and warranties contained in Section 3.1(c), which shall survive indefinitely. Anything to the contrary notwithstanding, a claim for indemnification which is made but not resolved prior to the expiration of the Survival Period may be pursued and resolved after such expiration.

5.2 Indemnification by the Company.

(a) In accordance with and subject to the provisions of this Section 5, the Company and the Parent shall indemnify and hold harmless the Buyer from and against and in respect of any and all loss, damage, diminution in value, liability, cost and expense, including reasonable attorneys' fees and amounts paid in settlement (collectively, the "BUYER INDEMNIFIED LOSSES"), suffered or incurred by the Buyer by reason of, or arising out of (i) any misrepresentation or breach of representation or warranty of the Company or the Parent contained in this Agreement, or in any schedules delivered to the Buyer by or on behalf of the Company or the Parent pursuant to this Agreement; (ii) the breach of any covenant or agreement of the Company or the Parent contained in this Agreement; or (iii) the Retained Liabilities.

(b) The Company and the Parent shall reimburse the Buyer on demand for any Buyer Indemnified Losses suffered by the Buyer with respect to matters other than claims, actions or demands brought, made or instituted by a third party ("THIRD PARTY CLAIMS"). With respect to Third Party Claims, the Company and the Parent shall reimburse the Buyer on demand for any Buyer Indemnified Losses suffered by the Buyer, based on the judgment of any court of competent jurisdiction or pursuant to a bona fide compromise or settlement in respect of any Buyer Indemnified Losses. The Company and the Parent shall have the opportunity to defend at their expense any claim, action or demand for which the Buyer claims indemnity against the Company or the Parent; provided that: (i) the defense is

conducted by reputable counsel; (ii) the defense is expressly assumed in writing within twenty (20) days after written notice of the claim, action or demand is delivered to the Company and the Parent; and (iii) counsel for the Buyer may participate at all times and in all proceedings (formal and informal) relating to the defense, compromise and settlement of the claim, action or demand at the expense of the Buyer.

5.3 Indemnification by the Buyer.

(a) In accordance with and subject to the provisions of this Section 5, the Buyer and Indemnitor shall, jointly and severally, indemnify and hold harmless the Company, the Parent and their respective affiliates (for purposes of this Section 5, the "COMPANY INDEMNITEES") from and against and in respect of any and all loss, damage, diminution in value, liability, cost and expense, including reasonable attorneys' fees and amounts paid in settlement (collectively, the "COMPANY INDEMNIFIED LOSSES"), suffered or incurred by the Company Indemnitees by reason of, or arising out of (i) any misrepresentation or breach of representation or warranty of the Buyer or Indemnitor contained in this Agreement, or in any schedules delivered to the Company or the Parent by or on behalf of the Buyer or Indemnitor pursuant to this Agreement; (ii) or the breach of any covenant or agreement of the Buyer or Indemnitor contained in this Agreement; (iii) the Assumed Liabilities, including, without limitation, any liability to sureties with respect to bonded jobs; or (iv) the operation of the Business following the Closing, including, but not limited to, any claims made by Transferred Employees concerning COBRA, the WARN Act, unemployment claim liability, or any similar matters as a result of the termination by Buyer of the Transferred Employees.

(b) The Buyer and the Indemnitor, jointly and severally (the "BUYER INDEMNIFYING PARTIES"), shall reimburse the Company Indemnitees on demand for any Company Indemnified Losses suffered by the Company Indemnitees with respect to matters other than Third Party Claims. With respect to Third Party Claims, the Buyer Indemnifying Parties shall reimburse the Company Indemnitees on demand for any Company Indemnified Losses suffered by the Company Indemnitees, based on the judgment of any court of competent jurisdiction or pursuant to a bona fide compromise or settlement in respect of any Company Indemnified Losses. The Buyer Indemnifying Parties shall have the opportunity to defend at their expense any claim, action or demand for which the Company Indemnitees claim indemnity against the Buyer Indemnifying Parties; provided that: (i) the defense is conducted by reputable counsel; (ii) the defense is expressly assumed in writing within twenty (20) days after written notice of the claim, action or demand is delivered to the Buyer Indemnifying Parties; and (iii) counsel for the Company and the Parent may participate at all times and in all proceedings (formal and informal) relating to the defense, compromise and settlement of the claim, action or demand at the expense of the Company and the Parent.

5.4 Limitation and Payment on Claims. No claim shall be brought under this Section 5 for breach of any Representation or Warranty in Section 3.1, and no party hereto shall be entitled to receive any payment with respect thereto, until such time as, and only to the extent that, the aggregate amount of such claim(s) that such party has equals or exceeds $100,000 (the "DEDUCTIBLE"); provided, however, that the Deductible shall not apply to any obligations under

Section 2.3. Anything to the contrary notwithstanding, the Company and the Parent shall not be liable under this Section 5 for Buyer Indemnified Losses in excess of the Purchase Price.

5.5 Sole Remedy. The sole remedy of the Company, the Parent and the Buyer Indemnifying Parties for breach of the representations and warranties set forth in Section 3 shall be pursuant to this Section 5.

5.6 No Construction Contract. Parent, Company, Buyer and Guarantor each agree that N.M.S.A. 1978 Section 56-7-1 is not applicable to this Agreement because this Agreement is not a "construction contract" as defined by N.M.S.A. 1978 Section 56-7-1(D), and because the Parties have agreed that the internal laws of the State of Texas will govern their relationship. Parent, Company and Buyer each agree that this Agreement pertains solely to the purchase of assets by Buyer from Parent and Company and not to an agreement relating to the construction, alteration, repair or maintenance of any real property in New Mexico.

6. DISPUTE RESOLUTION.

6.1 Arbitration.

(a) Any controversy, dispute or claim arising out of or relating in any way to this Agreement or the other agreements contemplated by this Agreement or the transactions arising hereunder (including the validity, interpretation or applicability of this Section 6.1) shall be settled exclusively by final and binding arbitration in Houston, Texas. Such arbitration will apply the laws of the State of Texas and the commercial arbitration rules of AAA to resolve the dispute. To the extent possible, any arbitration will be administered by the AAA solely with respect to the appointment of the arbitrator, and in all other respects the arbitrator will be administered by the appointed arbitrator.

(b) Written notice of arbitration must be given within one year after the notifying party has actual knowledge of accrual of the claim on which the notice is based. If the claiming party fails to give notice of arbitration within that time, the claim shall be deemed to be waived and shall be barred from either arbitration or litigation.

(c) Such arbitration shall be conducted by one independent and impartial arbitrator to be selected by mutual agreement of the parties, if possible. If the parties fail to reach agreement regarding appointment of an arbitrator within thirty (30) days following receipt by one party of the other party's notice of arbitration, the arbitrator shall be selected from a list or lists of proposed arbitrators submitted by AAA. Unless the parties agree otherwise, the arbitrator shall be a licensed attorney with at least ten years of experience in the practice of law. The selection process shall be that which is set forth in the AAA commercial arbitration rules then prevailing, except that (A) the number of preemptory strikes shall not be limited and (B), if the parties fail to select an arbitrator from one or more lists, AAA shall not initially have the power to make an appointment but shall continue to submit additional lists until an arbitrator has been selected, but if no such arbitrator is selected within one hundred twenty (120) days after the receipt of the first notice of arbitration, the AAA shall have the power to make an appointment and shall promptly do so. Initially, however, promptly following its receipt of a request to submit a list of proposed

arbitrators, AAA shall convene the parties in person or by telephone and attempt to facilitate their selection of an arbitrator by agreement. If the arbitrator should die, withdraw or otherwise become incapable of serving, a replacement shall be selected and appointed in a like manner.

(d) The arbitrator shall render an opinion setting forth findings of fact and conclusions of law with the reasons therefor stated. A transcript of the evidence adduced at the hearing shall be made and shall, upon request, be made available to either party. The fees and expenses of the arbitrator shall be shared equally by the parties and advanced by them from time to time as required; provided that at the conclusion of the arbitration, the arbitrator may award costs and expenses (including the costs of the arbitration previously advanced and the fees and expenses of attorneys, accountants and other experts). No pre-arbitration discovery shall be permitted, except that the arbitrator shall have the power in his or her sole discretion, on application by either party, to order the production of documents in accordance with the commercial arbitration rules, and to order pre-arbitration examination of the witnesses and documents that the other party intends to introduce in its case-in-chief at the arbitration hearing. The arbitrator shall render his or her opinion and/or award within ninety (90) days of the conclusion of the arbitration hearing. The arbitrator shall not be empowered to award to either party any punitive damages in connection with any dispute between them arising out of or relating in any way to this Agreement or the other agreements contemplated hereby or the transactions arising hereunder or thereunder, and each party hereby irrevocably waives any right to recover such damages. The arbitration hearings and award shall be maintained in confidence.

Notwithstanding anything to the contrary provided in this Section 6.1 and without prejudice to the above procedures, either party may apply to any court of competent jurisdiction for temporary injunctive or other provisional judicial relief if such action is necessary to avoid irreparable damage or to preserve the status quo until such time as the arbitrator is selected and available to hear such party's request for temporary relief. The award rendered by the arbitrator shall be final and not subject to judicial review and judgment thereon may be entered in any court of competent jurisdiction.

7. EMPLOYEE MATTERS.

7.1 Hiring.

(a) The Buyer shall hire (subject to each employee's agreement), effective as of the Closing Date, all of the employees of the Company on the day immediately prior to the Closing Date, active or inactive (such employees being hereafter referred to as the "TRANSFERRED EMPLOYEES") at a comparable job and at a rate of pay not less than each such Transferred Employee's pay as of the Closing Date. Upon request of the Buyer, the Company shall provide the Buyer reasonable access to data (including computer data) regarding the ages, dates of hire, compensation and job description of the Transferred Employees.

(b) The Buyer shall assume and be responsible for any severance costs associated with the termination of the Transferred Employees' employment with the

Company. The Buyer shall discharge all liabilities and claims based on occurrences or conditions first occurring or commencing on or after the Closing Date with respect to Transferred Employees arising out of their employment with the Buyer after the Closing Date, including, but not limited to, any claims arising out of any employee benefit plan, policy, program or arrangement maintained at any time by the Buyer (a "BUYER PLAN" or collectively, the "BUYER PLANS"), except Buyer shall not assume any liabilities with respect to the WARN Act or COBRA benefits for any terminations occurring prior to the Closing Date (unless provided otherwise by law or pursuant to applicable regulations) nor shall the Company or the Parent be liable under the WARN Act, COBRA, or state unemployment claims law for any Transferred Employee terminated by Buyer after the Closing.

(c) At Closing, the Buyer shall establish and make available a group medical plan for the Transferred Employees and their dependents that is substantially similar to the group medical plan available to the Transferred Employees immediately prior to Closing. The Buyer shall credit the Transferred Employees with all service of the Transferred Employees recognized under the employee benefit plans, policies, programs, or arrangements maintained by the Parent or the Company (the "PARENT PLANS") as service with the Buyer for purposes of eligibility to participate, vesting and levels of benefits available, under all Buyer Plans. The Buyer shall waive any coverage waiting period, pre-existing condition and actively-at-work requirements under the Buyer Plans for the Transferred Employees and shall provide that any expenses incurred before the Closing Date by a Transferred Employee (and his or her dependents) during the calendar year of the Closing shall be taken into account for purposes of satisfying the applicable deductible, coinsurance and maximum out-of-pocket provisions, and applicable annual and/or lifetime maximum benefit limitations of the Buyer Plans. For the first year after the Closing Date, Buyer Plans shall not require contributions by Transferred Employees at a rate that exceeds the rate in effect for other similarly situated employees of the Buyer. Any reports or other information provided to Buyer by the Company or the Parent in connection with Buyer performing his obligations under this Section 7.1(c) shall be at the sole expense of the Buyer.

