INTEGRATED ELECTRICAL SERVICES INC
Form S-4/A
August 05, 2013

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As filed with the Securities and Exchange Commission on August 5, 2013

Registration No. 333-188182

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 4

TO

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Integrated Electrical Services, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**1731**	**76-0542208**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

5433 Westheimer Road, Suite 500

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	**Michael P. Moore**	**Molly Z. Brown**
George Vlahakos	**MISCOR Group, Ltd.**	**Sean T. Peppard**
Andrews Kurth LLP	**Chief Executive Officer and President**	**Ulmer & Berne LLP**
600 Travis, Suite 4200	**800 Nave Road, SE**	**1660 West 2nd Street, Suite 1100**
Houston, Texas 77002	**Massillon, Ohio 44646**	**Cleveland, Ohio 44113**
(713) 220-4200	**(330) 830-3500**	**(216) 583-7240**

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after the effectiveness of this registration statement and the satisfaction or waiver of all other conditions to closing of the proposed merger described herein.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ¨

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(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. ¨

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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	x (Do not check if a smaller reporting company)	Smaller reporting company	¨

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) ¨

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) ¨

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 that 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 Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this joint proxy statement/prospectus is not complete and may be changed. Integrated Electrical Services, Inc. may not distribute or issue the shares of Integrated Electrical Services Inc. common stock being registered pursuant to this registration statement until the registration statement filed with the Securities and Exchange Commission, of which this joint proxy statement/prospectus is a part, is effective. This joint proxy statement/prospectus is not an offer to distribute these securities and Integrated Electrical Services, Inc. is not soliciting offers to receive these securities in any state where such offer or distribution is not permitted.

SUBJECT TO COMPLETION, DATED AUGUST 5, 2013

PROPOSED MERGER YOUR VOTE IS VERY IMPORTANT

To the Stockholders of Integrated Electrical Services, Inc. and the Shareholders of MISCOR Group, Ltd.:

On March 13, 2013, Integrated Electrical Services, Inc. (IES) and MISCOR Group, Ltd. (MISCOR) entered into an Agreement and Plan of Merger, as amended by the First Amendment to Agreement and Plan of Merger, dated as of July 10, 2013 (the merger agreement), providing for the acquisition of MISCOR by IES. Pursuant to the merger agreement, IES and MISCOR agreed that, subject to the satisfaction of certain closing conditions (including the approval by each company s stockholders), MISCOR will merge with and into IES Subsidiary Holdings, Inc., a wholly-owned subsidiary of IES (Merger Sub), with Merger Sub surviving the merger as the surviving corporation, a direct, wholly-owned subsidiary of IES.

The merger agreement provides that at the effective time of the merger, each outstanding share of MISCOR common stock (other than shares held by MISCOR shareholders who do not vote in favor of the adoption of the merger agreement and who are entitled to and properly demand appraisal rights in accordance with Indiana law and shares to be canceled pursuant to the terms of the merger agreement) will be converted into the right to receive merger consideration comprised of, at the election of the holder, either: (1) a per share dollar amount (the Cash Consideration), which amount shall not be less than $1.415 (the Minimum Cash Consideration), equal to the quotient obtained by dividing (x) the difference between $24.0 million and the amount of MISCOR s Net Debt (as defined in the merger agreement) and (y) the number of shares of MISCOR common stock outstanding as of the fifteenth business day prior to the closing date, including shares issuable upon the exercise of outstanding options and warrants; or (2) a number of shares of IES common stock (the Stock Consideration) equal to a fraction (the Exchange Ratio), the numerator of which is the Cash Consideration and the denominator of which is the volume-weighted average of the sale prices per share of IES common stock (the VWAP) for the 60 consecutive trading days ending with the fifteenth business day prior to the closing date (the IES Common Stock Value); *provided*, *however*, that if the IES Common Stock Value is less than $4.024 per share or greater than $6.036 per share (the VWAP Collar), then the IES Common Stock Value will be $4.024 per share or $6.036 per share, respectively.

MISCOR shareholders have the right to elect to receive all Cash Consideration, all Stock Consideration or a mix of Cash Consideration and Stock Consideration; *provided*, *however*, that the aggregate Cash Consideration to be paid in connection with the merger shall not exceed a threshold, as described in the merger agreement (the Maximum Cash Amount), equal to the product obtained by multiplying (x) the Cash Consideration by (y) 50% of the number of MISCOR common shares outstanding immediately prior to the effective time of the merger. Based on the estimates and assumptions described in the joint proxy statement/prospectus, IES and MISCOR do not anticipate reaching the Maximum Cash Amount. As such, IES and MISCOR do not expect that any MISCOR shareholder electing to receive Cash Consideration will receive Stock Consideration in lieu of Cash Consideration.

The IES board of directors has determined that the merger is advisable and in the best interests of IES and its stockholders and recommends that the stockholders of IES approve the issuance of shares of IES common stock in the merger. No stockholder vote is required for Merger Sub to adopt the merger agreement and consummate the transactions contemplated thereby, other than the vote of IES acting as the sole stockholder of Merger Sub.

The MISCOR board of directors has determined that the merger and the merger agreement are in the best interests of MISCOR and its shareholders. The board of directors of MISCOR recommends that MISCOR shareholders approve the adoption of the merger agreement and the golden parachute compensation proposal.

Your vote is very important. We cannot complete the transaction unless, among other things, the holders of IES common stock vote to approve the issuance of shares of IES common stock in the merger and the holders of

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MISCOR common stock vote to adopt the merger agreement. Each of IES and MISCOR will hold a special meeting of stockholders to vote on proposals related to the merger. The special meetings of stockholders will be held at the date, time and location set forth below. Regardless of whether you plan to attend your company s special meeting, please take the time to submit your proxy by completing and mailing the enclosed proxy card or, in the case of MISCOR, by using the telephone or Internet procedures provided to you. If your shares of IES common stock or MISCOR common stock are held in street name, you must instruct your broker how to vote those shares.

For IES stockholders:

September 12, 2013 at 9:00 a.m. Central Time at the IES corporate office located at 5433 Westheimer Road, Suite 500, Houston, Texas 77056.

The IES board of directors recommends that IES stockholders vote FOR the issuance of shares of IES common stock in the merger.

For MISCOR shareholders:

September 12, 2013 at 10:00 a.m. Eastern Daylight Time at the MISCOR corporate office located at 800 Nave Road, SE, Massillon, Ohio 44646.

The MISCOR board of directors recommends that MISCOR shareholders vote FOR the adoption of the merger agreement.

Before casting your vote, please take the time to review carefully this joint proxy statement/prospectus, including the section entitled Risk Factors beginning on page 30 for a discussion of the risks relating to the merger.

Shares of IES common stock trade on the NASDAQ Global Select Market under the symbol IESC. Shares of MISCOR common stock trade on the OTCQB under the symbol MIGL.

Sincerely,

James M. Lindstrom
Chairman of the Board of Directors, President
and Chief Executive Officer
Integrated Electrical Services, Inc.

Michael P. Moore
Chief Executive Officer and President
MISCOR Group, Ltd.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this joint proxy statement/prospectus or has passed upon the adequacy or accuracy of the disclosure in this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated August , 2013, and is first being mailed to IES stockholders and MISCOR shareholders on or about August , 2013.

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INTEGRATED ELECTRICAL SERVICES, INC.

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To be held on September 12, 2013

Notice is hereby given that a special meeting of the stockholders of Integrated Electrical Services, Inc., a Delaware corporation (IES), will be held on September 12, 2013, at 9:00 a.m., Central Time, at the IES corporate office located at 5433 Westheimer Road, Suite 500, Houston, Texas 77056 (the IES Meeting) for the following purposes:

1. to approve the issuance of shares of IES common stock to the shareholders of MISCOR Group, Ltd. (MISCOR) in connection with the merger of MISCOR with and into IES Subsidiary Holdings, Inc., a wholly-owned subsidiary of IES (Merger Sub), with Merger Sub surviving the merger as the surviving corporation, a direct, wholly-owned subsidiary of IES, as set forth in the Agreement and Plan of Merger, dated as of March 13, 2013, by and among IES, MISCOR and Merger Sub, as amended by the First Amendment to Agreement and Plan of Merger, dated as of July 10, 2013, copies of which are attached as Annex A to the joint proxy statement/prospectus accompanying this notice;

2. to approve the adjournment or postponement of the IES Meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in favor of the foregoing proposal; and

3. to transact any other business as may properly come before the IES Meeting or any adjournments or postponements thereof.

Attached to this notice is a joint proxy statement/prospectus setting forth information with respect to these proposals and certain other information. Pursuant to the registration statement, of which the joint proxy statement/prospectus forms a part, IES is registering 2,943,767 shares of IES common stock together with the associated preferred stock purchase rights that may be issued to MISCOR shareholders in connection with the merger. If the Merger Consideration Determination Date (as defined below) had occurred on July 24, 2013, it is estimated that the Exchange Ratio would have been 0.311 and IES would have issued 2,745,158 shares of IES common stock to MISCOR shareholders, based on the assumptions described in Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page F-2 of the joint proxy statement/prospectus, which assumptions will not be definitively determined until the fifteenth business day prior to the closing date (the Merger Consideration Determination Date). The actual value of the consideration and the number of shares of IES common stock to be issued may differ from this example, given that these amounts will not be determined until the Merger Consideration Determination Date has passed and MISCOR shareholders have made their elections. Based on these assumptions, and assuming a volume-weighted average of the sales prices per share of IES common stock (the VWAP) for the 60 consecutive trading days ending with the Merger Consideration Determination Date of either $4.024 or $6.036 (the bottom and the top, respectively, of the VWAP Collar used to calculate the Exchange Ratio), it is estimated that the Exchange Ratio would have been 0.368 or 0.245, respectively, and IES would have issued 3,249,918 or 2,163,668 shares of IES common stock, respectively.

The IES board of directors has fixed the close of business on August 5, 2013 as the record date for the determination of stockholders entitled to notice of and to vote at the IES Meeting or any adjournment or postponement thereof. Only holders of record of IES common stock at the close of business on the record date are entitled to notice of and to vote at the IES Meeting.

The IES board of directors recommends that you vote **FOR** the issuance of shares of IES common stock in the merger and **FOR** the adjournment or postponement of the IES Meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies. In considering the recommendation of the IES board of directors, you should be aware that certain directors of IES have personal interests that may motivate them to support the merger.

Your vote is important. ***Regardless of whether you plan to attend the IES Meeting, please sign, date and return the enclosed proxy card as promptly as possible in the envelope provided, using the procedures in the voting instructions provided to you.*** Your proxy may be revoked at any time prior to the time it is voted at the IES Meeting.

By Order of the Board of Directors

James M. Lindstrom
Chairman of the Board of Directors, President and Chief Executive Officer

Houston, Texas

August , 2013

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MISCOR GROUP, LTD.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To Be Held On September 12, 2013

Notice is hereby given that a special meeting of the shareholders of MISCOR Group, Ltd., an Indiana corporation (MISCOR), will be held on September 12, 2013, at 10:00 a.m., Eastern Daylight Time, at the MISCOR corporate office located at 800 Nave Road, SE, Massillon, Ohio 44646 (the MISCOR Meeting) for the following purposes:

1. to adopt the Agreement and Plan of Merger, dated as of March 13, 2013, by and among Integrated Electrical Services, Inc. (IES), MISCOR and IES Subsidiary Holdings, Inc., a wholly-owned subsidiary of IES (Merger Sub), as amended by the First Amendment to Agreement and Plan of Merger, dated as of July 10, 2013 (the merger agreement), copies of which are attached as Annex A to the joint proxy statement/prospectus accompanying this notice, pursuant to which MISCOR will merge with and into Merger Sub, with Merger Sub surviving the merger as the surviving corporation, a direct, wholly-owned subsidiary of IES;

2. to approve on an advisory (non-binding) basis the golden parachute compensation that may be paid to MISCOR s executive officers in connection with the merger (which is referred to as the merger-related named executive officer compensation proposal);

3. to approve the adjournment or postponement of the MISCOR Meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in favor of the foregoing proposals; and

4. to transact any other business as may properly come before the MISCOR Meeting or any adjournments or postponements thereof.

Attached to this notice is a joint proxy statement/prospectus setting forth information with respect to these proposals and certain other information. Pursuant to the merger agreement, each MISCOR shareholder will have the right to elect to receive all cash consideration, all stock consideration or a mix of cash and stock consideration, subject to an aggregate maximum cash amount equal to approximately 50% of the total consideration to be received by MISCOR shareholders in the merger, or $8.7 million, based on certain estimates and assumptions described in the joint proxy statement/prospectus. While, based on the election indications received from MISCOR s significant shareholders, it is not anticipated that the aggregate cash consideration will exceed the maximum cash amount, if the aggregate cash consideration were to exceed the maximum cash amount, MISCOR shareholders electing to receive cash consideration would receive stock consideration, in lieu of cash consideration, for a portion of their shares, based on a pro rata selection process described in the joint proxy statement/prospectus.

The MISCOR board of directors has fixed the close of business on August 5, 2013 as the record date for the determination of shareholders entitled to notice of and to vote at the MISCOR Meeting or any adjournment or postponement thereof. Only holders of record of MISCOR common stock at the close of business on the record date are entitled to notice of and to vote at the MISCOR Meeting or any adjournment or postponement thereof.

The MISCOR board of directors recommends that you vote **FOR** the adoption of the merger agreement, **FOR** the approval of the merger-related named executive officer compensation proposal and **FOR** the adjournment or postponement of the MISCOR Meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies. In considering the recommendation of the MISCOR board of directors, you should be aware that certain directors and executive officers of MISCOR have interests in the transactions contemplated by the merger agreement that may be different from, or in addition to, the interests of MISCOR shareholders generally.

Your vote is important. ***Regardless of whether you plan to attend the MISCOR Meeting, please sign, date and return the enclosed proxy card as promptly as possible in the envelope provided or submit your proxy by telephone or via the Internet, using the procedures in the voting instructions provided to you.*** Your proxy may be revoked at any time prior to the time it is voted at the MISCOR Meeting.

By Order of the Board of Directors

Michael P. Moore

President and Chief Executive Officer

Massillon, Ohio

August , 2013

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ADDITIONAL INFORMATION

IES and MISCOR are each required to make certain filings with the Securities and Exchange Commission (the SEC). You can obtain any of the documents filed by IES and MISCOR with the SEC without charge by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers.

Integrated Electrical Services, Inc.	MISCOR Group, Ltd.
5433 Westheimer Road, Suite 500	800 Nave Road, SE
Houston, Texas 77056	Massillon, Ohio 44646
Attention: Investor Relations	Attention: Investor Relations
Telephone number: (713) 860-1500	Telephone number: (330) 830-3500
http://www.ies-corporate.com	***http://www.miscor.com***

To receive timely delivery of the requested documents in advance of the applicable special meeting, you should make your request no later than August 28, 2013.

You can also obtain free copies of the documents filed by IES and MISCOR with the SEC at the SEC s web site at *www.sec.gov*. You may also read and copy any reports, statements or other information filed with the SEC at the SEC public reference room at 100 F Street N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at (800) 732-0330 or visit the SEC s website for additional information on its public reference room.

Information contained on the IES and MISCOR websites and any other website is not incorporated by reference herein. All information in this joint proxy statement/prospectus concerning IES has been furnished by IES. All information in this joint proxy statement/prospectus concerning MISCOR has been furnished by MISCOR. IES has represented to MISCOR, and MISCOR has represented to IES, that the information furnished by and concerning it is true and complete in all material respects.

ABOUT THIS DOCUMENT

This document, which forms part of a registration statement on Form S-4 filed with the SEC by IES (File No. 333-188182), constitutes a prospectus of IES under Section 5 of the Securities Act of 1933, as amended (the Securities Act), with respect to the shares of IES common stock to be issued to MISCOR shareholders in the merger pursuant to the merger agreement. This document also constitutes a notice of meeting and a proxy statement under Section 14(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act), (1) with respect to the IES Meeting, at which IES stockholders will be asked to consider and vote upon certain proposals, including a proposal to approve the issuance of shares of IES common stock in the merger and (2) with respect to the MISCOR Meeting, at which MISCOR shareholders will be asked to consider and vote upon certain proposals, including a proposal to adopt the merger agreement.

You should rely only on the information contained in this document. No one has been authorized to provide you with information that is different from that contained in this document.

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Annex A Agreement and Plan of Merger dated as of March 13, 2013 and First Amendment to Agreement and Plan of Merger dated as of July 10, 2013
Annex B Opinion of Stifel, Nicolaus & Company, Incorporated
Annex C Opinion of Western Reserve Partners LLC
Annex D Chapter 44 of the Indiana Business Corporation Law

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETINGS

Important Information and Risks: *The following are brief answers to some questions that you may have regarding the IES Meeting and the MISCOR Meeting and the proposals being considered at the meetings. IES and MISCOR urge you to read and consider carefully the remainder of this joint proxy statement/prospectus, including the Risk Factors beginning on page 30 and the attached Annexes, because the information in this section does not provide all of the information that might be important to you.*

Your vote is very important. You are encouraged to submit a proxy as soon as possible.

Q: Why am I receiving this joint proxy statement/prospectus?

A: You are receiving this joint proxy statements/prospectus in connection with the proposed merger of MISCOR with and into Merger Sub, with Merger Sub surviving the merger as the surviving corporation, a direct, wholly-owned subsidiary of IES. The terms of the merger are governed by the Agreement and Plan of Merger, dated as of March 13, 2013, by and among IES, MISCOR and Merger Sub, as amended by the First Amendment to Agreement and Plan of Merger, dated as of July 10, 2013 (the merger agreement), copies of which are attached as Annex A to this joint proxy statement/prospectus.

As a condition to completion of the merger, the IES stockholders and MISCOR shareholders must approve certain proposals related to the merger. At the IES Meeting, IES stockholders will be asked to approve the issuance of shares of IES common stock in the merger. At the MISCOR Meeting, MISCOR shareholders will be asked to adopt the merger agreement and the merger-related named executive compensation proposal.

Q: When and where will the IES Meeting take place?

A: The IES Meeting will be held on September 12, 2013 at 9:00 a.m., Central Time, at the IES corporate office located at 5433 Westheimer Road, Suite 500, Houston, Texas 77056.

Q: When and where will the MISCOR Meeting take place?

A: The MISCOR Meeting will be held on September 12, 2013 at 10:00 a.m., Eastern Daylight Time, at the MISCOR corporate office located at 800 Nave Road, SE, Massillon, Ohio 44646.

Q: Who can attend and vote at the stockholders meetings?

A: ***IES*****:** The record date for the IES Meeting is August 5, 2013. All IES stockholders of record as of the close of business on August 5, 2013 are entitled to receive notice of and to vote at the IES Meeting. As of July 30, 2013, the latest practicable date prior to the record date, there were 15,105,846 shares of IES common stock outstanding and entitled to vote at the IES Meeting.

MISCOR**:** The record date for the MISCOR Meeting is August 5, 2013. All MISCOR shareholders of record as of the close of business on August 5, 2013 are entitled to receive notice of and to vote at the MISCOR Meeting. As of July 30, 2013, the latest practicable date prior to the record date, there were 11,684,987 shares of MISCOR common stock outstanding and entitled to vote at the MISCOR Meeting.

Q: What proposals are to be considered and voted upon at the IES Meeting and the MISCOR Meeting?

A: IES: IES stockholders are being asked to consider and vote on:

(1) the issuance of shares of IES common stock in the merger, and

(2) a proposal to approve the adjournment or postponement of the IES Meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of IES common stock in the merger.

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These proposals are more fully described in the section Proposals Being Submitted to a Vote at the IES Meeting, beginning on page 246.

MISCOR: MISCOR shareholders are being asked to consider and vote on:

(1) the adoption of the merger agreement,

(2) a proposal to approve on an advisory (non-binding) basis the merger-related named executive officer compensation to be paid to MISCOR s executive officers in connection with the merger, and

(3) a proposal to approve the adjournment or postponement of the MISCOR Meeting, if necessary or appropriate, to solicit additional proxies in favor of the proposal to adopt the merger agreement.

These proposals are more fully described in the section Proposals Being Submitted to a Vote at the MISCOR Meeting, beginning on page 247.

Q: How does the IES board of directors recommend that IES stockholders vote?

A: The IES board of directors recommends that IES stockholders vote FOR the issuance of shares of IES common stock in the merger. The IES board of directors also recommends that IES stockholders vote FOR the adjournment or postponement of the IES Meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies. In considering the recommendation of the IES board of directors, you should be aware that certain directors of IES have personal interests that may motivate them to support the merger.

For a more complete description of the recommendations of the IES board of directors, see Special Factors Recommendation of the IES Board of Directors and Its Reasons for the Merger, beginning on page 67.

Q: How does the MISCOR board of directors recommend that MISCOR shareholders vote?

A: The MISCOR board of directors unanimously recommends that MISCOR shareholders vote FOR the proposal to adopt the merger agreement and FOR the approval of the merger-related named executive officer compensation proposal. The MISCOR board of directors also recommends that MISCOR shareholders vote FOR the adjournment or postponement of the MISCOR Meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies. In considering the recommendation of the MISCOR board of directors, you should be aware that certain directors and executive officers of MISCOR have interests in the transactions contemplated by the merger agreement that may be different from, or in addition to, the interests of MISCOR shareholders generally.

