

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: November 11, 2005

Commission File No. 001-13783

**INTEGRATED ELECTRICAL SERVICES, INC.**

(Exact name of registrant as specified in its charter)

**DELAWARE**  
(State or other jurisdiction of  
incorporation or organization)

**76-0542208**  
(I.R.S. Employer Identification No.)

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

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.01 Entry into a Material Definitive Agreement.***Amendment to Loan and Security Agreement*

On November 11, 2005, the Company and certain of its subsidiaries entered into an amendment to the Company's \$80 million revolving credit facility with Bank of America, N.A. (the "Lender"). The amendment effects the following changes:

- Eliminates the application of the Fixed Charge Coverage Ratio test for the periods ended September 30, 2005 and October 31, 2005;
- Requires that the Company maintain a minimum borrowing availability under the facility of at least \$12 million, or if availability falls below \$12 million, the Company must provide cash collateral in the amount of such shortfall. As of November 11, 2005, availability under this facility was \$14.7 million. As of the same date, the Company's cash position was \$26.3 million; and
- Provides that the interest rate applicable to the Company's obligations under the credit facility will be increased by 50 basis points during the period ending on the earlier of March 31, 2006 or such time as the Lender syndicates the credit facility. The interest rate in effect thereafter remains unchanged.

The Company believes that it will be necessary to enter into another amendment to the credit facility before December 31, 2005 for the purpose of further amending the required Fixed Charge Coverage Ratio.

On November 14, 2005 the Company issued a press release announcing the foregoing matters, a copy of the which is filed as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein in its entirety.

**Item 7.01 Regulation FD Disclosure.***Settlement of Litigation*

On November 14, 2005, Integrated Electrical Services, Inc. (the "Company") announced that it has agreed to a settlement amount in two pending lawsuits. The first is an agreement to settle litigation related to the jury verdict in favor of the Company announced on April 24, 2005 relating to a contract dispute involving a subsidiary of the Company. The settlement amount is \$7.25 million. It is anticipated that this amount will be paid to the Company, subject to agreement on the final settlement documents this month. Additionally, the Company settled an outstanding prevailing wage case that was pending against a closed subsidiary. That settlement amount of \$2.325 million will be paid by the Company. It is anticipated that payment of \$1.5 million will be made December 1, 2005 with the remaining amount due on or before May 1, 2006.

The Company continues to pursue initiatives and discussions with third parties related to its previously announced refinancing or deleveraging activities with the Gordian Group.

On November 14, 2005 the Company issued a press release announcing the foregoing matters, a copy of the which is filed as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein in its entirety.

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**Item 9.01 Financial Statements and Exhibits.**

(c) Exhibits.

<b>Exhibit Number</b>	<b>Description of Exhibit</b>
10.1	Second Amendment to Loan and Security Agreement, dated November 11, 2005, by and among Bank of America, N.A., Integrated Electrical Services, Inc. and the Subsidiaries listed on Annex I and Annex II.
99.1	Press Release dated November 14, 2005.



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**EXHIBIT INDEX**

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99.1	Press Release dated November 14, 2005.

**SECOND AMENDMENT TO LOAN AND SECURITY AGREEMENT**

**THIS SECOND AMENDMENT TO LOAN AND SECURITY AGREEMENT** (this "Amendment") is made and entered into on November 11, 2005, to be effective as of the respective date hereinafter specified, by and among **BANK OF AMERICA, N.A.**, a national banking association, ("BA"), in its capacity as collateral and administrative agent under the Loan Agreement (as hereinafter defined) (BA, in such capacity, the "Agent"), and BA as Lender under the Loan Agreement (BA, in such capacity, the "Lender"), and **INTEGRATED ELECTRICAL SERVICES, INC.**, a Delaware corporation ("Parent"), and each of the Subsidiaries of Parent listed on Annex I attached hereto (Parent and such Subsidiaries of Parent being herein referred to collectively as the "Borrowers"), and the Subsidiaries of Parent listed on Annex II attached hereto (such Subsidiaries being referred to herein as the "Guarantors", and Borrowers and Guarantors being referred to herein as the "Credit Parties").

**RECITALS**

A. Agent, Lender and Credit Parties have entered into that certain Loan and Security Agreement, dated as of August 1, 2005, as amended by that certain Amendment to Loan and Security Agreement, entered into on September 30, 2005, by Agent, Lender, and Credit Parties (the Loan and Security Agreement, as amended, being referred to herein as the "Loan Agreement").

B. Credit Parties, Agent and Lender desire to amend the Loan Agreement as hereinafter set forth, subject to the terms and conditions hereinafter set forth.

**NOW, THEREFORE**, in consideration of the premises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

**AGREEMENT****ARTICLE I****Definitions**

**1.01** Capitalized terms used in this Amendment are defined in the Loan Agreement, as amended hereby, unless otherwise stated.

SECOND AMENDMENT TO  
LOAN AND SECURITY AGREEMENT

**ARTICLE II**  
**Amendments**

Effective as of the respective date hereinafter specified, the Loan Agreement is hereby amended as follows:

**2.01 Amendment and Restatement of Section 9.3.1 of the Loan Agreement.** Effective August 1, 2005, Section 9.3.1 of the Loan Agreement is amended and restated to read in its entirety as follows:

“9.3.1. **Fixed Charge Coverage Ratio.** The Borrower will maintain a Fixed Charge Coverage Ratio for each period of twelve consecutive months ended on the last day of each month set forth below (or with respect to the months ending on or before June 30, 2006, the period commencing on July 1, 2005 and ending on the last day of such month) of not less than the ratio set forth below opposite each such fiscal quarter:

