Table of Contents

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

FORM 10-K

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

For the fiscal year ended September 30, 2016

Commission File Number 1-13783

IES Holdings, 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.)**

5433 Westheimer Road, Suite 500, Houston, Texas, 77056
(Address of principal executive offices and ZIP code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $0.01 per share	**NASDAQ Global Market**
Rights to Purchase Preferred Stock	**NASDAQ Global Market**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting stock of the Registrant on March 31, 2016 held by non-affiliates was approximately $113.5 million. On December 7, 2016, there were 21,456,523 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information contained in the Proxy Statement for the 2017 Annual Meeting of Stockholders of the Registrant to be held on February 7, 2017 is incorporated by reference into Part III of this Form 10-K.

FORM 10-K

IES HOLDINGS, INC.
Table of Contents

PART I

DEFINITIONS

In this Annual Report on Form 10-K, the words "IES", the "Company", the "Registrant", "we", "our", "ours" and "us" refer to IES Holdings, Inc. and, except as otherwise specified herein, to our subsidiaries.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K includes certain statements that may be deemed "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, all of which are based upon various estimates and assumptions that the Company believes to be reasonable as of the date hereof. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "could," "should," "expect," "plan," "project," "intend," "anticipate," "believe," "seek," "estimate," "predict," "potential," "pursue," "target," "continue," the negative of such terms or other comparable terminology. These statements involve risks and uncertainties that could cause the Company's actual future outcomes to differ materially from those set forth in such statements. Such risks and uncertainties include, but are not limited to:

- the ability of our controlling shareholder to take action not aligned with other shareholders;
- the sale or disposition of the shares of our common stock held by our controlling shareholder, which, under certain circumstances, would trigger change of control provisions in our severance plan or financing and surety arrangements; or any other substantial sale of our common stock, which could depress our stock price;
- relatively low trading volume of our common stock, which could depress our stock price;
- the possibility that we issue additional shares of common stock or convertible securities that will dilute the percentage ownership interest of existing stockholders and may dilute the book value per share of our common stock;
- the possibility that certain tax benefits of our net operating losses may be restricted or reduced in a change in ownership;
- the potential recognition of valuation allowances on deferred tax assets;
- the inability to carry out plans and strategies as expected, including our inability to identify and complete acquisitions that meet our investment criteria in furtherance of our corporate strategy;
- limitations on the availability of sufficient credit or cash flow to fund our working capital needs and capital expenditures and debt service;
- difficulty in fulfilling the covenant terms of our credit facilities;
- competition in the industries in which we operate, both from third parties and former employees, which could result in the loss of one or more customers or lead to lower margins on new projects;
- challenges integrating new businesses into the Company or new types of work, products or processes into our segments;
- fluctuations in operating activity due to downturns in levels of construction, seasonality and differing regional economic conditions;
- a general reduction in the demand for our services;
- a change in the mix of our customers, contracts or business;
- our ability to enter into, and the terms of, future contracts;

- our ability to successfully manage projects;
- the possibility of errors when estimating revenue and progress to date on percentage-of-completion contracts;
- interruptions to our information systems and cyber security or data breaches;
- closures or sales of facilities resulting in significant future charges, including potential warranty losses or other unexpected liabilities, or a significant disruption of our operations;
- inaccurate estimates used when entering into fixed-priced contracts;
- the cost and availability of qualified labor and the ability to maintain positive labor relations;
- an increased cost of surety bonds affecting margins on work and the potential for our surety providers to refuse bonding or require additional collateral at their discretion;
- increases in bad debt expense and days sales outstanding due to liquidity problems faced by our customers;
- the recognition of potential goodwill, long-lived assets and other investment impairments;
- credit and capital market conditions, including changes in interest rates that affect the cost of construction financing and mortgages, and the inability for some of our customers to retain sufficient financing which could lead to project delays or cancellations;
- accidents resulting from the physical hazards associated with our work and the potential for accidents;
- our ability to pass along increases in the cost of commodities used in our business, in particular, copper, aluminum, steel, fuel and certain plastics;
- potential supply chain disruptions due to credit or liquidity problems faced by our suppliers;
- loss of key personnel and effective transition of new management;
- success in transferring, renewing and obtaining electrical and other licenses;
- backlog that may not be realized or may not result in profits;
- uncertainties inherent in estimating future operating results, including revenues, operating income or cash flow;
- disagreements with taxing authorities with regard to tax positions we have adopted;
- the recognition of tax benefits related to uncertain tax positions;
- complications associated with the incorporation of new accounting, control and operating procedures;
- the possibility that our internal controls over financial reporting and our disclosure controls and procedures may not prevent all possible errors that could occur;
- the effect of litigation, claims and contingencies, including warranty losses, damages or other latent defect claims in excess of our existing reserves and accruals;
- growth in latent defect litigation in states where we provide residential electrical work for home builders not otherwise covered by insurance;
- the possibility that our current insurance coverage may not be adequate or that we may not be able to obtain a policy at acceptable rates;
- future capital expenditures and refurbishment, repair and upgrade costs; and delays in and costs of refurbishment, repair and upgrade projects; and
- liabilities under laws and regulations protecting the environment.

You should understand that the foregoing, as well as other risk factors discussed in this document, including those listed in Part I, Item 1A of this report under the heading "*Risk Factors,*" could cause future outcomes to differ materially from those experienced previously or those expressed in such forward-looking statements. We undertake no obligation to publicly update or revise any information, including information concerning our controlling shareholder, net operating losses, borrowing availability or cash position, or any forward-looking statements to reflect events or circumstances that may arise after the date of this report. Forward-looking statements are provided in this Form 10-K pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 and should be evaluated in the context of the estimates, assumptions, uncertainties and risks described herein.

Item 1. ***Business***

OVERVIEW OF OUR SERVICES

IES Holdings, Inc. is a holding company that owns and manages diverse operating subsidiaries across a variety of infrastructure-related end markets. Our operations are currently organized into four principal business segments, based upon the nature of our current services:

- Communications — Nationwide provider of technology infrastructure services to large corporations and independent businesses.
- Residential — Regional provider of electrical installation services for single-family housing and multi-family apartment complexes.
- Commercial & Industrial — Provider of electrical and mechanical design, construction, and maintenance services to the commercial and industrial markets in various regional markets and nationwide in certain areas of expertise, such as the power infrastructure market.
- Infrastructure Solutions — Provider of electro-mechanical solutions for industrial operations.

Our businesses are managed in a decentralized manner. While sharing common goals and values, each of the Company's segments manages its own day-to-day operations. Our corporate office is focused on significant capital allocation decisions, investment activities and selection of segment leadership, as well as strategic and operational improvement initiatives and the establishment and monitoring of risk management practices within our segments.

IES Holdings, Inc. is a Delaware corporation established in 1997 and headquartered in Houston, Texas, with an executive office in Greenwich, Connecticut. In May 2016, we amended our charter to change our name from Integrated Electrical Services, Inc. to IES Holdings, Inc. to better reflect our holding company strategy.

CORPORATE STRATEGY

We seek to create shareholder value through improving operating margins and generating free cash flow by investing in our existing businesses and completing acquisitions. We seek to acquire or invest in stand-alone platform companies based in North America or acquire businesses that strategically complement our existing business segments. In evaluating potential acquisition candidates, we seek to invest in businesses with, among other characteristics:

- Proven management with a willingness to continue post-acquisition;
- Low technological and/or product obsolescence risk;
- Established market position and sustainable competitive advantages; and
- Strong cash flow characteristics.

We believe that acquisitions provide an opportunity to expand into new end markets and diversify our revenue and profit streams, which we expect will allow us to maximize the value of our significant net operating loss tax carry forwards (“NOLs”). While we may use acquisitions to build our presence in the industries we serve, we will also consider potential acquisitions in other industries, which could result in changes in our operations from those historically conducted by us.

Recent Transactions

In fiscal 2016, we acquired four businesses for aggregate consideration of $59.5 million and disposed of one non-core operation, as described below:

Acquisitions:

- Calumet Armature & Electric, LLC (“Calumet”), an Illinois-based provider of design, manufacturing, assembly, and repair services of electric motors for the industrial and mass transit markets, was acquired in October 2015 in our Infrastructure Solutions segment.
- Shanahan Mechanical and Electrical, Inc. (“Shanahan”), a Nebraska-based provider of mechanical and electrical contracting services, was acquired in November 2015 in our Commercial & Industrial segment.
- An 80% interest in STR Mechanical, LLC (“STR”), a Charlotte, North Carolina-based provider of commercial and industrial mechanical services, including maintenance, repair, and replacement services, and temperature control system installations, was acquired in April 2016 in our Commercial & Industrial segment.
- Technibus Inc. (“Technibus”), a Canton, Ohio based provider of custom-engineered, metal-enclosed bus duct solutions for use in power distribution was acquired in June 2016 in our Infrastructure Solutions segment.

Dispositions:

- In April 2016, we sold substantially all of the operating assets of HK Engine Components, LLC (“HKEC”), a non-core operation of our Infrastructure Solutions business that was based in Hagerstown, Maryland and manufactured and remanufactured EMD-style power assemblies for various engine types used in the railroad and marine markets.

We completed one acquisition in fiscal 2015:

- Southern Industrial Sales and Services, Inc. (“Southern Rewinding”), a Columbus, Georgia-based motor repair and related field services company was acquired in May 2015 in our Infrastructure Solutions segment.

For more information on these transactions, please see Note 18, “Business Combinations and Divestitures” in the notes to our Consolidated Financial Statements.

Controlling Shareholder

A majority of our outstanding common stock is owned by Tontine Associates, L.L.C. and its affiliates (collectively, “Tontine”). On October 5, 2016, Tontine filed an amended Schedule 13D indicating its ownership level of approximately 58%. As a result, Tontine can control most of our affairs, including most actions requiring the approval of shareholders, such as the approval of any potential merger or sale of all or substantially all assets, segments, or the Company itself. Most of Tontine’s shares are registered on a shelf registration statement (the “Shelf Registration Statement”) filed by the Company and declared effective in 2013 by the U.S. Securities and Exchange Commission (the “SEC”). Tontine’s sale of all or any portion of its shares could result in a change of control, which would trigger the change of control provisions in a number of our material agreements, including our credit facility, bonding agreements with our sureties and our executive severance plan. For more information see Note 3, "Controlling Shareholder" in the notes to our Consolidated Financial Statements.

Net Operating Loss Tax Carry Forward

The Company and certain of its subsidiaries have an estimated federal NOL of approximately $404.0 million at September 30, 2016, including approximately $142.0 million resulting from the additional amortization of personal goodwill.

In past periods, we had recorded a significant valuation allowance against our deferred tax assets. In order for the Company to release this valuation allowance, a substantial amount of positive evidence regarding current and future earnings is required to outweigh the significant negative evidence associated with historical losses. We have reassessed the need for a valuation allowance at year end fiscal 2016, and due to our significant increase in 2016 earnings over prior years, and four acquisitions completed in fiscal 2016, combined with the previous closure of underperforming branches which generated significant historical losses, we concluded, based on information currently available, that the more recent positive evidence now outweighs the historical negative evidence regarding current and future earnings. Therefore, we believe it is more likely than not that we will generate sufficient taxable income to utilize $93.5 of deferred tax assets, including $0.5 million of which were not reserved with a valuation allowance at the beginning of the year. As a result of this conclusion, we recognized an income tax benefit of $109.0 million in the year ended September 30, 2016. This benefit includes $16.0 million related to the release of a portion of the valuation allowance in connection with current year earnings and 2016 purchase accounting transactions, as well as $93.0 million for the release of valuation allowances on deferred tax assets expected to be utilized in future years. However, this valuation allowance release has no impact on the amount of cash paid for income taxes. An inability to generate sufficient taxable income in future periods to realize our deferred tax assets may lead to recording of additional valuation allowances in future periods and a reduction in GAAP net income. Further, any future reduction in the federal statutory tax rate could also cause a reduction in the economic benefit of the NOL available to us, and a corresponding charge to reduce the book value of the deferred tax asset recorded on our balance sheet.

A change in ownership, as defined by Internal Revenue Code Section 382, could reduce the availability of NOLs for federal and state income tax purposes. Should Tontine sell or otherwise dispose of all or a portion of its position in IES, a change in ownership could occur. In addition, a change in ownership could result from the purchase of common stock by an existing or a new 5% shareholder as defined by Internal Revenue Code Section 382. Should a change in ownership occur, all net operating losses incurred prior to the change in ownership would be subject to limitation imposed by Internal Revenue Code Section 382, which would substantially reduce the amount of NOL currently available to offset taxable income. For more information see Note 3, "*Controlling Shareholder*" in the notes to our Consolidated Financial Statements.

On November 8, 2016, the Company implemented a new tax benefit protection plan (the "NOL Rights Plan"), following the expiration of the Company's prior tax benefit protection plan, which was implemented in January 2013. Like the prior plan, the NOL Rights Plan was designed to deter an acquisition of the Company's stock in excess of a threshold amount that could trigger a change of control within the meaning of Internal Revenue Code Section 382. For more information see Note 20, "*Subsequent Events*" in the notes to our Consolidated Financial Statements.

OPERATING SEGMENTS

The Company's reportable segments consist of the consolidated business segments identified above, which offer different services and are managed separately. The table below describes the percentage of our total revenues attributable to each of our four segments over each of the last three years:

	Years Ended September 30,					
	2016		2015		2014	
	$	%	$	%	$	%
	(Dollars in thousands, Percentage of revenues)					
Communications	$ 189,635	27.2%	$ 141,858	24.7%	$ 116,073	22.7%
Residential	225,889	32.5%	206,307	36.0%	182,514	35.6%
Commercial & Industrial	222,466	32.0%	178,865	31.2%	166,249	32.4%
Infrastructure Solutions	58,003	8.3%	46,827	8.1%	47,559	9.3%
Total Consolidated	$ 695,993	100.0%	$ 573,857	100.0%	$ 512,395	100.0%

For additional financial information by segment, see Note 10, "Operating Segments" in the notes to our Consolidated Financial Statements.

Communications

Business Description

Originally established in 1984, our Communications segment is a leading provider of network infrastructure services for data centers and other mission critical environments. Services offered include the design, installation and maintenance of network infrastructure for the financial, medical, hospitality, government, high-tech manufacturing, educational and information technology industries including for Fortune 500 corporations. We also provide the design and installation of audio/visual, telephone, fire, wireless access and intrusion alarm systems as well as design/build, service and maintenance of data network systems. We perform services across the United States from our 13 offices, including our Communications headquarters located in Tempe, Arizona, allowing dedicated onsite maintenance teams at our customers' sites.

Industry Overview

Our Communications segment is driven by demand increases for computing and storage resources as a result of technology advancements and obsolescence and changes in data consumption patterns. The data center market remains strong, and we are continuing to expand our offerings in this market to broaden our customer base. Additionally, demand has been growing for our audio-visual and other building technology offerings. Nevertheless, due to economic, technological and other factors, there can be no assurance that demand will continue to increase.

Sales and Marketing

Our sales strategy relies on a concentrated business development effort, with centralized marketing programs and direct end-customer communications and relationships. Due to the mission critical nature of the facilities we service, our end-customers significantly rely upon our past performance record, technical expertise and specialized knowledge. A significant portion of our Communications business volume is generated from long-term, repeat customers, some of whom use IES as a preferred provider for major projects.

Our long-term strategy is to improve our position as a preferred mission critical solutions and services provider to large national corporations and strategic local companies. Key elements of our long-term strategy include continued investment in our employees' technical expertise and expansion of our onsite maintenance and recurring revenue model as well as opportunistic acquisitions of businesses that serve our markets, consistent with our stated corporate strategy.

Competition

Our competition consists of both large public companies and small, privately owned contractors who have limited access to capital. We compete on quality of service and/or price and seek to emphasize our long history of delivering high quality solutions to our customers.

Seasonality and Quarterly Fluctuations

The effects of seasonality on our Communications business are insignificant, as work generally is performed inside structures protected from the weather. Our service and maintenance business is also generally not affected by seasonality. However, communications infrastructure spending has historically been highly cyclical. Our volume of business may be adversely affected by declines in projects resulting from adverse regional or national economic conditions. Quarterly results may also be materially affected by the timing of new construction projects. Accordingly, operating results for any fiscal period are not necessarily indicative of results that may be achieved for any subsequent fiscal period.

Residential

Business Description

Originally established in 1973, our Residential segment is a leading provider of electrical installation services for single-family housing and multi-family apartment complexes and cable television installations for residential and light commercial applications. In addition to our core electrical construction work, the Residential segment also provides services for the installation of residential solar power, both for new construction and existing residences. The Residential segment is made up of 32 total locations, which include the segment headquarters in Houston, Texas. These locations geographically cover the Sun-Belt, Western and Mid-Atlantic regions of the United States.

Industry Overview

Our Residential business is closely correlated to the single and multi-family housing market. Demand for both single-family and multi-family housing has increased in recent years. Nevertheless, due to economic, technological or other factors there can be no assurance that construction and demand will continue to increase in the future.

Sales and Marketing

Demand for our Residential services is highly dependent on the number of single-family and multi-family home starts in the markets we serve. Although we operate in multiple states throughout the Sun-Belt, Mid-Atlantic and Western regions of the United States, the majority of our segment revenues are derived from services provided in the state of Texas. Our sales efforts include a variety of strategies, including a concentrated focus on national homebuilders and multi-family developers and a local sales strategy for single and multi-family housing projects. Our cable and solar revenues are typically generated through third parties specializing in these industries who select us as a preferred provider of installation services. A significant portion of our Residential business volume is generated from long-term, repeat customers, some of whom use IES as a preferred provider for major projects.

Our long-term strategy is to continue to be a leading provider of electrical services to the residential market. The key elements of our long-term strategy include a continued focus on maintaining a low and variable cost structure and cash generation which has allowed us to effectively scale according to the housing cycle. During the housing downturn, we modified our strategy by expanding into markets less exposed to national building cycles, such as solar panel and cable installation services.

Competition

Our competition primarily consists of small, privately owned contractors who have limited access to capital. We believe that we have a competitive advantage over these smaller competitors due to our key employees' long-standing customer relationships, our financial capabilities, and our local market knowledge and competitive pricing. There are few barriers to entry for electrical contracting services in the residential markets.

Seasonality and Quarterly Fluctuations

Results of operations from our Residential segment can be seasonal, depending on weather trends, with typically higher revenues generated during spring and summer and lower revenues during fall and winter. Our service and maintenance business is generally not affected by seasonality. In addition, the construction industry has historically been highly cyclical. Our volume of business may be adversely affected by declines in construction projects resulting from adverse regional or national economic conditions. Quarterly results may also be materially affected by the timing of new construction projects. Accordingly, operating results for any fiscal period are not necessarily indicative of results that may be achieved for any subsequent fiscal period.

Commercial & Industrial

Business Description

Our Commercial & Industrial segment offers a broad range of expertise that enables us to provide a wide array of quality services related to electrical and mechanical design, construction, and maintenance to the commercial and industrial markets. The offerings under our electrical design services platform range from budget assistance to providing design build and LEED (Leadership in Energy & Environmental Design) solutions to our end customers. Our electrical and mechanical construction services range from the initial planning and procurement to installation and start-up and are offered to a variety of new and remodel construction projects, ranging from the construction of office buildings and industrial facilities to transmission and distribution projects. The electrical and mechanical maintenance services offered include critical plant shutdown, troubleshooting, emergency testing, preventative maintenance, and constant presence.

During fiscal 2016, we expanded our geographic and service offerings with the November 2015 acquisition of Shanahan and added mechanical service offerings with the April 2016 acquisition of STR.

This segment provides services for a variety of project types, including: office buildings, manufacturing facilities, data centers, chemical plants, refineries, wind farms, solar facilities and municipal infrastructure and health care facilities. The Commercial & Industrial segment consists of 20 locations, which include the segment headquarters in Houston, Texas. These locations geographically cover Texas, Nebraska, Colorado, Oregon, and the Southeast and Mid-Atlantic regions.

Industry Overview

Given the diverse end markets of our Commercial & Industrial customers, which include both commercial buildings, such as offices, healthcare facilities and schools, and industrial projects, such as power, chemical, refinery and heavy manufacturing facilities, we are subject to many trends within the construction industry. In general, demand for our Commercial & Industrial services is driven by construction and renovation activity levels, economic growth, and availability of bank lending. Due to economic, technological or other factors, there can be no assurance that construction and demand will increase.

Sales and Marketing

Our sales focus varies by location, but is primarily based upon regional and local relationships and a demonstrated expertise in certain industries, such as transmission and distribution. Our maintenance and certain renovation and upgrade work tend to be either recurring or experience lower sensitivity to economic cycles, or both. A significant portion of our larger projects are awarded from long-term, repeat customers. From time to time, we are contracted on projects with completion times extending beyond one year or over several years, which are generally more complex and difficult to estimate.

With a focus on quality service offerings, our long-term strategy is to continue to be one of the preferred providers of electrical and mechanical services in the markets where we have demonstrated expertise and/or are a local market leader. Key elements of our long-term strategy include leveraging our expertise in certain niche markets, expanding our service and maintenance business and maintaining our focus on returns on risk adjusted capital.

Competition

The electrical and mechanical contracting services industry is generally highly competitive and includes a number of regional or small privately-held local firms. There are few barriers to entry for our electrical and mechanical contracting services in the commercial and industrial markets, which limits our advantages when competing for projects. Industry expertise, project size, location and past performance will determine our bidding strategy, the level of involvement from competitors and our level of success in winning awards. Our primary advantages vary by location and market, but mostly are based upon local individual relationships with key customers or a demonstrated industry expertise. Additionally, due to the size of many of our projects, our financial resources help us compete effectively against local competitors.

Seasonality and Quarterly Fluctuations

The effects of seasonality on our Commercial & Industrial business are insignificant, as work generally is performed inside structures protected from the weather. Most of our service and maintenance business is also generally not affected by seasonality. However, the construction industry has historically been highly cyclical. Our volume of business may be adversely affected by declines in construction projects resulting from adverse regional or national economic conditions. Quarterly results may also be materially affected by the timing of new construction projects. Accordingly, operating results for any fiscal period are not necessarily indicative of results that may be achieved for any subsequent fiscal period.

Infrastructure Solutions

Business Description

Our Infrastructure Solutions segment provides electro-mechanical solutions for industrial operations to domestic and international customers. In particular, our electro-mechanical services include the maintenance and repair of alternating current (AC) and direct current (DC) electric motors and generators, as well as power generating and distribution equipment; the manufacture, remanufacture, and repair of industrial lifting magnets; maintenance and repair of railroad main and auxiliary generators, main alternators, and traction motors; and the manufacture of electro mechanical components used in power distribution.

This segment serves the steel, railroad, marine, petrochemical, pulp and paper, wind energy, mining, automotive, power generation, scrap yards, and utility industries. Our Infrastructure Solutions segment is comprised of 10 locations and is headquartered in Ohio. These segment locations geographically cover Alabama, Georgia, Indiana, Illinois, Ohio, West Virginia, and California.

We further enhanced our geographic and service offering through the October 2015 acquisition of Calumet, an Illinois-based provider of design, manufacturing, assembly, and repair services of electric motors for the industrial and mass transit markets, which operates as a subsidiary in this segment. Additionally, through the acquisition of Technibus in June 2016, we expanded our solutions capabilities to include custom-engineered, metal enclosed bus duct solutions, which are highly engineered electrical components that conduct electricity between medium-voltage generators, breakers, transformers, and switchgear, primarily utilized at power generation plants and large electricity-consuming facilities.

Industry Overview

Given the diverse end-markets of Infrastructure Solutions' customers, we are subject to many economic trends. In general, demand for our services has been driven by in-house maintenance departments continuing to outsource maintenance and repair work, output levels and equipment utilization at heavy industrial facilities, railroad companies' and mass transit authorities' capital investments and repair needs, investment in the United States' aging energy and industrial infrastructure, and the overall health of the economy.

Sales and Marketing

Demand for Infrastructure Solutions' services is largely driven by the degree to which industrial and mechanical services are outsourced by our customers, production rates at steel mills, investments in power generation and other heavy industrial facilities, and the need for electrical infrastructure improvements. Our sales efforts are primarily driven by personnel based at our 10 locations and independent sales representatives. Given that the majority of our apparatus repair customers are located within a 200-mile radius of our facilities, we believe that this structure allows us to rapidly address and respond to the needs of our customers. Our custom-engineered bus system products and services are principally sold in partnership with an original equipment manufacturer (OEM) or to an engineering, procurement and construction (EPC) firm on behalf of the end-user. Our long term strategy is to be the preferred solutions provider of outsourced electro-mechanical services, repairs, and manufacturing to our select markets and a leader in custom-engineered metal enclosed bus systems.

Competition

Our competition is comprised mainly of small, specialized manufacturing and repair shops, a limited number of other multi-location providers of electric motor repair, engineering and maintenance services, and various OEMs. Participants in this industry compete primarily on the basis of capabilities, service, quality, timeliness and price. We believe that we have a competitive advantage due to our breadth of capabilities, focus on quality, technical support and customer service.

Seasonality and Quarterly Fluctuations

Infrastructure Solutions' revenues from industrial services may be affected by the timing of scheduled outages at its industrial customers' facilities and by weather conditions with respect to projects conducted outdoors, but the effects of seasonality on revenues in its industrial services business are insignificant. Infrastructure Solutions' quarterly results may fluctuate, and the results of one fiscal quarter may not be representative of the results of any other quarter or of the full fiscal year.

SOURCES OF SUPPLY

The raw materials and components we use within our segments include, but are not limited to, electrical fixtures and system components, copper, aluminum, and raw steel. These raw materials and components are generally available from a variety of domestic suppliers at competitive prices. Delivery times are typically short for most raw materials and standard components, but during periods of peak demand, may extend to one month or more. Our strategy to reduce commodity cost exposure includes early buying of commodities for particular projects, or for general inventory, as well as including escalation and escape provisions in project bids, quotes and contracts wherever possible.

RISK MANAGEMENT

The primary risks in our existing operations include project bidding and management, bodily injury, property and environmental damage, and construction defects. We monitor project bidding and management practices at various levels within the Company. We maintain automobile, general liability and construction defect insurance for third party health, bodily injury and property damage, as well as pollution coverage and workers' compensation coverage, which we consider appropriate to insure against these risks. Our third-party insurance is subject to deductibles for which we establish reserves. In light of these risks, we are also committed to a strong safety and environmental compliance culture. We employ full-time and part-time regional safety managers, under the supervision of our full-time Vice President of Safety, and seek to maintain standardized safety and environmental policies, programs, procedures and personal protection equipment relative to each segment, including programs to train new employees, which apply to employees new to the industry and those new to the Company.

In the electrical contracting industry, our ability to post surety bonds provides us with an advantage over competitors that are smaller or have fewer financial resources. We believe that the strength of our balance sheet, as well as a good relationship with our bonding providers, enhances our ability to obtain adequate financing and surety bonds, although there can be no assurance that surety bonding coverage will be available when we need it. For a further discussion of our risks, please refer to Item 1A. "Risk Factors" of this Form 10-K.

CUSTOMERS

We have a diverse customer base. During the twelve-month periods ended September 30, 2016, 2015 and 2014, no single customer accounted for more than 10% of our consolidated revenues. We emphasize developing and maintaining relationships with our customers by providing superior, high-quality service. Management at each of our segments is responsible for determining sales strategies and sales activities.

BACKLOG

Backlog is a measure of revenue that we expect to recognize from work that has yet to be performed on uncompleted contracts, and from work that has been contracted but has not started, exclusive of short-term projects. The increase in our Infrastructure Solutions segment's backlog as of September 30, 2016 is primarily attributable to the acquisition of Technibus. Not all of our work is performed under contracts included in backlog; for example, most of the apparatus repair work that is completed by our Infrastructure Solutions segment is performed under master service agreements on an as-needed basis. Additionally, electrical installation services for single-family housing in our Residential segment is completed on a short-term basis and is therefore excluded from backlog. The table below summarizes our backlog by segment:

	Years Ended September 30,	
	2016	2015
	(Dollars in millions)	
Communications	$ 91	$ 51
Residential	100	69
Commercial & Industrial	116	148
Infrastructure Solutions	34	2
Total	$ 341	$ 270

While all of our backlog is supported by documentation from customers authorizing the performance of future work, backlog is not a guarantee of future revenues, as contractual commitments may change. We expect that

$305 million of our September 30, 2016 backlog will result in revenue during fiscal 2017, with the remaining $36 million expected to be realized in fiscal 2018; however there can be no assurance that this backlog will be completed within expected time frames or at all.

REGULATIONS

Our operations are subject to various federal, state and local laws and regulations, including:

- licensing requirements applicable to electricians and service technicians;
- building and electrical codes;
- regulations relating to worker safety, labor relations and protection of the environment;
- regulations relating to consumer protection, including those governing residential service agreements; and
- qualifications of our business legal structure in the jurisdictions where we do business.

Many state and local regulations governing electricians require permits and licenses to be held by individuals. In some cases, a required permit or license held by a single individual may be sufficient to authorize specified activities for all our electricians who work in the state or county that issued the permit or license. It is our policy to ensure that, where possible, any permits or licenses that may be material to our operations in a particular geographic area are held by multiple employees within that area.

We believe we have all licenses required to conduct our operations and are in compliance with applicable regulatory requirements. Failure to comply with applicable regulations could result in substantial fines or revocation of our operating licenses or an inability to perform government work.

CAPITAL FACILITIES

During fiscal year 2016, the Company maintained a revolving credit facility, as described in Item 7. "*Management's Discussion and Analysis of Financial Condition and Results of Operations — The Revolving Credit Facility*" of this Form 10-K. For a discussion of the Company's capital resources, see Item 7. *"Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources"* of this Form 10-K.

FINANCIAL INFORMATION

For information on the Company's financial information by segment, see *Note 10, "Operating Segments"* in the notes to our Consolidated Financial Statements.

EMPLOYEES

At September 30, 2016, we had 4,063 employees. We are party to three collective bargaining agreements within our Infrastructure Solutions segment. We have not experienced, and do not expect, any work stoppage, and we believe that our relationship with our employees is strong.

LOCATIONS

As of September 30, 2016 we have 77 domestic locations serving the United States. In addition to our executive and corporate offices, as of September 30, 2016, we have 13 locations within our Communications business, 32 locations within our Residential business, 20 locations within our Commercial & Industrial business and 10 locations within our Infrastructure Solutions business. This diversity helps to reduce our exposure to unfavorable economic developments in any given region.

EXECUTIVE OFFICERS OF THE REGISTRANT

Certain information with respect to each executive officer is as follows:

Robert W. Lewey, 54, has served as a Director of the Company since April 2016 and as President of the Company since May 2015. He previously served as Interim Chief Operating Officer of the Company from January 2015 to May 2015 while continuing to serve as Senior Vice President, Chief Financial Officer and Treasurer of the Company, a role he had held from January 2012 to May 2015. From 2001 to 2006 and from 2007 to January 2012, Mr. Lewey served as Director of Tax, Vice President, Tax and Treasurer for IES. From 2006 to 2007, he served as Vice President, Tax for Sulzer US Holdings, Inc. From 1995 to 2001, Mr. Lewey served as Vice President, Tax for Metamor Worldwide, Inc., a leading provider of information technology solutions. Mr. Lewey began his career with Deloitte LLP.

Tracy A. McLauchlin, 46, has served as Senior Vice President, Chief Financial Officer and Treasurer of the Company since May 2015. She previously served as Vice President and Chief Accounting Officer of the Company since February 2014. Prior to joining IES, Ms. McLauchlin served as Vice President and Chief Accounting Officer of Rockwater Energy Solutions, Inc. from June 2011 to November 2013. From June 2004 to June 2011, Ms. McLauchlin was with Dynegy Inc., where she served as Senior Vice President and Controller from March 2009 to June 2011, and from June 2004 to March 2009 served in various other capacities in finance and accounting.

Gail D. Makode, 41, has served as Senior Vice President, General Counsel and Corporate Secretary since October 2012. Ms. Makode previously served in various legal positions at MBIA Inc. and its subsidiaries from 2006 to 2012, including as General Counsel and a member of the Board at MBIA Insurance Corporation and Chief Compliance Officer of MBIA Inc. Prior to MBIA, Ms. Makode served as Vice President and Counsel for Deutsche Bank AG from 2003 to 2006, and before that, was an Associate at Cleary, Gottlieb, Steen & Hamilton, where she specialized in public and private securities offerings and mergers and acquisitions.

Thomas E. Santoni, 54, has served as Senior Vice President, Operations of the Company since June 2016. Mr. Santoni previously served as President of IES Commercial & Industrial since June 2011 and, prior to that, held various leadership positions at the Company since joining in 1995, including business unit President, Regional General Manager, Vice President of Sales and Central Division Vice President. Prior to joining IES, Mr. Santoni managed electrical contracting operations at other operations in San Diego, California and Chicago, Illinois. He began his career in the electrical contracting industry approximately 30 years ago as a journeyman electrician.

We have adopted a Code of Ethics for Financial Executives that applies to our principal executive officer, principal financial officer and principal accounting officer. The Code of Ethics may be found on our website at www.ies-co.com. If we make any substantive amendments to the Code of Ethics or grant any waiver, including any implicit waiver, from a provision of the Code to our principal executive officer, principal financial officer or principal accounting officer, we will disclose the nature of such amendment or waiver on that website or in a report on Form 8-K. Paper copies of these documents are also available free of charge upon written request to us.

AVAILABLE INFORMATION

General information about us can be found on our website at *www.ies-co.com* under “Investor Relations.” We file our interim and annual financial reports, as well as other reports required by the Securities Exchange Act of 1934, as amended (the “Exchange Act”), with the United States Securities and Exchange Commission (the “SEC”).

Our annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as well as any amendments and exhibits to those reports are available free of charge through our website as soon as it is reasonably practicable after we file them with, or furnish them to, the SEC. You may also contact our Investor Relations department and they will provide you with a copy of these reports. The materials that we file with the SEC are also available free of charge through the SEC's website at *www.sec.gov*. You may also read and copy these materials at the SEC's Public Reference Room at 100 F Street, NE., Washington, D.C. 20549. Information on the operation of the Public Reference Room is available by calling the SEC at 1–800–SEC–0330.

In addition to the Code of Ethics for Financial Executives, we have adopted a Code of Business Conduct and Ethics for directors, officers and employees (the Legal Compliance and Corporate Policy Manual), and established Corporate Governance Guidelines and adopted charters outlining the duties of our Audit, Human Resources and Compensation and Nominating/Governance Committees, copies of which may be found on our website. Paper copies of these documents are also available free of charge upon written request to us. We have designated an "audit committee financial expert" as that term is defined by the SEC. Further information about this designee may be found in the Proxy Statement for the 2017 Annual Meeting of Stockholders of the Company.

Item 1A. *Risk Factors*

You should consider carefully the risks described below, as well as the other information included in this document before making an investment decision. Our business, results of operations or financial condition could be materially and adversely affected by any of these risks, and the value of your investment may decrease due to any of these risks.

Existence of a controlling shareholder.

A majority of our outstanding common stock is owned by Tontine. On October 5, 2016, Tontine filed an amended Schedule 13D indicating its ownership level of approximately 58%. As a result, Tontine can control most of our affairs, including the election of our directors, who in turn appoint executive management, and can control most actions requiring the approval of shareholders, including the adoption of amendments to our corporate charter and approval of any potential merger or sale of all or substantially all assets, segments, or the Company itself. This control also gives Tontine the ability to bring matters to a shareholder vote that may not be in the best interest of our other shareholders or stakeholders. Additionally, Tontine is in the business of investing in companies and may, from time to time, acquire and hold interests in businesses that compete directly or indirectly with us or act as suppliers or customers of the Company. Pursuant to a shelf registration statement that was declared effective by the SEC in 2013, Tontine has the ability to resell any or all of its registered shares from time to time in one or more offerings as long as the registration statement remains effective, as described further in the registration statement and in any prospectus supplement filed in connection with an offering pursuant to the shelf registration statement. Tontine's sale of all or any portion of its shares could result in a change of control of the Company, which would trigger the change of control provisions in a number of our material agreements, including our credit facility, bonding agreements with our sureties and our executive severance plan.

We may issue additional shares of common stock or convertible securities that will dilute the percentage ownership interest of existing stockholders and may dilute the book value per share of our common stock.

Our authorized capital includes 100,000,000 shares of common stock and 10,000,000 shares of preferred stock. As of September 30, 2016, we had 21,456,539 shares of common stock outstanding and no shares of preferred stock outstanding. We have reserved for issuance 79,500 shares of common stock underlying options that are exercisable at a weighted average price of $6.43 per share. In addition, as of September 30, 2016, we had the ability to issue 1,056,574 shares of common stock pursuant to awards that may be granted in the future under our existing equity compensation plans.

