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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

**FORM 8-K**

**Current Report**

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

Date of Report (Date of earliest event reported): September 23, 2010

**Integrated Electrical Services, Inc.**

(Exact name of registrant as specified in Charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-13783**  
(Commission  
File Number)

**76-0542208**  
(I.R.S. Employer  
Identification Number)

**1800 West Loop South, Suite 500**  
**Houston, Texas 77027**  
(Address of Principal Executive Offices)

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
  - Pre-Commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
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**Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

***Amended and Restated Form of Restricted Stock Award Agreement***

On September 23, 2010, the Human Resources and Compensation Committee (the “Committee”) of the Board of Directors of Integrated Electrical Services, Inc. (the “Company”) approved an amended and restated form of restricted stock award agreement (the “Award Agreement”). In addition to modifications from the prior form of award agreement relating to tax considerations and clarifying potential conflicts with existing employment agreements, the revisions include an amendment to the termination of employment section to allow pro rata vesting if employment is terminated by the Company without Cause (as defined in the 2006 Equity Incentive Plan, as amended and restated) or by the employee for Good Reason (as defined in the employee’s employment agreement).

The foregoing description of the Award Agreement is qualified in its entirety by reference to the Award Agreement, which is attached hereto as Exhibit 10.1 and incorporated herein by reference

***Amended and Restated Employment Agreements***

Also on September 23, 2010, the Committee approved amendments to the employment agreements (the “Employment Agreements”) of Michael J. Caliel, President and Chief Executive Officer, Terry Freeman, Senior Vice President and Chief Financial Officer, Robert B. Callahan, Senior Vice President – Human Resources, and Richard A. Nix, Group Vice President — IES Residential. The revisions are intended to standardize the terms of the Company’s existing employment agreements. In the event of termination by the Company without Cause or by the executive for Good Reason (as both terms are defined in the Employment Agreements), the Employment Agreements will provide for (1) immediate pro-rata vesting of time based vested equity awards and (2) pro-rata vesting of performance-based cash or equity awards, but only to the extent they are ultimately earned and paid.

The Employment Agreements contain “claw back” provisions for certain performance-based incentive compensation, as required by the Dodd-Frank financial reform act. The Employment Agreements also contain provisions that provide for payments in the event of a change of control and, under certain circumstances, require a reduction in amounts paid to the executive as a result of a change of control, but only to the extent such payment would exceed amounts permitted by Section 280G of the Internal Revenue Code (the “Code”). The Employment Agreements are intended to comply with Section 409A of the Code and require the executive to execute a waiver and release prior to receiving payment in most instances.

The foregoing description of the Employment Agreements is qualified in its entirety by reference to the Employment Agreements, which are attached hereto as Exhibits 10.2, 10.3, 10.4 and 10.5 and incorporated herein by reference.

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**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

**Exhibit Number Description**

10.1	Amended and Restated Form of Restricted Stock Award Agreement under the 2006 Equity Incentive Plan.
10.2	First Amendment to Employment Agreement, dated September 24, 2010, by and between the Company and Michael J. Caliel.
10.3	First Amendment to Employment Agreement, dated September 24, 2010, by and between the Company and Terry Freeman.
10.4	First Amendment to Employment Agreement, dated September 24, 2010, by and between the Company and Robert B. Callahan.
10.5	First Amendment to Employment Agreement, dated September 24, 2010, by and between the Company and Richard A. Nix.

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## SIGNATURES

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

### INTEGRATED ELECTRICAL SERVICES, INC.

Date: September 24, 2010

*/s/ William L. Fiedler*

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William L. Fiedler

*Senior Vice President and General Counsel*

## **EXHIBIT INDEX**

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10.5	First Amendment to Employment Agreement, dated September 24, 2010, by and between the Company and Richard A. Nix.



[Date]

[Name]

[Address]

Re: *Grant of Restricted Stock*

I am pleased to inform you that effective as of «Grant\_Date» (“Grant Date”) Integrated Electrical Services, Inc., a Delaware corporation (the “Company”), has granted you shares of Restricted Stock under the Company’s 2006 Equity Incentive Plan (as amended and restated) (“Plan”).

Capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed to them in the Plan. The terms of the grant are as follows:

### 1. Grant/Vesting/Clawback.

(a) **Number of Shares Granted.** You are hereby granted «Shares» shares of Restricted Stock under the Plan.

(b) **Vesting.** Subject to Section 2 below, the shares shall vest as follows:

<u>Vesting Date</u>	<u>Granted Shares Vested</u>
September 24, 2012	100%

### 2. Events Occurring Prior to a Vesting Date.

(a) **Termination due to Death or Disability.** If, prior to a Vesting Date, you cease to be an Employee as a result of your death or Disability the shares of Restricted Stock then held by you automatically will vest on your termination.

(b) **Termination by Employer other than for Cause.** If, prior to a Vesting Date, your employment is terminated by the Company other than for Cause or by you for Good Reason as defined in an employment agreement between you and the Company, on your termination a prorata number of the shares of Restricted Stock then credited to you automatically will vest and the remaining number of your shares of Restricted Stock automatically shall be forfeited without payment. The vested number shall be that percentage equal to  $[(A,B) \times C] - D$ , where “A” is the number of calendar months that have elapsed from the Grant Date through your date of termination, “B” is [36] months, “C” is the total number of shares of Restricted Stock initially granted to you, and “D” is the number of shares of Restricted Stock that have already vested immediately prior to your termination of employment. Any fractional calendar month in such [36]-month period shall be rounded up to a full calendar month.

(c) **Other Terminations.** If, prior to a Vesting Date, (i) you cease to be an Employee for any reason other than as provided in Sections 2(a) and 2(b) above or (ii) your employer ceases to be a Subsidiary, then, subject to Section 8, all shares of Restricted Stock held by you shall be forfeited automatically upon such termination or event without payment, unless the Committee, in its discretion, provides otherwise.

(d) **Change in Control.** Notwithstanding any other provision hereof, if a Change in Control occurs prior to a Vesting Date, all shares of Restricted Stock then held by you shall become fully vested upon the occurrence of the Change in Control.

For purposes of this Agreement, “employment with the Company” shall include being an Employee, Consultant or Director of the Company or any affiliate of the Company.

### 3. Issuance of Restricted Shares.

- (a) **Stock Certificates.** The Company either shall cause to be issued a certificate or certificates for the shares of Restricted Stock representing this award, registered in your name, or cause a book entry to be made with the Company's transfer agent evidencing the shares of Restricted Stock registered in your name.
  - (b) **Stockholder Rights.** You shall have all the rights of a stockholder (including, without limitation, voting, dividend and liquidation rights) with respect to the shares of Restricted Stock, subject, however, to the restrictions of this Agreement.
  - (c) **Form of Issuance and Escrow.** For so long as the shares of Restricted Stock are not vested, the Company shall cause such certificate or certificates to be deposited in escrow if certificates are issued. If evidenced by book entry at the transfer agent the entry shall denote the shares are restricted as to transfer. You shall deliver to the Company a duly-executed blank Stock Power (in the form attached hereto as Exhibit A). All regular cash dividends paid on the shares of Restricted Stock that have vested shall be paid directly to you. Upon the vesting of any shares of Restricted Stock, such vested Shares together with any dividends held in escrow related thereto hereunder, shall be distributed to you as soon as practicable.
  - (d) **Adjustment of Restricted Shares.** In the event of a subdivision of the outstanding Shares, a declaration of an extraordinary dividend payable in a form other than Shares and in an amount that has a material effect on the Fair Market Value of the Shares, a combination or consolidation of the outstanding Shares into a less number of Shares, a recapitalization, a spin-off, a reclassification or a similar occurrence, the terms of this award (including, without limitation, the number and kind of Shares subject to this award) shall be adjusted as set forth in Section 10 of the Plan. In the event that the Company is a party to a merger or consolidation, this award shall be subject to the agreement of merger or consolidation, as provided in Section 10 of the Plan.
4. **Tax Withholding.** To the extent this award results in compensation income to you upon grant or vesting, you must deliver to the Company at that time such amount of money as the Company may require to meet its tax withholding obligations under applicable laws or make such other arrangements to satisfy such withholding obligations as the Company, in its sole discretion, may approve; provided, however, if at such time you are subject to Section 16(b) of the Securities Exchange Act of 1934, as amended, the Company shall instead withhold or "net" from the Shares otherwise to be issued to you such number of Shares (valued at their Fair Market Value on the date of the withholding of such Shares) as necessary to satisfy the Company's tax withholding obligations.
  5. **Limitations Upon Transfer.** All rights under this Agreement belong to you and may not be transferred, assigned, pledged, or hypothecated in any way (whether by operation of law or otherwise), other by will or the laws of descent and distribution or pursuant to a qualified domestic relations order, and shall not be subject to execution, attachment, or similar process.
  6. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company or upon any person lawfully claiming under you.
  7. **Modification.** Except to the extent permitted by the Plan, any modification of this Agreement will be effective only if it is in writing and signed by each party whose rights hereunder are affected thereby.
  8. **Employment Agreement.** If you are party to a written employment, severance or change in control agreement with the Company that otherwise would provide you with additional vesting rights with respect to shares of Restricted Stock granted under the Plan ("Other Agreement"), this Agreement shall be deemed to be an amendment to such Other Agreement and by execution of this Agreement you agree such additional vesting rights thereunder shall not apply to the Restricted Stock evidenced by this Agreement.
  9. **Plan Controls.** This grant is subject to the terms of the Plan, which are hereby incorporated by reference. In the event of a conflict between the terms of this Agreement and the Plan, the Plan shall be the controlling document.
  10. **Governing Law. This Agreement shall be governed by, and construed in accordance with the, the laws of the State of Texas, without regard to conflicts of laws principles thereof.**
  11. **Compliance with IRC Section 409A.** The Plan and this Agreement are intended to be exempt from Section 409A of the Code, or, if not exempt, to comply with Section 409A to the extent applicable. To the extent Section 409A is applicable, for purposes of this Agreement a "termination of employment" and a "change of control" shall be construed as necessary to comply with Section 409A. In addition, if a payment otherwise due under this Agreement is subject to the provisions of Section 409A(a)(2)(B)(i), such payment shall instead be paid in a lump sum (without interest) on (i) the first day that is more than six months after your separation from service date or (ii) your death, if earlier.

By signing below, you agree that this grant is under and governed by the terms and conditions of the Plan, including the terms and conditions set forth in this Agreement, including the Clawback provisions in Section 1(c). Please execute and return this Agreement to «Return\_To». The attached copy of this Agreement is for your records.

**INTEGRATED ELECTRICAL SERVICES, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EMPLOYEE**

By: \_\_\_\_\_  
Date: \_\_\_\_\_





**FIRST AMENDMENT TO  
EMPLOYMENT AGREEMENT**

**THIS FIRST AMENDMENT TO EMPLOYMENT AGREEMENT** is entered into by and between Integrated Electrical Services, Inc., a Delaware corporation (“Employer”), and Michael J. Caliel (“Executive”) this September 24, 2010.