<u>Period Ending</u>	<u>Fixed Charge Coverage Ratio</u>
July 2005	0.59
August 2005	0.61
November 2005	0.58
December 2005	0.55
January 2006	0.54
February 2006	0.54
March 2006	0.55
April 2006	0.58
May 2006	0.62
June 2006	0.65
July 2006	0.68
August 2006	0.71
September 2006	0.74
October 2006	0.78
November 2006	0.82
December 2006	0.87
January 2007	0.91
February 2007	0.95
March 2007	0.98
April 2007	0.99
May 2007 and each month thereafter	1.00

The Fixed Charge Coverage Ratio will not be tested for the respective period ending September 30, 2005, and October 31, 2005. Compliance with this Section 9.3.1 with respect to the period ended November 30, 2005 shall be tested based upon the financial statements delivered pursuant to Section 9.1.3, and no Default or Event of Default, if any,

shall occur under this Section with respect to the period ended November 30, 2005 until delivery of such financial statements; provided, however, that notwithstanding the foregoing, if such financial statements are not delivered to Agent by December 30, 2005, the parties hereto agree that Borrower will be deemed to have failed to maintain the minimum Fixed Charge Coverage Ratio for the period ending November 30, 2005.”

**2.02 Amendment to Appendix A of the Loan Agreement; Amendment to Definition of “Adjusted Net Earnings from Operations”.** Effective as of August 1, 2005, the definition of “Adjusted Net Earnings from Operations” contained in Appendix A of the Loan Agreement is amended by deleting therefrom the phrase “and reported on the Financial Statements for such period”.

**2.03 Amendment to Appendix A of the Loan Agreement; Amendment to Definition of “Applicable Margin”.** Effective as of November 1, 2005, the definition of “Applicable Margin” contained in Appendix A of the Loan Agreement is amended by deleting therefrom the present first sentence of such definition and substituting therefor a new sentence to read in its entirety as follows:

“Applicable Margin – a percentage equal to 1.50% with respect to Revolver Loans that are Base Rate Loans, 3.50% with respect to Revolver Loans that are LIBOR Loans, and 3.50% with respect to fees payable to Lenders pursuant to **Section 2.2.3(i)**, provided that, commencing on the earlier of (i) March 31, 2006 or (ii) a Participant or other Lender (other than Bank) becomes a party to this Agreement, the Applicable Margin shall be increased or (if no Default or Event of Default exists) decreased, based upon the Fixed Charge Coverage Ratio, as follows:

<u>Fixed Charge Coverage Ratio</u>	<u>Revolver Loans</u>		<u>Standby LCs</u>
	<u>Base Rate</u>	<u>LIBOR</u>	<u>Fee Percentage</u>
≤ 0.60	1.50%	3.50%	3.50%
> 0.60 and ≤ 0.75	1.25%	3.25%	3.25%
> 0.75 and ≤ 1.0	1.00%	3.00%	3.00%
> 1.0 and ≤ 1.15	0.75%	2.75%	2.75%
> 1.15	0.50%	2.50%	2.50%

**2.04 Minimum Availability.** Effective as of the date of execution of this Amendment, Section 9.4 is added to the Loan Agreement to read in its entirety as set forth below, and Appendix A to the Loan Agreement is amended to include the definitions of “Eligible Cash



Collateral” and “First Amendment Documentation” as set forth below, and to restate the definition of “Borrowing Base” in its entirety as set forth below:

Section 9.4 **Minimum Availability.**

9.4.1 **Minimum Availability and Availability Shortfall Amount.** In addition to and not in limitation of any other covenants of Credit Parties contained in the Loan Documents, Borrowers shall maintain at all times Availability of at least \$12,000,000. The parties hereto agree that on any day Borrowers do not maintain Availability of at least \$12,000,000 (with the amount by which Availability on such date is less than \$12,000,000 being herein referred to as the “**Availability Shortfall Amount**” and such date being referred to as an “**Availability Shortfall Date**”), such occurrence shall constitute a “Default” under this Agreement, and if by the second day after such Availability Shortfall Date, Borrowers have not provided to Agent new Eligible Cash Collateral at least equal to such Availability Shortfall Amount, such occurrence shall constitute an “Event of Default” under this Agreement.

9.4.2 **Deposit and Pledge of Eligible Cash Collateral.** Eligible Cash Collateral (together with any interest accrued thereon) shall be held by Agent in the Cash Collateral Account and may be invested, in Agent’s discretion, in Cash Equivalents. Each Credit Party hereby pledges to Agent and grants to Agent a security interest in, for the benefit of Agent in such capacity and for the Pro Rata benefit of Lenders, all cash held in the Cash Collateral Account from time to time and all proceeds thereof, as security for payment of all Obligations, whether or not then due or payable. Neither any Credit Party nor any other Person claiming by, through or under or on behalf of any Credit Party shall have any right to withdraw any of the Eligible Cash Collateral held in the Cash Collateral Account, including any accrued interest. All cash in the Cash Collateral Account shall constitute Collateral and Agent, for the Pro Rata benefit of Lenders, shall have the rights and remedies as to Collateral as are specified in this Agreement or the other Loan Documents or as are otherwise available under applicable law. The parties hereto agree that the Eligible Cash Collateral shall neither constitute “Cash Collateral” for the purposes of determining the Letter of Credit Fee pursuant to Section 2.2.3 of this Agreement nor constitute “Cash Collateral” as such term is used in the definition of “LC Reserve” nor constitute the “cash collateral” required to be provided by Borrowers pursuant to the First Amendment Documentation.

