

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

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

Date of report (Date of earliest event reported):  
April 10, 2007

**INTEGRATED ELECTRICAL SERVICES, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation)

**001-13783**

(Commission  
File Number)

**76-0542208**

(IRS Employer  
Identification No.)

**1800 West Loop South, Suite 500  
Houston, Texas**

(Address of principal  
executive offices)

**77027**

(Zip Code)

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

(Former name or former address, if changed since last report): Not applicable

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

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

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

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

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

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

(b) On April 11, 2007, Integrated Electrical Services, Inc. (the "Company") and David A. Miller entered into a Separation and Transition Agreement (the "Separation Agreement") pursuant to which Mr. Miller's services as the Chief Financial Officer of the Company were terminated. Mr. Miller will remain as a Senior Vice President of the Company until the termination of his employment on May 31, 2007 and thereafter he will provide up to 16 hours of transition services per month until December 31, 2007. Pursuant to the Separation Agreement, Mr. Miller will receive an incentive payment of \$91,666.66 within 10 days following May 31, 2007 and in exchange for providing transition services, Mr. Miller will receive \$2,000 per month and 4,000 shares of restricted common stock of the Company under the Company's 2006 Equity Incentive Plan (the "Equity Plan"), which shares will vest on December 31, 2007 if Mr. Miller fulfills his obligation to provide transition services. The foregoing description of the Separation Agreement is qualified in its entirety by reference to the Separation Agreement, which is incorporated herein by reference and attached hereto as Exhibit 10.1.

(c) On April 10, 2007, the Company appointed Raymond Guba as Senior Vice President and Chief Financial Officer of the Company. Mr. Guba, age 47, served from 2005 to 2006 as the Chief Financial Officer of Kraton Polymers, a global chemical company. From 1986 to 2005, Mr. Guba held numerous management positions at General Electric, most recently as Chief Financial Officer, I&FS Division of GE Energy, a global business that installs, upgrades and services power generation equipment.

On April 10, 2007, the Company entered into an Employment Agreement with Mr. Guba (the "Employment Agreement"). The Employment Agreement provides that Mr. Guba shall commence employment with the Company on April 10, 2007 (the "Effective Date"). The Employment Agreement has no definitive employment term and may be terminated at any time, upon written notice to the other party for any reason, at the option either of the Company or Mr. Guba. Pursuant to the Employment Agreement, Mr. Guba will serve as a Senior Vice President and Chief Financial Officer of the Company.

The Employment Agreement provides for (i) an annual base salary of \$350,000 per year (which may be increased in the sole discretion of the Company's Compensation Committee), (ii) an annual bonus (the "Annual Bonus") with a target annual bonus opportunity of 50% of annual base salary (the "Annual Bonus Opportunity") and (iii) a signing bonus of \$50,000. On the Effective Date, Mr. Guba received a grant of 20,000 restricted shares of the Company's common stock ("Restricted Shares") under the Equity Plan, which vests one-third on each of the first, second and third anniversaries of the Effective Date. The terms of the Restricted Shares shall be governed by the Equity Plan and the award agreement to be executed on the Effective Date.

If Mr. Guba terminates for Good Reason (as defined in the Employment Agreement) or if he is terminated by the Company without Cause (as defined in the Employment Agreement) or if within two years following the Effective Date a Change in Control (as defined in the Employment Agreement) occurs and Mr. Guba terminates his employment on such Change in

Control, he is entitled to receive: (i) continued payment of base salary then in effect for 12 months immediately following the date of such termination, (ii) the greater of (x) a pro rata portion of his Annual Bonus Opportunity for the fiscal year in which such termination occurs or (y) the most recent Annual Bonus awarded to him, (iii) Company paid COBRA coverage, an automobile allowance of \$1,500 per month and outplacement services for twelve (12) months immediately following the date of such termination or until Mr. Guba obtains comparable employment, whichever is shorter and (iv) acceleration of vesting for all unvested equity awards of the Company under the Equity Plan.

If Mr. Guba terminates for Good Reason or if he is terminated by the Company without Cause within twelve months following a Change in Control, he is entitled to receive: (i) continued payment of base salary then in effect for 24 months immediately following the date of such termination, (ii) two times the most recent Annual Bonus awarded to him, (iii) Company paid COBRA coverage, an automobile allowance of \$1,500 per month and outplacement services for twelve (12) months immediately following the date of such termination or until Mr. Guba obtains comparable employment, whichever is shorter and (iv) acceleration of vesting for all unvested equity awards of the Company under the Equity Plan.

