

INTEGRATED ELECTRICAL SERVICES INC

Form S-1/A

June 27, 2014

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As filed with the Securities and Exchange Commission on June 27, 2014

Registration No. 333-196551

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

Amendment No. 1 to
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

INTEGRATED ELECTRICAL SERVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of

1731
(Primary Standard Industrial

76-0542208
(I.R.S. Employer

incorporation or organization)

Classification Code Number)
5433 Westheimer Road, Suite 500

Identification Number)

Houston, Texas 77056

(713) 860-1500

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Gail Makode

Senior Vice President, General Counsel and Secretary

5433 Westheimer Road, Suite 500

Houston, Texas 77056

(713) 860-1500

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

G. Michael O Leary

Andrews Kurth LLP

600 Travis, Suite 4200

Houston, Texas 77002

(713) 220-4200

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☒ x

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If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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

Large accelerated filer "	Accelerated filer "
Non-accelerated filer <input checked="" type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company "

CALCULATION OF REGISTRATION FEE

	Proposed		Proposed	
	Amount	Maximum	Maximum	
Title Of Each Class Of Securities To Be Registered (1)	to be Registered	Offering Price Per Share	Aggregate Offering Price (2)	Amount of Registration Fee (3)
Common Stock, \$0.01 par value per share ⁽¹⁾	3,846,153	\$5.20	\$19,999,995.60	\$2,576

(1) This registration statement relates to shares of our common stock issuable upon the exercise of subscription rights. Each share of common stock includes one preferred stock purchase right. No separate consideration is payable for the preferred stock purchase rights. The registration fee for these securities is included in the fee for the common stock.

(2) Represents the gross proceeds from the sale of shares of common stock assuming the exercise of all of the subscription rights to be distributed.

(3) Calculated pursuant to Rule 457(o) of the rules and regulations under the Securities Act of 1933, as amended, based on an estimate of the proposed maximum aggregate offering price.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JUNE 27, 2014

PROSPECTUS

INTEGRATED ELECTRICAL SERVICES, INC.

3,846,153 shares of Common Stock

Issuable Upon the Exercise of Rights to Subscribe for such Shares at \$5.20 per Share

We are distributing, at no charge to our stockholders, non-transferable subscription rights to purchase up to an aggregate 3,846,153 shares of our common stock, \$0.01 par value per share. In the rights offering, you will receive one subscription right for each share of common stock you hold as of 5:00 p.m. Eastern Time, on July 7, 2014, the record date of the rights offering.

Each subscription right will entitle you to purchase 0.214578135 shares of our common stock at a subscription price of \$5.20 per share, which we refer to as the basic subscription right, subject to certain limitations. If you fully exercise your basic subscription right and other stockholders do not fully exercise their basic subscription rights, you will be entitled to exercise an over-subscription privilege, subject to certain limitations and subject to allotment, to purchase a portion of the unsubscribed shares of our common stock at the same subscription price of \$5.20 per share. To the extent you properly exercise your over-subscription privilege for an amount of shares that exceeds the number of the unsubscribed shares available to you, any excess subscription payments received by the subscription/escrow agent will be returned to you promptly, without interest, following the expiration of the rights offering.

We will not issue fractional shares. If the number of subscription rights you receive would otherwise permit you to purchase a fraction of a share, the number of shares that you may purchase will be rounded down to the nearest whole share.

The subscription rights will expire if they are not exercised by 5:00 p.m., Eastern Time, on July 29, 2014. We reserve the right to extend the expiration date one or more times, but in no event will we extend the rights offering beyond August 4, 2014. You should carefully consider whether to exercise your subscription rights before the expiration of the rights offering. All exercises of subscription rights are irrevocable. The subscription rights may not be sold, transferred or assigned. There is no minimum subscription amount required for consummation of this rights offering.

Neither our board of directors nor its special committee which was formed for the purpose of evaluating this rights offering is making any recommendation regarding your exercise of the subscription rights. You should

carefully consider whether to exercise your subscription rights prior to the expiration of the rights offering.

As of June 25, 2014, our controlling shareholder Tontine Capital Partners, L.P. together with its affiliates (collectively Tontine) beneficially owned approximately 60% of our outstanding shares of common stock. Assuming no other holders exercise their rights in this offering, and that Tontine exercises its basic and over-subscription privileges in full, after giving effect to this offering, Tontine would own approximately 67.22% of our outstanding common stock.

Due to the relationship of one of our directors with Tontine, and given Tontine's potential participation in the rights offering, the IES board of directors decided to form a special committee to approve the rights offering (the Special Committee), consisting of the Board's independent directors who have no affiliation with Tontine.

Investing in our common stock involves risks. See Risk Factors beginning on page 16 to read about factors you should consider before exercising your subscription rights.

We may in our sole discretion cancel the rights offering at any time and for any reason. If we cancel this offering, the subscription/escrow agent will return all subscription payments it has received for the cancelled rights offering without interest or penalty.

We have engaged American Stock Transfer & Trust Company, LLC to serve as the subscription/escrow agent in connection with the rights offering. The subscription/escrow agent will hold in escrow the funds we receive from subscribers until we complete or cancel the rights offering.