“**Eligible Cash Collateral**” - cash representing proceeds of Collateral or proceeds from such other source of funding which is satisfactory to Agent, in its reasonable discretion, that is deposited after the occurrence of an Availability Shortfall Date into a demand deposit, money market or other account in Agent’s name and subject to Agent’s Liens, for the Pro Rata benefit of Lenders, and which cash deposit is in addition to and not in substitution for amounts previously deposited into the Cash Collateral Account pursuant to the other provisions of the Loan

Documents including, without limitation, the provisions of Section 1.2.7 of this Agreement or the provisions of the First Amendment Documentation; provided, however, the term “Eligible Cash Collateral” shall not include any cash (i) to the extent Agent, on behalf of itself and the Lenders, does not have therein a valid, enforceable first priority Lien; (ii) to the extent that any defense, counterclaim, setoff or dispute exists or is asserted with respect thereto; or (iii) that it is subject to any Lien of any Person, other than Liens in favor of Agent, on behalf of itself and Lenders, or that is not owned by a Credit Party.

“First Amendment Documentation” - the documentation executed in connection with that certain Amendment to Loan and Security Agreement, dated September 30, 2005, executed by Agent, Lender and Credit Parties.

“Borrowing Base” - on any date of determination thereof, an amount equal to the lesser of: (a) the aggregate amount of the Commitments on such date minus the LC Reserves on such date minus \$5,000,000, or (b) an amount equal to (i) the sum of the Accounts Formula Amount plus the Inventory Formula Amount on such date plus the Equipment Formula Amount on such date plus the Eligible Cash Collateral held by Agent on such date minus (ii) the Availability Reserve on such date minus (iii) \$5,000,000 minus (iv) the LC Reserves on such date.

**2.05 Amendment to Section 9.1.16 of the Loan Agreement.** Effective as of the date of execution of this Amendment, Section 9.1.16 of the Loan Agreement is amended and restated to read in its entirety as follows:

“9.1.16 Enertech Consent. By December 30, 2005, deliver to Agent evidence of the assignment by Parent to another Borrower of Parent’s ownership in Enertech, together with the consent of Enertech to such assignment.”

**2.06 New Fictitious Name.** Agent and Lenders hereby agree and acknowledge that Tesla Power & Automation L.P. has since on or about September 20, 2005, been transacting business in the States of Texas, Alabama, Louisiana and Mississippi using the assumed name “PS-Service” and Agent and Lenders hereby agree that Borrowers gave sufficient notice to Agent pursuant to Section 9.2.1 of the Loan Agreement of the use of such assumed name in such States. To the extent not already supplied to Agent, Borrowers hereby agree to promptly give to Agent copies of all documentation filed in such States as to the use of such assumed name by Tesla Power & Automation, L.P.

**2.07 Amendment Fee.** Credit Parties agree to pay to Agent an amendment fee of \$100,000, which amendment fee shall be deemed fully earned and non-refundable as of the date of execution of this Amendment, which amendment fee shall be due and payable in full upon the date of execution of this Amendment.

**ARTICLE III**

**No Waiver**

**3.01 No Waiver.** Except for the amendments to the Loan Agreement expressly set forth in Article II hereof, nothing in this Amendment shall directly or indirectly whatsoever either: (i) be construed as a waiver of any covenant or provision of the Loan Agreement, any other Loan Document or any other contract or instrument or (ii) impair, prejudice or otherwise adversely affect any right of Agent or Lender at any time to exercise any right, privilege or remedy in connection with the Loan Agreement, any other Loan Document or any other contract or instrument, or (iii) constitute any course of dealing or other basis for altering any obligation of Credit Parties or any right, privilege or remedy of Agent or Lender under the Loan Agreement, any other Loan Document or any other contract or instrument or constitute any consent by Agent or Lender to any prior, existing or future violations of the Loan Agreement or any other Loan Document. Credit Parties hereby agree and acknowledge that hereafter Credit Parties are expected to strictly comply with their duties, obligations and agreements under the Loan Agreement and the other Loan Documents.

**ARTICLE IV**

**Conditions Precedent**

**4.01 Conditions to Effectiveness.** The effectiveness of this Amendment (including the agreements and waiver contained herein) is subject to the satisfaction of the following conditions precedent in a manner satisfactory to Agent, unless specifically waived in writing by Agent:

(a) Agent shall have received each of the following, each in form and substance satisfactory to Agent, in its sole discretion, and, where applicable, each duly executed by each party thereto, other than Agent or Lender:

(i) This Amendment, duly executed by Credit Parties; and

(ii) All other documents Agent may request with respect to any matter relevant to this Amendment or the transactions contemplated hereby.

(b) The representations and warranties contained herein and in the Loan Agreement and the other Loan Documents, as each is amended hereby, shall be true and correct in all material respects as of the date hereof, as if made on the date hereof, except for those representations and warranties specifically made as of an earlier date, which shall be true and correct in all material respects as of such earlier date.

(c) After giving effect to the provisions of this Amendment, no Default or Event of Default shall have occurred and be continuing, unless such Default or Event of Default has been otherwise specifically waived in writing by Agent.

(d) All organizational proceedings taken in connection with the transactions contemplated by this Amendment and all documents, instruments and other legal matters incident thereto shall be reasonably satisfactory to Agent and its legal counsel.

(e) Agent shall have received, in immediately available funds, payment of the amendment fee required to be paid by Credit Parties to Agent pursuant to the provisions of Section 2.07 hereof.

#### ARTICLE V

##### **Ratifications, Representations and Warranties**

**5.01 Ratifications.** The terms and provisions set forth in this Amendment shall modify and supersede all inconsistent terms and provisions set forth in the Loan Agreement and the other Loan Documents, and, except as expressly modified and superseded by this Amendment, the terms and provisions of the Loan Agreement and the other Loan Documents are ratified and confirmed and shall continue in full force and effect. Each Credit Party and Lender and Agent agree that the Loan Agreement and the other Loan Documents, as amended hereby, shall continue to be legal, valid, binding and enforceable in accordance with their respective terms.