7.2 Benefits. Except as provided in Section 7.1(b), the Buyer shall be responsible for the payment of all amounts of wages, bonuses and other remuneration (including discretionary benefits and bonuses) payable to the Transferred Employees of the Company accrued with respect to periods on or prior to the Closing (except for any employment taxes actually withheld by the Company) together with amounts payable to such employees in connection with events occurring on or prior to the Closing. In addition, the Buyer shall be responsible for:

(a) all vacation pay and pay for other compensated absences earned or accrued by the Transferred Employees as of the close of business on the Closing Date to the appropriate employee, including any related payroll burden (FICA and other pension or other employee benefit plan contributions and employment taxes) with respect thereto to the appropriate Governmental Entity or other person, to the extent such pay has been accrued on the books of the Company at such close of business, based upon the remuneration of such employees normally used in computing such pay for other compensated absences; and

(b) amounts accrued under the Integrated Electrical Services, Inc. 401(k) Retirement Savings Plan (the "PARENT 401(K) PLAN") for the Transferred Employees as of the Closing Date but not yet transferred to the trustee of the Parent 401(k) Plan, including without limitation, the accrued match, accrued payroll deductions representing elective deferrals, loan repayments and accrued profit sharing contribution, if any.

7.3 Parent 401(k) Plan. The Company, the Parent and the Buyer agree that, as soon as practicable after Closing, but in any event within 90 days of the Closing Date, the account balances in the Parent 401(k) Plan of the Transferred Employees shall be transferred to a qualified 401(k) retirement savings plan established by the Buyer (the "BUYER'S 401(K) PLAN") in accordance with Section 414(l) of the Internal Revenue Code of 1986, as amended (the "CODE"), and the regulations promulgated thereunder. In connection with such transfer, the following provisions shall apply:

(a) The account balances of the Transferred Employees transferred to the Buyer's 401(k) Plan shall be subject to the provisions of the Buyer's 401(k) Plan effective as of the date of transfer; provided, however that the Buyer's 401(k) Plan shall continue any benefits under the Parent 401(k) Plan as required under Section 411(d)(6) of the Code; and

(b) The outstanding loan of any Transferred Employee shall not be in default as a result of the Transferred Employee's termination of employment with the Parent or the Company, but such loan shall be transferred to the Buyer's 401(k) Plan in accordance with (a) above.

The Buyer shall provide acceptable evidence to the Parent that the Buyer's 401(k) Plan meets the requirements of Section 401(a) of the Code prior to the date of such transfer. The Buyer, the Parent and the Company agree to take whatever action, including but not limited to plan amendments and resolutions, to effectuate the transfer of the Transferred Employee's account balances according to this section from the Parent 401(k) Plan to the Buyer's 401(k) Plan.

Notwithstanding the foregoing, nothing in this Section 7 shall be deemed or construed to give rise to any rights, claims, benefits, or causes of action to any Transferred Employee or third party whatsoever (including any Governmental Entity).

8. MISCELLANEOUS.

8.1 Notices. All notices and communications required or permitted hereunder shall be in writing and may be given by (a) depositing the same in the United States mail, addressed to the party to be notified, postage prepaid and registered or certified with return receipt requested, (b) by delivering the same in person to an officer or agent of such party, or (c) overnight delivery service. Such notice shall be deemed received on the date (i) on which it is actually received if sent by overnight delivery service or hand delivery, or (ii) on the third business day following the date on which it is mailed. For purposes of notice, the addresses of the parties hereto shall be:

If to the Parent or the Company:

Integrated Electrical Services, Inc.
1800 West Loop South, Suite 500
Houston, Texas 77027
Attention: Chief Financial Officer

With a copy to:

Integrated Electrical Services, Inc.
1800 West Loop South, Suite 500
Houston, Texas 77027
Attention: Chief Legal Officer

If to the Buyer or Indemnitor:

J. Dee Dennis, Jr.
4500 Bogan NE
Albuquerque, NM 87109

With a copy to:

Gregory Huffaker
Huffaker & Moffett LLC
P. O. Box 1868
Santa Fe, NM 87504

or such other address as any party hereto shall specify pursuant to this Section 8.1 from time to time.

8.2 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. At the Closing, any Party may rely on the facsimile signature of any other Party.

8.3 Governing Law. The validity and effect of this Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Texas, without regard to its conflicts of laws rules.

8.4 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective permitted heirs, successors and assigns. Neither the Company, the Parent nor the Buyer may assign, delegate or otherwise transfer any of their rights or obligations under this Agreement without the written consent by each other party hereto.

8.5 Partial Invalidity and Severability. All rights and restrictions contained herein may be exercised and shall be applicable and binding only to the extent that they do not violate any applicable laws and are intended to be limited to the extent necessary to render this Agreement legal, valid and enforceable. If any term of this Agreement, or part thereof, not essential to the commercial purpose of this Agreement shall be held to be illegal, invalid or unenforceable by a forum of competent jurisdiction, it is the intention of the parties that the remaining terms hereof, or part thereof, shall constitute their agreement with respect to the subject matter hereof, and all such remaining terms, or parts thereof, shall remain in full force and effect. To the extent legally

permissible, any illegal, invalid or unenforceable provision of this Agreement shall be replaced by a valid provision which will implement the commercial purpose of the illegal, invalid or unenforceable provision.

8.6 Waiver. Any term or condition of this Agreement may be waived at any time by the party which is entitled to the benefit thereof, but only if such waiver is evidenced by a writing signed by such party. No failure on the part of any party hereto to exercise, and no delay in exercising, any right, power or remedy created hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or remedy by either party preclude any other or further exercise thereof or the exercise of any other right, power or remedy. No waiver by either party hereto of any breach of or default in any term or condition of this Agreement shall constitute a waiver of or assent to any succeeding breach of or default in the same or any other term or condition hereof.

8.7 Headings. The headings of particular provisions of this Agreement are inserted for convenience only and shall not be construed as a part of this Agreement or serve as a limitation or expansion on the scope of any term or provision of this Agreement.

8.8 Entire Agreement; Amendments. This Agreement supersedes all prior discussions and agreements between the parties with respect to the subject matter hereof (including without limitation any letters of intent executed by the parties), and this Agreement contains the sole and entire agreement between the parties with respect to the matters covered hereby. This Agreement shall not be altered or amended except by an instrument in writing signed by or on behalf of the party against whom enforcement is sought.

8.9 Disclosure of Agreement Terms. Neither Buyer nor the Indemnitor shall disclose the terms and conditions of this Agreement to any person or entity without the prior written consent of an executive officer of the Parent or as required by applicable law or an order from a court or administrative body of competent jurisdiction (but only to the extent so required and only after giving reasonable prior notice to the Company and the Parent and cooperating with the Company and the Parent in any efforts to legally oppose such disclosure). The foregoing notwithstanding, the Buyer and the Indemnitor shall be permitted to make such disclosures to their accountants, lawyers, financial institutions, lending sources, senior employees and related parties as may be appropriate, provided that such parties are bound by the foregoing nondisclosure provisions.

8.10 Number and Gender. Where the context requires, the use of the singular form herein shall include the plural, the use of the plural shall include the singular, and the use of any gender shall include any and all genders.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, this Agreement has been executed effective as of the date set forth above.

PARENT:

INTEGRATED ELECTRICAL SERVICES, INC.

By: /s/ Herbert R. Allen

Herbert R. Allen
Chief Executive Officer

COMPANY:

DKD ELECTRIC CO., INC.

By: /s/ Curt L. Warnock

Curt L. Warnock
Vice President

BUYER:

DKD ELECTRIC LLC

By: /s/ J. Dee Dennis, Jr.

J. Dee Dennis, Jr., Member

INDEMNITOR:

/s/ J. Dee Dennis, Jr.

J. DEE DENNIS, JR.

EXHIBIT A

BILL OF SALE, ASSIGNMENT AND ASSUMPTION AGREEMENT

This BILL OF SALE, ASSIGNMENT AND ASSUMPTION AGREEMENT ("BILL OF SALE") is entered into as of the ___ day of _____ 2005, by and among INTEGRATED ELECTRICAL SERVICES, INC., a Delaware corporation (the "PARENT"), DKD ELECTRIC CO., INC., a New Mexico corporation (the "COMPANY") and DKD ELECTRIC LLC, a New Mexico limited liability company (the "BUYER").

RECITALS

WHEREAS, pursuant to the terms of that certain Asset Purchase Agreement (the "PURCHASE AGREEMENT") dated as of even date herewith by and among the Buyer, the Parent, the Company, and J. Dee Dennis, Jr., individual, the Company and the Parent agreed to convey the Assets to the Buyer and the Buyer agreed to assume the Assumed Liabilities. In order to evidence such conveyance and assumption, the parties desire to enter into this Bill of Sale.

WHEREAS, all capitalized terms used herein but not defined herein shall have the meanings ascribed to them in the Purchase Agreement.

ASSIGNMENT

NOW, THEREFORE, for and in consideration of the mutual covenants, agreements, and benefits contained herein, the sum of TEN DOLLARS ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Parent do hereby BARGAIN, GRANT, SELL, CONVEY, TRANSFER, DELIVER and ASSIGN unto Buyer all the Assets.

The Assets are hereby conveyed free and clear of all encumbrances other than the Permitted Encumbrances.

TO HAVE AND TO HOLD the Assets unto the Buyer and its successors and assigns forever; and the Company and the Parent do hereby bind themselves and their successors and assigns to WARRANT AND FOREVER DEFEND title to the Assets in accordance with the terms and provisions of the Purchase Agreement.

The Buyer, upon execution below, accepts this Bill of Sale, and to the extent provided for in the Purchase Agreement, hereby assumes the Assumed Liabilities, but no others.

This assignment shall be binding upon and shall inure to the benefit of the parties hereto and their respective permitted successors and assigns.

This Bill of Sale may be executed in any number of counterparts, and each counterpart shall for all purposes be deemed to be an original.

This Bill of Sale is subject to all terms and conditions contained in the Purchase Agreement and nothing herein shall be deemed to alter, amend, or supersede the Purchase Agreement, the terms of which shall in all respects be controlling.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Bill of Sale effective as of the date set forth above.

PARENT:

INTEGRATED ELECTRICAL SERVICES, INC.

By: _____

Name: _____

Title: _____

COMPANY:

DKD ELECTRIC CO., INC.

By: _____

Name: _____

Title: _____

BUYER:

DKD ELECTRIC LLC

By: _____

Name: _____

Title: _____

EXHIBIT B

FORM OF GENERAL AGREEMENT OF INDEMNITY

CHUBB GROUP OF INSURANCE COMPANIES

(CHUBB LOGO) 15 Mountain View Road, P.O. Box 1615, Warren, New Jersey 07061-1615

GENERAL AGREEMENT OF INDEMNITY

WHEREAS, the undersigned (hereinafter individually and collectively called "Indemnitor") desires FEDERAL INSURANCE COMPANY or any of its subsidiary or affiliated insurers (hereinafter called "Company") to execute bonds including undertakings and other like obligations (hereinafter referred to as bond or bonds) on its behalf and also desires the execution of bonds on behalf of individuals, partnerships, corporations, limited liability companies or any other similarly unincorporated associations of members (hereinafter called "Affiliates").

WHEREAS, from time to time the Indemnitor may be a participant in joint ventures with others, and bonds will be required on behalf of the Indemnitor along with the other participants in such joint ventures.