Although we currently do not have any intention of issuing additional common stock (other than pursuant to our equity compensation plans), we may do so in the future in order to meet our capital needs. Subject to applicable NASDAQ Listing Rules, our Board of Directors generally has the authority, without action by or vote of the stockholders, to issue all or part of any authorized but unissued shares of common stock for any corporate purpose. We may seek additional equity capital in the future as we develop our business and expand our operations. Any issuance of additional shares of common stock or convertible securities will dilute the percentage ownership interest of our stockholders and may dilute the book value per share of our common stock.

Substantial sales of our common stock could adversely affect our stock price.

Sales of a substantial number of shares of our common stock by holders of our common stock, or the perception that such sales could occur, could adversely affect the market price of our common stock by introducing a large number of shares into the market. Such sales, or the perception that such sales could occur, could cause the market price of our common stock to decline. We cannot predict whether future sales of our common stock, or the availability of our common stock for sale, will adversely affect the market price for our common stock or our ability to raise capital by offering equity securities.

Our common stock has less liquidity than many other stocks listed on the NASDAQ Global Market.

Historically, the trading volume of our common stock has been relatively low when compared to larger companies listed on the NASDAQ Global Market or other stock exchanges. While we have experienced increased liquidity in our stock during the year ended September 30, 2016, we cannot say with certainty that a more active and liquid trading market for our common stock will continue to develop. Because of this, it may be more difficult for shareholders to sell a substantial number of shares for the same price at which shareholders could sell a smaller number of shares.

Availability of net operating losses may be reduced by a change in ownership.

A change in ownership, as defined by Internal Revenue Code Section 382, could reduce the availability of NOLs, for federal and state income tax purposes. Should Tontine sell or otherwise dispose of all or a portion of its position in IES, a change in ownership could occur. A change in ownership could also result from the purchase of common stock by an existing or a new 5% shareholder as defined by Internal Revenue Code Section 382. As of September 30, 2016, we have approximately $262.0 million of federal NOLs that are available to use to offset taxable income, exclusive of NOLs from the amortization of additional tax goodwill. Should a change in ownership occur, all NOLs incurred prior to the change in ownership would be subject to limitation imposed by Internal Revenue Code Section 382, which would substantially reduce the amount of NOL currently available to offset taxable income.

On November 8, 2016, we implemented the new NOL Rights Plan, following the expiration of a similar plan implemented in January 2013. Like the Company’s prior tax benefit protection plan, the new NOL Rights Plan was designed to deter an acquisition of the Company’s stock in excess of a threshold amount that could trigger a change of control within the meaning of Internal Revenue Code Section 382. The NOL Rights Plan is designed to dilute the ownership of such an acquirer through the offering of rights to the Company’s other stockholders that will become exercisable upon the acquirer’s purchase of the Company’s stock in excess of the threshold amount. We can make no assurances the NOL Rights Plan will be effective in deterring a change in control or protecting or realizing NOLs.

Any decrease in the federal statutory tax rate, or other changes in federal tax statutes, could also cause a reduction in the economic benefit of the NOL currently available to us.

We have recognized deferred tax assets based upon our estimates of future taxable income, and we may recognize losses if future taxable income is lower than our estimates.

As of September 30, 2016, we have a net deferred tax asset of $93.5 million on our consolidated balance sheet, of which $86.3 million is attributable to NOLs. To realize the full benefit of this deferred tax asset attributable to NOLs, we must generate sufficient taxable income within the applicable carry forward period to offset against NOLs. Under accounting principles generally accepted in the United States of America ("GAAP"), we are required to assess whether we believe the benefit of the deferred tax asset is more likely than not to be realized based on our expectation of generating sufficient future taxable income, and we are required to record a valuation allowance, or offset, against our deferred tax asset based on the portion of the deferred tax asset that we believe is not more likely than not to be realized.

As of September 30, 2016, we concluded it is more likely than not that we will generate sufficient taxable income within the applicable NOL carry-forward periods to realize a significant portion of our deferred tax assets. Therefore, we recorded a reversal of our previously assessed valuation allowance in the amount of $109.0 million including amounts related to current year earnings and certain purchase accounting transactions, in 2016. If we are unable to generate sufficient taxable income in the future to utilize our NOLs, we could be required to record valuation allowances, resulting in an increase in income tax expense and reduction of our consolidated net income. Failure to generate sufficient taxable income in the future could also result in the expiration of certain NOLs.

Our inability to carry out plans and strategies as expected, including our inability to identify and complete acquisitions that meet our investment criteria in furtherance of our corporate strategy, may adversely impact our future growth.

Our corporate strategy involves creating shareholder value through acquiring or investing in stand-alone platform companies based in North America or acquiring businesses that we believe will strategically complement our existing business segments. While we believe that acquisitions will provide an opportunity to expand into new end markets and diversify our revenue and profit streams, potential acquisitions in new industries could result in changes in our operations from those historically conducted by us and introduce the requirement for new controls. Alternatively our failure to diversify from existing markets may limit our future growth.

To service our indebtedness and to fund working capital, we will require a significant amount of cash. Our ability to generate cash depends on many factors that are beyond our control.

Our ability to make payments on and to refinance our indebtedness and to fund working capital requirements will depend on our ability to generate cash in the future. This is subject to our operational performance, as well as general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

We cannot provide assurance that our business will generate sufficient cash flow from operations or asset sales or that future borrowings will be available to us under our credit facility in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness, on or before maturity. We cannot provide assurance that we will be able to refinance any of our indebtedness on commercially reasonable terms, or at all. Our inability to refinance our debt on commercially reasonable terms could have a material adverse effect on our business.

We have restrictions and covenants under our credit facility.

We may not be able to remain in compliance with the covenants in our credit facility. A failure to fulfill the terms and requirements of our credit facility may result in a default under one or more of our material agreements, which could have a material adverse effect on our ability to conduct our operations and our financial condition.

The highly competitive nature of our industries could affect our profitability by reducing our profit margins.

With respect to electrical contracting services, the industries in which we compete are highly fragmented and are served by many small, owner-operated private companies. There are also several large private regional companies and a small number of large public companies from which we face competition in these industries. In the future, we could also face competition from new competitors entering these markets because certain segments, such as our electrical contracting services, have a relatively low barrier for entry while other segments, such as our services for mission critical infrastructure, have attractive dynamics. Some of our competitors offer a greater range of services, including mechanical construction, facilities management, plumbing and heating, ventilation and air conditioning services. Competition in our markets depends on a number of factors, including price. Some of our competitors may have lower overhead cost structures and may, therefore, be able to provide services comparable to ours at lower rates than we do. If we are unable to offer our services at competitive prices or if we have to reduce our prices to remain competitive, our profitability would be impaired.

The markets in which Infrastructure Solutions does business are highly competitive, and we do not expect the level of competition that we face to decrease in the future. An increase in competitive pressures in these markets or our failure to compete effectively (including efficiently managing future capital expenditures and refurbishment, repair and upgrade costs) may result in pricing reductions, reduced gross margins, and loss of market share. Many of our competitors have longer operating histories, greater name recognition, more customers, and significantly greater financial, marketing, technical, and other competitive resources than we have. These competitors may be able to adapt more quickly to new technologies and changes in customer needs or devote greater resources to the development, promotion, and sale of their services. While we believe Infrastructure Solutions' overall product and service offerings distinguish it from its competitors, these competitors could develop new products or services that could directly compete with Infrastructure Solutions' services.

A failure to secure new contracts may adversely affect our cash flows and financial results.

Much of our revenue is derived from projects that are awarded through a competitive bid process. Contract bidding and negotiations are affected by a number of factors, including our own cost structure and bidding policies. In addition, our ability to secure new contracts depends on our ability to maintain all required electrical, construction and business licenses. If we fail to successfully transfer, renew or obtain such licenses where applicable, we may be unable to compete for new business.

The failure to bid and be awarded projects, cancellations of projects or delays in project start dates could affect our ability to deploy our assets profitably. Further, when we are awarded contracts, we face additional risks that could affect whether, or when, work will begin. We could experience a decrease in profitability if we are unable to replace canceled, completed or expired contracts with new work.

We may be unsuccessful at integrating other companies that we may acquire, or new types of work, products or processes into our segments.

We are actively seeking to engage in acquisitions of operations, assets and investments, or to develop new types of work or processes, and we may seek to engage in dispositions of certain operations, assets or investments from time to time. If we are unable to successfully integrate newly acquired assets or operations or if we make untimely or unfavorable investments or dispositions, it could negatively impact the market value of our common stock. Additionally, any future acquisition, investment or disposition may result in significant changes in the composition of our assets and liabilities, and as a result, our financial condition, results of operations and the market value of our common stock following any such acquisition, investment or disposition may be affected by factors different from those currently affecting our financial condition, results of operations and market value of our common stock.

The difficulties of integrating a business, assets or operations potentially will include, among other things:

- geographically separated organizations and possible differences in corporate cultures and management philosophies;
- significant demands on management resources, which may distract management's attention from day-to-day business;
- differences in the disclosure systems, compliance requirements, accounting systems, and accounting controls and procedures of the two companies, which may interfere with our ability to make timely and accurate public disclosure; and
- the demands of managing new locations, new personnel and new lines of business acquired.

Demand for our services is cyclical and vulnerable to economic downturns affecting the industries we serve.

Demand for our services has been, and will likely continue to be, cyclical in nature and vulnerable to downturns in the general economy and in the construction industry. Many of our customers depend on the availability of credit to purchase our services or electrical and mechanical products. Prolonged uncertainties or the return of constrained credit market conditions could have adverse effects on our customers, which would adversely affect our financial condition and results of operations.

Backlog may not be realized or may not result in profits.

Customers often have no obligation under our contracts to assign or release work to us, and many contracts may be terminated on short notice. Reductions in backlog due to cancellation of one or more contracts by a customer or for other reasons could significantly reduce the revenue and profit we actually receive from contracts included in backlog. In the event of a project cancellation, we may be reimbursed for certain costs, but typically have no contractual right to the total revenues reflected in our backlog.

Our use of percentage-of-completion accounting could result in a reduction or elimination of previously reported profits; we may be adversely impacted by new accounting, control and operating procedures.

A significant portion of our revenues are recognized using the percentage-of-completion method of accounting, utilizing the cost-to-cost method, which results in our recognizing contract revenues and earnings ratably over the contract term in proportion to our incurrence of contract costs. The earnings or losses recognized on individual contracts are based on estimates of contract revenues, costs and profitability. We review our estimates of contract revenue, costs and profitability on an ongoing basis. Prior to contract completion, we may adjust our estimates on one or more occasions as a result of change orders to the original contract, collection disputes with the customer on amounts invoiced or claims against the customer for increased costs incurred by us due to customer-induced delays and other factors. Contract losses are recognized in full when determined to be probable and reasonably estimable. Although we have historically made reasonably reliable estimates of the progress towards completion of our construction contracts, the uncertainties inherent in the estimating process make it possible for actual costs to vary materially from estimates, including reductions or reversals of previously recorded revenues and profits. In addition, we may be adversely impacted by new accounting pronouncements which change our revenue recognition or other accounting practices or otherwise alter how we report our financial results, or which require that we change our control and operating procedures, which we may be unable to do in a timely manner.

We may incur significant charges or be adversely impacted by the closure or sale of facilities or assets.

In the past, we incurred significant costs associated with the closure or disposition of facilities, and we expect from time to time to evaluate the need for future facility closures or dispositions of assets. If we were to elect to dispose of a substantial portion of any of our segments, facilities, or assets, the realized values of such assets could be substantially less than current book values, which would likely result in a material adverse impact on our financial results. In addition, we may have warranty claims or other unexpected liabilities from closed facilities beyond the closing date, which could adversely impact our financial returns.

The availability and cost of surety bonds affect our ability to enter into new contracts and our margins on those engagements.

Many of our customers require us to post performance and payment bonds issued by a surety. Those bonds guarantee the customer that we will perform under the terms of a contract and that we will pay subcontractors and vendors. We obtain surety bonds from two primary surety providers; however, there is no commitment from these providers to guarantee our ability to issue bonds for projects as they are required. Our ability to access this bonding capacity is at the sole discretion of our surety providers. Accordingly, if we were to experience an interruption or reduction in our availability of bonding capacity, we may be unable to compete for, or work on, certain projects.

Due to seasonality and differing regional economic conditions, our results may fluctuate from period to period.

Our business is subject to seasonal variations in operations and demand that affect the construction business, particularly in the Residential and Commercial & Industrial segments, as well as seasonal variations in the industrial and rail industries in which Infrastructure Solutions participates. Untimely weather delay from rain, heat, ice, cold or snow can not only delay our work but can negatively impact our schedules and profitability by delaying the work of other trades on a construction site. Our quarterly results may also be affected by regional economic conditions that affect the construction market. In particular, a prolonged period of weak demand in the oil and gas industry could dampen the housing market in certain regions, resulting in reduced demand for the services provided by our Residential segment. Infrastructure Solutions' revenues from industrial services may be affected by the timing of scheduled outages at its industrial customers' facilities and by weather conditions with respect to projects conducted outdoors. Industrial and rail customers may also be affected by continuing low oil prices. Accordingly, our performance in any particular quarter may not be indicative of the results that can be expected for any other quarter or for the entire year.

The estimates we use in placing bids could be materially incorrect. The use of incorrect estimates could result in reduced profits or in some cases losses on fixed price contracts.

We currently generate, and expect to continue to generate, a significant portion of our revenues under fixed price contracts. The cost of fuel, labor and materials, including copper wire or other commodities, may vary significantly from the costs we originally estimate. Variations from estimated contract costs along with other risks inherent in performing fixed price contracts, including our ability to successfully manage projects, may result in actual revenue and gross profits for a project differing from those we originally estimated, and could result in losses on projects. Depending upon the size of a particular project, variations from estimated contract costs can have a significant impact on our operating results.

Commodity and labor costs may fluctuate materially, and we may not be able to pass on all cost increases during the term of a contract, which could have an adverse effect on our ability to maintain our profitability.

We enter into many contracts at fixed prices, and if the costs associated with labor, and commodities such as copper, aluminum, steel, fuel and certain plastics increase due to low supply or other forces, losses may be incurred. Some of our materials have been and may continue to be subject to sudden and significant price increases. Depending on competitive pressures and customer resistance, we may not be able to pass on these cost increases to our customers, which would reduce our gross profit margins and, in turn, make it more difficult for us to maintain our profitability. We have a work force of over 4,000 employees, and our labor costs may fluctuate based on supply as well as other labor related risks, including risks related to collective bargaining agreements, benefits arrangements, wage and hour claims and other compensation arrangements.

Changes in operating factors that are beyond our control could hurt our operating results.

Our operating results may fluctuate significantly in the future as a result of a variety of factors, many of which are beyond management's control. These factors include the costs of new technology; the relative speed and success with which Infrastructure Solutions can acquire customers for its products and services; capital expenditures for equipment; sales, marketing, and promotional activities expenses; changes in its pricing policies, suppliers, and competitors; changes in operating expenses; increased competition in the markets we serve; changes in regulations; and other general economic and seasonal factors. Adverse changes in one or more of these factors could hurt our operating results.

We may experience difficulties in managing our billings and collections.

Our billings under fixed price contracts in our electrical contracting business are generally based upon achieving certain milestones and will be accepted by the customer once we demonstrate those milestones have been met. If we are unable to demonstrate compliance with billing requests, or if we fail to issue a project billing, our likelihood of collection could be delayed or impaired, which, if experienced across several large projects, could have a materially adverse effect on our results of operations. Further, some of our customers may be highly leveraged, or may be subject to their own operating and regulatory risks, which may also limit their ability to pay.

Our reported operating results could be adversely affected as a result of goodwill impairment charges.

GAAP accounting requires that goodwill attributable to each of our reporting units be tested at least annually, or when changes in circumstance indicate the carrying value of our reporting units may not be recoverable. Factors that could lead to impairment of goodwill include significant adverse changes in the business climate, declines in the financial condition of our business, and actual or projected operating results affecting our company as a whole or affecting any particular reporting unit. On an ongoing basis, we expect to perform impairment tests at least annually as of September 30. Impairment adjustments, if any, are required to be recognized as operating expenses. We cannot assure that we will not have future impairment adjustments to our recorded goodwill.

The vendors who make up our supply chain may be adversely affected by a deteriorating operating environment and credit market conditions.

We are dependent upon the vendors within our supply chain to maintain a steady supply of inventory, parts and materials. Many of our segments are dependent upon a limited number of suppliers, and significant supply disruptions could adversely affect our operations. If market conditions deteriorate, resulting in a slowdown in construction activity or a tightening of the credit market, for example it is possible that one or more of our suppliers will be unable to meet the terms of our operating agreements due to financial hardships, liquidity issues or other reasons related to market conditions.

Our operations are subject to numerous physical hazards. If an accident occurs, it could result in an adverse effect on our business.

Hazards related to our industry include, but are not limited to, electrocutions, fires, machinery-caused injuries, mechanical failures and transportation accidents. These hazards can cause personal injury and loss of life, severe damage to or destruction of property and equipment, and may result in suspension of operations. Our insurance does not cover all types or amounts of liabilities. In addition, if our safety record were to substantially deteriorate over time, our customers could cancel our contracts or not award us future business.

Our current insurance coverage may not be adequate, and we may not be able to obtain insurance at acceptable rates, or at all.

Our third-party insurance is subject to deductibles for which we establish reserves. No assurance can be given that our insurance or our provisions for incurred claims and incurred but not reported claims will be adequate to cover all losses or liabilities we may incur in our operations; nor can we provide assurance that we will be able to maintain adequate insurance at reasonable rates.

Our internal controls over financial reporting and our disclosure controls and procedures may not prevent all possible errors that could occur. Internal controls over financial reporting and disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objective will be met.

On a quarterly basis we evaluate our internal controls over financial reporting and our disclosure controls and procedures, which include a review of the objectives, design, implementation and effectiveness of the controls and the information generated for use in our periodic reports. In the course of our controls evaluation, we sought (and seek) to identify data errors, control problems and to confirm that appropriate corrective actions, including process improvements, are being undertaken. This type of evaluation is conducted on a quarterly basis so that the conclusions concerning the effectiveness of our controls can be reported in our periodic reports.

A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be satisfied. Internal controls over financial reporting and disclosure controls and procedures are designed to give reasonable assurance that they are effective and achieve their objectives. We cannot provide absolute assurance that all possible future control issues have been detected. These inherent limitations include the possibility that our judgments can be faulty, and that isolated breakdowns can occur because of human error or mistake. The design of our system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed absolutely in achieving our stated goals under all potential future or unforeseeable conditions. Because of the inherent limitations in a cost-effective control system, misstatements due to error could occur without being detected.

We have adopted tax positions that a taxing authority may view differently. If a taxing authority differs with our tax positions, our results may be adversely affected.

Our effective tax rate and cash paid for taxes are impacted by the tax positions that we have adopted. Taxing authorities may not always agree with the positions we have taken. We have established reserves for tax positions that we have determined to be less likely than not to be sustained by taxing authorities. However, there can be no assurance that our results of operations will not be adversely affected in the event that disagreement over our tax positions does arise.

Litigation and claims can cause unexpected losses.

In the construction business there are frequently claims and litigation. There are also inherent claims and litigation risks associated with the number of people that work on construction sites and the fleet of vehicles on the road every day. In all of our businesses, we are subject to potential claims and litigation. Claims are sometimes made and lawsuits filed for amounts in excess of their value or in excess of the amounts for which they are eventually resolved. Claims and litigation normally follow a predictable course of time to resolution. However, there may be periods of time in which a disproportionate amount of our claims and litigation are concluded in the same quarter or year. If multiple matters are resolved during a given period, then the cumulative effect of these matters may be higher than the ordinary level in any one reporting period.

Latent defect claims could expand.

Latent defect litigation is normal for residential home builders in some parts of the country; however, such litigation is increasing in certain states where we perform work. Also, in recent years, latent defect litigation has expanded to aspects of the commercial market. Should we experience similar increases in our latent defect claims and litigation, additional pressure may be placed on the profitability of the Residential and Commercial & Industrial segments of our business.

Interruptions in the proper functioning of our information systems, or security breaches of our information systems or confidential data could disrupt operations and cause increases in costs and/or decreases in revenues.

As our Company continues to increase its dependence on information technology systems, networks, and infrastructure to conduct its day to day operations, the proper functioning and security of our information technology environment is critical to the successful operation of our business. Although our information systems, networks and infrastructure are protected through physical and software safeguards, our information technology environment is still vulnerable to natural disasters, power losses, telecommunication failures, cybersecurity risks, and other problems, which could cause a loss of data, release of personally identifiable information or release of confidential customer information among other items. If critical information systems fail or are otherwise unavailable or confidential information is released, our business operations could be adversely affected.

We may be required to conduct environmental remediation activities, which could be expensive and inhibit the growth of our business and our ability to maintain profitability, particularly in our Infrastructure Solutions business.

We are subject to a number of environmental laws and regulations, including those concerning the handling, treatment, storage, and disposal of hazardous materials. These laws predominantly affect our Infrastructure Solutions business but may impact our other businesses. These environmental laws generally impose liability on present and former owners and operators, transporters and generators of hazardous materials for remediation of contaminated properties. We believe that our business is operating in compliance in all material respects with applicable environmental laws, many of which provide for substantial penalties for violations. There can be no assurance that future changes in such laws, interpretations of existing regulations or the discovery of currently unknown problems or conditions will not require substantial additional expenditures. In addition, if we do not comply with these laws and regulations, we could be subject to material administrative, civil or criminal penalties, or other liabilities. We may also be required to incur substantial costs to comply with current or future environmental and safety laws and regulations. Any such additional expenditures or costs that we may incur could hurt our operating results.

The loss of a group or several key personnel, either at the corporate or operating level, could adversely affect our business.

The loss of key personnel or the inability to hire and retain qualified employees could have an adverse effect on our business, financial condition and results of operations. Our operations depend on the continued efforts of our executive officers, senior management and management personnel at our segments. We cannot guarantee that any member of management at the corporate or subsidiary level will continue in their capacity for any particular period of time. We have a severance plan in place that covers certain of our senior leaders; however, this plan can neither guarantee that we will not lose key employees, nor prevent them from competing against us, which is often dependent on state and local employment laws. If we lose a group of key personnel or even one key person at a segment, we may not be able to recruit suitable replacements at comparable salaries or at all, which could adversely affect our operations. Additionally, we generally do not maintain key man life insurance for members of our management.

Table of Contents

Item 1B. ***Unresolved Staff Comments***

None.

Item 2. ***Properties***

Facilities

At September 30, 2016, we maintained branch offices, warehouses, sales facilities and administrative offices at 77 locations. Substantially all of our facilities are leased. We lease our executive office located in Greenwich, Connecticut and our corporate office located in Houston, Texas. We believe that our properties are adequate for our current needs, and that suitable additional or replacement space will be available as required. For a breakdown of our offices by segment, see Item 1. “Business — Operating Segments” of this Form 10-K.

Item 3. ***Legal Proceedings***

For further information regarding legal proceedings, see Note 17, *“Commitments and Contingencies — Legal Matters*” in the notes to our Consolidated Financial Statements.

Item 4. ***Mine Safety Disclosures***

None.

PART II

Item 5. ***Market for Registrant's Common Equity; Related Stockholder Matters and Issuer Purchases of Equity Securities***

Our common stock trades on the NASDAQ Global Market under the ticker symbol "IESC." The following table sets forth the daily high and low close price for our common stock as reported on NASDAQ for each of the four quarters of the fiscal years ended September 30, 2016 and 2015.

	High	Low
Year Ended September 30, 2016		
First Quarter	$11.37	$ 7.07
Second Quarter	$14.68	$10.50
Third Quarter	$15.48	$11.40
Fourth Quarter	$17.79	$12.39
Year Ended September 30, 2015		
First Quarter	$ 8.04	$ 6.91
Second Quarter	$ 8.80	$ 7.00
Third Quarter	$ 8.90	$ 6.89
Fourth Quarter	$ 8.00	$ 6.30

As of December 7, 2016, the closing market price of our common stock was $21.15 per share and there were approximately 370 holders of record.

We have never paid cash dividends on our common stock and we do not anticipate paying cash dividends in the foreseeable future. We expect that we will utilize all available earnings generated by our operations and borrowings under our credit facility for the development and operation of our business, to retire existing debt, to repurchase our common stock, or to acquire or invest in other businesses. Any future determination as to the payment of dividends will be made at the discretion of our Board of Directors and will depend upon our operating results, financial condition, capital requirements, general business conditions and other factors that the Board of Directors deems relevant. Our debt instruments restrict us from paying cash dividends and also place limitations on our ability to repurchase our common stock. See Item 7. "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Working Capital*" and Item 7. "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources*" of this
Form 10-K.

Stock Repurchase Program

Our Board of Directors has authorized a stock repurchase program for the purchase from time to time of up to 1.5 million shares of the Company's common stock. Share purchases are made for cash in open market transactions at prevailing market prices or in privately negotiated transactions or otherwise. The timing and amount of purchases under the program are determined based upon prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. All or part of the repurchases may be implemented under a Rule 10b5-1 trading plan, which allows repurchases under pre-set terms at times when the Company might otherwise be prevented from purchasing under insider trading laws or because of self-imposed blackout periods. The program does not require the Company to purchase any specific number of shares and may be modified, suspended or reinstated at any time at the Company's discretion and without notice. The Company initiated the program in February 2015 and during the year ended September 30, 2015, pursuant to the program, we repurchased 482,156 shares of common stock at an average price of $7.22 per share for a total aggregate purchase price of $3.5 million. During the year ended September 30, 2016, we repurchased 46,929 shares of common stock at an average price of $11.07 per share for a total aggregate purchase price of $0.5 million.

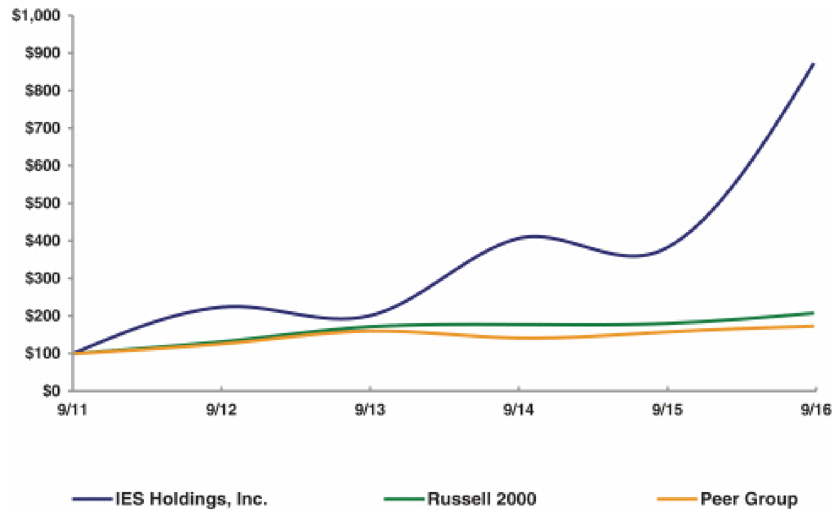
The Company did not repurchase any of its common stock during the three months ended September 30, 2016.

Table of Contents

Five-Year Stock Performance Graph

The graph below compares the cumulative 5 year total return provided shareholders on IES Holdings, Inc.'s common stock relative to the cumulative total returns of the Russell 2000 index and a customized peer group of five companies that includes: Black Box Corporation, Comfort Systems USA Inc., MYR Group Inc., Sterling Construction Company Inc. and Team Inc. An investment of $100 (with reinvestment of all dividends) is assumed to have been made in our common stock, in each index, and in the peer group on September 30, 2011, and its relative performance is tracked through September 30, 2016.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among IES Holdings, Inc., the Russell 2000 Index,
and a Peer Group



*$100 invested on 9/30/11 in stock or index, including reinvestment of dividends.
Fiscal year ending September 30.

	Years ended September 30,					
	2011	2012	2013	2014	2015	2016
IES Holdings, Inc.	$ 100.00	224.66	200.46	407.35	381.18	878.39
Russell 2000	$ 100.00	131.91	171.55	178.30	180.52	208.44
Peer Group	$ 100.00	125.85	160.15	141.98	158.02	173.21

Table of Contents

Item 6. ***Selected Financial Data***

The following selected consolidated historical financial information for IES should be read in conjunction with the audited historical Consolidated Financial Statements of IES Holdings, Inc. and subsidiaries, and the notes thereto, set forth in Item 8, "*Financial Statements and Supplementary Data"* of this Form 10-K.

	Years Ended September 30,				
	2016	2015	2014	2013	2012
	(In Thousands, Except Share Information)				
Continuing Operations:					
Revenues	$ 695,993	$ 573,857	$ 512,395	$ 494,593	$ 456,115
Cost of services	569,013	473,966	429,269	427,633	398,063
Gross profit	126,980	99,891	83,126	66,960	58,052
Selling, general and administrative expenses	100,558	81,416	75,571	66,598	58,609
Contingent consideration	652	—	—	—	—
Loss (gain) on sale of assets	810	(13)	(86)	(64)	(168)
Income (loss) from operations	24,960	18,488	7,641	426	(389)
Other (income) expense:					
Interest expense	1,282	1,130	1,574	1,771	2,324
Other expense (income), net	(83)	(180)	(203)	507	(96)
Income (loss) from operations before income taxes	23,761	17,538	6,270	(1,852)	(2,617)
Provision (benefit) for income taxes	(97,117)	661	748	326	38
Net income (loss) from continuing operations	120,878	16,877	5,522	(2,178)	(2,655)
Discontinued operations:					
Loss from discontinued operations	—	(339)	(198)	(1,395)	(9,158)
Benefit for income taxes	—	—	—	—	(11)
Net loss discontinued operations	—	(339)	(198)	(1,395)	(9,147)
Net income (loss)	120,878	16,538	5,324	(3,573)	(11,802)
Net income attributable to noncontrolling interest	(100)	—	—	—	—
Net income (loss) attributable to IES Holdings, Inc.	$ 120,778	$ 16,538	$ 5,324	$ (3,573)	$ (11,802)
Basic earnings (loss) per share attributable to IES Holdings, Inc.:					
Continuing operations	$ 5.63	$ 0.79	$ 0.30	$ (0.14)	$ (0.18)
Discontinued operations	0.00	(0.02)	(0.01)	(0.09)	(0.60)
Total	$ 5.63	$ 0.77	$ 0.29	$ (0.23)	$ (0.78)
Diluted earnings (loss) per share attributable to IES Holdings, Inc.:					
Continuing operations	$ 5.62	$ 0.79	$ 0.30	$ (0.14)	$ (0.18)
Discontinued operations	0.00	(0.02)	(0.01)	(0.09)	(0.60)
Total	$ 5.62	$ 0.77	$ 0.29	$ (0.23)	$ (0.78)
Shares used to calculate earnings (loss) per share					
Basic	21,279,342	21,480,622	18,417,564	15,460,424	15,123,052
Diluted	21,492,339	21,526,188	18,473,420	15,460,424	15,123,052

	Years Ended September 30,				
	2016	2015	2014	2013	2012
	(In Thousands, Except Share Information)				
Balance Sheet Data:					
Cash and cash equivalents	$ 32,961	$ 49,360	$ 47,342	$ 20,757	$ 18,729
Working capital	43,716	31,601	24,731	24,710	24,272
Total assets	394,340	225,679	199,950	177,803	164,713
Total debt	29,257	9,207	9,050	12,323	10,480
Total stockholders' equity	223,405	101,414	87,972	62,486	53,157

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following discussion and analysis should be read in conjunction with our Consolidated Financial Statements and the notes thereto, set forth in *Item 8, "Financial Statements and Supplementary Data"* of this Form 10-K. For additional information, see *"Disclosure Regarding Forward Looking Statements"* in Part I of this Form 10-K.

OVERVIEW

Executive Overview

Please refer to *Item 1. "Business"* of this Form 10-K for a discussion of the Company's services and corporate strategy. IES Holdings, Inc., a Delaware corporation, is a holding company that owns and manages diverse operating subsidiaries, comprised of providers of industrial infrastructure services to a variety of end markets. Our operations are currently organized into four principal business segments: Communications, Residential, Commercial & Industrial, and Infrastructure Solutions.

Industry Trends

Our performance is affected by a number of trends that drive the demand for our services. In particular, the markets in which we operate are exposed to many regional and national trends such as the demand for single and multi-family housing, the need for mission critical facilities as a result of technology-driven advancements, the degree to which in-house maintenance departments outsource maintenance and repair work, output levels and equipment utilization at heavy industrial facilities, demand for our rail services, and changes in commercial, institutional, public infrastructure and electric utility spending. Over the long term, we believe that there are numerous factors that could positively drive demand and affect growth within the industries in which we operate, including (i) population growth, which will increase the need for commercial and residential facilities, (ii) aging public infrastructure, which must be replaced or repaired, (iii) increased emphasis on environmental and energy efficiency, which may lead to both increased public and private spending, and (iv) the low price of natural gas which is expected to spur the construction of and modifications to heavy industrial facilities. However, there can be no assurance that we will not experience a decrease in demand for our services due to economic, technological or other factors, including the continued weakness in the oil and gas sector, which may reduce the demand for housing in the Texas region, where our Residential division operates. For a further discussion of the industries in which we operate, please see Item 1. "*Business* — Operating Segments" of this Form 10-K.

Business Outlook

While there are differences among the Company's segments, on an overall basis, demand for the Company's services increased in fiscal 2016 as compared to fiscal 2015, resulting in aggregate year-over-year revenue growth. In addition, the Company's previous investment in growth initiatives and other business-specific factors discussed below contributed to year-over-year revenue growth. Among our segments, year-over-year revenue growth rates during fiscal 2016 were led primarily by growth in our Communications segment followed by our Commercial & Industrial segment. The combination of increasing revenue, effective project execution, and efficient scaling of operations as the economy improves has resulted in a year-over-year increase in profitability. Provided that no significant deterioration in general economic conditions occurs, the Company expects total revenues from existing businesses to increase on a year-over-year basis during fiscal 2017 due to an increase in overall demand for the services we provide and our efforts to increase our market share. Despite this expectation of growth within certain segments, we remain focused on controlled growth within certain markets which continue to experience highly competitive margins and increasing costs.

To continue to grow our business, including through acquisitions, and to fund working capital, we may require a significant amount of cash. Our ability to generate cash depends on many factors that are beyond our control, including demand for our services, the availability of projects at margins acceptable to us, the ultimate collectability of our receivables, our ability to borrow on our credit facility, and our ability to raise funds in the capital markets, among many other factors. We anticipate that the combination of cash on hand, cash flows from operations and available capacity under our credit facility will provide sufficient cash to enable us to meet our working capital needs, debt service requirements and capital expenditures for property and equipment through the next twelve months. We expect that our fixed asset requirements will range from $4.0 to $5.0 million for the fiscal year ending on September 30, 2017, and we may acquire these assets either through capital expenditures or through lease agreements.

RESULTS OF OPERATIONS

We report our operating results across our four operating segments: Communications, Residential, Commercial & Industrial and Infrastructure Solutions. Our consolidated financial results also reflect expenses associated with our corporate office. The following table presents selected historical results of operations of IES.

	Years Ended September 30,					
	2016		2015		2014	
	$	%	$	%	$	%
	(Dollars in thousands, Percentage of revenues)					
Revenues	$695,993	100.0%	$573,857	100.0%	$512,395	100.0%
Cost of services	569,013	81.8%	473,966	82.6%	429,269	83.8%
Gross profit	126,980	18.2%	99,891	17.4%	83,126	16.2%
Selling, general and administrative expenses	100,558	14.4%	81,416	14.2%	75,571	14.7%
Contingent consideration expense	652	0.1	—	0.0	—	0.0
Loss (gain) on sale of assets	810	0.1%	(13)	0.0%	(86)	0.0%
Income from operations	24,960	3.6%	18,488	3.2%	7,641	1.5%
Interest and other expense, net	1,199	0.2%	950	0.2%	1,371	0.3%
Income (loss) from operations before income taxes	23,761	3.4%	17,538	3.0%	6,270	1.2%
Provision (benefit) for income taxes	(97,117)	(14.0)%	661	0.1%	748	0.1%
Net income (loss) from continuing operations	120,878	17.4%	16,877	2.9%	5,522	1.1%
Net loss from discontinued operations	—	0.0%	(339)	(0.1)%	(198)	0.0%
Net income (loss)	120,878	17.4%	16,538	2.8%	5,324	1.1%
Net income attributable to noncontrolling interest	(100)	0.0	—	0.0	—	0.0
Net income attributable to IES Holdings, Inc.	$120,778	17.4%	$ 16,538	2.8%	$ 5,324	1.1%

The increase in net income for the year ended September 30, 2016 compared with the year ended September 30, 2015 is driven by a $109.0 million tax benefit in connection with the release of a valuation allowance on our deferred tax assets. This release is the result of a recent improvement in earnings, the addition of four new businesses acquired during the year, and consequently an improvement in our expectations about the generation of future taxable income to utilize our net operating loss carryforwards. See Note 9 — Income Taxes in our consolidated financial statements for further discussion.