**5.02 Representations and Warranties.** Each Credit Party hereby represents and warrants to Lender and Agent that (a) the execution, delivery and performance of this Amendment and any and all other Loan Documents executed and/or delivered in connection herewith have been authorized by all requisite organizational action on the part of such Credit Party and will not violate the organizational or governing documents of such Credit Party; (b) the representations and warranties contained in the Loan Agreement, as amended hereby, and any other Loan Document are true and correct in all material respects on and as of the date hereof and on and as of the date of execution hereof as though made on and as of each such date, except for those representations and warranties specifically made as of an earlier date, which shall be true and correct in all material respects as of such earlier date; (c) no Default or Event of Default under the Loan Agreement, as amended hereby, has occurred and is continuing, unless such Default or Event of Default has been specifically waived in writing by Agent; (d) each Credit Party is in material compliance with all covenants and agreements contained in the Loan Agreement and the other Loan Documents, as amended hereby; and (e) except for an amendment to change the name of Brink Electric Construction Co. to IES Rapid City, Inc., no Credit Party has amended its organizational or governing documents since the date of execution of the Loan Agreement.

#### ARTICLE VI

##### **Miscellaneous Provisions**

**6.01 Survival of Representations and Warranties.** All representations and warranties made in the Loan Agreement or any other Loan Document, including, without limitation, any document furnished in connection with this Amendment, shall survive the execution and delivery of this Amendment and the other Loan Documents, and no investigation by Lender or Agent or any closing shall affect the representations and warranties or the right of Lender or Agent to rely upon them.

**6.02 Reference to Loan Agreement.** Each of the Loan Agreement and the other Loan Documents, and any and all other Loan Documents, documents or instruments now or hereafter executed and delivered pursuant to the terms hereof or pursuant to the terms of the Loan Agreement, as amended hereby, are hereby amended so that any reference in the Loan Agreement and such other Loan Documents to the Loan Agreement shall mean a reference to the Loan Agreement, as amended hereby, and any reference in the Loan Agreement and such other Loan Documents to any other Loan Document amended by the provisions of this Amendment shall mean a reference to such other Loan Documents, as amended hereby.

**6.03 Expenses of Lender.** As provided in the Loan Agreement, each Credit Party agrees to pay on demand all costs and out-of-pocket expenses incurred by Lender and Agent in connection with the preparation, negotiation, and execution of this Amendment and the other Loan Documents executed pursuant hereto and any and all amendments, modifications, and supplements thereto, including, without limitation, the costs and fees of Lender's and Agent's legal counsel, and all costs and out-of-pocket expenses incurred by Lender and Agent in connection with the enforcement or preservation of any rights under the Loan Agreement, as amended hereby, or any other Loan Documents, including, without, limitation, the costs and fees of Lender's and Agent's legal counsel.

**6.04 Severability.** Any provision of this Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.

**6.05 Successors and Assigns.** This Amendment is binding upon and shall inure to the benefit of Lender and Agent and each Credit Party and their respective successors and assigns, except that no Credit Party may assign or transfer any of its rights or obligations hereunder without the prior written consent of Lender and Agent.

**6.06 Counterparts.** This Amendment may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument.

**6.07 Effect of Waiver.** No consent or waiver, express or implied, by Lender or Agent to or for any breach of or deviation from any covenant or condition by any Credit Party shall be deemed a consent to or waiver of any other breach of the same or any other covenant, condition or duty.

**6.08 Headings.** The headings, captions, and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

**6.09 Applicable Law.** THIS AMENDMENT AND ALL OTHER LOAN DOCUMENTS EXECUTED PURSUANT HERETO SHALL BE DEEMED TO HAVE BEEN

MADE AND TO BE PERFORMABLE IN AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

**6.10 Final Agreement.** THE LOAN AGREEMENT AND THE OTHER LOAN DOCUMENTS, EACH AS AMENDED HEREBY, REPRESENT THE ENTIRE EXPRESSION OF THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF ON THE DATE THIS AMENDMENT IS EXECUTED. THE LOAN AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS AMENDED HEREBY, MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES. NO MODIFICATION, RESCISSION, WAIVER, RELEASE OR AMENDMENT OF ANY PROVISION OF THIS AMENDMENT SHALL BE MADE, EXCEPT BY A WRITTEN AGREEMENT SIGNED BY EACH CREDIT PARTY AND LENDER AND AGENT.

**6.11 Release.** EACH CREDIT PARTY HEREBY ACKNOWLEDGES THAT IT HAS NO DEFENSE, COUNTERCLAIM, OFFSET, CROSS-COMPLAINT, CLAIM OR DEMAND OF ANY KIND OR NATURE WHATSOEVER THAT CAN BE ASSERTED TO REDUCE OR ELIMINATE ALL OR ANY PART OF ITS LIABILITY TO REPAY THE "OBLIGATIONS" OR TO SEEK AFFIRMATIVE RELIEF OR DAMAGES OF ANY KIND OR NATURE FROM LENDER OR AGENT. EACH CREDIT PARTY HEREBY VOLUNTARILY AND KNOWINGLY RELEASES AND FOREVER DISCHARGES LENDER AND AGENT AND ITS RESPECTIVE PREDECESSORS, AGENTS, EMPLOYEES, SUCCESSORS AND ASSIGNS, FROM ALL POSSIBLE CLAIMS, DEMANDS, ACTIONS, CAUSES OF ACTION, DAMAGES, COSTS, EXPENSES, AND LIABILITIES WHATSOEVER, KNOWN OR UNKNOWN, ANTICIPATED OR UNANTICIPATED, SUSPECTED OR UNSUSPECTED, FIXED, CONTINGENT, OR CONDITIONAL, AT LAW OR IN EQUITY, ORIGINATING IN WHOLE OR IN PART ON OR BEFORE THE DATE THIS AMENDMENT IS EXECUTED, WHICH ANY CREDIT PARTY MAY NOW OR HEREAFTER HAVE AGAINST LENDER OR AGENT OR ITS RESPECTIVE PREDECESSORS, AGENTS, EMPLOYEES, SUCCESSORS AND ASSIGNS, IF ANY, AND IRRESPECTIVE OF WHETHER ANY SUCH CLAIMS ARISE OUT OF CONTRACT, TORT, VIOLATION OF LAW OR REGULATIONS, OR OTHERWISE, AND ARISING FROM ANY "LOANS," INCLUDING, WITHOUT LIMITATION, ANY CONTRACTING FOR, CHARGING, TAKING, RESERVING, COLLECTING OR RECEIVING INTEREST IN EXCESS OF THE HIGHEST LAWFUL RATE APPLICABLE, THE EXERCISE OF ANY RIGHTS AND REMEDIES UNDER THE LOAN AGREEMENT OR OTHER LOAN DOCUMENTS, AND NEGOTIATION FOR AND EXECUTION OF THIS AMENDMENT.