For a more complete description of the recommendations of the MISCOR board of directors, see Special Factors Recommendation of the MISCOR Board of Directors and Its Reasons for the Merger, beginning on page 67.

Q: What are the votes required to approve each of the IES and MISCOR proposals related to the merger?

A: ***IES*:** Under the NASDAQ listing rules, the issuance of shares of IES common stock in the merger must be approved by the affirmative vote of the holders of a majority of the votes cast at a meeting at which a majority of the outstanding shares of IES common stock as of the

record date are present in person or by proxy. This stockholder vote is required under the NASDAQ listing rules because Tontine directly or indirectly owns greater than a 5% interest in both IES and MISCOR and the issuance of shares of IES common stock in the merger could result in an increase in outstanding IES common stock immediately prior to the completion of the merger of 5% or more.

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If an IES stockholder attends but fails to vote on the issuance of shares of IES common stock in the merger, or if an IES stockholder abstains, the presence of the IES stockholder will be counted for purposes of a quorum, but will not constitute a vote cast. Abstentions and broker non-votes will not be counted either in favor of or against approval of the issuance of shares of IES common stock in the merger at the IES Meeting. Please see What votes are required to satisfy the IES and MISCOR Minority Approval conditions to the completion of the merger? below for a discussion of the vote required to satisfy the IES Minority Approval condition.

If the IES Meeting had been held on July 24, 2013, the directors, executive officers and affiliates of IES would have beneficially owned and been entitled to vote approximately 8,935,236 shares of IES common stock (including the 8,562,409 shares of IES common stock owned by Tontine), collectively representing approximately 59.2% of the shares of IES common stock that would have been outstanding and entitled to vote on that date.

***MISCOR*:** Under the Indiana Business Corporation Law (the IBCL), adoption of the merger agreement must be approved by the affirmative vote of the holders of a majority of the outstanding MISCOR common stock entitled to vote as of the record date. Accordingly, if a MISCOR shareholder fails to vote at the MISCOR Meeting, fails to return a proxy or abstains, that will have the same effect as a vote against adoption of the merger agreement. Broker non-votes will also have the same effect as a vote against adoption of the merger agreement. Please see What votes are required to satisfy the IES and MISCOR Minority Approval conditions to the completion of the merger? below for a discussion of the vote required to satisfy the MISCOR Minority Approval condition.

If the MISCOR Meeting had been held on July 24, 2013, the directors, executive officers and affiliates of MISCOR would have beneficially owned and been entitled to vote approximately 8,665,132 shares of MISCOR common stock (including the 5,833,332 shares of MISCOR common stock owned by Tontine and assuming that all 67,000 outstanding options held by MISCOR s directors and executive officers were exercised prior to the record date for such MISCOR Meeting), collectively representing approximately 73.7% of the shares of MISCOR common stock that would have been outstanding and entitled to vote on that date.

Q: What votes are required to satisfy the IES and MISCOR Minority Approval conditions to the completion of the merger?

A: ***IES*:** Pursuant to the merger agreement, as a condition to the completion of the merger, the holders of fifty percent (50%) or more of all of the issued and outstanding shares of IES common stock entitled to vote (excluding shares held by certain affiliates of IES and MISCOR), shall not have voted against IES proposal to issue shares of IES common stock in the merger. Accordingly, such holders must not affirmately vote against the issuance of shares of IES common stock in the merger. Abstentions and broker non-votes will not be counted either in favor of or against the proposal to issue shares of IES common stock in the merger for the purpose of determining satisfaction of the IES Minority Approval.

The 8,562,409 shares of IES common stock held by affiliates of Tontine Capital Management, L.L.C., which represented approximately 56.7% of the shares of IES common stock issued and outstanding as of July 24, 2013, will be excluded in determining whether the IES Minority Approval has been received. If the IES Meeting had been held on July 24, 2013, in order for IES to receive IES Minority Approval, no more than 3,265,175, or 49.9%, of the remaining 6,543,437 shares of IES common stock that would have been outstanding and entitled to vote on that date could have been voted against IES proposal to issue shares of IES common stock in the merger.

Any or all of the conditions to the completion of the merger, including IES Minority Approval, may, to the extent permitted by applicable law, be waived in writing in whole or in part by either IES or MISCOR.

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MISCOR**:** Pursuant to the merger agreement, as a condition to the completion of the merger, the holders of fifty percent (50%) or more of all of the issued and outstanding shares of MISCOR common stock entitled to vote (excluding shares held by certain affiliates of IES and MISCOR), shall not have voted against MISCOR s proposal to adopt the merger agreement. Accordingly, such holders must not affirmatively vote against the adoption of the merger agreement. Abstentions and broker non-votes will not be counted either in favor of or against the proposal to adopt the merger agreement for the purpose of determining satisfaction of the MISCOR Minority Approval.

The 8,572,132 shares of MISCOR common stock held by Mr. Martell and affiliates of Tontine Capital Management, L.L.C., which represented approximately 73.4% of the shares of MISCOR common stock issued and outstanding as of July 24, 2013, will be excluded in determining whether the MISCOR Minority Approval has been received. If the MISCOR Meeting had been held on July 24, 2013, in order for MISCOR to receive MISCOR Minority Approval, no more than 1,555,927, or 49.9%, of the remaining 3,111,855 shares of MISCOR common stock that would have been outstanding and entitled to vote on that date could have been voted against MISCOR s proposal to adopt the merger agreement.

Any or all of the conditions to the completion of the merger, including MISCOR Minority Approval, may, to the extent permitted by applicable law, be waived in writing in whole or in part by either IES or MISCOR.

Q: What is golden parachute compensation and why am I being asked to vote on it?

A: Under certain rules adopted by the SEC, MISCOR must seek an advisory (non-binding) vote of MISCOR shareholders on golden parachute compensation. Golden parachute compensation is certain compensation that is tied to or based on the merger and that will or may be paid by MISCOR or IES to the MISCOR named executive officers in connection with the merger. The proposal regarding golden parachute compensation is referred to in this joint proxy statement/prospectus as the merger-related named executive officer compensation proposal.

Q: What vote is required to approve the merger-related named executive officer compensation proposal?

A: The affirmative vote of holders of at least a majority of the shares of MISCOR common stock present in person or represented by proxy at the MISCOR Meeting and entitled to vote is required to approve the merger-related named executive officer compensation proposal. Accordingly, if a MISCOR shareholder abstains from voting on the merger-related named executive officer compensation proposal, it will have the same effect as a vote AGAINST the proposal. Alternatively, if a MISCOR shareholder who holds his or her shares in street name through a broker, bank or other holder of record fails to give voting instructions to that broker, bank or other holder of record, or if a MISCOR shareholder otherwise fails to vote his or her shares, it will have no effect on the proposal.

Q: What will happen if MISCOR shareholders do not approve the merger-related named executive officer compensation proposal?

A: Approval of the merger-related named executive officer compensation proposal is not a condition to completion of the merger. The vote with respect to the proposal is an advisory vote and will not be binding on MISCOR or IES. If the merger agreement is adopted by MISCOR shareholders and the merger is completed, the merger-related named executive officer compensation may be paid to MISCOR s named executive officers even if MISCOR shareholders fail to approve the proposal as long as the otherwise applicable conditions to payment are satisfied. For a more detailed description of the merger-related named executive officer compensation and the terms and conditions applicable for payment of such compensation to be triggered, please see Proposals Being Submitted to a Vote at the MISCOR Meeting Proposal No. 2: Approval, by Non-Binding Advisor Vote, of Merger-Related Named Executive Officer Compensation Golden Parachute Compensation beginning on page 247.

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Q: What is the vote required to approve the proposals to adjourn or postpone the special meetings?

A: ***IES*****:** The affirmative vote of a majority of the votes cast at the IES Meeting is required to approve the proposal to adjourn or postpone the IES Meeting.

If an IES stockholder attends but fails to vote on the proposal to adjourn or postpone the IES Meeting, as discussed above, or if an IES stockholder abstains, the presence of the IES stockholder will be counted for purposes of a quorum, but will not constitute a vote cast. Abstentions and broker non-votes will not be counted either in favor of or against approval of the proposal to adjourn or postpone the IES Meeting.

MISCOR**:** The affirmative vote of a majority of the votes cast at the MISCOR Meeting is required to approve the proposal to adjourn or postpone the MISCOR Meeting.

If a MISCOR shareholder attends but fails to vote on the proposal to adjourn or postpone the MISCOR Meeting, as discussed above, or if a MISCOR shareholder abstains, the presence of the MISCOR shareholder will be counted for purposes of a quorum, but will not constitute a vote cast. Abstentions and broker non-votes will not be counted either in favor of or against approval of the proposal to adjourn or postpone the MISCOR Meeting.

Q: What is required to establish a quorum at each of the meetings?

A: ***IES*****:** The presence in person or by proxy of holders of at least a majority of the shares of IES common stock issued and outstanding and entitled to vote at the IES Meeting will constitute a quorum. Abstentions and broker non-votes will be counted in determining whether a quorum is present at the IES Meeting.

MISCOR**:** The presence in person or by proxy of holders of at least a majority of the MISCOR common stock issued and outstanding and entitled to vote at the MISCOR Meeting will constitute a quorum. Abstentions and broker non-votes will be counted in determining whether a quorum is present at the MISCOR Meeting.

Q: How do I vote my shares?

A: After you have carefully read this joint proxy statement/prospectus, please respond by completing, signing and dating your proxy card and returning it in the enclosed postage-paid envelope as soon as possible or, if you are a MISCOR shareholder, submit your proxy by telephone or via the Internet, as described under The MISCOR Meeting Proxy Voting by Holders of Record, beginning on page 125.

Please refer to your proxy card or the information forwarded by your broker, bank or other nominee to see which options are available to you. MISCOR s Internet and telephone proxy submission procedures are designed to authenticate stockholders and to allow you to confirm that your instructions have been properly recorded.

The method you use to submit a proxy will not limit your right to vote in person at the IES Meeting or the MISCOR Meeting, as applicable, if you later decide to attend the meeting. If your shares of IES common stock or MISCOR common stock are held in the name of a broker, bank or other nominee, you must obtain a proxy, executed in your favor, from the holder of record, to be able to vote in person at the applicable stockholders meeting.

Q: How will my shares be voted?

A: ***IES*:** All shares of IES common stock entitled to vote and represented by properly completed proxies received prior to the IES Meeting, and not revoked, will be voted at the IES Meeting as instructed on the proxies.

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Except as indicated in the next Q&A with respect to shares held in street name, ***if you properly complete and sign your proxy card but do not indicate how your shares should be voted on a proposal, the shares of IES common stock represented by your proxy will be voted as the IES board of directors recommends*** and, therefore, will be voted FOR the issuance of shares of IES common stock in the merger and FOR the adjournment or postponement of the IES Meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in favor of such proposals.

MISCOR**:** All MISCOR common stock entitled to vote and represented by properly completed proxies received prior to the MISCOR Meeting, and not revoked, will be voted at the MISCOR Meeting as instructed on the proxies.

Except as indicated in the next Q&A with respect to shares held in street name, ***if you properly complete and sign your proxy card but do not indicate how your MISCOR common stock should be voted on a proposal, the MISCOR common stock represented by your proxy will be voted as the MISCOR board of directors recommends*** and, therefore, will be voted FOR the adoption of the merger agreement, FOR the approval of the merger-related named executive officer compensation proposal and FOR the adjournment or postponement of the MISCOR Meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in favor of such proposals.

Q: If my shares are held in street name by my broker, bank or other nominee, will my broker, bank or other nominee vote my shares for me in connection with the approval of the merger agreement and the issuance of shares of IES common stock in the merger?

A: No. Your broker, bank or other nominee will NOT be able to vote your shares of IES or MISCOR common stock held in street name on either the IES proposal to approve the issuance of shares of IES common stock in the merger or the MISCOR proposal to adopt the merger agreement, as applicable, unless you instruct your broker, bank or other nominee how to vote. Please follow the voting instructions provided by your broker, bank or other nominee. ***Please note that you may not vote shares held in street name by returning a proxy card directly to IES or MISCOR or by voting in person at your stockholders meeting unless you provide a legal proxy, which you must obtain from your broker, bank or other nominee***.

If you are an IES stockholder and you do not instruct your broker or other nominee on how to vote your shares:

- your broker, bank or other nominee may not vote your shares on the proposal to approve the issuance of shares of IES common stock in the merger, and your vote will not be cast in favor of this proposal.

If you are a MISCOR shareholder and you do not instruct your broker, bank or other nominee on how to vote your shares:

- your broker, bank or other nominee may not vote your shares on the proposal to adopt the merger agreement, which will have the same effect as a vote AGAINST the adoption of the merger agreement.

You should therefore provide your broker, bank or other nominee with instructions as to how to vote your shares of IES or MISCOR common stock, as applicable.

Q: If, as a MISCOR shareholder, I do not favor adoption of the merger agreement, what are my rights?

A: Holders of MISCOR common stock who do not vote in favor of adoption of the merger agreement will be entitled to exercise appraisal rights in connection with the merger, and, if such rights are properly demanded and perfected and not withdrawn or lost and the merger is completed, such shareholders will be entitled to obtain payment for the judicially determined fair value of their shares of MISCOR common stock.

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MISCOR shareholders who wish to seek appraisal of their shares are urged to seek the advice of counsel with respect to the availability of appraisal rights. A MISCOR shareholder who (1) delivers to MISCOR, before the shareholder vote is taken at the MISCOR Meeting, written notice of the shareholder s intent to demand payment in cash for shares owned if the merger is effectuated and (2) does not vote the shareholder s shares in favor of the merger will not receive the merger consideration. The shareholder will instead be entitled to assert dissenters rights and seek an appraisal of his or her shares, unless the shareholder fails to take the steps prescribed by Chapter 44 of the IBCL to perfect such shareholder s dissenters rights. Upon consummation of the merger and receipt of a payment demand, former MISCOR shareholders who have complied with all statutory requirements will be paid the fair value of their shares as of the time immediately before the merger. The full text of Chapter 44 of the IBCL is attached as Annex D to this joint proxy statement/prospectus.

For more information on appraisal rights, see Appraisal Rights beginning on page 154. MISCOR shareholders who wish to seek appraisal of their shares are in any case urged to seek the advice of counsel with respect to the availability of appraisal rights.

Q: Are IES stockholders entitled to appraisal rights?

A: Holders of IES common stock will not have the right to seek appraisal of the fair value of their shares of IES common stock.

Q: Can I change my vote after I deliver my proxy?

A: **Yes.** You may change your vote at any time before your proxy is voted at the IES Meeting or the MISCOR Meeting, as applicable. You can do this in any of the three following ways:

- by sending a written notice to the Secretary of IES or MISCOR, as applicable, in time to be received before the IES Meeting or the MISCOR Meeting, as applicable, stating that you would like to revoke your proxy;

- by completing, signing, dating and submitting to the Secretary of IES or MISCOR, as applicable, a later proxy card or, if you are a MISCOR shareholder, by submitting a later proxy via the Internet or by telephone (before 11:59 p.m. Eastern Daylight Time on the day before the MISCOR Meeting), in which case your later-submitted proxy will be recorded and your earlier proxy revoked; or

- if you are a holder of record, or if you hold a proxy in your favor executed by a holder of record, by attending the applicable stockholders meeting and voting in person.

Simply attending the IES Meeting or the MISCOR Meeting, as applicable, without voting will not revoke your proxy or change your vote.

If your shares of IES common stock or MISCOR common stock are held in an account at a broker, bank or other nominee and you desire to change your vote, you should contact your broker, bank or other nominee.

Q: If I am a MISCOR shareholder, should I send in my stock certificates with my proxy card?

A: **No.** Please **DO NOT** send your MISCOR stock certificates with your proxy card. After the merger is completed, you will be sent a letter of transmittal with detailed written instructions for exchanging your MISCOR common stock certificates for the merger consideration. If your shares of MISCOR common stock are held in street name by your broker, bank or other nominee, you will receive instructions from

your broker, bank or other nominee as to how to effect the surrender of your street name shares in exchange for the merger consideration.

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Q: What should I do if I receive more than one set of voting materials for the IES Meeting or the MISCOR Meeting?

A: You may receive more than one set of voting materials for the IES Meeting or the MISCOR Meeting and the materials may include multiple proxy cards or voting instruction cards. For example, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a holder of record registered in more than one name, you will receive more than one proxy card. **Please complete, sign, date and return each proxy card and voting instruction card that you receive according to the instructions on it or, if you are a MISCOR holder of record, submit a proxy by telephone or via the Internet for each proxy card you receive.**

Q: Can I submit my proxy by telephone or the Internet?

A: ***IES***: No. Holders of record of IES common stock may not submit their proxies by telephone or by the Internet. See The IES Meeting Proxy Voting by Holders of Record, beginning on page 120.

MISCOR**:** Yes. Holders of record of MISCOR common stock may submit their proxies by telephone or via the Internet. See The MISCOR Meeting Proxy Voting by Holders of Record, beginning on page 125.

Q: How do I elect the form of consideration that I wish to receive in the merger?

A: The election form and other appropriate and customary transmittal materials will be mailed to MISCOR shareholders of record as of the close of business on the record date for the MISCOR Meeting at the same time as this joint proxy statement/prospectus is mailed. The election form will allow each MISCOR shareholder (other than a holder of Dissenting Shares) to specify the number of shares of MISCOR common stock with respect to which such holder elects to receive Cash Consideration and the number of shares of MISCOR common stock with respect to which such holder elects to receive Stock Consideration. A copy of the election form is attached as Exhibit 99.3 to the registration statement of which this joint proxy statement/prospectus forms a part.

The election must be made prior to the election deadline. Unless extended or otherwise agreed upon by IES and MISCOR, the election deadline will be 5:00 p.m., New York time, on the later of (i) the 33rd day following the date the election form is mailed to MISCOR shareholders, (ii) the fifth business day following the dissemination of the joint press release disclosing the final determination of the Cash Consideration and the Exchange Ratio and (iii) such other date and time on which IES and MISCOR shall agree. IES and MISCOR will make a public announcement if the election deadline is extended. IES and MISCOR will also make a public announcement upon the receipt of election forms reflecting either (i) the election of Stock Consideration by more than 50% of the issued and outstanding shares of MISCOR common stock or (ii) the election of Cash Consideration in excess of the Maximum Cash Amount.

If a MISCOR shareholder does not make an election to receive Cash Consideration or Stock Consideration, the election form is not received by the exchange agent by the election deadline, the forms of election are improperly completed and/or are not signed, or the certificates representing MISCOR common stock or other documentation are not included with the election form, such shareholder will be deemed not to have made an election. Any MISCOR shareholder that does not make a valid election will be deemed to have elected to receive, and will be paid, Stock Consideration; *provided*, *however*, that if the IES Common Stock Value is less than $4.024, then such shareholder will be deemed to have elected to receive, and will be paid, subject to the Maximum Cash Amount, Cash Consideration. If the Merger Consideration Determination Date had occurred on July 24, 2013, the default election would have been Stock Consideration, based on the assumptions described in Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page F-2, which assumptions will not be definitively determined until the Merger Consideration Determination Date.

Any MISCOR shareholder that does not intend to make a valid election should still vote their shares of MISCOR common stock at the MISCOR Meeting either in person or by proxy.

Q: Who can answer my questions?

A: If you have any questions about how to submit your proxy, or if you need additional copies of this joint proxy statement/prospectus, the enclosed proxy card, voting instructions or the election form, please contact:

Banks and Brokers call toll-free: (800) 579-1639

IES stockholders of record call toll-free: (800) 937-5449

MISCOR shareholders of record call toll-free: (877) 830-4936

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SUMMARY

The following is a summary that highlights information contained in this joint proxy statement/prospectus. This summary may not contain all of the information that is important to you. For a more complete description of the merger agreement and the transactions contemplated by the merger agreement, IES and MISCOR encourage you to read carefully this entire joint proxy statement/prospectus, including the attached Annexes and the Risk Factors beginning on page 30.

The Companies

Integrated Electrical Services, Inc.

IES is a leading provider of infrastructure services to the residential, commercial and industrial industries as well as for data centers and other mission critical environments. IES operates primarily in the electrical infrastructure markets, with a corporate focus on expanding into other markets through strategic acquisitions or investments. Originally established as IES in 1997, it is a Delaware corporation providing services from 56 domestic locations as of March 31, 2013. IES is headquartered in Houston, Texas, and maintains an executive office in Greenwich, Connecticut. IES operations are organized into three principal business segments, based upon the nature of its 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 to the commercial and industrial markets in various regional markets and nationwide in certain areas of expertise, such as the power infrastructure market.

IES common stock is traded on the NASDAQ under the symbol IESC. IES principal executive offices are located at 5433 Westheimer Road, Suite 500, Houston, Texas 77056, and its telephone number is (713) 860-1500.

MISCOR Group, Ltd.

MISCOR is a provider of maintenance and repair services including engine parts and components to industrial services and rail services. MISCOR began operations in July 2000 with the purchase of the operating assets of an electric motor and magnet shop in South Bend, Indiana. Through acquisitions and internal growth, MISCOR expanded the nature of its operations as well as its geographic presence, which now includes locations in Indiana, Alabama, Ohio, West Virginia and California.