This is not an underwritten offering. The subscription rights are being offered directly by us without the services of an underwriter or selling agent.

Our common stock is traded on the NASDAQ Global Market under the trading symbol IESC. The last reported sales price of our shares of common stock on June 25, 2014 was \$6.08 per share. The shares of common stock issued in the rights offering will also be listed on the NASDAQ Global Market under the same symbol. The subscription rights will not be listed for trading on the NASDAQ Global Market or any other stock exchange or market. As of the close of business on June 25, 2014, there were 17,924,254 shares of common stock issued and outstanding.

Upon completion of the rights offering, shareholders who do not fully exercise their subscription rights will own a smaller proportional interest in us than if they had timely and fully exercised their subscription rights.

	Per Share	Total
Subscription Price	\$ 5.20	\$ 19,999,995.60
Estimate of Expenses	\$ 0.07	\$ 287,576.00
Net Proceeds	\$ 5.13	\$ 19,712,419.60

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2014.

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ABOUT THIS PROSPECTUS

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with additional or different information from that contained in this prospectus. The information contained in this prospectus is accurate only as of the date on the front cover of this prospectus regardless of the time of delivery of this prospectus or any exercise of the rights.

The distribution of this prospectus and the rights offering and sale of shares of our common stock in certain jurisdictions may be restricted by law. This prospectus does not constitute an offer of, or a solicitation of an offer to buy, any shares of common stock in any jurisdiction in which such offer or solicitation is not permitted. No action is being taken in any jurisdiction outside the United States to permit an offering of the common stock or possession or distribution of this prospectus in that jurisdiction. Persons who come into possession of this prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus applicable to those jurisdictions.

In this prospectus, the words IES , the Company , the Registrant , we , our , ours and us refer to Integrated Electrical Services, Inc. and, except as otherwise specified herein, to our subsidiaries. As used herein, references to our Annual Report on Form 10-K for the fiscal year ended September 30, 2013 mean such Annual Report as amended by the Form 10-K/A filed with the Securities and Exchange Commission (SEC) on January 6, 2014.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

the ability of our controlling shareholder to take action not aligned with other shareholders;

the sale or disposition of the shares of our common stock held by our majority shareholder, which, under certain circumstances, would trigger change of control provisions in our severance plan or financing and surety arrangements;

the possibility that certain tax benefits of our net operating losses may be restricted or reduced in a change in ownership;

the inability to carry out plans and strategies as expected, including our inability to identify and complete acquisitions that meet our investment criteria in furtherance of our corporate strategy;

limitations on the availability of sufficient credit or cash flow to fund our working capital needs and capital expenditures and debt service;

difficulty in fulfilling the covenant terms of our credit facilities;

competition in our respective industries, both from third parties and former employees, which could result in the loss of one or more customers or lead to lower margins on new projects;

the inability to achieve, or difficulties and delays in achieving, potential benefits of the acquisition of MISCOR Group, Ltd.;

challenges integrating other new businesses into the Company or new types of work, products or processes into our segments;

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fluctuations in operating activity due to downturns in levels of construction, seasonality and differing regional economic conditions;

a general reduction in the demand for our services;

a change in the mix of our customers, contracts and business;

our ability to successfully manage projects;

the possibility of errors when estimating revenue and progress to date on percentage-of-completion contracts;

additional closures or sales of facilities could result in significant future charges and a significant disruption of our operations;

inaccurate estimates used when entering into fixed-priced contracts;

the cost and availability of qualified labor;

increased cost of surety bonds affecting margins on work and the potential for our surety providers to refuse bonding or require additional collateral at their discretion;

increases in bad debt expense and days sales outstanding due to liquidity problems faced by our customers;

the recognition of potential goodwill, long-lived assets and other investment impairments;

credit and capital market conditions, including changes in interest rates that affect the cost of construction financing and mortgages, and the inability of some of our customers to retain sufficient financing which could lead to project delays or cancellations;

accidents resulting from the physical hazards associated with our work and the potential for accidents;

our ability to pass along increases in the cost of commodities used in our business, in particular, copper, aluminum, steel, fuel and certain plastics;

potential supply chain disruptions due to credit or liquidity problems faced by our suppliers;

loss of key personnel and effective transition of new management;

success in transferring, renewing and obtaining electrical and construction licenses;

uncertainties inherent in estimating future operating results, including revenues, operating income or cash flow;

disagreements with taxing authorities with regard to tax positions we have adopted;

the recognition of tax benefits related to uncertain tax positions;

complications associated with the incorporation of new accounting, control and operating procedures;

the financial impact of new or proposed accounting regulations;

the effect of litigation, claims and contingencies, including warranty losses, damages or other latent defect claims in excess of our existing reserves and accruals;

warranty losses or other unexpected liabilities stemming from former segments which we have sold or closed;

growth in latent defect litigation in states where we provide residential electrical work for home builders not otherwise covered by insurance;

changes in the assumptions made regarding future events used to value our stock options and performance-based stock awards;

future capital expenditures and refurbishment, repair and upgrade costs; and delays in and costs of refurbishment, repair and upgrade projects; and

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liabilities under laws and regulations protecting the environment.