**WHEREAS**, the Employer and Executive have heretofore entered into that certain Employment Agreement effective as of June 26, 2006 (the “Employment Agreement”); and

**WHEREAS**, the Employer and Executive desire to amend the Employment Agreement;

**NOW, THEREFORE**, in consideration of the premises set forth above and the mutual agreements set forth herein, the Employer and Executive hereby agree that the Employment Agreement is hereby amended as follows:

A. Effective as of January 1, 2009:

1. Section IV.A.3.b. is amended by changing the parenthetical therein to read as follows:

(except to the extent payment otherwise has been electively deferred by Executive pursuant to a deferred compensation arrangement with the Company in a manner that satisfies the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”))

2. Section IV.C.2 is amended to read as follows:

For purposes of this Agreement, “Good Reason” shall mean (A) any material reduction in Executive’s position, duties, authority or Base Salary from those described in this Agreement; or (B) any relocation of the Company’s corporate office that is more than 50 miles from its current location; or (C) the Company’s breach of a material term of this Agreement or material duty owed to Executive hereunder; provided that either of the events described in clauses (A), (B), and (C) of this Section IV.C.2. shall constitute Good Reason only if the Company fails to cure such event within 30 business days after receipt from Executive of written notice of the event which constitutes Good Reason; provided, further, that the Executive must give the Company written notice of the “Good Reason” event by the 60<sup>th</sup> day following its occurrence. If not timely corrected by the Company, Executive shall be terminated on the first day following such 30-day “cure” period.

3. Sections IV.C.3.b. and IV.D.3.a. are amended by deleting from each the following:

; provided that the aggregate amount described in this Section IV.C.3.b. shall be reduced by the present value of any other cash severance or termination benefits payable to Executive under any other plans, programs or arrangements of the Company or its affiliates other than such benefits that are exclusively approved by the Compensation Committee or Board of Directors for the Executive.

4. Sections IV.C.3.b. and IV.D.3.a. are further amended by adding to each the following:

The monthly amount of such continued Base Salary shall be paid on the first business day of each month that it is continued.

5. Sections IV.C.3.d. and IV.D.3.c. are amended by adding to each the following:

Such automobile allowance shall be paid on the first business day of each month that it is continued.

6. Sections IV.C.3.e. and IV.D.3.d. are amended by adding to each the following:

Such outplacement services shall be reasonable in amount and commensurate with Executive’s position.

7. Section IV.D.1. is amended by adding thereto the following subclause e.:

e. Notwithstanding the above, with respect to any payment or benefit hereunder that is subject to Section 409A of the Code, the term Change in Control shall have the meaning set forth in Section 409A of the Code and the Treasury Regulations thereunder.

8. Section VIII.G. is amended by adding thereto three new paragraphs to read as follows:

To the extent Executive is entitled to receive under this Agreement any amounts that are subject to Section 409A in the form of “a series of installment payments,” as defined in Treasury Regulation §1.409A-2(b)(iii)(A), Executive’s right to receive such payments shall be treated as a right to receive a series of separate payments under such regulation.

To the extent any payment due Executive under this Agreement on his “termination of employment” is subject to Section 409A of the Code, such term shall mean a “separation from service” for purposes of Section 409A. It is the intent of the parties that terms defined in this Agreement be interpreted as necessary to comply with the requirements of Section 409A, to the extent Section 409A is applicable.

9. The following new Section VIII. N. is added:

Reimbursements. Notwithstanding anything in this Agreement to the contrary, any reimbursement of any costs and expenses by Employer to Executive under this Agreement shall be made by Employer upon or as soon as practicable following the receipt of supporting documentation reasonably satisfactory to Employer, but in no event later than the close of Executive’s taxable year following the taxable year in which the cost or expense is incurred by Executive. The expenses incurred by Executive in any calendar year that are eligible for reimbursement under this Agreement shall not affect the expenses incurred by Executive in any other calendar year that are eligible for reimbursement hereunder. Further, Executive’s right to receive any reimbursement shall not be subject to liquidation or exchange for any other benefit.

B. Effective as of September 24, 2010:

1. Section IV.C.3.f. is amended by adding thereto the following sentence:

“This subparagraph f. shall apply to equity-based awards granted prior to September 24, 2010.”

2. Section IV.C.3. is amended, effective as of the Amendment Date, by adding thereto a new subparagraph h. and a new subparagraph i. to read, respectively, as follows:

h. A prorated amount of Executive’s then outstanding unvested cash incentive awards and equity-based awards granted on or after the Amendment Date, other than an Annual Bonus or a cash incentive award or equity-based award the payment of which is dependent upon the achievement of performance objectives during a performance period that has not ended as of Executive’s date of termination of employment (a “Performance Award”), shall vest on the date (and only if) the release provided in Section IV.G. becomes irrevocable. The applicable prorated vested percentage for such an award shall be the percentage of the full vesting period for such award in which Executive was actively employed by the Company. Payment of such prorated vested awards, if any, shall be made on or as soon as reasonably practical after the date they become vested; and

i. A prorated portion of each of Executive’s Performance Awards then outstanding, if any, 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 IV.G. becomes or 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 Executive was actively employed by the Company and the Performance Amount Achieved, if any. Payment of such vested Performance Awards, if any, shall be made at the same time the performance awards for such performance period are paid to other similar executives of the Company.

3. Section IV is amended by adding thereto a new Paragraph IV.D.5. and a new Paragraph IV.D.6. to read, respectively, as follows:

5. Notwithstanding anything in this Agreement to the contrary, if Executive is a “disqualified individual” (as defined in Section 280G(c) of the Code), and the payments and benefits provided for in this Agreement, together with any other payments and benefits which 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 provided for in this Agreement shall be either (a) reduced (but not below zero) so that the present value of such total amounts and benefits received by Executive from the Company and/or such person(s) will be \$1.00 less than three (3) times Executive’s “base amount” (as defined in Section 280G(b)(3) of the Code) and so that no portion of such amounts and benefits received by Executive shall be subject to the excise tax imposed by Section 4999 of the Code or (b) paid in full, whichever produces the better “net after-tax position” to Executive (taking into account any applicable excise tax under Section 4999 of the Code and any other applicable taxes). The reduction of payments and benefits hereunder, if applicable, shall be made by reducing, first, payments or benefits to be paid in cash hereunder in the order in which such payment or benefit would be paid or provided (beginning with such payment or benefit that would be made last in time and continuing, to the extent necessary, through to such payment or benefit that would be made first in time) and, then, reducing any benefit to be provided in-kind hereunder 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. If a reduced payment or benefit is made or provided and through error or otherwise that payment or benefit, when aggregated with other payments and benefits from the Company (or its affiliates) used in determining if a “parachute payment” exists, exceeds \$1.00 less than three (3) times Executive’s base amount, then Executive shall immediately repay such excess to the Company upon notification that an overpayment has been made. Nothing in this paragraph shall require the Company to be responsible for, or have any liability or obligation with respect to, Executive’s excise tax liabilities under Section 4999 of the Code.
6. Notwithstanding any other provisions of this Agreement to the contrary, the Company shall not be obligated to make or provide any severance payments or benefits provided under this Section IV, other than the Accrued Rights, unless (i) within fifty (50) days from the date on which Executive’s employment is terminated, Executive executes and delivers to the Company a general release (which shall be provided by the Company not later than five (5) days from the date on which Executive’s employment is terminated and be substantially in the form attached hereto as Attachment A), whereby Executive releases the Company (and affiliates of the Company and other designated persons) from all employment based or related claims of Executive and all obligations of the Company to Executive other than the Company’s obligations to make and provide the severance payments and benefits as provided in this Section IV. and (ii) Executive does not revoke such release within any applicable revocation period following Executive’s delivery of the executed release to the Company. If the requirements of this Section IV.D.6 are met, then, subject to Section VIII.G. below, the severance payments and benefits to which Executive is otherwise eligible to receive under this Section IV. shall begin or be made, as applicable, on the sixtieth (60th) day following the date on which Executive’s employment is terminated, and shall be paid or commence, as applicable, retroactively without interest, as of Executive’s termination date. If the requirements of this Section IV.D.6 are not met by Executive, then no severance payments or benefits shall be due Executive pursuant to this Agreement.

4. Section VIII is amended by adding thereto a new Paragraph VIII.N. and a new Paragraph O. to read, respectively, as follows:

- N. Required Clawbacks. Notwithstanding anything in this Agreement or any other agreement between the Company and Executive to the contrary, Executive acknowledges that the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Act”) requires certain executives of the Company to repay the Company, and for the Company to recoup from the executive, “erroneously awarded” amounts of incentive compensation. If, and only to the extent, the Act (or any similar federal or state law) requires the Company to recoup any “erroneously awarded” incentive compensation (including any equity-based award) that it has made to Executive, Executive hereby agrees, even if Executive has terminated employment with the Company, to repay promptly such “erroneously awarded” incentive compensation (cash or equity) to the Company upon its written request. This Section VIII.N. shall survive the termination of this Agreement.

- O. Award Agreements. Notwithstanding anything in a grant agreement to the contrary, the term of any award subject to Sections IV.C.3.f., h. or i. shall not expire based solely on Executive's termination of employment prior to the contingent "vesting date" of such award, as provided in subparagraph f., h. or i., as applicable. To the extent any such award does not become vested as provided in such applicable subparagraph, the award shall terminate on the last date it could have become "vested" pursuant to subparagraph f., h. or i., as applicable. However, if the award would expire prior to such contingent vesting date by its terms, other than by reason of Executive's termination of employment, then such award shall expire on such earlier date.

Except as expressly modified by this First Amendment, the terms of the Employment Agreement shall remain in full force and effect and are hereby confirmed and ratified.

**IN WITNESS WHEREOF**, the parties hereto have executed this First Amendment this September 24, 2010, effective for all purposes as provided above.

**INTEGRATED ELECTRICAL SERVICES, INC.**

By: /s/ Robert B. Callahan

Name: Robert B. Callahan

Title: Senior Vice President, Human Resources

**MICHAEL J. CALIEL**

/s/ Michael J. Caliel



**FIRST AMENDMENT TO  
EMPLOYMENT AGREEMENT**

**THIS FIRST AMENDMENT TO EMPLOYMENT AGREEMENT** is entered into by and between Integrated Electrical Services, Inc., a Delaware corporation (“Employer”), and Terry L. Freeman (“Executive”) this September 24, 2010 (the “Amendment Date”).

**WHEREAS**, the Employer and Executive have heretofore entered into that certain Employment Agreement effective as of March 29, 2010 (the “Employment Agreement”); and

**WHEREAS**, the Employer and Executive desire to amend the Employment Agreement;

**NOW, THEREFORE**, the Employer and Executive hereby amend the Employment Agreement as follows:

1. Section IV.C.3.c. is amended, effective as of March 29, 2010, to read as follows:

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 Annual Bonus shall be as determined by the Compensation Committee, including its determination of the extent the performance objectives, if any, for such current Fiscal Year have been achieved, and such Annual Bonuses shall be payable at the same time that the annual bonuses for such respective Fiscal Years are paid to other similar executives of the Company;

2. Section IV.C.3.g. is amended, effective as of the Amendment Date, by adding thereto the following sentence:

“This subparagraph g. shall apply to equity-based awards granted prior to the Amendment Date.”