MISCOR operates primarily in two business segments:

- Industrial Services Providing maintenance and repair services to several industries including electric motor repair and rebuilding; maintenance and repair of electro-mechanical components for the wind power industry; and the repairing, manufacturing and remanufacturing of industrial lifting magnets for the steel and scrap industries. To supplement its service offerings, MISCOR also provides on-site maintenance services and custom and standardized industrial maintenance training programs.

- Rail Services Manufacturing and rebuilding power assemblies, engine parts, and other components related to large diesel engines, and providing locomotive maintenance, remanufacturing and repair services for the rail industry.

MISCOR common stock is traded in the OTCQB under the symbol MIGL. MISCOR s principal executive offices are located at 800 Nave Road, SE, Massillon, Ohio 44646, and its telephone number is (330) 830-3500.

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IES Subsidiary Holdings, Inc.

Merger Sub is a direct, wholly-owned subsidiary of IES. Merger Sub, a Delaware corporation, was formed on March 6, 2013, solely for the purpose of effecting the merger. Merger Sub has not conducted any business operations other than activities incidental to its formation and in connection with the transactions contemplated by the merger agreement.

The principal executive offices of Merger Sub are located at 5433 Westheimer Road, Suite 500, Houston, Texas 77056, and its telephone number is (713) 860-1500.

The Merger Agreement (see page 138)

IES and MISCOR have agreed to combine their businesses pursuant to the merger agreement described in this joint proxy statement/prospectus, subject to the requisite stockholder approvals and other conditions. Under the terms of the merger agreement, MISCOR will merge with and into Merger Sub, with Merger Sub surviving the merger as the surviving corporation, a direct, wholly-owned subsidiary of IES. The merger agreement, as amended, is attached as Annex A to this joint proxy statement/prospectus and is incorporated by reference herein. IES and MISCOR encourage you to read the merger agreement in its entirety because it is the legal document that governs the merger.

Risk Factors (see page 30)

There are risks associated with the merger and the operations of IES and IES common stock after the merger. These risks are more fully described in Risk Factors, beginning on page 30.

Risk Factors Relating to the Merger

Among the risk factors relating to the merger are the following:

- the merger consideration is subject to fluctuation based upon MISCOR s Net Debt as of the Merger Consideration Determination Date and the 60-day VWAP of IES common stock ending on the Merger Consideration Determination Date;
- any delay in completing the merger may reduce the benefits expected to be obtained from the merger;
- the failure to complete the merger could negatively impact the stock price and the future business and financial results of IES and MISCOR;
- the rights of MISCOR shareholders who become stockholders of IES in the merger will be governed by IES certificate of incorporation and bylaws, which are different in some respects from the MISCOR articles of incorporation and bylaws; and
- the directors and executive officers of MISCOR have personal interests that may motivate them to support or approve the merger.

Risk Factors Relating to IES Following the Merger

Among the risk factors relating to IES after the merger are the following:

- IES may experience difficulties in integrating MISCOR s business and could fail to realize potential benefits of the merger; and

IES will have increased debt after the merger, which could have a material adverse effect on its financial health and limit its future operations.

Risk Factors Relating to IES Common Stock Following the Merger

Among the risk factors relating to IES common stock after the merger are the following:

- the price of IES common stock will continue to fluctuate after the merger and may be affected differently from the separate factors that currently affect the prices of IES common stock and MISCOR common stock; and

- the market value of IES common stock could decline if large amounts of IES common stock are sold following the merger.

Merger Consideration (see page 138)

At the effective time of the merger, each outstanding share of MISCOR common stock (other than shares held by MISCOR shareholders who do not vote in favor of the adoption of the merger agreement and who are entitled to and properly demand appraisal rights in accordance with Indiana law (Dissenting Shares) and shares to be canceled pursuant to the terms of the merger agreement) will be converted into the right to receive merger consideration comprised of, at the election of the holder, either: (1) a per share dollar amount (the Cash Consideration), which amount shall not be less than $1.415 (the Minimum Cash Consideration), equal to the quotient obtained by dividing (x) the difference between $24.0 million and the amount of MISCOR s Net Debt (as defined in the merger agreement) and (y) the number of shares of MISCOR common stock outstanding as of the fifteenth business day prior to the closing date (the Merger Consideration Determination Date), including shares issuable upon the exercise of outstanding options and warrants; or (2) a number of shares of IES common stock (the Stock Consideration) equal to a fraction (the Exchange Ratio), the numerator of which is the Cash Consideration and the denominator of which is the volume-weighted average of the sale prices per share of IES common stock (the VWAP) for the 60 consecutive trading days ending with the Merger Consideration Determination Date (the IES Common Stock Value); *provided*, *however*, that if the IES Common Stock Value is less than $4.024 per share or greater than $6.036 per share (the VWAP Collar), then the IES Common Stock Value will be $4.024 per share or $6.036 per share, respectively. Notwithstanding the foregoing, the aggregate Cash Consideration to be paid in connection with the merger shall not exceed a threshold, as described in the merger agreement (the Maximum Cash Amount), equal to the product obtained by multiplying (x) the Cash Consideration by (y) 50% of the number of shares of MISCOR common stock outstanding immediately prior to the effective time of the merger.

If the Merger Consideration Determination Date had occurred on July 24, 2013, it is estimated that each MISCOR shareholder would have the right to receive, subject to the terms of the merger agreement, at his or her election, either $1.48 in cash or 0.311 shares of IES common stock for each share of MISCOR common stock issued and outstanding, subject to the Maximum Cash Amount, based on the assumptions described in Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page F-2, which assumptions will not be definitively determined until the Merger Consideration Determination Date. See Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page F-2 for further discussion of these assumptions and a sensitivity analysis related to the potential consideration that may be received by MISCOR shareholders. The actual value of the consideration and the number of shares of IES common stock to be issued may differ from this example, given that these amounts will not be determined until the Merger Consideration Determination Date has passed and MISCOR shareholders have made their elections.

The formula for calculation of the merger consideration was designed to effect a fixed enterprise value for MISCOR of approximately $24 million, but to provide for adjustment of the purchase price to reflect MISCOR s Net Debt at a time as close as possible to the closing date (because of the uncertainty in MISCOR s projected debt levels due to its ongoing pay-down of debt). This formula benefits MISCOR shareholders by providing for higher total consideration in the event that MISCOR generates cash and pays down debt prior to closing. Pursuant to the merger agreement, MISCOR does not have a right to terminate the transaction if the market price of IES common stock falls to a value such that the per share consideration to be received by MISCOR

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shareholders electing to receive Stock Consideration could be valued at less than $1.415, which is the minimum per share consideration to be received by MISCOR shareholders electing to receive Cash Consideration.

The inclusion of both cash and stock components of the merger consideration reflects the intent of IES management to balance the following objectives: preserving available liquidity at IES for financial flexibility; meeting internal liquidity requirements and those under IES credit facility; limiting dilution of IES existing stockholders; and offering MISCOR shareholders the opportunity to continue to participate in the future potential growth of MISCOR s business and IES through their ownership of IES common stock. Based on these objectives, if the merger consideration had been limited to only Cash Consideration, IES management and the IES board of directors may not have been able to recommend a purchase of MISCOR that would require utilization of approximately $24 million in available liquidity. IES management also determined that it would be in the best interest of IES and its stockholders to limit the cash component of the merger consideration to the Maximum Cash Amount in order to manage liquidity at IES within the constraints noted above and provide certainty as to the maximum liquidity impact of the transaction on IES. Further, IES management considered that it would be in the best interest of MISCOR s shareholders to limit the cash component of the merger consideration to the Maximum Cash Amount, in order to meet the criteria for treatment of the consideration as non-taxable to MISCOR shareholders for U.S. federal income tax purposes.

The following chart illustrates the relative value of Stock Consideration to Cash Consideration at varying VWAP values and at two different levels of Cash Consideration: (i) $1.48 per share, which is the estimated Cash Consideration as of July 24, 2013, based on the pro forma assumptions described in Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page F-2, which assumptions will not be definitively determined until the Merger Consideration Determination Date, and (ii) $1.415 per share, which is the Minimum Cash Consideration as provided in the merger agreement. For purposes of calculating the value of the Stock Consideration, it is assumed that the market price of IES common stock is equal to the VWAP. The market price of IES common stock may be more or less than the VWAP on the Merger Consideration Determination Date or the closing date of the transaction. Please see Variables Impacting the Amount of Merger Consideration beginning on page 16 and Risk Factors Relating to the Merger The estimated per share Cash Consideration and Stock Consideration are based on certain estimates, judgments and assumptions that may change or prove to be incorrect on page 31. The highlighted rows represent the VWAP values that are within the VWAP Collar.

Per Share Value of Stock Consideration v. Cash Consideration

	Pro Forma Consideration Scenario		**Minimum Cash Consideration Scenario**	
VWAP	Stock Consideration	Cash Consideration	Stock Consideration	Cash Consideration
$3.000	$ 1.10	$ 1.48	$ 1.055	$ 1.415
$3.420	$ 1.25	$ 1.48	$ 1.203	$ 1.415
$3.500	$ 1.28	$ 1.48	$ 1.231	$ 1.415
$3.620	$ 1.33	$ 1.48	$ 1.273	$ 1.415
$3.820	$ 1.40	$ 1.48	$ 1.343	$ 1.415
$4.000	$ 1.47	$ 1.48	$ 1.407	$ 1.415
$4.024	$ 1.48	$ 1.48	$ 1.415	$ 1.415
$4.500	$ 1.48	$ 1.48	$ 1.415	$ 1.415
$5.000	$ 1.48	$ 1.48	$ 1.415	$ 1.415
$5.500	$ 1.48	$ 1.48	$ 1.415	$ 1.415
$6.000	$ 1.48	$ 1.48	$ 1.415	$ 1.415
$6.036	$ 1.48	$ 1.48	$ 1.415	$ 1.415
$6.340	$ 1.55	$ 1.48	$ 1.486	$ 1.415
$6.500	$ 1.59	$ 1.48	$ 1.524	$ 1.415
$6.640	$ 1.62	$ 1.48	$ 1.557	$ 1.415
$7.000	$ 1.71	$ 1.48	$ 1.641	$ 1.415

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The following chart utilizes the values illustrated in the chart above to show the value of the Stock Consideration as a percentage of the Cash Consideration.

Value of Stock Consideration as a Percentage of Cash Consideration

VWAP	Pro Forma Consideration Scenario	Minimum Cash Consideration Scenario
$3.000	74.6%	74.6%
$3.420	85.0%	85.0%
$3.500	87.0%	87.0%
$3.620	90.0%	90.0%
$3.820	94.9%	94.9%
$4.000	99.4%	99.4%
$4.024	100.0%	100.0%
$4.500	100.0%	100.0%
$5.000	100.0%	100.0%
$5.500	100.0%	100.0%
$6.000	100.0%	100.0%
$6.036	100.0%	100.0%
$6.340	105.0%	105.0%
$6.500	107.7%	107.7%
$6.640	110.0%	110.0%
$7.000	116.0%	116.0%

The preceding charts assumes valuation of per share consideration based upon a range of potential VWAP values at the Merger Consideration Determination Date. However, the market value of IES common stock may fluctuate between the Merger Consideration Determination date and the date of receipt of the Stock Consideration by MISCOR shareholders in the merger. The pro forma consideration values are based upon the assumptions described in Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page F-2, including Cash Consideration of $1.48 per share, which assumptions will not be definitively determined until the Merger Consideration Determination Date. The highlighted rows represent the VWAP values that fall within the VWAP Collar.

The following graph illustrates IES stock performance since July 1, 2012 and VWAP performance since July 31, 2012.

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Impact of Maximum Cash Amount

Each MISCOR shareholder will have the right to elect to receive all Cash Consideration, all Stock Consideration or a mix of Cash Consideration and Stock Consideration, subject to the Maximum Cash Amount, which is equal to approximately 50% of the total consideration to be received by MISCOR shareholders in the merger. If the aggregate amount of cash that would be paid upon conversion of the shares of MISCOR common stock for which MISCOR shareholders elect to receive Cash Consideration collectively, including, in the event that the IES Common Stock Value is less than $4.024, all shares of MISCOR common stock for which a valid election was not made (the Cash Election Shares), is greater than the Maximum Cash Amount, then the exchange agent shall select from among the Cash Election Shares, by a pro rata selection process, a sufficient number of shares (the Stock Designation Shares) such that the aggregate amount of cash that will be paid in the merger in respect of the Cash Election Shares that are not Stock Designation Shares equals as closely as practicable the Maximum Cash Amount, and the Stock Designation Shares shall be converted into the right to receive the Stock Consideration. Any MISCOR shareholder that does not make a valid election with respect to such holder s MISCOR common stock shall be deemed to have elected to receive the Stock Consideration; *provided*, *however*, that if the IES Common Stock Value is less than $4.024, then such shareholder will be deemed to have elected to receive, and will be paid, subject to the Maximum Cash Amount, Cash Consideration. If the Merger Consideration Determination Date had occurred on July 24, 2013, the default election would have been Stock Consideration, based on the assumptions described in Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page F-2, which assumptions will not be definitively determined until the Merger Consideration Determination Date.

If the aggregate amount of cash that would be paid upon conversion of the Cash Election Shares is greater than the Maximum Cash Amount, then the determination of which Cash Election Shares will be designated as Stock Designation Shares will be made by the exchange agent. The determination of the number of Stock Designation Shares to be allocated to each MISCOR shareholder will be made by multiplying the number of Cash Election Shares held by such MISCOR shareholder by a fraction, the numerator of which is (x) the number of all Cash Election Shares less 50% of the number of shares of MISCOR common stock outstanding immediately prior to the effective time of the merger, and the denominator of which is (y) the number of all Cash Election Shares.

As of July 24, 2013, Tontine and Mr. Martell owned 49.9% and 23.4% of the outstanding MISCOR common stock, respectively. Mr. Martell and representatives of Tontine have each engaged in non-binding discussions with representatives of MISCOR and IES regarding their intentions to elect to receive Stock Consideration and/or Cash Consideration in the merger. If Tontine s and Mr. Martell s elections are consistent with their non-binding indications, it would result in the election of sufficient Stock Consideration to avoid triggering the Maximum Cash Amount and thereby limiting the Cash Consideration available to unaffiliated MISCOR shareholders in the merger.

Tontine has indicated that it intends to elect to receive Stock Consideration for 100% of its shares of MISCOR common stock, subject to the exercise of fiduciary duties in the management of its funds and other factors. Similarly, Mr. Martell has indicated that he intends to elect to receive Stock Consideration for not less than 500,000 shares and not more than 1,500,000 shares of MISCOR common stock, depending on certain factors and considerations. Based on these non-binding indications, it is anticipated that, at a minimum, 54% of the shares of MISCOR common stock outstanding as of July 24, 2013 will elect to receive Stock Consideration in the merger.

The non-binding indications provided by Tontine and Mr. Martell impacted the assumption made in the pro forma financial statements that MISCOR shareholders holding approximately 75% of MISCOR s issued and outstanding common stock (as of the Merger Consideration Determination Date) will elect to receive Stock Consideration and that MISCOR shareholders holding approximately 25% of MISCOR s issued and outstanding common stock (as of such date) will elect to receive Cash Consideration. A sensitivity analysis related to this assumption is also provided in Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page F-2.

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If the Merger Consideration Determination Date had occurred on July 24, 2013, it is estimated that the Maximum Cash Amount would have been approximately $8.7 million and that holders of up to approximately 5.9 million shares of MISCOR common stock could have elected to, and would have, received Cash Consideration in the merger, in each case based on the assumptions described in Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page F-2, which assumptions will not be definitively determined until the Merger Consideration Determination Date. Based on these assumptions, if the Merger Consideration Determination Date had occurred on July 24, 2013, the aggregate amount of cash that would be paid upon conversion of the Cash Election Shares would be less than the Maximum Cash Amount, and no shares of MISCOR common stock for which a cash election was made would have received shares of IES common stock in lieu of cash.

Assumptions Underlying Calculations of Estimated Merger Consideration and Estimated Ownership of IES Common Stock Following Completion of the Merger

The calculation of estimated per share Cash Consideration and Stock Consideration, as of July 24, 2013, and the calculations of estimated ownership of IES common stock following completion of the merger are based on the assumptions described in Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page F-2, which assumptions will not be definitively determined until the Merger Consideration Determination Date. These assumptions include the following:

- MISCOR s total debt outstanding at July 24, 2013 of $6.614 million may better reflect MISCOR s anticipated Net Debt as of the Merger Consideration Determination Date than MISCOR s Net Debt for the 30-day period ended as of July 24, 2013 of $5.994 million;

- the total number of MISCOR equity units outstanding as of July 24, 2013 (excluding any out-of-the-money options) is reflective of the total number of shares of MISCOR common stock, including shares issuable upon the exercise of outstanding options and warrants, that will be outstanding as of the Merger Consideration Determination Date;

- estimated cash consideration per share equal to (x) the difference between $24.0 million and MISCOR s debt balance as of July 24, 2013 (see the first bullet above) divided by (y) the number of MISCOR equity units outstanding as of July 24, 2013 (see the second bullet above);

- the closing price of IES common stock, as reported on the NASDAQ on July 24, 2013, of $4.75 per share may better reflect the anticipated VWAP of IES common stock for the 60-day period ending on the Merger Consideration Determination Date than the VWAP of IES common stock for the 60-day period ending on July 24, 2013 of $5.1616;

- an estimated exchange ratio equal to (x) the estimated cash consideration of $1.48 per share (see the third bullet above), divided by (y) the closing price of IES common stock, as reported on the NASDAQ on July 24, 2013 (see the fourth bullet above); and

- 15,105,846 shares of IES common stock will be outstanding immediately prior to the effective time of the merger.

In making these calculations, it has also been assumed that MISCOR shareholders holding approximately 75% of MISCOR s issued and outstanding common stock (as of the Merger Consideration Determination Date) will elect to receive Stock Consideration and that MISCOR shareholders holding approximately 25% of MISCOR s issued and outstanding common stock (as of such date) will elect to receive Cash Consideration. This is IES management s best estimate at this time, which is based, in part, on the expectation (based on Tontine s and Mr. Martell s non-binding election indications) that Tontine will elect to receive Stock Consideration for 100% of its MISCOR common stock (or 49.9% of MISCOR s outstanding common stock as of July 24, 2013) and Mr. Martell will elect to receive Stock Consideration for between 18.3% and 54.8% of his MISCOR common stock (or between 4.2% and 12.7% of MISCOR s outstanding common stock as of July 24, 2013). Please see Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page F-2 for further discussion of, and a sensitivity analysis related to, this assumption. Please also see Impact of Maximum Cash Amount beginning on page 14.

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All assumptions are based on IES management s best estimates at this time. Actual amounts may vary from these estimates based on, among other factors, (i) the number of MISCOR equity units for which Cash Consideration is elected and the number of MISCOR equity units for which Stock Consideration is elected, (ii) the IES Common Stock Value, (iii) if the IES Common Stock Value is outside of the VWAP Collar on the Consideration Determination Date, (iv) the market price of IES common stock on the closing date, and (v) fluctuations in MISCOR s Net Debt prior to the Merger Consideration Determination Date. Please see Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page F-2 for sensitivity disclosures related to certain of the assumptions described above.

Variables Impacting the Amount of Merger Consideration

As described above, the Cash Consideration and Stock Consideration to be received by MISCOR shareholders in the merger are subject to numerous variables, which are subject to fluctuation and will not be determined until the Merger Consideration Determination Date. The most significant of these variables are the amount of MISCOR s Net Debt and the market price of IES common stock.

The amount of MISCOR s Net Debt. The total consideration that IES will pay to MISCOR shareholders in the merger is based on an agreed transaction value for MISCOR of approximately $24.0 million (the Transaction Value), less MISCOR s Net Debt for the 30-day period ending on the Merger Consideration Determinate Date (as reduced, the Adjusted Transaction Value). As of July 24, 2013, MISCOR s Net Debt (for the 30-day period ending on that date), was approximately $5.994 million. However, circumstances could result in Net Debt increasing above or decreasing below its current levels, which would affect the total consideration paid to MISCOR shareholders in the merger. MISCOR estimates that its Net Debt as of the Merger Consideration Determination Date could range from $7.300 million to $5.500 million

The market price of IES common stock. The Stock Consideration to be received by MISCOR shareholders will be calculated based on the VWAP of IES common stock over the 60-day period ending on the Merger Consideration Determination Date (which is referred to herein as the IES Common Stock Value), and not the actual market price of IES common stock on the closing date. As a result, the market value of the shares of IES common stock received by MISCOR shareholders electing to receive Stock Consideration in the merger may be greater than or less than the IES Common Stock Value used to calculate the per share Stock Consideration. As a result, the total consideration received by MISCOR shareholders in the merger may be greater than or less than the Adjusted Transaction Value, depending on (i) the percentage of MISCOR shareholders that elect to receive the Stock Consideration, (ii) the IES Common Stock Value as determined on the Merger Consideration Determination Date and the difference between the IES Common Stock Value and the VWAP Collar in calculating the per share Stock Consideration and (iii) the market price of IES common stock on the closing date.