WHEREAS, Indemnitor is the successor-in-interest to DKD ELECTRIC CO., INC., A NEW MEXICO CORPORATION (along with any other affiliate or related entity whose assets have been or will be assigned to Indemnitor hereinafter individually and collectively called "Seller") as the assignee of all bonded contract obligations, which Indemnitor has expressly assumed without reservation

NOW, THEREFORE, in consideration of the Company executing said bond or bonds, and the undersigned Indemnitor hereby requests the execution thereof, and in consideration of the consent of Company to the assignment and assumption of the bonded obligations formerly undertaken by the Seller, as well as the sum of One Dollar paid to the Indemnitor by said Company, the receipt whereof is hereby acknowledged, the Indemnitor, being benefited by the execution and delivery of said bond or bonds, including, without limitation all Bonds previously issued prior to the date of this Agreement for the Seller, the bonded obligations of which have been expressly assumed without reservation by Indemnitor(s) and as to which Indemnitor(s) have agreed, and do hereby agree, to assume full responsibility for work in place as well as the prompt and proper performance and completion of all such bonded obligations, including, without limitation those bonded obligations listed on Exhibit A attached hereto, hereby agrees that it will at all times jointly and severally indemnify and save harmless said Company from and against any and all loss, cost, damage or expense, including court costs and attorneys' fees, which it shall at any time incur by reason of its execution and/or delivery of said bond or bonds or its payment

of any claim or liability thereunder and will place the said Company in funds to meet all its liability under said bond or bonds promptly on request and before it may be required to make any payment thereunder and that the voucher or other evidence of payment by said Company of any such loss, cost, damage, expense, claim, or liability shall be prima facie evidence of the fact and amount of the Indemnitor's liability to said Company under this Agreement.

IT IS UNDERSTOOD AND AGREED that with respect to any bonds on behalf of the Indemnitor participating in a joint venture that if specific application is filed with the Company for such bonds the liability of the Indemnitor to the Company with respect to such joint venture bonds shall be limited to the amount expressly set forth in said application.

IT IS UNDERSTOOD AND AGREED that all of the terms, provisions, and conditions of this Agreement shall be extended to and for the benefit not only of the Company either as a direct writing company or as a co-surety or reinsurer but also for the benefit of any surety or insurance company or companies with which the Company may participate as a co-surety or reinsurer and also for the benefit of any other company which may execute any bond or bonds at the request of the Company on behalf of the Indemnitor.

IT IS UNDERSTOOD AND AGREED that this Agreement is in addition to all other rights and agreements which Company may have or be a party to in connection with Bonds previously issued for the benefit of Seller and that the assumption of responsibility therefor by Indemnitors as herein provided shall not constitute a waiver or release by Company of any rights Company may have to seek and recover indemnity from third parties having liability in connection with the issuance of such Bonds including, but not limited to, the obligations and liabilities of Integrated Electrical Services, Inc., Delco Electric, Inc. or their affiliates.

IT IS UNDERSTOOD AND AGREED that, notwithstanding anything herein to the contrary, Indemnitor's agreements, covenants, and all obligations under this General Agreement of Indemnity is limited to (1) the obligations assumed by Indemnitor (the "Assumed Obligations") under the Asset Purchase Agreement (the "APA") by and among Integrated Electrical Services, Inc. ("IES"), DKD Electric Co., Inc., DKD Electric LLC and J. Dee Dennis, Jr. and (2) Company's obligations under the bonds listed on Exhibit A attached hereto. Furthermore, Indemnitor has acknowledged and agreed that Indemnitor's obligation to perform or otherwise discharge the Assumed Obligations is secured by certain assets acquired by Indemnitor under the APA (the "Collateral"), said Collateral acquired subject to that certain Underwriting, Continuing Indemnity, and Security Agreement dated as of January 14, 2005, executed by and among Company, IES, and certain IES affiliates, including DKD Electric Co., Inc.

IT IS UNDERSTOOD AND AGREED that Indemnitor will replace Bond No. 81889153, Bond No. 81967757, Bond No. 81889053, Bond No. 81934447, Bond No. 81955945, and Bond No. 81876813 identified on Exhibit A (the "Cancelable Bonds") no later than ninety (90) days from the execution of this Agreement, and hereby acknowledges and consents that the Cancelable Bonds will be canceled upon the earlier of (i) the date of issuance of replacement bonds or (ii) the date upon which Federal issues notice of cancellation in compliance with the terms the Cancelable Bond(s) to be cancelled thereby. Indemnitor's obligation under this

Agreement with respect to any bond or bonds canceled or replaced as contemplated herein will remain with respect to such liability accruing under said bond or bonds.

IT IS FURTHER UNDERSTOOD AND AGREED that the Indemnitor, its heirs, successors and assigns are jointly and severally bound by the foregoing conditions of this Agreement.

IN WITNESS WHEREOF the Indemnitor has signed this instrument this, the _____ day of _____, 2005.

WITNESS:

_____

DKD ELECTRIC LLC,
a New Mexico limited liability company

By: _____

Its: _____

WITNESS:

_____

J. DEE DENNIS, JR.

_____

ACKNOWLEDGMENT OF LIMITED LIABILITY COMPANY

STATE OF _____
COUNTY OF _____

On this _____ day of _____, 2005, before me personally came _____ to me known, who, being by me duly sworn, did depose and say that he/she resides in the State of _____; and that he/she is the _____ of DKD ELECTRIC LLC, the limited liability company described in and which executed the foregoing instrument; that he/she executed the foregoing instrument by order and authority of the partners (limited and general) and/or members of said DKD ELECTRIC LLC; and that he/she signed his/her name thereto by like order and authority.

(SEAL)

_____
NOTARY PUBLIC

My commission expires:

_____

INDIVIDUAL ACKNOWLEDGMENT

STATE OF _____
COUNTY OF _____

On this _____ day of _____, 2005, before me personally came J. DEE DENNIS, JR., to me known, who, being by me duly sworn, did depose and say that he resides in the State of New Mexico; and that he executed the foregoing instrument for the purposes therein contained.

(SEAL)

_____
NOTARY PUBLIC

My commission expires:

_____

CHUBB GROUP OF INSURANCE COMPANIES

(CHUBB LOGO) 15 Mountain View Road, P.O. Box 1615, Warren, New Jersey 07061-1615

GENERAL AGREEMENT OF INDEMNITY

WHEREAS, the undersigned (hereinafter individually and collectively called "Indemnitor") desires FEDERAL INSURANCE COMPANY or any of its subsidiary or affiliated insurers (hereinafter called "Company") to execute bonds including undertakings and other like obligations (hereinafter referred to as bond or bonds) on its behalf and also desires the execution of bonds on behalf of individuals, partnerships, corporations, limited liability companies or any other similarly unincorporated associations of members (hereinafter called "Affiliates").

WHEREAS, from time to time the Indemnitor may be a participant in joint ventures with others, and bonds will be required on behalf of the Indemnitor along with the other participants in such joint ventures.

WHEREAS, Indemnitor is the successor-in-interest to DKD ELECTRIC CO., INC., A NEW MEXICO CORPORATION (along with any other affiliate or related entity whose assets have been or will be assigned to Indemnitor hereinafter individually and collectively called "Seller") as the assignee of all bonded contract obligations, which Indemnitor has expressly assumed without reservation

NOW, THEREFORE, in consideration of the Company executing said bond or bonds, and the undersigned Indemnitor hereby requests the execution thereof, and in consideration of the consent of Company to the assignment and assumption of the bonded obligations formerly undertaken by the Seller, as well as the sum of One Dollar paid to the Indemnitor by said Company, the receipt whereof is hereby acknowledged, the Indemnitor, being benefited by the execution and delivery of said bond or bonds, including, without limitation all Bonds previously issued prior to the date of this Agreement for the Seller, the bonded obligations of which have been expressly assumed without reservation by Indemnitor(s) and as to which Indemnitor(s) have agreed, and do hereby agree, to assume full responsibility for work in place as well as the prompt and proper performance and completion of all such bonded obligations, including, without limitation those bonded obligations listed on Exhibit A attached hereto, hereby agrees that it will at all times jointly and severally indemnify and save harmless said Company from and against any and all loss, cost, damage or expense, including court costs and attorneys' fees, which it shall at any time incur by reason of its execution and/or delivery of said bond or bonds or its payment of any claim or liability thereunder and will place the said Company in funds to meet all its liability under said bond or bonds promptly on request and before it may be required to make any payment thereunder and that the voucher or other evidence of payment by said Company of any such loss, cost, damage, expense, claim, or liability shall be prima facie evidence of the fact and amount of the Indemnitor's liability to said Company under this Agreement.

IT IS UNDERSTOOD AND AGREED that with respect to any bonds on behalf of the Indemnitor participating in a joint venture that if specific application is filed with the Company for such bonds the liability of the Indemnitor to the Company with respect to such joint venture bonds shall be limited to the amount expressly set forth in said application.

IT IS UNDERSTOOD AND AGREED that all of the terms, provisions, and conditions of this Agreement shall be extended to and for the benefit not only of the Company either as a direct writing company or as a co-surety or reinsurer but also for the benefit of any surety or insurance company or companies with which the Company may participate as a co-surety or reinsurer and also for the benefit of any other company which may execute any bond or bonds at the request of the Company on behalf of the Indemnitor.

IT IS UNDERSTOOD AND AGREED that this Agreement is in addition to all other rights and agreements which Company may have or be a party to in connection with Bonds previously issued for the benefit of Seller and that the assumption of responsibility therefor by Indemnitors as herein provided shall not constitute a waiver or release by Company of any rights Company may have to seek and recover indemnity from third parties having liability in connection with the issuance of such Bonds including, but not limited to, the obligations and liabilities of Integrated Electrical Services, Inc., Delco Electric, Inc. or their affiliates.

IT IS UNDERSTOOD AND AGREED that, notwithstanding anything herein to the contrary, Indemnitor's agreements, covenants, and all obligations under this General Agreement of Indemnity is limited to (1) the obligations assumed by Indemnitor (the "Assumed Obligations") under the Asset Purchase Agreement (the "APA") by and among Integrated Electrical Services, Inc. ("IES"), DKD Electric Co., Inc., DKD Electric LLC and J. Dee Dennis, Jr. and (2) Company's obligations under the bonds listed on Exhibit A attached hereto. Furthermore, Indemnitor has acknowledged and agreed that Indemnitor's obligation to perform or otherwise discharge the Assumed Obligations is secured by certain assets acquired by Indemnitor under the APA (the "Collateral"), said Collateral acquired subject to that certain Underwriting, Continuing Indemnity, and Security Agreement dated as of January 14, 2005, executed by and among Company, IES, and certain IES affiliates, including DKD Electric Co., Inc.

IT IS UNDERSTOOD AND AGREED that Indemnitor will replace Bond No. 81889153, Bond No. 81967757, Bond No. 81889053, Bond No. 81934447, Bond No. 81955945, and Bond No. 81876813 identified on Exhibit A (the "Cancelable Bonds") no later than ninety (90) days from the execution of this Agreement, and hereby acknowledges and consents that the Cancelable Bonds will be canceled upon the earlier of (i) the date of issuance of replacement bonds or (ii) the date upon which Federal issues notice of cancellation in compliance with the terms the Cancelable Bond(s) to be cancelled thereby. Indemnitor's obligation under this Agreement with respect to any bond or bonds canceled or replaced as contemplated herein will remain with respect to such liability accruing under said bond or bonds.

IT IS FURTHER UNDERSTOOD AND AGREED that the Indemnitor, its heirs, successors and assigns are jointly and severally bound by the foregoing conditions of this Agreement.

IN WITNESS WHEREOF the Indemnitor has signed this instrument this, the _____ day of _____, 2005.

WITNESS: DKD ELECTRIC LLC,
a New Mexico limited liability company

_____ By: _____

Its: _____

WITNESS: J. DEE DENNIS, JR.