3. Section IV.C.3. is amended, effective as of the Amendment Date, by adding thereto a new subparagraph h. and a new subparagraph i. to read, respectively, as follows:

- h. A prorated amount of Executive’s then outstanding unvested cash incentive awards and equity-based awards granted on or after the Amendment Date, other than an Annual Bonus or a cash incentive award or equity-based award the payment of which is dependent upon the achievement of performance objectives during a performance period that has not ended as of Executive’s date of termination of employment (a “Performance Award”), shall vest on the date (and only if) the release provided in Section IV.G. becomes irrevocable. The applicable prorated vested percentage for such an award shall be the percentage of the full vesting period for such award in which Executive was actively employed by the Company. Payment of such prorated vested awards, if any, shall be made on or as soon as reasonably practical after the date they become vested; and
- i. A prorated portion of each of Executive’s Performance Awards then outstanding 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 IV.G. becomes or 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 Executive was actively employed by the Company and the Performance Amount Achieved, if any. Payment of such vested Performance Awards, if any, shall be made at the same time the performance awards for such performance period are paid to other similar executives of the Company.

4. Section IV.G. is amended, effective as of the Amendment Date, by changing the reference to “forty-five (45) days” therein to read “fifty (50) days.”

5. Section IV.H. is amended, effective as of March 29, 2010, by adding thereto a new Paragraph 4. to read as follows:

Payment Dates. Notwithstanding anything in Sections IV.B. or IV.C. to the contrary, the payment of an Annual Bonus, Performance Award, cash incentive award or equity-based award due thereunder shall be paid in all events within 2½ months after the end of the year in which such award (or prorated part) first becomes “vested,” within the meaning of Section 409A of the Code.

6. Section VIII. is amended, effective as of the Amendment Date, by adding thereto a new Paragraph P. and a new Paragraph O. to read, respectively, as follows:

- P. Required Clawbacks. Notwithstanding anything in this Agreement or any other agreement between the Company and Executive to the contrary, Executive acknowledges that the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Act”) requires certain executives of the Company to repay the Company, and for the Company to recoup from the executive, “erroneously awarded” amounts of incentive compensation. If, and only to the extent, the Act (or any similar federal or state law) requires the Company to recoup any “erroneously awarded” incentive compensation (including any equity-based award) that it has made to Executive, Executive hereby agrees to repay promptly, even if Executive has terminated employment with the Company, such “erroneously awarded” incentive compensation (cash or equity) to the Company upon its written request. This Section VIII.P. shall survive the termination of this Agreement.
- O. Award Grant Agreements. Notwithstanding anything in a grant agreement to the contrary, the term of any award subject to Section IV.C.3.h. or i. shall not expire based solely on Executive’s termination of employment prior to the contingent “vesting date” of such award, as provided in subparagraph h. or i., as applicable. To the extent any such award does not become vested as provided in such applicable subparagraph, the award shall terminate on the last date it could have become “vested” pursuant to subparagraph h. or i., as applicable. However, if the award would expire prior to such contingent vesting date by its terms, other than by reason of Executive’s termination of employment, then such award shall expire on such earlier date.

Except as expressly modified by this First Amendment, the terms of the Employment Agreement shall remain in full force and effect and are hereby confirmed and ratified.

**IN WITNESS WHEREOF**, the parties hereto have executed this First Amendment this September 24, 2010, effective for all purposes as provided above.

**INTEGRATED ELECTRICAL SERVICES, INC.**

By: /s/ Robert B. Callahan

Name: Robert B. Callahan

Title: Senior Vice President, Human Resources

**TERRY L. FREEMAN**

/s/ Terry L. Freeman



**AMENDED AND RESTATED  
EMPLOYMENT AGREEMENT**

**THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT** (the “Agreement”) is entered into effective as of September 24, 2010 (the “Effective Date”), by and between Integrated Electrical Services, Inc. (the “Company”) and Robert B. Callahan (the “Executive”).

**WHEREAS**, the Company and Executive have heretofore entered into that certain Employment Agreement dated June 1, 2005 (the “Prior Agreement”); and

**WHEREAS**, the Company and Executive desire to amend and restate the Prior Agreement;

**NOW, THEREFORE**, for and in consideration of the mutual promises, covenants, and undertakings contained in this Agreement, and intending to be legally bound, the Company and Executive hereby amend and restate the Prior Agreement as of the Effective Date, to read as follows:

I. Employment Term.

Subject to Section IV.E., Executive and the Company acknowledge that the employment relationship provided herein may be terminated at any time, upon written notice to the other party for any reason, at the option either of the Company or Executive. However, as provided in this Agreement, Executive may be entitled to certain severance benefits depending upon the circumstances of Executive’s termination of employment. The period Executive is employed by the Company under this Agreement is referred to herein as the “Employment Term.”

II. Position.

- A. During the Employment Term, Executive shall serve as the Company’s Senior Vice President, Human Resources, Safety & Supply Chain. In such position, Executive shall report to the President & Chief Executive Officer of the Company (“CEO”), or, as directed by the CEO, to such other officer of the Company, and shall have the authority, responsibilities, and duties reasonably accorded to, expected of and consistent with Executive’s position.
- B. During the Employment Term, Executive will devote Executive’s full business time, attention and efforts to the performance of Executive’s duties hereunder and will not engage in any other activity (for compensation or otherwise) which, in the good faith opinion of the Board of Directors of the Company (the “Board”), could, either individually or in the aggregate, reasonably be expected to conflict or interfere with or otherwise adversely affect the rendition of such performance either directly or indirectly, without the prior written consent of the Board. The foregoing limitations shall not be construed as prohibiting Executive from making personal investments in such form or manner as will neither require Executive’s services in the operation or affairs of the companies or businesses in which such investments are made nor violate the terms of Section V. hereof or otherwise conflict or interfere with Executive’s responsibilities to the Company.

III. Compensation.

- A. Base Salary. The Company shall pay Executive a base salary at the annual rate of \$230,000, payable in accordance with the Company’s payroll practices for similarly situated executives (the “Base Salary”). On at least an annual basis, Executive shall be entitled to such increases in Base Salary, if any, as may be determined by the Compensation Committee of the Board (the “Compensation Committee”) in its sole discretion.
- B. Annual Bonus.

For each fiscal year (“Fiscal Year”) of the Company ending during the Employment Term, Executive shall be given the opportunity to earn an incentive bonus (the “Annual Bonus”). Executive’s target annual bonus opportunity (the “Annual Bonus Opportunity”) for each Fiscal Year ending during the Employment Term shall be set by the

Compensation Committee, in its sole discretion. For Fiscal Year 2011, Executive's Annual Bonus Opportunity shall be 50% of his Base Salary. The actual Annual Bonus payable to Executive with respect to a Fiscal Year shall be dependent upon the achievement of performance objectives established by the Compensation Committee for such Fiscal Year and may be greater or less than the Annual Bonus Opportunity depending on performance objective results. That portion of Executive's Annual Bonus Opportunity for a Fiscal Year that is tied to objective targets established by the Compensation Committee may not be subsequently reduced with respect to such Fiscal Year by the Compensation Committee. The Compensation Committee shall also have the sole right to determine whether Executive may be entitled to a discretionary bonus at any time and to determine the criteria to be considered in making such decision. Except as otherwise provided in this Agreement, the payment of an Annual Bonus shall be at the same time as annual bonuses are paid to other similar executives of the Company; provided, however, Executive must be an employee of the Company or an affiliate of the Company on such payment date to be eligible to receive payment of an Annual Bonus.

C. Long-Term Incentive Plan Awards. During the Employment Term, Executive shall be eligible to participate in the Company's Long-Term Incentive Plan, as modified, amended or replaced from time to time (the "LTIP"). Executive's annual long-term award opportunities under the LTIP shall be determined by the Compensation Committee, in its sole discretion.

D. Employee Benefits. During the Employment Term, Executive shall be eligible to participate in the Company's employee benefit plans as in effect from time to time (collectively, "Employee Benefits") on the same basis as such employee benefit plans are generally made available to other comparable executives of the Company.

1. Vacation. Executive shall be entitled to four (4) weeks of annual vacation leave (prorated for Executive's initial year, if not a full year). Such leave shall be administered in accordance with the Company's vacation policy.

2. Automobile Allowance. During the Employment Term, Executive shall be entitled to an automobile allowance of \$1,500.00 per month paid in accordance with the Company's normal payroll practices.

E. Business Expenses. During the Employment Term, reasonable business expenses incurred by Executive in the performance of Executive's duties hereunder shall be reimbursed by the Company in accordance with the Company's expense policy.

IV. Termination of Employment. Executive shall not have a "termination of employment" for purposes of this Agreement unless such termination constitutes a "separation from service" for purposes of Section 409A of the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations thereunder (the "Code"). Notwithstanding any other provision of this Agreement, the provisions of this Section IV. shall exclusively govern Executive's rights upon termination of employment with the Company and its affiliates.

A. By the Company for Cause or Resignation by Executive Without Good Reason.

1. The Employment Term and Executive's employment hereunder may be terminated by the Company for Cause (as defined below) or by Executive's resignation without Good Reason (as defined in Section IV.C.2. herein);

2. For purposes of this Agreement, "Cause" shall mean (i) Executive's willful and material breach of this Agreement; (ii) Executive's gross negligence in the performance or intentional nonperformance of any of Executive's material duties and responsibilities to the Company or an affiliate; (iii) Executive's dishonesty, theft, embezzlement or fraud with respect to the business, property, reputation or affairs of the Company or an affiliate; (iv) Executive's conviction of, or a plea of other than not guilty to, a felony or a misdemeanor involving moral turpitude; (v) Executive's confirmed drug or alcohol abuse that materially affects Executive's service or violates the Company's or an affiliate's drug or alcohol abuse policy; (vi) Executive's violation of a material Company or an affiliate's personnel or similar policy, such policy having been made available to Executive by the Company or affiliate; or (vii) 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 Executive in which findings of facts or any legal conclusions establishing liability are neither admitted nor denied.



3. If Executive's employment is terminated by the Company for Cause, or if Executive resigns without Good Reason, then, subject to the further terms of this Agreement, Executive shall be entitled to receive:
  - a. Executive's earned, but unpaid, Base Salary through the date of termination;
  - b. Reimbursement, within sixty (60) days following submission by Executive to the Company of appropriate supporting documentation, for any unreimbursed reasonable business expenses properly incurred by Executive in the performance of Executive's duties in accordance with the Company's expense policy prior to the date of Executive's termination, provided claims for such reimbursement (accompanied by appropriate supporting documentation) are submitted to the Company within ninety (90) days following the date such expenses were incurred and within thirty (30) days following Executive's termination; and
  - c. Such Employee Benefits, if any, as to which Executive may be entitled under the terms of the employee benefit plans of the Company (the amounts described in clauses a. through c. of this Section IV.A.3. being referred to as the "Accrued Rights").

**B. Disability or Death.**

1. The Employment Term and Executive's employment hereunder shall terminate upon Executive's death and may be terminated by the Company if Executive becomes physically or mentally incapacitated and, as a consequence, is therefore 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) Executive's duties hereunder (such incapacity is hereinafter referred to as "Disability"). Any question as to the existence of the Disability of Executive as to which Executive and the Company cannot agree shall be determined in writing by a qualified independent physician mutually acceptable to Executive and the Company. If 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 Executive shall be final and conclusive for all purposes of the Agreement.
2. Upon termination of Executive's employment hereunder for either death or Disability, then, subject to the further terms of this Agreement, including Sections IV.G., IV.H., and VIII.O., Executive or Executive's estate (as the case may be) shall be entitled to receive the following:
  - a. The Accrued Rights;
  - b. 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 Annual Bonus 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 Bonuses shall be payable at the same time that the annual bonuses for such respective Fiscal Years are paid to other similar executives of the Company; and
  - c. An amount, paid on the first business day of each month, equal to 100% of the applicable monthly COBRA premium under the Company's group health plan, continued for the lesser of (i) twelve (12) months or (ii) until such COBRA coverage for Executive terminates.