The market price of IES common stock could be impacted by numerous factors (as more fully described in Risk Factors beginning on page 30) and could decline if, among other things, any amount of IES common stock is sold. On February 21, 2013, pursuant to a registration rights agreement with Tontine, IES filed a shelf registration statement (as amended, the Shelf Registration Statement) to register all of Tontine s shares of IES common stock. The Shelf Registration Statement was declared effective on June 18, 2013. For so long as it remains effective, Tontine will have the ability to resell any or all of the shares of IES common stock included in the Shelf Registration Statement 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. IES has received no indication from Tontine that it intends to resell any securities pursuant to the Shelf Registration Statement prior to the closing of the merger, nor has Tontine made any such sale pursuant to the Shelf Registration Statement to date. For additional information on the Shelf Registration Statement, please see IES Management s Discussion and Analysis of Financial Condition and Results of Operations Controlling Shareholder beginning on page 190.

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Should Tontine sell or otherwise dispose of all or a portion of its position in IES, a change in ownership of IES could occur. A change in ownership, as defined by Internal Revenue Code Section 382, could reduce the availability of IES net operating losses (NOLs) for federal and state income tax purposes. For additional information on IES NOL position, please see Business of IES Net Operating Loss Carry Forward beginning on page 161, IES Management s Discussion and Analysis of Financial Condition and Results of Operations Controlling Shareholder beginning on page 190 and Risk Factors Relating to IES Business and Operations Availability of net operating losses may be reduced by a change in ownership on page 39.

Preferred Stock Purchase Rights (see page 128)

On January 24, 2013, the IES board of directors declared a dividend of one preferred share purchase right for each outstanding share of IES common stock. The dividend was payable to the stockholders of record as of the close of business on February 19, 2013. Each preferred share purchase right represents a right to purchase one one-thousandth of a share of Series A Junior Participating Preferred Stock, par value $0.01 per share, of IES at a price of $20.00. Each share of IES common stock issued as Stock Consideration in the merger will include one preferred share purchase right.

Treatment of MISCOR Stock Options and Other Equity Awards (see page 143)

The treatment of stock options and restricted share awards outstanding under the MISCOR stock plans is discussed under the heading The Merger Agreement Treatment of MISCOR Stock Options and Other Equity Awards beginning on page 143.

Recommendation of the IES Board of Directors (see page 67)

The IES board of directors, based on the recommendation of the disinterested members of the IES board of directors, (1) has determined that the merger agreement and the transactions contemplated by the merger agreement, including the issuance of shares of IES common stock in the merger, are advisable and in the best interests of IES and its stockholders, (2) has approved the merger and the merger agreement and (3) recommends that the stockholders of IES approve the issuance of shares of IES common stock in the merger. No stockholder vote is required for Merger Sub to adopt the merger agreement and consummate the transactions contemplated by the merger agreement, other than the vote of IES acting as the sole stockholder of Merger Sub.

The IES board of directors recommends that IES stockholders vote **FOR** the issuance of shares of IES common stock in the merger and **FOR** the adjournment or postponement of the IES Meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies. In considering the recommendation of the IES board of directors, you should be aware that certain directors of IES have personal interests that may motivate them to support the merger.

Recommendation of the MISCOR Board of Directors (see page 62)

The special committee of the MISCOR board of directors (the Special Committee) and the MISCOR board of directors, (1) have determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable and in the best interests of MISCOR and its shareholders, as well as its stakeholders, in accordance with the requirements of Indiana law, (2) have approved the merger agreement, the merger and the other transactions contemplated thereby, (3) have directed that the merger agreement be submitted for adoption by the MISCOR shareholders at the MISCOR Meeting and (4) hereby recommend that the MISCOR shareholders adopt the merger agreement.

The MISCOR board of directors hereby recommends that MISCOR shareholders vote **FOR** the adoption of the merger agreement, **FOR** the approval of the merger-related named executive officer compensation proposal and **FOR** the adjournment or postponement of the MISCOR Meeting to a later date or dates, if necessary or appropriate,

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to solicit additional proxies. In considering the recommendation of the MISCOR board of directors, you should be aware that certain directors and executive officers of MISCOR have interests in the transactions contemplated by the merger agreement that may be different from, or in addition to, the interests of MISCOR shareholders generally.

Opinions of Financial Advisers (see pages 74 and 83)

Opinion of IES Financial Adviser

In connection with the merger, IES financial advisor, Stifel, Nicolaus & Company, Incorporated (Stifel) delivered a written opinion, dated March 11, 2013, to the IES board of directors as to the fairness, as of such date, from a financial point of view, to IES, of the merger consideration to be paid by IES to holders of MISCOR common stock in the merger pursuant to the merger agreement. The full text of Stifel s written opinion, dated March 11, 2013, which describes the assumptions made, procedures followed, matters considered and limitations on the review undertaken, is attached as Annex B to this joint proxy statement/prospectus. Stifel received a fee of $250,000 upon the delivery of its opinion that is not contingent upon consummation of the merger. IES has also agreed to reimburse Stifel for certain of its expenses incurred in connection with Stifel s engagement. Stifel will not receive any payment or compensation contingent upon the successful consummation of the merger. **Stifel s opinion was provided for the information of, and directed to, the IES board of directors for its information and assistance in connection with its consideration of the financial terms of the merger. Stifel s opinion does not constitute a recommendation to the IES board of directors as to how the board of directors should vote on the merger or to any holder of IES or MISCOR common stock as to how any such holder should vote at any stockholders meeting at which the merger is considered, or whether or not any stockholder of IES should enter into a voting, stockholders , or affiliates agreement with respect to the merger, or exercise any dissenters or appraisal rights that may be available to such stockholder or whether or to what extent a shareholder of MISCOR should elect to receive Cash Consideration or Stock Consideration. In addition, Stifel s opinion does not compare the relative merits of the merger with any other alternative transactions or business strategies which may have been available to IES and does not address the underlying business decision of the IES board of directors or IES to proceed with or effect the merger. Stifel was not requested to, and did not, explore alternatives to the merger or solicit the interest of any other parties in pursuing transactions with IES.**

Opinion of MISCOR s Financial Adviser

In connection with the merger, MISCOR s financial adviser, Western Reserve Partners LLC (Western Reserve) delivered a written opinion dated March 13, 2013, to the MISCOR board of directors as to the fairness to MISCOR shareholders other than IES and its affiliates (including Tontine), from a financial point of view and as of the date of the opinion, of the Minimum Cash Consideration to be paid by IES to such stockholders in the merger of $1.415 per share assuming that all of MISCOR s shareholders elect to receive Cash Consideration.

The full text of Western Reserve s written opinion, dated March 13, 2013, is attached as Annex C to this joint proxy statement/prospectus. Holders of MISCOR common stock are encouraged to read the opinion carefully in its entirety for a description of the procedures followed, assumptions made, matters considered and limitations on the scope of the review undertaken. Western Reserve received an aggregate fee of $221,496.50 for its services in connection with the proposed merger, a portion of which was paid throughout Western Reserve s engagement as a retainer, and a portion of which was payable upon the rendering of its opinion. MISCOR has also agreed to reimburse Western Reserve for certain of its expenses incurred in connection with Western Reserve s engagement. Western Reserve will not receive any payment or compensation contingent upon the successful consummation of the merger. **Western Reserve s opinion was provided to the MISCOR board of directors in connection with its evaluation of the consideration to be paid by IES to the holders of MISCOR common shares in the merger, does not address any other aspect of the proposed merger and does not constitute a recommendation to any holder of MISCOR common stock as to how the shareholder should vote or act on any matter relating to the merger.**

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Western Reserve s opinion does not address the fairness to MISCOR shareholders of the Stock Consideration or a mix of Cash Consideration and Stock Consideration.

MISCOR Request for Opinion on Minimum Cash Consideration

Prior to the MISCOR board of directors voting on the transaction, MISCOR sought an opinion from Western Reserve. Western Reserve offered its opinion as to the fairness to MISCOR shareholders (other than IES and its affiliates) of the Minimum Cash Consideration, because MISCOR and Western Reserve understood that:

When the transaction was structured, it was expected that MISCOR s unaffiliated shareholders would elect to receive predominantly Cash Consideration. While MISCOR shareholders are offered the option of stock or cash and certain MISCOR shareholders are expected to elect to receive Stock Consideration, the MISCOR board of directors also felt that many MISCOR shareholders would elect Cash Consideration. The opinion was limited to MISCOR shareholders other than IES and its affiliates, including Tontine. These MISCOR shareholders represent an amount of MISCOR common stock that, if exchanged for cash, would not exceed the Maximum Cash Amount because Tontine and Mr. Martell are expected in the aggregate to elect to receive Stock Consideration for between approximately 54% to 62% of the outstanding MISCOR common stock.

As a result of the non-binding election indications from Tontine and Mr. Martell, described under Impact of Maximum Cash Amount beginning on page 14, MISCOR and Western Reserve expected that any MISCOR shareholder who chose to receive Cash Consideration could expect to receive it. Furthermore, the non-binding indications from Tontine and Mr. Martell were consistent with the expectations of both MISCOR and Western Reserve that investment funds, such as Tontine, would elect to receive Stock Consideration, desiring to avoid gains and remain invested, while large shareholders, like Mr. Martell, would prefer to divest over a period of time when liquid shares are available.

While the VWAP Collar was intended to reduce uncertainty as to the value of Stock Consideration, it was believed by the MISCOR board of directors that MISCOR shareholders desiring certainty would elect to receive Cash Consideration. MISCOR believed, based in part on discussions held in the summer of 2012 between the MISCOR board of directors and Western Reserve in connection with earlier negotiations with IES, that the VWAP Collar at 20% above and below the then-current trading price of IES common stock was reasonable from the perspective of industry standards. MISCOR was also advised by its legal advisor, Tuesley Hall & Konopa, that the VWAP Collar was reasonable for the size and confines of the transaction.

On July 10, 2013, IES, MISCOR and Merger Sub amended the merger agreement so as to reduce uncertainty as to the minimum consideration to be received by MISCOR shareholders who do not make a valid election with respect to all or any portion of their shares of MISCOR common stock. Pursuant to the amendment, any MISCOR shareholder that does not make a valid election will be deemed to have elected to receive, and will be paid, Stock Consideration; *provided*, *however*, that if the IES Common Stock Value is less than $4.024, then such shareholder will be deemed to have elected to receive, and will be paid, subject to the Maximum Cash Amount, Cash Consideration.

Ownership of IES After the Merger

If the Merger Consideration Determination Date had occurred on July 24, 2013, current IES stockholders would own in the aggregate approximately 94.8% of the combined corporation (including the shares of IES common stock to be issued to Tontine in the merger), based on the assumptions described in Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page F-2, which assumptions will not be definitively determined until the Merger Consideration Determination Date, and assuming 15,105,846 shares of IES common stock outstanding immediately prior to the effective time of the merger. This amount may vary

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depending on the actual number of shares of MISCOR common stock outstanding at the effective time of the merger, the actual Exchange Ratio, and the number of MISCOR shareholders who elect to receive Stock Consideration in the merger. Consequently, IES stockholders, as a general matter, will have less influence over the management and policies of IES than they currently exercise over the management and policies of IES. See Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page F-2 for further discussion of these assumptions and a sensitivity analysis related to the potential consideration that may be received by MISCOR shareholders.

Share Ownership of Directors and Executive Officers of IES

As of the close of business on July 24, 2013, the latest practicable date prior to the record date, the directors and executive officers of IES and their affiliates beneficially owned and were entitled to vote approximately 406,916 shares of IES common stock, collectively representing approximately 2.69% of the shares of IES common stock outstanding and entitled to vote on that date. The issuance of shares of IES common stock in the merger must be approved by the affirmative vote of the holders of a majority of the votes cast at the IES Meeting, including the votes cast by the directors and officers of IES and their affiliates. The shares of IES common stock owned by the directors and executive officers of IES will also be considered in determining satisfaction of the IES Minority Approval condition.

Share Ownership of Directors and Executive Officers of MISCOR

As of the close of business on July 24, 2013, the latest practicable date prior to the record date, the directors and executive officers of MISCOR and their affiliates beneficially owned and were entitled to vote approximately 2,764,800 shares of MISCOR common stock (excluding the 67,000 outstanding options held by MISCOR s directors and executive officers), collectively representing approximately 23.7% of the MISCOR common stock outstanding and entitled to vote on that date. The adoption of the merger agreement must be approved by the affirmative vote of the holders of a majority of the outstanding MISCOR common stock entitled to vote as of the record date, including the votes cast by the directors and officers of MISCOR and their affiliates. The MISCOR common stock owned by the directors and executive officers of MISCOR, other than Mr. Martell, will also be considered in determining satisfaction of the MISCOR Minority Approval condition.

Interests of Directors, Executive Officers and Affiliates of MISCOR in the Merger (see page 92)

In considering the recommendation of the MISCOR board of directors with respect to the merger agreement, MISCOR shareholders should be aware that certain members of the MISCOR board of directors and certain of MISCOR s executive officers have interests in the transactions contemplated by the merger agreement that may be different from, or in addition to, the interests of MISCOR shareholders generally. These interests may include, among other things, the following:

- the accelerated vesting of, and payment of the merger consideration with respect to, shares of MISCOR restricted stock and stock options held by MISCOR s executive officers and certain directors;

- arrangements that all current and former MISCOR directors and officers will be indemnified by IES with respect to acts or omissions by them in their capacities as directors and officers of MISCOR prior to the effective time of the merger;

- the expected employment of all members of MISCOR management team, including the executive officers of MISCOR, by the surviving corporation after the merger;

- the assumption of Mr. Moore s employment agreement by the surviving corporation, pursuant to the terms of the merger agreement; and

- as of March 12, 2013, Mr. Martell held approximately 23.4% of the outstanding shares of MISCOR common stock. Mr. Martell s holdings were obtained in transactions exempt from registration from the Securities Act and are not subject to registration rights.

Accordingly, the merger consideration, in the

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form of Stock Consideration and/or Cash Consideration, presents a liquidity event of particular value to Mr. Martell. For this reason, Mr. Martell chose to abstain from the MISCOR board of director s vote on the merger. MISCOR s other directors and the MISCOR officers may also gain value from receiving merger consideration and the liquidity event it presents.

It is anticipated, based on current discussions between the companies, that all members of MISCOR s management team, including the executive officers of MISCOR, will continue with the surviving corporation following completion of the merger. While IES has not entered, and does not anticipate entering, into new employment agreements with any of MISCOR s executive officers, the surviving corporation will assume Mr. Moore s employment agreement following completion of the merger. After the merger, MISCOR s then-existing management team will be employed by the surviving corporation, which will be a wholly-owned subsidiary of IES. It is anticipated that Michael Moore and Marc Valentin, each of whom currently serves as an executive officer of MISCOR, will also serve as executive officers of Merger Sub, which we refer to as the surviving corporation, following completion of the merger.

The MISCOR board of directors was aware of these interests and considered them, among other matters, in making its recommendation. See Special Factors Recommendation of the MISCOR Board of Directors and Its Reasons for the Merger, beginning on page 62.

The table below presents information regarding the maximum estimated value of total merger consideration that each director, executive officer and affiliate of MISCOR will receive as a result of the merger, based on the assumptions described in Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page F-2, including the assumptions that Mr. Martell will elect Stock Consideration for 1,000,000 shares of his MISCOR common stock (the mid-point of his non-binding indication), Tontine will elect 100% Stock Consideration, and the directors and executive officers of MISCOR (other than Mr. Martell) will elect 50% Cash Consideration and 50% Stock Consideration. The table below assumes that the Merger Consideration Determination Date occurred on July 24, 2013. The actual value of the consideration and the number of shares of IES common stock to be issued may differ from this example, given that these amounts will not be determined until the Merger Consideration Determination Date has passed and MISCOR shareholders have made their elections. For additional information, please see Special Factors Interests of Directors and Executive Officers of MISCOR in the Merger Restricted Stock and Stock Options beginning on page 92.

	Restricted Stock Awards			**Stock Option Awards**			**Common Stock**			
		Merger Consideration			**Merger Consideration**			**Merger Consideration**		
	Unvested Shares	**Cash**	**Estimated Value of Shares of IES Common Stock**	**Unvested Shares**	**Cash**	**Estimated Value of Shares of IES Common Stock**	**Shares Owned**	**Cash**	**Estimated Value of Shares of IES Common Stock**	**Maximum Estimated Value of Total Merger Consideration**
Directors:										
John A. Martell		$ 0	$ 0		$ 0	$ 0	2,738,800	$ 2,567,355	$ 1,476,510	$ 4,043,865
Michael P. Moore	13,000	$ 9,597	$ 9,597	60,000	$ 44,295	$ 44,295		$ 0	$ 0	$ 107,785
William Schmuhl, Jr.		$ 0	$ 0		$ 0	$ 0	10,000	$ 7,383	$ 7,383	$ 14,765
Michael Topa		$ 0	$ 0		$ 0	$ 0		$ 0	$ 0	$ 0
Executive Officers:										
Marc Valentin	3,000	$ 2,215	$ 2,215	7,000	$ 5,168	$ 5,168		$ 0	$ 0	$ 14,765
Directors & Executive Officers	16,000	$ 11,812	$ 11,812	67,000	$ 49,463	$ 49,463	2,748,800	$ 2,574,738	$ 1,483,893	$ 4,181,180
Beneficial Owners										
Jeffrey L. Gendell/Tontine		$ 0	$ 0		$ 0	$ 0	5,833,332	$ 0	$ 8,612,972	$ 8,612,972
Directors, Executive Officers & Beneficial Owners	16,000	$ 11,812	$ 11,812	67,000	$ 49,463	$ 49,463	8,582,132	$ 2,574,738	$ 10,096,865	$ 12,794,152

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If the Merger Consideration Determination Date had occurred on July 24, 2013, MISCOR s directors and executive officers would own in the aggregate approximately 1.8% of the shares of IES common stock outstanding after the merger and Tontine and MISCOR s directors and executive officers would together own in the aggregate approximately 60.0% of the shares of IES common stock outstanding after the merger (including the shares of IES common stock owned by Tontine prior to the merger), in each case, based on the assumptions described above and assuming 15,105,846 shares of IES common stock outstanding immediately prior to the effective time of the merger. The transaction is not expected to result in Mr. Martell becoming a 5% beneficial owner of IES.

Interests of Tontine in IES and MISCOR (see pages 96 and 97)

Share Ownership

As of July 24, 2013, Tontine owned approximately 49.9% of MISCOR s outstanding common shares and approximately 56.7% of the outstanding shares of IES common stock.

Board and Management Representation

MISCOR Board Representation. MISCOR has granted Tontine the right to appoint members to the MISCOR board of directors as follows:

- if Tontine or its affiliates hold at least 10% of MISCOR s outstanding common shares, Tontine has the right to appoint one member of the MISCOR board of directors;

- if Tontine or its affiliates hold at least 20% of MISCOR s outstanding common shares, and the MISCOR board of directors consists of five or fewer directors, Tontine has the right to appoint one member of the MISCOR board of directors; and

- if Tontine or its affiliates hold at least 20% of MISCOR s outstanding common shares, and the MISCOR board of directors consists of six or more directors, Tontine has the right to appoint two members of the MISCOR board of directors.

The MISCOR board of directors currently consists of four directors. MISCOR has also agreed that, for as long as Tontine has the right to appoint directors, the number of directors on the MISCOR board of directors will not exceed seven. Tontine has not appointed a director to the MISCOR board of directors.

In addition to Tontine s right to appoint directors, MISCOR also granted Tontine the right to have a representative attend all meetings of the MISCOR board of directors, the boards of directors of MISCOR s subsidiaries and their respective committees, for so long as Tontine or its affiliates continue to hold at least 10% of MISCOR s outstanding common shares. Mr. Lindstrom periodically attended the MISCOR board meetings as a representative of Tontine, while he was employed at Tontine; however, neither Mr. Lindstrom nor any representative of Tontine has attended a MISCOR board meeting since August 10, 2011.

Mr. Martell has granted Tontine an irrevocable proxy to vote his shares of MISCOR common stock for the election to the MISCOR board of directors of Tontine s designees.

IES Board Representation. David B. Gendell, who is the brother of Jeffrey Gendell (the founder and managing member of Tontine) and an employee of Tontine Associates, L.L.C., has served as a member of the IES board of directors since February 2012. Mr. Gendell was not appointed to the IES board of directors pursuant to or in connection with any agreement or understanding between IES and Tonine.

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Interests of Tontine Following Completion of the Merger

Following completion of the merger, Tontine is expected to own an estimated 58.0% of the outstanding shares of IES common stock, based on the assumptions described in Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page F-2.

In connection with the merger, Tontine will not receive any rights with respect to representation on the IES board of directors or within IES management. Following completion of the merger, each of MISCOR s executive officers and directors will resign as directors and officers of MISCOR, pursuant to the terms of the merger agreement, and Tontine s right to appoint members to the MISCOR board of directors and its board observer rights with respect to meetings of the MISCOR board of directors will terminate.

Listing of Shares of IES Common Stock; Removal and Deregistration of Shares of MISCOR Common Stock (see page 101)

IES will use its reasonable best efforts to notify the NASDAQ of the shares of IES common stock to be issued in the merger prior to the effective time of the merger in accordance with the NASDAQ listing rules. Under the merger agreement, MISCOR is required to cooperate with IES with respect to such notice to facilitate providing notification as required pursuant to NASDAQ rules. Approval of the listing on the NASDAQ of the shares of IES common stock to be issued in the merger is not required pursuant to the NASDAQ listing rules and therefore is not a condition to each party s obligation to complete the merger. If the merger is completed, the MISCOR common stock will be removed from OTCQB and deregistered under the Exchange Act.