Consolidated revenues for the year ended September 30, 2016 were $122.1 million greater than for the year ended September 30, 2015, an increase of 21.3%. Revenues increased as the Communications, Commercial & Industrial, and Infrastructure Solutions segments each recognized double digit revenue growth driven by an increase in demand for their service offerings combined with continued improvement of conditions in the markets in which they operate. Additionally, newly acquired businesses provided a combined $34.4 million of revenue in our Commercial & Industrial and Infrastructure Solutions segments for the year ended September 30, 2016. The Residential segment also contributed to the overall year-over-year growth.

Our overall gross profit percentage increased to 18.2% during the year ended September 30, 2016 as compared to 17.4% during the year ended September 30, 2015. Gross profit as a percentage of revenue increased at our Residential and Infrastructure Solutions operating segments, but declined slightly at our Communications and Commercial & Industrial segments, as discussed in further detail for each segment below.

Selling, general and administrative expenses include costs not directly associated with performing work for our customers. These costs consist primarily of compensation and benefits related to corporate, segment and branch management (including incentive-based compensation), occupancy and utilities, training, professional services, information technology costs, consulting fees, travel and certain types of depreciation and amortization. We allocate certain corporate selling, general and administrative costs across our segments as we believe this more accurately reflects the costs associated with operating each segment.

During the year ended September 30, 2016, our selling, general and administrative expenses were $100.6 million, an increase of $19.1 million, or 23.5%, as compared to the year ended September 30, 2015. The increase is primarily attributable to higher personnel costs in connection with the growth and increased profitability at all of our segments. Additionally, our newly acquired businesses incurred general and administrative expense of $4.3 million for the year ended September 30, 2016. On a consolidated basis, our selling, general and administrative expense increased slightly as a percentage of revenue from 14.2% for the year ended September 30, 2015 to 14.4% for the year ended September 30, 2016.

Communications

2016 Compared to 2015

	Years Ended September 30,			
	2016		2015	
	$	%	$	%
	(Dollars in thousands, Percentage of revenues)			
Revenue	$189,635	100.0%	$141,858	100.0%
Gross Profit	32,531	17.2%	25,843	18.2%
Selling, general and administrative expenses	20,839	11.0%	15,735	11.1%

Revenue. Revenues increased by $47.8 million during the year ended September 30, 2016, a 33.7% increase compared to the year ended September 30, 2015. The increase is the result of both the expansion of our customer base and additional work with existing customers. Revenues from data center work increased by $32.4 for the year ended September 30, 2016 compared with the year ended September 30, 2015. The majority of the other service offerings such as audio-visual and security, cabling, and Voice Over Internet Protocol (VoIP) work increased as we continue to add to our customer base, including entry into new markets.

Gross Profit. Gross profit during the year ended September 30, 2016 increased $6.7 million, or 25.9%, as compared to the year ended September 30, 2015. This increase was primarily driven by the overall increase in revenues noted above. Gross profit as a percentage of revenue decreased from 18.2% for the year ended September 30, 2015 to 17.2% for the year ended September 30, 2016. During 2016, we took on a larger number of projects where we were paid based on our cost incurred plus an agreed upon margin. This work is generally lower risk, and is typically performed at lower margins than the fixed price arrangements which comprise the majority of the work we perform.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased $5.1 million, or 32.4%, during the year ended September 30, 2016 compared to the year ended September 30, 2015 as a result of higher personnel cost, including increased incentive compensation associated with higher profitability. Selling, general and administrative expenses as a percentage of revenues in the Communications segment decreased slightly to 11.0% of segment revenue during the year ended September 30, 2016 compared to the year ended September 30, 2015 as we benefited from increased activity.

Table of Contents

2015 Compared to 2014

	Years Ended September 30,			
	2015		2014	
	$	%	$	%
	(Dollars in thousands, Percentage of revenues)			
Revenue	$141,858	100.0%	$116,073	100.0%
Gross Profit	25,843	18.2%	21,169	18.2%
Selling, general and administrative expenses	15,735	11.1%	13,481	11.6%

Revenue. Revenues increased by $25.8 million during the year ended September 30, 2015, a 22.2% increase compared to the year ended September 30, 2014. The increase is the result of both the expansion of our customer base and additional work with existing customers. The expansion of our service offerings within areas such as VoIP resulted in $10.8 million of incremental revenue for the year ended September 30, 2015. The majority of the other service offerings such as audio-visual and security, cabling, and data center work increased due to the overall volume of projects completed or in progress during the current year. Increases in these areas more than offset a decrease in high-tech manufacturing revenue, which fell by $6.0 million for the year ended September 30, 2015 compared to the year ended September 30, 2014.

Gross Profit. Gross profit during the year ended September 30, 2015 increased $4.7 million, or 22.1%, as compared to the year ended September 30, 2014. This increase was primarily driven by the overall increase in revenues noted above. Gross profit as a percentage of revenue remained unchanged from the prior year at 18.2% for the year ended September 30, 2015. During 2015, we had an increase in wireless access and VoIP projects, which generated higher margins than our other service offerings during the year ended September 30, 2014. The gross margin increase related to the wireless access was largely offset by lower margins on certain high-tech manufacturing projects, as the scopes of work contained a larger material component than labor component when compared to similar projects in progress during the year ended September 30, 2014.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased $2.3 million, or 16.7%, during the year ended September 30, 2015 compared to the year ended September 30, 2014 as a result of higher personnel cost, including increased incentive compensation associated with higher profitability. Selling, general and administrative expenses as a percentage of revenues in the Communications segment decreased 0.5% to 11.1% of segment revenue during the year ended September 30, 2015 compared to the year ended September 30, 2014 as we benefited from increased activity.

Residential

2016 Compared to 2015

	Years Ended September 30,			
	2016		2015	
	$	%	$	%
	(Dollars in thousands, Percentage of revenues)			
Revenue	$225,889	100.0%	$206,307	100.0%
Gross Profit	54,015	23.9%	41,872	20.3%
Selling, general and administrative expenses	37,585	16.6%	31,877	15.5%

Revenue. Revenues increased $19.6 million during the year ended September 30, 2016, an increase of 9.5% as compared to the year ended September 30, 2015. Single-family construction revenues increased by $22.2 million, primarily from growth in North Carolina and Georgia, as well as Texas, where the economy has experienced continued growth and population expansion. Cable and service activity, as well as revenue from solar installations, also increased year over year. These increases were partly offset by lower revenue for multi-family construction, which decreased by $8.6 million for the year ended September 30, 2016 as compared with the same period in 2015, primarily as a result of delays caused by shortages of qualified labor in other trades. Additional demand for multi-family housing in the Houston market has declined as a result of a slowdown in the oil and gas sector.

Gross Profit. During the year ended September 30, 2016, our Residential segment experienced a $12.1 million, or 29.0%, increase in gross profit as compared to the year ended September 30, 2015. Gross profit increased due to a higher volume of work across most service lines. Gross margin percentage increased within single-family, as demand for single-family housing has increased combined with improved efficiency and favorable commodity prices. Gross margin as a percentage of revenue also increased in our multi-family division, as a result of more competitive pricing and favorable commodity prices. We also recognized higher margins on service and cable work during the year ended September 30, 2016 compared with the year ended September 30, 2015.

Selling, General and Administrative Expenses. Our Residential segment experienced a $5.7 million, or 17.9%, increase in selling, general and administrative expenses during the year ended September 30, 2016 compared to the year ended September 30, 2015. Selling, general and administrative expenses as a percentage of revenues in the Residential segment increased 1.1% to 16.6% of segment revenue during the year ended September 30, 2016. The primary driver of the increase was the cost of incentive compensation for our operations managers, which is based on a profit-sharing model, combined with other bonus and commission expense which increased in connection with increased levels of activity and higher profitability.

2015 Compared to 2014

	Years Ended September 30,			
	2015		2014	
	$	%	$	%
	(Dollars in thousands, Percentage of revenues)			
Revenue	$206,307	100.0%	$182,514	100.0%
Gross Profit	41,872	20.3%	33,829	18.5%
Selling, general and administrative expenses	31,877	15.5%	27,947	15.3%

Revenue. Revenues increased $23.8 million during the year ended September 30, 2015, an increase of 13.0% as compared to the year ended September 30, 2014. Single-family construction revenues increased by $15.9 million, primarily from growth in Texas, where the economy has experienced continued growth and population expansion. Revenue for multi-family construction increased by $3.3 million for the year ended September 30, 2015 as compared with the same period in 2014, primarily as a result of increased demand, particularly on the East Coast and in Texas. Cable and service activity, as well as revenue from solar installations, also increased year over year.

Gross Profit. During the year ended September 30, 2015, our Residential segment experienced an $8.0 million, or 23.8%, increase in gross profit as compared to the year ended September 30, 2014. Gross profit increased due to higher volume of work across all service lines. Gross margin percentage increased within single-family, as demand for single-family housing has increased combined with improved efficiency and favorable commodity prices. However, the increase in gross margin as a percentage of revenue for our single-family business was partly offset by lower margins recognized on service and cable work during the year ended September 30, 2015 due to expansion and training costs.

Selling, General and Administrative Expenses. Our Residential segment experienced a $3.9 million, or 14.1%, increase in selling, general and administrative expenses during the year ended September 30, 2015 compared to the year ended September 30, 2014. Selling, general and administrative expenses as a percentage of revenues in the Residential segment increased 0.2% to 15.5% of segment revenue during the year ended September 30, 2015. The primary driver of the increase was the cost of incentive compensation for our operations managers, which is based on a profit-sharing model, combined with higher bonus and commission expense in connection with increased levels of activity and higher profitability.

Commercial & Industrial

2016 Compared to 2015

	Years Ended September 30,			
	2016		2015	
	$	%	$	%
	(Dollars in thousands, Percentage of revenues)			
Revenue	$222,466	100.0%	$178,865	100.0%
Gross Profit	24,787	11.1%	21,543	12.0%
Selling, general and administrative expenses	17,169	7.7%	15,027	8.4%

Revenue. Revenues increased $43.6 million during the year ended September 30, 2016, an increase of 24.4% compared to the year ended September 30, 2015. The increase in revenue was driven largely by the Shanahan and STR acquisitions, which contributed $18.6 million of revenue for the year ended September 30, 2016. The market for this segment's services remains highly competitive and, as such, we continue to seek to maintain a disciplined bid strategy. However, a continued focus on our sales strategy combined with improved market conditions in certain regions where we operate led to the year-over-year revenue increase.

Gross Profit. Gross profit during the year ended September 30, 2016 increased by $3.2 million, or 15.1%, as compared to the year ended September 30, 2015. The increase was due primarily to $3.1 million of additional gross margin contributed by the Shanahan and STR acquisitions. The market remains competitive, and we expect continued pressure on our ability to increase project bid margins in most of the markets we serve. Gross profit margins for the year ended September 30, 2016 were reduced compared with the prior year, primarily as a result of an increase in insurance costs.

Selling, General and Administrative Expenses. Selling, general and administrative expenses during the year ended September 30, 2016 increased by $2.1 million, or 14.2%, compared to the year ended September 30, 2015. The increase is primarily attributable to $1.7 million of expense incurred at our newly acquired Shanahan and STR businesses. Selling, general and administrative expense as a percentage of revenues in the Commercial & Industrial segment decreased by 0.7% during the year ended September 30, 2016, as we benefited from increased activity.

2015 Compared to 2014

	Years Ended September 30,			
	2015		2014	
	$	%	$	%
	(Dollars in thousands, Percentage of revenues)			
Revenue	$178,865	100.0%	$166,249	100.0%
Gross Profit	21,543	12.0%	18,168	10.9%
Selling, general and administrative expenses	15,027	8.4%	14,479	8.7%

Revenue. Revenues increased $12.6 million during the year ended September 30, 2015, an increase of 7.6% compared to the year ended September 30, 2014. The market for this segment's services remains highly competitive and, as such, we continue to maintain a disciplined bid strategy. However, a continued focus on our sales strategy combined with improved market conditions in certain regions where we operate led to the year over year revenue increase.

Gross Profit. Gross profit during the year ended September 30, 2015 increased by $3.4 million, or 18.6%, as compared to the year ended September 30, 2014. The increase was due to an overall increase in the size of projects in progress, specific to the education, power distribution, and industrial markets. Commercial & Industrial's gross margin percentage increased 1.1% to 12.0% during the year ended September 30, 2015. The improvement in margin percentage was primarily attributable to improved productivity, as well as a more selective bidding strategy which we believe reduced our exposure to riskier projects that have historically resulted in reduced earnings.

Selling, General and Administrative Expenses. Selling, general and administrative expenses during the year ended September 30, 2015 increased by $0.5 million, or 3.8%, compared to the year ended September 30, 2014. Selling, general and administrative expense as a percentage of revenues in the Commercial & Industrial segment decreased by 0.3% during the year ended September 30, 2015, as we benefited from increased activity.

Infrastructure Solutions

2016 Compared to 2015

	Years Ended September 30,			
	2016		2015	
	$	%	$	%
	(Dollars in thousands, Percentage of revenues)			
Revenue	$58,003	100.0%	$46,827	100.0%
Gross Profit	15,647	27.0%	10,633	22.7%
Selling, general and administrative expenses	12,404	21.4%	9,498	20.3%
Contingent consideration	652	1.1%	0	0.0%
Loss on sale of assets	826	1.4%	12	0.0%

Revenue. Revenues in our Infrastructure Solutions segment increased by $11.2 million during the year ended September 30, 2016, an increase of 23.9% compared to the year ended September 30, 2015. The increase in revenue was driven primarily by the Southern Rewinding, Calumet and Technibus acquisitions, which provided additional revenue of $20.6 million for the year ended September 30, 2016. This increase was partially offset by a $6.7 million decrease in revenues from our engine component business, for which we sold substantially all of the operating assets in April 2016. For additional information see Note 18, “Business Combinations and Divestitures” in the notes to our Consolidated Financial Statements.

Gross Profit. Our Infrastructure Solutions segment’s gross profit during the year ended September 30, 2016 increased by $5.0 million, as compared to the year ended September 30, 2015. The increase was driven primarily by the acquisitions of Southern Rewinding, Technibus and Calumet, which contributed $6.9 million of additional gross profit for the year ended September 30, 2016 compared with the year ended September 30, 2015. This increase was partly offset by a $2.0 million reduction in gross profit from our engine component business, for which we sold substantially all of the operating assets in April 2016. Gross profit as a percent of revenue increased from 22.7% for the year ended September 30, 2015 to 27.0% for the year ended September 30, 2016, as a result of higher margins at Calumet and Technibus.

Selling, General and Administrative Expenses. Our Infrastructure Solutions segment’s selling, general and administrative expenses during the year ended September 30, 2016 increased by $2.9 million compared to the year ended September 30, 2015. Selling, general and administrative expense as a percentage of revenue increased from 20.3% for the year ended September 30, 2015 to 21.4% for the year ended September 30, 2016. The increase was driven primarily by the acquisitions of Southern Rewinding, Technibus and Calumet, which contributed $3.6 million of additional expense for the year ended September 30, 2016 compared with the year ended September 30, 2015. This increase was partly offset by a $0.5 million reduction in selling, general and administrative expense at our engine component business, for which we sold substantially all of the operating assets in April 2016.

Contingent Consideration. Results of operations from Calumet have outperformed forecast measures used in our original valuation of the contingent consideration agreement, which we calculated following the acquisition of Calumet. As we now expect to pay higher contingent consideration because of increased profitability, we recorded additional contingent consideration expense of $0.7 million during the year ended September 30, 2016.

Loss on Sale of Asset. We recognized $0.8 million in conjunction with the write down to net realizable value of certain assets related to our engine component business. The sale of these assets to a third party pursuant to an asset purchase agreement was finalized on April 15, 2016.

2015 Compared to 2014

	Years Ended September 30,			
	2015		2014	
	$	%	$	%
	(Dollars in thousands, Percentage of revenues)			
Revenue	$46,827	100.0%	$47,559	100.0%
Gross Profit	10,633	22.7%	9,960	20.9%
Selling, general and administrative expenses	9,498	20.3%	9,346	19.7%

Revenue. Revenues in our Infrastructure Solutions segment decreased by $0.7 million during the year ended September 30, 2015, a decrease of 1.5% compared to the year ended September 30, 2014. The decrease in revenue was driven primarily by a decrease in demand for power assemblies by certain of our large rail customers. This decrease was partially offset by improved demand for electric motor repair services and the expansion of our customer base. Revenue for the year ended September 30, 2015 includes $2.9 million from Southern Rewinding, which we acquired in May 2015.

Gross Profit. Our Infrastructure Solutions segment's gross profit during the year ended September 30, 2015 increased by $0.7 million, or 6.8%, as compared to the year ended September 30, 2014. Gross profit increased due to higher volume of electric motor repair services combined with the addition of Southern Rewinding, which contributed $0.9 million of gross margin for the year ended September 30, 2015. Gross profit as a percentage of revenue increased from 20.9% for the year ended September 30, 2014 to 22.7% for the year ended September 30, 2015. Although revenues were down, we were able to improve our margins through a focus on workflow and process improvement, as well as cost management. Further, the favorable service and project mix at Southern Rewinding contributed to the higher margin percentage year over year. Although margins have continued to improve year over year, the markets in which we operate remain competitive due to the current economic conditions of some of the larger industries we serve, particularly the steel and rail industries.

Selling, General and Administrative Expenses. Our Infrastructure Solutions segment's selling, general and administrative expenses during the year ended September 30, 2015 increased by $0.2 million compared to the year ended September 30, 2014. Selling, general and administrative expense as a percentage of revenue increased from 19.7% for the year ended September 30, 2014 to 20.3% for the year ended September 30, 2015. The increases were a result of certain one-time legal expenses and costs associated with the acquisition of Southern Rewinding, combined with the addition of selling, general and administrative expenses associated with Southern Rewinding's operations. These increases were partially offset by cost reductions made at our locations that service our large rail and steel industry customers, due to the decrease in demand for our services during the year ended September 30, 2015.

Interest and Other Expense, net

	Years Ended September 30,		
	2016	2015	2014
		(In thousands)	
Interest expense	$ 937	$ 813	$1,189
Deferred financing charges	345	317	385
Total interest expense	1,282	1,130	1,574
Other (income) expense, net	(83)	(180)	(203)
Total interest and other expense, net	$1,199	$ 950	$1,371

Interest Expense

During the year ended September 30, 2016, we incurred interest expense of $1.3 million primarily comprised of interest expense from our term loan facility with Wells Fargo, an average letter of credit balance of $6.9 million under our revolving credit facility and an average unused line of credit balance of $40.6 million. This compares to interest expense of $1.1 million for the year ended September 30, 2015, on a debt balance primarily comprised of our term loan facility with Wells Fargo, an average letter of credit balance of $6.9 million under our revolving credit facility and an average unused line of credit balance of $45.5 million.

For the year ended September 30, 2014, we incurred interest expense of $1.6 million on a debt balance primarily comprised of our term loan facility with Wells Fargo, an average letter of credit balance of $6.8 million under our revolving credit facility, and an average unused line of credit balance of $23.8 million.

PROVISION FOR INCOME TAXES

For the year ended September 30, 2016, we recorded a benefit from income tax of $97.1 million. This benefit included $109.0 million attributable to the release of our valuation allowance on certain of our net operating loss carryforwards and other deferred tax assets during the year ended September 30, 2016. This benefit is the result of our assessment that it is now more likely than not that we will generate sufficient taxable income to utilize these net operating loss carryforwards and other deferred tax assets.

Our provision for income taxes was $0.7 million for the years ended September 30, 2015 and 2014. Tax expense increased for the year ended September 30, 2015 by $0.2 million related to the federal income tax provision, $0.5 million related to the state income tax provision, and $0.1 million related to uncertain tax benefits. However, these increases were offset by a $0.7 million benefit from a reduction in our valuation allowance as a result of deferred tax liabilities added in connection with the acquisition of Southern Rewinding.

WORKING CAPITAL

During the year ended September 30, 2016, working capital exclusive of cash increased by $12.1 million from September 30, 2015, reflecting a $37.1 million increase in current assets and an $25.0 million increase in current liabilities during the period.

During the year ended September 30, 2016, our current assets increased by $37.1 million, or 26.6%, to $176.8 million, as compared to $139.7 million as of September 30, 2015. The increase in current assets is driven by current trade accounts receivables, net, which increased by $31.4 million at September 30, 2016, as compared to September 30, 2015. The increase in receivables was most notable in our Communications segment, which reported significantly higher revenues year over year, as well as an increase in cost-plus type contractual arrangements, where receivables usually are not collected as quickly as our typical contractual arrangements. At September 30, 2016 we had $13.0 million of accounts receivable of businesses acquired during the period. Days sales outstanding ("DSOs") increased to 60 as of September 30, 2016 from 56 as of September 30, 2015. While the rate of collections may vary, our secured position, resulting from our ability to secure liens against our customers' overdue receivables, reasonably assures that collection will occur eventually to the extent that our security retains value. Costs and estimated earnings in excess of billings on uncompleted contracts increased by $3.2 million at September 30, 2016 as compared to September 30, 2015, primarily as a result of increased activity at our Communications segment, particularly as some of this additional work has been on cost plus type jobs, where there is typically some delay between incurring the cost and billing it to the customer.

During the year ended September 30, 2016, our total current liabilities increased by $25.0 million to $133.1 million, compared to $108.1 million as of September 30, 2015. The increase was driven primarily by an increase in accounts payable and accrued expenses, which increased by $25.9 million at September 30, 2016 as compared with September 30, 2015. The increase is driven by $6.3 million of accounts payable of businesses acquired during the period, as well as increased activity in our Communications segment.

Surety

Many customers, particularly in connection with new construction, require us to post performance and payment bonds issued by a surety. These bonds provide a guarantee to the customer that we will perform under the terms of our contract and that we will pay our subcontractors and vendors. If we fail to perform under the terms of our contract or to pay subcontractors and vendors, the customer may demand that the surety make payments or provide services under the bond. We must reimburse the sureties for any expenses or outlays they incur on our behalf. To date, we have not been required to make any reimbursements to our sureties for bond-related costs.

As is common in the surety industry, sureties issue bonds on a project-by-project basis and can decline to issue bonds at any time. We believe that our relationships with our sureties will allow us to provide surety bonds as they are required. However, current market conditions, as well as changes in our sureties' assessment of our operating and financial risk, could cause our sureties to decline to issue bonds for our work. If our sureties decline to issue bonds for our work, our alternatives would include posting other forms of collateral for project performance, such as letters of credit or cash, seeking bonding capacity from other sureties, or engaging in more projects that do not require surety bonds. In addition, if we are awarded a project for which a surety bond is required but we are unable to obtain a surety bond, the result could be a claim for damages by the customer for the costs of replacing us with another contractor.

As of September 30, 2016, the estimated cost to complete our bonded projects was approximately $54.3 million. We believe the bonding capacity currently provided by our sureties is adequate for our current operations and will be adequate for our operations for the foreseeable future.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2016, we had cash and cash equivalents of $33.0 million and $33.1 million of availability under our revolving credit facility. We anticipate that the combination of cash on hand, cash flows from operations and available capacity under our revolving credit facility will provide sufficient cash to enable us to meet our working capital needs, debt service requirements and capital expenditures for property and equipment through the next twelve months. Our ability to generate cash flow is dependent on many factors, including demand for our services, the availability of projects at margins acceptable to us, the ultimate collectability of our receivables, and our ability to borrow on our revolving credit facility or raise funds in the capital markets, if needed.

We continue to monitor the financial markets and general national and global economic conditions. To date, we have experienced no loss or lack of access to our invested cash or cash equivalents; however, we can provide no assurances that access to our invested cash and cash equivalents will not be impacted in the future by adverse conditions in the financial markets.

The Revolving Credit Facility

We maintain a revolving credit facility with Wells Fargo Bank, N.A. (the "Credit Facility"), which is evidenced by an Amended and Restated Credit and Security Agreement (as amended, the "Credit Agreement"). During fiscal 2016, we amended the maximum revolver amount under the Credit Facility from $60 million to $70 million and extended the maturity date of the Credit Facility by one year to August 9, 2019. In addition, as further described below, we amended the Credit Facility to reduce the interest rate charged, modify the calculation of amounts available, resulting in an increase in available borrowing capacity, create new minimum thresholds for liquidity and Excess Availability (as defined in the Credit Agreement), and modify the thresholds of Liquidity (which, as defined in the Credit Agreement, is the aggregate amount of unrestricted cash and cash equivalents on hand plus Excess Availability) and Excess Availability below which the Company must maintain a specified Fixed Charge Coverage Ratio (as defined in the Credit Agreement).

The Credit Facility is guaranteed by our subsidiaries and secured by first priority liens on substantially all of our subsidiaries' existing and future acquired assets, exclusive of collateral provided to our surety providers. The Credit Facility also restricts us from paying cash dividends and places limitations on our ability to repurchase our common stock.

Terms of the Credit Facility

The Credit Facility contains customary affirmative, negative and financial covenants, which were adjusted in fiscal 2016 amendments. At September 30, 2016, we were subject to the financial covenant under the Credit Facility requiring, at any time that our Liquidity is less than $14 million or our Excess Availability is less than $7 million, that we maintain a Fixed Charge Coverage Ratio of not less than 1.0:1.0. Additionally, pursuant to the amendments, we are required to maintain minimum Liquidity of $8.75 million and Excess Availability of $4.38 million at all times. At September 30, 2016, our Liquidity was $66.0 million and our Excess Availability was $33.1 million, and as such, we were not required to maintain a Fixed Charge Coverage Ratio of 1.0:1.0 as of such date. Nonetheless, at September 30, 2016, our Fixed Charge Coverage Ratio was 17.6:1.0. Compliance with our Fixed Charge Coverage Ratio, while not required at September 30, 2016, provides us with the ability to use cash on hand or to draw on our Credit Facility such that we can fall below the Excess Availability and Liquidity minimum thresholds described above without violating our financial covenant.

Our Fixed Charge Coverage Ratio is calculated as (i) our trailing twelve month EBITDA (as defined in the Credit Agreement), less non-financed capital expenditures (other than capital expenditures financed by means of an advance under the Credit Facility) cash taxes and certain pass-through tax liabilities, divided by (ii) the sum of our cash interest and principal debt payments (other than repayment of principal on advances under the Credit Facility) and all Restricted Junior Payments (as defined in the Credit Agreement) (other than pass-through tax liabilities) and other cash distributions. As defined in the Credit Agreement, EBITDA is calculated as consolidated net income (or loss), less extraordinary gains, interest income, non-operating income and income tax benefits and decreases in any change in LIFO reserves, plus stock compensation expense, non-cash extraordinary losses, interest expense, income taxes, depreciation and amortization and increases in any change in LIFO reserves.

If in the future our Liquidity or Excess Availability fall below $14 million or $7 million, respectively, and at that time our Fixed Charge Coverage Ratio is less than 1.0:1.0, or if we otherwise fail to perform or otherwise comply with certain of our covenants or other agreements under our Credit Facility, it would result in an event of default under our Credit Facility, which could result in some or all of our indebtedness becoming immediately due and payable.

Borrowings under the Credit Facility may not exceed a "borrowing base" that is determined monthly by our lenders based on available collateral, primarily certain accounts receivables, inventories and personal property and equipment. Under the terms of the Credit Facility, amounts outstanding bear interest at a per annum rate equal to a Daily Three Month LIBOR (as defined in the Credit Agreement), plus an interest rate margin, which is determined quarterly, based on the following thresholds, which were adjusted in the fiscal 2016 amendments:

Level	Thresholds	Interest Rate Margin
I	If Liquidity is less than $24.5 million at any time during the period	2.25 percentage points
II	If Liquidity is greater than or equal to $24.5 million at all times during the period and less than $35.0 million at any time during the period	2.00 percentage points
III	If Liquidity is greater than or equal to $35.0 million at all times during the period	1.75 percentage points

In addition, we are charged monthly in arrears for (1) an unused commitment fee of 0.375% per annum, (2) a collateral monitoring fee ranging from $1 thousand to $2 thousand, based on the then-applicable interest rate margin, (3) a letter of credit fee based on the then-applicable interest rate margin and (4) certain other fees and charges as specified in the Credit Agreement.

At September 30, 2016, we had $6.9 million in outstanding letters of credit with Wells Fargo and outstanding borrowings of $29.3 million.

Common Stock Rights Offering

On August 7, 2014, we completed a $20.0 million rights offering (the “Rights Offering”). In the Rights Offering, the Company distributed, at no charge, to the holders of shares of its common stock on July 7, 2014, one non-transferable subscription right for each share of common stock owned. Each right entitled the holder thereof to purchase from the Company 0.214578135 shares of common stock at a subscription price of $5.20 per share, which represented a discount to the market price of the common stock at the closing of the offering. In addition, holders who purchased all of the shares of common stock available to them were entitled to subscribe, at the same subscription price of $5.20 per share, for a portion of any shares of common stock that other holders did not purchase, subject to certain limitations (the “Over-Subscription Privilege”). The Rights Offering was fully subscribed, after giving effect to the exercise of Over-Subscription Privileges, and we received net proceeds of approximately $19.6 million, after deducting estimated offering expenses, for the issuance of 3,846,150 shares of common stock.

Immediately after giving effect to the Rights Offering, we had 21,768,642 shares of common stock issued and outstanding. Tontine beneficially owned approximately 60% of the shares of common stock outstanding immediately prior to launch of the Rights Offering, and immediately after giving effect to the Rights Offering, Tontine beneficially owned approximately 61% of the Company’s outstanding shares. Tontine currently owns approximately 58% of our outstanding shares based on its most recently filed amendment to its Schedule 13D.

Investments

From time to time, the Company may invest in non-controlling positions in the debt or equity securities of other businesses. In October 2014, our Board of Directors approved an investment policy that permits the Company to invest our cash in liquid and marketable securities that include equities and fixed income securities, subject to Board approval of any such investment over $0.5 million. Equity securities may include unrestricted, publicly traded stock that is listed on a major exchange or a national, over-the-counter market and that is appropriate for our portfolio objectives, asset class, and/or investment style, and fixed income securities are required to have an investment grade credit quality at the time of purchase.

Operating Activities

Our cash flow from operations is not only influenced by cyclicality, demand for our services, operating margins and the type of services we provide, but can also be influenced by working capital needs such as the timing of our receivable collections. Working capital needs are generally lower during our fiscal first and second quarters due to the seasonality that we experience in many regions of the country.

Operating activities provided net cash of $25.0 million during the year ended September 30, 2016, as compared to $11.5 million of net cash provided in the year ended September 30, 2015. The increase in operating cash flow is the result of increased net income, slightly offset by an increase in working capital in connection with the increase in business activity.

Operating activities provided net cash of $11.5 million during the year ended September 30, 2015, as compared to $12.6 million of net cash provided in the year ended September 30, 2014. Although we reported higher net income in the year ended September 30, 2015 as compared to the year ended September 30, 2014, we ended fiscal 2015 with higher levels of working capital in connection with increased levels of activity, as well as working capital requirements at Southern Rewinding, where we used $1.1 million to pay down accounts payable and accrued liabilities immediately upon closing the acquisition.

Investing Activities

In the year ended September 30, 2016, net cash used in investing activities was $60.7 million as compared to $5.9 million of net cash used by investing activities in the year ended September 30, 2015. Investing activities for the year ended September 30, 2016 include $59.5 million for the acquisition of businesses, as well as $3.4 million of capital expenditures. These expenditures were slightly offset by the receipt of $2.2 million from the sale of substantially all of the operating assets of our engine components business. For the year ended September 30, 2015, cash used in investing activities included $3.1 million used for the acquisition of a business and $2.8 million of capital expenditures.

Investing activities of $2.0 million in the year ended September 30, 2014 relate to capital expenditures.

Financing Activities

Financing activities provided net cash of $19.4 million in the year ended September 30, 2016 compared to $3.6 million used in the year ended September 30, 2015. For the year ended September 30, 2016, we borrowed $20.3 million, which we used to partially fund our acquisition of Technibus. Additionally, we used $0.6 million for the repurchase of common stock under the Company's stock repurchase program, and $0.3 million to collateralize letters of credit outstanding at Technibus. For the year ended September 30, 2015, we used $3.6 million for repurchases of the Company's common stock under the authorized stock repurchase program. We repurchased an aggregate $3.5 million of common stock from an unrelated, third-party investor and in open market transactions, pursuant to the stock repurchase program, and we used an additional $0.1 million for the repurchase of common stock to satisfy employee payroll tax withholding obligations. For the year ended September 30, 2014, we raised $19.6 million through our Rights Offering. This was partly offset by $3.5 million used for repayments on our Credit Facility and $0.2 million used for the repurchase of common stock to satisfy employee payroll tax withholding obligations.

CONTROLLING SHAREHOLDER

On October 5, 2016, Tontine filed an amended Schedule 13D indicating its ownership level of approximately 58% of the Company's outstanding common stock. As a result, Tontine can control most of our affairs, including most actions requiring the approval of shareholders, such as the approval of any potential merger or sale of all or substantially all assets, segments, or the Company itself.

We are a party to a sublease agreement with Tontine Associates, L.L.C., an affiliate of our controlling shareholder, for corporate office space in Greenwich, Connecticut. The sublease extends through April, 2019, with monthly payments due in the amount of approximately $8 thousand. The lease has terms at market rates, and payments by the Company are at a rate consistent with that paid by Tontine Associates, L.L.C. to its landlord.

Jeffrey L. Gendell has served as a member of the Board of Directors and as non-executive Chairman of the Board since November 2016. He is the managing member and founder of Tontine, the Company's controlling shareholder, and the brother of David B. Gendell, who has served as a member of the Board of Directors since February 2012 and as non-executive Vice Chairman of the Board since November 2016, having previously served as the Company's non-executive Chairman of the Board from January 2015 to November 2016. David B. Gendell is also an employee of Tontine.

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

As is common in our industry, we have entered into certain off-balance sheet arrangements that expose us to increased risk. Our significant off-balance sheet transactions include commitments associated with non-cancelable operating leases, letter of credit obligations, firm commitments for materials and surety guarantees.

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

Some of our customers and vendors require us to post letters of credit as a means of guaranteeing performance under our contracts and ensuring payment by us to subcontractors and vendors. If our customer has reasonable cause to effect payment under a letter of credit, we would be required to reimburse our creditor for the letter of credit. At September 30, 2016, $0.8 million of our outstanding letters of credit were to collateralize our customers and vendors.

Some of the underwriters of our casualty insurance program require us to post letters of credit as collateral, as is common in the insurance industry. To date, we have not had a situation where an underwriter has had reasonable cause to effect payment under a letter of credit. At September 30, 2016, $6.1 million of our outstanding letters of credit were to collateralize our insurance programs.

From time to time, we may enter into firm purchase commitments for materials such as copper wire and aluminum wire, among others, which we expect to use in the ordinary course of business. These commitments are typically for terms less than one year and require us to buy minimum quantities of materials at specified intervals at a fixed price over the term. As of September 30, 2016, we did not have any open purchase commitments.

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

As of September 30, 2016, our future contractual obligations due by September 30 of each of the following fiscal years include (in thousands):

	Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years	Total
Long-term debt obligations	$ —	$29,257	$ —	$ —	$29,257
Operating lease obligations	6,617	8,819	3,856	2,345	21,637
Total (1)	$ 6,617	$38,076	$3,856	$ 2,345	$50,894

(1) The tabular amounts exclude the interest obligations that will be created if the debt obligations are outstanding for the periods presented.

Our other commitments expire by September 30 of each of the following fiscal years (in thousands):

	2017	2018	2019	Thereafter	Total
Standby letters of credit	$6,944	$—	$—	$ —	$6,944
Total	$6,944	$—	$—	$ —	$6,944

CRITICAL ACCOUNTING POLICIES

The discussion and analysis of our financial condition and results of operations are based on our Consolidated Financial Statements, which have been prepared in accordance with GAAP. The preparation of our Consolidated Financial Statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities known to exist as of the date the Consolidated Financial Statements, and the reported amounts of revenues and expenses recognized during the periods presented. We review all significant estimates affecting our Consolidated Financial Statements on a recurring basis and record the effect of any necessary adjustments prior to their publication. Judgments and estimates are based on our beliefs and assumptions derived from information available at the time such judgments and estimates are made. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of financial statements. There can be no assurance that actual results will not differ from those estimates.

Accordingly, we have identified the accounting principles which we believe are most critical to our reported financial status by considering accounting policies that involve the most complex or subjective decisions or assessments. We identified our most critical accounting policies to be those related to revenue recognition, accounting for business combinations, the assessment of goodwill and asset impairment, our allowance for doubtful accounts receivable, the recording of our insurance liabilities and estimation of the valuation allowance for deferred tax assets, and unrecognized tax benefits. These accounting policies, as well as others, are described in Note 2, “Summary of Significant Accounting Policies” in the notes to our Consolidated Financial Statements, and at relevant sections in this discussion and analysis.