**C. By the Company Without Cause or Resignation by Executive for Good Reason Prior to a Change in Control.**

1. The Employment Term and Executive's employment hereunder may be terminated by the Company without Cause or by Executive's resignation for Good Reason.

2. For purposes of this Agreement, “Good Reason” shall mean (A) any material reduction in Executive’s position, duties, authority, or Base Salary; (B) any relocation of Executive’s primary location of work, without Executive’s consent, that is more than fifty (50) miles from its location as of the Effective Date; or (C) the Company’s breach of a material term of this Agreement; provided that any of the events described in clauses (A), (B) and (C) of this Section IV.C.2. shall constitute Good Reason only if the Company fails to cure such event within thirty (30) days after receipt from Executive of written notice of the event which constitutes Good Reason specifying the details of such failure or event; provided, further, that “Good Reason” shall cease to exist for an event on the sixtieth (60th) day following its occurrence, unless Executive has given the Company written notice thereof as provided above prior to such sixtieth (60th) day. If such Good Reason event is not timely cured, then Executive’s employment shall terminate on the first day following the end of the thirty (30) day cure period.
3. If Executive’s employment is terminated by the Company without Cause (and other than by reason of Executive’s death or Disability) or if Executive resigns for Good Reason, then, subject to the further terms of this Agreement, including Sections IV.G., IV.H., and VIII.O., Executive shall be entitled to receive from the Company the following:
  - a. The Accrued Rights;
  - b. Continued payment of his Base Salary for twelve (12) months following the date of such termination, payable in accordance with the Company’s normal payroll practices as in effect on the date of termination;
  - c. 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 Annual Bonus 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 Bonuses shall be payable at the same time that the annual bonuses for such respective Fiscal Years are paid to other similar executives of the Company;
  - d. An amount, paid on the first business day of each month, equal to 100% of the applicable monthly COBRA premium under the Company’s group health plan, continued for the lesser of (i) twelve (12) months or (ii) until such COBRA coverage for Executive terminates;
  - e. Continuation of the monthly automobile allowance (as described in Section III.D.2. herein) for twelve (12) months from the termination date or until Executive obtains substantially comparable employment (as determined by the Company), whichever is shorter;
  - f. Outplacement services for twelve (12) months from the termination date or until Executive obtains substantially comparable employment (as determined by the Company), whichever is shorter. Such outplacement services shall be commensurate with Executive’s position and reasonable in amount, but not to exceed \$20,000;
  - g. With respect to any outstanding equity-based awards (including, but not limited to, any unvested options, restricted stock and performance share units) that are granted to Executive prior to the Effective Date and the vesting of which are “time-based” (not performance-based), such unvested awards shall vest in full on the date (and only if) the release provided in Section IV.G. becomes irrevocable. Payment of such vested awards, if any, shall be made on or as soon as reasonably practicable after they become vested;

- h. A prorated amount of Executive's then outstanding unvested cash incentive awards and equity-based awards granted on or after the Effective Date, other than an Annual Bonus or a cash incentive award or equity-based award the payment of which is dependent upon the achievement of performance objectives during a performance period that has not ended as of Executive's date of termination of employment (a "Performance Award"), shall vest on the date (and only if) the release provided in Section IV.G. becomes irrevocable. The applicable prorated vested percentage for such an award shall be the percentage of the full vesting period for such award in which Executive was actively employed by the Company. Payment of such prorated vested awards, if any, shall be made on or as soon as reasonably practical after the date they become vested; and
- i. A prorated portion of each of Executive's Performance Awards then outstanding 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 IV.G. becomes or 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 Executive was actively employed by the Company and the Performance Amount Achieved, if any. Payment of such Performance Awards that become vested, if any, shall be made at the same time the performance awards for such performance period are paid to other similar executives of the Company.

D. By the Company Without Cause or Resignation by Executive for Good Reason Within Twelve (12) Months Following a Change in Control.

1. For purposes of this Agreement, a "Change in Control" means:

- 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 their respective 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 be interpreted to comply with such term as used in Section 409A and the Treasury Regulations thereunder.

2. Upon the consummation of a Change in Control during the Employment Term, all of Executive's unvested incentive, performance and equity-based awards (including, but not limited to, any unvested options, restricted stock, performance, and phantom share units under the LTIP or any other equity plan subsequently adopted by the Company) shall vest in full.

3. If Executive's employment is terminated by the Company without Cause (and other than by reason of Executive's death or Disability) or if Executive resigns for Good Reason on or within twelve (12) months immediately following a Change in Control, then, subject to the further provisions of this Agreement, including Section VIII.O., Executive shall be entitled to receive from the Company (in lieu of any other severance payments or benefits under this Agreement), the following:
  - a. The Accrued Rights;
  - b. Continued payment of his Base Salary for twenty-four (24) months following the date of such termination, payable in accordance with the Company's normal payroll practices as in effect on the date of termination;
  - c. In a lump sum, an amount equal to two (2) times the greater of the most recent (i) Annual Bonus paid to Executive or (ii) Annual Bonus Opportunity of Executive;
  - d. An amount, paid on the first business day of each month, equal to 100% of the applicable monthly COBRA premium under the Company's group health plan, continued for the lesser of (i) twelve (12) months or (ii) until such COBRA coverage for Executive terminates;
  - e. Continuation of the monthly automobile allowance (as described in Section III.D.2. herein) for twelve (12) months from the termination date or until Executive obtains substantially comparable employment (as determined by the Company), whichever is shorter;
  - f. Outplacement services for twelve (12) months from Executive's termination date or until Executive obtains substantially comparable employment (as determined by the Company), whichever is shorter. Such outplacement services shall be commensurate with Executive's position and reasonable in amount, but not to exceed \$20,000; and
  - g. Notwithstanding anything in this Agreement to the contrary, if Executive is a "disqualified individual" (as defined in Section 280G(c) of the Code), and the payments and benefits provided for in this Agreement, together with any other payments and benefits which 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 provided for in this Agreement shall be either (a) reduced (but not below zero) so that the present value of such total amounts and benefits received by Executive from the Company and/or such person(s) will be \$1.00 less than three (3) times Executive's "base amount" (as defined in Section 280G(b)(3) of the Code) and so that no portion of such amounts and benefits received by Executive shall be subject to the excise tax imposed by Section 4999 of the Code or (b) paid in full, whichever produces the better "net after-tax position" to Executive (taking into account any applicable excise tax under Section 4999 of the Code and any other applicable taxes). The reduction of payments and benefits hereunder, if applicable, shall be made by reducing, first, payments or benefits to be paid in cash hereunder in the order in which such payment or benefit would be paid or provided (beginning with such payment or benefit that would be made last in time and continuing, to the extent necessary, through to such payment or benefit that would be made first in time) and, then, reducing any benefit to be provided in-kind hereunder 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. If a reduced payment or benefit is made or provided and through error or otherwise that payment or benefit, when aggregated with other payments and benefits from the Company (or its affiliates) used in determining if a "parachute payment" exists, exceeds \$1.00 less than three (3) times Executive's base amount, then Executive shall immediately repay such excess to the Company upon notification that an overpayment has been made. Nothing in this paragraph shall require the Company to be responsible for, or have any liability or obligation with respect to, Executive's excise tax liabilities under Section 4999 of the Code.

- E. Notice of Termination. Any purported termination of employment by the Company or by Executive (other than due to Executive's death) shall be communicated by written Notice of Termination to the other party hereto in accordance with Section VIII.H. hereof. With respect to any termination of employment by Executive, such notice of termination shall be communicated to the Company at least thirty (30) days prior to such termination. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of employment under the provision so indicated.
- F. Officer/Board Resignation. Upon termination of Executive's employment for any reason, Executive hereby agrees to resign, and shall be deemed hereby to have resigned, effective as of the date of such termination and to the extent applicable, from the Board (and any committees thereof) and as an officer of the Company and the board of directors (and any committees thereof) and as an officer of any and all of the Company's affiliates.
- G. Waiver and Release. Notwithstanding any other provisions of this Agreement to the contrary, unless waived by the Compensation Committee of the Board, in its sole discretion, the Company shall not make or provide any severance payments or benefits provided under this Section IV, other than the Accrued Rights, unless (i) within fifty (50) days from the date on which Executive's employment is terminated, Executive (or his estate) executes and delivers to the Company a general release (which shall be provided by the Company not later than five (5) days from the date on which Executive's employment is terminated and be substantially in the form attached hereto as Attachment A), whereby Executive (or his estate) releases the Company (and affiliates of the Company and other designated persons) from all employment based or related claims of Executive and all obligations of the Company to Executive other than with respect to (x) the Company's obligations to make and provide the severance payments and benefits as provided in this Section IV. and (y) any vested benefits to which Executive is entitled under the terms of any Company benefit or equity plan, and (ii) Executive does not revoke such release within any applicable revocation period following Executive's delivery of the executed release to the Company. If the requirements of this Section IV.G. are satisfied, then, subject to Section IV.H. below, the severance payments and benefits to which Executive is otherwise entitled to receive under this Section IV. shall begin or be made, as applicable, without interest, on the sixtieth (60th) day following the date on which Executive's employment was terminated or, if applicable, such later date as provided in this Section IV. If the requirements of this Section IV.G. are not satisfied by Executive, then no severance payments or benefits, other than the Accrued Rights, shall be due Executive (or his estate) pursuant to this Agreement.
- H. Compliance with IRC Section 409A.
1. Notwithstanding anything in this Agreement to the contrary, if, at the time of Executive's termination of employment with the Company and its affiliates, Executive is a "specified employee," as defined in Section 409A of the Code, and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary in order to avoid the additional tax under Section 409A of the Code, then the Company will defer the payment or the commencement of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to Executive) until the date that is six months following Executive's termination of employment with the Company (or the earliest date as is permitted under Section 409A of the Code). Any payment amounts deferred pursuant to this Section will be accumulated and paid to Executive (without interest) in a lump sum and the balance of any remaining payments due Executive will be paid monthly or at such times as otherwise provided herein.
  2. Any reimbursement of any costs and expenses by the Company to Executive under this Agreement shall be made by the Company in no event later than the close of Executive's taxable year following the taxable year in which the cost or expense is incurred by Executive. The expenses incurred by Executive in any calendar year that are eligible for reimbursement under this Agreement shall not affect the expenses incurred by Executive in any other calendar year that are eligible for reimbursement hereunder and Executive's right to receive any reimbursement hereunder shall not be subject to liquidation or exchange for any other benefit.
  3. Each payment that Executive may receive under this Agreement shall be treated as a "separate payment" for purposes of Section 409A of the Code.
  4. Notwithstanding anything in this Agreement to the contrary, the payment provisions of this Agreement that are intended to comply with the requirements of Section 409A of the Code and the Treasury Regulations and guidance thereunder shall be effective as of January 1, 2009 or, if later, the effective date of the Prior Agreement.

5. Notwithstanding anything in Sections IV.B. or IV.C. to the contrary, the payment of an Annual Bonus, Performance Award, cash incentive award or equity-based award due thereunder shall be paid in all events within 2½ months after the end of the year in which such award (or prorated part) first becomes “vested,” within the meaning of Section 409A of the Code.