Appraisal Rights in the Merger (see page 154)

MISCOR shareholders who wish to seek appraisal of their shares are urged to seek the advice of counsel with respect to the availability of dissenters rights.

A MISCOR shareholder who delivers to MISCOR, before the shareholders vote is taken at the MISCOR Meeting, written notice of the shareholder s intent to demand payment in cash for shares owned if the merger is effectuated and does not vote the shareholder s shares in favor of the merger will not receive the merger consideration. The shareholder will instead be entitled to assert dissenters rights and seek an appraisal of its shares, unless the shareholder fails to take the steps prescribed by Chapter 44 of the IBCL to perfect such shareholder s dissenters rights. Upon consummation of the merger and receipt of a payment demand, former MISCOR shareholders who have complied with all statutory requirements will be paid the fair value of the shares as of the time immediately before the merger. The full text of Chapter 44 of the IBCL is attached as Annex D to this joint proxy statement/prospectus.

Holders of IES common stock will not have the right to seek appraisal of the fair value of their shares of IES common stock.

Conditions to the Completion of the Merger (see page 144)

A number of conditions must be satisfied or waived, where legally permissible, before the proposed merger can be consummated. These include, among others:

- IES receiving stockholder approval of the issuance of shares of IES common stock in the merger;
- MISCOR receiving stockholder approval of adoption of the merger agreement;
- the holders of fifty percent (50%) or more of all of the issued and outstanding shares of IES common stock entitled to vote (excluding shares held by certain affiliates of IES and MISCOR), shall not have voted against IES proposal to issue shares of IES common stock in the merger (the IES Minority Approval);

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- the holders of fifty percent (50%) or more of all of the issued and outstanding shares of MISCOR common stock entitled to vote (excluding shares held by certain affiliates of IES and MISCOR), shall not have voted against MISCOR s proposal to adopt the merger agreement (the MISCOR Minority Approval);

- the registration statement of which this joint proxy statement/prospectus forms a part being declared effective by the SEC;

- the absence of any statute, order or injunction prohibiting the merger;

- IES filing the listing of additional shares notification with NASDAQ with respect to the IES common stock to be issued to MISCOR shareholders in the merger;

- no Person (other than Tontine) becoming, in the reasonable determination of the IES board of directors, an Acquiring Person (as defined in the Rights Agreement) as a result of the merger;

- receiving all other required regulatory approvals, other than approvals the absence of which would not have a material adverse effect;

- the number of Dissenting Shares not exceeding 5% of the outstanding shares of MISCOR common stock immediately prior to the effective time of the merger;

- receipt of a legal opinion by MISCOR regarding the tax treatment of the merger;

- receiving all other required regulatory approvals, other than approvals the absence of which would not have a material adverse effect; and

- agreement among the parties on the calculation of MISCOR s Net Debt. While IES and MISCOR have previously agreed on the methodology that will be used to calculate Net Debt, they may, nonetheless, reach differing conclusions as to the inputs to be used in the calculation. It is anticipated, however, that using a 30-day measurement period to calculate Net Debt will help to moderate the impact of any such differences.

Neither IES nor MISCOR can assure you when or if all or any of the conditions to the merger will be either satisfied or waived or whether the merger will occur as intended.

Pursuant to the terms of the merger agreement, each of IES and MISCOR may waive in writing in whole or in part any or all of such party s conditions to completion of the merger, provided that those requirements that are a condition to both IES and MISCOR s completion of the merger, including the IES Minority Approval and MISCOR Minority Approval, must be waived in writing by both parties. In the event that either the IES Minority Approval or the MISCOR Minority Approval is not received, IES and MISCOR may determine, based on the facts as they then exist, that waiver of such conditions is in the best interest of IES, MISCOR and their respective stockholders. Neither IES nor MISCOR intends to re-solicit stockholder approval in the event that either party waives a material condition to completion of the merger, except as may be required by the merger agreement with respect to MISCOR s receipt of an opinion of its tax counsel, as described under Material U.S. Federal Income Tax Consequences of the Merger Material U.S. Federal Income Tax Consequences of the Merger to MISCOR Shareholders beginning on page 134. As of July 24, 2013, neither IES nor MISCOR anticipated waiving any condition to its obligation to complete the merger.

No Solicitation (see page 147)

The merger agreement prohibits MISCOR from soliciting alternative transactions other than during the limited period that began on the date of the merger agreement and ended at 12:01 a.m. (EST) on April 13, 2013 (the Solicitation Period). Following the Solicitation Period, MISCOR is not permitted to:

solicit, initiate, encourage or facilitate any inquiries, offers or proposals that constitute, or are reasonably likely to lead to, another acquisition proposal;

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- engage in discussions or negotiations with, or furnish or disclose any non-public information or data relating to itself or any of its subsidiaries to, any person that has made or may be considering making another acquisition proposal;

- approve, endorse or recommend another acquisition proposal; or

- enter into any agreement in principle, letter of intent, arrangement, understanding or other contract relating to another acquisition proposal.

Notwithstanding the foregoing, and subject to certain additional limitations and conditions, before receipt of the requisite approval by its stockholders, MISCOR may engage in negotiations with a third party making an unsolicited, bona fide, written acquisition proposal, provided that:

- the MISCOR board of directors concludes in good faith that such proposal is, or is reasonably likely to lead to, a superior proposal and that the failure to take such action is reasonably likely to be inconsistent with its fiduciary duties;

- MISCOR provides IES written notice of such alternative proposal within 24 hours of receipt thereof, which notice shall include the identity of the person or entity making the proposal and any material terms and conditions thereof;

- MISCOR enters into a confidentiality agreement with such person, with terms that are no more favorable to such person than those contained in IES confidentiality agreement with MISCOR; and

- MISCOR promptly provides IES with a copy of the confidentiality agreement and copies of any non-public information disclosed to such person (and not previously disclosed to IES).

In addition, subject to certain additional limitations and conditions, before receipt of the requisite approval by its stockholders, the board of directors of MISCOR may withdraw its recommendation or declaration of advisability of the merger agreement if the board of directors determines in good faith that a failure to change its recommendation is reasonably likely to be inconsistent with its fiduciary duties to the MISCOR shareholders, subject to payment of the termination fees set forth in the merger agreement.

Termination of the Merger Agreement (see page 151)

The merger agreement may be terminated and the merger may be abandoned at any time prior to the effective time of the merger by mutual written consent of IES and MISCOR. The merger agreement may be terminated by written notice at any time prior to the effective time of the merger in any of the following ways:

- by either IES or MISCOR (provided the terminating party is not the cause of the failure or action described) if:

  - the merger is not completed by October 31, 2013, unless extended pursuant to the merger agreement (the Termination Date);

  - any governmental authority has issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting the consummation of the merger or making the consummation of the merger illegal and such order, decree, ruling or other action will have become final and nonappealable;

the IES stockholders fail to approve the issuance shares of IES common stock in the merger or the MISCOR shareholders fail to adopt the merger agreement;

IES or MISCOR fails to receive IES Minority Approval or MISCOR Minority Approval, respectively;

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by IES if:

MISCOR has materially breached any of its representations and warranties or has failed to comply in any material respects with any of its covenants or other agreements, which breach or failure is incapable of being cured by the Termination Date, or has not been cured within 20 days following receipt of written notice thereof (the Cure Period) from IES;

MISCOR has breached its no-solicitation covenant in any material respect, the MISCOR board of directors (or any committee thereof) has withdrawn or changed adversely its recommendation of the merger, MISCOR or its subsidiaries has entered into another acquisition agreement or MISCOR has publicly announced its intention to take any of the foregoing actions; or

there has been a material adverse effect with respect to MISCOR that is incapable of being cured by the Termination Date or within the Cure Period.

by MISCOR if:

IES or Merger Sub has materially breached of any of their representations and warranties or failed to comply in any material respect with any of its covenants or other agreements, which breach or failure is incapable of being cured by the Termination Date or within the Cure Period;

prior to the adoption of the merger agreement by the MISCOR shareholders, MISCOR receives a superior proposal and the MISCOR board of directors withdraws or changes adversely its recommendation of the merger or MISCOR or its subsidiaries enter into another acquisition agreement, provided that MISCOR complies in all material respects with the provisions of the merger agreement applying to dealing with the superior proposal; or

there has been a material adverse effect with respect to IES that is incapable of being cured by the Termination Date or within the Cure Period.

See The Merger Agreement Termination of the Merger Agreement and Termination Fees, beginning on page .

Termination Fees and Expenses (see page 152)

In the event of a termination of the merger agreement under the following circumstances, MISCOR will be required to pay IES a termination fee in the amount of $250,000:

either IES or MISCOR terminates the merger agreement due to:

the failure of the MISCOR shareholders to adopt the merger agreement;

the failure of IES to receive IES Minority Approval;

the failure of MISCOR to receive MISCOR Minority Approval;

the MISCOR board of directors withdrawing or changing adversely its recommendation of the merger or MISCOR or any of its subsidiaries entering into another acquisition agreement; or

the failure of the merger to be completed by the Termination Date; or

IES terminates the merger agreement due to:

MISCOR s failure to timely cure or inability to cure a material breach of any of its representations and warranties;

MISCOR s failure to timely cure or inability to cure its failure to comply in any material respect with any of its covenants or other agreements; or

MISCOR s breach of its no-solicitation covenant in any material respect.

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If, within 365 days of a termination of the merger agreement as a result of MISCOR s failure to receive shareholder approval of the merger or MISCOR Minority Approval, MISCOR consummates an alternative transaction with any person or entity that submitted an alternative transaction prior to termination of the merger agreement (regardless of whether such alternative transaction was the basis for termination of the merger agreement), MISCOR will be required to pay IES an additional fee of $500,000 (which will result in a combined termination fee of $750,000).

In the event of a termination of the merger agreement as a result of the failure of the IES stockholders to approve the issuance of shares of IES common stock in the merger or the failure of IES to receive the IES Minority Approval, IES will be required to reimburse MISCOR for its out-of-pocket and documented expenses incurred in connection with the merger in an amount not to exceed $250,000.

Material U.S. Federal Income Tax Consequences (see page 134)

The merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code (the Code) for U.S. federal income tax purposes, and the closing is conditioned upon the receipt by MISCOR of an opinion from Ulmer & Berne LLP, counsel to MISCOR, to the effect that the merger so qualifies. This discussion of U.S. federal income tax consequences assumes that the merger will be consummated as described in the merger agreement and this joint proxy statement/prospectus. In the opinion of Ulmer & Berne LLP, the merger will be treated for U.S. federal income tax purposes as a reorganization qualifying under the provisions of Section 368(a) of the Code. If the merger qualifies as such a reorganization, the material U.S. federal income tax consequences of the merger to U.S. holders of MISCOR common stock will be as follows:

- If you exchange all of your shares of MISCOR common stock for cash in the merger, you generally will recognize capital gain or loss equal to the difference between the amount of cash received with respect to your MISCOR common stock and your tax basis in the stock surrendered.

- If you exchange all of your shares of MISCOR common stock for shares of IES common stock in the merger, you will not recognize any gain or loss with respect to your MISCOR common stock, except to the extent of any cash you may receive in lieu of fractional shares of IES common stock.

- If you exchange your shares of MISCOR common stock for a combination of cash and IES common stock in the merger, you generally will recognize gain (but not loss) with respect to your MISCOR common stock. The gain you recognize generally will equal the lesser of (1) the excess of the sum of the cash and the fair market value of the shares of IES common stock received with respect to your MISCOR common stock over your tax basis in the shares surrendered, and (2) the amount of cash received with respect to your MISCOR common stock.

For further information, please refer to Material U.S. Federal Income Tax Consequences of the Merger. The United States federal income tax consequences described above may not apply to all holders of MISCOR common stock. Your tax consequences will depend on your individual situation. Accordingly, we strongly urge you to consult your tax advisor for a full understanding of the particular tax consequences of the merger to you.

Accounting Treatment (see page 100)

In accordance with accounting principles generally accepted in the United States of America (GAAP), the merger will be accounted for as an acquisition of a business. IES will record net tangible and identifiable intangible assets acquired and liabilities assumed from MISCOR at their respective fair values at the date of the completion of the merger. Any excess of the purchase price, which will equal the market value at the date of the completion of the merger, of the IES common stock and cash issued as consideration for the merger over the net fair value of such assets and liabilities will be recorded as goodwill.

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The financial condition and results of operations of IES after completion of the merger will reflect MISCOR s balances and results after completion of the merger but will not be restated retroactively to reflect the historical financial condition or results of operations of MISCOR. The earnings of IES following the completion of the merger will reflect acquisition accounting adjustments, including the effect of changes in the carrying value for assets and liabilities on depreciation and amortization expense. Goodwill will not be amortized but will be tested for impairment at least annually, and all assets including goodwill will be tested for impairment when certain indicators are present. If, in the future, IES determines that tangible or intangible assets (including goodwill) are impaired, IES would record an impairment charge at that time.

Regulatory Approvals (see page 100)

As of the date of this joint proxy statement/prospectus, neither IES nor MISCOR is required to make filings or to obtain approvals or clearances from any antitrust regulatory authorities in the United States to consummate the merger. IES must comply with applicable federal and state securities laws in connection with the issuance of shares of IES common stock to MISCOR s shareholders.

Payment of Dividends (see page 110)

Neither IES nor MISCOR has ever paid a cash dividend on its common stock.

IES

IES does not anticipate paying cash dividends on its common stock in the foreseeable future. Any future determination as to the payment of dividends will be made at the discretion of the IES board of directors and will depend upon IES operating results, financial condition, capital requirements, general business conditions and other factors that the IES board of directors deems relevant. IES is also restricted under its revolving credit facility from paying cash dividends.

On January 24, 2013, the IES board of directors declared a dividend of one preferred share purchase right for each outstanding share of IES common stock. The dividend was payable to the stockholders of record as of the close of business on February 19, 2013. Each preferred share purchase right represents a right to purchase one one-thousandth of a share of Series A Junior Participating Preferred Stock, par value $0.01 per share, of IES at a price of $20.00. Each share of IES common stock issued as Stock Consideration in the merger will include one preferred share purchase right.

MISCOR

The merger agreement generally provides that MISCOR may not declare, set aside or pay any dividend prior to the effective time of the merger or the termination of the merger agreement.

Financing of the Merger (see page 157)

IES obligation to complete the merger is not conditioned upon its obtaining financing. In order to finance some or all of the cash component of the merger consideration, the repayment of outstanding MISCOR debt and the transaction expenses associated with the merger, IES expects to utilize its existing cash balances and incur incremental indebtedness of up to $10.0 million under its revolving credit facility with Wells Fargo. See Financing of the Merger, beginning on page 157.

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Comparison of Rights of IES Stockholders and MISCOR Shareholders (see page 158)

IES is incorporated under the laws of the State of Delaware and the rights of the stockholders of IES are currently, and at the completion of the merger will continue to be, governed by the Delaware General Corporation Law (the DGCL). MISCOR is incorporated under the laws of the State of Indiana. Accordingly, the rights of the shareholders of MISCOR are currently governed by the IBCL; however, if the merger is completed, MISCOR shareholders will become stockholders of IES, and their rights will be governed by the DGCL, the certificate of incorporation of IES and the bylaws of IES. The rights of IES stockholders contained in the certificate of incorporation and bylaws of IES differ from the rights of MISCOR shareholders under the articles of incorporation and bylaws of MISCOR, as more fully described under the section entitled Comparison of Rights of IES Stockholders and MISCOR Shareholders, beginning on page 158.

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RISK FACTORS

Before deciding how to vote, you should carefully consider the risks described below, in addition to the risks and uncertainties and all other information contained in this joint proxy statement/prospectus, including the matters addressed under Cautionary Statement Concerning Forward-Looking Statements, beginning on page 117. You should also consider the other information in this joint proxy statement/prospectus.

Risk Factors Relating to the Merger

The total consideration that IES will pay to MISCOR shareholders in the merger is based on numerous factors which are subject to fluctuation.

The Cash Consideration and Stock Consideration to be received by MISCOR shareholders in the merger, as described below, are based on numerous factors which are subject to fluctuation and will not be determined until the fifteenth business day prior to the closing date of the merger (the Merger Consideration Determination Date).

The total consideration that IES will pay to MISCOR shareholders in the merger is based on an agreed Transaction Value for MISCOR of approximately $24 million, less MISCOR s Net Debt, which is referred to herein as the Adjusted Transaction Value. As of July 24, 2013, MISCOR s Net Debt (for the 30-day period ending on that date), was approximately $5.994 million. However, circumstances could result in Net Debt increasing above or decreasing below its current levels, which would affect the total consideration paid to MISCOR shareholders in the merger, as both the Cash Consideration and the Stock Consideration are based, in part, on the Adjusted Transaction Value.

At the effective time of the merger, each outstanding share of MISCOR common stock (other than Dissenting Shares and shares to be canceled pursuant to the terms of the merger agreement) will be converted into the right to receive merger consideration comprised of, at the election of the holder, either: (1) Cash Consideration of not less than $1.415 per share, equal to the quotient obtained by dividing (x) the difference between $24.0 million and the amount of MISCOR s Net Debt and (y) the number of shares of MISCOR common stock outstanding as of the Merger Consideration Determination Date, including shares issuable upon the exercise of outstanding options and warrants; or (2) Stock Consideration equal to a fraction, the numerator of which is the Cash Consideration and the denominator of which is the IES Common Stock Value; *provided*, *however*, that if the IES Common Stock Value is less than $4.024 per share or greater than $6.036 per share (the VWAP Collar), then the IES Common Stock Value will be $4.024 per share or $6.036 per share, respectively. Pursuant to the merger agreement, MISCOR does not have a right to terminate the transaction if the market price of IES common stock falls to a value such that the per share consideration to be received by MISCOR shareholders electing to receive Stock Consideration could be valued at less than $1.415, which is the minimum per share consideration to be received by MISCOR shareholders electing to receive Cash Consideration.

As of July 24, 2013, MISCOR had 11,684,987 shares of common stock issued and outstanding. Prior to the Merger Consideration Determination Date, the number of outstanding shares of MISCOR common stock is expected to increase to up to 11,775,066 shares, as the result of the exercise of 90,079 outstanding in-the-money warrants or option, which will adversely affect the total consideration paid to MISCOR shareholders in the merger, as (i) the Cash Consideration is based, part, on the number of shares of MISCOR common stock outstanding on the Merger Consideration Determination Date and (ii) the Stock Consideration is based, in part, on the amount of Cash Consideration.

The Exchange Ratio used to determine the number of shares of IES common stock into which each share of MISCOR common stock will be convertible will fluctuate due to fluctuations in the market value of IES common stock.

The number of shares of IES common stock into which each share of MISCOR common stock will be convertible at the effective time of the merger will be based on the Exchange Ratio, the denominator of which is the 60-day

VWAP of IES common stock ending with the Merger Consideration Determination Date. As such, the number of shares of IES common stock constituting the Stock Consideration that MISCOR shareholders may elect to receive in the merger will depend, in part, on the market value of IES common stock. The market price per share of IES common stock and MISCOR common stock will fluctuate between the date of this prospectus and the completion of the merger. Therefore, MISCOR shareholders cannot be sure of the number of shares of IES common stock that they will receive. In addition, because the Exchange Ratio will be determined using a period that ends fifteen business days prior to the closing date of the merger, the number of shares of IES common stock to be issued will likely be different than it would be if the price on the closing date were to be used.

The estimated per share Cash Consideration and Stock Consideration are based on certain estimates, judgments and assumptions that may change or prove to be incorrect.

If the Merger Consideration Determination Date had occurred on July 24, 2013, it is estimated that each MISCOR shareholder would have the right to receive, subject to the terms of the merger agreement, at his or her election, either $1.48 in cash or 0.311 shares of IES common stock for each share of MISCOR common stock issued and outstanding, subject to the Maximum Cash Amount, based on the assumptions described in Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page F-2, which assumptions will not be definitively determined until the Merger Consideration Determination Date. The actual value of the consideration and the number of shares of IES common stock to be issued may differ from this example, given that these amounts will not be determined until the Merger Consideration Determination Date has passed and MISCOR shareholders have made their elections.

Because the calculations of per share Cash Consideration and Stock Consideration are based on multiple factors, such as the amount of MISCOR s Net Debt, the number of shares of MISCOR common stock outstanding, the IES Common Stock Value and application of the VWAP Collar, that, pursuant to the terms of the merger agreement, will not be definitively determined until the fifteenth business day prior to the closing date of the merger, certain assumptions with respect to these factors must be made in order to provide IES stockholders and MISCOR shareholders with estimates of the consideration to be received by MISCOR shareholders in the merger. These assumptions, which are described in detail in Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page F-2, are based on management s best estimates and, as such, may change or prove to be incorrect. Actual amounts may vary from these estimates based on, among other factors, (i) the percentage of MISCOR common stock for which Cash Consideration is elected and the percentage of MISCOR common stock for which Stock Consideration is elected, (ii) the VWAP of IES common stock for the 60 consecutive trading days ending on the Merger Consideration Determination Date, (iii) the IES Common Stock Value falling outside of the VWAP Collar, (iv) the market price of IES common stock on the closing date, and (v) fluctuations in MISCOR s Net Debt prior to the Merger Consideration Determination Date. If any of the estimates or assumptions described in Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements prove to be materially incorrect, the per share Cash Consideration and Stock Consideration to be received by MISCOR shareholders in connection with the merger could vary materially from the estimates of such consideration set forth herein.