For other factors, risks and uncertainties that could cause our actual results to differ materially from estimates and projections contained in these forward-looking statements, including risks related to this rights offering, please read the Risk Factors section of this prospectus. You should understand that the foregoing, as well as other risk factors discussed in this document, as well as the other risk factors discussed in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended September 30, 2013, could cause future outcomes to differ materially from those experienced previously or those expressed in such forward-looking statements. We undertake no obligation to publicly update or revise any information, including information concerning our controlling shareholder, net operating losses, borrowing availability, cash position or any forward-looking statements, to reflect events or circumstances that may arise after the date of this report. Forward-looking statements are provided in this prospectus pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 and should be evaluated in the context of the estimates, assumptions, uncertainties and risks described herein.

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QUESTIONS AND ANSWERS RELATING TO THE RIGHTS OFFERING

The following are examples of what we anticipate will be common questions about the rights offering. The answers are based on selected information included elsewhere in this prospectus. The following questions and answers do not contain all of the information that may be important to you and may not address all of the questions that you may have about the rights offering. This prospectus contains more detailed descriptions of the terms and conditions of the rights offering and provides additional information about us and our business, including potential risks related to the rights offering, IES's common stock and our business.

*Exercising the subscription rights and investing in our securities involve a high degree of risk. We urge you to carefully read the section entitled **Risk Factors** beginning on page 16 of this prospectus and all other information included in, or incorporated by reference into, this prospectus in its entirety before you decide whether to exercise your subscription rights.*

What is the rights offering?

We are distributing to holders of shares of our common stock as of 5:00 p.m., Eastern Time, on July 7, 2014, which is the record date for the rights offering, at no charge, non-transferable subscription rights to purchase shares of our common stock. You will receive one subscription right for each share of common stock you owned as of 5:00 p.m., Eastern Time, on the record date. Each subscription right entitles the holder to a basic subscription right and an over-subscription privilege, which are described below. The common stock to be issued in the rights offering, like our existing shares of common stock, will be traded on the NASDAQ Global Market under the symbol **IESC**.

Why are we conducting the rights offering?

We are engaging in the rights offering for general corporate purposes, including to further our strategy of growth through selective acquisitions, as described below under *Summary Corporate Strategy*. The special committee of our board of directors that was formed to evaluate the rights offering (the **Special Committee**) has chosen, as recommended by management, to raise capital through a rights offering to give our stockholders the opportunity to limit ownership dilution by buying additional shares of common stock. The Special Committee also considered several alternative capital raising methods prior to concluding that the rights offering was the appropriate option under the current circumstances. The Special Committee believes that the rights offering will strengthen the Company's financial condition by generating additional cash and increasing its capital position so as to further the Company's strategy of growth through selective acquisitions. In addition, the Special Committee does not expect this rights offering to adversely impact the value of the Company's net operating loss carry forwards (**NOLs**). For additional information on our NOLs, please see *Summary Corporate Strategy Net Operating Loss Carry Forward*. Based on its consideration of these factors, the information and analyses regarding the rights offering prepared by management and the recommendation of management that the rights offering is in the best interests of the Company in light of the information available to management, and the additional information and documentation reviewed by the Special Committee, the Special Committee approved the rights offering and determined that the rights offering is in the best interests of the Company and its stockholders. However, neither the Special Committee nor our board of directors is making any recommendation regarding your exercise of the subscription rights. We cannot assure you that we will not need to seek additional financing or engage in additional capital offerings in the future or that the rights offering will raise sufficient capital to finance an acquisition that is consistent with our corporate strategy, or that we will be successful in identifying or complete such an acquisition.

What is the basic subscription right?

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Each basic subscription right gives our stockholders the opportunity to purchase 0.214578135 shares of our common stock at a subscription price of \$5.20 per share, subject to the limits described below. We have granted to you, as a stockholder of record as of 5:00 p.m., Eastern Time, on the record date, one subscription right for

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each share of our common stock you owned at that time. For example, if you owned 100 shares of our common stock as of 5:00 p.m., Eastern Time, on the record date, you would have received 100 subscription rights and would have the right to purchase 21 shares of common stock for \$5.20 per share subject to certain limitations. You may exercise all or a portion of your basic subscription rights or you may choose not to exercise any subscription rights at all. However, if you exercise less than all of your basic subscription rights, you will not be entitled to purchase any additional shares pursuant to the over-subscription privilege.

If you hold an IES stock certificate, the number of basic subscription rights you may exercise is indicated on the enclosed rights certificate. If you hold your shares in the name of a custodian bank, broker, dealer or other nominee, you will not receive a rights certificate. Instead, the Depository Trust Company (DTC) will issue one subscription right to the nominee record holder for each share of our common stock that you own at the record date. If you are not contacted by your custodian bank, broker, dealer or other nominee, you should contact your nominee as soon as possible.

What is the over-subscription privilege?