_____ _____

ACKNOWLEDGMENT OF LIMITED LIABILITY COMPANY

STATE OF _____
COUNTY OF _____

On this _____ day of _____, 2005, before me personally came _____ to me known, who, being by me duly sworn, did depose and say that he/she resides in the State of _____; and that he/she is the _____ of DKD ELECTRIC LLC, the limited liability company described in and which executed the foregoing instrument; that he/she executed the foregoing instrument by order and authority of the partners (limited and general) and/or members of said DKD ELECTRIC LLC; and that he/she signed his/her name thereto by like order and authority.

(SEAL)

_____
NOTARY PUBLIC

My commission expires:

_____

INDIVIDUAL ACKNOWLEDGMENT

STATE OF _____
COUNTY OF _____

On this _____ day of _____, 2005, before me personally came J. DEE DENNIS, JR., to me known, who, being by me duly sworn, did depose and say that he resides in the State of New Mexico; and that he executed the foregoing instrument for the purposes therein contained.

(SEAL)

_____
NOTARY PUBLIC

My commission expires:

_____

EXHIBIT 10.3

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this "AGREEMENT") is made and entered into as of February 1, 2005 by and among INTEGRATED ELECTRICAL SERVICES, INC., a Delaware corporation (the "PARENT"), HOWARD BROTHERS ELECTRIC CO., INC., a Delaware corporation (the "COMPANY"), HOWARD BROTHERS ELECTRIC OF CHARLOTTE, LLC, a limited liability company organized in the State of North Carolina (the "BUYER"), and DAVID LATOUR, an individual and resident of the State of North Carolina ("GUARANTOR")

WITNESSETH:

WHEREAS, the Parent owns, either directly or indirectly, all of the issued and outstanding capital stock of the Company, which is engaged in the electrical construction and services business (the "BUSINESS");

WHEREAS, the Parent and the Company desire to sell to the Buyer substantially all of the Company's assets, which are more fully described in Section 1.1 hereof, and the Buyer desires to acquire such assets in consideration of the payment by the Buyer of the purchase price and the assumption by the Buyer of the liabilities provided for herein, all upon the terms and subject to the conditions hereinafter set forth;

WHEREAS, Guarantor is the President and owner of the Buyer and has agreed to personally guarantee to the Parent and the Company the Buyer's performance of all representations, warranties, covenants, agreements and conditions set forth herein;

NOW, THEREFORE, for and in consideration of the premises and of the respective representations, warranties, covenants, agreements and conditions of the parties contained herein, it is hereby agreed as follows:

1. PURCHASE AND SALE OF ASSETS.

1.1 Transfer of Assets. On the terms and subject to the conditions set forth in this Agreement, on the Closing Date (as defined in Section 2.1 hereof), the Company shall sell, convey, assign, transfer and deliver to the Buyer, and the Buyer shall purchase and acquire from the Company (except as provided in Section 1.2 hereof) all of the assets, rights and properties of the Parent or the Company set forth on Schedule 1.1. The assets described in this Section 1.1 as being sold, conveyed, assigned, transferred and delivered to the Buyer hereunder are sometimes hereinafter referred to collectively as the "ASSETS".

1.2 Excluded Assets. It is expressly understood and agreed that the Assets shall not include the following (such assets are hereinafter referred to collectively as the "EXCLUDED ASSETS"):

(a) Cash and cash equivalents or similar type investments, such as certificates of deposit, Treasury bills and other marketable securities;

(b) Claims for refunds of taxes and other governmental charges to the extent such refunds relate to periods ending on or prior to the Closing Date;

(c) Any asset, tangible or intangible, which is not freely transferable without the consent of a third party, upon the failure to obtain such consent;

(d) The original corporate minute books, stock books, financial records, tax returns, personnel and payroll records and corporate policies and procedures manuals of the Company and other records required by applicable laws to be retained;

(e) Any contract or agreement, whether written or oral, between the Company and IES Contractors, Inc.; and

(f) Any asset not set forth on Schedule 1.1.

1.3 Instruments of Conveyance and Transfer.

(a) At the Closing, the Buyer, the Company and the Parent shall enter into a Bill of Sale, Assignment and Assumption Agreement in the form attached hereto as Exhibit A, transferring to the Buyer good and indefeasible title to the Assets, subject only to Permitted Encumbrances.

(b) At the Closing, the Buyer and the Parent shall deliver such other instruments of transfer and assignment in respect of the Assets as the Buyer shall reasonably require and as shall be consistent with the terms and provisions of this Agreement.

(c) At the Closing, the Buyer shall, and shall cause the Transferred Employees (as hereinafter defined) to, resign as officers and directors of the Company and any other affiliates of the Parent.

1.4 Further Assurances. From time to time after the Closing, the Parent and the Company will execute and deliver, or cause to be executed and delivered, without further consideration, such other instruments of conveyance, assignment, transfer and delivery and will take such other actions as the Buyer may reasonably request in order to more effectively transfer, convey, assign and deliver to the Buyer, and to place the Buyer in possession and control of any of the Assets or to enable the Buyer to exercise and enjoy all rights and benefits of the Company and Parent with respect thereto.

1.5 Liabilities. On the Closing Date, the Buyer will assume and agree to pay and discharge all liabilities of the Company, known or unknown, absolute or contingent (the "ASSUMED LIABILITIES") other than the liabilities set forth on Schedule 1.5 (the "RETAINED LIABILITIES"), which shall be retained by the Parent or the Company, respectively.

1.6 Expenses: Consents and Taxes. The Buyer shall pay, or cause to be paid (i) all costs and expenses of obtaining all consents of third parties for the assignment of any of the Assets,

and (ii) all transfer, stamp, sales, use or other similar taxes or duties payable in connection with the sale and transfer of the Assets to the Buyer.

2. CLOSING; PURCHASE PRICE.

2.1 Closing Date. The consummation of the transactions contemplated in this Agreement (the "CLOSING") shall take place at the offices of Gardere Wynne Sewell LLP, 1000 Louisiana, Suite 3400, Houston, Texas at 10:00 a.m., Central time, February 1, 2005 (the "CLOSING DATE") contemporaneously with the execution of this Agreement or at such other place and time as the parties hereto may mutually agree.

2.2 Purchase Price. The aggregate purchase price for the Assets shall be $1,443,000 (the "PURCHASE PRICE"), subject to adjustment pursuant to Section 2.3 below, plus the Buyer's assumption of the Assumed Liabilities pursuant to Section 1.5 above. The Purchase Price shall be payable by the Buyer at the Closing to the Company in immediately available funds by confirmed wire transfer to a bank account to be designated by the Company.

2.3 Cash Reconciliation. Within 60 days following the Closing Date, the Company shall prepare and deliver to the Buyer a schedule setting forth, for the period commencing on October 1, 2004, and ending as of the Closing, (a) the cash disbursements funded by the Company, the Parent or any of their affiliates for the benefit of the Company, to include only those made in the ordinary course to trade vendors and those made in the ordinary course for Company employee benefit plans (the "DISBURSEMENTS"), and (b) the cash deposits made by the Company (the "DEPOSITS"). Within three business days following the Buyer's receipt of such schedule, (i) the Buyer shall remit to the Company in immediately available funds, the amount by which the Disbursements exceed the Deposits, if any; or (ii) the Company shall remit to the Buyer, in like manner and within such period, the amount by which Deposits exceed the Disbursements, if any. Disbursements shall include, but not be limited to, actual cash amounts paid by the Company or the Parent on behalf of the Company with respect to pre-Closing periods, including (i) amounts paid after September 30, 2004 for checks issued by the Company or Parent on behalf of the Company on or before September 30, 2004 that had not cleared the banks on September 30, 2004, which amounts were reflected on the September 30, 2004 balance sheet as negative cash amounts, (ii) checks issued by the Company or Parent on behalf of the Company subsequent to September 30, 2004, but before the Closing that have not cleared the banks as of the Closing, (iii) workers compensation, general liability, auto insurance, health and similar insurance premiums paid by the Parent on behalf of the Company with respect to periods prior to the Closing, whether accrued prior to or after the Closing, and (iv) other amounts paid by the Company or by the Parent on behalf of the Company with respect to periods prior to the Closing, but for which invoices are received or accruals are made after the Closing Date. Deposits shall include, but not be limited to, actual cash amounts received by the Company or the Parent on behalf of the Company subsequent to September 30, 2004, but before the Closing that have not been reflected in the Company's accounts as of the Closing. Disbursements and Deposits will be accounted for in accordance with Parent's accounting practices consistent with past periods. An illustrative example of this Cash Reconciliation calculation is attached and incorporated as Exhibit C.

2.4 Purchase Price Allocation. As soon as practicable after the Closing Date, the Company shall prepare IRS Form 8594 to report the allocation of the Purchase Price among the

Assets. Each party hereto agrees not to assert, in connection with any tax return, tax audit or similar proceeding, any allocation that differs from that set forth in such Form 8594. Such allocation shall be reasonably consistent with the manner in which the Purchase Price was determined.

3. REPRESENTATIONS AND WARRANTIES.

3.1 Representations and Warranties of the Company and the Parent. The Company and the Parent represent and warrant to the Buyer as follows:

(a) Organization, Authority and Qualification of the Company. The Company is a corporation duly organized and validly existing under the laws of the State of Delaware and the Company has full corporate power and authority to own or lease its properties and to carry on its business in such state. The Company has the full corporate power and authority to execute, deliver and perform this Agreement, and this Agreement has been duly and validly executed and delivered by the Company and constitutes the valid and legally binding obligation of the Company, subject to general equity principles, enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization or similar laws affecting the rights of creditors generally.

(b) No Violation. The Company is not in default under or in violation of its Articles of Incorporation or Bylaws. Neither Parent nor Company are a party to any material agreement which would prohibit this transaction.

(c) Title to Properties; Absence of Liens and Encumbrances. The Company owns good and indefeasible title to the Assets, free and clear of all claims, liens, security interests, charges, leases, encumbrances, licenses or sublicenses and other restrictions of any kind and nature, other than the claims, liens, security interests, charges, leases, encumbrances, licenses or sublicenses either included among the Assumed Liabilities or specifically set forth on Schedule 3.1(c) hereto ("PERMITTED ENCUMBRANCES").

(d) No Other Violations or Breaches; Government Approval. The execution and delivery of this Agreement and the other agreements and instruments to be executed and delivered in connection herewith by the Parent and the Company (together, the "SELLERS"), the fulfillment of and compliance by them with the terms and conditions hereof and thereof and the consummation by them of the transactions contemplated hereby and thereby will not:

(i) Require action by the Sellers, or any filing by any of them, with any Governmental Entity prior to the Closing except in connection with the filing of UCC lien release documents;

(ii) Contravene, conflict with or violate any of the provisions of the Articles of Incorporation or Bylaws (or the equivalent) of the Sellers, or any resolutions adopted by the Board of Directors or shareholders of the Sellers;

(iii) Result in the creation of any Encumbrance on any of the Assets except for Permitted Encumbrances;

(iv) Conflict with, or constitute a breach or default under, or give rise to any right of termination, cancellation or acceleration under, any term or provision of any contract, agreement, lease, mortgage, deed of trust, note, bond, loan agreement, indenture, other instrument evidencing borrowed money to which the Parent is a party or by which its assets are bound, or an event which with notice, lapse of time, or both, would result in any such conflict, breach, default or right; or

(v) Violate any provision of any law, statute, rule or administrative regulation or any judgment, order, injunction or decree of any Governmental Entity applicable to or binding upon the Sellers.