**IN WITNESS WHEREOF**, this Amendment has been executed on November 11, 2005, to be effective as the respective date set forth above.

LENDER:

**Bank of America, N.A.**, as Sole Lender

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

AGENT:

**Bank of America, N.A.**, as Agent

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

AMENDMENT TO  
LOAN AND SECURITY AGREEMENT

CREDIT PARTIES:

**INTEGRATED ELECTRICAL SERVICES, INC.**

By: \_\_\_\_\_  
Curt Warnock  
Senior Vice President

AMENDMENT TO  
LOAN AND SECURITY AGREEMENT



ALADDIN WARD ELECTRIC & AIR, INC.  
AMBER ELECTRIC, INC.  
ARC ELECTRIC, INCORPORATED  
BACHOFNER ELECTRIC, INC.  
BEAR ACQUISITION CORPORATION

BRYANT ELECTRIC COMPANY, INC.  
BW/BEC, INC.  
BW CONSOLIDATED, INC.  
CHARLES P. BAGBY CO., INC.  
COLLIER ELECTRIC COMPANY, INC.  
COMMERCIAL ELECTRICAL CONTRACTORS, INC.  
CROSS STATE ELECTRIC, INC.  
CYPRESS ELECTRICAL CONTRACTORS, INC.  
DANIEL ELECTRICAL CONTRACTORS, INC.  
DANIEL ELECTRICAL OF TREASURE COAST,  
INC.  
DANIEL INTEGRATED TECHNOLOGIES, INC.  
DAVIS ELECTRICAL CONSTRUCTORS, INC.  
ELECTRO-TECH, INC.  
EMC ACQUISITION CORPORATION  
FEDERAL COMMUNICATIONS GROUP, INC.  
GENERAL PARTNER, INC.  
H. R. ALLEN, INC.  
HATFIELD REYNOLDS ELECTRIC COMPANY  
HOLLAND ELECTRICAL SYSTEMS, INC.  
HOUSTON-STAFFORD ELECTRIC HOLDINGS III, INC.  
HOUSTON-STAFFORD MANAGEMENT LLC  
ICS HOLDINGS LLC  
IES ALBUQUERQUE, INC.  
IES AUSTIN, INC.  
IES AUSTIN MANAGEMENT LLC  
IES CHARLOTTE, INC.  
IES COLLEGE STATION, INC.  
IES COLLEGE STATION MANAGEMENT LLC  
IES COMMUNICATIONS, INC.  
IES CONTRACTORS MANAGEMENT LLC  
IES DECATUR, INC.  
IES EAST MCKEESPORT, INC.  
IES ENC, INC.  
IES ENC MANAGEMENT, INC.  
IES MERIDIAN, INC.  
IES NEW IBERIA, INC.  
IES OKLAHOMA CITY, INC.

AMENDMENT TO  
LOAN AND SECURITY AGREEMENT

IES OPERATIONS GROUP, INC.  
IES PROPERTIES, INC.  
IES PROPERTIES MANAGEMENT, INC.  
IES RALEIGH, INC.  
IES RAPID CITY, INC.  
IES RESIDENTIAL GROUP, INC.  
IES SPECIALTY LIGHTING, INC.  
IES VALDOSTA, INC.  
IES VENTURES INC.  
IES WILSON, INC.  
INTEGRATED ELECTRICAL FINANCE, INC.  
INTELLIGENT BUILDING SOLUTIONS, INC.  
J.W. GRAY ELECTRIC CO., INC.  
J.W. GRAY MANAGEMENT LLC  
KAYTON ELECTRIC, INC.  
KEY ELECTRICAL SUPPLY, INC.  
LINEMEN, INC.  
MARK HENDERSON, INCORPORATED MENNINGA  
ELECTRIC, INC.  
MID-STATES ELECTRIC COMPANY, INC.  
MILLS ELECTRICAL CONTRACTORS, INC.  
MILLS MANAGEMENT LLC  
MITCHELL ELECTRIC COMPANY, INC.  
M-S SYSTEMS, INC.  
MURRAY ELECTRICAL CONTRACTORS, INC.  
NBH HOLDING CO., INC.  
NEAL ELECTRIC MANAGEMENT LLC  
NEW TECHNOLOGY ELECTRICAL CONTRACTORS, INC.  
NEWCOMB ELECTRIC COMPANY, INC.  
PAN AMERICAN ELECTRIC COMPANY, INC.  
PAN AMERICAN ELECTRIC, INC.  
PAULIN ELECTRIC COMPANY, INC.  
POLLOCK ELECTRIC, INC.  
PRIMENET, INC.  
PRIMO ELECTRIC COMPANY  
RAINES ELECTRIC CO., INC.  
RAINES MANAGEMENT LLC  
RIVIERA ELECTRIC, LLC  
RKT ELECTRIC, INC.  
ROCKWELL ELECTRIC, INC.  
RODGERS ELECTRIC COMPANY, INC.  
RON'S ELECTRIC, INC.  
SEI ELECTRICAL CONTRACTOR, INC.  
SPECTROL, INC.  
SUMMIT ELECTRIC OF TEXAS, INC.