Revenue Recognition. We enter into contracts principally on the basis of competitive bids. We frequently negotiate the final terms and prices of those contracts with the customer. Although the terms of our contracts vary considerably, over approximately 90% of our revenues are based on either a fixed price or unit price basis in which we agree to do the work for a fixed amount for the entire project (fixed price) or for units of work performed (unit price). Approximately 5% of our revenues are earned from contracts where we are paid on a time and materials basis, and from time to time, we may enter into contracts on a cost plus basis. Our most significant cost drivers are the cost of labor, the cost of materials and the cost of casualty and health insurance. These costs may vary from the costs we originally estimated. Variations from estimated contract costs along with other risks inherent in performing fixed price and unit price contracts may result in actual revenue and gross profits or interim projected revenue and gross profits for a project differing from those we originally estimated and could result in losses on projects. Depending on the size of a particular project, variations from estimated project costs could have a significant impact on our operating results for any fiscal quarter or year.

We complete most of our projects within one year. We frequently provide service and maintenance work under open-ended, unit price master service agreements which are renewable annually. We recognize revenue on service, time and material work when services are performed. Work performed under a construction contract generally provides that the customers accept completion of progress to date and compensate us for services rendered, measured in terms of units installed, hours expended or some other measure of progress. Revenues from construction contracts are recognized on the percentage-of-completion method. Revenues recognized on a percentage-of-completion basis, all of which are fixed price arrangements, comprised approximately 66.8% of our total revenue for the year ended December 31, 2016. The percentage-of-completion method for construction contracts is measured principally by the percentage of costs incurred and accrued to date for each contract to the estimated total costs for each contract at completion. We generally consider contracts substantially complete upon departure from the work site and acceptance by the customer. Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs and depreciation costs. Changes in job performance, job conditions, estimated contract costs, profitability and final contract settlements may result in revisions to costs and income, and the effects of such revisions are recognized in the period in which the revisions are determined. Provisions for total estimated losses on uncompleted contracts are made in the period in which such losses are determined.

The current asset “Costs and estimated earnings in excess of billings” represents revenues recognized in excess of amounts billed that management believes will be billed and collected within the next twelve months. The current liability “Billings in excess of costs and estimated earnings” represents billings in excess of revenues recognized. Costs and estimated earnings in excess of billings are amounts considered recoverable from customers based on different measures of performance, including achievement of specific milestones, completion of specified units or completion of the contract. Also included in this asset, from time to time, are claims and unapproved change orders, which include amounts that we are in the process of collecting from our customers or agencies for changes in contract specifications or design, contract change orders in dispute or unapproved as to scope and price, or other related causes of unanticipated additional contract costs. Claims and unapproved change orders are recorded at estimated realizable value when collection is probable and can be reasonably estimated. We do not recognize profits on construction costs incurred in connection with claims. Claims made by us involve negotiation and, in certain cases, litigation. Such litigation costs are expensed as incurred.

Business Combinations. In accounting for business combinations, certain assumptions and estimates are employed in determining the fair value of assets acquired, evaluating the fair value of liabilities assumed, as well as in determining the allocation of goodwill to the appropriate reporting unit. These estimates may be affected by factors such as changing market conditions affecting the industries in which we operate. The most significant assumptions requiring judgment involve identifying and estimating the fair value of intangible assets and the associated useful lives for establishing amortization periods. To finalize purchase accounting for significant acquisitions, we utilize the services of independent valuation specialists to assist in the determination of the fair value of acquired intangible assets.

Valuation of Intangibles and Long-Lived Assets. We evaluate goodwill for potential impairment at least annually at year end, however, if impairment indicators exist, we will evaluate as needed. In evaluating goodwill for impairment, we have the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is greater than its carrying value. If we determine that it is more likely than not that the carrying value of a reporting unit is greater than its fair value, then we perform an impairment test by calculating the fair value of the reporting unit and comparing this calculated fair value with the carrying value of the reporting unit. We estimate the fair value of the reporting unit based on the market approach and income approach. Included in this evaluation are certain assumptions and estimates to determine the fair values of reporting units such as estimates of future cash flows and discount rates, as well as assumptions and estimates related to the valuation of other identified intangible assets. Changes in these assumptions and estimates or significant changes to the market value of our common stock could materially impact our results of operations or financial position. We did not record goodwill impairment during the years ended September 30, 2016, 2015 or 2014.

Each reporting period, we assess impairment indicators related to long-lived assets and intangible assets. If we determine impairment indicators exist, we conduct an evaluation to determine whether any impairment has occurred. This evaluation includes certain assumptions and estimates to determine fair value of asset groups, including estimates about future cash flows and discount rates, among others. Changes in these assumptions and estimates could materially impact our results of operations or financial projections. No impairment charges were recorded in the years ended September 30, 2016, 2015 or 2014.

Current and Non-Current Accounts Receivable and Provision for Doubtful Accounts. We provide an allowance for doubtful accounts for unknown collection issues, in addition to reserves for specific accounts receivable where collection is considered doubtful. Inherent in the assessment of the allowance for doubtful accounts are certain judgments and estimates including, among others, our customers’ access to capital, our customers’ willingness to pay, general economic conditions, and the ongoing relationships with our customers. In addition to these factors, the method of accounting for construction contracts requires the review and analysis of not only the net receivables, but also the amount of billings in excess of costs and costs in excess of billings. The analysis management utilizes to assess collectability of our receivables includes detailed review of older balances, analysis of days sales outstanding where we include in the calculation, in addition to accounts receivable balances net of any allowance for doubtful accounts, the level of costs in excess of billings netted against billings in excess of costs, and the ratio of accounts receivable, net of any allowance for doubtful accounts plus the level of costs in excess of billings, to revenues. These analyses provide an indication of those amounts billed ahead of or behind the recognition of revenue on our construction contracts and are important to consider in understanding the operational cash flows related to our revenue cycle.

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

Valuation Allowance for Deferred Tax Assets. We regularly evaluate valuation allowances established for deferred tax assets for which future realization is uncertain. We perform this evaluation quarterly. The estimation of required valuation allowances includes estimates of future taxable income. In assessing the realizability of deferred tax assets at September 30, 2016, we concluded, based upon the assessment of positive and negative evidence, that it is more likely than not that the Company will generate sufficient table income within the applicable NOL carryforward periods to realize $93.5 million of its deferred tax assets. We considered the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment.

Over the ten-year period from 2004 through 2013, the Company reported net losses each year, finally returning to profitability in the year ended September 30, 2014. Because of this substantial history of losses, a substantial amount of positive evidence regarding current and future earnings is required to outweigh the significant negative evidence associated with our historical losses. For the year ended September 30, 2016, we reported a 35% increase in pretax income compared with the prior year. As shown in our Selected Financial Data table in Item 6 of this form 10-K, our earnings have improved. In 2016, we completed four acquisitions. As of the end of the fourth quarter 2016, all four 2016 acquisitions have been successfully integrated, and are contributing to the Company's profitability. The largest of these acquisitions, Technibus, was acquired near the end of the third quarter of fiscal 2016, and we expect to benefit from a full year of Technibus operations in fiscal 2017. Improving results at the Company's existing operations, as well as the integration of newly acquired businesses, have led to an increase in both current year actual and forecasted earnings. These 2016 developments, combined with the wind-down over the past few years of several underperforming branches closed in our 2011 restructuring, which generated significant historical losses, have led us to conclude that the more recent positive evidence now outweighs the historical negative evidence, and it is more likely than not that we will generate sufficient taxable income to utilize $93.5 million of deferred tax assets.

The release of the valuation allowance has been recorded as an income tax benefit in 2016, resulting in a benefit of $109.0 million, including $16.0 million related to current year activity. This benefit has resulted in a negative effective tax rate for the year ended September 30, 2016. As such, we expect our effective tax rate to increase in subsequent periods. However, this valuation allowance release has no impact on the amount of cash paid for income taxes. An inability to generate sufficient taxable income in future periods to realize our deferred tax assets may lead to a future need for a valuation allowance, and a corresponding reduction in GAAP net income. Further, any future reduction in the federal statutory tax rate could also cause a reduction in the economic benefit of the NOL available to us, and a corresponding charge to reduce the book value of the deferred tax asset recorded on our balance sheet.

Income Taxes. GAAP specifies the methodology by which a company must identify, recognize, measure and disclose in its financial statements the effects of any uncertain tax return reporting positions that it has taken or expects to take. GAAP requires financial statement reporting of the expected future tax consequences of uncertain tax return reporting positions on the presumption that all relevant tax authorities possess full knowledge of those tax reporting positions, as well as all of the pertinent facts and circumstances, but it prohibits discounting of any of the related tax effects for the time value of money.

The evaluation of a tax position is a two-step process. The first step is the recognition process to determine if it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authority, based on the technical merits of the position. The second step is a measurement process whereby a tax position that meets the more likely than not recognition threshold is calculated to determine the amount of benefit/expense to recognize in the financial statements. The tax position is measured at the largest amount of benefit/expense that is more likely than not of being realized upon ultimate settlement.

We are currently not under federal audit by the Internal Revenue Service. The tax years ended September 30, 2013 and forward are subject to audit as are prior tax years, to the extent of unutilized net operating losses generated in those years.

We anticipate that approximately $3.7 million in liabilities for unrecognized tax benefits, including accrued interest, may be reversed in the next twelve months. This reversal is predominantly due to the expiration of the statutes of limitation for unrecognized tax benefits.

New Accounting Pronouncements. Recent accounting pronouncements are described in Note 2, "Summary of Significant Accounting Policies — *New Accounting Pronouncements*" in the notes to our Consolidated Financial Statements, and at relevant sections in this discussion and analysis.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Management is actively involved in monitoring exposure to market risk and continues to develop and utilize appropriate risk management techniques. Our exposure to significant market risks includes fluctuations in labor costs, and commodity prices for copper, aluminum, steel and fuel. Commodity price risks may have an impact on our results of operations due to the fixed price nature of many of our contracts. We are also exposed to interest rate risk with respect to our outstanding debt obligations on the Credit Facility. For additional information see *"Risk Factors"* in Item 1A of this Form 10-K.

Commodity Risk

Our exposure to significant market risks includes fluctuations in commodity prices for copper, aluminum, steel and fuel. Commodity price risks may have an impact on our results of operations due to fixed nature of many of our contracts. Over the long-term, we expect to be able to pass along a portion of these costs to our customers, as market conditions in the construction industry will allow.

Interest Rate Risk

We are subject to interest rate risk on our floating interest rate borrowings. Floating rate debt, where the interest rate fluctuates periodically, exposes us to short-term changes in market interest rates.

All of the long-term debt outstanding under our Credit Facility is structured on floating interest rate terms. A one percentage point increase in the interest rates on our long-term debt outstanding under our Credit Facility as of September 30, 2016 would cause a $0.3 million pre-tax annual increase in interest expense.

Table of Contents

Item 8. Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of
IES Holdings, Inc. and subsidiaries

We have audited the accompanying consolidated balance sheets of IES Holdings, Inc. and subsidiaries ("the Company") as of September 30, 2016 and 2015, and the related consolidated statements of comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended September 30, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of IES Holdings, Inc. and subsidiaries at September 30, 2016 and 2015, and the consolidated results of their operations and their cash flows for each of the three years in the period ended September 30, 2016, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), IES Holdings, Inc. and subsidiaries internal control over financial reporting as of September 30, 2016, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated December 9, 2016 expressed an unqualified opinion thereon.

s/ ERNST & YOUNG LLP

Houston, Texas
December 9, 2016

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of IES Holdings, Inc. and subsidiaries:

We have audited IES Holdings, Inc. and subsidiaries (the “Company”) internal control over financial reporting as of September 30, 2016, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). IES Holdings, Inc. and subsidiaries management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management’s Report on Internal Control over Financial Reporting, management’s assessment of and conclusion on the effectiveness of internal controls over financial reporting did not include the internal controls over Calumet Armature & Electric, LLC, Shanahan Mechanical and Electrical, Inc., STR Mechanical, LLC, and Technibus, Inc. acquired during the year ended September 30, 2016, which are included in the 2016 consolidated financial statements of the Company. Excluding goodwill and intangible assets, these businesses constituted 7% of consolidated total assets as of September 30, 2016 and 5% of consolidated revenues of IES Holdings, Inc. and subsidiaries for the year then ended. Our audit of internal control over financial reporting of IES Holdings, Inc. and subsidiaries also did not include the evaluation of the internal control over financial reporting of these businesses referred to above.

In our opinion, IES Holdings, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of September 30, 2016, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of IES Holdings, Inc. and subsidiaries as of September 30, 2016 and 2015, and the related consolidated statements of comprehensive income, stockholders’ equity and cash flows for each of the three years in the period ended September 30, 2016 and our report dated December 9, 2016 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Houston, Texas
December 9, 2016

Table of Contents

IES HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(In Thousands, Except Share Information)

	September 30, 2016	September 30, 2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 32,961	$ 49,360
Restricted cash	260	—
Accounts receivable:		
Trade, net of allowance	124,368	92,976
Retainage	20,135	17,453
Inventories	13,236	13,977
Costs and estimated earnings in excess of billings	15,554	12,318
Prepaid expenses and other current assets	3,214	2,956
Total current assets	209,728	189,040
Property and equipment, net	15,694	11,683
Goodwill	39,936	17,249
Intangible assets, net	31,723	4,723
Deferred tax assets	93,549	—
Other non-current assets	3,710	2,984
Total assets	$ 394,340	$ 225,679
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	108,822	82,910
Current maturities of long-term debt	—	4
Billings in excess of costs and estimated earnings	24,229	25,165
Total current liabilities	133,051	108,079
Long-term debt, net of current maturities	29,257	9,203
Other non-current liabilities	6,832	6,983
Total liabilities	169,140	124,265
Noncontrolling interest	1,795	—
STOCKHOLDERS' EQUITY:		
Preferred stock, $0.01 par value, 10,000,000 shares authorized, none issued and outstanding	—	—
Common stock, $0.01 par value, 100,000,000 shares authorized; 22,049,529 and 22,049,529 shares issued and 21,456,539 and 21,475,741 outstanding, respectively	220	220
Treasury stock, at cost, 592,990 and 573,788 shares, respectively	(4,781)	(4,401)
Additional paid-in capital	195,221	193,628
Retained earnings (deficit)	32,745	(88,033)
Total stockholders' equity	223,405	101,414
Total liabilities and stockholders' equity	$ 394,340	$ 225,679

The accompanying notes are an integral part of these Consolidated Financial Statements.

IES HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
(In Thousands, Except Share Information)

	Years Ended September 30, 2016	2015	2014
Revenues	$ 695,993	$ 573,857	$ 512,395
Cost of services	569,013	473,966	429,269
Gross profit	126,980	99,891	83,126
Selling, general and administrative expenses	100,558	81,416	75,571
Contingent consideration expense	652	—	—
(Gain) loss on sale of assets	810	(13)	(86)
Income from operations	24,960	18,488	7,641
Interest and other (income) expense:			
Interest expense	1,282	1,130	1,574
Other (income) expense, net	(83)	(180)	(203)
Income from continuing operations before income taxes	23,761	17,538	6,270
Provision (benefit) for income taxes	(97,117)	661	748
Net income from continuing operations	120,878	16,877	5,522
Net loss from discontinued operations	—	(339)	(198)
Net income	120,878	16,538	5,324
Net income attributable to noncontrolling interest	(100)	—	—
Net income attributable to IES Holdings, Inc.	120,778	16,538	5,324
Unrealized gain (loss) on interest hedge, net of tax	—	2	(19)
Comprehensive income attributable to IES Holdings, Inc.	$ 120,778	$ 16,540	$ 5,305
Income (loss) per share:			
Continuing operations	$ 5.63	$ 0.79	$ 0.30
Discontinued operations	—	(0.02)	(0.01)
Basic	$ 5.63	$ 0.77	$ 0.29
Diluted income (loss) per share:			
Continuing operations	$ 5.62	$ 0.79	$ 0.30
Discontinued operations	—	(0.02)	(0.01)
Diluted	$ 5.62	$ 0.77	$ 0.29
Shares used in the computation of income (loss) per share			
Basic	21,279,342	21,480,622	18,417,564
Diluted	21,492,339	21,526,188	18,473,420

The accompanying notes are an integral part of these Consolidated Financial Statements.

IES HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity
(In Thousands, Except Share Information)

	Common Stock		Treasury Stock			Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	APIC			
BALANCE, September 30, 2013	18,203,379	$ 182	(259,057)	$(2,332)	$174,514	$ 17	$(109,895)	$ 62,486
Grants under compensation plans	—	—	13,500	117	(117)	—	—	—
Acquisition of treasury stock	—	—	(36,272)	(179)	—	—	—	(179)
Non-cash compensation	—	—	—	—	711	—	—	711
Interest rate swap	—	—	—	—	—	(19)	—	(19)
Shares issued in rights offering	3,846,150	38	—	—	19,611	—	—	19,649
Net income attributable to IES Holdings, Inc.	—	—	—	—	—	—	5,324	5,324
BALANCE, September 30, 2014	22,049,529	$ 220	(281,829)	$(2,394)	$194,719	$ (2)	$(104,571)	$ 87,972
Grants under compensation plans	—	—	207,874	1,615	(1,615)	—	—	—
Acquisition of treasury stock	—	—	(499,833)	(3,622)	—	—	—	(3,622)
Non-cash compensation	—	—	—	—	524	—	—	524
Interest rate swap		—	—	—	—	2	—	2
Shares issued in rights offering	—	—	—	—	—	—	—	—
Net income attributable to IES Holdings, Inc.	—	—	—	—	—	—	16,538	16,538
BALANCE, September 30, 2015	22,049,529	$ 220	(573,788)	$(4,401)	$193,628	$ —	$ (88,033)	$ 101,414
Grants under compensation plans	—	—	5,670	44	(44)	—	—	—
Acquisition of treasury stock	—	—	(59,872)	(685)	95	—	—	(590)
Stock forfeitures	—	—	(7,500)	(72)	72	—	—	—
Options exercised	—	—	42,500	333	(113)	—	—	220
Non-cash compensation	—	—	—	—	1,583	—		1,583
Net income attributable to IES Holdings, Inc.	—	—	—	—		—	120,778	120,778
BALANCE, September 30, 2016	22,049,529	$ 220	(592,990)	$(4,781)	$195,221	$ —	$ 32,745	$ 223,405

The accompanying notes are an integral part of these Consolidated Financial Statements.

Table of Contents

IES HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(In Thousands)

	Years Ended September 30, 2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$120,878	$ 16,538	$ 5,324
Adjustments to reconcile net income to net cash provided by operating activities:			
Bad debt expense	360	269	170
Deferred financing cost amortization	345	316	385
Depreciation and amortization	5,664	2,509	2,526
Loss on sale of assets	810	67	218
Non-cash compensation expense	1,583	524	711
Deferred income taxes	(98,402)	—	—
Changes in operating assets and liabilities			
Accounts receivable	(22,439)	(15,115)	(4,137)
Inventories	3,897	2,526	3,788
Costs and estimated earnings in excess of billings	(3,236)	(3,727)	(256)
Prepaid expenses and other current assets	(1,716)	(1,902)	2,295
Other non-current assets	(1,500)	120	592
Accounts payable and accrued expenses	19,676	6,654	39
Billings in excess of costs and estimated earnings	(936)	3,313	1,176
Other non-current liabilities	(16)	(586)	(233)
Net cash provided by operating activities	24,968	11,506	12,598
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(3,417)	(2,779)	(1,982)
Proceeds from sales of assets	2,225	—	—
Cash paid in conjunction with business combination	(59,544)	(3,113)	—
Net cash used in investing activities	(60,736)	(5,892)	(1,982)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings of debt	20,289	26	—
Repayments of debt	(290)	—	(3,502)
Purchase of treasury stock	(590)	(3,622)	(179)
Change in restricted cash	(260)	—	—
Issuance of shares	220	—	19,650
Net cash provided by (used in) financing activities	19,369	(3,596)	15,969
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(16,399)	2,018	26,585
CASH AND CASH EQUIVALENTS, beginning of period	49,360	47,342	20,757
CASH AND CASH EQUIVALENTS, end of period	$ 32,961	$ 49,360	$47,342

	2016	2015	2014
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid for interest	$ 1,009	$ 792	$ 1,149
Cash paid for income taxes (net)	$ 1,415	$ 1,532	$ 732

The accompanying notes are an integral part of these Consolidated Financial Statements.

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

1. BUSINESS

Description of the Business

IES Holdings, Inc. is a holding company that owns and manages operating subsidiaries in business activities across a variety of end markets. Our operations are currently organized into four principal business segments based upon the nature of our current services:

- Communications — Nationwide provider of technology infrastructure products and services to large corporations and independent businesses.
- Residential — Regional provider of electrical installation services for single-family housing and multi-family apartment complexes.
- Commercial & Industrial — Provider of electrical and mechanical design, construction, and maintenance services to the commercial and industrial markets in various regional markets and nationwide in certain areas of expertise, such as the power infrastructure market.
- Infrastructure Solutions — Provider of electro-mechanical solutions for industrial operations.

The words “IES”, the “Company”, “we”, “our”, and “us” refer to IES Holdings, Inc. and, except as otherwise specified herein, to our wholly-owned subsidiaries.

Our Communications segment is a leading provider of network infrastructure services for data centers and other mission critical environments. Services offered include the design, installation and maintenance of network infrastructure for the financial, medical, hospitality, government, high-tech manufacturing, educational and information technology industries, including for Fortune 500 companies. We also provide the design and installation of audio/visual, telephone, fire, wireless access and intrusion alarm systems as well as design/build, service and maintenance of data network systems. We perform services across the United States from our 13 offices, which include our Communications headquarters located in Tempe, Arizona, allowing for dedicated onsite maintenance teams at our customers’ sites.

Our Residential segment provides electrical installation services for single-family housing and multi-family apartment complexes and cable television installations for residential and light commercial applications. In addition to our core electrical construction work, the Residential segment also provides services for the installation of residential solar power, both for new construction and existing residences. The Residential segment is made up of 32 locations, which include our Residential headquarters in Houston, Texas. These locations geographically cover the Sun-Belt, Western and Mid-Atlantic regions of the United States.

Our Commercial & Industrial segment offers a broad range of expertise that enables us to provide a wide array of electrical and mechanical design, construction, and maintenance services to the commercial and industrial markets. The offerings under our design services platform range from budget assistance to providing design build and LEED solutions to our end customers. These services are typically integrated with our construction services. Our construction services range from the initial planning and procurement to installation and start-up. The construction services are offered to a variety of new and remodel construction projects including transmission and distribution projects. The maintenance services offered include constant presence, critical plant shutdown, troubleshooting, emergency testing, and preventative maintenance. We provide our services for a variety of project types, including: office buildings, manufacturing facilities, data centers, chemical plants, refineries, wind farms, solar facilities and municipal infrastructure and health care facilities. The Commercial & Industrial segment consists of 20 locations, including the segment headquarters in Houston, Texas. These locations geographically cover Texas, Nebraska, Colorado, Oregon and the Southeast and Mid-Atlantic regions.

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

Our Infrastructure Solutions segment provides electro-mechanical solutions for industrial operations to domestic and international customers. In particular, our electro-mechanical services include the maintenance and repair of alternating current (AC) and direct current (DC) electric motors and generators, as well as power generating and distribution equipment; the manufacture, remanufacture, and repair of industrial lifting magnets; maintenance and repair of railroad main and auxiliary generators, main alternators, and traction motors; and the manufacture of bus duct solutions used in power distribution. In April 2016, Infrastructure Solutions sold substantially all of the assets of its engine components business, which manufactured and remanufactured EMD-style power assemblies for various engine types and offered premium replacement parts for power assemblies. This segment serves the steel, railroad, marine, petrochemical, pulp and paper, wind energy, mining, automotive, power generation, scrap yards, and utility industries. Infrastructure Solutions is comprised of 10 locations, headquartered in Ohio. These locations geographically cover Alabama, Georgia, Indiana, Illinois, Ohio, West Virginia and California.

Controlling Shareholder

At September 30, 2016, Tontine Associates, L.L.C. and its affiliates (collectively, “Tontine”), was the controlling shareholder of the Company’s common stock. Accordingly, Tontine has the ability to exercise significant control over our affairs, including the election of directors and most actions requiring the approval of shareholders, including the approval of any potential merger or sale of all or substantially all assets or segments of the Company, or the Company itself. For a more complete discussion on our relationship with Tontine, please refer to Note 3, “Controlling Shareholder” in the notes to our Consolidated Financial Statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of IES Holdings, Inc. and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Asset Impairment

During the fiscal years ended September 30, 2016, 2015 and 2014, the Company recorded no asset impairment charges.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires the use of estimates and assumptions by management in determining the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are primarily used in our revenue recognition of construction in progress, fair value assumptions in accounting for business combinations and analyzing goodwill, investments, intangible assets and long-lived asset impairments and adjustments, allowance for doubtful accounts receivable, stock-based compensation, reserves for legal matters, realizability of deferred tax assets, unrecognized tax benefits and self-insured claims liabilities and related reserves.

Cash and Cash Equivalents

We consider all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

Inventories

Inventories generally consist of raw materials, work in process, finished goods, and parts and supplies held for use in the ordinary course of business. Inventory is valued at the lower of cost or market generally using the historical average cost or first-in, first-out (FIFO) method. When circumstances dictate, we write down inventory to its estimated realizable value based on assumptions about future demand, market conditions, plans for disposal, and physical condition of the product. Where shipping and handling costs on inventory purchases are borne by us, these charges are included in inventory and charged to cost of services upon use in our projects or the providing of services.

Securities and Equity Investments

Our investments in entities where we do not have the ability to exercise significant influence are accounted for using the cost method of accounting. Each period, we evaluate whether an event or change in circumstances has occurred that may indicate an investment has been impaired. If, upon further investigation of such events, we determine the investment has suffered a decline in value that is other than temporary, we write down the investment to its estimated fair value.

Property and Equipment

Additions of property and equipment are recorded at cost, and depreciation is computed using the straight-line method over the estimated useful life of the related asset. Leasehold improvements are capitalized and depreciated over the lesser of the life of the lease or the estimated useful life of the asset.

Expenditures for repairs and maintenance are charged to expense when incurred. Expenditures for major renewals and betterments, which extend the useful lives of existing property and equipment, are capitalized and depreciated. Upon retirement or disposition of property and equipment, the capitalized cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the statements of comprehensive income in the caption (gain) loss on sale of assets.

Goodwill

Goodwill attributable to each reporting unit is tested for impairment by comparing the fair value of each reporting unit with its carrying value. These impairment tests are required to be performed at least annually. On an ongoing basis (absent any impairment indicators), we perform an impairment test annually using a measurement date of September 30. In evaluating goodwill for impairment, we have the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is greater than its carrying value. If we determine that it is more likely than not that the carrying value of a reporting unit is greater than its fair value, then we perform an impairment test by calculating the fair value of the reporting unit and comparing this calculated fair value with the carrying value of the reporting unit.

We estimate the fair value of the reporting unit based on both a market approach and an income approach, using discounted estimated future cash flows. The market approach uses market multiples of enterprise value to earnings before interest, taxes, depreciation and amortization for comparable publicly traded companies. The income approach relies on significant estimates for future cash flows, projected long-term growth rates, and the weighted average cost of capital.

Intangible Assets

Intangible assets with definite lives are amortized over their estimated useful lives based on expected economic benefit with no residual value. Customer relationships are amortized assuming gradual attrition. Intangible assets

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

with indefinite lives are not subject to amortization. We perform a test for impairment annually, or more frequently when indicators of impairment are present.

Debt Issuance Costs

Debt issuance costs are included as a reduction of our debt outstanding, and are amortized to interest expense over the scheduled maturity of the debt. Amortization expense of debt issuance costs was $345, $317 and $385, respectively, for the years ended 2016, 2015 and 2014. Remaining unamortized capitalized debt issuance costs were $976 and $1,031 at September 30, 2016, and September 30, 2015, respectively.

Revenue Recognition

Revenue is generally recognized once the following four criteria are met: (i) persuasive evidence of an arrangement exists, (ii) delivery of the product has occurred or services have been rendered, (iii) the price of the product or service is fixed and determinable, and (iv) collectability is reasonably assured. Costs associated with these services are recognized within the period they are incurred.

We recognize revenue on project contracts using the percentage of completion method. Project contracts generally provide that customers accept completion of progress to date and compensate us for services rendered measured in terms of units installed, hours expended or some other measure of progress. We recognize revenue on both signed contracts and change orders. A discussion of our treatment of claims and unapproved change orders is described later in this section. Percentage of completion for construction contracts is measured principally by the percentage of costs incurred and accrued to date for each contract to the estimated total cost for each contract at completion. We generally consider contracts to be substantially complete upon departure from the work site and acceptance by the customer. Contract costs include all direct material, labor and insurance costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs and depreciation costs. Changes in job performance, job conditions, estimated contract costs and profitability and final contract settlements may result in revisions to costs and income and the effects of these revisions are recognized in the period in which the revisions are determined. Provisions for total estimated losses on uncompleted contracts are made in the period in which such losses are determined. The balances billed but not paid by customers pursuant to retainage provisions in project contracts will be due upon completion of the contracts and acceptance by the customer. Based on our experience, the retention balance at each balance sheet date will be collected within the subsequent fiscal year.

Certain divisions in the Residential and Infrastructure Solutions segments use the completed contract method of accounting because the duration of their contracts are short in nature. We recognize revenue on completed contracts when the project is complete and billable to the customer. Provisions for estimated losses on these contracts are recorded in the period such losses are determined.

The current asset “Costs and estimated earnings in excess of billings” represents revenues recognized in excess of amounts billed which management believes will generally be billed and collected within the next twelve months. Also included in this asset, from time to time, are claims and unapproved change orders which are amounts we are in the process of collecting from our customers or agencies for changes in contract specifications or design, contract change orders in dispute or unapproved as to scope and price, or other related causes of unanticipated additional contract costs. Claims are limited to costs incurred and are recorded at estimated realizable value when collection is probable and can be reasonably estimated. We do not recognize profits on project costs incurred in connection with claims. Claims made by us involve negotiation and, in certain cases, litigation. Such litigation costs are expensed as incurred. As of September 30, 2016, 2015 and 2014, there were

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

no material revenues recorded associated with any outstanding claims. The current liability “Billings in excess of costs and estimated earnings” represents billings in excess of revenues recognized. Costs and estimated earnings in excess of billings are amounts considered recoverable from customers based on different measures of performance, including achievement of specific milestones, completion of specified units or at the completion of the contract.

Accounts Receivable and Allowance for Doubtful Accounts

We record accounts receivable for all amounts billed and not collected. Generally, we do not charge interest on outstanding accounts receivable; however, from time to time we may believe it necessary to charge interest on a case by case basis. Additionally, we provide an allowance for doubtful accounts for specific accounts receivable where collection is considered doubtful as well as for general unknown collection issues based on historical trends. Accounts receivable not determined to be collectible are written off as deemed necessary in the period such determination is made. As is common in our industry, some of these receivables are in litigation or require us to exercise our contractual lien rights in order to collect. These receivables are primarily associated with a few branches within our Commercial & Industrial segment. Certain other receivables are slow-pay in nature and require us to exercise our contractual or lien rights. Our allowance for doubtful accounts at September 30, 2016 and 2015 was $736 and $842, respectively. We believe that our allowance for doubtful accounts is sufficient to cover uncollectible receivables as of September 30, 2016.

Comprehensive Income

Comprehensive income includes all changes in equity during a period except those resulting from investments by and distributions to stockholders.

Income Taxes

We follow the asset and liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are recorded for the future income tax consequences of temporary differences between the financial reporting and income tax bases of assets and liabilities, and are measured using enacted tax rates and laws.

We regularly evaluate valuation allowances established for deferred tax assets for which future realization is uncertain. We perform this evaluation on a quarterly basis. The estimation of required valuation allowances includes estimates of future taxable income. In assessing the realizability of deferred tax assets at September 30, 2016, we concluded, based upon the assessment of positive and negative evidence, that it is more likely than not that the Company will generate sufficient taxable income within the applicable NOL carryforward periods to realize its net deferred tax assets of $93,549. We considered the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. If actual future taxable income is different from these estimates, our results could be affected.

On May 12, 2006, we had a change in ownership as defined in Internal Revenue Code Section 382. Internal Revenue Code Section 382 limits the utilization of net operating losses that existed as of the change in ownership in tax periods subsequent to the change in ownership. As such, our utilization after the change date of net operating losses in existence as of the change in ownership is subject to Internal Revenue Code Section 382 limitations for federal income taxes and some state income taxes.

Risk Management

We retain the risk for workers’ compensation, employer’s liability, automobile liability, construction defects, general liability and employee group health claims, as well as pollution coverage, resulting from uninsured

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

deductibles per accident or occurrence which are subject to annual aggregate limits. Our general liability program provides coverage for bodily injury and property damage. Losses up to the deductible amounts are accrued based upon our known claims incurred and an estimate of claims incurred but not reported. Each year, we compile our historical data pertaining to the insurance experiences and actuarially develop the ultimate loss associated with our insurance programs other than pollution coverage for our Infrastructure Solutions segment. We believe that the actuarial valuation provides the best estimate of the ultimate losses to be expected under these programs.

The undiscounted ultimate losses of our workers' compensation, auto and general liability insurance reserves at September 30, 2016 and 2015, was $5,223 and $4,465, respectively. Based on historical payment patterns, we expect payments of undiscounted ultimate losses to be made as follows:

Year Ended September 30:	
2017	$1,827
2018	1,183
2019	625
2020	403
2021	216
Thereafter	969
Total	$5,223

We elect to discount the ultimate losses above to present value using an approximate risk-free rate over the average life of our insurance claims. For the years ended September 30, 2016 and 2015, the discount rate used was 1.1 percent and 1.4 percent, respectively. The present value of all insurance reserves for the employee group health claims, workers' compensation, auto and general liability recorded at September 30, 2016 and 2015 was $5,464 and $4,518, respectively. Our employee group health claims are anticipated to be resolved within the year ended September 30, 2017.

We had letters of credit totaling $6,126 outstanding at September 30, 2016 to collateralize certain of our high deductible insurance obligations.

Realization of Long-Lived Assets

We evaluate the recoverability of property and equipment and other long-lived assets as facts and circumstances indicate that any of those assets might be impaired. If an evaluation is required for our assets we plan to hold and use, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if an impairment of such property has occurred. The effect of any impairment would be to expense the difference between the fair value of such property and its carrying value. Estimated fair values are determined based on expected future cash flows discounted at a rate we believe incorporates the time value of money, the expectations about future cash flows and an appropriate risk premium.

For the years ended September 30, 2016, 2015 and 2014, no indicators of impairments were identified, and no impairment charges were recorded.

Risk Concentration

Financial instruments, which potentially subject us to concentrations of credit risk, consist principally of cash deposits and accounts receivable. Through delayed payment terms, we at times grant credit, usually without

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

collateral, to our customers, who are generally large public companies, contractors and homebuilders throughout the United States. Consequently, we are subject to potential credit risk related to changes in business and economic factors throughout the United States, specifically, within the construction, homebuilding and mission critical facility markets. However, we are entitled to payment for work performed and generally have certain lien rights in that work. Further, management believes that its contract acceptance, billing and collection policies are adequate to manage potential credit risk. We routinely maintain cash balances in financial institutions in excess of federally insured limits. We periodically assess the financial condition of these institutions where these funds are held and believe the credit risk is minimal. We maintain the majority of our cash and cash equivalents in money market mutual funds. There can be no assurance, however, that we will not be adversely affected by credit risks we face.

No single customer accounted for more than 10% of our consolidated revenues for the years ended September 30, 2016, 2015 and 2014.

Fair Value of Financial Instruments

Our financial instruments consist of cash and cash equivalents, accounts receivable, notes receivable, investments, accounts payable, and a loan agreement. We believe that the carrying value of financial instruments, with the exception of our cost method investment in EnerTech Capital Partners II L.P. ("Enertech"), a private investment fund, in the accompanying Consolidated Balance Sheets, approximates their fair value due to their short-term nature. The carrying value of our debt approximates fair value, as debt incurs interest at a variable rate.

We estimate the fair value of our investment in EnerTech (Level 3) using quoted market prices for underlying publicly traded securities, and estimated enterprise values determined using cash flow projections and market multiples of the underlying non-public companies. For additional information, please refer to Note 6, "Detail of Certain Balance Sheet Accounts — *Securities and Equity Investments — Investment in EnerTech."*

Stock-Based Compensation

We measure and record compensation expense for all share-based payment awards based on the fair value of the awards granted, net of estimated forfeitures, at the date of grant. We calculate the fair value of stock options using a binomial option pricing model. The fair value of restricted stock awards and phantom stock unit awards is determined based on the number of shares granted and the closing price of IES's common stock on the date of grant. For awards vesting upon achievement of a market condition, the likelihood of achieving that market condition is considered in determining the fair value of the grant, which we expense ratably over the vesting period. For awards vesting upon achievement of a performance condition, we record expense based on the grant date fair value when it becomes probable the performance condition will be achieved. Forfeitures are estimated at the time of grant and revised as deemed necessary. The resulting compensation expense from discretionary awards is recognized on a straight-line basis over the requisite service period, which is generally the vesting period.