3.2 Representations and Warranties of the Buyer. The Buyer and Guarantor, jointly and severally, represent and warrant to the Parent and the Company as follows:

(a) Organization, Authority and Qualification of the Buyer. The Buyer is a limited liability company duly organized and validly existing under the laws of the State of North Carolina and the Buyer has full corporate power and authority to own or lease its properties and to carry on its business in such state. The Buyer has the full corporate power and authority to execute, deliver and perform this Agreement, and this Agreement has been duly and validly executed and delivered by the Buyer and constitutes the valid and legally binding obligation of the Buyer, subject to general equity principles, enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization or similar laws affecting the rights of creditors generally.

(b) No Violation. The Buyer is not in default under or in violation of its Articles of Organization or Regulations.

(c) Certain Fees. The Buyer has not employed any broker or finder or incurred any other liability for any brokerage fees, commissions or finders' fees in connection with the transactions contemplated hereby.

(d) Financial Information. The financial and management reports (including, without limitation, WIP schedules) heretofore delivered or made by Buyer, Guarantor, or the Company to the Parent are true and correct in all material respects and do not omit to state any fact necessary to make any of them, in light of the circumstances in which made, not misleading. All executed change orders have been recorded, all agreed change orders have been executed or are listed on Schedule 3.2(d), and all checks and cash received by the Company and its affiliates have been deposited.

3.3 No Warranty. The Buyer and the Guarantor acknowledge that the Guarantor, through previous ownership and/or management of the Company, is familiar with the Assets and the operations of the Company, and has access to any information pertaining thereto and has made such information available to Buyer. Neither the Company nor the Parent, nor any of their respective directors, officers, employees, agents or representatives has made, or shall be deemed to have made, and no such person shall be liable for, or bound in any manner by, and Buyer and the Guarantor have not relied upon and will not rely upon, any express or implied representations, warranties,

guaranties, promises or statements pertaining to the Business or Assets except as specifically provided in this Section 3. The Buyer and the Guarantor acknowledge that in making the decision to enter into this Agreement and to consummate the transactions contemplated hereby, they have relied solely on the basis of their own independent investigation of the Business and the Assets and upon the express written representations, warranties and covenants in this Agreement. Without diminishing the scope of the express written representations, warranties and covenants of the Company and the Parent in this Agreement and without affecting or impairing their right to rely thereon, the Buyer and the Guarantor acknowledge that (a) they have not relied, in whole or in part, on any information contained in documents, materials or other information provided to them by, or on behalf of, Company or the Parent, and (b) neither Company nor the Parent is making any representations or warranties with respect to (i) any such documents, materials or other information, other than, in each case, as set forth in this Agreement or (ii) the value, condition, merchantability, marketability, profitability, suitability or fitness for a particular use or purpose of the Assets. ACCORDINGLY, THE ASSETS ARE BEING TRANSFERRED "AS IS, WHERE IS." EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 3.1 OF THIS AGREEMENT, THE COMPANY AND PARENT MAKE ABSOLUTELY NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED, REGARDING THE ASSETS, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR THE ABILITY OF THE COMPANY TO ASSIGN THE ASSETS, OR OBTAIN CONSENTS TO ANY ASSIGNMENT.

4. COVENANTS; ACTION SUBSEQUENT TO CLOSING.

4.1 Access to Books and Records. Until the third anniversary of the Closing Date, the Parent and the Company shall afford, and will cause its affiliates to afford, to the Buyer, its counsel, accountants and other authorized representatives, during normal business hours, reasonable access to the books, records and other data of the Company and the Business with respect to periods ending on or prior to the Closing Date to the extent that such access may be reasonably required by the Buyer to facilitate (i) the investigation, litigation and final disposition of any claims which may have been or may be made against the Buyer in connection with the Business or (ii) for any other reasonable business purpose. Following the Closing, the Buyer shall prepare and deliver to the Parent on or before February 12, 2005, on behalf of the Company, all regularly prepared financial reports and statements for periods up to and including the Closing Date, and shall cooperate with and provide assistance to the Parent and the Company in their financial and tax reporting obligations for the periods up to and including the Closing Date.

4.2 Mail. The Parent and the Company authorize and empower the Buyer on and after the Closing Date to receive and open all mail received by the Buyer relating to the Business or the Assets and to deal with the contents of such communications in any proper manner. The Parent and the Company shall promptly deliver to the Buyer any mail or other communication received by them after the Closing Date pertaining to the Business or the Assets. The Buyer shall promptly deliver to the Parent any mail or other communication received by it after the Closing Date pertaining to the Excluded Assets or Retained Liabilities, and any cash, checks or other instruments of payment in respect of the Excluded Assets. As soon as is practicable after the Closing Date, and in no event more than ten days thereafter, the Buyer shall mail to its customers and vendors a notice

of the sale in the form provided by the Parent, with such changes thereto as Buyer and Parent shall agree.

4.3 No Consent Contracts. To the extent that any contract of the Company included in the Assets may not be assigned without the consent of any third party, and such consent is not obtained prior to Closing (such contracts referred to as "NO CONSENT CONTRACTS"), this Agreement and any assignment executed at Closing pursuant hereto shall not constitute an assignment thereof, but to the extent permitted by law shall constitute an equitable assignment by the Company and assumption by the Buyer of the Company's rights and obligations under the applicable No Consent Contract, with the Company making available to the Buyer the benefits thereof and the Buyer performing the obligations thereunder on the Company's behalf.

4.4 Preparation and Filing of Certain Tax Forms. The Buyer shall prepare and submit to Parent for execution and filing on a timely basis all Forms W-2, 940, 941 and 1099 with all appropriate Governmental Entities, including without limitation any summary schedules and transmittal forms, as well as any similar filings required by any state or local Governmental Entity, with respect to all wages and other reportable payments for the calendar year 2004 and for the partial year in 2005 ending on the Closing Date. As used herein, "GOVERNMENTAL ENTITY" means any court or tribunal in any jurisdiction (domestic or foreign) or any public, governmental or regulatory body, agency, department, commission, board, bureau or other authority or instrumentality, domestic or foreign. The Buyer shall pay all administrative amounts owed as a result of or otherwise related to such filings with the exception of any tax, interest, or penalties associated with periods prior to the Closing. The Company will pay, on or before they become due, any employment taxes withheld by it (including, without limitation income taxes withheld on employee wages) which have not been previously paid. The Buyer, Parent and the Company shall cooperate in making all such filings and shall make available to the others such information as any of them requires to assure such filings are made on a timely and accurate basis.

4.5 The Parent Name and Logos. As soon as practicable (but in any event within 90 days) after the Closing Date, the Buyer, at its expense, shall remove all the Parent and its affiliates' names and logos from all of the Assets. Except as specifically provided in Section 1, nothing in this Agreement shall constitute a license or authorization for the Buyer to use in any manner any name, logo or mark owned by or licensed to the Company, the Parent or their respective affiliates which bears any reference to IES or any subsidiary of IES other than the Company. The name "Howard Brothers" and "Howard Brothers Electric" shall become the exclusive property of the Buyer following the Closing and shall not be used by the Company, Parent or their respective affiliates; provided that Parent will be given a reasonable period of time (not to exceed 90 days) to change the Company's name after the Closing Date.

4.6 Leased Assets. At the Closing, the Buyer, at its expense, shall pay off or refinance the leases on the vehicles listed on Schedule 4.6 attached hereto, and in connection therewith shall obtain the release of Parent and the Company for all liability under such vehicle leases. As soon as practicable (but in any event within 90 days) after the Closing Date, the Buyer, at its expense, shall pay off or refinance the leases on the other assets listed on Schedule 4.6 attached hereto, and in connection therewith shall obtain the release of Parent and the Company for all liability under such leases.

4.7 Chubb Bonds. Buyer agrees that at the Closing it shall execute and deliver to the Federal Insurance Company and its subsidiary or affiliated insurers and any applicable co-sureties (collectively, "FEDERAL"), a General Agreement of Indemnity in the form attached as Exhibit B, pursuant to which Buyer and Guarantor agree to (i) indemnify Federal with respect to the performance and completion of the bonded obligations as set forth therein; and (ii) replace within ninety (90) days the bonds identified as Cancelable Bonds therein. Buyer further agrees to continue to provide to Federal monthly written reports (with a copy to the Parent) as to the progress of the completion of the bonded jobs. Buyer and Guarantor further agree to provide, from time to time and at the request of the Parent, a certificate or certificates certifying that the Cancelable Bonds have been replaced, and as to such other matters concerning the performance by the Buyer of its post-closing obligations under this Agreement as Parent shall request.

4.8 Retained Claims. The Company shall retain liability for certain insured claims as set forth in Schedule 1.5, paragraph 5 (the "RETAINED CLAIMS"). The Buyer and the Guarantor agree to cooperate with the Company and the Parent in the defense of the Retained Claims and to make available the Buyer's personnel and facilities for that purpose. The Company shall retain as Excluded Assets and not transfer to the Buyer all books and records associated with the Retained Claims.

5. INDEMNIFICATION.

5.1 Survival. The representations and warranties of the Company, the Parent, the Buyer and the Guarantor contained in this Agreement, any schedules delivered by or on behalf of the Company and the Buyer pursuant to this Agreement, or in any certificate, instrument, agreement or other writing delivered by or on behalf of the Company, the Parent, the Buyer or the Guarantor pursuant to this Agreement shall survive the consummation of the transactions contemplated herein; provided that all such representations and warranties of the Company, the Parent and the Buyer shall be of no further force and effect, and no claim for indemnification by the Buyer, the Company or the Parent pursuant to this Section 5 may be brought for any reason, after the expiration of twelve (12) months from the Closing Date (the "SURVIVAL PERIOD"), except for the representations and warranties contained in Section 3.1(c), which shall survive indefinitely. Anything to the contrary notwithstanding, a claim for indemnification which is made but not resolved prior to the expiration of the Survival Period may be pursued and resolved after such expiration.

5.2 Indemnification by the Company.

(a) In accordance with and subject to the provisions of this Section 5, the Company and the Parent shall indemnify and hold harmless the Buyer from and against and in respect of any and all loss, damage, diminution in value, liability, cost and expense, including reasonable attorneys' fees and amounts paid in settlement (collectively, the "BUYER INDEMNIFIED LOSSES"), suffered or incurred by the Buyer by reason of, or arising out of (i) any misrepresentation or breach of representation or warranty of the Company or the Parent contained in this Agreement, or in any schedules delivered to the Buyer by or on behalf of the Company or the Parent pursuant to this Agreement; (ii) the breach of any covenant or agreement of the Company or the Parent contained in this Agreement; or (iii) the Retained Liabilities.

(b) The Company and the Parent shall reimburse the Buyer on demand for any Buyer Indemnified Losses suffered by the Buyer with respect to matters other than claims, actions or demands brought, made or instituted by a third party ("THIRD PARTY CLAIMS"). With respect to Third Party Claims, the Company and the Parent shall reimburse the Buyer on demand for any Buyer Indemnified Losses suffered by the Buyer, based on the judgment of any court of competent jurisdiction or pursuant to a bona fide compromise or settlement in respect of any Buyer Indemnified Losses. The Company and the Parent shall have the opportunity to defend at their expense any claim, action or demand for which the Buyer claims indemnity against the Company or the Parent; provided that: (i) the defense is conducted by reputable counsel; (ii) the defense is expressly assumed in writing within twenty (20) days after written notice of the claim, action or demand is delivered to the Company and the Parent; and (iii) counsel for the Buyer may participate at all times and in all proceedings (formal and informal) relating to the defense, compromise and settlement of the claim, action or demand at the expense of the Buyer.