Mr. Guba is subject to non-compete and non-solicit restrictive covenants during the employment term and for a period of one year (or two years if terminated by the Company with Cause or if Mr. Guba resigns without Good Reason) following the termination of his employment. Mr. Guba is also subject to restrictive covenants prohibiting disclosure of confidential information and intellectual property of the Company.

The foregoing description of the Employment Agreement is qualified in its entirety by reference to the Employment Agreement, which is incorporated herein by reference and attached hereto as Exhibit 10.2.

**Item 9.01 Financial Statements And Exhibits**

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
10.1	Separation and Transition Agreement between the Company and David A. Miller dated April 11, 2007
10.2	Employment Agreement between the Company and Raymond Guba dated April 10, 2007

**SIGNATURES**

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

INTEGRATED ELECTRICAL SERVICES, INC.

By: /s/ Curt L. Warnock  
Curt L. Warnock  
*Senior Vice President and General Counsel*

Date: April 13, 2007

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
10.1	Separation and Transition Agreement between the Company and David A. Miller dated April 11, 2007
10.2	Employment Agreement between the Company and Raymond Guba dated April 10, 2007

**INTEGRATED ELECTRICAL SERVICES, INC.  
SEPARATION & TRANSITION AGREEMENT**

This Separation & Transition Agreement and Release ("Agreement"), dated as of April 11, 2007 ("Effective Date"), is between David A. Miller ("Miller") and Integrated Electrical Services, Inc. and its subsidiaries ("IES").

**RECITALS**

David A. Miller and IES wish to terminate their employment relationship amicably. In order to provide for a smooth transition and to foreclose any potential claims or disputes existing or arising between the parties, David A. Miller and IES have agreed to enter this Agreement.

**AGREEMENT**

In consideration of the foregoing recitals, the mutual agreements and undertakings of the parties set forth below, and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby expressly acknowledged, Miller and IES agree as follows:

1. **EMPLOYMENT TERMINATION.** Miller's last day of employment with IES shall be May 31, 2007 ("Separation Date").

2. **PAYMENTS.**

- a. Wages & Benefits. Miller shall continue receive his current monthly base salary of \$22,916.66 and vehicle allowance during the term of his employment through the Separation Date. IES shall pay Miller all accrued wages through his Separation Date.
- b. Incentive. On or before ten (10) days following separation, Miller shall be paid an incentive payment for the period of employment worked during the fiscal year. The incentive payment will be equal to his base salary earnings during the fiscal year times his targeted incentive rate of 50%, such amount equal to \$91,666.66.
- c. Transition Services. In consideration of the transition commitments contained in paragraph 9 hereof, and contingent upon the full performance of those commitments and all other commitments contained herein, Miller shall receive the amount of \$2,000 per month for transition services provided from June 1, 2007 through December 31, 2007. Payment for such services shall be paid on a monthly basis and in no event later than March 15, 2008.
- d. Restricted Stock. Additionally, Miller shall be granted 4,000 shares of restricted stock on his Separation Date and such shares will vest 100% on December 31, 2007 if Miller fulfils the requirements of Paragraph 9 from the Separation Date until December 31, 2007.