V. Non-Competition; Non-Solicitation.

- A. Executive acknowledges and recognizes the highly competitive nature of the businesses of the Company and its affiliates and accordingly agrees as follows:
- B. During the Employment Term and for a period of one year following the date Executive ceases to be employed by the Company or an affiliate (or for a period of two (2) years if Executive ceases to be employed by the Company or an affiliate by reason of employment termination pursuant to Section IV.A. above) (the “Restricted Period”), Executive will not, whether on 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:
  1. with whom Executive had personal contact or dealings on behalf of the Company during the one year period preceding Executive’s termination of employment;
  2. with whom employees reporting to Executive have had personal contact or dealings on behalf of the Company during the one year immediately preceding the Executive’s termination of employment; or
  3. for whom Executive had direct or indirect responsibility during the one year immediately preceding Executive’s termination of employment.
- C. During the Restricted Period, Executive will not directly or indirectly:
  1. 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 months from the effective of Executive’s termination and as to which Executive is personally aware of or should be personally aware of such planning in the future and as to which Executive is 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 Executive had responsibilities (a “Competitive Business”);
  2. 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;
  3. 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
  4. interfere with, or attempt to interfere with, business relationships (whether formed before, on or after the date of this Agreement) between the Company or any of its affiliates and customers, clients, suppliers, partners, members or investors of the Company or its affiliates.
- D. Notwithstanding anything to the contrary in this Agreement, 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 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.
- E. During the Restricted Period, Executive will not, whether on Executive’s own behalf or on behalf of or in conjunction with any Person, directly or indirectly:
  1. solicit or encourage any employee of the Company or its affiliates to leave the employment of the Company or its affiliates; or

2. hire any such employee who was employed by the Company or its affiliates as of the date of Executive's termination of employment with the Company or who left the employment of the Company or its affiliates coincident with, or within one year prior to or after, the termination of Executive's employment with the Company.

F. During the Restricted Period, 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.

G. It is expressly understood and agreed that although Executive and the Company consider the restrictions contained in this Section V. to be reasonable, 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 Agreement is an unenforceable restriction against Executive, the provisions of this Agreement 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 or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

## VI. Confidentiality; Intellectual Property.

### A. Confidentiality.

1. Executive will not at any time (whether during or after Executive's employment with the Company and its affiliates) retain or use for the benefit, purposes or account of Executive or any other Person, or disclose, divulge, reveal, communicate, share, transfer or provide access to any Person outside the Company (other than its professional advisers who are bound by confidentiality obligations), any non-public, proprietary or Confidential Information without the prior written authorization of the Board. For purposes of this Agreement, "Confidential Information" means all written, electronic, machine-reproducible, oral and visual data, information, and material, including, without limitation, business, financial, and technical information, computer programs, documents and records (including those that Executive develops in the scope of his employment) that either: (i) the Company and its affiliates, or any of their respective customers or suppliers, treats as confidential or proprietary through markings or otherwise; (ii) relates to the Company and its affiliates, or any of their respective customers or suppliers, or any of their respective business activities, products, or services (including software programs and techniques) and is competitively sensitive or not generally known in the relevant trade or industry; or (iii) derives independent economic value from the investment needed to compile or create such information and/or its not being known to, or generally ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use. Notwithstanding any provisions herein to the contrary, the provisions of this Section VI.A. do not prohibit Executive from disclosing Confidential Information in the performance of Executive's duties under this Agreement.
2. Confidential Information shall not include any information that is (a) generally known to the industry or the public other than as a result of Executive's breach of this covenant or any breach of other confidentiality obligations by third parties; (b) made legitimately available to Executive by a third party without breach of any confidentiality obligation; or (c) required by law to be disclosed; provided that Executive shall give prompt written notice to the Company of such requirement, disclose no more information than is so required, and cooperate with any attempts by the Company to obtain a protective order or similar treatment.
3. Upon termination of Executive's employment with the Company and its affiliates for any reason, Executive shall cease and not thereafter commence use of any Confidential Information or intellectual property (including without limitation, any patent, invention, copyright, trade secret, trademark, trade name, logo, domain name or other source indicator) owned or used by the Company or its affiliates; immediately destroy, delete, or return to the Company, at the Company's option, all originals and copies in any form or medium (including memoranda, books, papers, plans, computer files, letters and other data) in Executive's possession or control (including any of the foregoing stored or located in Executive's office, home, laptop or other computer, whether or not Company property) that contain Confidential Information or otherwise relate to the business of the Company, its affiliates and subsidiaries, except that Executive may retain only those portions of any personal notes, notebooks and diaries that do not contain any Confidential Information; and notify and fully cooperate with the Company regarding the delivery or destruction of any other Confidential Information of which Executive is or becomes aware.

4. If Executive has entered into a separate individual confidentiality agreement with the Company, the terms of such individual agreement shall continue (in addition to those of this Agreement) as provided therein; however to the extent of a conflict with the terms of this Agreement, the terms of this Agreement shall control.

B. Intellectual Property.

1. If Executive has created, invented, designed, developed, contributed to or improved any works of authorship, inventions, intellectual property, materials, documents or other work product (including without limitation, research, reports, software, databases, systems, applications, presentations, textual works, content, or audiovisual materials) (“Works”), either alone or with third parties, prior to Executive’s employment by the Company, that are relevant to or implicated by such employment (“Prior Works”), Executive hereby grants the Company a perpetual, non-exclusive, royalty-free, worldwide, assignable, sublicensable license under all rights and intellectual property rights (including rights under patent, industrial property, copyright, trademark, trade secret, unfair competition and related laws) therein for all purposes in connection with the Company’s current and future business.
2. If Executive creates, invents, designs, develops, contributes to or improves any Works, either alone or with third parties, at any time during Executive’s employment by the Company and within the scope of such employment and/or with the use of any the Company resources (“Company Works”), Executive shall promptly and fully disclose same to the Company and hereby irrevocably assigns, transfers and conveys, to the maximum extent permitted by applicable law, all rights and intellectual property rights therein (including rights under patent, industrial property, copyright, trademark, trade secret, unfair competition and related laws) to the Company to the extent ownership of any such rights does not vest originally in the Company.
3. Executive agrees to keep and maintain adequate and current written records (in the form of notes, sketches, drawings, and any other form or media requested by the Company) of all Company Works. The records will be available to and remain the sole property and intellectual property of the Company at all times.
4. Executive shall take all requested actions and execute all requested documents (including any licenses or assignments required by a government contract) at the Company’s expense (but without further remuneration) to assist the Company in validating, maintaining, protecting, enforcing, perfecting, recording, patenting or registering any of the Company’s rights in the Prior Works and Company Works. If the Company is unable for any other reason to secure Executive’s signature on any document for this purpose, then Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Executive’s agent and attorney in fact, to act for and in Executive’s behalf and stead to execute any documents and to do all other lawfully permitted acts in connection with the foregoing.
5. Executive shall not improperly use for the benefit of, bring to any premises of, divulge, disclose, communicate, reveal, transfer or provide access to, or share with the Company any confidential, proprietary or non-public information or intellectual property relating to a former employer or other third party without the prior written permission of such third party. Executive hereby indemnifies, holds harmless and agrees to defend the Company and its officers, directors, partners, employees, agents and representatives from any breach of the foregoing covenant. Executive shall comply with all relevant policies and guidelines of the Company, including regarding the protection of confidential information and intellectual property and potential conflicts of interest. Executive acknowledges that the Company may amend any such policies and guidelines from time to time, and that Executive remains at all times bound by their most current version.

C. The provisions of this Section VI. shall survive the termination of Executive’s employment for any reason.

VII. Specific Performance. Executive acknowledges and agrees that the Company’s remedies at law for a breach or threatened breach of any of the provisions of Section V or Section VI herein would be inadequate and the Company would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available.

VIII. Miscellaneous.



- A. Governing Law/Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without regard to conflict of laws principles thereof. Each party to this Agreement hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts in Houston, Texas, for the purposes of any proceeding arising out of or based upon this Agreement.
- B. Dispute Resolution. Any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this Agreement to arbitrate, shall be determined by arbitration in Houston, Harris County, Texas before one arbitrator. The arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures (Streamlined Arbitration Rules and Procedures). Judgment on the award pursuant to such arbitration may be entered in any court having jurisdiction. This clause shall not preclude parties from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction. The arbitrator may, in its award, allocate all or part of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorneys' fees of the prevailing party.
- C. Entire Agreement/Amendments. This Agreement contains the entire understanding of the parties with respect to the employment of Executive by the Company and the termination of such employment. There are no restrictions, agreements, promises, warranties, covenants or undertakings between the parties with respect to the subject matter herein other than those expressly set forth herein. Moreover, this Agreement supersedes and replaces in full all prior and contemporaneous agreements and understandings, oral and written, between the parties to this Agreement concerning the subject matter of this Agreement, including, without limitation, the Prior Agreement. This Agreement may not be altered, modified, or amended except by written instrument signed by the parties hereto.
- D. No Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.
- E. Severability. In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement shall not be affected thereby.
- F. Assignment. This Agreement and all of Executive's rights and duties hereunder, shall not be assignable or delegable by Executive. Any purported assignment or delegation by Executive in violation of the foregoing shall be null and void ab initio and of no force and effect. This Agreement may be assigned by the Company to a person or entity which is an affiliate or a successor in interest to substantially all of the business operations of the Company. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such affiliate or successor person or entity.
- G. Successors; Binding Agreement. This Agreement shall inure to the benefit of and be binding upon personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.
- H. Notices. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand or overnight courier or three (3) days after it has been mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below in this Agreement, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

If to the Company:

Integrated Electrical Services, Inc.  
1800 West Loop South, Suite 500  
Houston, Texas 77027  
Attention: General Counsel  
Fax: (713) 860-1578

If to Executive:

Robert B. Callahan  
3122 Bentgrass Drive  
Katy, TX 77450

- I. Executive Representation. Executive hereby represents to the Company that the execution and delivery of this Agreement by Executive and the Company and the performance by Executive of Executive's duties hereunder shall not constitute a breach of, or otherwise contravene, the terms of any employment agreement or other agreement or policy to which Executive is a party or otherwise bound.
- J. Reimbursement of Legal Expenses. The Company shall reimburse Executive for reasonable and customary fees charged by Executive's attorney to provide review of and legal counsel concerning this Agreement.
- K. Cooperation. Executive shall provide Executive's reasonable cooperation in connection with any action or proceeding (or any appeal from any action or proceeding) which relates to events occurring during Executive's employment hereunder. Executive shall be entitled to reimbursement for reasonable and customary expenses incurred for purposes of cooperating in any action or proceeding pursuant to this Section. This provision shall survive any termination of this Agreement.
- L. Indemnification. Executive shall be indemnified by the Company against liability as an officer and director of the Company and any subsidiary or affiliate of the Company to the maximum extent permitted by applicable law. Executive's rights under this Section shall continue so long as Executive maybe subject to such liability, whether or not this Agreement may have terminated prior thereto.
- M. Directors and Officers Liability Insurance. The Company will insure Executive, for the duration of his employment with the Company and thereafter with respect to his acts and omissions occurring during such employment, under a contract of director and officer liability insurance to the same extent as such insurance insures members of the Board.
- N. Withholding of Taxes. The Company may withhold from any amounts or benefits payable under this Agreement all taxes it may be required to withhold pursuant to any applicable law or regulation.
- O. Required Clawbacks. Notwithstanding anything in this Agreement or any other agreement between the Company and Executive to the contrary, Executive acknowledges that the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Act") requires certain executives of the Company to repay the Company, and for the Company to recoup from the executive, "erroneously awarded" amounts of incentive compensation. If, and only to the extent, the Act (or any similar federal or state law) requires the Company to recoup any "erroneously awarded" incentive compensation (including any equity-based award) that it has made to Executive, Executive hereby agrees, even if Executive has terminated employment with the Company, to repay promptly such "erroneously awarded" incentive compensation (cash or equity) to the Company upon its written request. This Section VIII.O. shall survive the termination of this Agreement.
- P. Award Grant Agreements. Notwithstanding anything in a grant agreement to the contrary, the term of any award subject to Section IV.C.3.g., h. or i. shall not expire based solely on Executive's termination of employment prior to the contingent "vesting date" of such award, as provided in subparagraph g., h. or i., as applicable. To the extent any such award does not become vested as provided in such applicable subparagraph, the award shall terminate on the last date it could have become "vested" pursuant to subparagraph g., h. or i., as applicable. However, if the award would expire prior to such contingent vesting date by its terms, other than by reason of Executive's termination of employment, then such award shall expire on such earlier date.
- Q. Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