Deferred Compensation Plans

The Company maintains a rabbi trust to fund certain deferred compensation plans. The securities held by the trust are classified as trading securities. The investments are recorded at fair value and are classified as other non-current assets in the accompanying Consolidated Balance Sheets as of September 30, 2016 and 2015. The changes in fair values are recorded as a component of other income (expense) in the Consolidated Statements of Comprehensive Income.

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

The corresponding deferred compensation liability is included in other non-current liabilities on the Consolidated Balance Sheets and changes in this obligation are recognized as adjustments to compensation expense in the period in which they are determined.

New Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers ("ASU 2014-09"), a comprehensive new revenue recognition standard which will supersede previous existing revenue recognition guidance. The standard creates a five-step model for revenue recognition that requires companies to exercise judgment when considering contract terms and relevant facts and circumstances. The standard also requires expanded disclosures surrounding revenue recognition. The effective date will be the first quarter of our fiscal year ended September 30, 2019. The standard allows for either full retrospective or modified retrospective adoption, and we currently plan to use the modified retrospective basis on the adoption date. We are currently evaluating the impact of the adoption of this standard on our consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, Interest — Imputation Of Interest: Simplifying the Presentation of Debt Issuance Costs ("ASU 2015-03"), which requires that debt issuance costs be presented as a direct deduction from the carrying amount of the related debt liability, consistent with the presentation of debt discounts. Prior to the issuance of ASU 2015-03, debt issuance costs were required to be presented as other assets, separate from the related debt liability. ASU 2015-03 does not change the recognition and measurement requirements for debt issuance costs. In August 2015, the FASB issued an update (ASU 2015-15) to address revolving lines of credit which may not have outstanding balances. This update allows an entity presenting the cost of securing a revolving line of credit as an asset, regardless of whether a balance is outstanding. The standard was effective for fiscal years beginning after December 15, 2015 on a retrospective basis. The Company adopted this update retrospectively during the period ended September 30, 2016. This adoption resulted in reductions of $976 and $1,031 at September 30, 2016 and 2015, respectively, of both Other non-current assets and Long term debt in the Consolidated Balance Sheets.

In September 2015, the FASB issued ASU No. 2015-16, Business Combinations (Topic 805), Simplifying the Accounting for Measurement-Period Adjustments (ASU 2015-16), which eliminates the requirement that an acquirer in a business combination account for measurement-period adjustments retrospectively. Instead, an acquirer will recognize a measurement-period adjustment during the period in which it determines the amount of the adjustment, including the effect on earnings of any amounts it would have recorded in previous periods if the accounting had been completed at the acquisition date. The update is effective for fiscal years beginning after December 15, 2015. The Company adopted this presentation during the period ended September 30, 2016 on a prospective basis. The adoption of this update did not have a material impact on our results of operations or financial position.

In November 2015, the FASB issued amended guidance that clarifies that in a classified statement of financial position, an entity shall classify deferred tax liabilities and assets as noncurrent amounts. The Company adopted this presentation during the period ended December 31, 2015. Prior periods have not been retrospectively adjusted. At December 31, 2015, the implementation of this guidance resulted in a decrease to prepaid expenses and other current assets and corresponding increase to other non-current assets of $55.

In February 2016, the FASB issued ASU No. 2016-02, Leases ("ASU 2016-02"). Under ASU 2016-02, lessees will need to recognize a right-of-use asset and a lease liability for all of their leases, other than those that meet the definition of a short-term lease. For income statement purposes, leases must be classified as either operating or finance. Operating leases will result in straight-line expense, similar to current operating leases, while finance leases will result in a front-loaded expense pattern, similar to current capital leases. ASU 2016-02 becomes effective for the fiscal year ended September 30, 2020. We are currently evaluating whether to early adopt the standard and what impact it will have on our consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, Compensation—Stock Compensation (“ASU 2016-09”). ASU 2016-09 eliminates additional paid in capital pools and requires excess tax benefits and tax deficiencies to be recorded in the income statement when the awards vest or are settled. The accounting for an employee’s use of shares to satisfy the employer’s statutory income tax withholding obligation and the accounting for forfeitures is also changing. ASU 2016-09 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. We expect to early adopt ASU 2016-09 in the year ended September 30, 2017. The adoption of this update is not expected to have a material impact on our results of operations, financial position or cash flows.

3. CONTROLLING SHAREHOLDER

At September 30, 2016, Tontine was the controlling shareholder of the Company’s common stock. Accordingly, Tontine has the ability to exercise significant control over our affairs, including the election of directors and most actions requiring the approval of shareholders.

While Tontine is subject to restrictions under federal securities laws on sales of its shares as an affiliate, in 2013, the Company filed a shelf registration statement pursuant to a registration rights agreement to register certain of Tontine’s shares. The shelf registration statement was declared effective by the SEC on June 18, 2013. As long as the shelf registration statement remains effective, Tontine has the ability to resell any or all of its registered shares from time to time in one or more offerings, as described in the shelf registration statement and in any prospectus supplement filed in connection with an offering pursuant to the shelf registration statement.

Should Tontine sell or otherwise dispose of all or a portion of its position in IES, a change in ownership could occur. A change in ownership, as defined by Internal Revenue Code Section 382, could reduce the availability of net operating losses (“NOLs”) for federal and state income tax purposes. On November 8, 2016, the Company implemented a new tax benefit protection plan (the “NOL Rights Plan”), following expiration of the Company’s prior tax benefit protection plan, which was implemented in January 2013. Like the prior plan, the NOL Rights Plan was designed to deter an acquisition of the Company’s stock in excess of a threshold amount that could trigger a change of control within the meaning of Internal Revenue Code Section 382. There can be no assurance that the NOL Rights Plan will be effective in deterring a change of control or protecting the NOLs. Furthermore, a change in control would trigger the change of control provisions in a number of our material agreements, including our credit facility, bonding agreements with our sureties and our severance arrangements.

Jeffrey L. Gendell was appointed as a member of the Board of Directors and as non-executive Chairman of the Board in November 2016. He is the managing member and founder of Tontine and the brother of David B. Gendell, who has served as a member of the Board of Directors since February 2012 as non-executive Vice Chairman of the Board since November 2016 and as the Company’s non-executive Chairman of the Board from January 2015 to November 2016. David B. Gendell is also an employee of Tontine.

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	Estimated Useful Lives in Years	Years Ended September 30, 2016	2015
Land	N/A	$ 876	$ 936
Buildings	5-20	3,825	4,120
Transportation equipment	3-5	2,395	1,320
Machinery and equipment	3-10	14,049	9,586
Leasehold improvements	5-10	2,632	2,314
Information systems	2-8	16,072	15,800
Furniture and fixtures	5-7	972	790
		$ 40,821	$ 34,866
Less-Accumulated depreciation		(25,307)	(23,212)
Construction in progress		180	29
Property and equipment, net		$ 15,694	$ 11,683

Depreciation expense from continuing operations was $2,727, $2,128 and $1,989, respectively, for the years ended September 30, 2016, 2015 and 2014.

5. PER SHARE INFORMATION

Basic earnings per share is calculated as income (loss) available to common stockholders, divided by the weighted average number of common shares outstanding during the period. If the effect is dilutive, participating securities are included in the computation of basic earnings per share. Our participating securities do not have a contractual obligation to share in the losses in any given period. As a result, these participating securities will not be allocated any losses in the periods of net losses, but will be allocated income in the periods of net income using the two-class method.

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

The following table reconciles the components of the basic and diluted loss per share for the years ended September 30, 2016, 2015 and 2014:

	Years Ended September 30,		
	2016	2015	2014
Numerator:			
Net income from continuing operations attributable to common shareholders of IES Holdings, Inc.	$ 119,722	$ 16,792	$ 5,500
Net income from continuing operations attributable to restricted shareholders of IES Holdings, Inc.	1,056	85	22
Net income from continuing operations of IES Holdings, Inc.	$ 120,778	$ 16,877	$ 5,522
Net loss from discontinued operations attributable to common shareholders of IES Holdings, Inc.	$ —	$ (339)	$ (198)
Net loss from discontinued operations of IES Holdings, Inc.	$ —	$ (339)	$ (198)
Net income attributable to common shareholders	$ 119,722	$ 16,453	$ 5,302
Net income attributable to restricted shareholders	1,056	85	22
Net income of IES Holdings, Inc.	$ 120,778	$ 16,538	$ 5,324
Denominator:			
Weighted average common shares outstanding — basic	21,279,342	21,480,622	18,417,564
Effect of dilutive stock options and non-vested restricted stock	212,997	45,566	55,856
Weighted average common and common equivalent shares outstanding — diluted	21,492,339	21,526,188	18,473,420
Basic earnings (loss) per share attributable to IES Holdings, Inc.:			
Basic earnings per share from continuing operations	$ 5.63	$ 0.79	$ 0.30
Basic loss per share from discontinued operations	$ 0.00	$ (0.02)	$ (0.01)
Basic earnings per share	$ 5.63	$ 0.77	$ 0.29
Diluted earnings per share attributable to IES Holdings, Inc.:			
Diluted earnings per share from continuing operations	$ 5.62	$ 0.79	$ 0.30
Diluted loss per share from discontinued operations	$ 0.00	$ (0.02)	$ (0.01)
Diluted earnings per share	$ 5.62	$ 0.77	$ 0.29

6. DETAIL OF CERTAIN BALANCE SHEET ACCOUNTS

Activity in our allowance for doubtful accounts on accounts and long-term receivables consists of the following:

	Years Ended September 30,	
	2016	2015
Balance at beginning of period	$ 842	$ 780
Additions to costs and expenses	360	416
Deductions for uncollectible receivables written off, net of recoveries	(466)	(354)
Balance at end of period	$ 736	$ 842

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

Accounts payable and accrued expenses consist of the following:

	Years Ended September 30,	
	2016	2015
Accounts payable, trade	$ 64,963	$ 47,033
Accrued compensation and benefits	26,827	22,527
Accrued insurance liabilities	5,464	4,518
Other accrued expenses	11,568	8,832
	$ 108,822	$ 82,910

Contracts in progress are as follows:

	Years Ended September 30,	
	2016	2015
Costs incurred on contracts in progress	$ 409,075	$ 329,942
Estimated earnings	48,618	37,576
	457,693	367,518
Less — Billings to date	(466,368)	(380,365)
Net contracts in progress	$ (8,675)	$ (12,847)
Costs and estimated earnings in excess of billings	15,554	12,318
Less — Billings in excess of costs and estimated earnings	(24,229)	(25,165)
Net contracts in progress	$ (8,675)	$ (12,847)

Other non-current assets are comprised of the following:

	Years Ended September 30,	
	2016	2015
Deferred tax assets	$ —	$ 147
Executive Savings Plan assets	599	617
Securities and equity investments	919	919
Other	2,192	1,301
Total	$ 3,710	$ 2,984

Securities and Equity Investments

Investment in EnerTech

At September 30, 2016 and 2015, we held an investment in EnerTech Capital Partners II L.P. ("EnerTech), a private investment fund. As our investment was 2.21 % of the overall ownership in EnerTech at September 30, 2016 and 2015, we account for this investment using the cost method of accounting. EnerTech's investment portfolio from time to time results in unrealized losses reflecting a possible, other-than-temporary, impairment of our investment. The carrying value of our investment in EnerTech at both September 30, 2016 and 2015 was $919.

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

The following table presents the reconciliation of the carrying value and unrealized gains (losses) to the fair value of the investment in EnerTech as of September 30, 2016 and 2015:

	Years Ended September 30, 2016	2015
Carrying value	$ 919	$919
Unrealized gains	159	66
Fair value	$1,078	$985

At each reporting date, the Company performs an evaluation of impairment for securities to determine if any unrealized losses are other-than-temporary. For equity securities, this evaluation considers a number of factors including, but not limited to, the length of time and extent to which the fair value has been less than cost, the financial condition and near term prospects of the issuer and management's ability and intent to hold the securities until fair value recovers. The assessment of the ability and intent to hold these securities to recovery focuses on liquidity needs, asset and liability management objectives and securities portfolio objectives. Based on the results of this evaluation, we believe the unrealized gain at September 30, 2016 indicated our investment was not impaired.

In December 2015, EnerTech's general partner, with the consent of the fund's investors, extended the fund through December 31, 2016. The fund is expected to terminate on this date unless extended by the fund's valuation committee. The fund may be extended for another one-year period through December 31, 2017 with the consent of the fund's valuation committee.

7. DEBT

Debt consists of the following:

	September 30, 2016	September 30, 2015
Capital lease obligation	$ —	$ 4
Revolving loan (long-term debt)	30,233	10,234
Debt issuance costs	(976)	(1,031)
Total debt	$ 29,257	$ 9,207

At September 30, 2016, we had $33,070 available to us under the Credit Facility (as defined below), $6,944 in outstanding letters of credit with Wells Fargo and $30,233 outstanding borrowings on our Revolving Loan under the Credit Facility (the "Revolving Loan"). All amounts outstanding under our Revolving Loan are due and payable in 2019, upon expiration of the Credit Facility, and all amounts described as available are available without triggering our financial covenant under the Credit Facility.

For the years ended September 30, 2016, 2015 and 2014, we incurred interest expense of $1,282, $1,130 and $1,574, respectively.

The Revolving Credit Facility

We maintain a revolving credit facility with Wells Fargo Bank, N.A. (the "Credit Facility"), which is evidenced by an Amended and Restated Credit and Security Agreement (as amended, the "Credit Agreement"). During

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

fiscal 2016, we amended the maximum revolver amount under the Credit Facility from $60,000 to $70,000 and extended the maturity date by one year to August 9, 2019. In addition, as further described below, we amended the Credit Facility to reduce the interest rate charged, modify the calculation of amounts available, resulting in an increase in available borrowing capacity, create new minimum thresholds for Liquidity and Excess Availability (as defined in the Credit Agreement), and modify the thresholds of Liquidity (which, as defined in the Credit Agreement, is the aggregate amount of unrestricted cash and cash equivalents on hand plus Excess Availability) and Excess Availability below which the Company must maintain a specified Fixed Charge Coverage Ratio (as defined in the Credit Agreement).

The Credit Facility is guaranteed by our subsidiaries and secured by first priority liens on substantially all of our subsidiaries' existing and future acquired assets, exclusive of collateral provided to our surety providers. The Credit Facility also restricts us from paying cash dividends and places limitations on our ability to repurchase our common stock.

Terms of the Credit Facility

The Credit Facility contains customary affirmative, negative and financial covenants, which were adjusted in the fiscal 2016 amendments. At September 30, 2016, we were subject to the financial covenant under the Credit Facility requiring, at any time that our Liquidity is less than $14,000 or our Excess Availability is less than $7,000, that we maintain a Fixed Charge Coverage Ratio of not less than 1.0:1.0. Additionally, pursuant to amendments to the Credit Facility, we are required to maintain minimum Liquidity of $8,750 and Excess Availability of $4,380 at all times. At September 30, 2016, our Liquidity was $66,291 and our Excess Availability was $33,070, and as such, we were not required to maintain a Fixed Charge Coverage Ratio of 1.0:1.0 as of such date. Nonetheless, at September 30, 2016, our Fixed Charge Coverage Ratio was 17.6:1.0. Compliance with our Fixed Charge Coverage Ratio, while not required at September 30, 2016, provides us with the ability to use cash on hand or to draw on our Credit Facility such that we can fall below the Excess Availability and Liquidity minimum thresholds described above without violating our financial covenant.

Our Fixed Charge Coverage Ratio is calculated as (i) our trailing twelve month EBITDA (as defined in the Credit Agreement), less non-financed capital expenditures (other than capital expenditures financed by means of an advance under the Credit Facility) cash taxes and certain pass-through tax liabilities, divided by (ii) the sum of our cash interest and principal debt payments (other than repayment of principal on advances under the Credit Facility) and all Restricted Junior Payments (as defined in the Credit Agreement) (other than pass-through tax liabilities) and other cash distributions. As defined in the Credit Agreement, EBITDA is calculated as consolidated net income (or loss), less extraordinary gains, interest income, non-operating income and income tax benefits and decreases in any change in LIFO reserves, plus stock compensation expense, non-cash extraordinary losses, interest expense, income taxes, depreciation and amortization and increases in any change in LIFO reserves.

If in the future our Liquidity or Excess Availability fall below $14,000 or $7,000, respectively, and at that time our Fixed Charge Coverage Ratio is less than 1.0:1.0, or if we otherwise fail to perform or otherwise comply with certain of our covenants or other agreements under our Credit Facility, it would result in an event of default under our Credit Facility, which could result in some or all of our indebtedness becoming immediately due and payable.

Borrowings under the Credit Facility may not exceed a "borrowing base" that is determined monthly by our lenders based on available collateral, primarily certain accounts receivables, inventories and personal property and equipment. Under the terms of the Credit Facility, amounts outstanding bear interest at a per annum rate

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

equal to a Daily Three Month LIBOR (as defined in the Credit Agreement), plus an interest rate margin, which is determined quarterly, based on the following thresholds, which were adjusted in the fiscal 2016 amendments:

Level	Thresholds	Interest Rate Margin
I	If Liquidity is less than $24,500 at any time during the period	2.25 percentage points
II	If Liquidity is greater than or equal to $24,500 at all times during the period and less than $35,000 at any time during the period	2.00 percentage points
III	If Liquidity is greater than or equal to $35,000 at all times during the period	1.75 percentage points

In addition, we are charged monthly in arrears for (1) an unused commitment fee of 0.375% per annum, (2) a collateral monitoring fee ranging from $1 to $2, based on the then-applicable interest rate margin, (3) a letter of credit fee based on the then-applicable interest rate margin and (4) certain other fees and charges as specified in the Credit Agreement.

At September 30, 2016, the carrying value of amounts outstanding on our Credit Facility approximated fair value, as debt incurs interest at a variable rate. The fair value of the debt is classified as a Level 2 measurement.

8. LEASES

We enter into operating leases for many of our facilities, vehicle and equipment needs. These leases allow us to retain cash, and we pay a monthly lease rental fee. At the end of the lease, we have no further obligation to the lessor. We may cancel or terminate a lease before the end of its term. Typically, we would be liable to the lessor for various lease cancellation or termination costs and the difference between the fair market value of the leased asset and the implied book value of the leased asset as calculated in accordance with the lease agreement.

For a discussion of leases with certain related parties which are included below, see Note 12, “Related-Party Transactions.”

Rent expense was $5,868, $5,295 and $5,300 for the years ended September 30, 2016, 2015 and 2014, respectively.

Future minimum lease payments under these non-cancelable operating leases with terms in excess of one year are as follows:

Year Ended September 30:	
2017	$ 6,617
2018	5,008
2019	3,811
2020	2,574
2021	1,282
Thereafter	2,345
Total	$21,637

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

9. INCOME TAXES

Federal and state income tax provisions for continuing operations are as follows:

	Years Ended September 30, 2016	2015	2014
Federal:			
Current	$ 762	$ 417	$ 183
Deferred	(97,093)	(564)	182
State:			
Current	952	729	554
Deferred	(1,738)	79	(171)
	$(97,117)	$ 661	$ 748

Actual income tax expense differs from income tax expense computed by applying the U.S. federal statutory corporate rate of 35 percent to income (loss) before income taxes as follows:

	Years Ended September 30, 2016	2015	2014
Provision (benefit) at the statutory rate	$ 8,316	$ 6,139	$ 2,195
Increase resulting from:			
Alternative minimum tax	—	417	—
Non-deductible expenses	1,557	753	563
Long-lived assets	—	69	—
State income taxes, net of federal deduction	1,105	937	544
Contingent tax liabilities	—	51	—
Other	—	54	—
Decrease resulting from:			
Change in valuation allowance	(108,987)	(7,034)	(2,547)
Valuation allowance adjustment — acquisitions	—	(725)	—
Contingent tax liabilities	(96)	—	(1)
Other	988	—	(6)
	$ (97,117)	$ 661	$ 748

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

Deferred income tax provisions result from temporary differences in the recognition of income and expenses for financial reporting purposes and for income tax purposes. The income tax effects of these temporary differences, representing deferred income tax assets and liabilities, result principally from the following:

	Years Ended September 30, 2016	2015
Deferred income tax assets:		
Allowance for doubtful accounts	$ 280	$ 322
Accrued expenses	10,729	9,186
Net operating loss carryforward	86,280	99,610
Various reserves	1,410	1,169
Equity losses in affiliate	84	200
Share-based compensation	1,012	573
Capital loss carryforward	338	222
Intangible assets	—	413
Other	3,185	1,744
Subtotal	103,318	113,439
Less valuation allowance	2,224	111,211
Total deferred income tax assets	$101,094	$ 2,228
Deferred income tax liabilities:		
Property and equipment	$ 1,517	$ 599
Intangible assets	5,629	1,084
Other	399	343
Total deferred income tax liabilities	7,545	2,026
Net deferred income tax assets (liabilities)	$ 93,549	$ 202

In fiscal 2016, the valuation allowance on our deferred tax assets decreased by $108,987, which is included in our consolidated comprehensive income statement.

In 2002, we adopted a tax accounting method change that allowed us to deduct goodwill for income tax purposes that had previously been classified as non-deductible. The accounting method change resulted in additional amortizable tax basis in goodwill. We believe the realization of the additional tax basis in goodwill is not more likely than not and have not recorded a deferred tax asset. Although such a deferred tax asset has not been recorded through September 30, 2016, we have derived a cumulative cash tax reduction of $11,487 from the change in tax accounting method and the subsequent amortization of the additional tax goodwill. In addition, the amortization of the additional tax goodwill has resulted in additional federal net operating loss carry forwards of $142,052 and state net operating loss carry forwards of $11,227. We believe the realization of the additional net operating loss carry forwards is not more likely than not and have not recorded a deferred tax asset. We have zero tax basis in additional tax goodwill that will be amortized during the year ended September 30, 2017.

As of September 30, 2016, we had available approximately $404,032 of federal net tax operating loss carry forward for federal income tax purposes, including $142,052 resulting from the additional amortization of tax goodwill. This carry forward, which may provide future tax benefits, will begin to expire in 2025. On May 12, 2006, we had a change in ownership as defined in Internal Revenue Code Section 382. As such, our utilization after the change date of our net operating loss in existence as of the change of control date was subject to Section 382 limitations for federal income taxes and some state income taxes. The annual limitation under

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

Section 382 on the utilization of federal net operating losses was approximately $20,000 for the first five tax years subsequent to the change in ownership and $16,000 thereafter. Approximately $299,904 of federal net operating losses will not be subject to this limitation. Also, after applying the Section 382 limitation to available state net operating loss carry forwards, we had available approximately $85,929 state net tax operating loss carry forwards, including $11,227 resulting from the additional amortization of tax goodwill which begins to expire as of September 30, 2017. We have provided valuation allowances on all net operating losses where it is determined it is more likely than not that they will expire without being utilized.

In assessing the realizability of deferred tax assets at September 30, 2016, we considered whether it was more likely than not that some portion or all of the deferred tax assets will not be realized. Our realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which these temporary differences become deductible. Over the ten-year period from 2004 through 2013, the Company reported net losses each year, returning to profitability in the year ended September 30, 2014. Because of this substantial history of losses, a substantial amount of positive evidence regarding current and future earnings is required to outweigh the significant negative evidence associated with our historical losses. During the year ended September 30, 2016, we completed four acquisitions, and as of the end of the fourth quarter 2016, all four 2016 acquisitions have been integrated, and are contributing to the Company's profitability. These newly acquired businesses, along with improving results at all of the Company's existing operations, have led to an increase in both current year actual and forecast earnings. These 2016 developments, combined with the wind-down over the past few years of several underperforming branches closed in our 2011 restructuring, which generated significant historical losses, have led us to conclude that the more recent positive evidence now outweighs the historical negative evidence, and it is more likely than not that we will generate sufficient taxable income to utilize certain of our net operating loss carryforwards. As such, we have released $108,987 of valuation allowance in 2016, of which approximately $16,000 related to 2016 activity. As of September 30, 2016, we have provided $326 valuation allowances for federal deferred tax assets and $1,898 for certain state deferred tax assets. We believe that $7,157 and $388 of federal and state deferred tax assets, respectively, will be realized by offsetting reversing deferred tax liabilities. In addition, we have $550 of net state deferred tax assets that we expect will be realized, and therefore valuation allowances were not provided for these assets. As a result, we have recorded a net deferred tax asset of $93,549 on our consolidated balance sheets. We will continue to evaluate the appropriateness of our remaining deferred tax assets and need for valuation allowances on a quarterly basis. Further, any future reduction in the federal statutory tax rate could result in a charge to reduce the book value of the net deferred tax assets recorded on our consolidated balance sheet.

As a result of the reorganization and related adjustment to the book basis in goodwill, we have tax basis in excess of book basis in amortizable goodwill of approximately $24,190. The tax basis in amortizable goodwill in excess of book basis is not reflected as a deferred tax asset. To the extent the amortization of the excess tax basis results in a cash tax benefit, the benefit will first go to reduce goodwill, then other long-term intangible assets, and then tax expense.

GAAP requires financial statement reporting of the expected future tax consequences of uncertain tax return reporting positions on the presumption that all relevant tax authorities possess full knowledge of those tax reporting positions, as well as all of the pertinent facts and circumstances, but it prohibits discounting of any of the related tax effects for the time value of money. The evaluation of a tax position is a two-step process. The first step is the recognition process to determine if it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authority, based on the technical merits of the position. The second step is a measurement process whereby a tax position that meets the more likely than not recognition threshold is calculated to determine the amount of benefit/expense to recognize in the financial statements. The tax position is measured at the largest amount of benefit/expense that is more likely than not of being realized upon ultimate settlement.

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

A reconciliation of the beginning and ending balances of unrecognized tax benefit is as follows:

	Years Ended September 30, 2016	2015
Balance at October 1,	$55,963	$56,079
Additions for position related to current year	—	98
Additions for positions of prior years	—	1
Reduction resulting from the lapse of the applicable statutes of limitations	27	198
Reduction resulting from positions of prior years	69	—
Reduction resulting from settlement of positions of prior years	—	17
Balance at September 30,	$55,867	$55,963

As of September 30, 2016 and 2015, $55,867 and $55,963, respectively, of unrecognized tax benefits would result in a decrease in the provision for income tax expense, of which $50,581 for each of those years, respectively, relates to net operating loss from additional goodwill resulting from the tax accounting method change discussed above. We believe the realization of the net operating losses resulting from the tax accounting method change is not more likely than not and have not recorded a deferred tax asset. However, if we are partially or fully successful in defending our tax accounting method change we may realize a portion or all of the deferred tax asset related to this net operating loss, offset by an increase in the valuation allowance. We anticipate that approximately $3,745 in liabilities for unrecognized tax benefits, including accrued interest, may be reversed in the next twelve months. The reversal is predominately due to the expiration of the statutes of limitation for unrecognized tax benefits.

We had approximately $11 and $18 accrued for the payment of interest and penalties at September 30, 2016 and 2015, respectively. We recognize interest and penalties related to unrecognized tax benefits as part of the provision for income taxes.

We are currently not under federal audit by the Internal Revenue Service. The tax years ended September 30, 2013 and forward are subject to federal audit as are tax years prior to September 30, 2013, to the extent of unutilized net operating losses generated in those years. The tax years ended September 30, 2012 and forward are subject to state audits as are tax years prior to September 30, 2012, to the extent of unutilized net operating losses generated in those years.

10. OPERATING SEGMENTS

We manage and measure performance of our business in four distinct operating segments: Communications, Residential, Commercial & Industrial, and Infrastructure Solutions. These segments are reflective of how the Company’s Chief Operating Decision Maker (“CODM”) reviews operating results for the purposes of allocating resources and assessing performance. The Company’s CODM is its President.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. We evaluate performance based on income from operations of the respective business units prior to the allocation of Corporate office expenses. Transactions between segments are eliminated in consolidation. Our Corporate office provides general and administrative as well as support services to our four operating segments. Management allocates costs between segments for selling, general and administrative expenses and depreciation expense.

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

Segment information for the years ended September 30, 2016, 2015 and 2014 is as follows:

	Years Ended September 30, 2016					
	Communications	Residential	Commercial & Industrial	Infrastructure Solutions	Corporate	Total
Revenues	$ 189,635	$225,889	$ 222,466	$ 58,003	$ —	$695,993
Cost of services	157,104	171,874	197,679	42,356	—	569,013
Gross profit	32,531	54,015	24,787	15,647	—	126,980
Selling, general and administrative	20,839	37,585	17,169	12,404	12,561	100,558
Contingent consideration	—	—	—	652	—	652
Loss (gain) on sale of assets	—	1	(17)	826	—	810
Income (loss) from operations	$ 11,692	$ 16,429	$ 7,635	$ 1,765	$ (12,561)	$ 24,960
Other data:						
Depreciation and amortization expense	$ 577	$ 509	$ 1,234	$ 3,072	$ 272	$ 5,664
Capital expenditures	1,102	704	795	721	95	3,417
Total assets	$ 68,018	$ 43,195	$ 59,763	$ 89,447	$133,917	$394,340

	Years Ended September 30, 2015					
	Communications	Residential	Commercial & Industrial	Infrastructure Solutions	Corporate	Total
Revenues	$ 141,858	$206,307	$ 178,865	$ 46,827	$ —	$573,857
Cost of services	116,015	164,435	157,322	36,194	—	473,966
Gross profit	25,843	41,872	21,543	10,633	—	99,891
Selling, general and administrative	15,735	31,877	15,027	9,498	9,279	81,416
Loss (gain) on sale of assets	(18)	4	(11)	12	—	(13)
Income (loss) from operations	$ 10,126	$ 9,991	$ 6,527	$ 1,123	$ (9,279)	$ 18,488
Other data:						
Depreciation and amortization expense	$ 512	$ 485	$ 283	$ 952	$ 277	$ 2,509
Capital expenditures	675	352	391	1,197	164	2,779
Total assets	$ 49,500	$ 37,755	$ 44,156	$ 30,112	$64,156	$225,679

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

	Years Ended September 30, 2014					
	Communications	Residential	Commercial & Industrial	Infrastructure Solutions	Corporate	Total
Revenues	$ 116,073	$182,514	$ 166,249	$ 47,559	$ —	$512,395
Cost of services	94,904	148,685	148,081	37,599	—	429,269
Gross profit	21,169	33,829	18,168	9,960	—	83,126
Selling, general and administrative	13,481	27,947	14,479	9,346	10,318	75,571
Loss (gain) on sale of assets	6	4	(46)	(50)	—	(86)
Income (loss) from operations	$ 7,682	$ 5,878	$ 3,735	$ 664	$(10,318)	$ 7,641
Other data:						
Depreciation and amortization expense	$ 414	$ 491	$ 270	$ 980	$ 371	$ 2,526
Capital expenditures	331	420	266	828	137	1,982
Total assets	$ 30,415	$ 40,555	$ 43,937	$ 27,272	$ 57,771	$199,950

11. STOCKHOLDERS' EQUITY

Equity Incentive Plan

The Company's 2006 Equity Incentive Plan, which was amended and restated effective February 9, 2016, following approval by shareholders at the Company's 2016 Annual Shareholders' Meeting, provides for grants of stock options as well as grants of stock, including restricted stock. Approximately 3.0 million shares of common stock are authorized for issuance under the amended and restated 2006 Equity Incentive Plan, of which approximately 1,056,574 shares are available for issuance at September 30, 2016.

Stock Repurchase Program

Our Board of Directors has authorized a stock repurchase program for the purchase from time to time of up to 1.5 million shares of the Company's common stock. Share purchases are made for cash in open market transactions at prevailing market prices or in privately negotiated transactions or otherwise. The timing and amount of purchases under the program are determined based upon prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. All or part of the repurchases may be implemented under a Rule 10b5-1 trading plan, which allows repurchases under pre-set terms at times when the Company might otherwise be prevented from purchasing under insider trading laws or because of self-imposed blackout periods. The program does not require the Company to purchase any specific number of shares and may be modified, suspended or reinstated at any time at the Company's discretion and without notice. The Company initiated the program in February 2015 and during the year ended September 30, 2015, pursuant to the program, we repurchased 482,156 shares of common stock at an average price of $7.22 per share for a total aggregate purchase price of $3.5 million. We repurchased 46,929 shares of our common stock during the year ended September 30, 2016, in open market transactions at an average price of $11.07 per share.

Treasury Stock

During the year ended September 30, 2016, we repurchased 6,084 shares of common stock from our employees to satisfy minimum tax withholding requirements upon the vesting of restricted stock issued under the 2006 Equity Incentive Plan, 46,929 shares of common stock were repurchased on the open market pursuant to our share repurchase program, and 7,500 shares of common stock were forfeited by former employees and returned to treasury stock. The Company had 6,859 shares returned to treasury stock during the same period related to the

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

satisfaction of an obligation in connection with a reconciliation of our shares of common stock offered in exchange for shares of MISCOR Group, Ltd during our 2013 acquisition of that company. During the year ended September 30, 2016, we issued 5,670 unrestricted shares of common stock from treasury stock to members of our Board of Directors as part of their overall compensation, and 42,500 unrestricted shares of common stock to satisfy the exercise of outstanding options.

During the year ended September 30, 2015, we repurchased 17,677 shares of common stock from our employees to satisfy minimum tax withholding requirements upon the vesting of restricted stock issued under the 2006 Equity Incentive Plan. We issued 199,565 shares out of treasury stock under our share-based compensation programs for restricted and unrestricted shares granted. We issued 8,309 shares of treasury stock to settle outstanding phantom stock units that vested upon the departure of the Company's former Chairman and Chief Executive Officer in January 2015.

Restricted Stock

During the years ended September 30, 2016, 2015 and 2014, we recognized $522, $290, and $201, respectively, in compensation expense related to our restricted stock awards. At September 30, 2016, the unamortized compensation cost related to outstanding unvested restricted stock was $763. We expect to recognize $505 of this unamortized compensation expense during the year ended September 30, 2017 and the remaining $258 during the year ended September 30, 2018. A summary of restricted stock awards for the years ended September 30, 2016, 2015 and 2014 is provided in the table below:

	Years Ended September 30,		
	2016	2015	2014
Unvested at beginning of year	207,166	57,666	159,246
Granted	—	194,000	13,500
Vested	(25,332)	(44,500)	(115,080)
Forfeited	(7,500)	—	—
Unvested at end of year	174,334	207,166	57,666

The fair value of shares vesting during the years ended September 30, 2016, 2015 and 2014 was $304, $353 and $571, respectively. Fair value was calculated as the number of shares vested times the market price of shares on the date of vesting. The weighted average grant date fair value of unvested restricted stock at September 30, 2016 was $8.48.

All the restricted shares granted under the Amended Plan (vested or unvested) participate in dividends issued to common shareholders, if any.

Phantom Stock Units

Phantom stock units ("PSUs") are primarily granted to the members of the Board of Directors as part of their overall compensation. These PSUs are paid via unrestricted stock grants to each director upon their departure from the Board of Directors. We record compensation expense for the full value of the grant on the date of grant. For the years ended September 30, 2016, 2015 and 2014, we recognized $136, $224, and $243, respectively, in compensation expense related to these grants.

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

Performance Based Phantom Stock Units

A performance based phantom stock unit (a "PPSUs") is a contractual right to receive one share of the Company's common stock. The PPSUs will generally become vested, if at all, upon the achievement of certain specified performance objectives and continued performance of services through mid-December 2018. During the year ended September 30, 2016, the Company granted an aggregate of 420,000 three-year performance-based PPSUs. The vesting of these awards is subject to the achievement of specified levels of cumulative net income before taxes or specified stock price levels. For the year ended September 30, 2016, we recognized compensation expense of $808 related to these grants.

Stock Options

We utilized a binomial option pricing model to measure the fair value of stock options granted. Our determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by our stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, our expected stock price volatility over the term of the awards, the risk-free rate of return, and actual and projected employee stock option exercise behaviors. The expected life of stock options is not considered under the binomial option pricing model that we utilize. We did not issue stock options during the years ended September 30, 2016 and 2014. The assumptions used in the fair value method calculation for the year ended September 30, 2015 are disclosed in the following table:

	Year Ended September 30, 2015
Weighted average value per option granted during the period	$ 3.87
Dividends (1)	$ —
Stock price volatility (2)	55.6 - 57.8%
Risk-free rate of return	1.34 - 1.48%
Option term	10.0 years
Expected life	6.0 years
Forfeiture rate (3)	10.0%

(1) We do not currently pay dividends on our common stock.
(2) Based upon the Company's historical volatility.
(3) Based upon the Company's historical data.

Stock-based compensation expense recognized during the period is based on the value of the portion of the share-based payment awards that is ultimately expected to vest during the period. Stock-based compensation expense recognized in the Consolidated Statements of Comprehensive Income is based on awards ultimately expected to vest. We estimate our forfeitures at the time of grant and revise, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

The following table summarizes activity under our stock option plans.