5.3 Indemnification by the Buyer.

(a) In accordance with and subject to the provisions of this Section 5, the Buyer and Guarantor shall, jointly and severally, indemnify and hold harmless the Company, the Parent and their respective affiliates (for purposes of this Section 5, the "COMPANY INDEMNITEES") from and against and in respect of any and all loss, damage, diminution in value, liability, cost and expense, including reasonable attorneys' fees and amounts paid in settlement (collectively, the "COMPANY INDEMNIFIED LOSSES"), suffered or incurred by the Company Indemnitees by reason of, or arising out of (i) any misrepresentation or breach of representation or warranty of the Buyer or Guarantor contained in this Agreement, or in any schedules delivered to the Company or the Parent by or on behalf of the Buyer or Guarantor pursuant to this Agreement; (ii) or the breach of any covenant or agreement of the Buyer or Guarantor contained in this Agreement; (iii) the Assumed Liabilities, including, without limitation, any liability to sureties with respect to bonded jobs; or (iv) the operation of the Business following the Closing, including, but not limited to, any claims made by Transferred Employees concerning COBRA, the WARN Act, unemployment claim liability, or any similar matters as a result of the termination by Buyer of the Transferred Employees.

(b) The Buyer and the Guarantor, jointly and severally (the "BUYER INDEMNIFYING PARTIES"), shall reimburse the Company Indemnitees on demand for any Company Indemnified Losses suffered by the Company Indemnitees with respect to matters other than Third Party Claims. With respect to Third Party Claims, the Buyer Indemnifying Parties shall reimburse the Company Indemnitees on demand for any Company Indemnified Losses suffered by the Company Indemnitees, based on the judgment of any court of competent jurisdiction or pursuant to a bona fide compromise or settlement in respect of any Company Indemnified Losses. The Buyer Indemnifying Parties shall have the opportunity to defend at their expense any claim, action or demand for which the Company Indemnitees claim indemnity against the Buyer Indemnifying Parties; provided that: (i) the defense is conducted by reputable counsel; (ii) the defense is expressly assumed in writing within twenty (20) days after written notice of the claim, action or demand is delivered to the Buyer Indemnifying Parties; and (iii) counsel for the Company and the Parent may participate at all times and in all proceedings (formal and informal) relating to the defense, compromise and settlement of the claim, action or demand at the expense of the Company and the Parent.

5.4 Limitation and Payment on Claims. No claim shall be brought under this Section 5 for breach of any representation or warranty, and no party hereto shall be entitled to receive any payment with respect thereto, until such time as, and only to the extent that, the aggregate amount of such claim(s) that such party has equals or exceeds $100,000 (the "DEDUCTIBLE"); provided, however, that the Deductible shall not apply to any obligations under Section 2.3. Anything to the contrary notwithstanding, the Company and the Parent shall not be liable under this Section 5 for Buyer Indemnified Losses in excess of the Purchase Price.

5.5 Sole Remedy. The sole remedy of the Company, the Parent and the Buyer Indemnifying Parties for breach of the representations and warranties set forth in Section 3 shall be pursuant to this Section 5.

6. DISPUTE RESOLUTION.

6.1 Arbitration.

(a) Any controversy, dispute or claim arising out of or relating in any way to this Agreement or the other agreements contemplated by this Agreement or the transactions arising hereunder (including the validity, interpretation or applicability of this Section 6.1) shall be settled exclusively by final and binding arbitration in Houston, Texas. Such arbitration will apply the laws of the State of Texas and the commercial arbitration rules of AAA to resolve the dispute, and will be administered by the AAA.

(b) Written notice of arbitration must be given within one year after the notifying party has knowledge of accrual of the claim on which the notice is based. If the claiming party fails to give notice of arbitration within that time, the claim shall be deemed to be waived and shall be barred from either arbitration or litigation.

(c) Such arbitration shall be conducted by one independent and impartial arbitrator to be selected by mutual agreement of the parties, if possible. If the parties fail to reach agreement regarding appointment of an arbitrator within thirty (30) days following

receipt by one party of the other party's notice of arbitration, the arbitrator shall be selected from a list or lists of proposed arbitrators submitted by AAA. Unless the parties agree otherwise, the arbitrator shall be a licensed attorney with at least ten years of experience in the practice of law. The selection process shall be that which is set forth in the AAA commercial arbitration rules then prevailing, except that (A) the number of preemptory strikes shall not be limited and (B), if the parties fail to select an arbitrator from one or more lists, AAA shall not initially have the power to make an appointment but shall continue to submit additional lists until an arbitrator has been selected, but if no such arbitrator is selected within sixty (60) days after the receipt of the first notice of arbitration, the AAA shall have the power to make an appointment and shall promptly do so. Initially, however, promptly following its receipt of a request to submit a list of proposed arbitrators, AAA shall convene the parties in person or by telephone and attempt to facilitate their selection of an arbitrator by agreement. If the arbitrator should die, withdraw or otherwise become incapable of serving, a replacement shall be selected and appointed in a like manner.

(d) The arbitrator shall render an opinion setting forth findings of fact and conclusions of law with the reasons therefor stated. A transcript of the evidence adduced at the hearing shall be made and shall, upon request, be made available to either party. The fees and expenses of the arbitrator shall be shared equally by the parties and advanced by them from time to time as required; provided that at the conclusion of the arbitration, the arbitrator may award costs and expenses (including the costs of the arbitration previously advanced and the fees and expenses of attorneys, accountants and other experts). No pre-arbitration discovery shall be permitted, except that the arbitrator shall have the power in his or her sole discretion, on application by either party, to order pre-arbitration examination of the witnesses and documents that the other party intends to introduce in its case-in-chief at the arbitration hearing. The arbitrator shall render his or her opinion and/or award within ninety (90) days of the conclusion of the arbitration hearing. The arbitrator shall not be empowered to award to either party any punitive damages in connection with any dispute between them arising out of or relating in any way to this Agreement or the other agreements contemplated hereby or the transactions arising hereunder or thereunder, and each party hereby irrevocably waives any right to recover such damages. The arbitration hearings and award shall be maintained in confidence.

Notwithstanding anything to the contrary provided in this Section 6.1 and without prejudice to the above procedures, either party may apply to any court of competent jurisdiction for temporary injunctive or other provisional judicial relief if such action is necessary to avoid irreparable damage or to preserve the status quo until such time as the arbitrator is selected and available to hear such party's request for temporary relief. The award rendered by the arbitrator shall be final and not subject to judicial review and judgment thereon may be entered in any court of competent jurisdiction.

7. EMPLOYEE MATTERS.

7.1 Hiring.

(a) The Buyer shall hire (subject to each employee's agreement), effective as of the Closing Date, all of the employees of the Company on the day immediately prior to the Closing Date, active or inactive (such employees being hereafter referred to as the "TRANSFERRED EMPLOYEES") at a comparable job and at a rate of pay not less than each such Transferred Employee's pay as of the Closing Date. Upon request of the Buyer, the Company shall provide the Buyer reasonable access to data (including computer data) regarding the ages, dates of hire, compensation and job description of the Transferred Employees.

(b) The Buyer shall assume and be responsible for any severance costs associated with the termination of the Transferred Employees' employment with the Company. The Buyer shall discharge all liabilities and claims based on occurrences or conditions first occurring or commencing on or after the Closing Date with respect to Transferred Employees arising out of their employment with the Buyer after the Closing Date, including, but not limited to, any claims arising out of any employee benefit plan, policy, program or arrangement maintained at any time by the Buyer (a "BUYER PLAN" or collectively, the "BUYER PLANS"), except Buyer shall not assume any liabilities with respect to the WARN Act or COBRA benefits for any terminations occurring prior to the Closing Date (unless provided otherwise by law or pursuant to applicable regulations) nor shall the Company or the Parent be liable under the WARN Act, COBRA, or state unemployment claims law for any Transferred Employee terminated by Buyer after the Closing.

(c) At Closing, the Buyer shall establish and make available a group medical plan for the Transferred Employees and their dependents that is substantially similar to the group medical plan available to the Transferred Employees immediately prior to Closing. The Buyer shall credit the Transferred Employees with all service of the Transferred Employees recognized under the employee benefit plans, policies, programs, or arrangements maintained by the Parent or the Company (the "PARENT PLANS") as service with the Buyer for purposes of eligibility to participate, vesting and levels of benefits available, under all Buyer Plans. The Buyer shall waive any coverage waiting period, pre-existing condition and actively-at-work requirements under the Buyer Plans for the Transferred Employees, unless such conditions or requirements applied to Transferred Employees prior to the Closing, and shall provide that any expenses incurred before the Closing Date by a Transferred Employee (and his or her dependents) during the calendar year of the Closing shall be taken into account for purposes of satisfying the applicable deductible, coinsurance and maximum out-of-pocket provisions, and applicable annual and/or lifetime maximum benefit limitations of the Buyer Plans. The Buyer Plans shall not require contributions by Transferred Employees at a rate that exceeds the rate in effect for other similarly situated employees of the Buyer. Any reports or other information provided to Buyer by the Company or the Parent in connection with Buyer performing his obligations under this Section 7.1(c) shall be at the sole expense of the Buyer.

7.2 Benefits. Except as provided in Section 7.1(b), the Buyer shall be responsible for the payment of all amounts of wages, bonuses and other remuneration (including discretionary benefits and bonuses) payable to the Transferred Employees of the Company accrued with respect to periods on or prior to the Closing (except for any employment taxes - including, without limitation, income taxes withheld on employee wages - actually withheld by the Company) together with amounts payable to such employees in connection with events occurring on or prior to the Closing. In addition, the Buyer shall be responsible for:

(a) all vacation pay and pay for other compensated absences earned or accrued by the Transferred Employees as of the close of business on the Closing Date to the appropriate employee, including any related payroll burden (FICA and other pension or other employee benefit plan contributions and employment taxes) with respect thereto to the appropriate Governmental Entity or other person, to the extent such pay has been accrued on the books of the Company at such close of business, based upon the remuneration of such employees normally used in computing such pay for other compensated absences; and

(b) amounts accrued under the Integrated Electrical Services, Inc. 401(k) Retirement Savings Plan (the "PARENT 401(K) PLAN") for the Transferred Employees as of the Closing Date but not yet transferred to the trustee of the Parent 401(k) Plan, including without limitation, the accrued match, accrued payroll deductions representing elective deferrals, loan repayments and accrued profit sharing contribution, if any.

7.3 Parent 401(k) Plan. The Company, the Parent and the Buyer agree that, as soon as practicable after Closing, but in any event within 90 days of the Closing Date, the account balances in the Parent 401(k) Plan of the Transferred Employees shall be transferred to a qualified 401(k) retirement savings plan established by the Buyer (the "BUYER'S 401(K) PLAN") in accordance with Section 414(l) of the Internal Revenue Code of 1986, as amended (the "CODE"), and the regulations promulgated thereunder. In connection with such transfer, the following provisions shall apply:

(a) The account balances of the Transferred Employees transferred to the Buyer's 401(k) Plan shall be subject to the provisions of the Buyer's 401(k) Plan effective as of the date of transfer; provided, however that the Buyer's 401(k) Plan shall continue any benefits under the Parent 401(k) Plan as required under Section 411(d)(6) of the Code; and

(b) The outstanding loan of any Transferred Employee shall not be in default as a result of the Transferred Employee's termination of employment with the Parent or the Company, but such loan shall be transferred to the Buyer's 401(k) Plan in accordance with (a) above.

The Buyer shall provide acceptable evidence to the Parent that the Buyer's 401(k) Plan meets the requirements of Section 401(a) of the Code prior to the date of such transfer. The Buyer, the Parent and the Company agree to take whatever action, including but not limited to plan amendments and resolutions, to effectuate the transfer of the Transferred Employee's account balances according to this section from the Parent 401(k) Plan to the Buyer's 401(k) Plan.

Notwithstanding the foregoing, nothing in this Section 7 shall be deemed or construed to give rise to any rights, claims, benefits, or causes of action to any Transferred Employee or third party whatsoever (including any Governmental Entity).