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

**INTEGRATED ELECTRICAL SERVICES, INC.**

/s/ William L. Fiedler

William L. Fiedler

Senior Vice President & General Counsel

Date: 9/24/10

**EXECUTIVE**

/s/ Robert B. Callahan

Robert B. Callahan

Date: 9/24/10



**AMENDED AND RESTATED  
EMPLOYMENT AGREEMENT**

**THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT** (the “Agreement”) is entered into effective as of September 24, 2010 (the “Effective Date”), by and between Integrated Electrical Services, Inc. (the “Company”) and Richard A. Nix (the “Executive”).

**WHEREAS**, the Company and Executive have heretofore entered into that certain Employment Agreement dated December 14, 2006 (the “Prior Agreement”); and

**WHEREAS**, the Company and Executive desire to amend and restate the Prior Agreement;

**NOW, THEREFORE**, for and in consideration of the mutual promises, covenants, and undertakings contained in this Agreement, and intending to be legally bound, the Company and Executive hereby amend and restate the Prior Agreement as of the Effective Date, to read as follows:

I. Employment Term.

Subject to Section IV.E., Executive and the Company acknowledge that the employment relationship provided herein may be terminated at any time, upon written notice to the other party for any reason, at the option either of the Company or Executive. However, as provided in this Agreement, Executive may be entitled to certain severance benefits depending upon the circumstances of Executive’s termination of employment. The period Executive is employed by the Company under this Agreement is referred to herein as the “Employment Term.”

II. Position.

- A. During the Employment Term, Executive shall serve as the Company’s Group Vice President. In such position, Executive shall report to the President & Chief Executive Officer of the Company (“CEO”), or, as directed by the CEO, to such other officer of the Company, and shall have the authority, responsibilities, and duties reasonably accorded to, expected of and consistent with Executive’s position.
- B. During the Employment Term, Executive will devote Executive’s full business time, attention and efforts to the performance of Executive’s duties hereunder and will not engage in any other activity (for compensation or otherwise) which, in the good faith opinion of the Board of Directors of the Company (the “Board”), could, either individually or in the aggregate, reasonably be expected to conflict or interfere with or otherwise adversely affect the rendition of such performance either directly or indirectly, without the prior written consent of the Board. The foregoing limitations shall not be construed as prohibiting Executive from making personal investments in such form or manner as will neither require Executive’s services in the operation or affairs of the companies or businesses in which such investments are made nor violate the terms of Section V. hereof or otherwise conflict or interfere with Executive’s responsibilities to the Company.

III. Compensation.

- A. Base Salary. The Company shall pay Executive a base salary at the annual rate of \$364,000, payable in accordance with the Company’s payroll practices for similarly situated executives (the “Base Salary”). On at least an annual basis, Executive shall be entitled to such increases in Base Salary, if any, as may be determined by the Compensation Committee of the Board (the “Compensation Committee”) in its sole discretion.
- B. Annual Bonus.

For each fiscal year (“Fiscal Year”) of the Company ending during the Employment Term, Executive shall be given the opportunity to earn an incentive bonus (the “Annual Bonus”). Executive’s target annual bonus opportunity (the “Annual Bonus Opportunity”) for each Fiscal Year ending during the Employment Term shall be set by the

Compensation Committee, in its sole discretion. For Fiscal Year 2011, Executive's Annual Bonus Opportunity shall be 100% of his Base Salary. The actual Annual Bonus payable to Executive with respect to a Fiscal Year shall be dependent upon the achievement of performance objectives established by the Compensation Committee for such Fiscal Year and may be greater or less than the Annual Bonus Opportunity depending on performance objective results. That portion of Executive's Annual Bonus Opportunity for a Fiscal Year that is tied to objective targets established by the Compensation Committee may not be subsequently reduced with respect to such Fiscal Year by the Compensation Committee. The Compensation Committee shall also have the sole right to determine whether Executive may be entitled to a discretionary bonus at any time and to determine the criteria to be considered in making such decision. Except as otherwise provided in this Agreement, the payment of an Annual Bonus shall be at the same time as annual bonuses are paid to other similar executives of the Company; provided, however, Executive must be an employee of the Company or an affiliate of the Company on such payment date to be eligible to receive payment of an Annual Bonus.

C. Long-Term Incentive Plan Awards. During the Employment Term, Executive shall be eligible to participate in the Company's Long-Term Incentive Plan, as modified, amended or replaced from time to time (the "LTIP"). Executive's annual long-term award opportunities under the LTIP shall be determined by the Compensation Committee, in its sole discretion.

D. Employee Benefits. During the Employment Term, Executive shall be eligible to participate in the Company's employee benefit plans as in effect from time to time (collectively, "Employee Benefits") on the same basis as such employee benefit plans are generally made available to other comparable executives of the Company.

1. Vacation. Executive shall be entitled to four (4) weeks of annual vacation leave (prorated for Executive's initial year, if not a full year). Such leave shall be administered in accordance with the Company's vacation policy.

2. Automobile Allowance. During the Employment Term, Executive shall be entitled to an automobile allowance of \$1,500.00 per month paid in accordance with the Company's normal payroll practices.

E. Business Expenses. During the Employment Term, reasonable business expenses incurred by Executive in the performance of Executive's duties hereunder shall be reimbursed by the Company in accordance with the Company's expense policy.

IV. Termination of Employment. Executive shall not have a "termination of employment" for purposes of this Agreement unless such termination constitutes a "separation from service" for purposes of Section 409A of the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations thereunder (the "Code"). Notwithstanding any other provision of this Agreement, the provisions of this Section IV. shall exclusively govern Executive's rights upon termination of employment with the Company and its affiliates.

A. By the Company for Cause or Resignation by Executive Without Good Reason.

1. The Employment Term and Executive's employment hereunder may be terminated by the Company for Cause (as defined below) or by Executive's resignation without Good Reason (as defined in Section IV.C.2. herein);

2. For purposes of this Agreement, "Cause" shall mean (i) Executive's willful and material breach of this Agreement; (ii) Executive's gross negligence in the performance or intentional nonperformance of any of Executive's material duties and responsibilities to the Company or an affiliate; (iii) Executive's dishonesty, theft, embezzlement or fraud with respect to the business, property, reputation or affairs of the Company or an affiliate; (iv) Executive's conviction of, or a plea of other than not guilty to, a felony or a misdemeanor involving moral turpitude; (v) Executive's confirmed drug or alcohol abuse that materially affects Executive's service or violates the Company's or an affiliate's drug or alcohol abuse policy; (vi) Executive's violation of a material Company or an affiliate's personnel or similar policy, such policy having been made available to Executive by the Company or affiliate; or (vii) 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 Executive in which findings of facts or any legal conclusions establishing liability are neither admitted nor denied.

3. If Executive's employment is terminated by the Company for Cause, or if Executive resigns without Good Reason, then, subject to the further terms of this Agreement, Executive shall be entitled to receive:
  - a. Executive's earned, but unpaid, Base Salary through the date of termination;
  - b. Reimbursement, within sixty (60) days following submission by Executive to the Company of appropriate supporting documentation, for any unreimbursed reasonable business expenses properly incurred by Executive in the performance of Executive's duties in accordance with the Company's expense policy prior to the date of Executive's termination, provided claims for such reimbursement (accompanied by appropriate supporting documentation) are submitted to the Company within ninety (90) days following the date such expenses were incurred and within thirty (30) days following Executive's termination; and
  - c. Such Employee Benefits, if any, as to which Executive may be entitled under the terms of the employee benefit plans of the Company (the amounts described in clauses a. through c. of this Section IV.A.3. being referred to as the "Accrued Rights").

**B. Disability or Death.**

1. The Employment Term and Executive's employment hereunder shall terminate upon Executive's death and may be terminated by the Company if Executive becomes physically or mentally incapacitated and, as a consequence, is therefore 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) Executive's duties hereunder (such incapacity is hereinafter referred to as "Disability"). Any question as to the existence of the Disability of Executive as to which Executive and the Company cannot agree shall be determined in writing by a qualified independent physician mutually acceptable to Executive and the Company. If 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 Executive shall be final and conclusive for all purposes of the Agreement.
2. Upon termination of Executive's employment hereunder for either death or Disability, then, subject to the further terms of this Agreement, including Sections IV.G., IV.H., and VIII.O., Executive or Executive's estate (as the case may be) shall be entitled to receive the following:
  - a. The Accrued Rights;
  - b. 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 Annual Bonus 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 Bonuses shall be payable at the same time that the annual bonuses for such respective Fiscal Years are paid to other similar executives of the Company; and
  - c. An amount, paid on the first business day of each month, equal to 100% of the applicable monthly COBRA premium under the Company's group health plan, continued for the lesser of (i) twelve (12) months or (ii) until such COBRA coverage for Executive terminates.

**C. By the Company Without Cause or Resignation by Executive for Good Reason Prior to a Change in Control.**

1. The Employment Term and Executive's employment hereunder may be terminated by the Company without Cause or by Executive's resignation for Good Reason.