3. **HEALTH CARE CONTINUATION.** Miller and his eligible dependents will continue to participation in all IES health and welfare benefits on the same terms as in effect for Executive Officers of IES through his Separation Date. Thereafter, IES will pay the full cost of continuing medical, dental, and vision care coverage for Miller and his eligible dependents under COBRA for a period of twelve (12) months following the Separation Date. Beginning with the thirteenth month, Miller will be responsible for making any COBRA payments for continuing participation in these plans.
4. **GENERAL RELEASE.** In consideration of the benefits provided in this Agreement, Miller does hereby **RELEASE, ACQUIT, AND FOREVER DISCHARGE** IES, its successors, present and former employees, agents, corporate officers, directors, corporate affiliates and all other persons, firms, corporations and any other entity or person (“the parties released”), of and from any claims and liabilities arising from:
- a. wrongful discharge of employment; termination in violation of public policy; discrimination; breach of contract, both express and implied; breach of a covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; and conversion.
  - b. any federal, state or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act of 1990, the Fair Labor Standards Act, the Employee Retirement Income Security Act of 1974, the Worker Adjustment and Retraining Notification Act, Older Workers Benefit Protection Act, Tex. Lab. Code §§ 21.001 – 21.405; the Civil Law of the State of Texas; and the statutory and common law of these United States, collectively and singularly.
  - c. This General Release is not intended and does not affect any rights Miller is entitled to under the Indemnification Agreement between Miller and IES, dated September 25, 2002, and under Paragraph 10 of the Amended and Restated Employment Agreement (“Employment Agreement”) between Miller and IES, dated January 6, 2005, or the Bylaws of IES for payments and indemnification related to acts or activities that occurred while Miller was performing services under such Employment Agreement, particularly including but not limited to securities, class actions, shareholder derivative actions, and SEC investigations.
5. **REVIEW OF RELEASE.** Miller acknowledges that (1) he has been and hereby is advised in writing to consult with an attorney prior to executing this Agreement; (2) as consideration for executing this Agreement, Miller has received additional benefits and compensation of value to which he would otherwise not be entitled; (3) Miller has been given a period of at least 30 days from April 11, 2007 to consider this offer; (4) if he signs the Agreement prior to the 21st day, he does so voluntarily; (5) Miller acknowledges in the event he has not executed this Agreement by May 11, 2007, the offer shall expire; (6) Miller further acknowledges that he has a period of seven days from the date of his execution of this

Agreement in which to revoke this Agreement ("Waiting Period") by written notice to Bob Callahan, 1800 West Loop South, Suite 500, Houston, Texas 77027; and (7) in the event Miller does not exercise the right to revoke this Agreement during the seven-day Waiting Period described above, the Agreement shall become effective on the Effective Date.

6. **RETURN OF PROPERTY.** Miller agrees that on May 31, 2007, he will return to IES all property belonging to IES, including, but not limited to keys, credit cards, telephone calling card, files, records, computer access codes, computer hardware, computer programs, instruction manuals, business plans, and all other property and documents which Miller prepared or received in connection with his employment with IES except those records and documents IES has authorized he or his legal counsel to retain.
7. **NON-DISPARAGEMENT.** Miller agrees to refrain from making any negative statements regarding IES or its employees to any third parties, except as required by law. Further, IES agrees to refrain from making any negative statements regarding Miller to any third parties, except as required by law.
8. **NON-SOLICITATION.** Except with the express written permission of IES Miller shall not recruit, solicit, or offer to employ, nor assist others directly or indirectly to identify for possible employment or to recruit, solicit, interview, or offer to employ, any employee of IES for a period of twelve (12) months following the termination of this Agreement.
9. **TRANSITION COMMITMENT.** In consideration of the Payments and restricted stock grant to be provided under paragraph 2 hereof upon satisfactory completion of the commitments of this paragraph, Miller agrees to provide up to sixteen (16) hours of consulting services per month during such period. Miller agrees to cooperate fully and consult with IES, their officers, employees, and/or attorneys during such sixteen (16) hours concerning his former areas of responsibility.
10. **GOVERNING LAW.** This Agreement shall be interpreted and enforced in accordance with the laws of the State of Texas, without regard to conflict of law principles. In the event of any suit, action or arbitration to interpret or enforce this Agreement, the prevailing party shall be entitled to its attorney fees, costs, and out-of-pocket expenses, at trial, arbitration, and on appeal. The exclusive jurisdiction for any action to interpret or enforce this Agreement shall be the appropriate state or federal court located in Harris County, Texas.
11. **SEVERABILITY.** The provisions of this Agreement are severable. If any provision of this Agreement or its application is held invalid, the invalidity shall not affect other obligations, provisions, or applications of this Agreement which can be given effect without the invalid obligations, provisions, or applications.
12. **WAIVER.** The failure of either party to demand strict performance of any provision of this Agreement shall not constitute a waiver of any provision, term, covenant, or condition of this agreement or of the right to demand strict performance in the future.
13. **SECTION 409A.** The parties believe that all payments and benefits made under this Agreement and the Employment Agreement described in Paragraph 14 hereof are not subject or are compliant with Section 409A of the Internal Revenue Code.