	Shares	Weighted Average Exercise Price
Outstanding, September 30, 2013	170,000	$ 5.46
Options granted	—	—
Exercised	—	—
Forfeited and Cancelled	—	—
Outstanding, September 30, 2014	170,000	$ 5.46
Options granted	37,000	7.25
Exercised	—	—
Forfeited and Cancelled	(74,000)	5.76
Outstanding, September 30, 2015	133,000	$ 5.79
Options granted	—	—
Exercised	42,500	5.17
Forfeited and Cancelled	(11,000)	3.60
Outstanding, September 30, 2016	79,500	$ 6.43

The following table summarizes options outstanding and exercisable at September 30, 2016:

Exercise Prices	Outstanding as of September 30, 2016	Remaining Contractual Life in Years	Weighted-Average Exercise Price	Exercisable as of September 30, 2016	Weighted-Average Exercise Price
$5.76	43,500	6.58	$ 5.76	43,500	$ 5.76
$7.27	22,000	8.29	$ 7.27	—	$ —
$7.21	14,000	8.34	$ 7.21	—	$ —
	79,500		$ 6.43	43,500	$ 5.76

Our 2011 options vested over a three year period at a rate of one-third per year upon the annual anniversary date of the grant. Our 2013 and 2015 options cliff vest at the end of a two year period ending at the anniversary date of the grant. All options expire ten years from the grant date if they are not exercised. Upon exercise of stock options, it is our policy to first issue shares from treasury stock, then to issue new shares. Unexercised stock options expire July 2021, May 2023, January 2025 and February 2025.

During the years ended September 30, 2016, 2015 and 2014, we recognized $70, $(45) and $267, respectively, in compensation expense related to our stock option awards. The net benefit in 2015 relates to a revision in forfeiture assumptions upon the departure of the Company's former Chairman and CEO in January 2015, at which time he forfeited unvested stock options. At September 30, 2016, the unamortized compensation cost related to outstanding unvested stock options was $23. We expect to recognize all $23 of this unamortized compensation expense during the year ended September 30, 2017.

The intrinsic value of stock options outstanding and exercisable was $286 and $88 at September 30, 2016 and 2015, respectively. The intrinsic value is calculated as the difference between the fair value as of the end of the period and the exercise price of the stock options.

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

12. RELATED-PARTY TRANSACTIONS

The Company is a party to a sublease agreement with Tontine Associates, L.L.C., an affiliate of Tontine, for corporate office space in Greenwich, Connecticut. The lease was renewed for a three-year term in April 2016 with an increase in the monthly rent to $8, reflecting the increase paid by Tontine Associates, L.L.C. to its landlord and the Company's increased use of the corporate office space. The lease has terms at market rates and payments by the Company are at a rate consistent with that paid by Tontine Associates, L.L.C. to its landlord.

13. EMPLOYEE BENEFIT PLANS

401(k) Plan

In November 1998, we established the IES Holdings, Inc. 401(k) Retirement Savings Plan. All full-time IES employees are eligible to participate on the first day of the month subsequent to completing sixty days of service and attaining age twenty-one. Participants become vested in our matching contributions following three years of service. We recognized $616, $288, and $276 in matching expenses in fiscal years 2016, 2015 and 2014, respectively.

Infrastructure Solutions has two 401(k) plans. We recognized $121, $99, and $74 in matching expenses in fiscal years 2016, 2015 and 2014, respectively.

Executive Savings Plan

Under the Executive Deferred Compensation Plan adopted on July 1, 2004 (the "Executive Savings Plan"), certain employees are permitted to defer a portion (up to 75%) of their base salary and/or bonus for a plan year. The Human Resources and Compensation Committee of the Board of Directors may, in its sole discretion, credit one or more participants with an employer deferral (contribution) in such amount as the Committee may choose ("Employer Contribution"). The Employer Contribution, if any, may be a fixed dollar amount, a fixed percentage of the participant's compensation, base salary, or bonus, or a "matching" amount with respect to all or part of the participant's elective deferrals for such plan year, and/or any combination of the foregoing as the Committee may choose. No compensation earned during the years ended September 30, 2016, 2015 or 2014 was deferred under this plan.

Post Retirement Benefit Plans

Certain individuals at one of the Company's locations are entitled to receive fixed annual payments that reach a maximum amount, as specified in the related agreements, for a ten year period following retirement or, in some cases, the attainment of 62 years of age. We recognize the unfunded status of the plan as a non-current liability in our Consolidated Balance Sheet. Benefits vest 50% after ten years of service, which increases by 10% per annum until benefits are fully vested after 15 years of service. We had an unfunded benefit liability of $875 and $871 recorded as of September 30, 2016 and 2015, respectively. We recognized compensation expense related to these agreements of $65, $11, and $15 during the years ended September 30, 2016, 2015 and 2014, respectively.

Multiemployer Pension Plan

Infrastructure Solutions participates in a multiemployer direct benefit pension plan for employees covered under our collective bargaining agreement. We do not administer the plan. We do not significantly participate in this plan. As of December 31, 2015, this plan was funded at 83.91%.

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

14. FAIR VALUE MEASUREMENTS

Fair Value Measurement Accounting

Fair value is considered the price to sell an asset, or transfer a liability, between market participants on the measurement date. Fair value measurements assume that the asset or liability is (1) exchanged in an orderly manner, (2) the exchange is in the principal market for that asset or liability, and (3) the market participants are independent, knowledgeable, able and willing to transact an exchange. Fair value accounting and reporting establishes a framework for measuring fair value by creating a hierarchy for observable independent market inputs and unobservable market assumptions and expands disclosures about fair value measurements. Considerable judgment is required to interpret the market data used to develop fair value estimates. As such, the estimates presented herein are not necessarily indicative of the amounts that could be realized in a current exchange. The use of different market assumptions and/or estimation methods could have a material effect on the estimated fair value.

Financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2016, are summarized in the following table by the type of inputs applicable to the fair value measurements:

	September 30, 2016		
	Total Fair Value	Quoted Prices (Level 1)	Significant Unobservable (Level 3)
Executive savings plan assets	$ 599	$ 599	$ —
Executive savings plan liabilities	(486)	(486)	—
Contingent consideration liability	(1,100)	—	(1,100)
Total	$ (987)	$ 113	$ (1,100)

Financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2015, are summarized in the following table by the type of inputs applicable to the fair value measurements:

	September 30, 2015		
	Total Fair Value	Quoted Prices (Level 1)	Significant Unobservable (Level 3)
Executive savings plan assets	$ 617	$ 617	$ —
Executive savings plan liabilities	(504)	(504)	—
Total	$ 113	$ 113	$ —

In the first quarter of 2016, we entered into a contingent consideration arrangement related to a business combination. Please see Note 18, "*Business Combinations and Divestitures*" for further discussion. At September 30, 2016, we estimated the fair value of the contingent consideration liability at $1,100. The table below presents a reconciliation of the fair value of this obligation, which used significant unobservable inputs (Level 3).

	Contingent Consideration Agreement
Fair Value at September 30, 2015	$ —
Issuances	448
Adjustments to Fair Value	652
Fair Value at September 30, 2016	$ 1,100

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

Below is a description of the inputs used to value the assets summarized in the preceding tables:

Level 1 — Inputs represent unadjusted quoted prices for identical assets exchanged in active markets.

Level 2 — Inputs include directly or indirectly observable inputs other than Level 1 inputs such as quoted prices for similar assets exchanged in active or inactive markets; quoted prices for identical assets exchanged in inactive markets; and other inputs that are considered in fair value determinations of the assets.

Level 3 — Inputs include unobservable inputs used in the measurement of assets. Management is required to use its own assumptions regarding unobservable inputs because there is little, if any, market activity in the assets or related observable inputs that can be corroborated at the measurement date.

15. INVENTORY

Inventories consist of the following components:

	September 30, 2016	September 30, 2015
Raw materials	$ 2,538	$ 1,641
Work in process	4,158	2,641
Finished goods	1,558	1,199
Parts and supplies	4,982	8,496
Total inventories	$ 13,236	$ 13,977

16. GOODWILL AND INTANGIBLE ASSETS

The following is a progression of goodwill by segment for the years ended September 30, 2016, 2015 and 2014:

	Residential	Commercial & Industrial	Infrastructure Solutions	Total
Balance at September 30, 2014	$ 8,631	$ —	$ 6,362	$14,993
Acquisitions “Note 18”	—	—	2,256	2,256
Balance at September 30, 2015	8,631	—	8,618	17,249
Acquisitions “Note 18”	—	3,806	19,458	23,264
Divestitures “Note 18”	—	—	(577)	(577)
Balance at September 30, 2016	$ 8,631	$ 3,806	$ 27,499	$39,936

Goodwill

Based upon the results of our annual impairment analysis, the fair value of our Infrastructure Solutions and Commercial & Industrial segments exceeded the book value at September 30, 2016, and warranted no impairment. We evaluated goodwill attributable to our Residential segment qualitatively, and have concluded no impairment is indicated.

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

Intangible assets consist of the following:

		September 30, 2016		
	Estimated Useful Lives (in Years)	Gross Carrying Amount	Accumulated Amortization	Net
Trademarks/trade names	5 - 20	$ 3,845	$ 139	$ 3,706
Technical library	20	400	61	339
Customer relationships	6 - 15	27,414	2,003	25,411
Developed technology	4	400	358	42
Backlog	1	1,621	545	1,076
Construction contracts	1	2,191	1,042	1,149
Total		$35,871	$ 4,148	$31,723

		September 30, 2015		
	Estimated Useful Lives (in Years)	Gross Carrying Amount	Accumulated Amortization	Net
Trademarks/trade names	8 - Indefinite	$ 1,400	$ 9	$1,391
Technical library	20	400	41	359
Customer relationships	8 - 12	3,600	788	2,812
Covenants not to compete	3	140	121	19
Developed technology	4	400	258	142
Total		$ 5,940	$ 1,217	$4,723

For the years ended September 30, 2016, 2015 and 2014, amortization expense of intangible assets was $2,936, $381 and $635, respectively. Our future amortization expense for years ended September 30, is as follows:

Year Ended September 30,	
2017	$ 5,050
2018	3,154
2019	2,903
2020	2,818
2021	2,714
Thereafter	15,084
Total	$31,723

17. COMMITMENTS AND CONTINGENCIES

Legal Matters

From time to time we are a party to various claims, lawsuits and other legal proceedings that arise in the ordinary course of business. We maintain various insurance coverages to minimize financial risk associated with these proceedings. None of these proceedings, separately or in the aggregate, are expected to have a material adverse effect on our financial position, results of operations or cash flows. With respect to all such proceedings, we record reserves when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. We expense routine legal costs related to these proceedings as they are incurred.

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

The following is a discussion of our significant legal matters:

Capstone Construction Claims

From 2003 to 2005, two of our former subsidiaries performed HVAC and electrical work under contract with Capstone Building Corporation ("Capstone") on a university student housing project in Texas. In 2005, our subsidiaries filed for arbitration against Capstone, seeking payment for work performed, change orders and other impacts. The parties settled those claims, and the release included a waiver of warranties associated with any of the HVAC work. Several years later the subsidiaries discontinued operations, and the Company sold their assets.

On October 24, 2013, Capstone filed a petition in the 12th Judicial District Court of Walker County, Texas against these subsidiaries, among other subcontractors, seeking contribution, defense, indemnity and damages for breach of contract in connection with alleged construction defect claims brought against Capstone by the owner of the student housing project. The owner claims $10,406 in damages, plus attorneys' fees and costs against Capstone, which Capstone is seeking to recover from the subcontractors. The claims against the Company are based on alleged defects in the mechanical design, construction and installation of the HVAC and electrical systems performed by our former subsidiaries.

Based on the settlement reached in the 2005 arbitration, we moved for, and the District Court granted us, summary judgment, dismissing all of Capstone's claims in the 2013 lawsuit. Capstone appealed, and on April 28, 2016, the 10th Court of Appeals, Waco, Texas Division, reversed the ruling with respect to the indemnity claims and remanded the case back to the District Court. On September 21, 2016, we filed a petition for review to the Texas Supreme Court. On October 28, 2016, the Supreme Court ordered Capstone to file a response to our petition on or before November 28, 2016. Capstone filed for an extension of that deadline; their response is now due December 28, 2016. Should the Texas Supreme Court agree that the claims should be remanded to the District Court, the Company will defend the claims and expects ultimately to prevail on the merits, but there can be no assurance that the Company will prevail or that it will not incur costs and liability for indemnity in connection with resolution of the claims. To date, the Company has not established a reserve with respect to this matter, as we believe the likelihood of our responsibility for damages is not probable and a potential range of exposure is not reasonably estimable.

Risk-Management

We retain the risk for workers' compensation, employer's liability, automobile liability, construction defects, general liability and employee group health claims, as well as pollution coverage, resulting from uninsured deductibles per accident or occurrence which are generally subject to annual aggregate limits. Our general liability program provides coverage for bodily injury and property damage. In many cases, we insure third parties, including general contractors, as additional insureds under our insurance policies. Losses up to the deductible amounts, or losses that are not covered under our policies, are accrued based upon our known claims incurred and an estimate of claims incurred but not reported. As a result, many of our claims are effectively self-insured. Many claims against our insurance are in the form of litigation. At September 30, 2016 and September 30, 2015, we had $5,464 and $4,518, respectively, accrued for insurance liabilities. We are also subject to construction defect liabilities, primarily within our Residential segment. As of September 30, 2016 and September 30, 2015, we had $235 and $464, respectively, reserved for these claims. Because the reserves are based on judgment and estimates, and involve variables that are inherently uncertain, such as the outcome of litigation and an assessment of insurance coverage, there can be no assurance that the ultimate liability will not be higher or lower than such estimates or that the timing of payments will not create liquidity issues for the Company.

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

Some of the underwriters of our casualty insurance program require us to post letters of credit as collateral. This is common in the insurance industry. To date, we have not had a situation where an underwriter has had reasonable cause to effect payment under a letter of credit. At September 30, 2016, $6,126 of our outstanding letters of credit was utilized to collateralize our insurance program.

Surety

As of September 30, 2016, the estimated cost to complete our bonded projects was approximately $54,287. We evaluate our bonding requirements on a regular basis, including the terms offered by our sureties. We believe the bonding capacity presently provided by our current sureties is adequate for our current operations and will be adequate for our operations for the foreseeable future. Posting letters of credit in favor of our sureties reduces the borrowing availability under our Credit Facility.

Other Commitments and Contingencies

Some of our customers and vendors require us to post letters of credit as a means of guaranteeing performance under our contracts and ensuring payment by us to subcontractors and vendors. If our customer has reasonable cause to effect payment under a letter of credit, we would be required to reimburse our creditor for the letter of credit. At September 30, 2016, $818 of our outstanding letters of credit were to collateralize our vendors.

From time to time, we may enter into firm purchase commitments for materials such as copper or aluminum wire which we expect to use in the ordinary course of business. These commitments are typically for terms of less than one year and require us to buy minimum quantities of materials at specific intervals at a fixed price over the term. As of September 30, 2016, we had no such commitments.

18. BUSINESS COMBINATIONS AND DIVESTITURES

Business Combinations

The Company completed four acquisitions in the year ended September 30, 2016:

- Technibus, Inc. (“Technibus”) — We acquired Technibus, a Canton, Ohio based provider of custom engineered, metal enclosed bus duct solutions, on June 15, 2016. Technibus is included in our Infrastructure Solutions segment, and we expect it will enhance Infrastructure Solutions’ current offerings, which are primarily focused on industrial repairs and services, to include custom engineered solutions for our customers. We believe Technibus’ products and engineering expertise, combined with Infrastructure Solutions’ service capabilities, a shared customer base, and the close geographic proximity of Technibus to our Infrastructure Solutions segment’s Massillon, Ohio headquarters, will enhance our solutions offering.
- STR Mechanical, LLC (“STR”) — We acquired 80% of the membership interests in STR, a Charlotte, North Carolina-based provider of commercial and industrial mechanical services, including maintenance, repair, and replacement services, and temperature control system installations, on April 27, 2016. STR is included in our Commercial & Industrial segment. We expect STR’s focus on providing comprehensive mechanical maintenance services to its customers, often through preventative maintenance agreements, will contribute to the diversification of revenue sources and enhance Commercial & Industrial’s capabilities.
- Shanahan Mechanical and Electrical, Inc. (“Shanahan”) — We acquired Shanahan, a Nebraska-based provider of mechanical and electrical contracting services, on November 20, 2015. Shanahan is

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

included in our Commercial & Industrial segment. We believe this acquisition adds mechanical contracting expertise to Commercial & Industrial, and also accelerates our entry into the Lincoln, Nebraska market, an area that we had targeted for expansion. Further, we believe the acquisition gives us the opportunity to expand our geographic coverage and capabilities without the costs and risks of a start-up operation.

- Calumet Armature & Electric, LLC ("Calumet") — We acquired Calumet, an Illinois-based provider of design, manufacturing, assembly, and repair services of electric motors for the industrial and mass transit markets, on October 30, 2015. Calumet is included in our Infrastructure Solutions segment, and we believe it allows us to enhance our industrial footprint in the greater Chicago, Illinois area and, given Calumet's expertise in manufacturing new armatures, that it will support our targeted growth into the mass transit market.

The total aggregate consideration of $59,592 for these four acquisitions includes aggregate cash consideration of $59,144 and contingent consideration in connection with the Calumet acquisition with an acquisition date fair value estimated at $448. Of the cash consideration, $58,448 was paid on the various acquisition dates, and the remaining $696 was paid within approximately 90 days subsequent to the various acquisition dates, in accordance with the working capital settlement provisions set forth in various acquisition agreements. The Calumet contingent consideration arrangement provides that a maximum of $2,250 may be earned over the three year period ending October 30, 2018. As of September 30, 2016 the fair value of the contingent consideration arrangement was $1,100. Based on an increase in the fair value of the liability driven by the improved actual and expected financial performance of Calumet, we have recorded additional contingent consideration expense as a component of income from continuing operations.

The Company accounted for the transactions under the acquisition method of accounting, which requires recording assets and liabilities at fair value (Level 3). The valuations derived from estimated fair value assessments and assumptions used by management are preliminary pending finalization of certain tangible and intangible asset valuations and assessment of deferred taxes. While management believes that its preliminary estimates and assumptions underlying the valuations are reasonable, different estimates and assumptions could result in different values being assigned to individual assets acquired and liabilities assumed. This may result in adjustments to the preliminary amounts recorded. The preliminary valuation of the assets acquired and liabilities assumed as of the various acquisition dates is as follows:

Current assets	$14,903
Property and equipment	4,572
Intangible assets (primarily customer relationships)	30,071
Goodwill	23,264
Current liabilities	(6,192)
Deferred tax liability	(5,331)
Noncontrolling interest	(1,695)
Net assets acquired	$59,592

With regard to the aggregate $5,331 deferred tax liability recorded in connection with the acquisitions, we reduced a portion of our valuation allowance equal to this deferred tax liability, resulting in a corresponding income tax benefit in the year ended September 30, 2016.

With regard to goodwill, the balance is attributable to the workforce of the acquired business and other intangibles that do not qualify for separate recognition. In connection with the Technibus transaction, we acquired tax basis of $15,305 with respect to goodwill.

(All Amounts in Thousands Except Share Amounts)

Table of Contents

In conjunction with these acquisitions, we acquired receivables totaling $9,000, of which we estimate $518 to be uncollectible at the date of acquisition.

In the aggregate, these four acquisitions contributed $34,367 in additional revenue and $3,527 in additional operating income during the year ended September 30, 2016.

Noncontrolling Interest

Our agreement governing the operations of STR contains a provision where, at any time after five years from the acquisition date, we may purchase all or a portion of the 20% noncontrolling interest. Pursuant to this provision, we may purchase the noncontrolling interest, or, with notice, the noncontrolling interest holders may cause us to purchase their interests, for a contractually determined price based on the trailing 2 year earnings before interest, taxes, depreciation, and amortization of STR, calculated at the time of the purchase.

As of the acquisition date, the fair value of the noncontrolling interest in STR was equal to 20% of the overall fair value of STR. As of September 30, 2016, the carrying amount of the noncontrolling interest was in excess of the amount we would pay to acquire the noncontrolling interest pursuant to the terms of the operating agreement, if the option to purchase that interest had been available to us as of September 30, 2016.

Unaudited Pro Forma Information

The following unaudited supplemental pro forma results of operations include the results of the four acquisitions completed during year ended September 30, 2016, as described above, as if each had been acquired as of October 1, 2014, and have been provided for illustrative purposes only and do not purport to be indicative of the actual results that would have been achieved by the combined companies for the periods presented or that may be achieved by the combined companies in the future. Future results may vary significantly from the results reflected in the following pro forma financial information because of future events and transactions, finalization of the valuations of deferred taxes, fixed assets, and certain intangible assets, as well as other factors, many of which are beyond IES's control. Cost savings and other synergy benefits resulting from the business combination have not been included in pro forma results.

The unaudited pro forma financial information reflects certain adjustments related to the acquisition, such as the recording of depreciation expense in connection with fair value adjustments to property and equipment, amortization expense in connection with recording acquired identifiable intangible assets at fair value, and interest expense calculated on the $20,000 drawn on the Company's available line of credit at a rate of 2.5%. The unaudited pro forma financial information also includes the effect of certain non-recurring items as of October 1, 2014 such as the $5,331 of tax benefits and acquisition related costs of $681 incurred during the year ended September 30, 2016, which are shown as if they had been incurred on October 1, 2014.

The supplemental pro forma results of operations for the years ended September 30, 2016 and 2015, as if the acquisitions had been completed on October 1, 2014, are as follows:

	Unaudited	
	Year Ended September 30, 2016	Year Ended September 30, 2015
Revenues	$ 721,254	$ 634,760
Net Income	$ 117,134	$ 16,430

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

Southern Rewinding

On May 21, 2015, our wholly-owned subsidiary Magnetech Industrial Services, Inc. ("Magnetech") acquired all of the common stock and certain related real estate of Southern Industrial Sales and Services, Inc. ("Southern Rewinding"), a Columbus, Georgia-based motor repair and related field services company, for total consideration of $3,937. Of that amount, $3,137 was paid at closing, with additional consideration of $400 paid during the year ended September 30, 2016, and a final payment of $400 expected to be made in fiscal 2017. After closing, we provided the newly-acquired entity with $1,065 of working capital. Southern Rewinding is included in our Infrastructure Solutions segment.

The Company accounted for the transaction under the acquisition method of accounting, which requires recording assets and liabilities at fair value (Level 3). The valuation of the assets acquired and liabilities assumed as of May 21, 2015 is as follows:

Current assets	$ 1,225
Property and equipment	911
Intangible assets (primarily customer relationships)	1,700
Non-tax-deductible goodwill	2,256
Current liabilities	(1,431)
Deferred tax liability	(724)
Net assets acquired	$ 3,937

Pro forma revenues and results of operations for the acquisition have not been presented because the effects were not material to the consolidated financial statements.

Divestitures

In February 2016, our Board of Directors approved a plan for the sale of substantially all of the operating assets of HK Engine Components, LLC ("HK"), a wholly-owned subsidiary of the Company operating in the Infrastructure Solutions segment. In connection with the sale, we allocated $577 of goodwill to the disposal group. In conjunction with the write down of these assets to their net realizable value of $2,200, we then recognized a loss of $821, recorded within "(Gain) loss on sale of assets" within our Condensed Consolidated Statement of Comprehensive Income for the years ended September 30, 2016. The sale of these assets to a third party was completed on April 15, 2016.

19. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

Quarterly financial information for the years ended September 30, 2016 and 2015 are summarized as follows:

	Fiscal Year Ended September 30, 2016			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$150,766	$159,981	$179,599	$205,647
Gross profit	$ 27,633	$ 27,812	$ 33,997	$ 37,538
Net income attributable to IES Holdings, Inc.	$ 5,799	$ 2,194	$ 10,805	$101,980
Earnings per share:				
Basic	$ 0.27	$ 0.10	$ 0.50	$ 4.75
Diluted	$ 0.27	$ 0.10	$ 0.50	$ 4.74

IES HOLDINGS, INC.
Notes to Consolidated Financial Statements
(All Amounts in Thousands Except Share Amounts)

The sum of the individual quarterly earnings per share amounts may not agree with year-to-date earnings per share as each period's computation is based on the weighted average number of shares outstanding during the period.

	Fiscal Year Ended September 30, 2015			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$136,336	$133,752	$144,082	$159,687
Gross profit	$ 22,704	$ 21,708	$ 25,052	$ 30,427
Net income from continuing operations	$ 3,473	$ 1,854	$ 3,962	$ 7,588
Net loss from discontinued operations	$ (181)	$ (44)	$ (5)	$ (109)
Net income	$ 3,292	$ 1,810	$ 3,957	$ 7,479
Earnings per share from continuing operations:				
Basic	$ 0.16	$ 0.08	$ 0.19	$ 0.36
Diluted	$ 0.16	$ 0.08	$ 0.19	$ 0.36
Loss per share from discontinued operations:				
Basic	$ (0.01)	$ 0.00	$ 0.00	$ (0.01)
Diluted	$ (0.01)	$ 0.00	$ 0.00	$ (0.01)
Earnings per share:				
Basic	$ 0.15	$ 0.08	$ 0.19	$ 0.35
Diluted	$ 0.15	$ 0.08	$ 0.19	$ 0.35

The sum of the individual quarterly earnings per share amounts may not agree with year-to-date earnings per share as each period's computation is based on the weighted average number of shares outstanding during the period.

20. SUBSEQUENT EVENTS

On November 8, 2016, the Company implemented the new NOL Rights Plan, following the expiration of the Company's prior tax benefit protection plan, which was implemented in January 2013. Thereafter, the Board of Directors declared and paid a dividend of one preferred share purchase right (a "Right") for each outstanding share of common stock. The dividend was payable to the stockholders of record as of the close of business on November 18, 2016. Each Right represents a right to purchase one one-thousandth of a share of Series A Junior Participating Preferred Stock of the Company at a price of $79.30.

As with the prior plan, the Board adopted the NOL Rights Plan in an effort to protect stockholder value by attempting to protect against a possible limitation on the Company's ability to use its NOLs to reduce potential future federal income tax obligations. The Company historically experienced substantial operating losses, and under the Internal Revenue Code and rules promulgated by the Internal Revenue Service, the Company may "carry forward" these losses in certain circumstances to effect any current and future earnings and thus reduce the Company's federal income tax liability, subject to certain requirements and restrictions. To the extent that the NOLs do not otherwise become limited, the Company believes that it will be able to carry forward a significant amount of NOLs, and therefore these NOLs are a substantial asset to the Company. However, if the Company experiences an "ownership change", as defined in Section 382 of the Internal Revenue Code, its ability to use the NOLs will be substantially limited, and the timing of the usage of the NOLs could be substantially delayed, which could therefore significantly impair the value of that asset.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal controls over financial reporting that occurred during the quarter ended September 30, 2016 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Disclosure Controls and Procedures

In accordance with Exchange Act Rule 13a-15 and 15d-15, we carried out an evaluation, under the supervision and with the participation of management, including our President and our Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of September 30, 2016 to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Our disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our President and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Management, including the Company's President and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. The Company's internal control system was designed to provide reasonable assurance to the Company's Management and Directors regarding the preparation and fair presentation of published financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an evaluation of the effectiveness of internal control over financial reporting based on the Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013 framework). Based on this assessment, our management determined that as of September 30, 2016, our internal control over financial reporting was effective.

In conducting management's evaluation of the effectiveness of the Company's internal controls over financial reporting, we have excluded Calumet Armature & Electric, LLC, Shanahan Mechanical and Electrical, Inc., STR Mechanical, LLC, and Technibus, Inc. because they were acquired during the year ended September 30, 2016. Excluding goodwill and intangible assets, these operations accounted for less than 7% of our total assets and less than 5% of our consolidated revenues for the year then ended.

Ernst & Young LLP, an independent registered public accounting firm that has audited the Company's financial statements as of and for the three-year period ended September 30, 2016, has issued a report on their audit of management's internal control over financial reporting, which is included herein.

Item 9B. ***Other Information***

None.

Table of Contents

PART III

Item 10. *Directors, Executive Officers and Corporate Governance*

The information required to be included Item 10 of Part III of this Form 10-K is incorporated by reference from the sections entitled "Security Ownership of Certain Beneficial Owners and Management;" "Section 16(a) Beneficial Ownership Reporting Compliance;" "Report of the Audit Committee" and "Election of Directors" in the Company's definitive Proxy Statement for its 2017 Annual Meeting of Stockholders (the "Proxy Statement") to be filed with the SEC no later than December 31, 2016.

Item 11. *Executive Compensation*

The information required to be included in Item 11 of Part III of this Form 10-K is incorporated by reference from the section entitled "Executive Compensation" in the Proxy Statement.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

Certain information required to be included in Item 12 of Part III of this Form 10-K is incorporated by reference from the section entitled "Security Ownership of Certain Beneficial Owners and Management" in the Proxy Statement.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Equity Compensation Plan Information

The following table provides information as of September 30, 2016 with respect to shares of our common stock that may be issued upon the exercise of options, warrants and rights granted to employees, consultants or members of the Board of Directors under the Company's existing equity compensation plans. For additional information about our equity compensation plans, see Note 11, "Stockholders' Equity" in the notes to our Consolidated Financial Statements set forth in Item 8, "*Financial Statements and Supplementary Data"* of this Form 10-K.

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by security holders	—	—	1,056,574(1)
Equity compensation plans not approved by security holders	499,500(2)	$ 6.43	—

(1) Represents shares available for issuance under the Company's 2006 Equity Incentive Plan, which was amended and restated effective February 9, 2016 (the "Amended Plan"), following approval by shareholders at the Company's annual stockholders' meeting. This plan provides for the granting or awarding of stock options, stock, restricted stock and other forms of equity to employees (including officers), consultants and directors of the Company.

(2) Represents shares issuable upon exercise of outstanding options granted under the Company's 2006 Equity Incentive Plan (amended and restated as of October 2007), which was in place prior to the Amended Plan. This includes 79,500 options with a weighted-average term of 7.36 years. This also includes 420,000 shares that may be issued pursuant to outstanding PPSUs, based on reported financial results, where applicable, and otherwise assuming the target award is met.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

The information required to be included in Item 13 of Part III of this Form 10-K is incorporated by reference from the section entitled “Certain Relationships and Related Person Transactions” in the Proxy Statement.

Item 14. ***Principal Accountant Fees and Services***

The information required to be included in Item 14 of Part III of this Form 10-K is incorporated by reference from the section entitled “Audit Fees” in the Proxy Statement.

PART IV

Item 15. *Exhibits and Financial Statement Schedules*

(a) Financial Statements and Supplementary Data, Financial Statement Schedules and Exhibits

See Index to Financial Statements under Item 8, "*Financial Statements and Supplementary Data"* of this From 10-K.

(b) Exhibits

Exhibit No.		Description
2.1	—	Agreement and Plan of Merger effective as of March 13, 2013, by and among Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.), IES Subsidiary Holdings, Inc. and MISCOR Group, Ltd. (Attached as part of Annex A to the joint proxy statement/prospectus that is part of this Registration Statement) (the schedules and annexes have been omitted pursuant to Item 601(b)(2) of Regulation S-K)
2.2	—	First Amendment to Agreement and Plan of Merger, dated as of July 10, 2013, by and among Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.), IES Subsidiary Holdings, Inc. and MISCOR Group, Ltd. (Attached as part of Annex A to the joint proxy statement/prospectus that is part of this Registration Statement)
2.3	—	Stock Purchase Agreement dated as of June 1, 2016, by and among IES Infrastructure Solutions, LLC, IES Holdings, Inc., Technibus, Inc. and Technibus, LLC. (Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed June 15, 2016)
3.1	—	Second Amended and Restated Certificate of Incorporation of IES Holdings, Inc., as amended by the Certificate of Amendment thereto, effective May 24, 2016 (composite). (Incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2016)
3.2	—	Certificate of Designations of Series A Junior Participating Preferred Stock (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on January 28, 2013)
3.3	—	Amended and Restated Bylaws of IES Holdings, Inc., effective May 24, 2016 (Incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K, filed on May 24, 2016)
4.1(1)	—	Specimen common stock certificate.
4.2	—	Tax Benefit Protection Plan Agreement by and between IES Holdings, Inc. and American Stock Transfer & Trust Company, LLC, as Rights Agent, dated as of November 8, 2016, including the form of Rights Certificate and Summary of Stockholder Rights Plan attached thereto as Exhibits A and B, respectively (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 9, 2016)
4.3	—	Registration Rights Agreement, dated May 12, 2006, by and among Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.), Tontine Capital Partners, L.P. and certain of its affiliates and Southpoint Master Fund, L.P. (Incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on May 17, 2006)
4.4	—	First Amendment to Registration Rights Agreement, dated September 11, 2007, by and among Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.), Tontine Capital Partners, L.P. and certain of its affiliates. (Incorporated by reference to Exhibit 10.24 to the Company's Annual Report on Form 10-K filed on December 14, 2012)

Table of Contents

Exhibit No.		Description
10.1	—	Restated Underwriting, Continuing Indemnity and Security Agreement, dated May 12, 2006, by Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.) and certain of its subsidiaries and affiliates in favor of Federal Insurance Company. (Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed May 17, 2006)
10.2	—	First Amendment, dated as of October 30, 2006, to the Restated Underwriting, Continuing Indemnity, and Security Agreement, dated May 12, 2006, by Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.), certain of its subsidiaries and Federal Insurance Company and certain of its affiliates. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed November 6, 2006)
10.3	—	Third Amendment, dated May 1, 2007, to the Restated Underwriting, Continuing Indemnity and Security Agreement, dated May 12, 2006, by Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.), certain of its subsidiaries and Federal Insurance Company and certain of its affiliates. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed October 12, 2007)
10.4	—	Fourth Amendment to the Restated Underwriting, Continuing Indemnity and Security Agreement, dated May 12, 2006, by Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.), certain of its subsidiaries and Federal Insurance Company and certain of its affiliates. (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed October 12, 2007)
10.5	—	Rider to Add Principal/Indemnitor and Fifth Amendment, dated September 29, 2008, to Restated Underwriting, Continuing Indemnity, and Security Agreement, dated May 12, 2006, by Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.), certain of its subsidiaries and Federal Insurance Company and certain of its affiliates. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed October 24, 2008)
10.6	—	Agreement of Indemnity, dated May 7, 2010, by Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.) and certain of its present and future subsidiaries and affiliates and Chartis Property Casualty Company, Chartis Insurance Company of Canada, American Home Assurance Company, Commerce and Industry Insurance Company, Granite State Insurance Company, Lexington Insurance Company, National Union Fire Insurance Company of Pittsburgh, Pa., New Hampshire Insurance Company and The Insurance Company of the State of Pennsylvania and any and all of their affiliates, subsidiaries, successors and assigns. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed May 13, 2010)
10.7	—	Amendment No. 1 to Agreement of Indemnity, dated August 16, 2012, between Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.) and certain of its present and future subsidiaries and affiliates and Chartis Property Casualty Company, Chartis Insurance Company of Canada, American Home Assurance Company, Commerce and Industry Insurance Company, Granite State Insurance Company, Lexington Insurance Company, National Union Fire Insurance Company of Pittsburgh, Pa., New Hampshire Insurance Company and The Insurance Company of the State of Pennsylvania, and any and all of their affiliates, subsidiaries, successors and assigns (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed August 17, 2012)
10.8	—	Agreement of Indemnity, dated May 7, 2013, by Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.) and certain of its present and future subsidiaries and affiliates and XL Specialty Insurance Company, XL Reinsurance America, Inc. and Greenwich Insurance Company and their affiliates, subsidiaries, successors and assigns. (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed May 13, 2013)

Exhibit No.		Description
10.9	—	Agreement of Indemnity, September 9, 2016, by IES Holdings, Inc. and certain of its present and future subsidiaries and affiliates and Everest Reinsurance Company and Everest National Insurance Company, and their affiliated, associated and subsidiary companies, successors and assigns. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed September 13, 2016)
10.10	—	Amended and Restated Credit and Security Agreement, dated September 24, 2014, by and among Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.), each of the other Borrowers and Guarantors named therein and Wells Fargo Bank, National Association. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed September 24, 2014)
10.11(1)	—	First Amendment, dated November 6, 2014, to Amended and Restated Credit and Security Agreement, dated as of September 24, 2014, by and among Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.), each of the other Borrowers and Guarantors named therein and Wells Fargo Bank, National Association.
10.12	—	Second Amendment, dated May 3, 2016, to Amended and Restated Credit and Security Agreement, dated as of September 24, 2014, by and among Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.), each of the other Borrowers and Guarantors named therein and Wells Fargo Bank, National Association. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed May 3, 2016)
10.13(1)	—	Third Amendment, dated September 9, 2016, to Amended and Restated Credit and Security Agreement, dated as of September 24, 2014, by and among IES Holdings, Inc., each of the other Borrowers and Guarantors named therein and Wells Fargo Bank, National Association.
10.14	—	Sublease Agreement between Tontine Associates, L.L.C. and IES Shared Services, Inc., dated March 29, 2012. (Incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed on May 15, 2012)
10.15	—	First Amendment between Tontine Associates, L.L.C., IES Shared Services, Inc. and IES Management ROO, LP, dated as of March 31, 2016, to Sublease Agreement between Tontine Associates, L.L.C., and IES Shared Services, Inc., dated March 29, 2012. (Incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed on May 9, 2016)
10.16	—	Subcontract, dated June 17, 2009, by and between IES Commercial, Inc. and Manhattan Torcon A Joint Venture. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed November 24, 2009)
10.17	—	Letter Agreement, dated November 4, 2009, by and between Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.), IES Commercial, Inc. and Manhattan Torcon A Joint Venture. (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed November 24, 2009)
*10.18	—	Term Life Insurance Plan. (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed October 17, 2007)
*10.19	—	Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.) 2006 Equity Incentive Plan, as amended and restated through 2007. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed October 17, 2007)
*10.20	—	Form of Performance-Based Phantom Stock Unit Award Agreement under the Company's 2006 Equity Incentive Plan, as amended and restated through 2007. (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed February 8, 2016)

Exhibit No.		Description
*10.21	—	Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.) Amended and Restated 2006 Equity Incentive Plan (as of February 9, 2016) (Incorporated by reference to Exhibit A to the Company's Definitive Proxy Statement filed on December 28, 2015)
*10.22	—	Form of Phantom Stock Unit Award under the Company's Amended and Restated 2006 Equity Incentive Plan (as of February 9, 2016). (Incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed May 9, 2016)
*10.23	—	Form of Stock Option Award Agreement under the Company's Amended and Restated 2006 Equity Incentive Plan (as of February 9, 2016). (Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on May 9, 2016)
*10.24	—	Form of Restricted Stock Award Agreement under the Company's Amended and Restated 2006 Equity Incentive Plan (as of February 9, 2016). (Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed May 9, 2016)
*10.25	—	Performance-Based Phantom Stock Unit Award Agreement, dated as of June 6, 2016, by and between the Company and Mr. Santoni, under the Company's Amended and Restated 2006 Equity Incentive Plan (as of February 9, 2016). (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed June 7, 2016)
*10.26	—	Performance-Based Phantom Cash Unit Award Agreement, dated as of June 6, 2016, by and between the Company and Mr. Santoni, under the Company's Amended and Restated 2006 Equity Incentive Plan (as of February 9, 2016) (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed June 7, 2016)
*10.27	—	Annual Management Incentive Plan. (Incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed November 19, 2007)
*10.28	—	Amended and Restated 2009 Deferred Compensation Plan. (Incorporated by reference to Exhibit 10.34 to the Company's Annual Report on Form 10-K filed December 15, 2008)
*10.29	—	Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.) Long Term Incentive Plan, as amended and restated. (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed September 23, 2009)
*10.30(1)	—	Amended and Restated Integrated Electrical Services, Inc. (n/k/a IES Holdings, Inc.) Executive Severance Benefit Plan, effective January 12, 2016.
21.1	—	Subsidiaries of the Registrant(1)
23.1	—	Consent of Ernst & Young LLP(1)
31.1	—	Rule 13a-14(a)/15d-14(a) Certification of Robert W. Lewey, President(1)
31.2	—	Rule 13a-14(a)/15d-14(a) Certification of Tracy A. McLauchlin, Chief Financial Officer(1)
32.1	—	Section 1350 Certification of Robert W. Lewey, President(1)
32.2	—	Section 1350 Certification of Tracy A. McLauchlin, Chief Financial Officer(1)
(1)101.INS		XBRL Instance Document
(1)101.SCH		XBRL Schema Document
(1)101.LAB		XBRL Label Linkbase Document
(1)101.PRE		XBRL Presentation Linkbase Document
(1)101.DEF		XBRL Definition Linkbase Document
(1)101.CAL		XBRL Calculation Linkbase Document

* Management contracts or compensatory plans or arrangements required to be filed herewith pursuant to Item 15(a)(3) of this Annual Report on Form 10-K.