In the event that you purchase all of the shares of our common stock available to you pursuant to your basic subscription rights, you may also choose to purchase a portion of any shares of our common stock that are not purchased by our other stockholders through the exercise of their basic subscription rights (which we refer to as the over-subscription shares), provided that the number of over-subscription shares you subscribe to purchase may not exceed the number of shares of common stock available to you pursuant to your basic subscription rights. For example, if you received 100 subscription rights and elected to purchase all 21 shares of common stock available to you pursuant to your basic subscription rights, then you may elect to purchase up to an additional 21 shares of common stock pursuant to your over-subscription privilege. You should indicate on your rights certificate how many additional shares you would like to purchase pursuant to your over-subscription privilege, provided that such shares may not exceed 100% of the number of shares of common stock that you subscribed for pursuant to the basic rights subscription.

If a sufficient number of over-subscription shares are available, we will seek to honor all over-subscription requests in full. If, however, over-subscription requests exceed the number of over-subscription shares available, we will allocate the number of over-subscription shares available to each over-subscribing stockholder on a pro rata basis by multiplying the total number of over-subscription shares available by a fraction that equals (x) the number of basic subscription rights exercised by such over-subscribing stockholder divided by (y) the total number of basic subscription rights exercised by all over-subscribing stockholders. We will not issue fractional shares through the exercise of over-subscription privileges.

In order to properly exercise your over-subscription privilege, you must deliver the subscription payment related to your over-subscription privilege at the time you deliver payment related to your basic subscription rights. Because we will not know the actual number of unsubscribed shares prior to the expiration of the rights offering, if you wish to purchase the maximum number of shares available to you in this rights offering, you will need to deliver payment in an amount equal to two (2) times the aggregate subscription price for the maximum number of shares of our common stock available to you pursuant to your basic subscription rights. See *The Rights Offering The Subscription Rights Over-Subscription Privilege*.

Are there any limits on the number of shares I may purchase in the rights offering or own as a result of the rights offering?

In addition to any limitation resulting from allocation of over-subscription shares, in order to protect the Company from loss of its NOLs and ensure compliance with the Company's Tax Benefit Protection Plan (the "NOL Rights Plan"), we reserve the right, in our sole discretion, to limit the number of shares any person or entity, together with related persons or entities, may purchase pursuant to the exercise of basic or over-subscription privileges, where such purchase, when aggregated with their existing ownership, would result in such person or entity, together with any related persons or entities, owning 4.95% or more of our issued and outstanding shares of common stock following the closing of the transactions contemplated by this rights

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offering unless such person or entity has obtained a prior waiver from our board of directors under our NOL Rights Plan to acquire, own or control such shares. We expect that our board of directors will grant a waiver to Tontine to the extent that Tontine ceases to be an Exempt Person (as defined in the NOL Rights Plan) as a result of its participation in the rights offering. If we elect not to issue shares in such a case, the unissued shares will become available to satisfy over-subscriptions by other stockholders. See *Description of Capital Stock Series A Junior Participating Preferred Stock*.

Am I required to exercise all of the subscription rights I receive in the rights offering?

No. You may exercise any number of your subscription rights, or you may choose not to exercise any subscription rights. If you do not exercise any subscription rights, the number of shares of our common stock you own will not change; however, you will own a smaller proportional interest in us than if you had timely exercised all or a portion of your subscription rights. If you choose not to exercise your subscription rights or you exercise less than all of your subscription rights and other stockholders fully exercise their subscription rights or exercise a greater proportion of their subscription rights than you exercise, the percentage of our common stock owned by these other stockholders will increase relative to your ownership percentage, and your voting and other rights in the Company will likewise be diluted. In addition, if you do not exercise your basic subscription right in full, you will not be entitled to participate in the over-subscription privilege.

How soon must I act to exercise my subscription rights?

If you received a rights certificate and elect to exercise any or all of your subscription rights, the subscription/escrow agent must receive your completed and signed rights certificate and payment (and your payment must clear) prior to the expiration of the rights offering, which is July 29, 2014, at 5:00 p.m., Eastern Time. If you hold your shares in the name of a custodian bank, broker, dealer or other nominee, your nominee may establish a deadline prior to 5:00 p.m., Eastern Time, on July 29, 2014 by which you must provide it with your instructions to exercise your subscription rights and payment for your shares. The Special Committee may, in its discretion, extend the rights offering one or more times, but in no event will the expiration date be later than August 4, 2014. The Special Committee may cancel or amend the rights offering at any time. In the event that the rights offering is cancelled, all subscription payments received will be returned promptly, without interest or penalty.

Although we will make reasonable attempts to provide this prospectus to holders of subscription rights, the rights offering and all subscription rights will expire at 5:00 p.m., Eastern Time on July 29, 2014 (unless extended), whether or not we have been able to locate each person entitled to subscription rights.

May I transfer my subscription rights?

No. You may not sell, transfer or assign your subscription rights to anyone. Subscription rights will not be listed for trading on the NASDAQ Global Market or any other stock exchange or market. Rights certificates may only be completed by the stockholder who receives them.

Are we requiring a minimum subscription to complete the rights offering?