MISCOR shareholders electing to receive Cash Consideration may, as a result of the cap on the aggregate Cash Consideration to be received by MISCOR shareholders pursuant to the merger agreement, receive a form or combination of consideration different from the form they elect.

While each MISCOR shareholder may elect to receive consideration consisting of all Cash Consideration, all Stock Consideration, or a mix of Cash Consideration and Stock Consideration, the aggregate Cash Consideration to be received by MISCOR shareholders pursuant to the merger agreement shall not exceed a threshold, as described in the merger agreement (the Maximum Cash Amount), which is an amount equal to the product obtained by multiplying (x) the Cash Consideration by (y) 50% of the number of shares of MISCOR common stock outstanding immediately prior to the effective time of the merger. Accordingly, if the aggregate amount of cash that would be paid upon conversion of the shares of MISCOR common stock for which MISCOR

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shareholders elect to receive Cash Consideration, including, in the event that the IES Common Stock Value is less than $4.024, all shares of MISCOR common stock for which a valid election was not made (collectively, the Cash Election Shares), is greater than the Maximum Cash Amount, then the exchange agent will select from among the Cash Election Shares, by a pro rata selection process, a sufficient number of shares (the Stock Designation Shares) such that the aggregate amount of cash that will be paid in the merger in respect of the Cash Election Shares that are not Stock Designation Shares equals as closely as practicable the Maximum Cash Amount, and the Stock Designation Shares shall be converted into the right to receive the Stock Consideration. As a result, MISCOR shareholders that make a valid election to receive all or a portion of their merger consideration in the form of Cash Consideration may not receive merger consideration entirely in the form elected.

If you are a MISCOR shareholder and you tender shares of MISCOR common stock to make an election, you will not be able to sell those shares unless you revoke your election prior to the election deadline.

If you are a MISCOR shareholder and want to elect to receive Cash Consideration, Stock Consideration, or a mix of Cash Consideration and Stock Consideration under the merger agreement, you must deliver your stock certificates (or follow the procedures for guaranteed delivery) and a properly completed and signed election form to the exchange agent. You will not be able to sell any shares of MISCOR common stock that you have delivered under this arrangement unless you revoke your election before the election deadline by providing written notice to the exchange agent. If you do not revoke your election, you will not be able to liquidate your investment in MISCOR common stock for any reason until you receive Cash Consideration and/or Stock Consideration pursuant to the merger agreement or until the merger agreement is terminated pursuant to its terms. In the time between delivery of your shares and the closing of the merger or termination of the merger agreement, the market prices of MISCOR common stock and IES common stock may increase or decrease, and you might otherwise want to sell your shares of MISCOR common stock to gain access to cash, make other investments, or reduce the potential for a decrease in the value of your investment.

The date that MISCOR shareholders will receive their merger consideration is uncertain.

The completion of the merger is subject to certain governmental approvals and the satisfaction or waiver of certain other conditions. While it is currently anticipated that the merger will be completed promptly following the meeting of IES stockholders to approve the issuance of shares of IES common stock (assuming such approval) and the meeting of MISCOR shareholders to approve and adopt the merger agreement (assuming such approval and adoption), the completion date might be later than expected due to delays in satisfying such conditions. Accordingly, we cannot provide MISCOR shareholders with a definitive date on which they will receive the merger consideration.

IES and MISCOR may waive any or all of the conditions to completion of the merger, including receipt of IES Minority Approval, receipt of MISCOR Minority Approval and MISCOR s receipt of the opinion of its tax counsel.

Pursuant to the terms of the merger agreement, each of IES and MISCOR may waive in writing in whole or in part any or all of such party s conditions to completion of the merger, provided that those requirements that are a condition to both IES and MISCOR s completion of the merger, including the IES Minority Approval and MISCOR Minority Approval, must be waived in writing by both parties. In the event that either IES Minority Approval or MISCOR Minority Approval is not received, IES and MISCOR may determine, based on the facts as they then exist, that waiver of such conditions is in the best interest of IES, MISCOR and their respective stockholders. However, neither IES nor MISCOR intends to re-solicit stockholder approval in the event that either party waives a material condition to completion of the merger, except as may be required by the merger agreement with respect to MISCOR s receipt of an opinion of its tax counsel, as described under Material U.S. Federal Income Tax Consequences of the Merger Material U.S. Federal Income Tax Consequences of the Merger to MISCOR Shareholders beginning on page 135. In the event that IES and/or MISCOR waive a material condition to completion of the merger, such as

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receipt of IES Minority Approval, receipt of MISCOR Minority Approval or MISCOR s receipt of the opinion of its tax counsel, IES stockholders and MISCOR shareholders will not be afforded all of the procedural protections contemplated by the merger agreement and discussed in this joint proxy statement/prospectus.

Any delay in completing the merger and integrating the businesses may reduce the benefits expected to be obtained from the merger.

The merger is subject to a number of conditions that are beyond the control of IES and MISCOR and that may prevent, delay, or otherwise materially adversely affect its completion. See Merger Agreement Conditions to Completion of the Merger. Neither IES nor MISCOR can predict whether or when the conditions to closing will be satisfied. Any delay in completing the merger and integrating the businesses may reduce the benefits that IES and MISCOR expect to achieve in the merger.

The merger may not be completed on a timely basis or at all. Failure to complete the merger could negatively impact the stock price and the future business and financial results of IES and MISCOR.

Neither IES nor MISCOR can assure you that the merger agreement will be adopted by the MISCOR shareholders, that the issuance of the shares of IES common stock will be approved by the IES stockholders, or that the other conditions to the completion of the merger will be satisfied. In addition, both IES and MISCOR have the right to terminate the merger agreement under certain conditions. If the merger is not completed, neither IES nor MISCOR will receive any of the expected benefits of the merger and will be subject to risks and/or liabilities, including the following:

- failure to complete the merger might be followed by a decline in the market price of MISCOR common stock and/or IES common stock;
- MISCOR will be required to pay IES termination fees that range from $250,000 of $750,000 if the merger agreement is terminated under certain conditions;
- IES will be required to reimburse MISCOR for its out-of-pocket and documented expenses incurred in connection with the merger, in an amount not to exceed $250,000, if the merger agreement is terminated under certain conditions;
- certain costs relating to the merger (such as legal and accounting fees) will be payable by IES and by MISCOR regardless of whether the merger is completed; and
- the proposed merger may disrupt the businesses of IES and MISCOR and distract their respective management and employees from day-to-day operations, because work related to the merger (including integration planning) requires substantial time and resources, which could otherwise have been devoted to other business opportunities for the benefit of the respective companies.

If the merger is not completed, these risks and liabilities may materially adversely affect IES and MISCOR s business, financial results, financial condition, and stock price.

In addition, there can be no assurance that IES will be successful in obtaining expected financing. Although financing is not a condition to closing of the merger, if IES were not able to obtain the expected financing, or not able to obtain the financing on commercially reasonable terms, it may not receive required third party consents to complete the merger or otherwise might not be able to complete the merger.

The rights of MISCOR shareholders who become IES stockholders in the merger will be governed by IES certificate of incorporation and bylaws.

MISCOR shareholders who receive shares of IES common stock in the merger will become IES stockholders. As such, MISCOR shareholder rights will become subject to the Delaware General Corporation Law and they will be governed by IES certificate of incorporation and bylaws, rather than MISCOR s articles of incorporation and

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bylaws. As a result, there will be material differences between the current rights of MISCOR shareholders, as compared to the rights they will have as IES stockholders. For more information, see Comparison of Rights of IES Stockholders and MISCOR Shareholders, beginning on page 158.

Some of the directors and executive officers of MISCOR may have personal interests that differ from those of MISCOR s shareholders and may motivate them to support or approve the merger.

Some of the directors of MISCOR who have recommended the merger to MISCOR shareholders and the executive officers of MISCOR who provided information to the MISCOR board of directors relating to the merger have employment, indemnification and/or severance benefit arrangements, rights to acceleration of restricted stock awards, and rights to ongoing indemnification and insurance that provide them with interests in the merger. Any of these arrangements or benefits may cause these individuals to have interests that may differ from those of the other MISCOR shareholders. The benefits that would result from the merger may have influenced these directors in approving the merger and these executive officers in supporting the merger.

If you are a MISCOR shareholder, you should consider these interests when you consider the recommendation of the MISCOR board of directors that you vote for the adoption of the merger agreement. As a result of these interests, these directors and executive officers may be more likely to support the merger than they would if they did not have these interests. For a discussion of the interests of directors and executive officers in the merger, see Special Factors Interests of Directors and Executive Officers of MISCOR in the Merger, beginning on page 92.

The merger agreement limits MISCOR s ability to pursue an alternative to the merger.

The merger agreement prohibits MISCOR from soliciting alternative transactions other than during the limited period that began on the date of the merger agreement and continued until 12:01 a.m. (EST) on the thirty-first day thereafter. See The Merger Agreement Conditions to the Completion of the Merger on page 144. Additionally, pursuant to the terms of the merger agreement, before (i) the MISCOR board of directors changes its recommendation regarding the merger as a result of its receipt of an acquisition proposal, (ii) the MISCOR board of directors recommends an alternative transaction, or (iii) MISCOR enters into an alternative transaction, MISCOR must, among other things, allow IES a four-business day period to make a revised proposal. These provisions limit MISCOR s ability to pursue offers from third parties that could result in greater value to its shareholders.

MISCOR s obligation to pay a termination fee may also discourage a third party from pursuing an alternative transaction proposal. Under the merger agreement, MISCOR will be required to pay IES termination fees that range from $250,000 to $750,000 if the merger agreement is terminated under certain conditions. If a termination fee is payable, the payment of this fee could have material and adverse consequences on MISCOR s financial condition.

Risk Factors Relating to IES Following the Merger

IES may experience difficulties in integrating MISCOR s business and could fail to realize potential benefits of the merger.

Achieving the anticipated benefits of the merger will depend in part upon whether IES is able to integrate MISCOR s business in an efficient and effective manner. IES may not be able to accomplish this integration process smoothly or successfully. The difficulties of combining the two companies businesses potentially will include, among other things:

- geographically separated organizations and possible differences in corporate cultures and management philosophies;
- significant demands on management resources, which may distract management s attention from day-to-day business;

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- differences in the disclosure systems, compliance requirements, accounting systems, and accounting controls and procedures of the two companies, which may interfere with the ability of IES to make timely and accurate public disclosure; and

- the demands of managing new locations, new personnel and new lines of business acquired from MISCOR in the merger.

Any inability to realize the potential benefits of the merger, as well as any delays in integration, could have an adverse effect upon the revenues, level of expenses and operating results of the combined company, which may adversely affect the value of IES common stock following the merger.

Failure to retain key employees of MISCOR could adversely affect IES following the merger.

IES performance following the merger could be adversely affected if it is unable to retain certain key employees of MISCOR, which may adversely affect the value of IES common stock following the merger. The loss of the services of one or more of these key employees, including Michael P. Moore, Marc Valentin and James I. DePew, could adversely affect IES future operating results because of their experience and knowledge of the business of MISCOR. IES does not currently have any agreements with MISCOR s senior management regarding their continued employment following the merger.

IES and MISCOR will incur substantial costs in connection with the merger.

IES and MISCOR expect to incur a number of non-recurring transaction fees and other costs associated with completing the merger and combining the operations of the two companies, including legal and accounting fees and potential expenses related to shareholder litigation. Based on current estimates, it is anticipated that aggregate fees and expenses incurred or expected to be incurred by IES, MISCOR and Merger Sub in connection with the merger will total approximately $2 million. Many of these fees and expenses will be incurred regardless of whether the merger is consummated. Additional unanticipated costs may also be incurred in the integration of the businesses of IES and MISCOR. If the total costs and indebtedness incurred in completing the merger exceed estimates, the financial results of the combined company may be materially adversely affected, which may adversely affect the value of IES common stock following the merger.

The issuance of shares of IES common stock to MISCOR shareholders in the merger will dilute the ownership interests of current IES stockholders.

After the merger, each IES stockholder will have the same number of shares of IES common stock that the stockholder held immediately prior to the merger. However, because IES will be issuing new shares of IES common stock to MISCOR shareholders in the merger, each share of IES common stock outstanding immediately prior to the merger will represent a smaller percentage of the aggregate number of shares of IES common stock outstanding after the merger, and current IES stockholders will own a significantly smaller percentage of the combined company than they currently own of IES. As a result, the relative percentage ownership interest of current IES stockholders with respect to earnings, voting, liquidation value, book value and market value will be reduced in proportion to the number of shares held by MISCOR shareholders who elect to receive Stock Consideration in the merger and could be further reduced based on the final determination of the Exchange Ratio used to calculate the amount of Stock Consideration to be received by such shareholders. If the merger fails to produce the results that IES and MISCOR anticipate, the acquisition may not be accretive to IES stockholders on a per share basis.

If the Merger Consideration Determination Date had occurred on July 24, 2013, current IES stockholders would own in the aggregate approximately 94.8% of the combined corporation (including the shares of IES common stock to be issued to Tontine in the merger), based on the assumptions described in Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page F-2, which assumptions will not be definitively determined until the Merger Consideration Determination, and assuming 15,105,846 shares of IES

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common stock outstanding immediately prior to the effective time of the merger. Consequently, IES stockholders, as a general matter, will have less influence over the management and policies of IES than they currently exercise over the management and policies of IES. See Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page F-2 for further discussion of these assumptions and a sensitivity analysis related to the potential consideration that may be received by MISCOR shareholders.

IES expects to incur additional debt in connection with the merger, which could impact its financial condition and results of operations.

While IES obligation to complete the merger is not conditioned upon its obtaining financing, IES expects to obtain financing to fund some or all of the cash component of the merger consideration, the repayment of outstanding MISCOR debt and the transaction expenses associated with the merger (the Merger Payments). On April 10, 2013, IES entered into a commitment letter with Wells Fargo Bank, National Association (Wells Fargo), pursuant to which Wells Fargo committed to provide IES, subject to the satisfaction of certain conditions precedent, a new amortizing term loan in a principal amount of up to $14 million under IES revolving credit facility with Wells Fargo. Proceeds of the new term loan will be used only to (i) fund Merger Payments, (ii) refinance IES existing $5 million term loan with Wells Fargo under its revolving credit facility, and (iii) as otherwise may be permitted by Wells Fargo. The commitment letter was amended on July 10, 2013 to extend its termination to October 31, 2013 to correspond to the termination date of the merger agreement as amended.

The final size and terms of the new term loan, as well as any draw made by IES thereunder, will depend on, among other things, IES liquidity at closing and its funding obligations in connection with the Merger Payments, including (i) the aggregate Cash Consideration to be paid to MISCOR shareholders in connection with the merger and (ii) MISCOR s debt outstanding at the closing date of the merger. As of July 24, 2013, MISCOR s Net Debt (for the 30-day period ending on that date), was approximately $5.994 million. MISCOR estimates that its Net Debt as of the Merger Consideration Determination Date could range from $7.300 million to $5.500 million. In order to finance some or all of the Merger Payments, IES expects to utilize its existing cash balances and incur incremental indebtedness of up to $10.0 million under the Acquisition Term Loan.

IES increased debt could impact its financial condition and results of operations. In particular, it could:

- require IES to dedicate an increased portion of its cash flow from operations to payments on its indebtedness, thereby reducing the availability of its cash flow to fund working capital, capital expenditures, acquisitions, other debt service requirements and other general corporate purposes;
- place IES at a competitive disadvantage compared to its competitors that have less debt; and
- limit IES ability to borrow additional funds.

Subject to the considerations described above, IES total debt at closing is expected to be approximately $14.0 million. See Financing of the Merger, beginning on page 157.

The Unaudited Pro Forma Condensed Combined Financial Statements are based on numerous estimates, judgments and assumptions which are subject to change.

The merger is reflected in the Unaudited Pro Forma Condensed Combined Financial Statements and related notes beginning on page F-2 as being accounted for under the acquisition method of accounting. Under the acquisition method, the total estimated purchase price for the MISCOR transaction will be measured at the closing date of the merger using the market price of IES common stock at that time. Therefore, this may result in a per-share equity value that is different from that assumed for purposes of preparing the Unaudited Pro Forma Condensed Combined Financial Statements. The assets and liabilities of MISCOR have been measured at fair value based on various preliminary estimates using assumptions that IES management believes are reasonable based on the information currently available. Use of different estimates and judgments could yield materially different results. There are limitations on the type of information that can be exchanged between MISCOR and IES at this time. Until the merger is complete, IES will not have complete access to all relevant information.

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The process for estimating the fair values of identifiable intangible assets and certain tangible assets requires the use of significant estimates and assumptions, including estimating future cash flows. The excess of the purchase price over the estimated amounts of identifiable assets and liabilities of MISCOR as of the effective date of the merger will be allocated to Goodwill. The purchase price allocation is subject to finalization of IES analysis of the fair value of the assets and liabilities of MISCOR as of the effective date of the merger. Accordingly, the purchase price allocation in the Unaudited Pro Forma Condensed Combined Financial Statements is preliminary and will be adjusted upon completion of the final valuations. Such adjustments could be material.

Risk Factors Relating to IES Common Stock Following the Merger

The price of IES common stock will continue to fluctuate after the merger and may be affected differently from the separate factors that currently affect the prices of IES common stock and MISCOR common stock.

Holders of MISCOR common stock have the right to elect to receive IES common stock in the merger. IES results of operations, as well as the price of IES common stock following the merger, may be affected differently from those factors currently separately affecting IES or MISCOR s results of operations and the prices of IES common stock and MISCOR common stock.

The market value of IES common stock could decline if large amounts of IES common stock are sold following the merger.

Following the merger, stockholders of IES and former shareholders of MISCOR will own interests in a combined company operating an expanded business with more assets and a different mix of liabilities. Current holders of IES and MISCOR common stock may not wish to continue to invest in the additional operations of the combined company, or for other reasons may wish to dispose of some or all of their interests in the combined company. On February 21, 2013, pursuant to a registration rights agreement with Tontine, IES filed a shelf registration statement (as amended, the Shelf Registration Statement) to register all of Tontine s shares of IES common stock. The Shelf Registration Statement was declared effective on June 18, 2013. For so long as it remains effective, Tontine will have the ability to resell any or all of the shares of IES common stock included in the Shelf Registration Statement 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. IES has received no indication from Tontine that it intends to resell any securities pursuant to the Shelf Registration Statement prior to the closing of the merger, nor has Tontine made any such sale pursuant to the Shelf Registration Statement to date. If, following the merger, large amounts of IES common stock are sold, the price of IES common stock could decline. For additional information on the Shelf Registration Statement, please see IES Management s Discussion and Analysis of Financial Condition and Results of Operations Controlling Shareholder beginning on page 190.

Risk Factors Relating to MISCOR s Business and Operations

MISCOR s ability to execute its business plan will be impaired if it does not retain key employees.

MISCOR is highly dependent on the efforts and abilities of its senior management and key staff performing technical development, operations, customer support, and sales and marketing functions. These employees are not obligated to continue their employment with MISCOR and may leave at any time. MISCOR does not have key person life insurance policies for any of its officers or other employees. The loss of the technical knowledge and management and industry expertise that would result in the event members of MISCOR s senior management team leave MISCOR could delay the execution of MISCOR s business strategy and divert management resources. MISCOR s business also could be adversely affected if any member of management or any other of MISCOR s key employees were to join a competitor or otherwise compete with MISCOR.

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MISCOR faces numerous competitors that have greater financial and other competitive resources than MISCOR has, which could hurt MISCOR s ability to compete effectively.

The markets in which MISCOR does business are highly competitive. MISCOR does not expect the level of competition it faces to be reduced in the future. An increase in competitive pressures in these markets or MISCOR s failure to compete effectively may result in pricing reductions, reduced gross margins, and loss of market share. Many of MISCOR s competitors have longer operating histories, greater name recognition, more customers, and significantly greater financial, marketing, technical, and other competitive resources than MISCOR has. The combined corporation presents the opportunity to leverage MISCOR s combined resources to improve financial results. However, MISCOR s competitors may still be able to adapt more quickly to new technologies and changes in customer needs, or to devote greater resources to the development, promotion, and sale of their products and services. While MISCOR believes that its overall product and service offerings distinguish it from its competitors, these competitors could develop new products or services that could directly compete with MISCOR s products and services.

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

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

MISCOR may be required to conduct environmental remediation activities, which could be expensive and inhibit the growth of our business and MISCOR s ability to maintain its profitability.

MISCOR is subject to a number of environmental laws and regulations, including those concerning the handling, treatment, storage, and disposal of hazardous materials. These environmental laws generally impose liability on present and former owners and operators, transporters and generators of hazardous materials for remediation of contaminated properties. MISCOR believes that its businesses are operating in compliance in all material respects with applicable environmental laws, many of which provide for substantial penalties for violations. MISCOR cannot assure you that future changes in such laws, interpretations of existing regulations or the discovery of currently unknown problems or conditions will not require substantial additional expenditures. In addition, if MISCOR does not comply with these laws and regulations, it could be subject to material administrative, civil or criminal penalties, or other liabilities. MISCOR may also be required to incur substantial costs to comply with current or future environmental and safety laws and regulations. Any such additional expenditures or costs that MISCOR may incur would hurt its operating results.