14. **INSURANCE.** IES will provide coverage for Miller under a policy of Officers and Directors liability insurance with the same coverage that is provided to IES executive officers, such coverage to be provided for at no cost to Miller for six (6) years following his Separation Date. IES agrees to name Miller as a Named or Additional Insured (whichever is applicable) as of the Separation Date on any existing Officers and Directors liability coverage insurance policy, at no cost to Miller.
15. **SECTION HEADINGS.** The section headings contained herein are for reference purposes only and will not in any way affect the meaning or interpretation of this Agreement.
16. **ENTIRE AGREEMENT.** This Agreement, the Employment Agreement between the parties dated January 6, 2005, and the Indemnification Agreement between the parties dated September 29, 2002, constitutes the entire Agreement between the parties and supersedes all prior or contemporaneous oral or written understandings, statements, representations or promises with respect to its subject matter. Nothing in this Agreement shall terminate the rights or obligations of Miller or IES under the terms of his Employment Agreement and Indemnification Agreement. The parties agree that the circumstances are such that Miller is entitled to the rights and benefits as provided under Paragraphs 4(e) and 11 of such Employment Agreement.
17. **VOLUNTARINESS.** Miller acknowledges that (1) he has been given sufficient time to consider this Agreement, (2) he has carefully read and understands this Agreement, (3) he has been advised in writing to consult with an attorney prior to executing this Agreement, and (4) he has signed it voluntarily.

This Agreement is executed in duplicate originals and is effective and enforceable only after both parties have signed the Agreement and an original executed Agreement has been returned to IES. Miller acknowledges that he has read this Agreement, has understood it and knowingly and voluntarily desires to sign it.

**Accepted, Understood and Agreed**

**Integrated Electrical Services, Inc.**

David A. Miller

By:

Robert B. Callahan

Date:

Title: Sr. Vice President, Human Resources

Date:

# EMPLOYMENT AGREEMENT

**THIS EMPLOYMENT AGREEMENT** (the "Agreement") is entered into on April 10, 2007 (the "Effective Date"), by and between Integrated Electrical Services, Inc. (the "Company") and Raymond Guba (the "Executive").

**WHEREAS**, the Company desires to employ Executive as Senior Vice President & Chief Financial Officer of the Company from and after the Effective Date until such date as his employment shall end pursuant to the terms and conditions contained herein;

**WHEREAS**, Executive desires to be employed by the Company in such position and for such period pursuant to the terms and conditions contained herein;

**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 agree as follows:

I. Employment Term.

Executive and the Company acknowledge that this employment relationship 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 described 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 & Chief Financial Officer. In such position, Executive shall have report President and Chief Executive Officer of the Company and shall have 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 and best efforts to the performance of Executive's duties hereunder and will not e in any other activity (for compensation or otherwise) which would, either individually or in the aggregate, 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.

III. Compensation.

- A. Base Salary. During the Employment Term, the Company shall pay Executive a base salary at the annual rate of \$350,000, payable in accordance with the Company's payroll practices (the "Base Salary"). Executive shall be entitled to such increases in Base Salary, if any, as may be determined on at least an annual

basis in the sole discretion of the Compensation Committee of the Board (the "Compensation Committee").