AMENDMENT TO  
LOAN AND SECURITY AGREEMENT

TESLA POWER GP, INC.  
THOMAS POPP & COMPANY  
VALENTINE ELECTRICAL, INC.  
WRIGHT ELECTRICAL CONTRACTING, INC.

By: \_\_\_\_\_  
**Curt Warnock**  
**Vice President**

IES CONTRACTORS, INC.

Name: \_\_\_\_\_  
**Curt Warnock**  
**Secretary**

IES REINSURANCE, LTD.

Name: \_\_\_\_\_  
**Curt Warnock**  
**President**

BEXAR ELECTRIC COMPANY, LTD.

By: BW/BEC, Inc., its general partner

Name: \_\_\_\_\_  
**Curt Warnock**  
**Vice President**

HAYMAKER ELECTRIC, LTD

By: General Partner, Inc., its general partner

Name: \_\_\_\_\_  
**Curt Warnock**  
**Vice President**

HOUSTON-STAFFORD ELECTRICAL CONTRACTORS LP

By: Houston-Stafford Management LLC, its general partner

Name: \_\_\_\_\_  
**Curt Warnock**  
**Vice President**

AMENDMENT TO  
LOAN AND SECURITY AGREEMENT

IES AUSTIN HOLDING LP

By: IES Austin Management LLC, its general partner

Name: \_\_\_\_\_  
**Curt Warnock**  
**Vice President**

IES COLLEGE STATION HOLDING LP

By: IES College Station Management LLC, its general partner

Name: \_\_\_\_\_  
**Curt Warnock**  
**Vice President**

IES FEDERAL CONTRACT GROUP, L.P.

By: IES Contractors Management LLC

Name: \_\_\_\_\_  
**Curt Warnock**  
**Vice President**

IES MANAGEMENT ROO, LP

By: Neal Electric Management LLC, its general partner

Name: \_\_\_\_\_  
**Curt Warnock**  
**Vice President**

IES MANAGEMENT LP

By: IES Residential Group, Inc., its general partner

Name: \_\_\_\_\_  
**Curt Warnock**  
**Vice President**

IES PROPERTIES, LP

By: IES Properties Management, Inc., its general partner

Name: \_\_\_\_\_  
**Curt Warnock**  
**Vice President**

AMENDMENT TO  
LOAN AND SECURITY AGREEMENT

J.W. GRAY ELECTRICAL CONTRACTORS LP  
By: J.W. Gray Management LLC, its general partner

Name: \_\_\_\_\_  
**Curt Warnock**  
**Vice President**

MILLS ELECTRIC LP  
By: Mills Management LLC

Name: \_\_\_\_\_  
**Curt Warnock**  
**Vice President**

NEAL ELECTRIC LP  
By: BW/BEC, Inc., its general partner

Name: \_\_\_\_\_  
**Curt Warnock**  
**Vice President**

POLLOCK SUMMIT ELECTRIC LP  
By: Pollock Electric, Inc. and Summit Electric of Texas, Inc.,  
its general partners

Name: \_\_\_\_\_  
**Curt Warnock**  
**Vice President**

RAINES ELECTRIC LP  
By: Raines Management LLC, its general partner

Name: \_\_\_\_\_  
**Curt Warnock**  
**Vice President**

TESLA POWER AND AUTOMATION, L.P.  
By: Telsa Power GP, Inc., its general partner

Name: \_\_\_\_\_  
**Curt Warnock**  
**Vice President**

AMENDMENT TO  
LOAN AND SECURITY AGREEMENT

TESLA POWER PROPERTIES, L.P.

By: Telsa Power GP, Inc., its general partner

Name: \_\_\_\_\_

**Curt Warnock**  
**Vice President**

AMENDMENT TO  
LOAN AND SECURITY AGREEMENT

BEXAR ELECTRIC II LLC  
BW/BEC II LLC  
BW/BEC, L.L.C.  
HOUSTON-STAFFORD HOLDINGS II LLC  
HOUSTON-STAFFORD HOLDINGS LLC  
IES AUSTIN HOLDINGS II LLC  
IES AUSTIN HOLDINGS LLC  
IES COLLEGE STATION HOLDINGS II LLC  
IES COLLEGE STATION HOLDINGS LLC  
IES CONTRACTORS HOLDINGS LLC  
IES HOLDINGS II LLC  
IES PROPERTIES HOLDINGS II LLC  
J.W. GRAY HOLDINGS II LLC  
J.W. GRAY HOLDINGS LLC  
MILLS ELECTRIC HOLDINGS II LLC  
MILLS ELECTRIC HOLDINGS LLC  
POLLOCK SUMMIT HOLDINGS II LLC  
RAINES HOLDINGS II LLC  
RAINES HOLDINGS LLC  
TESLA POWER (NEVADA) II LLC

By: \_\_\_\_\_  
Victor Duva, Manager

AMENDMENT TO  
LOAN AND SECURITY AGREEMENT

IES PROPERTIES HOLDINGS, INC.

POLLOCK SUMMIT HOLDINGS INC.

TESLA POWER (NEVADA), INC.