7.4 Noncompetition and Other Employment Agreements. All non-competition and other employment agreements now existing between Guarantor and the Parent shall be terminated at the Closing and each party thereto shall release the other party from any liability associated therewith.

8. MISCELLANEOUS.

8.1 Notices. All notices and communications required or permitted hereunder shall be in writing and may be given by (a) depositing the same in the United States mail, addressed to the party to be notified, postage prepaid and registered or certified with return receipt requested, (b) by delivering the same in person to an officer or agent of such party, or (c) overnight delivery service. Such notice shall be deemed received on the date (i) on which it is actually received if sent by overnight delivery service or hand delivery, or (ii) on the third business day following the date on which it is mailed. For purposes of notice, the addresses of the parties hereto shall be:

If to the Parent or the Company:

Integrated Electrical Services, Inc.
1800 West Loop South, Suite 500
Houston, Texas 77027
Attention: Chief Financial Officer

With a copy to:

Integrated Electrical Services, Inc.
1800 West Loop South, Suite 500
Houston, Texas 77027
Attention: Chief Legal Officer

If to the Buyer or Guarantor:

Howard Brothers Electric of Charlotte, LLC
6009 Kenley Lane
Charlotte, NC 28217
Attention: David J. Latour

With a copy to:

J. Darrell Shealy
Johnston, Allison & Hord, P.A.
610 E. Morehead Street
Charlotte, NC 28202

or such other address as any party hereto shall specify pursuant to this Section 8.1 from time to time.

8.2 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

8.3 Governing Law. The validity and effect of this Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Texas, without regard to its conflicts of laws rules.

8.4 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective permitted heirs, successors and assigns. Neither the Company, the Parent nor the Buyer may assign, delegate or otherwise transfer any of their rights or obligations under this Agreement without the written consent by each other party hereto.

8.5 Partial Invalidity and Severability. All rights and restrictions contained herein may be exercised and shall be applicable and binding only to the extent that they do not violate any applicable laws and are intended to be limited to the extent necessary to render this Agreement legal, valid and enforceable. If any term of this Agreement, or part thereof, not essential to the commercial purpose of this Agreement shall be held to be illegal, invalid or unenforceable by a forum of competent jurisdiction, it is the intention of the parties that the remaining terms hereof, or part thereof, shall constitute their agreement with respect to the subject matter hereof, and all such remaining terms, or parts thereof, shall remain in full force and effect. To the extent legally permissible, any illegal, invalid or unenforceable provision of this Agreement shall be replaced by a valid provision which will implement the commercial purpose of the illegal, invalid or unenforceable provision.

8.6 Waiver. Any term or condition of this Agreement may be waived at any time by the party which is entitled to the benefit thereof, but only if such waiver is evidenced by a writing signed by such party. No failure on the part of any party hereto to exercise, and no delay in exercising, any right, power or remedy created hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or remedy by either party preclude any other or further exercise thereof or the exercise of any other right, power or remedy. No waiver by either party hereto of any breach of or default in any term or condition of this Agreement shall constitute a waiver of or assent to any succeeding breach of or default in the same or any other term or condition hereof.

8.7 Headings. The headings of particular provisions of this Agreement are inserted for convenience only and shall not be construed as a part of this Agreement or serve as a limitation or expansion on the scope of any term or provision of this Agreement.

8.8 Entire Agreement; Amendments. This Agreement supersedes all prior discussions and agreements between the parties with respect to the subject matter hereof (including without limitation any letters of intent executed by the parties), and this Agreement contains the sole and entire agreement between the parties with respect to the matters covered hereby. This Agreement shall not be altered or amended except by an instrument in writing signed by or on behalf of the party against whom enforcement is sought.

8.9 Disclosure of Agreement Terms. Neither Buyer nor the Guarantor shall disclose the terms and conditions of this Agreement to any person or entity without the prior written consent of an executive officer of the Parent or as required by applicable law or an order from a court or administrative body of competent jurisdiction (but only to the extent so required and only after giving reasonable prior notice to the Company and the Parent and cooperating with the Company and the Parent in any efforts to legally oppose such disclosure). The foregoing notwithstanding, the Buyer and the Guarantor shall be permitted to make such disclosures to their accountants, lawyers, financial institutions, lending sources, senior employees and related parties as may be appropriate, provided that such parties are bound by the foregoing nondisclosure provisions.

8.10 Number and Gender. Where the context requires, the use of the singular form herein shall include the plural, the use of the plural shall include the singular, and the use of any gender shall include any and all genders.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, this Agreement has been executed effective as of the date set forth above.

PARENT:

INTEGRATED ELECTRICAL SERVICES, INC.

By: /s/ Herbert R. Allen

Herbert R. Allen
Chief Executive Officer

COMPANY:

HOWARD BROTHERS ELECTRIC CO., INC.

By: /s/ Curt L. Warnock

Curt L. Warnock
Vice President

BUYER:

HOWARD BROTHERS ELECTRIC OF CHARLOTTE, LLC

By: /s/ David J. Latour

David J. Latour, Manager

GUARANTOR:

/s/ David J. Latour

David J. Latour, Manager

EXHIBIT A

BILL OF SALE, ASSIGNMENT AND ASSUMPTION AGREEMENT

This BILL OF SALE, ASSIGNMENT AND ASSUMPTION AGREEMENT ("BILL OF SALE") is entered into as of the ___ day of February 2005, by and among INTEGRATED ELECTRICAL SERVICES, INC., a Delaware corporation (the "PARENT"), HOWARD BROTHERS ELECTRIC CO., INC., a Delaware corporation (the "COMPANY") and HOWARD BROTHERS ELECTRIC OF CHARLOTTE, LLC, a limited liability company organized in the State of North Carolina (the "BUYER").

RECITALS

WHEREAS, pursuant to the terms of that certain Asset Purchase Agreement (the "PURCHASE AGREEMENT") dated as of even date herewith by and among the Buyer, the Parent, the Company, and David J. Latour, individual, the Company and the Parent agreed to convey the Assets to the Buyer and the Buyer agreed to assume the Assumed Liabilities. In order to evidence such conveyance and assumption, the parties desire to enter into this Bill of Sale.

WHEREAS, all capitalized terms used herein but not defined herein shall have the meanings ascribed to them in the Purchase Agreement.

ASSIGNMENT

NOW, THEREFORE, for and in consideration of the mutual covenants, agreements, and benefits contained herein, the sum of TEN DOLLARS ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Parent do hereby BARGAIN, GRANT, SELL, CONVEY, TRANSFER, DELIVER and ASSIGN unto Buyer all the Assets.

The Assets are hereby conveyed free and clear of all encumbrances other than the Permitted Encumbrances.

TO HAVE AND TO HOLD the Assets unto the Buyer and its successors and assigns forever; and the Company and the Parent do hereby bind themselves and their successors and assigns to WARRANT AND FOREVER DEFEND title to the Assets in accordance with the terms and provisions of the Purchase Agreement.

The Buyer, upon execution below, accepts this Bill of Sale, and to the extent provided for in the Purchase Agreement, hereby assumes the Assumed Liabilities, but no others.

This assignment shall be binding upon and shall inure to the benefit of the parties hereto and their respective permitted successors and assigns.

This Bill of Sale may be executed in any number of counterparts, and each counterpart shall for all purposes be deemed to be an original.

This Bill of Sale is subject to all terms and conditions contained in the Purchase Agreement and nothing herein shall be deemed to alter, amend, or supersede the Purchase Agreement, the terms of which shall in all respects be controlling.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Bill of Sale effective as of the date set forth above.

PARENT:

INTEGRATED ELECTRICAL SERVICES, INC.

By:_____
Name:_____
Title:_____

COMPANY:

HOWARD BROTHERS ELECTRIC CO., INC.

By:_____
Name:_____
Title:_____

BUYER:

HOWARD BROTHERS ELECTRIC OF CHARLOTTE, LLC

By:_____
Name:_____
Title:_____

EXHIBIT B

FORM OF GENERAL AGREEMENT OF INDEMNITY

(see attached)

CHUBB GROUP OF INSURANCE COMPANIES

[CHUBB LOGO]

15 Mountain View Road, P.O. Box 1615, Warren, New Jersey 07061-1615

- ---

GENERAL AGREEMENT OF INDEMNITY

WHEREAS, the undersigned (hereinafter individually and collectively called "Indemnitor") desires FEDERAL INSURANCE COMPANY or any of its subsidiary or affiliated insurers (hereinafter called "Company") to execute bonds including undertakings and other like obligations (hereinafter referred to as bond or bonds) on its behalf and also desires the execution of bonds on behalf of individuals, partnerships, corporations, limited liability companies or any other similarly unincorporated associations of members (hereinafter called "Affiliates").

WHEREAS, from time to time the Indemnitor may be a participant in joint ventures with others, and bonds will be required on behalf of the Indemnitor along with the other participants in such joint ventures.

WHEREAS, Indemnitor is the successor-in-interest to HOWARD BROTHERS ELECTRIC CO., INC., A DELAWARE CORPORATION (along with any other affiliate or related entity whose assets have been or will be assigned to Indemnitor hereinafter individually and collectively called "Seller") as the assignee of all bonded contract obligations, which Indemnitor has expressly assumed without reservation

NOW, THEREFORE, in consideration of the Company executing said bond or bonds, and the undersigned Indemnitor hereby requests the execution thereof, and in consideration of the consent of Company to the assignment and assumption of the bonded obligations formerly undertaken by the Seller, as well as the sum of One Dollar paid to the Indemnitor by said Company, the receipt whereof is hereby acknowledged, the Indemnitor, being benefited by the execution and delivery of said bond or bonds, including, without limitation all Bonds previously issued prior to the date of this Agreement for the Seller, the bonded obligations of which have been expressly assumed without reservation by Indemnitor(s) and as to which Indemnitor(s) have agreed, and do hereby agree, to assume full responsibility for work in place as well as the prompt and proper performance and completion of all such bonded obligations, including, without limitation those bonded obligations listed on Exhibit A attached hereto, hereby agrees that it will at all times jointly and severally indemnify and save harmless said Company from and against any and all loss, cost, damage or expense, including court costs and attorneys' fees, which it shall at any time incur by reason of its execution and/or delivery of said bond or bonds or its payment of any claim or liability thereunder and will place the said Company in funds to meet all its liability under said bond or bonds promptly on request and before it may be required to make any payment thereunder and that the voucher or other evidence of payment by said Company of any such loss, cost, damage, expense, claim, or liability shall be prima facie evidence of the fact and amount of the Indemnitor's liability to said Company under this Agreement.

IT IS UNDERSTOOD AND AGREED that with respect to any bonds on behalf of the Indemnitor participating in a joint venture that if specific application is filed with the Company for such bonds the liability of the Indemnitor to the Company with respect to such joint venture bonds shall be limited to the amount expressly set forth in said application.

IT IS UNDERSTOOD AND AGREED that all of the terms, provisions, and conditions of this Agreement shall be extended to and for the benefit not only of the Company either as a direct writing company or as a co-surety or reinsurer but also for the benefit of any surety or insurance company or companies with which the Company may participate as a co-surety or reinsurer and also for the benefit of any other company which may execute any bond or bonds at the request of the Company on behalf of the Indemnitor.

IT IS UNDERSTOOD AND AGREED that this Agreement is in addition to all other rights and agreements which Company may have or be a party to in connection with Bonds previously issued for the benefit of Seller and that the assumption of responsibility therefor by Indemnitors as herein provided shall not constitute a waiver or release by Company of any rights Company may have to seek and recover indemnity from third parties having liability in connection with the issuance of such Bonds including, but not limited to, the obligations and liabilities of Integrated Electrical Services, Inc., Delco Electric, Inc. or their affiliates.