- B. Annual Bonus. For the Company's fiscal year ("Fiscal Year") 2007 and for each successive Fiscal Year during the Employment Term, Executive shall be given the opportunity to earn an incentive bonus (the "Annual Bonus"). Executive's target Annual Bonus Opportunity for each Fiscal Year during the Employment Term shall be 50% of Base Salary (the "Annual Bonus Opportunity"). The actual amount payable to Executive as an Annual Bonus with respect to a Fiscal Year (or portion thereof) shall be dependent upon the achievement of performance objectives established by the Compensation Committee during such Fiscal Year and may be greater or less than the Annual Bonus Opportunity. That portion of the Executive's Annual Bonus Opportunity that is tied to objective targets established by the Compensation Committee may not be subsequently reduced by the Committee. The Compensation Committee reserves the sole and exclusive right to determine whether the Executive may be entitled to a discretionary bonus and to determine what if any criteria may be considered in making such decision. Any Annual Bonus shall be paid at the same time as similar bonuses are payable to other executive officers of the Company, but in no event later than two and a half (2-1/2) months following the end of the Fiscal Year with respect to which such Annual Bonus is to be paid.
1. Fiscal Year 2007 Annual Bonus. Notwithstanding the foregoing, the Company will guarantee a minimum Annual Bonus payment of \$50,000 for Fiscal Year 2007.
- C. Signing Bonus. Executive shall receive a \$50,000 signing bonus. One-half of this signing bonus (\$25,000) shall be paid to the Executive on the first payroll period following employment. If Executive is actively employed by the Company on October 1, 2007, the Executive shall be paid the second half of the Signing Bonus (\$25,000) on the first payroll period following October 1, 2007.
- D. Restricted Stock. On the Effective Date, Executive shall receive a grant of 20,000 restricted Company common shares under the Equity Plan (the "Restricted Shares"). The Restricted Shares shall vest one-third (1/3) on each of the first, second and third anniversaries of the Effective Date. The terms of the Restricted Shares shall be governed by the Equity Plan and the Restricted Stock Award Agreement to be executed on the Effective Date.
- E. Options. On the Effective Date, Executive shall receive a grant of a nonqualified option to purchase 30,000 Company common shares under the Equity Plan (the "Option"). The Option shall vest one-third (1/3) on each of the first, second and third anniversaries of the Effective Date. The terms of the Option shall be governed by the Equity Plan and the Option Award Agreement to be executed on the Effective Date.
- F. 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 senior executives of the Company. During the eligibility waiting period, the Company will reimburse the cost for Executive to continue his health insurance coverage through COBRA participation with his current employer or provider.

1. Vacation. During the term of employment Executive shall be entitled to four (4) weeks of annual vacation leave. Such leave shall be administered in accordance with Company policy.
2. Automobile Allowance. During the Employment Term, Executive shall be entitled to an automobile allowance of \$1,500 per month.

G. 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. The Employment Term and Executive's employment hereunder may be terminated by either party at any time and for any reason; provided that Executive will be required to give the Company at least thirty (30) days advance written notice of any resignation of Executive's employment. 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);

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

Company and which remains uncured or continues ten (10) business days after delivery of written notice) and such notice specifically sets forth said violation.

3. If Executive's employment is terminated by the Company for Cause, or if Executive resigns without Good Reason, Executive shall be entitled to receive:
  - a. The 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 un-reimbursed business expenses properly incurred by Executive in the performance of Executive's duties in accordance with Company's expense policy prior to termination; provided claims for such reimbursement (accompanied by appropriate supporting documentation) are submitted to the Company within sixty (60) days following the date of Executive's termination of employment; and
  - c. Such Employee Benefits, if any, as to which Executive may be entitled under the employee benefit plans of the Company (the amounts described in (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 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 perform Executive's duties hereunder (such incapacity is hereinafter referred to as "Disability"). Any question as to the existence of Disability of Executive as to which Executive and the Company cannot agree shall be determined in writing by a qualified independent physician mutually agreed to by Executive and the Company. If Executive and the Company cannot agree as to a qualified independent physician, each shall appoint such a physician and the two appointed 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, Executive or Executive's estate (as the case may be) shall be entitled to receive within thirty (30) days the following:
  - a. The Accrued Rights;
  - b. *Pro rata portion of the Executive's Annual Bonus awarded to Executive (the "Pro Rata Bonus") equal to the greater of (a) Annual Bonus Oppor in which such death or disability occurs; or (b) the most recent Annual Bonus awarded to Executive. The Pro Rata Bonus amount awarded shall percentage of the Fiscal Year that shall have elapsed through the date of Executive's death or disability; and*
  - c. Company paid COBRA coverage for twelve (12) months for Executive's eligible dependents in the event of his death or disability.
- C. By the Company Without Cause or Resignation by Executive for Good Reason.
  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 compensation from that provided in this Agreement; or (B) change of reporting relationship as provided for in section II.A; (C) any relocation of the Company's corporate office that is more than 50 miles from its current location; or (D) the Company's breach of a material term of this Agreement or material duty owed to the Executive; provided that either of the events described in clauses (A), (B), (C) and (D) of this Section IV.C.2 shall constitute Good Reason only if the Company fails to cure such event within ten (10) business days after receipt from Executive of written notice of the event which constitutes Good Reason; provided, further, that "Good Reason" shall cease to exist on the sixtieth (60th) day following the later of its occurrence or Executive's knowledge thereof, unless Executive has given the Company written notice thereof by that date.
  3. If Executive's employment is terminated by the Company without Cause (other than by reason of death or Disability) or if Executive resigns for Good Reason, Executive shall be entitled to receive:
    - a. The Accrued Rights;
    - b. Continued payment of the Base Salary for twelve (12) months immediately following the date of such termination, in accordance with the terms of the Executive's employment agreement.