2. For purposes of this Agreement, “Good Reason” shall mean (A) any material reduction in Executive’s position, duties, authority, or Base Salary; (B) any relocation of Executive’s primary location of work, without Executive’s consent, that is more than fifty (50) miles from its location as of the Effective Date; or (C) the Company’s breach of a material term of this Agreement; provided that any of the events described in clauses (A), (B) and (C) of this Section IV.C.2. shall constitute Good Reason only if the Company fails to cure such event within thirty (30) days after receipt from Executive of written notice of the event which constitutes Good Reason specifying the details of such failure or event; provided, further, that “Good Reason” shall cease to exist for an event on the sixtieth (60th) day following its occurrence, unless Executive has given the Company written notice thereof as provided above prior to such sixtieth (60th) day. If such Good Reason event is not timely cured, then Executive’s employment shall terminate on the first day following the end of the thirty (30) day cure period.
3. If Executive’s employment is terminated by the Company without Cause (and other than by reason of Executive’s death or Disability) or if Executive resigns for Good Reason, then, subject to the further terms of this Agreement, including Sections IV.G., IV.H., and VIII.O., Executive shall be entitled to receive from the Company the following:
  - a. The Accrued Rights;
  - b. Continued payment of his Base Salary for twelve (12) months following the date of such termination, payable in accordance with the Company’s normal payroll practices as in effect on the date of termination;
  - c. 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 Annual Bonus 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 Bonuses shall be payable at the same time that the annual bonuses for such respective Fiscal Years are paid to other similar executives of the Company;
  - d. An amount, paid on the first business day of each month, equal to 100% of the applicable monthly COBRA premium under the Company’s group health plan, continued for the lesser of (i) twelve (12) months or (ii) until such COBRA coverage for Executive terminates;
  - e. Continuation of the monthly automobile allowance (as described in Section III.D.2. herein) for twelve (12) months from the termination date or until Executive obtains substantially comparable employment (as determined by the Company), whichever is shorter;
  - f. Outplacement services for twelve (12) months from the termination date or until Executive obtains substantially comparable employment (as determined by the Company), whichever is shorter. Such outplacement services shall be commensurate with Executive’s position and reasonable in amount, but not to exceed \$20,000;
  - g. With respect to any outstanding equity-based awards (including, but not limited to, any unvested options, restricted stock and performance share units) that are granted to Executive prior to the Effective Date and the vesting of which are “time-based” (not performance-based), such unvested awards shall vest in full on the date (and only if) the release provided in Section IV.G. becomes irrevocable. Payment of such vested awards, if any, shall be made on or as soon as reasonably practicable after they become vested;

- h. A prorated amount of Executive's then outstanding unvested cash incentive awards and equity-based awards granted on or after the Effective Date, other than an Annual Bonus or a cash incentive award or equity-based award the payment of which is dependent upon the achievement of performance objectives during a performance period that has not ended as of Executive's date of termination of employment (a "Performance Award"), shall vest on the date (and only if) the release provided in Section IV.G. becomes irrevocable. The applicable prorated vested percentage for such an award shall be the percentage of the full vesting period for such award in which Executive was actively employed by the Company. Payment of such prorated vested awards, if any, shall be made on or as soon as reasonably practical after the date they become vested; and
- i. A prorated portion of each of Executive's Performance Awards then outstanding 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 IV.G. becomes or 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 Executive was actively employed by the Company and the Performance Amount Achieved, if any. Payment of such Performance Awards that become vested, if any, shall be made at the same time the performance awards for such performance period are paid to other similar executives of the Company.

D. By the Company Without Cause or Resignation by Executive for Good Reason Within Twelve (12) Months Following a Change in Control.

1. For purposes of this Agreement, a "Change in Control" means:

- 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 their respective 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 be interpreted to comply with such term as used in Section 409A and the Treasury Regulations thereunder.

2. Upon the consummation of a Change in Control during the Employment Term, all of Executive's unvested incentive, performance and equity-based awards (including, but not limited to, any unvested options, restricted stock, performance, and phantom share units under the LTIP or any other equity plan subsequently adopted by the Company) shall vest in full.



3. If Executive's employment is terminated by the Company without Cause (and other than by reason of Executive's death or Disability) or if Executive resigns for Good Reason on or within twelve (12) months immediately following a Change in Control, then, subject to the further provisions of this Agreement, including Section VIII.O., Executive shall be entitled to receive from the Company (in lieu of any other severance payments or benefits under this Agreement), the following:
- a. The Accrued Rights;
  - b. Continued payment of his Base Salary for twenty-four (24) months following the date of such termination, payable in accordance with the Company's normal payroll practices as in effect on the date of termination;
  - c. In a lump sum, an amount equal to two (2) times the greater of the most recent (i) Annual Bonus paid to Executive or (ii) Annual Bonus Opportunity of Executive;
  - d. An amount, paid on the first business day of each month, equal to 100% of the applicable monthly COBRA premium under the Company's group health plan, continued for the lesser of (i) twelve (12) months or (ii) until such COBRA coverage for Executive terminates;
  - e. Continuation of the monthly automobile allowance (as described in Section III.D.2. herein) for twelve (12) months from the termination date or until Executive obtains substantially comparable employment (as determined by the Company), whichever is shorter;
  - f. Outplacement services for twelve (12) months from Executive's termination date or until Executive obtains substantially comparable employment (as determined by the Company), whichever is shorter. Such outplacement services shall be commensurate with Executive's position and reasonable in amount, but not to exceed \$20,000; and
  - g. Notwithstanding anything in this Agreement to the contrary, if Executive is a "disqualified individual" (as defined in Section 280G(c) of the Code), and the payments and benefits provided for in this Agreement, together with any other payments and benefits which 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 provided for in this Agreement shall be either (a) reduced (but not below zero) so that the present value of such total amounts and benefits received by Executive from the Company and/or such person(s) will be \$1.00 less than three (3) times Executive's "base amount" (as defined in Section 280G(b)(3) of the Code) and so that no portion of such amounts and benefits received by Executive shall be subject to the excise tax imposed by Section 4999 of the Code or (b) paid in full, whichever produces the better "net after-tax position" to Executive (taking into account any applicable excise tax under Section 4999 of the Code and any other applicable taxes). The reduction of payments and benefits hereunder, if applicable, shall be made by reducing, first, payments or benefits to be paid in cash hereunder in the order in which such payment or benefit would be paid or provided (beginning with such payment or benefit that would be made last in time and continuing, to the extent necessary, through to such payment or benefit that would be made first in time) and, then, reducing any benefit to be provided in-kind hereunder 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. If a reduced payment or benefit is made or provided and through error or otherwise that payment or benefit, when aggregated with other payments and benefits from the Company (or its affiliates) used in determining if a "parachute payment" exists, exceeds \$1.00 less than three (3) times Executive's base amount, then Executive shall immediately repay such excess to the Company upon notification that an overpayment has been made. Nothing in this paragraph shall require the Company to be responsible for, or have any liability or obligation with respect to, Executive's excise tax liabilities under Section 4999 of the Code.

- E. Notice of Termination. Any purported termination of employment by the Company or by Executive (other than due to Executive's death) shall be communicated by written Notice of Termination to the other party hereto in accordance with Section VIII.H. hereof. With respect to any termination of employment by Executive, such notice of termination shall be communicated to the Company at least thirty (30) days prior to such termination. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of employment under the provision so indicated.
- F. Officer/Board Resignation. Upon termination of Executive's employment for any reason, Executive hereby agrees to resign, and shall be deemed hereby to have resigned, effective as of the date of such termination and to the extent applicable, from the Board (and any committees thereof) and as an officer of the Company and the board of directors (and any committees thereof) and as an officer of any and all of the Company's affiliates.
- G. Waiver and Release. Notwithstanding any other provisions of this Agreement to the contrary, unless waived by the Compensation Committee of the Board, in its sole discretion, the Company shall not make or provide any severance payments or benefits provided under this Section IV, other than the Accrued Rights, unless (i) within fifty (50) days from the date on which Executive's employment is terminated, Executive (or his estate) executes and delivers to the Company a general release (which shall be provided by the Company not later than five (5) days from the date on which Executive's employment is terminated and be substantially in the form attached hereto as Attachment A), whereby Executive (or his estate) releases the Company (and affiliates of the Company and other designated persons) from all employment based or related claims of Executive and all obligations of the Company to Executive other than with respect to (x) the Company's obligations to make and provide the severance payments and benefits as provided in this Section IV. and (y) any vested benefits to which Executive is entitled under the terms of any Company benefit or equity plan, and (ii) Executive does not revoke such release within any applicable revocation period following Executive's delivery of the executed release to the Company. If the requirements of this Section IV.G. are satisfied, then, subject to Section IV.H. below, the severance payments and benefits to which Executive is otherwise entitled to receive under this Section IV. shall begin or be made, as applicable, without interest, on the sixtieth (60th) day following the date on which Executive's employment was terminated or, if applicable, such later date as provided in this Section IV. If the requirements of this Section IV.G. are not satisfied by Executive, then no severance payments or benefits, other than the Accrued Rights, shall be due Executive (or his estate) pursuant to this Agreement.
- H. Compliance with IRC Section 409A.
1. Notwithstanding anything in this Agreement to the contrary, if, at the time of Executive's termination of employment with the Company and its affiliates, Executive is a "specified employee," as defined in Section 409A of the Code, and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary in order to avoid the additional tax under Section 409A of the Code, then the Company will defer the payment or the commencement of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to Executive) until the date that is six months following Executive's termination of employment with the Company (or the earliest date as is permitted under Section 409A of the Code). Any payment amounts deferred pursuant to this Section will be accumulated and paid to Executive (without interest) in a lump sum and the balance of any remaining payments due Executive will be paid monthly or at such times as otherwise provided herein.
  2. Any reimbursement of any costs and expenses by the Company to Executive under this Agreement shall be made by the Company in no event later than the close of Executive's taxable year following the taxable year in which the cost or expense is incurred by Executive. The expenses incurred by Executive in any calendar year that are eligible for reimbursement under this Agreement shall not affect the expenses incurred by Executive in any other calendar year that are eligible for reimbursement hereunder and Executive's right to receive any reimbursement hereunder shall not be subject to liquidation or exchange for any other benefit.
  3. Each payment that Executive may receive under this Agreement shall be treated as a "separate payment" for purposes of Section 409A of the Code.
  4. Notwithstanding anything in this Agreement to the contrary, the payment provisions of this Agreement that are intended to comply with the requirements of Section 409A of the Code and the Treasury Regulations and guidance thereunder shall be effective as of January 1, 2009 or, if later, the effective date of the Prior Agreement.

5. Notwithstanding anything in Sections IV.B. or IV.C. to the contrary, the payment of an Annual Bonus, Performance Award, cash incentive award or equity-based award due thereunder shall be paid in all events within 2½ months after the end of the year in which such award (or prorated part) first becomes “vested,” within the meaning of Section 409A of the Code.

V. Non-Competition; Non-Solicitation.

- A. Executive acknowledges and recognizes the highly competitive nature of the businesses of the Company and its affiliates and accordingly agrees as follows:
- B. During the Employment Term and for a period of one year following the date Executive ceases to be employed by the Company or an affiliate (or for a period of two (2) years if Executive ceases to be employed by the Company or an affiliate by reason of employment termination pursuant to Section IV.A. above) (the “Restricted Period”), Executive will not, whether on 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:
  1. with whom Executive had personal contact or dealings on behalf of the Company during the one year period preceding Executive’s termination of employment;
  2. with whom employees reporting to Executive have had personal contact or dealings on behalf of the Company during the one year immediately preceding the Executive’s termination of employment; or
  3. for whom Executive had direct or indirect responsibility during the one year immediately preceding Executive’s termination of employment.
- C. During the Restricted Period, Executive will not directly or indirectly:
  1. 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 months from the effective of Executive’s termination and as to which Executive is personally aware of or should be personally aware of such planning in the future and as to which Executive is 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 Executive had responsibilities (a “Competitive Business”);
  2. 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;
  3. 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
  4. interfere with, or attempt to interfere with, business relationships (whether formed before, on or after the date of this Agreement) between the Company or any of its affiliates and customers, clients, suppliers, partners, members or investors of the Company or its affiliates.
- D. Notwithstanding anything to the contrary in this Agreement, 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 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.
- E. During the Restricted Period, Executive will not, whether on Executive’s own behalf or on behalf of or in conjunction with any Person, directly or indirectly:
  1. solicit or encourage any employee of the Company or its affiliates to leave the employment of the Company or its affiliates; or

2. hire any such employee who was employed by the Company or its affiliates as of the date of Executive's termination of employment with the Company or who left the employment of the Company or its affiliates coincident with, or within one year prior to or after, the termination of Executive's employment with the Company.