Certain raw materials and other materials purchased for MISCOR s operations have been and may continue to be subject to sudden and significant price increases that MISCOR may not be able to pass along to its customers. This could have an adverse effect on MISCOR s ability to maintain its profitability.

MISCOR purchase a wide range of commodities and other materials such as copper, aluminum, steel and petroleum-based materials as raw materials and for consumption in its operations. Some of these materials have been and may continue to be subject to sudden and significant price increases. Depending on competitive pressures and customer resistance, MISCOR may not be able to pass on these cost increases to its customers. This would reduce MISCOR s gross profit margins and would, in turn, make it more difficult for MISCOR to maintain our profitability.

The current changing economic environment poses significant challenges for MISCOR.

Although general economic conditions have improved, the current economic environment continues to present challenges and uncertainties due to macroeconomic circumstances due to the U.S. debt ceiling and European

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sovereign debt as well as concerns over reduced economic growth in the European Union, which could have unexpected consequences to the U.S. economy. While MISCOR has very limited exposure to Europe and the financial markets, its is nevertheless affected by general economic trends. Many of MISCOR s customers depend on the availability of credit to purchase MISCOR s electrical and mechanical products. Continued uncertainties or the return of constrained credit market conditions could have adverse effects on MISCOR s customers, which would adversely affect MISCOR s financial condition and results of operations. This continued uncertainty in economic conditions coupled with the on-going weak national economic recovery could have an adverse effect on MISCOR s revenue and profits.

Risk Factors Relating to IES Business and Operations

Existence of a controlling shareholder.

A majority of IES common stock is owned by Tontine. As of July 24, 2013, Tontine owned approximately 56.7% of the outstanding shares of IES common stock. As a result, Tontine can control most of IES affairs, including the election of its directors, who in turn appoint executive management, and can control any action requiring the approval of stockholders, including the adoption of amendments to IES corporate charter and approval of any potential merger or sale of all or substantially all assets, divisions, or of IES itself. This control also gives Tontine the ability to bring matters to a stockholder vote that may not be in the best interest of IES other stockholders or stakeholders. Additionally, Tontine is in the business of investing in companies and may, from time to time, acquire and hold interests in businesses that compete directly or indirectly with IES or act as its suppliers or customers.

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

A change in ownership, as defined by Section 382 of the Internal Revenue Code of 1986, as amended, could reduce the availability of IES NOLs for federal and state income tax purposes. Should Tontine sell or otherwise dispose of all or a portion of its position in IES, a change in ownership could occur. A change in ownership could also result from the purchase of common stock by an existing or a new 5% shareholder as defined by Section 382 of the Internal Revenue Code. As of September 30, 2012, IES had approximately $452 million of federal NOLs that are available to use to offset taxable income, inclusive of NOLs from the amortization of additional tax goodwill. As of September 30, 2012, IES had approximately $313 million of federal NOLs that are available to use to offset taxable income, exclusive of NOLs from the amortization of additional tax goodwill. Should a change in ownership occur, all NOLs incurred prior to the change in ownership would be subject to limitations imposed by Section 382 of the Internal Revenue Code, which would substantially reduce the amount of NOLs currently available to offset taxable income.

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

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

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

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

IES use of percentage-of-completion accounting could result in a reduction or elimination of previously reported profits.

A significant portion of IES revenues are recognized using the percentage-of-completion method of accounting, utilizing the cost-to-cost method. This method is used because management considers expended costs to be the best available measure of progress on these contracts. The percentage-of-completion accounting practice IES uses results in IES recognizing contract revenues and earnings ratably over the contract term in proportion to its incurrence of contract costs. The earnings or losses recognized on individual contracts are based on estimates of contract revenues, costs and profitability. Contract losses are recognized in full when determined to be probable and reasonably estimable and contract profit estimates are adjusted based on ongoing reviews of contract profitability. Further, a portion of IES contracts contain various cost and performance incentives. Penalties are recorded when known or finalized, which generally occurs during the latter stages of the contract. In addition, IES records cost recovery claims when it believes recovery is probable and the amounts can be reasonably estimated. Actual collection of claims could differ from estimated amounts and could result in a reduction or elimination of previously recognized earnings. In certain circumstances, it is possible that such adjustments could be significant.

The availability and cost of surety bonds affects IES ability to enter into new contracts and its margins on those engagements.

Many of IES customers require IES to post performance and payment bonds issued by a surety. Those bonds guarantee the customer that IES will perform under the terms of a contract and that IES will pay subcontractors and vendors. IES obtains surety bonds from one primary surety provider; however, there is no commitment from this provider to guarantee IES ability to issue bonds for projects as they are required. IES ability to access this bonding capacity is at the sole discretion of its surety provider.

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

IES business is subject to seasonal variations in operations and demand that affect the construction business, particularly in the Residential and Commercial & Industrial segments. Untimely weather delay from rain, heat, ice, cold or snow can not only delay IES work but can negatively impact its schedules and profitability by delaying the work of other trades on a construction site. IES quarterly results may also be affected by regional economic conditions that affect the construction market. Accordingly, IES performance in any particular quarter may not be indicative of the results that can be expected for any other quarter or for the entire year. Additionally, cost increases in construction materials such as steel, aluminum, copper and lumber can alter the rate of new construction.

The estimates IES uses in placing bids could be materially incorrect. The use of incorrect estimates could result in losses on a fixed price contract. These losses could be material to IES business.

IES currently generates, and expects to continue to generate, more than half of its revenues under fixed price contracts. The cost of fuel, labor and materials, including copper wire, may vary significantly from the costs IES originally estimates. Variations from estimated contract costs along with other risks inherent in performing fixed price contracts may result in actual revenue and gross profits for a project differing from those we originally estimated and could result in losses on projects. Depending upon the size of a particular project, variations from estimated contract costs can have a significant impact on IES operating results.

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SPECIAL FACTORS

The following is a description of the material aspects of the merger. While IES and MISCOR believe that the following description covers the material terms of the merger, the description may not contain all of the information that is important to IES stockholders and MISCOR shareholders. IES and MISCOR encourage their respective stockholders to carefully read this entire joint proxy statement/prospectus, including the merger agreement attached as Annex A to this joint proxy statement/prospectus and incorporated herein by reference, for a more complete understanding of the merger.

Background of the Merger

IES board of directors and management regularly evaluate strategies to improve returns on capital and generation of free cash flow in an effort to increase shareholder value. Among other such strategies, IES focuses on acquiring or investing in similar stand-alone platform companies based in North America or acquiring businesses that strategically fit within IES existing business segments. While IES may use acquisitions to build its presence in the electrical infrastructure industry, it also considers potential acquisitions in other industries. IES looks to acquisitions in other industries as a means of expanding into new end markets and diversifying its revenue and profit streams.

In evaluating potential acquisition candidates, the IES board of directors relies on a set of focused investment criteria, which include, 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.

In addition to the above characteristics, the board of directors and management of IES place particular emphasis on identifying and acquiring businesses that will not inhibit the value of IES significant net operating loss carry forwards (NOLs). IES has experienced substantial operating losses, and under the Internal Revenue Code of 1986, as amended (the Code), and rules promulgated by the Internal Revenue Service, IES may carry forward these losses in certain circumstances to offset any current and future earnings and, thus, reduce its federal income tax liability, subject to certain requirements and restrictions. As of September 30, 2012, IES had approximately $452 million of federal NOLs that are available to use to offset taxable income, inclusive of NOLs from the amortization of additional tax goodwill, and approximately $313 million of federal NOLs that are available to use to offset taxable income, exclusive of NOLs from the amortization of additional tax goodwill.

The MISCOR board of directors has, over the years, engaged with MISCOR s senior management in considering various strategic transactions in light of MISCOR s performance and prospects and to maximize value in light of competitive, economic, and other developments. These discussions have, from time to time, developed into negotiations with third parties regarding potential business combinations.

In 2010, MISCOR divested three of its five subsidiaries. MISCOR sold its Construction and Engineering Services subsidiaries Martell Electric and Ideal in February to MISCOR s founder and Chairman of the MISCOR board of directors, John Martell and his wife, Bonnie Martell. The next month, MISCOR completed the sale of its subsidiary American Motive Power, Inc. In each of these transactions, Western Reserve participated as financial advisor to MISCOR. MISCOR also explored the sale of HKEC until deciding in December 2011 to no longer list HKEC as held for sale.

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Upon his appointment as interim Chief Executive Officer of IES on June 30, 2011, James Lindstrom, who was also then serving as Chairman of the IES board of directors, began evaluating opportunities for potential profit improvement. Mr. Lindstrom and members of IES management identified acquisitions as a means to add diversified revenue and profit streams to mitigate IES exposure to the cyclicality of the construction industry. While they determined that IES acquisition capabilities were limited by its market capitalization, availability of cash and debt financing, availability of equity financing due to potential NOL limitations and ongoing internal operational challenges at the time, IES pursued opportunities to acquire businesses subject to these constraints.

During the summer of 2011, Mr. Lindstrom identified MISCOR as an acquisition target that could be potentially acquired within IES financial capabilities and also provide additional profitability. From 2006 until October 2011, Mr. Lindstrom was an employee of Tontine Associates, L.L.C. (TA), an affiliate of Tontine, and in such capacity had followed several companies in, and had become very familiar with, the electrical services industry. One such company with which Mr. Lindstrom had particular familiarity was MISCOR, a portfolio holding of Tontine. Pursuant to the agreements by which Tontine initially acquired its ownership interests in MISCOR, MISCOR granted Tontine board observer rights with respect to meetings of the MISCOR board of directors. While Mr. Lindstrom was at TA, he regularly attended these meetings, on behalf of Tontine.

Mr. Lindstrom considered MISCOR to be an attractive acquisition target due to its focus on industrial electromechanical services as well as its size, financial performance, profitability and potential synergies. Mr. Lindstrom also viewed MISCOR as an attractive target because of its relatively low market capitalization, which would allow IES to acquire MISCOR using its limited financial resources, and because, due to Tontine s significant ownership of MISCOR, to the extent that IES was issuing stock as consideration in the transaction, IES could potentially issue stock to Tontine without contributing to an ownership change under applicable tax law that could limit its ability to use its NOLs. While IES management and the IES board considered Tontine s holdings in MISCOR to be an attractive aspect of the acquisition because of the benefit that all IES shareholders would receive in connection with preserving IES NOLs, they did not actively seek to acquire businesses owned by Tontine, and the IES board has not discussed acquisitions of other businesses in which Tontine has an ownership interest. IES management briefly considered acquisition of another business in which Tontine has an ownership interest but did not pursue it given that it did not meet the other acquisition criteria for IES.

In light of these considerations, in July of 2011, Mr. Lindstrom contacted Mr. Martell to informally discuss the companies, their potential synergies and the benefits that a business combination could provide both companies and their shareholders. The benefits and synergies discussed by Mr. Martell and Mr. Lindstrom in July 2011 included: (a) cross-selling opportunities for both companies, where each could sell products and services to the other s customer base; (b) the IES footprint, which could provide an expanded presence for Magnetech; (c) IES would have access to additional services through MISCOR - including apparatus repair services and predictive and preventative maintenance services - which IES could add to its current service offerings; and (d) IES, because of its size, would have improved access to capital to help assist potential growth and expansion opportunities for MISCOR. At the conclusion of the call, Messrs. Lindstrom and Martell agreed that the companies should enter into a confidentiality agreement after which further discussions regarding a potential transaction could be conducted.

On July 14, 2011, IES and MISCOR executed a confidentiality agreement (the Initial Confidentiality Agreement), pursuant to which the companies agreed to share the information necessary to evaluate a potential transaction. Later that day, representatives of IES and MISCOR s management teams gathered telephonically to engage in introductory discussions regarding the companies and explore potential synergies.

Following the July 2011 execution of the Initial Confidentiality Agreement, Mr. Lindstrom determined that he should no longer attend meetings of the MISCOR board of directors on behalf of Tontine. The final meeting that Mr. Lindstrom attended on behalf of Tontine was held in August 2011. The meeting, which Mr. Lindstrom attended telephonically, had no agenda items related to the potential transaction between IES and MISCOR or any other strategic considerations regarding a potential sale of MISCOR, nor did the MISCOR board of directors engage in any discussions regarding these items during the meeting.

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Overview of Timeline and Valuation

The discussion that follows reviews the negotiations and other details between the parties. In order to better provide a context to the written offers made by the parties, we have provided charts illustrating the valuation metrics considered by the companies at the time that the indications of interest and written offers were made. While the IES board generally considered fundamental financial performance of MISCOR in evaluating offer prices, the MISCOR board generally considered premium to trading value in its evaluation. As such, in the case of the first chart, we have shown a comparison between MISCOR s EBITDA, which was a key valuation metric for IES, and the offer prices discussed by the parties, and in the case of the second chart, we have shown a comparison between MISCOR s stock price, which was a key valuation metric for MISCOR, and the offer prices discussed by the parties.

The indications of interest submitted by IES reflected a variety of valuation metrics, including discounted cash flow analysis, accretion/dilution analysis and comparable company analysis. While market premiums were considered, they were not a significant factor for the IES board. Over the duration of negotiations, MISCOR continued to experience improved financial performance and reduced debt levels. As a result, and although the enterprise value offer price increased on an absolute basis over that time, from IES perspective, MISCOR s strengthened financial profile and increased profitability resulted in improved pricing for IES relative to certain valuation metrics, such as the ratio of Enterprise Value to EBITDA for the prior twelve months, which declined in the period as shown in the table below.

Description	Date	Enterprise Value ($ in mm)	Price Per Share	% Premium	Enterprise Value to LTM EBITDA (1)
Initial Indication of Interest	September 2, 2011	$ 16.0 - $17.2	$ 0.50 - $0.60	85.2%	8.6x
Second Indication of Interest	February 28, 2012	$ 17.9 - $19.1	$ 0.80 - $0.90	128.6%	5.1x
Third Indication of Interest	May 9, 2012	$ 18.2	$ 0.90	42.9%	4.3x
Third Indication of Interest revised counteroffer	May 15, 2012	$ 19.5	$ 1.00	33.3%	4.6x
Signed Merger Agreement	March 13, 2013	$ 24.0	$ 1.47 - $1.57	17.6%	5.1x

(1) Enterprise Value to EBITDA is based on the midpoint of the Enterprise Value offer range

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In an effort to ensure that they achieved fair value for unaffiliated shareholders, MISCOR s board of directors and its financial advisors consistently worked to achieve merger consideration consistent with the trading value of the stock for a deal with a strategic partner. The following chart shows the MISCOR stock price and the written offers made by IES to MISCOR. While MISCOR considered multiple measures of value, including enterprise value and EBITDA, as the following chart illustrates, the offer prices between the parties were correlated with the stock price of MISCOR common stock.

[1] For each offer involving an estimated price-per-share range, the chart plots the price per share in the middle of the estimated range.

The variation in the premium to the MISCOR share price was in part due to volatility in MISCOR s stock price on the OTCQB. For example, on May 2, 2012, after MISCOR filed its quarterly report on Form 10-Q, reporting a 13.1% increase in net revenues and continued profitability, MISCOR s stock price moved up sharply from a prior close at $0.40 per share to close at $0.75 per share on volume of 98,014 shares. Two weeks later, on May 16, 2012, MISCOR s share price climbed from a previous close of $.75 to $.95 per share. Likewise, on July 26, 2012, while IES had proposed a price per share of $1.04 and MISCOR had countered with an enterprise value equivalent to a price per share of $1.12, MISCOR s share price unexpectedly moved up from its previous close of $1.01 to $1.16 on volume of only 3,150 shares. By March 6 March 12, 2013, MISCOR stock traded at $1.30. As negotiations developed, MISCOR (by May 2012) had transitioned to a valuation formula for the merger based upon enterprise value. As the following discussion illustrates, initially the parties had difficulty coming to agreement on the formula, with MISCOR seeking an adjustment to the consideration for the reduction of Net Debt. Eventually, the parties came to agreement on this as well as on the adjustment mechanism allowing for an increase in the Merger Consideration to be received by MISCOR shareholders based upon reduction of Net Debt because MISCOR was in the process of gradually paying down debt. The following discussion provides further detail on the development of the transaction.

Timeline Details

On July 27, 2011, Mr. Lindstrom, along with William Fiedler and Terry Freeman, who were then-serving as IES General Counsel and Chief Financial Officer, respectively, presented to the IES board of directors in a special telephonic board meeting an overview of the background and business of MISCOR as well as summary information regarding a potential investment in or other business relationship with MISCOR, including a potential acquisition of MISCOR. The IES board of directors reviewed a proposed transaction structure involving issuance of IES stock and assumption of MISCOR s debt, as well as acquisition multiples and a discounted cash flow analysis of MISCOR. The IES board of directors discussed the financial benefits associated with the

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transaction, including potential earnings accretion, which the board of directors considered valuable given IES focus on increasing earnings as it emerged from the recession and was refocusing its priorities away from construction and towards service-based revenues such as those MISCOR offered. The IES board of directors also discussed its process for reviewing a potential transaction with MISCOR. Following this discussion, the IES board of directors authorized Mr. Lindstrom and John E. Welsh III, an independent member of the IES board of directors, to continue discussions with MISCOR to ascertain whether it was an appropriate time to consider a potential transaction and whether such a transaction could potentially be structured so as to be mutually beneficial to IES and its stockholders, on the one hand, and MISCOR and its shareholders, on the other hand. The IES board of directors also determined that, in light of Mr. Lindstrom s employment with Tontine and its ownership interest in both IES and MISCOR, a lead director should be appointed to lead future board meetings concerning the potential transaction. Mr. Welsh was then appointed to serve as lead director.

On or about July 29, 2011, Mr. Lindstrom, on behalf of IES, and Mr. Martell, on behalf of MISCOR, spoke by telephone and informally discussed IES potential interest in acquiring MISCOR at an enterprise value of approximately $16 million, which would yield approximately $0.50 per share of MISCOR common stock. On July 30, 2011, Mr. Martell consulted with representatives of Western Reserve regarding a market valuation of MISCOR. That same day, the MISCOR board of directors conducted a special meeting by telephone to inform the MISCOR board of directors about and discuss preliminarily IES expression of interest. After reviewing IES proposed terms and Western Reserve s advice, the MISCOR board of directors authorized Mr. Martell to continue preliminary discussions with IES.

During August 2011, IES conducted further diligence on the potential transaction and prepared a preliminary financial analysis of the transaction, which supported a MISCOR enterprise value range of $16 million to $17.2 million, or $0.50 to $0.60 per share of MISCOR common stock.

On September 2, 2011, the IES board of directors held a special telephonic board meeting, with representatives of IES management in attendance, to review a draft of and to discuss certain matters related to a non-binding indication of interest (the Initial Indication of Interest), in which IES would propose to acquire MISCOR for an enterprise value of $16 million to $17.2 million, or $0.50 to $0.60 per share. Based on the financial analysis prepared by IES management, internal management projections, introductory discussions on July 14, 2011, MISCOR s publicly available information and the information presented at the board s July 27, 2011 meeting, the IES board of directors, with Mr. Lindstrom abstaining, approved the proposed transaction consideration set forth in the Initial Indication of Interest and authorized IES management to deliver the Initial Indication of Interest to the MISCOR board of directors.

On September 6, 2011, Mr. Fiedler, on behalf of IES, sent the Initial Indication of Interest to Michael Moore, Chief Executive Officer of MISCOR, and the MISCOR board of directors, as directed by the IES board of directors on September 2, 2011. Pursuant to the Initial Indication of Interest, IES proposed a business combination of IES and MISCOR with an aggregate equity value of $5.9 million to $7.1 million, or $0.50 to $0.60 per share (based upon 11,785,826 shares of MISCOR common stock then-issued and outstanding), and assuming debt outstanding of not more than $10.1 million, which implied a total enterprise value of $16 million to $17.2 million. At the midpoint of the range, the offer represented a 104% premium to MISCOR s then-current stock price of $0.27 per share. IES proposed that the transaction be effected by a merger of a newly-created subsidiary of IES with MISCOR, with the surviving entity being a wholly-owned subsidiary of IES. IES also proposed that the merger consideration be paid in shares of IES common stock; however, it was noted that the IES board of directors was open to discussing adding a cash component to the merger consideration if it was of interest to the MISCOR board of directors.

On September 12, 2011, the MISCOR board of directors held a special telephonic meeting to review the Initial Indication of Interest. Following a discussion of the Initial Indication of Interest, the potential transaction with IES and the prospects for MISCOR as a stand-alone business, the MISCOR board of directors concluded that the offer should be declined, believing additional shareholder value could be created as MISCOR continued to

execute its growth initiatives and pay down outstanding debt. Shortly thereafter, Mr. Martell informed Mr. Lindstrom that the MISCOR board of directors had rejected the proposal set forth in the Initial Indication of Interest as not sufficiently compelling to proceed with a transaction, and the discussions between IES and MISCOR were terminated.

On October 3, 2011, upon his appointment as IES Chief Executive Officer and President (having served in such capacities on an interim basis since June 2011), Mr. Lindstrom terminated his employment with TA, an affiliate of Tontine.