There is no aggregate minimum we must receive to complete the rights offering.

Why did the IES board of directors form a Special Committee to evaluate this rights offering?

The IES board of directors decided to form the Special Committee to evaluate this rights offering due to the relationship of one of our directors, Mr. David Gendell, with our controlling shareholder, Tontine, both as an employee of Tontine and as the brother of the managing member of Tontine, and given Tontine's potential participation in the rights offering. The Special Committee consists of the Board's independent directors who have no affiliation with Tontine.

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Has our board of directors or the Special Committee made a recommendation to our stockholders regarding the rights offering?

No. Neither the Special Committee nor our board of directors is making a recommendation regarding your exercise of the subscription rights. Stockholders who exercise subscription rights risk investment loss on new money invested. We cannot predict the price at which our shares of common stock will trade, and therefore, we cannot assure you that the market price for our common stock will be above the subscription price or that anyone purchasing shares at the subscription price will be able to sell those shares in the future at the same price or a higher price. You are urged to make your decision based on your own assessment of our business and the rights offering. Please see *Risk Factors* for a discussion of some of the risks involved in investing in our common stock.

One of our five directors, Mr. David Gendell, is also an employee of Tontine and is the brother of the managing member of Tontine. You should not view any participation of Tontine in the rights offering as a recommendation or other indication, by it or any member of our board of directors, regarding whether the exercise of the subscription rights is or is not in your best interests.

Have any stockholders indicated that they will exercise their rights?

No stockholders have made a legally binding indication of participation and we do not have any standby purchase commitments. Tontine, our majority stockholder, beneficially owned approximately 60% of our outstanding shares of common stock as of June 25, 2014. Assuming no other holders exercise their rights in this offering, and that Tontine exercises its basic subscription rights and over-subscription privileges in full, after giving effect to this offering, Tontine would own approximately 67.22% of our shares of outstanding common stock. Except as a result of any increase in its ownership of common stock, Tontine will not obtain any additional governance or control rights as a result of the rights offering.

How do I exercise my subscription rights if I own shares in certificate form?

If you hold an IES stock certificate and you wish to participate in the rights offering, you must take the following steps:

deliver a properly completed and signed rights certificate, and related subscription documents, to the subscription/escrow agent before 5:00 p.m., Eastern Time, on July 29, 2014; and

deliver payment to the subscription/escrow agent (as described below) before 5:00 p.m., Eastern Time, on July 29, 2014.

In certain cases, you may be required to provide additional documentation or signature guarantees.

Please follow the delivery instructions on the rights certificate. Do not deliver documents to IES. You are solely responsible for completing delivery to the subscription/escrow agent of your subscription documents, rights certificate and payment. We urge you to allow sufficient time for delivery of your subscription materials to the subscription/escrow agent so that they are received by the subscription/escrow agent by 5:00 p.m., Eastern Time, on July 29, 2014.

If you send a payment that is insufficient to purchase the number of shares you requested, or if the number of shares you requested is not specified in the forms, the payment received will be applied to exercise your subscription rights to the fullest extent possible based on the amount of the payment received, subject to the availability of shares in the rights offering and the elimination of fractional shares. Any excess subscription payments received by the subscription/escrow agent will be returned promptly, without interest, following the expiration of the rights offering.

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What form of payment is required to purchase the shares of our common stock?

As described in the instructions accompanying the rights certificate, payments submitted to the subscription/escrow agent must be made in full United States currency by:

check or bank draft payable to American Stock Transfer & Trust Company, LLC, the subscription/escrow agent, drawn upon a United States bank; or

wire transfer to American Stock Transfer & Trust Company, LLC, the subscription/escrow agent.

Payment will be deemed to have been received by the subscription/escrow agent only upon the subscription/escrow agent's receipt of any certified check or bank check or, in the case of an uncertified personal check, receipt and clearance of such check.

Please note that funds paid by uncertified personal check may take at least seven business days to clear. Accordingly, if you wish to pay by means of an uncertified personal check, we urge you to make payment sufficiently in advance of the expiration date to ensure that the subscription/escrow agent receives cleared funds before that time. We also urge you to consider payment by means of a certified check, bank check, bank draft or money order.

What should I do if I want to participate in the rights offering, but my shares are held in the name of a custodian bank, broker, dealer or other nominee?

If you hold your shares of common stock through a custodian bank, broker, dealer or other nominee, then your nominee is the record holder of the shares you own. If you are not contacted by your nominee, you should contact your nominee as soon as possible. Your nominee must exercise the subscription rights on your behalf for the shares of common stock you wish to purchase. You will not receive a rights certificate. Please follow the instructions of your nominee. Your nominee may establish a deadline that may be before the 5:00 p.m., Eastern Time, July 29, 2014 expiration date for the rights offering.

When will I receive my new shares?

All shares that you purchase in the rights offering to which you are entitled will be issued in book-entry, or uncertificated, form. When issued, the shares will be registered in the name of the subscription rights holder of record. As soon as practicable after the expiration of the rights offering period, the subscription/escrow agent will arrange for the issuance of the shares of common stock purchased in the rights offering. Subject to state securities laws and regulations, we have the discretion to delay distribution of any shares you may have elected to purchase by exercise of your rights in order to comply with state securities laws.