(1) Filed herewith.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on December 9, 2016.

IES HOLDINGS, INC.

By: /s/ Robert W. Lewey
Robert W. Lewey
President and Director

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned officers and directors of IES HOLDINGS, INC. hereby constitutes and appoints Robert W. Lewey and Gail D. Makode, and each of them individually, as his true and lawful attorneys-in-fact and agents, with full power of substitution, for him and on his behalf and in his name, place and stead, in any and all capacities, to sign, execute and file any or all amendments to this report, with any and all exhibits thereto, and all other documents required to be filed therewith, with the Securities and Exchange Commission or any regulatory authority, granting unto each such attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises in order to effectuate the same, as fully to all intents and purposes as he himself might or could do, if personally present, hereby ratifying and confirming all that said attorneys-in-fact and agents, or either of them, or their or his substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Robert W. Lewey Robert W. Lewey	President and Director (Principal Executive Officer)	December 9, 2016
/s/ Tracy A. McLauchlin Tracy A. McLauchlin	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer) (Principal Accounting Officer)	December 9, 2016
/s/ Joseph L. Dowling III Joseph L. Dowling III	Director	December 9, 2016
/s/ David B. Gendell David B. Gendell	Director and Vice Chairman of the Board	December 9, 2016
/s/ Jeffrey L. Gendell Jeffrey L. Gendell	Director and Chairman of the Board	December 9, 2016
/s/ Joe D. Koshkin Joe D. Koshkin	Director	December 9, 2016
/s/ Donald L. Luke Donald L. Luke	Director	December 9, 2016

Exhibit 4.1

IES

COMMON STOCK

IES HOLDINGS, INC.

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

CUSIP 44951W 10 6

SEE REVERSE FOR CERTAIN DEFINITIONS

THIS CERTIFIES THAT

SPECIMEN

is the owner of

FULLY PAID AND NON-ASSESSABLE SHARES OF COMMON STOCK, $0.01 PAR VALUE PER SHARE, OF

IES HOLDINGS, INC.

transferable only on the books of the Corporation by the holder hereof in person or by duly authorized attorney, upon surrender of this certificate properly endorsed. This certificate is not valid until countersigned by the Transfer Agent and registered by the Registrar.

Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

DATED:

SENIOR VICE PRESIDENT AND GENERAL COUNSEL

IES HOLDINGS, INC. CORPORATE SEAL DELAWARE

PRESIDENT

COUNTERSIGNED AND REGISTERED:
AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC
(Brooklyn, NY)
TRANSFER AGENT AND REGISTRAR

BY:

AUTHORIZED SIGNATURE

IES HOLDINGS, INC.

The Corporation will furnish to any stockholder, upon request and without charge, a statement of the powers, designations, and relative rights, preferences and limitations of each class of stock or series thereof of the Corporation, and the qualifications, limitations or restrictions of such preferences and/or rights. Such request may be made to the Corporation or the Transfer Agent.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM – as tenants in common
TEN ENT – as tenants by the entireties
JT TEN – as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT– ______ Custodian ______
(Cust) (Minor)
under Uniform Gifts to Minors
Act ______
(State)

UNIF TRF MIN ACT– ______ Custodian (until age ____)
(Cust)
______ under Uniform Transfers
(Minor)
to Minors Act ______
(State)

Additional abbreviations may also be used though not in the above list.

For Value received, ______ *hereby sell(s), assign(s) and transfer(s) unto*

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

______

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

______ *Shares*

of the common stock represented by the within Certificate, and do(es) hereby irrevocably constitute and appoint

______ *Attorney*

to transfer the said shares on the books of the within named Corporation with full power of substitution in the premises.

Dated, ______

X ______
(SIGNATURE)

X ______
(SIGNATURE)

NOTICE: THE SIGNATURE(S) TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME(S) AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

SIGNATURE(S) GUARANTEED:

By ______

THE SIGNATURE(S) MUST BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15.

This certificate also evidences and entitles the holder hereof to certain rights, subject to adjustment, as set forth in a Tax Benefit Protection Plan Agreement between IES Holdings, Inc. and American Stock Transfer & Trust Company, LLC, dated as of November 8, 2016 as the same may be amended from time to time (the "Rights Agreement"), the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal executive offices of IES Holdings, Inc. Under certain circumstances, as set forth in the Rights Agreement, such Rights (as defined in the Rights Agreement) will be evidenced by separate certificates and will no longer be evidenced by this certificate. IES Holdings, Inc. will mail to the holder of this certificate a copy of the Rights Agreement without charge after receipt of a written request therefor. Under certain circumstances, as set forth in the Rights Agreement, Rights owned by or transferred to any Person who becomes an Acquiring Person (as defined in the Rights Agreement) and certain transferees thereof will become null and void and will no longer be transferable.

Exhibit 10.11

November 6, 2014

Integrated Electrical Services, Inc.
5433 Westheimer, Suite 500
Houston, TX 77056
Attention: Robert W. Lewey

Re: Amendment and Limited Consent

Gentlemen:

Reference is hereby made to that certain Amended and Restated Credit and Security Agreement, dated as of September 24, 2014, by and among Integrated Electrical Services, Inc. ("Administrative Borrower"), certain of its subsidiaries and affiliates, as Borrowers and Guarantors (as defined therein), and Wells Fargo Bank, National Association ("Lender") (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"). Capitalized terms used but not defined herein shall have the meanings given them in the Credit Agreement.

Borrowers have requested that the Credit Agreement be amended to permit certain investments, on terms and conditions set forth in this letter agreement (this "Letter Agreement").

Further, Borrowers have informed Lender that IES Subsidiary Holdings, Inc., a Delaware corporation ("Holdings"), desires to contribute, convey and assign all of the issued and outstanding membership interest in HK Engine Components, LLC ("HKEC"), an Indiana limited liability company (the "HKEC Shares"), to Magnetech Industrial Services, Inc., an Indiana corporation ("Magnetech"), pursuant to that certain Contribution, Conveyance and Assignment Agreement (the "Contribution Agreement") dated effective as of October 1, 2014. Borrowers have requested that Lender consent to Holdings and Magnetech entering into the Contribution Agreement and consummating the transactions contemplated therein (the "Proposed Transaction").

Borrowers acknowledge and agree that absent such consent, entering into the Contribution Agreement and the consummation of the Proposed Transaction contemplated therein would violate the Credit Agreement and would result in certain Defaults and Events of Default thereunder.

The Borrowers and Lender desire to amend the Credit Agreement as set forth in this Letter Agreement. Therefore, in consideration of the foregoing, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

I. AMENDMENT

Effective as of the date hereof, the following definition set forth in Schedule 1.1 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"Permitted Investments" means:

(a) Investments in cash and Cash Equivalents;

(b) Investments in negotiable instruments deposited or to be deposited for collection in the ordinary course of business;

(c) advances made in connection with purchases of Goods or services in the ordinary course of business;

(d) Investments owned by any Loan Party or any of its Subsidiaries on the Closing Date and set forth on Schedule P-1;

(e) Permitted Intercompany Advances;

(f) Investments resulting from entering into (i) Bank Product Agreements, or (ii) agreements relative to Indebtedness that is permitted under clause (g) of the definition of Permitted Indebtedness; and

(g) Investments in an original amount not to exceed $10,000,000 in the aggregate for all Loan Parties in marketable securities, pursuant to the investment policy attached hereto as Exhibit G (*provided*, that, for the avoidance of doubt, no Investment by any Loan Party made pursuant to this clause (g) shall be included in the calculation of "Liquidity").

Effective upon the execution of this Letter Agreement, the Credit Agreement shall be amended such that the Investment Policy attached hereto as Annex A shall be added as Exhibit G to the Credit Agreement immediately following Exhibit F thereto.

Effective upon the execution of this Letter Agreement, the Credit Agreement shall be amended such that Schedules 5.1(b) and 5.1(c) to the Information Certificate attached to the Credit Agreement as Exhibit E thereto shall be replaced with the corresponding schedules attached hereto as Annex B.

II. CONSENTS

Subject to the terms and conditions set forth below, Lender hereby (a) consents to Holdings and Magnetech entering into the Contribution Agreement and consummating of the Proposed Transaction and (b) agrees that no Default or Event of Default shall have occurred or be deemed to have occurred under the Credit Agreement or any of the Loan Documents solely as a result of Holdings and Magnetech entering into the Contribution Agreement and consummating of the Proposed Transaction and that Lender shall not exercise any of its rights and remedies under the Credit Agreement and the Loan Documents solely as a result of Holdings and Magnetech entering into the Contribution Agreement and consummating of the Proposed Transaction.

III. CONDITIONS PRECEDENT

The foregoing consent and agreements by Lender are subject to the satisfaction of the following conditions in form and substance acceptable to Lender in its sole discretion:

(i) Lender shall have received this letter agreement duly and validly executed by Borrowers, Guarantors and Lender;

(ii) Lender shall have received a Pledged Interests Addendum duly executed by Magnetech;

(iii) Lender shall have received original certificates representing the HKEC Shares, together with corresponding transfer powers in substance and form satisfactory to Lender;

(iv) Lender shall have received an executed copy of the Contribution Agreement;

(v) Lender shall have received evidence of all third party consents and approvals required in connection with the consummation of the Proposed Transaction and authorizing resolutions of Holdings and Magnetech or their equity holders in connection with the Proposed Transaction;

(vi) with respect to the Proposed Transaction, after giving effect to the consents set forth herein, immediately prior to and after giving effect to such Proposed Transaction, no Default or Event of Default shall have occurred and be continuing; and

(vii) after giving effect to the consents set forth herein, the representations and warranties contained in the Credit Agreement and the Loan Documents shall be true and correct in all material respects as of the date hereof as if made on the date hereof (except to the extent a representation or warranty relates solely to a specific earlier date, in which case such representation or warranty shall have been true and complete on and as of such earlier date).

IV. MISCELLANEOUS

Except as expressly set forth in this Letter Agreement, nothing contained herein shall be construed as a waiver by Lender of any other present or future violation, Default or Event of Default, covenant or provision of the Credit Agreement, any Loan Document, or of any other contract or instrument between Borrowers and Lender, and the failure of Lender at any time or times hereafter to require strict performance by Borrowers of any provision thereof shall not waive, affect or diminish any right Lender has to thereafter demand strict compliance therewith. Lender hereby reserves all rights granted under the Credit Agreement, each Loan Document, and any other contract or instrument among Borrowers and Lender. Irrespective of any previous failures or delays of Lender in the monitoring or in the requiring of compliance by Borrower with the duties, obligations, and agreements of Borrowers in the Credit Agreement and the Loan Documents, hereafter Borrowers are expected to comply strictly with their duties, obligations and agreements under the Credit Agreement and the Loan Documents. Similarly, except as set forth above, nothing contained in this Letter Agreement shall directly or indirectly in any way whatsoever either: (i) impair, prejudice or otherwise adversely affect Lender's rights at any time to exercise any right, privilege or remedy in connection with the Credit Agreement or any Loan Document, (ii) amend or alter any provision of the Credit Agreement or any Loan Document or any other contract or instrument, or (iii) constitute any course of dealing or other basis for altering any obligation of Borrowers under the Credit Agreement and the Loan Documents or any right, privilege or remedy of Lender under the Credit Agreement and the Loan Documents or any other contract or instrument among Borrowers and Lender. Nothing in this Letter Agreement shall be construed to be a consent by Lender to any transactions other than the Proposed Transaction.

This Letter Agreement shall be a "Loan Document" and failure to comply with the terms and conditions hereof shall be an Event of Default. This Letter Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute one and the same instrument. Any signature delivered by a party by facsimile or other form of electronic transmission shall be deemed to be an original signature hereto.

This Letter Agreement is binding upon and shall inure to the benefit of Lender and Borrowers and their respective successors and assigns. This Letter Agreement may be signed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. **THIS LETTER AGREEMENT, AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.**

THIS LETTER AGREEMENT, THE CREDIT AGREEMENT, AND THE LOAN DOCUMENTS EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF, AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO.

Please execute this Letter Agreement in the space provided below to acknowledge each Borrower's agreement to the foregoing. By execution of this Letter Agreement in the space provided below, each Borrower (a) ratifies and confirms that the Credit Agreement and all Loan Documents, and all renewals, extensions, and restatements of, and amendments and supplements to, any of the foregoing, are and remain in full force and effect in accordance with their respective terms and (b) agrees to reimburse and save Lender harmless from and against liabilities for the payment of all out-of-pocket costs and expenses arising in connection with the preparation, execution, and delivery of this Letter Agreement, including, without limitation, the reasonable fees and expenses of legal counsel to Lender which may be payable in respect of this Letter Agreement.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above written.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Howard I. Handman
Name: Howard I. Handman
Title: Authorized Signatory

AGREED TO AND ACCEPTED AS OF
THE DATE FIRST WRITTEN ABOVE

BORROWERS:

INTEGRATED ELECTRICAL SERVICES, INC.

By: /s/ Robert W. Lewey
Name: Robert W. Lewey
Title: Senior Vice President

IES COMMERCIAL & INDUSTRIAL, LLC

By: /s/ Robert W. Lewey
Name: Robert W. Lewey
Title: President

IES COMMERCIAL, INC.

By: /s/ Robert W. Lewey
Name: Robert W. Lewey
Title: Vice President

IES PURCHASING & MATERIALS, INC.

By: /s/ Robert W. Lewey
Name: Robert W. Lewey
Title: President

IES RESIDENTIAL, INC.

By: /s/ Robert W. Lewey
Name: Robert W. Lewey
Title: Vice President

INTEGRATED ELECTRICAL FINANCE, INC.

By: /s/ Robert W. Lewey
Name: Robert W. Lewey
Title: President

IES MANAGEMENT LP

By: INTEGRATED ELECTRICAL FINANCE, INC., its General Partner

By: /s/ Robert W. Lewey
Name: Robert W. Lewey
Title: President

IES MANAGEMENT ROO, LP

By: IES OPERATIONS GROUP, INC., its General Partner

By: /s/ Robert W. Lewey
Name: Robert W. Lewey
Title: President

IES RENEWABLE ENERGY, LLC

By: /s/ Robert W. Lewey
Name: Robert W. Lewey
Title: Vice President

IES SUBSIDIARY HOLDINGS, INC.

By: /s/ Robert W. Lewey
Name: Robert W. Lewey
Title: Chief Financial Officer

HK ENGINE COMPONENTS, LLC

By: /s/ Robert W. Lewey
Name: Robert W. Lewey
Title: Vice President

MAGNETECH INDUSTRIAL SERVICES, INC.

By: /s/ Robert W. Lewey
Name: Robert W. Lewey
Title: Vice President

ACKNOWLEDGED AND AGREED TO AS OF THE DATE FIRST WRITTEN ABOVE

GUARANTORS:

IES CONSOLIDATION, LLC

By: /s/ Robert W. Lewey
Name: Robert W. Lewey
Title: Vice President

IES SHARED SERVICES, INC.

By: /s/ Robert W. Lewey
Name: Robert W. Lewey
Title: Vice President

IES PROPERTIES, INC.

By: /s/ Robert W. Lewey
Name: Robert W. Lewey
Title: Vice President

KEY ELECTRICAL SUPPLY, INC.

By: /s/ Robert W. Lewey
Name: Robert W. Lewey
Title: Vice President

IES TANGIBLE PROPERTIES, INC.

By: /s/ Robert W. Lewey
Name: Robert W. Lewey
Title: Vice President

IES OPERATIONS GROUP, INC.

By: /s/ Robert W. Lewey
Name: Robert W. Lewey
Title: Vice President

ICS HOLDINGS LLC

By: /s/ Robert W. Lewey
Name: Robert W. Lewey
Title: Vice President

Exhibit 10.13

September 9, 2016

IES Holdings, Inc.
5433 Westheimer, Suite 500
Houston, TX 77056
Attention: Robert W. Lewey

Re: Third Amendment

Gentlemen:

Reference is hereby made to that certain Amended and Restated Credit and Security Agreement, dated as of September 24, 2014, by and among IES Holdings, Inc. ("Administrative Borrower"), certain of its subsidiaries and affiliates, as Borrowers and Guarantors (as defined therein), and Wells Fargo Bank, National Association ("Lender") (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"). Capitalized terms used but not defined herein shall have the meanings given them in the Credit Agreement.

Borrowers have requested that the Credit Agreement be amended on terms and conditions set forth in this letter agreement (this "Letter Agreement"). Therefore, in consideration of the foregoing, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

I. AMENDMENT

1.1 Effective as of the date hereof, Section 7.17 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"Use proceeds of the Loans in connection with funding work related to the Bonded Contracts unless such use is upon terms, provisions and conditions acceptable to Lender, in its good faith discretion (such as, without limitation, Lender being satisfied with its Lien priority and right to proceeds relating to Borrowers' assets and restrictions on when payments may be made by Borrowers in connection with Bonded Contracts); provided, however, except as otherwise provided in the Federal Insurance Company and Liberty Mutual Intercreditor, the Chartis Intercreditor, the Everest Intercreditor, or any intercreditor agreement entered into after the Third Amendment Closing Date in form and substance satisfactory to Lender, Lender agrees that the foregoing shall not be construed to prevent any ability of Federal Insurance Company, Liberty Mutual, Chartis, Everest, or any other Surety (so long as such Surety has entered into an intercreditor agreement with Lender in form and substance satisfactory to Lender), as applicable, to receive payment out of any assets of any Borrower in which Federal Insurance Company, Liberty Mutual, Chartis, Everest or such other Surety has a first priority Lien in a circumstance where Federal Insurance Company, Liberty Mutual, Chartis, Everest, or such other Surety has made a payment on a Surety Bond and Federal Insurance Company, Liberty Mutual, Chartis, Everest, or such other Surety is seeking reimbursement for such payment from such Borrower."

1.2 Effective as of the date hereof, Schedule 1.1 of the Credit Agreement is hereby amended to add the following definitions in the proper alphabetical order:

"Everest" means Everest Reinsurance Company, Everest National Insurance Company or any of their Affiliates or Subsidiaries."

"Everest Intercreditor" means an Intercreditor Agreement entered into as of September 9, 2016 by and among Lender, Everest and certain Loan Parties, in form and substance satisfactory to Lender in its sole and absolute discretion, as the same may be amended, amended and restated or otherwise modified from time to time."

"Third Amendment Closing Date" shall mean September 9, 2016."

1.3 Effective as of the date hereof, the following definitions set forth in Schedule 1.1 of the Credit Agreement are hereby amended and restated in their entirety to read as follows:

""Excluded Collateral" means (i) the Surety Collateral to the extent (a) the issuer of the Surety Bond is Chartis, Everest, Liberty Mutual Federal Insurance Company, or other Surety (so long as such Surety has entered into an intercreditor agreement with Lender in form and substance satisfactory to Lender) or a co-surety of such Person under the Specified Surety Agreements in effect on the Third Amendment Closing Date, provided that the Chartis Intercreditor, Everest Intercreditor, the Federal Insurance Company and Liberty Mutual Intercreditor, or an intercreditor agreement entered into after the Third Amendment Closing Date in form and substance satisfactory to Lender, as applicable, is in full force and effect and (b) such Surety Collateral has not previously been included in a Borrowing Base Certificate delivered to Lender, (ii) all cash collateral pledged to Federal Insurance Company, Everest, Liberty Mutual, Chartis or such other Surety pursuant to the Specified Surety Agreements that is in the possession or under the control of Federal Insurance Company, Everest, Liberty Mutual, Chartis or such other Surety, as applicable, provided that the Chartis Intercreditor, Everest Intercreditor, the Federal Insurance Company and Liberty Mutual Intercreditor, or an intercreditor agreement entered into after the Third Amendment Closing Date in form and substance satisfactory to Lender, as applicable, is in full force and effect and (iii) cash collateral pledged to Sureties (other than Federal Insurance Company, Everest, Liberty Mutual, Chartis or any other Surety (so long as such Surety has entered into an intercreditor agreement with Lender in form and substance satisfactory to Lender)) up to an aggregate amount of $2,000,000 (exclusive of any drawings under letters of credit issued for the benefit of such Surety) that is in the possession or under the control of such Surety; provided, however, that in no event shall Excluded Collateral include any amounts which from time to time may be in the Collection Account or any Deposit Account in which cash collateral or Qualified Cash is held."

"'Loan Documents' means this Agreement, any Borrowing Base Certificate, the Control Agreements, the Cash Management Documents, the Guaranty, the Federal Insurance and Liberty Mutual Intercreditor, the Everest Intercreditor, the Chartis Intercreditor, any intercreditor agreement entered into after the Third Amendment Closing Date in form and substance satisfactory to Lender, the Letters of Credit, each Patent and Trademark Security Agreement, any Copyright Security Agreement, the Seller Subordination Agreement, the Collateral Assignment of Purchase Agreement, the Omnibus Reaffirmation, any note or notes executed by any Borrower in connection with this Agreement and payable to Lender, any Letter of Credit Applications and other Letter of Credit Agreements entered into by any Borrower in connection with the Existing Credit Agreement, and any other instrument or agreement entered into, now or in the future, by any Loan Party or any of its Subsidiaries and Lender in connection with this Agreement, but specifically excluding all Hedge Agreements."

"Specified Surety Agreements" means the agreements with Chartis, Everest, Federal Insurance Company, Liberty Mutual and/or any other Surety listed on Schedule 5.31 to the Information Certificate."

1.4 Effective as of the date hereof, Schedule 1.1 of the Credit Agreement is hereby amended to amend and restated clause (i) of the definition of "Permitted Liens" in its entirety to read as follows:

"(i) Liens in favor of Sureties in the Surety Collateral securing reimbursement obligations for Surety Bonds procured by a Borrower in the ordinary course of business consistent with past practices pursuant to a bonding program acceptable to Lender; provided, that such Surety has, pursuant to documentation satisfactory to Lender in the good faith exercise of its credit judgment: (a) agreed not to require segregation of funds as to its Bonded Collateral without the prior written consent of Lender (though Federal Insurance Company, Everest, Liberty Mutual, Chartis, and any other Surety (so long as such Surety has entered into an intercreditor agreement with Lender in form and substance satisfactory to Lender) will be permitted such segregation upon a default under the Bonded Contract and notice to Lender from Federal Insurance Company, Everest, Liberty Mutual, Chartis, or such other Surety, as applicable; provided, that the Federal Insurance and Liberty Mutual Intercreditor, the Everest Intercreditor, the Chartis Intercreditor, or other intercreditor agreement entered into after the Third Amendment Closing Date in form and substance satisfactory to Lender, as applicable, is in full force and effect) and (b) (i) acknowledged and agreed that pursuant to the Loan Parties' cash management system established in connection with this Agreement, proceeds of the Surety Collateral, including Accounts arising from the Bonded Contracts (collectively, "Bonded Contract Proceeds") may be commingled with proceeds of other Accounts and other Property of Borrowers in the Collection Account and other Deposit Accounts in which Lender has, or in the future may have, security interests, Liens or other rights, and (ii) consented to such commingling and to security interests, Liens or other rights in the Collection Account and such other Deposit Accounts, and (iii) released and waived any and all security interests and other legal and equitable rights and interests that it may then or thereafter have (as secured party, subrogee, trust fund beneficiary, or otherwise) in or to (A) the Collection Account and such other Deposit Accounts and (B) Bonded Account Proceeds that from time to time are in the Collection Account and such other Deposit Accounts are in the possession of Lender, that have been applied to indebtedness, liabilities or obligations from time to time owing to Lender by Borrowers, or have otherwise been removed from, set off against or applied from the Collection Account and such other Deposit Accounts."

1.5 Effective upon the execution of this Letter Agreement, the Credit Agreement shall be amended such that Schedule 5.31 to the Information Certificate attached to the Credit Agreement as Exhibit E thereto shall be amended to add the following:

"09/09/16 Agreement of Indemnity by and among certain Loan Parties, Everest Reinsurance Company and Everest National Insurance Company"

II. CONDITIONS PRECEDENT

The foregoing consent and agreements by Lender are subject to the satisfaction of the following conditions in form and substance acceptable to Lender in its sole discretion:

(i) Lender shall have received this letter agreement duly and validly executed by Borrowers, Guarantors and Lender;

(ii) Lender shall have received an executed copy of the Agreement of Indemnity by an among Everest Reinsurance Company, Everest National Insurance Company and the applicable Loan Parties;

(iii) Lender shall have received an executed copy of the Intercreditor Agreement executed by Everest Reinsurance Company, Everest National Insurance Company and the applicable Loan Parties; and

(iv) the representations and warranties contained in the Credit Agreement and the Loan Documents shall be true and correct in all material respects as of the date hereof as if made on the date hereof (except to the extent a representation or warranty relates solely to a specific earlier date, in which case such representation or warranty shall have been true and complete on and as of such earlier date).

III. MISCELLANEOUS

Except as expressly set forth in this Letter Agreement, nothing contained herein shall be construed as a waiver by Lender of any other present or future violation, Default or Event of Default, covenant or provision of the Credit Agreement, any Loan Document, or of any other contract or instrument between Borrowers and Lender, and the failure of Lender at any time or times hereafter to require strict performance by Borrowers of any provision thereof shall not waive, affect or diminish any right Lender has to thereafter demand strict compliance therewith. Lender hereby reserves all rights granted under the Credit Agreement, each Loan Document, and any other contract or instrument among Borrowers and Lender. Irrespective of any previous failures or delays of Lender in the monitoring or in the requiring of compliance by Borrower with the duties, obligations, and agreements of Borrowers in the Credit Agreement and the Loan Documents, hereafter Borrowers are expected to comply strictly with their duties, obligations and agreements under the Credit Agreement and the Loan Documents. Similarly, except as set forth above, nothing contained in this Letter Agreement shall directly or indirectly in any way whatsoever either: (i) impair, prejudice or otherwise adversely affect Lender's rights at any time to exercise any right, privilege or remedy in connection with the Credit Agreement or any Loan Document, (ii) amend or alter any provision of the Credit Agreement or any Loan Document or any other contract or instrument, or (iii) constitute any course of dealing or other basis for altering any obligation of Borrowers under the Credit Agreement and the Loan Documents or any right, privilege or remedy of Lender under the Credit Agreement and the Loan Documents or any other contract or instrument among Borrowers and Lender. Nothing in this Letter Agreement shall be construed to be a consent by Lender to any transactions other than the Proposed Transaction.

This Letter Agreement shall be a "Loan Document" and failure to comply with the terms and conditions hereof shall be an Event of Default. This Letter Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute one and the same instrument. Any signature delivered by a party by facsimile or other form of electronic transmission shall be deemed to be an original signature hereto.

This Letter Agreement is binding upon and shall inure to the benefit of Lender and Borrowers and their respective successors and assigns. This Letter Agreement may be signed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. **THIS LETTER AGREEMENT, AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.**

THIS LETTER AGREEMENT, THE CREDIT AGREEMENT, AND THE LOAN DOCUMENTS EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF, AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO.

Please execute this Letter Agreement in the space provided below to acknowledge each Borrower's agreement to the foregoing. By execution of this Letter Agreement in the space provided below, each Borrower (a) ratifies and confirms that the Credit Agreement and all Loan Documents, and all renewals, extensions, and restatements of, and amendments and supplements to, any of the foregoing, are and remain in full force and effect in accordance with their respective terms and (b) agrees to reimburse and save Lender harmless from and against liabilities for the payment of all out-of-pocket costs and expenses arising in connection with the preparation, execution, and delivery of this Letter Agreement, including, without limitation, the reasonable fees and expenses of legal counsel to Lender which may be payable in respect of this Letter Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above written.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Howard I. Handman
Name: Howard I. Handman
Title: Authorized Signatory

AGREED TO AND ACCEPTED AS OF THE DATE FIRST WRITTEN ABOVE

BORROWERS:

IES HOLDINGS, INC.

By: /s/ Tracy A. McLauchlin
Name: Tracy A. McLauchlin
Title: Senior Vice President, CFO & Treasurer

IES COMMERCIAL & INDUSTRIAL, LLC

By: /s/ Tracy A. McLauchlin
Name: Tracy A. McLauchlin
Title: Vice President & Treasurer

IES COMMERCIAL, INC.

By: /s/ Tracy A. McLauchlin
Name: Tracy A. McLauchlin
Title: Vice President & Treasurer

IES PURCHASING & MATERIALS, INC.

By: /s/ Tracy A. McLauchlin
Name: Tracy A. McLauchlin
Title: President & Treasurer

IES RESIDENTIAL, INC.

By: /s/ Tracy A. McLauchlin
Name: Tracy A. McLauchlin
Title: Vice President, CFO & Treasurer

INTEGRATED ELECTRICAL FINANCE, INC.

By: /s/ Tracy A. McLauchlin
Name: Tracy A. McLauchlin
Title: President & Treasurer

IES MANAGEMENT LP

By: INTEGRATED ELECTRICAL FINANCE, INC., its General Partner

By: /s/ Tracy A. McLauchlin
Name: Tracy A. McLauchlin
Title: President & Treasurer

IES MANAGEMENT ROO, LP

By: IES OPERATIONS GROUP, INC., its General Partner

By: /s/ Tracy A. McLauchlin
Name: Tracy A. McLauchlin
Title: President & Treasurer

IES RENEWABLE ENERGY, LLC

By: /s/ Tracy A. McLauchlin
Name: Tracy A. McLauchlin
Title: Vice President & CFO

IES SUBSIDIARY HOLDINGS, INC.

By: /s/ Tracy A. McLauchlin
Name: Tracy A. McLauchlin
Title: Chief Financial Officer

HK ENGINE COMPONENTS, LLC

By: /s/ Tracy A. McLauchlin
Name: Tracy A. McLauchlin
Title: Vice President, CFO & Treasurer

MAGNETECH INDUSTRIAL SERVICES, INC.

By: /s/ Tracy A. McLauchlin
Name: Tracy A. McLauchlin
Title: Vice President, CFO & Treasurer

SOUTHERN INDUSTRIAL SALES AND SERVICES, INC.

By: /s/ Tracy A. McLauchlin
Name: Tracy A. McLauchlin
Title: Vice President, CFO & Treasurer

CALUMET ARMATURE AND ELECTRIC, L.L.C.

By: /s/ Tracy A. McLauchlin
Name: Tracy A. McLauchlin
Title: Vice President, CFO & Treasurer

SHANAHAN MECHANICAL & ELECTRICAL, INC.

By: /s/ Tracy A. McLauchlin
Name: Tracy A. McLauchlin
Title: Vice President & Treasurer

IES INFRASTRUCTURE SOLUTIONS, LLC

By: /s/ Tracy A. McLauchlin
Name: Tracy A. McLauchlin
Title: Vice President & Treasurer

TECHNIBUS, INC.

By: /s/ Tracy A. McLauchlin
Name: Tracy A. McLauchlin
Title: Vice President & Treasurer

ACKNOWLEDGED AND AGREED TO AS
OF THE DATE FIRST WRITTEN ABOVE

GUARANTORS:

IES CONSOLIDATION, LLC

By: /s/ Tracy A. McLauchlin
Name: Tracy A. McLauchlin
Title: President & Treasurer

IES SHARED SERVICES, INC.

By: /s/ Tracy A. McLauchlin
Name: Tracy A. McLauchlin
Title: President & Treasurer

IES PROPERTIES, INC.

By: /s/ Tracy A. McLauchlin
Name: Tracy A. McLauchlin
Title: President & Treasurer

KEY ELECTRICAL SUPPLY, INC.

By: /s/ Tracy A. McLauchlin
Name: Tracy A. McLauchlin
Title: President

IES TANGIBLE PROPERTIES, INC.

By: /s/ Tracy A. McLauchlin
Name: Tracy A. McLauchlin
Title: President & Treasurer

IES OPERATIONS GROUP, INC.

By: /s/ Tracy A. McLauchlin
Name: Tracy A. McLauchlin
Title: President & Treasurer

ICS HOLDINGS LLC

By: /s/ Tracy A. McLauchlin
Name: Tracy A. McLauchlin
Title: President & Treasurer

Exhibit 10.30

EXECUTION VERSION

**INTEGRATED ELECTRICAL SERVICES, INC.
AMENDED AND RESTATED EXECUTIVE OFFICER
SEVERANCE BENEFIT PLAN**

1. PURPOSE AND TERM. The Integrated Electrical Services, Inc. (the "Company") Executive Officer Severance Benefit Plan was adopted by the Board of Directors of the Company on January 23, 2012, and is hereby amended and restated in its entirety as of January 12, 2016. The purpose of the Integrated Electrical Services, Inc. Amended and Restated Executive Officer Severance Benefit Plan ("Plan") is to provide severance benefits to certain senior executives of the Company and its adopting Affiliates (as defined below) in the event the executive incurs a Qualifying Termination, as defined below.

2. COVERED EXECUTIVES.

2.01

(a) Automatic Coverage. Subject to Section 2.02, each employee who is a Senior Vice President or above of the Company automatically shall be a Covered Executive under this Plan.

(b) Additional Coverage. Subject to Section 2.02, any other employee of the Company or a Participating Affiliate who is an officer and is designated as covered under the Plan by the Human Resources and Compensation Committee (the "Committee") of the Board of Directors of the Company (the "Board") also shall be a Covered Executive under this Plan.