F. During the Restricted Period, 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.

G. It is expressly understood and agreed that although Executive and the Company consider the restrictions contained in this Section V. to be reasonable, 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 Agreement is an unenforceable restriction against Executive, the provisions of this Agreement 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 or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

## VI. Confidentiality; Intellectual Property.

### A. Confidentiality.

1. Executive will not at any time (whether during or after Executive's employment with the Company and its affiliates) retain or use for the benefit, purposes or account of Executive or any other Person, or disclose, divulge, reveal, communicate, share, transfer or provide access to any Person outside the Company (other than its professional advisers who are bound by confidentiality obligations), any non-public, proprietary or Confidential Information without the prior written authorization of the Board. For purposes of this Agreement, "Confidential Information" means all written, electronic, machine-reproducible, oral and visual data, information, and material, including, without limitation, business, financial, and technical information, computer programs, documents and records (including those that Executive develops in the scope of his employment) that either: (i) the Company and its affiliates, or any of their respective customers or suppliers, treats as confidential or proprietary through markings or otherwise; (ii) relates to the Company and its affiliates, or any of their respective customers or suppliers, or any of their respective business activities, products, or services (including software programs and techniques) and is competitively sensitive or not generally known in the relevant trade or industry; or (iii) derives independent economic value from the investment needed to compile or create such information and/or its not being known to, or generally ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use. Notwithstanding any provisions herein to the contrary, the provisions of this Section VI.A. do not prohibit Executive from disclosing Confidential Information in the performance of Executive's duties under this Agreement.
2. Confidential Information shall not include any information that is (a) generally known to the industry or the public other than as a result of Executive's breach of this covenant or any breach of other confidentiality obligations by third parties; (b) made legitimately available to Executive by a third party without breach of any confidentiality obligation; or (c) required by law to be disclosed; provided that Executive shall give prompt written notice to the Company of such requirement, disclose no more information than is so required, and cooperate with any attempts by the Company to obtain a protective order or similar treatment.
3. Upon termination of Executive's employment with the Company and its affiliates for any reason, Executive shall cease and not thereafter commence use of any Confidential Information or intellectual property (including without limitation, any patent, invention, copyright, trade secret, trademark, trade name, logo, domain name or other source indicator) owned or used by the Company or its affiliates; immediately destroy, delete, or return to the Company, at the Company's option, all originals and copies in any form or medium (including memoranda, books, papers, plans, computer files, letters and other data) in Executive's possession or control (including any of the foregoing stored or located in Executive's office, home, laptop or other computer, whether or not Company property) that contain Confidential Information or otherwise relate to the business of the Company, its affiliates and subsidiaries, except that Executive may retain only those portions of any personal notes, notebooks and diaries that do not contain any Confidential Information; and notify and fully cooperate with the Company regarding the delivery or destruction of any other Confidential Information of which Executive is or becomes aware.

4. If Executive has entered into a separate individual confidentiality agreement with the Company, the terms of such individual agreement shall continue (in addition to those of this Agreement) as provided therein; however to the extent of a conflict with the terms of this Agreement, the terms of this Agreement shall control.

B. Intellectual Property.

1. If Executive has created, invented, designed, developed, contributed to or improved any works of authorship, inventions, intellectual property, materials, documents or other work product (including without limitation, research, reports, software, databases, systems, applications, presentations, textual works, content, or audiovisual materials) (“Works”), either alone or with third parties, prior to Executive’s employment by the Company, that are relevant to or implicated by such employment (“Prior Works”), Executive hereby grants the Company a perpetual, non-exclusive, royalty-free, worldwide, assignable, sublicensable license under all rights and intellectual property rights (including rights under patent, industrial property, copyright, trademark, trade secret, unfair competition and related laws) therein for all purposes in connection with the Company’s current and future business.
2. If Executive creates, invents, designs, develops, contributes to or improves any Works, either alone or with third parties, at any time during Executive’s employment by the Company and within the scope of such employment and/or with the use of any the Company resources (“Company Works”), Executive shall promptly and fully disclose same to the Company and hereby irrevocably assigns, transfers and conveys, to the maximum extent permitted by applicable law, all rights and intellectual property rights therein (including rights under patent, industrial property, copyright, trademark, trade secret, unfair competition and related laws) to the Company to the extent ownership of any such rights does not vest originally in the Company.
3. Executive agrees to keep and maintain adequate and current written records (in the form of notes, sketches, drawings, and any other form or media requested by the Company) of all Company Works. The records will be available to and remain the sole property and intellectual property of the Company at all times.
4. Executive shall take all requested actions and execute all requested documents (including any licenses or assignments required by a government contract) at the Company’s expense (but without further remuneration) to assist the Company in validating, maintaining, protecting, enforcing, perfecting, recording, patenting or registering any of the Company’s rights in the Prior Works and Company Works. If the Company is unable for any other reason to secure Executive’s signature on any document for this purpose, then Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Executive’s agent and attorney in fact, to act for and in Executive’s behalf and stead to execute any documents and to do all other lawfully permitted acts in connection with the foregoing.
5. Executive shall not improperly use for the benefit of, bring to any premises of, divulge, disclose, communicate, reveal, transfer or provide access to, or share with the Company any confidential, proprietary or non-public information or intellectual property relating to a former employer or other third party without the prior written permission of such third party. Executive hereby indemnifies, holds harmless and agrees to defend the Company and its officers, directors, partners, employees, agents and representatives from any breach of the foregoing covenant. Executive shall comply with all relevant policies and guidelines of the Company, including regarding the protection of confidential information and intellectual property and potential conflicts of interest. Executive acknowledges that the Company may amend any such policies and guidelines from time to time, and that Executive remains at all times bound by their most current version.

C. The provisions of this Section VI. shall survive the termination of Executive’s employment for any reason.

VII. Specific Performance. Executive acknowledges and agrees that the Company’s remedies at law for a breach or threatened breach of any of the provisions of Section V or Section VI herein would be inadequate and the Company would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available.

VIII. Miscellaneous.

- A. Governing Law/Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without regard to conflict of laws principles thereof. Each party to this Agreement hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts in Houston, Texas, for the purposes of any proceeding arising out of or based upon this Agreement.
- B. Dispute Resolution. Any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this Agreement to arbitrate, shall be determined by arbitration in Houston, Harris County, Texas before one arbitrator. The arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures (Streamlined Arbitration Rules and Procedures). Judgment on the award pursuant to such arbitration may be entered in any court having jurisdiction. This clause shall not preclude parties from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction. The arbitrator may, in its award, allocate all or part of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorneys' fees of the prevailing party.
- C. Entire Agreement/Amendments. This Agreement contains the entire understanding of the parties with respect to the employment of Executive by the Company and the termination of such employment. There are no restrictions, agreements, promises, warranties, covenants or undertakings between the parties with respect to the subject matter herein other than those expressly set forth herein. Moreover, this Agreement supersedes and replaces in full all prior and contemporaneous agreements and understandings, oral and written, between the parties to this Agreement concerning the subject matter of this Agreement, including, without limitation, the Prior Agreement. This Agreement may not be altered, modified, or amended except by written instrument signed by the parties hereto.
- D. No Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.
- E. Severability. In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement shall not be affected thereby.
- F. Assignment. This Agreement and all of Executive's rights and duties hereunder, shall not be assignable or delegable by Executive. Any purported assignment or delegation by Executive in violation of the foregoing shall be null and void ab initio and of no force and effect. This Agreement may be assigned by the Company to a person or entity which is an affiliate or a successor in interest to substantially all of the business operations of the Company. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such affiliate or successor person or entity.
- G. Successors; Binding Agreement. This Agreement shall inure to the benefit of and be binding upon personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.
- H. Notices. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand or overnight courier or three (3) days after it has been mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below in this Agreement, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

If to the Company:

Integrated Electrical Services, Inc.  
1800 West Loop South, Suite 500  
Houston, Texas 77027  
Attention: General Counsel  
Fax: (713) 860-1578

If to Executive:

Richard A. Nix  
9507 Steepbank Passage  
Missouri City, TX 77459

- I. Executive Representation. Executive hereby represents to the Company that the execution and delivery of this Agreement by Executive and the Company and the performance by Executive of Executive's duties hereunder shall not constitute a breach of, or otherwise contravene, the terms of any employment agreement or other agreement or policy to which Executive is a party or otherwise bound.
- J. Reimbursement of Legal Expenses. The Company shall reimburse Executive for reasonable and customary fees charged by Executive's attorney to provide review of and legal counsel concerning this Agreement.
- K. Cooperation. Executive shall provide Executive's reasonable cooperation in connection with any action or proceeding (or any appeal from any action or proceeding) which relates to events occurring during Executive's employment hereunder. Executive shall be entitled to reimbursement for reasonable and customary expenses incurred for purposes of cooperating in any action or proceeding pursuant to this Section. This provision shall survive any termination of this Agreement.
- L. Indemnification. Executive shall be indemnified by the Company against liability as an officer and director of the Company and any subsidiary or affiliate of the Company to the maximum extent permitted by applicable law. Executive's rights under this Section shall continue so long as Executive maybe subject to such liability, whether or not this Agreement may have terminated prior thereto.
- M. Directors and Officers Liability Insurance. The Company will insure Executive, for the duration of his employment with the Company and thereafter with respect to his acts and omissions occurring during such employment, under a contract of director and officer liability insurance to the same extent as such insurance insures members of the Board.
- N. Withholding of Taxes. The Company may withhold from any amounts or benefits payable under this Agreement all taxes it may be required to withhold pursuant to any applicable law or regulation.
- O. Required Clawbacks. Notwithstanding anything in this Agreement or any other agreement between the Company and Executive to the contrary, Executive acknowledges that the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Act") requires certain executives of the Company to repay the Company, and for the Company to recoup from the executive, "erroneously awarded" amounts of incentive compensation. If, and only to the extent, the Act (or any similar federal or state law) requires the Company to recoup any "erroneously awarded" incentive compensation (including any equity-based award) that it has made to Executive, Executive hereby agrees, even if Executive has terminated employment with the Company, to repay promptly such "erroneously awarded" incentive compensation (cash or equity) to the Company upon its written request. This Section VIII.O. shall survive the termination of this Agreement.
- P. Award Grant Agreements. Notwithstanding anything in a grant agreement to the contrary, the term of any award subject to Section IV.C.3.g., h. or i. shall not expire based solely on Executive's termination of employment prior to the contingent "vesting date" of such award, as provided in subparagraph g., h. or i., as applicable. To the extent any such award does not become vested as provided in such applicable subparagraph, the award shall terminate on the last date it could have become "vested" pursuant to subparagraph g., h. or i., as applicable. However, if the award would expire prior to such contingent vesting date by its terms, other than by reason of Executive's termination of employment, then such award shall expire on such earlier date.
- Q. Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

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

**INTEGRATED ELECTRICAL SERVICES, INC.**

/s/ Robert B. Callahan  
Robert B. Callahan  
Senior Vice President, Human Resources

Date: 9/24/10

**EXECUTIVE**

/s/ Richard A. Nix  
Richard A. Nix

Date: 9/24/10