with the Company's normal payroll practices as in effect on the date of such termination and within thirty (30) days of such termination the greater of (a) pro rata portion (based on the percentage of the Fiscal Year that shall have elapsed through the date of Executive's termination of employment) of the Annual Bonus Opportunity for the Fiscal Year in which such termination occurs or (b) the most recent Annual Bonus awarded to Executive (Annual Bonus payment shall be paid within ten (10) business days following Executives termination); 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 and not approved by the Compensation Committee or Board of Directors;

- c. Company paid COBRA coverage for twelve (12) months immediately following the date of such termination or until Executive obtains comparable employment, whichever is shorter;
- d. Continuation of automobile allowance (as described in Section III.G.2. herein) for twelve (12) months immediately following the date of such termination or until Executive obtains comparable employment, whichever is shorter;
- e. Outplacement services for twelve (12) months immediately following the date of such termination or until Executive obtains comparable employment, whichever is shorter;
- f. Executive shall be entitled to acceleration of vesting for all unvested equity awards of the Company (including but not limited to any unvested options and restricted stock) under the Equity Plan; and

D. By the Company Without Cause or Resignation by Executive for Good Reason Within 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 Fide Research Co., Southpoint Capital Advisors LP, Tontine Capital Partners L.P. and their respective affiliates, the Company or any subsidiary, shall defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended from time to time), directly or indirectly, at least fifty percent (50 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 (B) 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.
  - d. 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.
2. Upon the consummation of a Change in Control during the Employment Term, Executive shall be entitled to acceleration of vesting for all unvested equity awards of the Company (including but not limited to any unvested options and restricted stock) under the Equity Plan.
3. Notwithstanding the foregoing, for a period of two (2) years from the Effective Date of this Agreement, the Executive may, at Executive’s sole discretion, elect to terminate Executive’s employment on such Change in Control by providing written notice to the Company prior to the closing of the transaction giving rise to the Change in Control. In such case, Executive shall receive from Company the following:
  - a. Continued payment of the Base Salary for twelve (12) months immediately following the date of such termination, in accordance with the Company’s normal payroll practices as in effect on the date of such termination and within thirty (30) days of such termination the greater of (a) pro rata portion (based on the percentage of the Fiscal Year that shall have elapsed through the date of Executive’s termination of employment) of the Annual Bonus Opportunity for the Fiscal Year in which such termination occurs or (b) the most recent Annual Bonus awarded to Executive; provided that the aggregate amount described in this Section IV.D.3.a. 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 and not approved by the Compensation Committee or Board of Directors;
- b. Company paid COBRA coverage for twelve (12) months immediately following the date of such termination or until Executive obtains comparable employment, whichever is shorter;
  - c. Continuation of automobile allowance (as described in Section III.G.2. herein) for twelve (12) months immediately following the date of such termination or until Executive obtains comparable employment, whichever is shorter;
  - d. Outplacement services for twelve (12) months immediately following the date of such termination or until Executive obtains comparable employment, whichever is shorter;
4. Notwithstanding the foregoing, if Executive's employment is terminated by the Company without Cause (other than by reason of death or Disability) or if Executive resigns for Good Reason within twelve (12) months following a Change in Control, Executive shall be entitled to the following:
- a. The Accrued Rights;
  - b. Continued payment of the Base Salary for twenty-four (24) months immediately following the date of such termination, in accordance with the payroll practices, as in effect on the date of such termination and within thirty (30) days of such termination two (2) times the most recent Annual Executive; provided that the aggregate amount described in this Section IV.D.4.b. shall be reduced by the present value of any other cash severance benefits payable to Executive under any other plans, programs or arrangements of the Company or its affiliates or its affiliates and not approved by the Compensation Committee or Board of Directors;
  - c. Company paid COBRA coverage for twelve (12) months immediately following the date of such termination or until Executive obtains comparable employment, whichever is shorter;
  - d. Continuation of automobile allowance (as described in Section III.G.2. herein) for twelve (12) months immediately following the date of such termination or until Executive obtains comparable employment, whichever is shorter; and

- e. Outplacement services for twelve (12) months immediately following the date of such termination or until Executive obtains comparable employment, whichever is shorter;

- 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 VIII.I. 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 agrees to resign, and shall be deemed to have resigned as of the date of such termination and to the extent applicable, from the Board (and any committees thereof) and the Board of Directors (and any committees thereof) and as an Officer of the Company and any and all of the Company's subsidiaries.