After I send in my payment and rights certificate, may I cancel my exercise of subscription rights?

No. All exercises of subscription rights are irrevocable unless the rights offering is terminated, even if the market price of our common stock falls below the \$5.20 per share subscription price or you later learn information about us or the rights offering that you consider to be unfavorable to the exercise of your subscription rights. You should not exercise your subscription rights unless you are certain that you wish to purchase shares of our common stock in the rights offering.

Will our directors and officers participate in the rights offering?

All holders of our common stock as of the record date for the rights offering will receive, at no charge, the non-transferable subscription rights to purchase shares of our common stock as described in this prospectus. To the extent that our directors and officers held shares of our common stock (including shares of restricted common stock) as of the record date, they will receive the subscription rights and, while they are under no obligation to do so, will be entitled to participate in the rights offering. None of our directors or executive officers have indicated whether they will purchase shares of our common stock in the offering through their basic subscription rights and over-subscription privileges.

All of our outstanding equity awards to employees, officers and directors, including outstanding stock options and phantom stock units (PSUs), were issued pursuant to plans previously adopted by our board of

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directors. Holders of stock options and PSUs, which will convert into common stock at some point in the future, will not receive rights in connection with this rights offering. Our board of directors may in the future elect to equitably adjust such outstanding stock options, PSUs and/or other outstanding stock awards to preserve the benefits or potential benefits intended to be made available pursuant to those awards. Any such future adjustment shall be made by the Human Resources and Compensation Committee of our board of directors.

What effects will the rights offering have on our outstanding common stock?

As of June 25, 2014, we had 17,924,254 shares of our common stock outstanding. Assuming no additional shares of common stock are issued by the Company prior to consummation of the rights offering and assuming all shares are sold in the rights offering, we expect approximately 21,770,407 shares of our common stock will be outstanding immediately after completion of the rights offering.

The issuance of shares of our common stock in the rights offering will dilute, and thereby reduce, your proportionate ownership in our shares of common stock, unless you fully exercise your basic subscription rights and over-subscription privileges. In addition, the issuance of shares of our common stock at a subscription price which is less than the market price as of July 29, 2014 will likely reduce the price per share of shares of common stock held by you prior to the rights offering.

How much will we receive in net proceeds from the rights offering?

We expect the aggregate proceeds, net of expenses, from the rights offering to be approximately \$19.7 million, assuming all rights are exercised. We intend to use the net proceeds for general corporate purposes, including to further our strategy of growth through selective acquisitions, as described under **Summary Corporate Strategy**. Please see *Use of Proceeds*.

Are there risks in exercising my subscription rights?

Yes. The exercise of your subscription rights involves risks. Exercising your subscription rights involves the purchase of additional shares of our common stock and should be considered as carefully as you would consider any other equity investment. Among other things, you should carefully consider the risks described under the heading *Risk Factors* in this prospectus.

If the rights offering is not completed, will my subscription payment be refunded to me?

Yes. The subscription/escrow agent will hold all funds it receives in a segregated bank account until completion of the rights offering. If the rights offering is not completed, all subscription payments received by the subscription/escrow agent will be returned promptly, without interest or penalty. If your shares are held in the name of a custodian bank, broker, dealer or other nominee, it may take longer for you to receive the refund of your subscription payment because the subscription/escrow agent will return payments through the record holder of your shares.

Will I receive interest on any funds I deposit with the subscription/escrow agent?

No. You will not be entitled to any interest on any funds that are deposited with the subscription/escrow agent pending completion or cancellation of the rights offering. If the rights offering is cancelled for any reason, the subscription/escrow agent will return this money to subscribers, without interest or penalty, as soon as practicable.

When can I sell the shares of common stock I receive upon exercise of the subscription rights?

If you exercise your subscription rights, you will be able to resell the shares of common stock purchased by exercising your subscription rights once your account has been credited with those shares, provided you are not otherwise restricted from selling the shares (for example, because you are an insider or affiliate of the Company or because you possess material nonpublic information about the Company). Although we will endeavor to issue

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the shares as soon as practicable after completion of the rights offering, there may be a delay between the expiration date of the rights offering and the time that the shares are issued. In addition, we cannot assure you that, following the exercise of your subscription rights, you will be able to sell your common stock at a price equal to or greater than the subscription price.

What are the U.S. federal income tax consequences of exercising my subscription rights?

The receipt and exercise of subscription rights should generally not be taxable for U.S. federal income tax purposes. You should, however, seek specific tax advice from your tax advisor in light of your particular circumstances and as to the applicability and effect of any other tax laws. See *Material U.S. Federal Income Tax Consequences*.

What fees or charges apply if I purchase shares of common stock in the rights offering?

We are not charging any fee or sales commission to issue subscription rights to you or to issue shares to you if you exercise your subscription rights (other than the subscription price). If you exercise your subscription rights through a custodian bank, broker, dealer or other nominee, you are responsible for paying any fees your nominee may charge you.