By: \_\_\_\_\_  
Victor Duva, President

AMENDMENT TO  
LOAN AND SECURITY AGREEMENT



Annex I

**Borrowers**

Aladdin-Ward Electric & Air, Inc.	Florida
Amber Electric, Inc.	Florida
ARC Electric, Incorporated	Delaware
Bachofner Electric, Inc.	Delaware
Bexar Electric Company, Ltd.	Texas
IES Rapid City, Inc.	South Dakota
Bryant Electric Company, Inc.	North Carolina
Charles P. Bagby Co., Inc.	Alabama
Collier Electric Company, Inc.	Florida
Commercial Electrical Contractors, Inc.	Delaware
Cross State Electric, Inc.	California
Cypress Electrical Contractors, Inc.	Delaware
Daniel Electrical Contractors, Inc.	Florida
Daniel Electrical of Treasure Coast, Inc.	Florida
Daniel Integrated Technologies, Inc.	Florida
Davis Electrical Constructors, Inc.	South Carolina
Electro-Tech, Inc.	Nevada
Federal Communications Group, Inc.	Delaware
H.R. Allen, Inc.	South Carolina
Hatfield Reynolds Electric Company	Arizona
Haymaker Electric, Ltd.	Alabama
Holland Electrical Systems, Inc.	Delaware
Houston-Stafford Electrical Contractors LP	Texas
IES Contractors, Inc.	Delaware
IES Federal Contract Group, LP	Texas
IES Management LP	Texas
IES Management ROO, LP	Texas
IES Properties LP	Texas
IES Reinsurance, Ltd.	Bermuda
IES Ventures, Inc.	Delaware
Integrated Electrical Finance, Inc.	Delaware
Integrated Electrical Services, Inc.	Delaware
J.W. Gray Electric Co., Inc.	Delaware
J.W. Gray Electrical Contractors LP	Texas
Kayton Electric, Inc.	Nebraska
Key Electrical Supply, Inc.	Texas
Linemen, Inc.	Delaware
Mark Henderson, Incorporated	Delaware
Menninga Electric, Inc.	Delaware
Mid-States Electric Company, Inc.	Delaware
Mills Electric LP	Texas

AMENDMENT TO  
LOAN AND SECURITY AGREEMENT

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Mitchell Electric Company, Inc.	Arizona
M-S Systems, Inc.	Tennessee
Murray Electrical Contractors, Inc.	Delaware
Neal Electric LP	Texas
New Technology Electrical Contractors, Inc.	Delaware
Newcomb Electric Company, Inc.	Delaware
Pan American Electric, Inc.	Tennessee
Pan American Electric Company, Inc.	New Mexico
Paulin Electric Company, Inc.	Delaware
Pollock Summit Electric LP	Texas
PrimeNet, Inc.	Delaware
Primo Electric Company	Delaware
Raines Electric LP	Texas
Riviera Electric, LLC	Delaware
RKT Electric, Inc.	Delaware
Rockwell Electric, Inc.	Delaware
Rodgers Electric, Inc.	Washington
Ron's Electric, Inc.	Delaware
SEI Electrical Contractor, Inc.	Florida
Spectrol, Inc.	Delaware
Tesla Power & Automation, L.P.	Texas
Tesla Power Properties, L.P.	Texas
Thomas Popp & Company	Ohio
Valentine Electrical, Inc.	Delaware
Wright Electrical Contracting, Inc.	Delaware

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## Annex II

### Guarantors

Bear Acquisition Corporation	Delaware
Bexar Electric II LLC	Arizona
BW Consolidated, Inc.	Nevada
BW/BEC II LLC	Arizona
BW/BEC, Inc.	Delaware
BW/BEC, LLC	Nevada
General Partners, Inc.	Alabama
Houston-Stafford Electric Holding III, Inc.	Nevada
Houston-Stafford Holdings II LLC	Delaware
Houston-Stafford Holdings LLC	Arizona
Houston-Stafford Management LLC	Arizona
ICS Holdings LLC	Arizona
IES Communications, Inc.	Delaware
IES Contractors Holdings LLC	Arizona
IES Contractors Management LLC	Arizona
IES ENC Management, Inc.	Delaware
IES ENC, Inc.	Delaware
IES Holdings II LLC	Delaware
IES Holdings LLC	Arizona
IES Operations Group, Inc.	Delaware
IES Properties Holding, Inc.	Delaware
IES Properties Holdings II LLC	Arizona
IES Properties Management, Inc.	Delaware
IES Properties, Inc.	Delaware
IES Residential Group, Inc.	Delaware
IES Specialty Lighting, Inc.	Delaware
Intelligent Buildings Solutions, Inc.	Delaware
J.W. Gray Holdings II LLC	Delaware
J.W. Gray Holdings LLC	Arizona
J.W. Gray Management LLC	Arizona
Mills Electric Contractors, Inc.	Delaware
Mills Electric Holdings II LLC	Delaware
Mills Electrical Holdings LLC	Arizona
Mills Management LLC	Arizona
Neal Electric Management LLC	Arizona
Pollock Electric, Inc.	Delaware
Pollock Summit Holdings I LLC	Delaware
Pollock Summit Holdings, Inc.	Arizona
Raines Electric Co., Inc.	Delaware
Raines Holdings II LLC	Delaware
Raines Holdings LLC	Arizona

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Raines Management LLC	Arizona
Summit Electric of Texas, Inc.	Delaware
Tesla Power (Nevada) , Inc.	Nevada
Tesla Power (Nevada) II LLC	Delaware
Tesla Power GP, Inc.	Delaware
EMC Acquisition Corporation	Delaware
Ernest P. Breaux Electrical, Inc.	Delaware
IES Albuquerque, Inc.	New Mexico
IES Austin Holding LP	Texas
IES Austin Holdings II LLC	Delaware
IES Austin Holdings LLC	Arizona
IES Austin Management LLC	Arizona
IES Austin, Inc.	Delaware
IES Charlotte, Inc.	Delaware
IES College Station Holdings II, LLC	Delaware
IES College Station Holdings LLC	Arizona
IES College Station Holdings LP	Texas
IES College Station Management LLC	Arizona
IES College Station, Inc.	Delaware
IES Decatur, Inc.	Delaware
IES East McKeesport, Inc.	Delaware
IES Meridian, Inc.	Delaware
IES Oklahoma City, Inc.	Delaware
IES Raleigh, Inc.	Delaware
IES Valdosta Inc.	Georgia
IES Wilson, Inc.	Delaware
NBH Holding Co., Inc.	Delaware