IT IS UNDERSTOOD AND AGREED that, notwithstanding anything herein to the contrary, Indemnitor's agreements, covenants, and all obligations under this General Agreement of Indemnity is limited to (1) the obligations assumed by Indemnitor (the "Assumed Obligations") under the Asset Purchase Agreement ("APA") by and among Integrated Electrical Services, Inc. ("IES"), Howard Brothers Electric Co., Inc., Howard Brothers Electric of Charlotte, LLC, and David Latour and (2) Company's obligations under the bonds listed on Exhibit A attached hereto. Furthermore, Indemnitor has acknowledged and agreed that Indemnitor's obligation to perform or otherwise discharge the Assumed Obligations is secured by certain assets acquired by Indemnitor under the APA (the "Collateral"), said Collateral acquired subject to that certain Underwriting, Continuing Indemnity, and Security Agreement dated as of January 14, 2005, executed by and among Company, IES, and certain IES affiliates, including Howard Brothers Electric Co., Inc.

IT IS FURTHER UNDERSTOOD AND AGREED that the Indemnitor, its heirs, successors and assigns are jointly and severally bound by the foregoing conditions of this Agreement.

IN WITNESS WHEREOF the Indemnitor has signed this instrument this, the _____ day of _____, 2005.

WITNESS: HOWARD BROTHERS ELECTRIC OF CHARLOTTE, LLC

_____ By:_____

Its:_____

WITNESS: DAVID LATOUR

_____ _____

ACKNOWLEDGMENT OF LIMITED LIABILITY COMPANY

STATE OF _____
COUNTY OF _____

On this _____ day of _____, 2005, before me personally came _____ to me known, who, being by me duly sworn, did depose and say that he/she resides in the State of _____; and that he/she is the _____ of HOWARD BROTHERS ELECTRIC OF CHARLOTTE, LLC, the limited liability company described in and which executed the foregoing instrument; that he/she executed the foregoing instrument by order and authority of the partners (limited and general) and/or members of said HOWARD BROTHERS ELECTRIC OF CHARLOTTE, LLC; and that he/she signed his/her name thereto by like order and authority.

(SEAL)

_____
NOTARY PUBLIC

My commission expires:

_____

INDIVIDUAL ACKNOWLEDGMENT

STATE OF _____
COUNTY OF _____

On this _____ day of _____, 2005, before me personally came DAVID LATOUR, to me known, who, being by me duly sworn, did depose and say that he resides in the State of North Carolina, and that he executed the foregoing instrument for the purposes therein contained.

(SEAL)

_____
NOTARY PUBLIC

My commission expires:

_____

EXHIBIT C

CASH RECONCILIATION EXAMPLE

(see attached)

CASH TRUE UP - FOR ILLUSTRATION PURPOSES ONLY
JANUARY 13, 2005

Item #	Description	Department	Activity	Location	Notes
	INTERCOMPANY BALANCE 9/30/2004		7,219,329.56		
	INTERCOMPANY BALANCE 1/4/2005		7,107,772.46		
	INTERCOMPANY CHANGE FROM 9/30/04 TO 1/4/05		(111,557.10)		Beginning point for cash true up. Owed (To)/From IES
1	Disbursements generated at this Entity	Finance	Subsidiary	Note:	Outstanding Checks (has not cleared as of Jan 4th)
			(52.00)		Checks to clear after Jan 4th.
2	Cash Receipts (has not cleared bank as of Jan 4th)	Finance	Home Office -- On cash sheet		3
	Banking Fees	Finance	Home Office -- None for this Entity		
4	Workers Compensation Insurance	Finance	Home Office		
			(1,520.14)		Dec 1-Dec 6 estimate. Based on Nov template
5	General Liability				

Insurance Finance Home Office (221.50) Dec 1-Dec 6 estimate. Based on Nov template 6 Umbrella Insurance Finance Home Office (88.54) Dec 1-Dec 6 estimate. Based on Nov template 7 Property Finance Home Office (111.49) Dec 1-Dec 6 estimate. Based on Nov template 8 Health Insurance Premiums HR Home Office 9,804.25 Prorated amount for Dec 7- Dec 31 being credited back to IES in Feb 05 by Blue Cross. IES had charged on Cash Sheet full amount for Dec Health Insurance to this Entity. 9 Dental Insurance Premiums HR Home Office -- None for this Entity 10 401K Contributions HR Home Office & -- On Cash Sheet Subsidiary 11 Employee Stock Purchase Plan HR Home Office (297.61) Correct ESPP balance for 2004 for period 1 (as per Cheryl Beck's reconciliation) 12 Executive Savings Plan HR Home Office -- On Cash Sheet 13 Executive Savings Plan-Withdrawals HR Home Office -- None for this Entity 14 Flex Acct Fees HR Home Office -- None for this Entity 15 MCI Frame IT Home Office (468.93) MCI Frame bill for period Nov 15-Dec 6th not yet paid by IES. Billing cycle from 15th-14th 16

Bond Premiums
Operations Home Office -- None for this Entity
17 Mind Wireless
Purchasing Home Office -- None for this entity
18 Nextel Charges
Purchasing Home Office
(1,155.76)
Nextel Bill for period Nov 5-Dec 4th not yet paid by IES.
19 Vehicle Insurance Premiums
Purchasing Home Office (610.21)
Dec 1-Dec 6 estimate. Based on Nov template
20 Insurance Deductible
Purchasing Home Office -- Could not gather data as of 1/4/2005
21 PHH Lease Payment
Purchasing Home Office 7,987.30
On Cash Sheet (Trans #439598). Paid on Dec 1 for the month of Dec. DL Peterson will be crediting IES the full amount on the Jan invoice.
22 Corvel WC Safety Home Office
(2,500.00)
Auto liability claim in process. 2,500 is this Entity's deductible. Claim # 2A934962 Claimant: Barbara Jones -
---
TOTAL OWED (TO)/FROM IES
(100,791.74)

EXHIBIT 99.1

NEWS RELEASE

(IES LOGO)

Contacts: H. Roddy Allen, CEO
David A. Miller, CFO
Integrated Electrical Services, Inc.
713-860-1500

Ken Dennard / ksdennard@drg-e.com
Karen Roan / kcroan@drg-e.com
DRG&E / 713-529-6600

FOR IMMEDIATE RELEASE

INTEGRATED ELECTRICAL SERVICES UPDATES STATUS OF SEC INQUIRY

HOUSTON -- January 26, 2005 -- As Integrated Electrical Services, Inc. (NYSE: IES) previously announced on November 10, 2004, the Staff of the United States Securities and Exchange Commission (SEC) had been conducting an informal inquiry relating to the company's internal investigation, the investigation conducted by counsel to the Audit Committee of the company's Board of Directors, and the material weaknesses identified by IES' auditors in August 2004.

Earlier this week IES received notice of a formal order of a nonpublic investigation issued by the SEC concerning these and related matters. The company's internal investigation and the investigation conducted by counsel have been completed, and the company has filed its fiscal 2004 Form 10-K with the SEC. IES will continue to fully cooperate with the Staff's investigation.

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

# # #

EXHIBIT 99.2

NEWS RELEASE

(IES LOGO)

Contacts: David A. Miller, CFO
Integrated Electrical Services, Inc.
713-860-1500

Ken Dennard / ksdennard@drg-e.com
Karen Roan / kcroan@drg-e.com
DRG&E
713-529-6600

FOR IMMEDIATE RELEASE

INTEGRATED ELECTRICAL SERVICES ANNOUNCES FISCAL 2005 FIRST QUARTER EARNINGS RELEASE AND CONFERENCE CALL SCHEDULE

HOUSTON - JANUARY 28, 2005 - Integrated Electrical Services, Inc. (NYSE: IES) today announced plans to release its fiscal 2005 first quarter results on Wednesday, February 9, 2005 after the market closes.

Integrated Electrical Services has scheduled a conference call for Thursday, February 10, 2005 at 9:30 a.m. eastern time. H. Roddy Allen, President and Chief Executive Officer, and David A. Miller, Chief Financial Officer, will conduct the call.

To participate in the conference call, dial 303-262-2190 at least ten minutes before the call begins and ask for the Integrated Electrical Services conference call. A replay of the call will be available approximately two hours after the live broadcast ends and will be accessible until February 17, 2005. To access the replay, dial (303) 590-3000 and use the pass code of 11023152.

Investors, analysts and the general public will also have the opportunity to listen to the conference call over the Internet by visiting the company's web site at http://www.ies-co.com . To listen to the live call on the web, please visit the web site at least fifteen minutes early to register, download and install any necessary audio software. For those who cannot listen to the live web cast, an archive will be available on the company's web site shortly after the call. For more information, please contact Donna Washburn at DRG&E at (713) 529-6600 or email her at: dmw@drg-e.com .

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

# # #

EXHIBIT 99.3

[IES LOGO] NEWS RELEASE

Contacts: David A. Miller, CFO
Integrated Electrical Services, Inc.
713-860-1500

Ken Dennard / ksdennard@drg-e.com
Karen Roan / kcroan@drg-e.com
DRG&E / 713-529-6600

FOR IMMEDIATE RELEASE

INTEGRATED ELECTRICAL SERVICES ANNOUNCES SALE OF TWO BUSINESS UNITS

HOUSTON -- FEBRUARY 2, 2005 -- Integrated Electrical Services, Inc. (NYSE: IES) today announced that it has completed the sale of substantially all of the assets of two of its commercial business units for a combined sales price of approximately $4.3 million in cash. Based in New Mexico and North Carolina, these units were included in the company's October 28, 2004 press release indicating that IES planned to divest several commercial businesses with combined 2004 revenues of approximately $289 million.

In fiscal 2004, these two units had combined revenues of $27.3 million and operating income of $0.6 million. The majority of the net proceeds from these sales will be used to retire IES' senior secured indebtedness.

On a cumulative basis since November 29, 2004, IES has completed six sales and received approximately $19.3 million in cash. During fiscal 2004, these six units produced combined revenues of $102.3 million and operating income of $1.2 million.

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

This Press Release includes certain statements that may be deemed to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on the Company's expectations and involve risks and uncertainties that could cause the Company's actual results to differ materially from those set forth in the statements. Such risks and uncertainties include, but are not limited to, the inherent uncertainties relating to estimating future operating results or our ability to generate sales, income, or cash flow, potential difficulty in addressing material weaknesses in the Company's accounting systems that have been identified to the Company by its independent auditors, potential limitations on our ability to access the credit line under our credit facility, litigation risks and uncertainties, fluctuations in operating results because of downturns in levels of construction, incorrect estimates used in entering into and executing contracts, difficulty in managing the operation of existing entities, the high level of competition in the construction industry, changes in interest rates, the general level of the economy, increases in the level of competition from other major electrical contractors, increases in costs of labor, steel, copper and gasoline, limitations on the availability and the increased costs of surety bonds required for certain projects, inability to reach agreement with a surety company or a co-surety to provide sufficient bonding capacity, risk associated with failure to provide surety bonds on jobs where we have commenced work or are otherwise contractually obligated to provide surety bonds, loss of key personnel, inability to reach agreement for planned sales of assets, business disruption and transaction costs attributable to the sale of business units, costs associated with the closing of business units, unexpected liabilities associated with warranties or other liabilities attributable to the retention of the legal structure of business units where we have sold substantially all of the assets of the business unit, inability to fulfill the terms of the required payments under the credit facility, disruption of business or costs resulting from an SEC investigation, difficulty in integrating new types of work into existing subsidiaries, errors in estimating revenues and percentage of completion on contracts, and weather and seasonality. The foregoing and other factors are discussed and should be reviewed in the Company's filings with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the year ended September 30, 2004.