Whom should I contact if I have other questions?

If you have other questions regarding IES or the rights offering, or if you have any questions regarding completing a rights certificate or submitting payment in the rights offering, please contact American Stock Transfer & Trust Company, LLC, the subscription/escrow agent, at (877) 248-6417 (toll free), Monday through Friday (except bank holidays), between 9:00 a.m. and 4:00 p.m., Eastern Time, or the Company's Investor Relations Department by email at investor.relations@ies-co.com, by telephone at (713) 860-1500 or by mail at Investor Relations Department, Integrated Electrical Services, Inc., 5433 Westheimer Road, Suite 500, Houston, Texas 77056.

To whom should I send my forms and payment?

If your shares are held in the name of a broker, dealer, custodian bank or other nominee, then you should send your subscription documents and subscription payment to that record holder. If you are the record holder, then you should send your rights certificate and other documents and subscription payment to the address provided below. If sent by mail, we recommend that you send documents and payments by registered mail, properly insured, with return receipt requested, and that a sufficient number of days be allowed to ensure delivery to the subscription/escrow agent. Do not send or deliver these materials to IES.

If delivering by hand, express mail, courier, or other expedited service:

American Stock Transfer & Trust Company, LLC

Operations Center

Attn: Reorganization Department

6201 15th Avenue

Brooklyn, New York 11219

If delivering by mail:

American Stock Transfer & Trust Company, LLC

Operations Center

Attn: Reorganization Department

P.O. Box 2042

New York, New York 10272-2042

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You, or, if applicable, your nominee, are solely responsible for completing delivery to the subscription/escrow agent of your subscription rights election form and other documents and subscription payment. You should allow sufficient time for delivery of your subscription materials to the subscription/escrow agent and clearance of payment before the expiration of the rights offering period.

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SUMMARY

*This summary highlights the information contained elsewhere in this prospectus. Because this is only a summary, it does not contain all of the information that you should consider before deciding whether to exercise your subscription rights. You should carefully read this entire prospectus, including the information contained in the sections entitled **Risk Factors** and **The Rights Offering**, our audited consolidated financial statements and the accompanying notes for the year ended September 30, 2013, and our unaudited consolidated financial statements for the quarter ended March 31, 2014, both of which are incorporated into this prospectus by reference, in their entirety before you decide to exercise your subscription rights.*

Overview

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

Communications Nationwide provider of products and services for mission critical infrastructure, such as data centers, of large corporations.

Residential Regional provider of electrical installation services for single-family housing and multi-family apartment complexes.

Commercial & Industrial Provider of electrical design, construction, and maintenance services for commercial and industrial projects nationwide.

Infrastructure Solutions Provider of industrial and rail services, and electrical and mechanical solutions to domestic and international customers. (This segment was created in connection with the acquisition of MISCOR Group, Ltd. (**MISCOR**).)

Corporate Strategy

We seek to create shareholder value through positive returns on capital and generation of free cash flow. In addition, we seek to acquire or invest in similar stand-alone platform companies based in North America or acquire businesses that strategically fit within our existing business segments. In evaluating potential acquisition candidates, we seek to invest in businesses with, among other characteristics:

Significant market share in niche industries and low technological and/or product obsolescence risk;

Proven management with a willingness to continue post acquisition;

Established market position and sustainable advantage;

High returns on invested capital; and

Strong cash flow characteristics.

We believe that acquisitions provide an opportunity to expand into new end markets and diversify our revenue and profit streams. Further, by acquiring businesses with strong cash flow characteristics we expect to maximize the value of our significant NOLs. While we may use acquisitions to build our presence in the electrical infrastructure industry, we will also consider potential acquisitions in other industries, which could result in changes in our operations from those historically conducted by us.

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Controlling Shareholder

A majority of our outstanding common stock is owned by Tontine. On March 4, 2014, Tontine filed an amended Schedule 13D indicating its ownership level of 60%. As a result, Tontine can control most of our affairs, including most actions requiring the approval of shareholders, such as the approval of any potential merger or sale of all or substantially all assets, segments, or the Company itself. While Tontine is subject to restrictions under federal securities laws on sales of its shares as an affiliate, Tontine is party to a Registration Rights Agreement with the Company under which it has the ability, subject to certain restrictions, to demand registration of its shares in order to permit unrestricted sales of those shares. On February 20, 2013, pursuant to the Registration Rights Agreement, Tontine delivered a request to the Company for registration of all of its shares of IES common stock, and on June 18, 2013, a shelf registration statement (as amended, the *Shelf Registration Statement*) registering Tontine's shares was declared effective by the SEC. As long as the Shelf Registration Statement remains effective, Tontine has the ability to resell any or all of its shares from time to time in one or more offerings, as described in the Shelf Registration Statement and in any prospectus supplement filed in connection with an offering pursuant to the Shelf Registration Statement. If Tontine were to resell all or a substantial portion of its shares, it could result in a change of control of the Company, which would trigger the change of control provisions in a number of our material agreements, including our credit facility, bonding agreements with our sureties and our executive severance plan, as well as a change in ownership that could impact our NOLs, as described below.