**NEWS RELEASE**

Contacts: C. Byron Snyder, Chairman and CEO  
Integrated Electrical Services, Inc.  
713-860-1500

**FOR IMMEDIATE RELEASE**

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Karen Roan / [kcroan@drg-e.com](mailto:kcroan@drg-e.com)  
DRG&E  
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**INTEGRATED ELECTRICAL SERVICES REPORTS AGREEMENTS  
FOR SETTLEMENT OF LITIGATION MATTERS AND  
AMENDMENT TO ITS REVOLVING CREDIT FACILITY**

HOUSTON — NOVEMBER 14, 2005 — Integrated Electrical Services, Inc. (NYSE: IES) announced today that it has agreed to a settlement amount in two pending lawsuits. The first is the agreement to settle litigation related to the jury verdict announced on April 24, 2005, in favor of the Company, that was over a contract dispute involving a subsidiary. It is anticipated the settlement amount of \$7.25 million will be paid to the Company, subject to agreement on the final settlement documents, this month. Additionally, the Company settled an outstanding prevailing wage case that was pending against a closed subsidiary. That settlement amount of \$2.325 million will be paid by the Company. It is anticipated that a payment of \$1.5 million will be made December 1, 2005 with the remaining amount due on or before May 1, 2006.

Additionally, on November 11, 2005, IES and certain of its subsidiaries entered into an amendment to the Company's \$80 million revolving credit facility with Bank of America, N.A. The amendment eliminates the application of the Fixed Charge Coverage Ratio test for the periods ended September 30, 2005 and October 31, 2005. In addition, the amendment requires that the Company maintain a minimum borrowing availability under the facility of at least \$12 million, or if availability falls below \$12 million, the Company must provide cash collateral in the amount of the shortfall. As of November 11, 2005, availability under this facility was \$14.7 million. As of the same date, the Company's cash position was \$26.3 million.

The Fixed Charge Coverage Ratio Test is a cumulative test beginning July 1, 2005. Based on preliminary results for September, which the Company is still reviewing as part of completing its year end audit, and the impact of results for September on the cumulative nature of the test, the Company believes that it will be necessary to enter into another amendment to the credit facility before December 30, 2005 for the purpose of further amending the required Fixed Charge Coverage Ratio.

The amendment also provides that the interest rate applicable to the Company's obligations under the credit facility will be increased by 50 basis points during the period ending on the earlier of March 31, 2006 or such time as the Lender syndicates the credit facility. The interest rate in effect thereafter remains unchanged.

The Company continues to pursue initiatives and discussions with third parties related to its previously announced intention to take steps to strengthen its balance sheet, including exploring alternatives to refinance or de-lever all or a part of its long term debt. "As we undertake this process, we appreciate the continued support our customers, vendors, employees, creditors and investors have shown us," said Byron Snyder, Chief Executive Officer. "We are working to address these issues as expeditiously as possible but realize that the solution will not be achieved overnight. Settling these litigation matters not only has a positive cash impact on IES, it allows management to focus more closely on the activities at hand, including the completion of the annual audit and issuance of our annual report on Form 10-K, which the Company expects to file timely on or about December 14, 2005."

*This press release includes certain statements that may be deemed to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on the Company's expectations and involve risks and uncertainties that could cause the Company's actual results to differ materially from those set forth in the statements. Such risks and uncertainties include, but are not limited to, the inherent uncertainties relating to estimating future operating results or our ability to generate sales, income, or cash flow, potential difficulty in addressing material weaknesses in the Company's accounting systems that have been identified to the Company by its independent auditors, potential limitations on our ability to access the credit line under our credit facility, litigation risks and uncertainties, fluctuations in operating results because of downturns in levels of construction, inaccurate estimates used in entering into and executing contracts, difficulty in managing the operation of existing entities, the high level of competition in the construction industry, changes in interest rates, the general level of the economy, level of competition from other electrical contractors, increases in costs or limitations on availability of labor, steel, copper and gasoline, limitations on the availability and the increased costs of surety bonds required for certain projects, inability to reach agreements with our surety companies to provide sufficient bonding capacity, risk associated with failure to provide surety bonds on jobs where we have commenced work or are otherwise contractually obligated to provide surety*

bonds, loss of key personnel, business disruption and costs associated with the Securities and Exchange Commission investigation and class action litigation, unexpected liabilities associated with warranties or other liabilities attributable to the retention of the legal structure of business units where we have sold substantially all of the assets of the business unit, inability to fulfill the terms or meet the required financial covenants of the credit facility, difficulty in integrating new types of work into existing subsidiaries, inability of subsidiaries to incorporate new accounting, control and operating procedures, inaccuracies in estimating revenues and percentage of completion on contracts, disruptions or inability to effectively manage opportunities related to Hurricane Katrina and Rita and the expected increase in construction, inability to continue to satisfy the listing requirements of the NYSE, inability to reach agreement with our senior lender on amendments to the credit facility in December and weather and seasonality. If the company is unable to cause its previously filed S-1 in support of the Senior Convertible Notes to become effective, penalty interest may apply under that agreement. You should understand that the foregoing important factors, in addition to those discussed in our other filings with the Securities and Exchange Commission ("SEC"), including those under the heading "Risk Factors" contained in our annual report on Form 10-K for the fiscal year ended September 30, 2004, could affect our future results and could cause results to differ materially from those expressed in such forward-looking statements. We undertake no obligation to publicly update or revise the Company's borrowing availability, its cash position or any forward-looking statements to reflect events or circumstances that may arise after the date of this report.

General information about us can be found at <http://www.ies-co.com> under "Investor Relations." Our annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as well as any amendments to those reports, are available free of charge through our website as soon as reasonably practicable after we file them with, or furnish them to, the SEC.

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