2.02 An individual who is otherwise described in Section 2.01(a) or 2.01(b) shall cease to be a Covered Executive if:

(a) he is covered pursuant to Section 2.01(a) above and subsequently, without a termination of employment, ceases to be a Senior Vice President or above of the Company;

(b) he is covered pursuant to Section 2.01(b) above and subsequently, without a termination of employment, ceases to be an officer of the Company or a Participating Affiliate;

(c) the Covered Executive's employment terminates for any reason other than due to a Qualifying Termination;

(d) the Covered Executive has or enters into an individual employment or severance agreement with the Company or an Affiliate that may provide severance benefits to him or her upon termination of employment: or

(e) the Covered Executive does not consent (in a form acceptable to the Company) to be bound by the covenants set forth in Section 9, including with respect to the portion of the Restricted Period (as defined below) following the termination of his or her employment for any reason.

For purposes of coverage under this Plan, a transfer of a Covered Executive's employment to a non-Participating Affiliate shall not be deemed effective to terminate his or her coverage hereunder until thirty (30) days after written notice of such transfer has been furnished to the Covered Executive.

3. QUALIFICATION FOR SEVERANCE BENEFITS.

3.01 Qualifying Terminations. In the event that a Covered Executive has a Qualifying Termination, or in the event of a Covered Executive's termination of employment due to his or her death or Disability, then, subject to Section 3.02, the Company or Participating Affiliate, whichever is the employer, shall provide to, or on behalf of, such terminated Covered Executive the severance benefits set forth in Section 4.01, 4.02 or 4.04 of this Plan, as applicable.

3.02 Release and Waiver. Notwithstanding any other provisions of this Plan to the contrary, unless waived by the Committee with respect to the Covered Executive, in its sole discretion, the Company or Participating Affiliate, as the case may be, shall not provide, or have any obligation to provide, to a Covered Executive any severance payments or benefits under Section 4, other than the Accrued Rights, upon or following such Covered Executive's Qualifying Termination or termination of employment due to his or her Disability, unless (i) within fifty (50) days from the date of such termination of employment, the Covered Executive timely executes and delivers to the Company the Release, which shall be provided to the Covered Executive by the Company not later than five (5) days following the Covered Executive's termination, and (ii) the Covered Executive does not revoke the Release within any applicable revocation period therefor following the Covered Executive's delivery of the executed Release to the Company. If the requirements of this Section 3.02 are satisfied, then, subject to Section 5 below, the severance payments and benefits to which the Covered Executive is otherwise entitled to receive under Section 4 shall begin or be made, as applicable, as provided in Section 5. If the Release requirements of this Section 3.02 are not timely satisfied by the Covered Executive, then no severance payments or benefits, other than the Accrued Rights, shall be due the Covered Executive under this Plan.

4. SEVERANCE BENEFITS.

4.01 Qualifying Termination prior to a Change in Control. If a Covered Executive has a Qualifying Termination prior to a Change in Control (defined below) and satisfies the Release conditions under Section 3.02, then, subject to Section 5, the Covered Executive shall receive the following severance benefits:

(a) Accrued Rights. Without regard to Section 3.02, the Covered Executive's Accrued Rights.

(b) Severance Pay. Continued payment of the Covered Executive's Base Pay for twelve (12) months following the date of such termination, payable monthly in accordance with the Company's normal payroll practices as in effect on the date of termination, but not later than the last business day of each calendar month.

(c) Annual Bonus. Any unpaid Annual Bonus that has been "earned" for the immediately preceding fiscal year plus an Annual Bonus for the current fiscal year, pro rated based on the percentage of the current fiscal year that shall have elapsed through the date of termination. The amount of any such Annual Bonus(es) shall be as determined by the Committee, including its determination of the extent the performance objectives, if any, for such fiscal year have been achieved. Such Annual Bonus(es) shall be payable (i) at the same time(s) that the annual bonus(es) for such respective fiscal year(s) are paid to other similar executives of the Company (or Participating Affiliates) or (ii) on the date immediately following the date the Release provided in Section 3.02 becomes irrevocable, whichever shall later occur.

(d) Incentive/Equity Awards. A prorated amount of the Covered Executive's then outstanding unvested cash incentive awards and equity-based awards, other than an Annual Bonus or Performance Award (defined below), shall vest and payment made thereon, if applicable, on the date immediately following the date the Release provided in Section 3.02 becomes irrevocable. Prior to such date, any unvested award(s) shall not be forfeited due to the Covered Executive's termination of employment, notwithstanding anything in the applicable grant agreement(s) to the contrary. The applicable prorated vested percentage for such an award(s) shall be the percentage of the full vesting period for such award(s) in which the Covered Executive was actively employed by the Company (or Participating Affiliate). Payment of such prorated vested awards, if any, shall be made on the date immediately following the date the Release provided in Section 3.02 becomes irrevocable.

A prorated portion of each of the Covered Executive's then outstanding cash incentive awards or equity-based awards, the payment of which is dependent upon the achievement of performance objectives during a performance period that has not ended as of the Covered Executive's date of Qualifying Termination (a "Performance Award"), shall vest at the end of the performance period applicable to such award, but only if and to the extent the performance objectives for such performance period have been achieved, as determined by the Compensation Committee (the "Performance Amount Achieved"), and the Release provided in Section 3.02 has become irrevocable. The applicable prorated vested percentage for any such Performance Award shall be the product of the percentage of the full performance period for such Performance Award in which the Covered Executive was actively employed by the Company (or Participating Affiliate) and the Performance Amount Achieved, if any. Payment(s) of such Performance Award(s) that become vested, if any, shall be made (i) at the same time(s) the performance award(s) for such performance period(s) are paid to other similar executives of the Company (or Participating Affiliates) or (ii) on the date immediately following the date the Release provided in Section 3.02 becomes irrevocable, whichever shall later occur.

(e) COBRA. An amount, paid on the first business day of each month, equal to 100% of the applicable monthly COBRA premium under the Company's (or Participating Affiliate's) group health plan for the coverage elected by the Covered Executive and his or her eligible dependents, continued for the lesser of (i) twelve (12) months or (ii) until such COBRA coverage for the Covered Executive (and his or her dependents) terminates.

(f) Outplacement. The Covered Executive shall be entitled to receive outplacement services from a service provider selected or approved by the Company for twelve (12) months following his or her Qualifying Termination, in an amount not to exceed $20,000.

4.02 Qualifying Termination on or within twelve (12) months following a Change in Control. If a Covered Executive has a Qualifying Termination on or within twelve (12) months following a Change in Control (defined below) and satisfies the Release conditions under Section 3.02, then, subject to Section 5, the Covered Executive shall receive the following severance benefits:

(a) Accrued Rights. The Covered Executive's Accrued Rights.

(b) Severance Pay. In a lump sum, an amount equal to two (2) times the Covered Executive's annual base pay, payable on the date immediately following the date the Release provided in Section 3.02 becomes.

(c) Annual Bonus. In a lump sum, an amount equal to two (2) times the greater of the most recent (i) Annual Bonus paid to the Covered Executive or (ii) Annual Bonus Opportunity of the Covered Executive, payable on the date immediately following the date the Release provided in Section 3.02 becomes irrevocable.

(d) Awards. All of the Covered Executive's then outstanding unvested incentive, performance and equity-based awards (including, but not limited to, any unvested options, restricted stock, performance and phantom share units and stock appreciation rights then outstanding under the LTIP or any other equity plan subsequently adopted by the Company) shall vest in full and payment made thereon, if applicable, on the date immediately following the date the Release provided in Section 3.02 becomes irrevocable.

(e) COBRA. An amount, paid on the first business day of each month, equal to 100% of the applicable monthly COBRA premium under the Company's (or Participating Affiliate's) group health plan for the coverage elected by the Covered Executive and his or her eligible dependents, continued for the lesser of (i) twelve (12) months or (ii) until such COBRA coverage for the Covered Executive (and his or her dependents) terminates.

(f) Outplacement. The Covered Executive shall be entitled to receive outplacement services from a service provider selected or approved by the Company for twelve (12) months following his or her Qualifying Termination, in an amount not to exceed $20,000.

4.03 Change in Control. For purposes of the Plan, a Change in Control shall mean any of the following:

(a) Any person or any persons acting together which would constitute a "group" for purposes of Section 13(d) of the Exchange Act, other than Tontine Capital Partners L.P. and its affiliates, the Company or any subsidiary, shall "beneficially own" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended from time to time), directly or indirectly, more than fifty percent (50%) of the ordinary voting power of all classes of capital stock of the Company entitled to vote generally in the election of the Board; or

(b) Current Directors (as defined below) shall cease for any reason to constitute at least a majority of the members of the Board (for these purposes, a "Current Director" means, as of the date of determination, any person who (1) was a member of the Board on the date that the Company's Joint Plan of Reorganization under Chapter 11 of the United States Bankruptcy Code became effective or (2) was nominated for election or elected to the Board with the affirmative vote of a majority of the current directors who were members of the Board at the time of such nomination or election), or at any meeting of the stockholders of the Company called for the purpose of electing directors, a majority of the persons nominated by the Board for election as directors shall fail to be elected; or

(c) The consummation of a sale, lease, exchange or other disposition (in one transaction or a series of transactions) of all or substantially all of the assets of the Company; provided, however, a transaction shall not constitute a Change in Control if its sole purpose is to change the state of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

Notwithstanding the above definition, with respect to any payment or acceleration hereunder that is subject to Section 409A of the Code, Change in Control shall mean a "change in control event" within the meaning of Section 409A and the Treasury Regulations thereunder.

4.04 Death or Disability. If a Covered Executive's employment terminates by reason of death or Disability, the Covered Executive or his or her estate (as the case may be) shall be entitled to receive the following:

(a) Accrued Rights. Without regard to Section 3.02, the Covered Executive's Accrued Rights.

(b) Annual Bonus. Any unpaid Annual Bonus that has been "earned" for the immediately preceding fiscal year plus an Annual Bonus for the current fiscal year, pro rated based on the percentage of the current fiscal year that shall have elapsed through the date of termination. The amount of any such Annual Bonus(es) shall be as determined by the Compensation Committee, including its determination of the extent the performance objectives, if any, for such fiscal year have been achieved. Such Annual Bonus(es) shall be payable (i) at the same time(s) that the annual bonus(es) for such respective fiscal year(s) are paid to other similar executives of the Company (or Participating Affiliates) or (ii) on the date immediately following the date the Release provided in Section 3.02 becomes irrevocable, whichever shall later occur.

(c) Awards. All of the Covered Executive's then outstanding unvested incentive, performance and equity-based awards (including, but not limited to, any unvested options, restricted stock, performance and phantom share units and stock appreciation rights then outstanding under the LTIP or any other equity plan subsequently adopted by the Company) shall vest in full and payment made thereon, if applicable, on the date immediately following the date the Release provided in Section 3.02 becomes irrevocable. Prior to such date, any unvested award(s) shall not be forfeited due to the Covered Executive's termination of employment, notwithstanding anything in the applicable grant agreement(s) to the contrary; provided, however, any stock options or stock appreciation rights shall continue to be exercisable for the lesser of (i) twelve (12) months following the Covered Executive's termination or (ii) the term of such awards.

(d) COBRA. An amount, paid on the first business day of each month, equal to 100% of the applicable monthly COBRA premium under the Company's (or Participating Affiliate's) group health plan for the coverage elected by the Covered Executive and his or her eligible dependents, continued for the lesser of (i) twelve (12) months or (ii) until such COBRA coverage for the Covered Executive (and his or her dependents) terminates.

(e) Any question as to the existence of the Disability of the Covered Executive as to which the Covered Executive and the Company cannot agree shall be determined in writing by a qualified independent physician mutually acceptable to the Covered Executive and the Company. If the Covered Executive and the Company cannot agree as to a qualified independent physician, each shall appoint such a physician and those two physicians shall select a third who shall make such determination in writing. The determination of Disability made in writing to the Company and the Covered Executive shall be final and conclusive for all purposes of the Agreement.

(f) If a Covered Executive dies after his or her Qualifying Termination and prior to the payment of all severance payments and benefits due under this Plan (the Covered Executive shall be deemed to have complied with Section 3.02 if his or her death occurs prior to the end of the period for executing the Release), the remaining payments shall be paid to his or her estate and the COBRA benefits shall continue as provided above.

4.05 Parachute Tax Cut-Back. Notwithstanding anything in this Plan to the contrary, if the Covered Executive is a "disqualified individual" (as defined in Section 280G(c) of the Code), and the payments and benefits to be provided to Covered Executive under this Plan, together with any other payments and benefits to which the Covered Executive has the right to receive from the Company or any other person, would constitute a "parachute payment" (as defined in Section 280G(b)(2) of the Code), then the payments and benefits to be provided under this Plan either (a) shall be reduced (but not below zero) so that the present value of such total amounts and benefits received by the Covered Executive under the Plan will be $1.00 less than three times the Covered Executive's "base amount" (as defined in Section 280G(b)(3) of the Code), so that no portion of the amounts to be received will be subject to the excise tax imposed by Section 4999 of the Code or (b) shall be paid in full, whichever result produces the better "net after-tax" benefit to the Covered Executive (taking into account all applicable taxes, including excise tax under Section 4999 of the Code). The reduction of payments and benefits hereunder, if applicable, shall be made by reducing, first, payments to be paid in cash hereunder (beginning with such payment that would be made last in time and continuing, to the extent necessary, through to such payment that would be made first in time) and, then, reducing any benefits to be provided hereunder in-kind in a similar order. The determination as to whether any such reduction in the amount of the payments and benefits provided hereunder is necessary shall be made by the Company in good faith.

5. TIME OF PAYMENT/SECTION 409A COMPLIANCE.

5.01 Payment. Subject to Section 5.02, the payments due, if any, pursuant to Sections 4.01 and 4.02 hereof shall be made as provided therein.

5.02 409A Compliance.

(a) Required Delay. Notwithstanding anything in the Plan to the contrary concerning the time of payment of any severance benefit, if the Covered Executive is a "specified employee," as defined in Treas. Reg. § 1.409A-1(i), as of his or her Qualifying Termination, then to the extent an amount payable under the Plan to such Covered Executive upon or as a result of his or her "separation from service" would be subject to the additional tax provided by Section 409A of the Code, such amount shall not be paid to the Covered Executive until the date that is six (6) months after the date of his or her Qualifying Termination (or, if earlier, his or her date of death). Such delayed payment shall be made in a lump sum on such delayed payment date and shall bear interest at the rate of 6% per annum from the date payment was otherwise to be made under Section 4 and the date the delayed amount is actually paid. Severance payments and benefits that are not subject to such Section 409A additional tax shall not be subject to this delay.

(b) Separate Payments. To the extent permitted under Section 409A and the applicable Treasury Regulations thereunder, each payment to a Covered Executive under the Plan shall be treated as a "separate payment."

(c) Reimbursements. Any severance payment or benefit under this Plan to which Code Section 409A applies that constitutes a reimbursement or the in- kind benefit shall be subject to the following: (i) the amount of expenses eligible for reimbursement or in-kind benefits provided during the Covered Executive's taxable year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year (this requirement shall not apply to an arrangement that provides for the reimbursement of expenses referred to in Code Section 105(b)); (ii) the reimbursement of an eligible expense shall be made on or before the last day of the Covered Executive's taxable year following the taxable year in which the expense was incurred; and (iii) the right to reimbursement or to receive an in-kind benefit shall not be subject to liquidation or exchange by the Covered Executive for other payment or benefit.

(d) Timing of Certain Payments. Notwithstanding anything in the Plan to the contrary (i) if it is determined that the payment under Section 4.02 (b) is a "substitution" payment under Code Section 409A, such payment will be made in the same form and at the same time as the "substituted payment" would have been made and (ii) with respect to any payment that is conditioned on the Release becoming irrevocable, in the event the potential period for the Release's irrevocable date straddles two calendar years, the earliest date on which such payment will be made is January 1st of the year following the Covered Executive's termination.

(e) 409A Compliance. The Plan shall be construed to comply with Section 409A of the Code, to the extent applicable, and, in this regard, a "termination of employment" shall mean, and must be, a "separation from service" for purposes of Section 409A of the Code.

6. **ADMINISTRATION**.

The Company shall be responsible for the administration of this Plan and shall serve as the Plan's administrator. The Company may appoint or employ such persons as it deems necessary to render advice with respect to any responsibility of the Company under this Plan. The Company shall have the discretionary authority to decide all questions concerning the eligibility of any person to participate in this Plan, the right to and amount of any benefit payable under this Plan to any individual and the date on which any individual ceases to be a Plan participant. The Company may allocate to any one or more of its employees any responsibility it may have under this Plan. Any such person who receives full-time pay from the Company or an Affiliate shall receive no compensation from this Plan for his or her services in such capacity (other than expense reimbursements). Any such person shall not have any fiduciary responsibilities under this Plan. As Plan administrator, the Company shall maintain records of the Plan's administration and shall be responsible for the handling, processing and payment of claims for benefits under this Plan.

7. CLAIMS PROCEDURE.

7.01 Notification of Benefit Determination and Initiation of Claims.

(a) The Company shall notify each Covered Executive who the Company determines is entitled to benefits under this Plan of his or her entitlement to receive such benefits and shall provide any forms required in connection with the application for such benefits.

(b) If any such Covered Executive disagrees with the determination of his or her benefits, he or she may submit a written statement describing the basis of his or her claim for benefits, together with any forms required in connection with the application for such benefits.

(c) Any Covered Executive who is not so notified but believes that he or she is entitled to benefits under this Plan may submit a written statement describing the basis of his or her claim for benefits and requesting any forms required in connection with the application for such benefits.

(d) Each Covered Executive claiming a benefit under this Plan must complete and file with the Company any required application forms.

7.2 Claim Denial. If the claim of a Covered Executive is wholly or partially denied after he or she has completed the required documents as described above, he or she shall be notified by registered mail within ninety (90) days after the written claims statement is submitted, or within ninety (90) days after any required application forms are filed, if later (except that in special circumstances the Company may take an additional ninety (90) days to consider its decision, in which case the Covered Executive will be notified of the extension). Such notification shall set forth:

(a) the specific reasons for the denial (including reference to any pertinent Plan provisions on which the denial is based);

(b) if applicable, a description of any additional material or information necessary for the claimant to perfect the claim, and an explanation of why such material or information is necessary; and,

(c) the claims review procedure and the time limits applicable to such procedures, including a statement of the right to institute an arbitration proceeding under Section 12.07.

7.3 Review of Claim Denials.

(a) The Company will review such claim denials. Any Covered Executive who has filed a claim for benefits may make a written request to the Company, within sixty (60) days after denial of his or her claim, for a review of such claim. Any such request may include a statement by the Covered Executive of any relevant issues and comments and may include a request for an opportunity to review this Plan and any other pertinent documents (which will be made available to him or her within thirty (30) days after such request is received at a convenient location during business hours).

(b) The Covered Executive claiming benefits shall be notified of the final decision of the Company within sixty (60) days after his or her request for a review is received. However, if the Company finds it necessary due to special circumstances (such as, for example, the need to hold a hearing), to extend this period and so notifies the claimant in writing, the decision shall be rendered as soon as practicable, but in no event later than one hundred and twenty (120) days after the claimant's request for review. The decision shall be in writing and shall set forth the specific reasons for the denial (including reference to any pertinent Plan provisions on which the denial is based). Such decision shall be final and conclusive on all persons claiming benefits under this Plan, subject to applicable law.

8. FUNDING.

This Plan shall not be funded through a trust, an insurance contact or otherwise and all benefit payments due under this Plan shall be payable solely from the general assets of the Company. A Covered Executive shall not have any claim against any specific assets of the Company and shall be only an unsecured general creditor of the Company with respect to any rights he or she may have under this Plan.

9. NON-COMPETITION; NON-SOLICITATION.

9.1 The Covered Executive's eligibility to participate in the Plan and the Company's obligation to remit or convey the severance benefits and payments set forth in Section 4 on account of a Qualifying Termination are expressly conditioned on the Covered Executive's consent to be bound by, and compliance with, the restrictions and covenants set forth in this Section 9.

9.2 During the term of the Covered Executive's employment with the Company or an Affiliate and (i) for a period of six (6) months following the date of a Qualifying Termination covered by Sections 4.01 or 4.04 or a Executive's voluntary resignation of employment other than for Good Reason (each, a "Termination") or (ii) for a period of twelve (12) months following the date of a Qualifying Termination covered by Section 4.02 (the period established under either subclause (i) or (ii), as applicable, hereafter called the "Restricted Period"), the Covered Executive will not, whether on the Covered Executive's own behalf or on behalf of or in conjunction with any person, firm, partnership, joint venture, association, corporation or other business organization, entity or enterprise whatsoever ("Person"), directly or indirectly solicit or assist in soliciting in competition with the Company, the business of any client or prospective client:

(a) with whom the Covered Executive had personal contact or dealings on behalf of the Company during the one year period preceding the Termination;

(b) with whom employees reporting to the Covered Executive have had personal contact or dealings on behalf of the Company during the one year period immediately preceding the Termination; or

(c) for whom the Covered Executive had direct or indirect responsibility during the one year period immediately preceding the Termination.

9.3 During the Restricted Period, the Covered Executive will not directly or indirectly:

(a) engage in any business that materially competes with any business of the Company or its Affiliates (including, without limitation, businesses which the Company or its Affiliates have specific plans to conduct within twelve (12) months from the effective date of the Termination and as to which the Covered Executive is personally aware of such planning) in any geographical area that is within 100 miles of any geographical area where the Company or its Affiliates manufactures, produces, sells, leases, rents, licenses or otherwise provides its products or services and over which the Covered Executive had substantive responsibilities (a "Competitive Business");

(b) enter the employ of, or render any services to, any Person (or any division or controlled or controlling affiliate of any Person) who or which engages in a Competitive Business;

(c) acquire a financial interest in, or otherwise become actively involved with, any Competitive Business, directly or indirectly, as an individual, partner, shareholder, officer, director, principal, agent, trustee or consultant; or

(d) interfere with, or attempt to interfere with, business relationships between the Company or any of its Affiliates and customers, clients, suppliers, partners, members or investors of the Company or its Affiliates.

9.4 Notwithstanding anything to the contrary in this Section 9, the Covered Executive may, directly or indirectly, own, solely as an investment, securities of any Person engaged in the business of the Company or its Affiliates that is publicly traded on a national stock exchange or on the over-the-counter market if the Covered Executive (i) is not a controlling person of, or a member of a group which controls, such person or (ii) does not, directly or indirectly, own 5% or more of any class of securities of such Person.

9.5 During the Restricted Period, the Covered Executive will not, whether on the Covered Executive's own behalf or on behalf of or in conjunction with any Person, directly or indirectly:

(a) solicit or encourage any employee of the Company or its Affiliates to leave the employment of the Company or its Affiliates; or

(b) hire any such employee who was employed by the Company or its affiliates as of the date of the Termination or who left the employment of the Company or its affiliates coincident with, or within six (6) months prior to or after, the Covered Executive's Termination.

9.6 During the Restricted Period, the Covered Executive will not, directly or indirectly, solicit or encourage to cease to work with the Company or its Affiliates any consultant then under contract with the Company or its Affiliates.

9.7 If a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Section 9 is an unenforceable restriction against the Covered Executive, the provisions of this Section 9 shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine to be enforceable.

10. AMENDMENT AND TERMINATION.

This Plan may be amended or terminated, in whole or in part, at any time by a written instrument signed by the President of the Company and approved by the Committee; provided, however, a copy of such action must be furnished to each Covered Executive at least thirty (30) days prior to its effective date or such action shall be deemed null and void for all purposes as to such Covered Executive.

11. ADOPTION AND WITHDRAWAL BY AFFILIATES.

11.1 Adoption by Affiliates. Subject to the prior approval of the Committee, an Affiliate of the Company may adopt this Plan pursuant to appropriate written resolutions of its board of directors and by executing and delivering to the Company an adoption agreement in which the adopting Affiliate agrees to be bound by all of the terms of this Plan with respect to its Covered Executives (each a "Participating Affiliate"). The adoption agreement shall become, as to such adopting Affiliate and its employees, a part of this Plan as then amended or thereafter amended. It shall not be necessary for the adopting Affiliate to sign or execute the original or amended Plan document. The effective date of this Plan for any such adopting Affiliate shall be that stated in the adoption agreement, and from and after such effective date, the adopting Affiliate shall assume all the rights, obligations, and liabilities under this Plan. The administrative powers and control of the Company, as provided in this Plan, including the sole right to amend, shall not be diminished by reason of participation of any such Affiliate in this Plan.

11.2 Special Provisions by Affiliates. With the approval of the Company, an adopting Affiliate may elect to have special provisions apply with respect to its Covered Executives. Such special provisions, which may differ from the provisions of this Plan which are applicable to employees of other Affiliates, shall be stated in this Plan text or in an Appendix to this Plan.

11.3 Withdrawal. Any Affiliate of the Company participating in this Plan may withdraw from this Plan at any time without affecting other Affiliates of the Company by complying with the provisions of this Plan. The Committee may, in its absolute discretion, terminate an adopting Affiliate's participation at any time.

12. MISCELLANEOUS.

12.1 Other Benefits. The payment of severance benefits under this Plan shall not be taken into account to increase any benefits provided (or continued coverage) under any other plan or policy of the Company or any Affiliate, except as otherwise specifically provided in such other plan or policy.

12.2 No Assignments. No benefit payable under this Plan may be assigned, transferred, pledged as a security for indebtedness or otherwise encumbered, or subjected to any legal process for the payment of any claim against a Covered Executive.

12.3 At-Will Employment. This Plan does not create a contract of employment or give any Covered Executive the right to continued employment or change the at- will nature of any employee's employment with the Company or an Affiliate.

12.4 Savings Clause. If any provision of this Plan should be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of this Plan, and this Plan shall be construed and enforced as if such provisions had not been included.

12.5 Construction.

(a) Whenever appropriate in this Plan, words used in the singular may be read in the plural; words used in the plural may be read in the singular; and words importing the masculine gender shall be deemed equally to refer to the feminine or be neutral. Any reference to a Section shall refer to a Section of this Plan, unless otherwise indicated.

(b) The headings of sections are included solely for convenience of reference, and if there be any conflict between such headings and the text of this Plan, the text shall control.

12.6 Choice of Law. Except to the extent preempted by federal law, this Plan shall be construed, administered and enforced according to the laws of the state of Texas without regard to conflict of laws principles.

12.7 Arbitration of Disputes. Any controversy, dispute or claim arising out of or relating, in any way, to this Plan or a purported breach of the Plan shall be settled through arbitration proceedings conducted in Houston, Texas in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The matter shall be heard and decided, and awards rendered by, a panel of three arbitrators. An Employer and the Covered Executive shall each select one arbitrator and the American Arbitration Association shall select the third arbitrator, each of whom shall be on the American Arbitration Association's national panel of commercial arbitrators. The award rendered by this arbitration panel shall be final and binding as between the parties hereto and their heirs, executors, administrators, successors and assigns, and judgment on the award may be entered by any court having jurisdiction. The Covered Executive's Employer shall pay all arbitration fees, unless the panel makes a factual finding or conclusion that the Covered Executive's claim in the matter was frivolous. Likewise, the Covered Executive's Employer shall pay his or her legal fees in all disputes, other than those deemed frivolous. The Covered Executive shall be responsible for all of his or her fees and costs along with 50% of all arbitration fees in any matter the arbitrators find frivolous.

12.8 Successors. The Company shall require any successor or any entity acquiring substantially all of the assets of the Company to assume the Plan in writing and agree to honor all terms of this Plan.

12.9 Required Clawbacks. Notwithstanding anything in this Plan to the contrary, in the event that the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Act") requires a Covered Executive to repay the Company, or for the Company to recoup from the Covered Executive, any "erroneously awarded" amounts of incentive compensation, then the Company may recoup any such "erroneously awarded" incentive compensation that it has made to the Covered Executive by reducing any severance pay or benefit otherwise due the Covered Executive under this Plan.

12.10 No Mitigation. A Covered Executive shall not be required to mitigate the amount of any payment or benefit provided for in this Plan by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in Plan be reduced by any compensation or benefit earned by the Covered Executive as the result of employment by another employer. Subject to the foregoing, the benefits under the Plan are in addition to any other benefits to which a Covered Executive is otherwise entitled.

12.11 Survival. All obligations of the Company and a Participating Affiliate under the Plan with respect to a Qualifying Termination occurring before the termination or any amendment of the Plan shall continue and survive such Plan termination or amendment.

13. ADMINISTRATIVE INFORMATION.

13.1 Plan Year. Each plan year begins on January 1 and ends on December 31 of the same year. Records concerning this Plan are to be kept on a plan year basis.

13.2 Legal Notices. The person designated to receive any legal notices concerning this Plan is:

Integrated Electrical Services, Inc.
c/o Chairman, Human Resources and Compensation
Committee of the Board of Directors
5433 Westheimer Rd., Suite 500
Houston, TX 77056

14. DEFINITIONS. For purposes of this Plan, the following terms are defined as follows:

(a) "Accrued Rights" means a Covered Executive's (i) earned, but unpaid, annual base salary up to the date of his or her Qualifying Termination, (ii) any accrued, but untaken, vacation time or paid-time off, and (iii) the reimbursement, within sixty (60) days following submission to the Company or Participating Affiliate of appropriate supporting documentation, for any unreimbursed reasonable business expenses properly incurred by the Covered Executive in the performance of his or her duties in accordance with the Company's or Participating Affiliate's expense policy prior to the Covered Executive's Qualifying Termination, provided claims for such reimbursement (accompanied by appropriate supporting documentation) are submitted to the Company or Participating Affiliate within ninety (90) days following the date such expenses were incurred and within thirty (30) days following the Covered Executive's Qualifying Termination, and (iv) such employee benefits, if any, as to which the Covered Executive may be entitled under the terms of the employee benefit plans of the Company or Participating Affiliate.

(b) "Affiliate" means, with respect to any person or entity, any person or entity, directly or indirectly, controlled by, controlling or under common control with such person or entity.

(c) "Annual Bonus" means incentive compensation payable to a Covered Executive dependent upon the achievement of performance objectives established by the Compensation Committee for each fiscal year during such Covered Executive's employment with the Company or Participating Affiliate.

(d) "Annual Bonus Opportunity" means the target annual bonus opportunity for each fiscal year ending during a Covered Executive's employment with the Company or Participating Affiliate as set by the Compensation Committee, in its sole discretion.

(e) "Base Pay" means a Covered Executive's annual rate of base salary at his or her Qualifying Termination or, if greater, his or her annual base pay for the fiscal year preceding his or her Qualifying Termination.

(f) "Cause" means (i) the Covered Executive's gross negligence in the performance or intentional nonperformance of any of the Covered Executive's material duties and responsibilities to the Company or a Participating Affiliate; (ii) the Covered Executive's dishonesty, theft, embezzlement or fraud with respect to the business, property, reputation or affairs of the Company or a Participating Affiliate; (iii) the Covered Executive's conviction of, or a plea of other than not guilty to, a felony or a misdemeanor involving moral turpitude; (iv) the Covered Executive's confirmed drug or alcohol abuse that materially affects the Covered Executive's service or violates the Company's or a Participating Affiliate's drug or alcohol abuse policy; (v) the Covered Executive's violation of a material Company or a Participating Affiliate's personnel or similar policy, such policy having been made available to the Covered Executive by the Company or a Participating Affiliate; or (vi) the Covered Executive's having committed any material violation of any federal or state law regulating securities (without having relied on the advice of the Company's attorney) or having been the subject of any final order, judicial or administrative, obtained or issued by the Securities and Exchange Commission, for any securities violation involving fraud, including, without limitation, any such order consented to by the Covered Executive in which findings of facts or any legal conclusions establishing liability are neither admitted nor denied.

(g) "Code" means the Internal Revenue Code of 1986, as amended.

(h) "Disability" means a physical or mental condition that renders the Covered Executive incapacitated and unable for a period of six (6) consecutive months or for an aggregate of nine (9) months in any twenty-four (24) consecutive month period to substantially perform (with such accommodation, if any, required by applicable law) the Covered Executive's duties.

(i) "Qualifying Termination" means any termination of the Covered Executive's employment with the Company or an Affiliate (if applicable) either:

(i) by the Company or the Affiliate other than for Cause; or

(ii) by the Covered Executive due to, and within thirty (30) days following, the occurrence of:

(1) a material reduction in his or her duties or responsibilities;

(2) a material reduction in the Covered Executive's annual rate of base cash compensation;

(3) a change in the location of a Covered Executive's principal place of employment by more than fifty (50) miles from Houston, Texas;

(4) the receipt of a written notice of termination of this Plan or of any amendment to the Plan that would adversely reduce the Covered Executive's potential severance payments or benefits or his or her coverage under the Plan; or

(5) a demotion or transfer of the Covered Executive's employment that results or would result in him or her no longer being a Covered Executive under this Plan.

(j) "Release" means a general release and waiver, prepared or approved by the Company, in which the Covered Executive releases the Company, its Affiliates and their respective directors, officers, employees and agents from any and all employment-related claims and cause of actions of the Covered Executive.

IN WITNESS WHEREOF, the Company has adopted this Plan, as amended and restated, effective as of January 12, 2016.

INTEGRATED ELECTRICAL SERVICES, INC.

By: /s/ Robert W. Lewey

Title: President

Exhibit 21.1

SUBSIDIARIES OF THE REGISTRANT

As of September 30, 2016

Subsidiary	Jurisdiction of Incorporation
Calumet Armature and Electric, L.L.C.	Illinois
HK Engine Components, LLC	Indiana
ICS Holdings LLC	Arizona
IES Commercial, Inc.	Delaware
IES Commercial & Industrial, LLC	Delaware
IES Consolidation, LLC	Delaware
IES Infrastructure Solutions, LLC	Delaware
IES Management, LP	Texas
IES Management ROO, LP	Texas
IES Operations Group, Inc.	Delaware
IES Properties, Inc.	Delaware
IES Purchasing & Materials, Inc.	Delaware
IES Renewable Energy, LLC	Delaware
IES Residential, Inc.	Delaware
IES Shared Services, Inc.	Delaware
IES Subsidiary Holdings, Inc.	Delaware
IES Tangible Properties, Inc.	Delaware
Integrated Electrical Finance, Inc.	Delaware
Key Electrical Supply, Inc.	Texas
Magnetech Industrial Services, Inc.	Indiana
Shanahan Mechanical and Electrical, Inc.	Nebraska
Southern Industrial Sales and Services, Inc.	Georgia
STR Mechanical, LLC	North Carolina
Technibus, Inc.	Delaware
Thomas Popp & Company	Ohio

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement on Form S-8 (No. 333-209483) pertaining to the Amended and Restated 2006 Equity Incentive Plan of IES Holdings, Inc.;

(2) Registration Statement on Form S-8 (No. 333-1 34100) pertaining to the 2006 Equity Incentive Plan of IES Holdings, Inc.; and

(3) Registration Statement on Form S-3 (No. 333-186786) pertaining to the registration for resale of common stock of IES Holdings, Inc. by the selling stockholders named therein;

of our reports dated December 9, 2016, with respect to the consolidated financial statements of IES Holdings, Inc. and subsidiaries and the effectiveness of internal control over financial reporting of IES Holdings, Inc. and subsidiaries, included in this Annual Report (Form 10-K) for the year ended September 30, 2016.

/s/ ERNST & YOUNG LLP

Houston, Texas
December 9, 2016

Exhibit 31.1

CERTIFICATION

I, Robert W. Lewey, certify that:

1. I have reviewed this Annual Report on Form 10-K of IES Holdings, Inc.;

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

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

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America;

(c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: December 9, 2016

/s/ ROBERT W. LEWEY

Robert W. Lewey
President and Director
as Principal Executive Officer

Exhibit 31.2

CERTIFICATION

I, Tracy A. McLauchlin, certify that:

1. I have reviewed this Annual Report on Form 10-K of IES Holdings, Inc.;

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

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

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America;

(c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: December 9, 2016

/s/ TRACY A. MCLAUCHLIN

Tracy A. McLauchlin
Senior Vice President, Chief Financial Officer and Treasurer
as Principal Financial Officer

Exhibit 32.1

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

In connection with this Annual Report of IES Holdings, Inc. (the "Company") on Form 10-K for the period ending September 30, 2016 (the "Report"), I, Robert W. Lewey, President of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: December 9, 2016

By: /s/ ROBERT W. LEWEY

Robert W. Lewey
President and Director
as Principal Executive Officer

Exhibit 32.2

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

In connection with this Annual Report of IES Holdings, Inc. (the "Company") on Form 10-K for the period ending September 30, 2016 (the "Report"), I, Tracy A. McLauchlin, Senior Vice President, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: December 9, 2016

By: /s/ TRACY A. MCLAUCHLIN
Tracy A. McLauchlin
Senior Vice President, Chief Financial Officer and Treasurer
as Principal Financial Officer