Net Operating Loss Carry Forward

Currently, IES and certain of its subsidiaries have a federal NOL of approximately \$466 million, including approximately \$141 million resulting from the additional amortization of goodwill. A change in ownership, as defined by Internal Revenue Code Section 382, could reduce the availability of net operating losses for federal and state income tax purposes. Should Tontine sell or otherwise dispose of all or a portion of its position in IES, a change in ownership could occur. In addition a change in ownership could result from the purchase of common stock by an existing or a new 5% shareholder as defined by Internal Revenue Code Section 382, including as a result of this offering. Should a change in ownership occur, all NOLs incurred prior to the change in ownership would be subject to limitations imposed by Internal Revenue Code Section 382, which would substantially reduce the amount of NOL currently available to offset taxable income.

On January 28, 2013, the Company implemented the NOL Rights Plan, which was designed to deter an acquisition of the Company's stock in excess of a threshold amount that could trigger a change of control within the meaning of Internal Revenue Code Section 382. For additional information on the NOL Rights Plan, see *Description of Capital Stock Series A Junior Participating Preferred Stock*.

Outlook

IES management expects the Company's fiscal third quarter net income from continuing operations to be between \$2.1 million and \$3.8 million and fiscal third quarter earnings per share to be between \$0.12 per share and \$0.21 per share, not inclusive of the effect of the rights offering, based upon the Company's preliminary, unaudited results for April and May 2014 and its latest expectations for June 2014. The estimates of future financial results included in this section are based upon information and assumptions available to management at the time of preparation, which are subject to change.

There can be no assurance that the information or assumptions underlying the estimates will prove to be accurate or that the estimated results will be realized, and actual results may differ, and may differ materially, from those reflected in these estimates. We also caution readers that forward-looking statements are subject to risks and uncertainties that

could cause the Company's actual future outcomes to differ materially from those set forth in such estimates. Such risks and uncertainties include, but are not limited to, the risk factors described under Risk Factors. Among other items, the assumptions underlying our estimates of future financial results do not reflect potential variability in earnings associated with large projects or unusual events. Due to the size of

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certain large projects, changes in estimated recoveries, change orders or costs associated with such projects could have a material impact on the Company's earnings and net income.

In addition, IES undertakes no obligation, except as required by law, to update or otherwise revise the estimates contained in this section to reflect circumstances existing since their preparation, the occurrence of unanticipated events, or changes in general economic or industry conditions, even in the event that any or all of the underlying assumptions are shown to be in error.

How You Can Contact Us

Our principal executive offices are located at 5433 Westheimer Road, Suite 500, Houston, Texas 77056, and our telephone number is (713) 860-1500. We also maintain an executive office in Greenwich, Connecticut. Our website is located at www.ies-corporate.com. Information on our website or any other website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus.

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OFFERING SUMMARY

*The following summary describes the principal terms of the rights offering, but is not intended to be complete. See the information under the heading **The Rights Offering** in this prospectus for a more detailed description of the terms and conditions of the rights offering.*

Securities Offered

We are distributing to you, at no charge, one non-transferable subscription right for each share of our common stock that you owned as of 5:00 p.m., Eastern Time, on July 7, 2014, either as a holder of record or, in the case of shares held of record by custodian banks, brokers, dealers or other nominees on your behalf, as a beneficial owner of such shares.

Subscription Price

\$5.20 per share of common stock. To be effective, any payment related to the exercise of a subscription right must clear prior to the expiration of the rights offering period.

Record Date

5:00 p.m., Eastern Time, on July 7, 2014.

Expiration of the Rights Offering

5:00 p.m., Eastern Time, on July 29, 2014. We may extend the rights offering without notice to you until August 4, 2014.

Use of Proceeds

We expect the aggregate net proceeds from the rights offering to be approximately \$19.7 million if all subscriptions rights are exercised. We intend to use the net proceeds for general corporate purposes, including to further our strategy of growth through selective acquisitions, as described under *Summary Corporate Strategy*.

Basic Subscription Right

Each subscription right entitles you to purchase 0.214578135 shares of our common stock at a subscription price of \$5.20 per share. The number of subscription rights you may exercise appears on your rights certificate.

Over-Subscription Privilege

In the event that you purchase all of the shares of our common stock available to you pursuant to your basic subscription rights, you may also elect to subscribe for a portion of any shares of our common stock that are not purchased by our stockholders through the exercise of their basic subscription rights, provided that the number of over-subscription shares you elect to purchase may not exceed 100% of the number of shares of common stock that you subscribed for pursuant to your basic subscription rights, and further provided that the number of

over-subscription shares you may purchase will be subject to the purchase and ownership limitations described below under the heading *Limitations on the Purchase of Shares*. You may not be able to exercise your over-subscription privilege in full. See the allocation procedures described under the heading *The Rights Offering Over-Subscription Privilege*.

Limitations on the Purchase of Shares

In order to protect the Company from loss of its NOLs and ensure compliance with the Company's NOL Rights Plan, we reserve the right, in our sole discretion, to limit the number of shares any person

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or entity, together with related persons or entities, may