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 for a period of two (2) years if Executive ceases to be employed by the Company 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 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 the 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 (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 which are 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 and (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) retain or use for the benefit, purposes or account of Executive Person; or disclose, divulge, reveal, communicate, share, transfer or provide access to any Person outside the Company (other than its professional advisers who have a confidentiality obligations), any non-public, proprietary or confidential information – including without limitation trade secrets, know-how, research and development databases, inventions, processes, formulae, technology, designs and other intellectual property, information concerning finances, investments, profits, pricing, cost services, vendors, customers, clients, partners, investors, personnel, compensation, recruiting, training, advertising, sales, marketing, promotions, government and activities and approvals – concerning the past, current or future business, activities and operations of the Company, its subsidiaries or affiliates and/or any third party disclosed or provided any of same to the Company on a confidential basis ("Confidential Information") without the prior written authorization of the Board.
  - a. Notwithstanding any provisions herein to the contrary, the provisions of this Section VI-A do not prohibit Executive from disclosing Confidential Information in connection with the performance of his 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 confidentiality obligations 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 obligations; (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 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, its subsidiaries or 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.

B. Intellectual Property.

1. If Executive has created, invented, designed, developed, contributed to or improved any works of authorship, inventions, intellectual property, materials, and other work product (including without limitation, research, reports, software, databases, systems, applications, presentations, textual works, content, or audio 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, 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 with the Company and within the scope of such employment and/or with the use of any of the Company resources ("Company Works"), Executive shall promptly and irrevocably assign the same to the Company and hereby irrevocably assigns, transfers and conveys, to the maximum extent permitted by applicable law, all rights and intellectual property 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. 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 t
- B. Dispute Resolution. Any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity t including the determination of the scope or applicability of this Agreement to arbitrate, shall be determined by arbitration in Houston, Harris County, Texas before on arbitrator. The arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures (Streamlined Arbitration Rules and Procecd 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 re 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. Ther restrictions, agreements, promises, warranties, covenants or undertakings between the parties with respect to the subject matter herein other than those expressly set f herein. 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 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, leg 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 dele 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 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. Compliance with IRC Section 409A. Notwithstanding anything herein to the contrary, (i) if at the time of Executive's termination of employment with the Company Executive is a "specified employee" as defined in Section 409A of the Internal Revenue Code of 1986, as amended (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 prevent any accelerated or additional tax under Section 409A of the Code, then the Company will defer the commencement of the payment 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) and (ii) if any other payments of money or other benefits due to Executive hereunder could cause the application of an accelerated or additional tax under Section 409A of the Code, such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A of the Code, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, determined by the Board, that does not cause such an accelerated or additional tax; provided that neither the Company nor any of its employees or representatives shall have any liability to Executive with respect to thereto. Monthly payment amounts deferred pursuant to this Section will be accumulated for six months and that such accumulated amount will be paid to Executive six months after termination and the balance of payments due the Executive will be paid monthly.
- H. 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.
- I. 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 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:

Raymond Guba



- J. 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.
- K. Reimbursement of Legal Expenses. The Company shall reimburse Executive for reasonable and customary fees charged by his attorney to provide review of and legal counsel concerning this Agreement.
- L. 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.
- M. Indemnification. Executive shall be indemnified by the Company against liability as an officer 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.
- N. Directors and Officers Liability Insurance. The Company will insure Executive, for the duration of his employment 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.
- O. Withholding Taxes. The Company may withhold from any amounts payable under this Agreement such Federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.
- P. 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 as of the day and year first above written.

**By Executive:**

Raymond Guba

Dated

**By Integrated Electrical Services, Inc.:**

Robert B. Callahan  
Sr. Vice President, Human Resources

Dated