Between October 2011 and December 2011, Mr. Martell and Mr. Lindstrom spoke occasionally to discuss their respective company s operations and financial performance. As a result of MISCOR s significant restructuring, changes in senior leadership and refocused strategic plan, the three months ended September 30, 2011, marked MISCOR s third consecutive quarter of profitability after nine consecutive quarters of operating losses.

As MISCOR s stock price and financial performance improved, IES management continued to evaluate the benefits and terms of a potential business combination with MISCOR. As a result of this evaluation, following the substantial completion by IES of its fiscal year end reporting and proxy process and the completion of MISCOR s debt refinancing, Mr. Lindstrom, on behalf of IES, called Mr. Martell on or about January 3, 2012, to express IES renewed interest in exploring a potential business combination with MISCOR given IES continued focus on acquisitions as a means to grow IES and continued belief that MISCOR represented an attractive acquisition candidate, particularly given the financial improvement and profitability reported in MISCOR s most recent quarterly report. Mr. Martell was receptive to reopening discussions regarding a potential transaction, and shortly thereafter, the companies again began to engage in discussions and exchange information under the Initial Confidentiality Agreement.

On February 8, 2012, IES retained Periculum Capital Company, LLC (Periculum), an independent third-party financial advisor and FINRA registered broker dealer, to provide financial analysis and advisory services with respect to a potential transaction between IES and MISCOR. As Periculum had recently been appointed as a refinancing advisor to IES in connection with an amendment to IES revolving credit facility, and as such was already familiar with IES operational and financial status and prospects, IES management believed that Periculum was well-positioned to advise IES with respect to a potential transaction with MISCOR.

On February 9, 2012, following a regularly scheduled meeting, the IES board of directors convened, with no members of IES management other than Mr. Lindstrom present, to discuss and consider additional information and financial analysis developed by IES management with respect to MISCOR and a potential business combination. During the meeting, the IES board of directors considered the perceived increase in MISCOR s value as a result of the improvements in MISCOR s financial performance and its decreased debt levels. In particular, the IES board of directors considered MISCOR s improved business results and the fact that MISCOR s debt had decreased by over $1.1 million in the five months following IES Initial Indication of Interest. Based on the information presented, the IES board of directors discussed and were informed that IES management intended to send MISCOR a second non-binding indication of interest with revised terms, including an increase in the offered consideration.

On February 28, 2012, Mr. Lindstrom, on behalf of IES, sent a second indication of interest (the Second Indication of Interest) to Mr. Martell. Pursuant to the Second Indication of Interest, IES proposed a transaction with an aggregate equity value of $9.4 million to $10.6 million, or $0.80 to $0.90 per share (based upon 11,785,826 shares of MISCOR common stock then-issued and outstanding), and assuming debt outstanding of not more than $8.5 million, which implied a total enterprise value of $17.9 million to $19.1 million. At the midpoint of the range, the offer represented a 143% premium to MISCOR s then-current stock price of $0.35 per share. IES proposed that the merger consideration be paid as a combination of shares of IES common stock and cash and, subject to certain tax considerations, anticipated offering each MISCOR shareholder the opportunity to elect the percentage of its consideration to be received in each form. IES also noted that, following the transaction, it anticipated using a

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combination of internal funds and new financing to pay off MISCOR s outstanding debt. In addition, IES requested that the parties enter into a 90-day exclusive-dealing arrangement to provide the time necessary to undertake due diligence and work toward a mutually acceptable definitive agreement.

Shortly thereafter, in early March 2012, Mr. Martell, on behalf of MISCOR, contacted Mr. Lindstrom to express interest in IES revised offer and to schedule a meeting to discuss a possible transaction between the companies.

On March 13, 2012, Mr. Martell, Mr. Moore, Mr. Lindstrom, representatives of management of both MISCOR and IES, including Robert Lewey, IES recently-appointed Chief Financial Officer, and representatives of Periculum and Western Reserve, financial advisors to IES and MISCOR, respectively, met at MISCOR s offices in Massillon, Ohio, to discuss their respective companies, their respective financial performance, possible synergies, the potential transaction and the proposal set forth in the Second Indication of Interest. The parties reviewed each of their financial statements and notes and also discussed customer needs, demands, and geography and the ability of the combination to allow for growth of the MISCOR products and services. During this visit, IES was also given the opportunity to tour MISCOR s facilities and learn more about its operations. Following the March 13, 2012 meeting, Mr. Lindstrom and representatives of MISCOR s management spoke by telephone on several occasions regarding additional information that IES would need to review in order to fully evaluate MISCOR and a possible transaction between the companies.

In late March 2012, IES retained Crowe Horwath LLP, a third-party accounting and consulting firm, to assist in due diligence related to accounting and financial analysis of MISCOR and the proposed transaction. Following the review of initial documents provided by MISCOR in response to IES requests, on April 11, 2012, representatives of IES provided MISCOR with a formal due diligence request list and a preliminary timeline for a possible transaction. Soon thereafter, MISCOR began providing IES with the additional requested documentation and information, and IES management continued its diligence of MISCOR.

Shortly thereafter, on April 3, 2012, MISCOR executed an engagement letter with Western Reserve providing that Western Reserve would advise the MISCOR board of directors on the financial aspects of the potential transaction. Due to Western Reserve s involvement in the exploration of the transaction at an earlier date, MISCOR s directors felt the firm was well-suited to advising the company.

On May 3, 2012, Mr. Lindstrom and IES directors David Gendell and Donald Luke traveled to MISCOR s offices in Massillon, Ohio, where MISCOR s management presented an overview of MISCOR to Messrs. Luke and Gendell. In addition, the parties discussed the benefits of a potential business combination between IES and MISCOR, including potential sales synergies between MISCOR and IES industrial division, potential cost savings from duplicative back office synergies and greater access to capital for MISCOR to make long-term investments in its business. Mr. Gendell, who was appointed to the IES board of directors on February 28, 2012, is an employee of Tontine and the brother of Jeffrey Gendell, the founder and managing member of Tontine, which owned approximately 56.7% of the outstanding common stock of IES and 49.9% of the outstanding common stock of MISCOR as of July 24, 2013.

On May 8, 2012, during a regularly scheduled meeting, the IES board of directors discussed matters related to management s due diligence findings to date. During the meeting, IES management also presented the IES board of directors with management s financial projections and valuation analyses, which were developed with assistance from Periculum and updated to reflect continued improvements in MISCOR s financial performance, and due diligence information and summary reports gathered by IES management. The financial analysis section of the board materials included income statement and cash flow projections as well as discounted cash flow, accretion and dilution, and premiums paid valuation analyses. After reviewing the revised financial analyses, and having the opportunity to ask questions of and engage in a discussion with management regarding the information provided, the IES board of directors discussed the proposed transaction structure and price and considered the merits of revising the non-binding offer made to MISCOR in the Second Indication of Interest. Based on the information gathered and reviewed to date, the IES board of directors determined that a third non-

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binding indication of interest, reflecting an enterprise value of $18.2 million, or $0.90 per share, should be sent to MISCOR (the Third Indication of Interest). The IES board of directors also determined that pricing and structural terms would need to be established prior to conducting additional diligence.

Prior to adjournment of the meeting, the IES board of directors discussed potential governance measures related to the board s consideration of the proposed transaction, including, specifically, whether a special committee should be appointed to review all information regarding, and make a recommendation to the full board with respect to, the proposed transaction. After considering the facts and any conflicts that members of the IES board of directors might be perceived to have with respect to the proposed transaction, the IES board of directors determined to forego the formation of a special committee. In reaching its determination, the IES board of directors considered the following: Mr. Gendell s business and personal relationships with Tontine; Mr. Lindstrom s prior business relationship with Tontine; the fact that Mr. Gendell would not be present for or participate in any board discussions or negotiations regarding the proposed transaction; and the fact that Mr. Gendell and Mr. Lindstrom would each abstain from voting on matters related to the proposed transaction, each as described below.

In lieu of forming a special committee, each of Mr. Lindstrom, based on his prior employment with Tontine, and David Gendell, based on his current employment with Tontine and his familial relationship with Jeffrey Gendell, founder and managing member of Tontine, determined that he would abstain from voting on matters related to any proposed transaction with MISCOR. Notwithstanding that determination, the IES board of directors concluded that Mr. Lindstrom s prior business relationship with Tontine should not preclude him from participating in board discussions and, as IES Chief Executive Officer and President, negotiations with MISCOR regarding the proposed transaction. In making this determination, the IES board of directors considered the fact that, as of May 2012, Mr. Lindstrom had not been employed by Tontine for a period of seven months and maintained only insignificant holdings in Tontine s funds, which holdings Mr. Lindstrom subsequently liquidated in December 2012. However, in light of David Gendell s current business and familial relationships with Tontine, the IES board of directors determined that it would be best if he recused himself from future board discussions and deliberations involving MISCOR and the proposed transaction; provided that he would be permitted to attend, but would recuse himself immediately following, any presentations by IES management and outside advisors with respect to the proposed transaction.

In accordance with the corporate governance measures adopted by the IES board at its May 8, 2012 meeting, David Gendell played no role in negotiations between IES and MISCOR or deliberations of the IES board of directors regarding the transaction. His role on the board during discussions of the transaction was limited to being present during presentations of management. In addition, Mr. Gendell will not receive any direct benefit from the transaction. However, he may indirectly benefit from the transaction through his holdings in the Tontine funds that hold shares of common stock of IES and MISCOR.

From time to time during IES evaluation of the potential business combination, certain members of IES management team and board of directors spoke with David Gendell and Jeffrey Gendell, who, as the managing member of the Tontine funds, is deemed to be the beneficial owner of Tontine s holdings in IES and MISCOR, regarding the potential benefits to be derived from the proposed transaction and structural considerations of a potential transaction. Items discussed with Jeffrey Gendell include updates on the status of the transaction, the possibility of a voting agreement, as further described below, corporate governance procedures relating to the interests of minority shareholders in IES, such as the IES Minority Approval, and the forms of consideration to be offered in the transaction and the potential election of stock consideration by Tontine. During these discussions, all these parties (as well as MISCOR) supported IES and MISCOR s separate efforts to conduct an independent evaluation of each other and the proposed transaction. All parties consistently expressed a view that any potential transaction should be in the best interests of each of the respective companies and their respective shareholders.

On May 9, 2012, Mr. Lindstrom, on behalf of IES, sent to Mr. Martell the Third Indication of Interest, reflecting IES proposal to acquire MISCOR for $0.90 per share, based, in part, on MISCOR s balance sheet as of March 31, 2012, and the projections provided to the IES board of directors on December 30, 2011. The offer represented a

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43% premium to MISCOR s then-current stock price of $0.63 per share. Pursuant to the proposal, MISCOR s aggregate equity value and the amount of consideration per share of MISCOR common stock would be determined at the latest practicable time prior to the signing of a definitive agreement, and the merger consideration would be payable in cash, shares of IES common stock, or a mixture of both, at the election of each MISCOR shareholder, with no cap on the amount of cash payable in connection with the transaction. Pursuant to the Third Indication of Interest, IES execution of a definitive transaction agreement would be conditioned on each of MISCOR s major shareholders, directors and executive officers, including Tontine, entering into voting agreements, pursuant to which such shareholders and insiders would agree to support the proposed transaction and vote their shares of MISCOR common stock in favor of the transaction at the MISCOR Meeting. The Third Indication of Interest also contained certain additional terms, including provisions related to confidentiality and exclusivity.

On May 9, 2012, MISCOR held its Annual Meeting, after which the MISCOR board of directors held a meeting to briefly discuss the IES proposal and the role of Western Reserve in assisting the MISCOR board of directors with evaluation of the proposal. Later that same day, Mr. Martell and Mr. Moore held a conference call with MISCOR s counsel and financial advisors to discuss IES Third Indication of Interest. On May 10, 2012, the MISCOR board of directors conducted another telephonic board meeting to discuss and authorize Western Reserve to speak with Periculum regarding a possible counter-proposal with a valuation for MISCOR based on enterprise value rather than price per share. Thereafter, on May 10, 2012, in response to IES Third Indication of Interest, Western Reserve, on behalf of MISCOR, contacted Periculum to relay that the MISCOR board of directors was seeking a total enterprise value of $20.5 million, or $1.10 per share.

The MISCOR board of directors preferred that the merger consideration be based upon a fixed enterprise value rather than a fixed price per share because MISCOR was in the process of gradually paying down debt. MISCOR proposed a formula that would fix the enterprise value of MISCOR, with any decrease in Net Debt benefiting the MISCOR shareholders by causing the merger consideration to increase dollar-for-dollar as the debt decreased, which IES management agreed would be in the interest of IES shareholders given the benefit of providing certainty around the enterprise value of MISCOR.

On May 11, 2012, on behalf of the IES board of directors, Periculum contacted Western Reserve to convey that the IES board of directors could not support a transaction at the price proposed by the MISCOR board of directors in its counteroffer of May 10, 2012, which represented a 75% premium to the then-current market value of MISCOR s common stock.

On May 15, 2012, the MISCOR board of directors held a special telephonic meeting to renew its discussions regarding the proposed transaction with IES. After discussions among the board members and consultation with Western Reserve, the MISCOR board of directors determined that an enterprise value of $19.5 million represented a fair transaction price and, therefore, determined to instruct Western Reserve as to its revised counteroffer of approximately $1.00 per share or $19.5 million enterprise value. Following the meeting, Western Reserve, on behalf of MISCOR, advised IES that MISCOR had revised its counteroffer to an enterprise value of $19.5 million, or approximately $1.00 per share, which represented a 33% premium to the then-current market value of MISCOR s common stock.

On May 21, 2012, the MISCOR board of directors conducted a conference call with MISCOR s legal counsel, Tuesley Hall Konopa, which firm served as general business counsel for MISCOR, and Calfee Halter & Griswold LLP, which firm served as securities counsel for MISCOR, and MISCOR s financial advisor, Western Reserve, to discuss further the proposal set forth in IES Third Indication of Interest. The conference call included a discussion about mitigating any risk presented by recent volatility in the MISCOR common stock price, the expectation being that an announcement would calm the trading volatility and allow the MISCOR common share price to settle on a more stable value. MISCOR decided to include in its proposal a request for a press release because there had been considerable trading in the MISCOR common stock, relative to typical market volumes and trading prices. After discussion with MISCOR s legal advisors, including Tuesley Hall Konopa and Calfee Halter & Griswold LLP, the MISCOR board of directors concluded to include a request for a press release in MISCOR s response to IES Third Indication of Interest.

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On May 23, 2012, Western Reserve, on behalf of MISCOR, submitted to Periculum, on behalf of IES, a revised draft of IES Third Indication of Interest (the MISCOR Response), reflecting the $19.5 million enterprise value previously relayed to IES, with price-per-share to be calculated by subtracting MISCOR s projected total debt on the day of closing from the enterprise value and dividing the remainder by the total number of outstanding shares.

On May 24, 2012, Western Reserve and James Lewis, former MISCOR General Counsel and current partner with Tuesley Hall Konopa, legal advisor to MISCOR, participated in a conference call with Periculum and Andrews Kurth LLP, legal advisor to IES, to discuss the MISCOR Response and counterproposal. Specifically, the parties discussed both (a) how MISCOR would define enterprise value and Net Debt as referenced in its counter proposal, and (b) reasons behind MISCOR s request that the parties jointly issue a press release following the execution of the interim letter agreement, and IES suggested reasons not to issue a press release at that time. IES management was not comfortable announcing execution of the interim letter agreement due to the risk that a definitive merger agreement would not be executed due to issues that had not been resolved as well as uncertainty regarding potential issues that may arise in connection with the documentation of a definitive merger agreement.

On May 25, 2012, Mr. Martell, on behalf of MISCOR, and Mr. Lindstrom, on behalf of IES, together with their respective legal and financial advisors, participated in a conference call to discuss the MISCOR Response and various matters related thereto. Specifically, the parties discussed (a) whether Net Debt would need to be fixed as of the date of the interim letter agreement or could continue to float; (b) whether there would be voting agreements in place with Tontine and Mr. Martell; and (c) whether a press release was advisable in light of the volatility in MISCOR s stock price.

On May 30, 2012, the IES board of directors held a special telephonic meeting, with Periculum and Andrews Kurth in attendance, to review and discuss management s updated due diligence findings, the MISCOR Response, MISCOR s year-to-date performance, revised financial analyses, which were developed with assistance from Periculum, and the anticipated timeline of the proposed transaction with MISCOR. The financial analysis section of the board materials included income statement and cash flow projections as well as well discounted cash flow and accretion and dilution valuation analyses. During the meeting, the IES board of directors also continued its prior discussion of potential governance measures, such as the formation of a special committee, to be taken in connection with the proposed transaction. The board of directors affirmed the decisions made during the May 8, 2012 board meeting regarding the roles of Messrs. Lindstrom and Gendell and the formation of a special committee. Following this discussion, and in accordance with this decision, Mr. Gendell recused himself from the meeting to allow the board to continue its discussion regarding the proposed transaction. Thereafter, in light of the MISCOR Response, and after reviewing management s and Periculum s revised financial analyses, and having the opportunity to ask questions of and engage in a discussion with management and Periculum regarding their updated analyses, the IES board of directors discussed revising the Third Indication of Interest to increase its proposed consideration for MISCOR. Based on the information gathered and reviewed to date, the IES board of directors, with Messrs. Lindstrom and Gendell abstaining (the members of the IES board of directors, other than Messrs. Lindstrom and Gendell, being referred to herein as the disinterested members), determined that a revised Third Indication of Interest (the Revised Third Indication of Interest) should be sent to MISCOR proposing an enterprise value of $19.5 million based on their view that MISCOR s counteroffer of this amount fell within IES valuation range for MISCOR. Prior to concluding the meeting, the IES board of directors discussed the importance of obtaining a fairness opinion and the process of selecting a fairness opinion provider. After discussion, the IES board of directors, with Messrs. Lindstrom and Gendell abstaining, authorized IES management to engage Houlihan Lokey, Inc. (Houlihan), an independent third-party financial advisor, to prepare and provide the IES board of directors an opinion as to the fairness to IES and its stockholders of the consideration to be paid to MISCOR shareholders in the proposed transaction.

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On May 30, 2012, Mr. Lindstrom, on behalf of IES, sent the Revised Third Indication of Interest to Mr. Martell, pursuant to which IES proposed to proceed with discussions based on a total enterprise value of $19.5 million, or approximately $1.00 per share, which represented an 11% premium to MISCOR s then-current stock price of $0.90 per share. All other material terms of the Third Indication of Interest remained unchanged.

On May 31, 2012, the MISCOR board of directors held a special meeting, including counsel and financial advisors, to discuss and consider the Revised Third Indication of Interest. During this meeting, the law firm of Tuesley Hall Konopa advised the MISCOR board of directors on its fiduciary duties with respect to shareholders, employees, customers, and other stakeholders in the company when evaluating a potential sale of the business under Indiana law. Under Indiana law, a director may, in considering the best interests of the corporation, consider the effects of any action on shareholders, employees, suppliers, and customers of the corporation, and communities in which officers or other facilities of the corporation are located, and any other factors the director considers pertinent. The MISCOR board of directors evaluated the Revised Third Indication of Interest and voted to approve its execution and moving forward with due diligence.

On June 4, 2012, Andrews Kurth, at the request and on behalf of IES, sent Tuesley Hall Konopa a first draft of a definitive merger agreement reflecting the proposed merger of MISCOR with and into a to-be-formed subsidiary of IES, with the subsidiary surviving the merger as a wholly-owned subsidiary of IES.

On June 5, 2012, Western Reserve, on behalf of MISCOR, sent to IES and Periculum a formal due diligence request outlining certain information that MISCOR would need to review in order to conduct appropriate due diligence on IES.

On June 7, 2012, Mr. Martell and Mr. Moore, along with Marc Valentin, MISCOR s Chief Accounting Officer, and James DePew, MISCOR s Corporate Secretary and Director of Quality and H.S.E., met with Mr. Lindstrom and certain members of IES management at IES office in Houston, Texas, to conduct diligence on IES and discuss the proposed transaction and the benefits of a potential combination. IES management gave an overview of IES organization, financial performance, and corporate strategy. IES management described each of IES business units, introduced the senior leadership team of IES Commercial and Industrial businesses to the MISCOR representatives and discussed potential synergies. In response to questions from MISCOR s representatives, the group discussed IES organizational structure and management philosophy.

On June 14, 2012, IES retained Houlihan to prepare and provide the IES board of directors an opinion as to the fairness to IES and its stockholders of the consideration to be paid to MISCOR shareholders in the proposed transaction. Also on June 14, 2012, the MISCOR board of directors reviewed and suggested changes to a draft revision of the merger agreement through a series of emails.

On June 19, 2012, the MISCOR board of directors reviewed and approved a revised draft of the merger agreement, which Tuesley Hall Konopa, on behalf of MISCOR, sent to Andrews Kurth, on behalf of IES.

On June 27, 2012, representatives of Andrews Kurth sent to representatives of Tuesley Hall Konopa a third draft of the merger agreement. This version did not include a definite price per share but instead included a placeholder, pending agreement as to projected debt at closing. It included a collar for the exchange ratio, set 20% above and below the volume-weighted average of IES market price to protect shareholders from volatility in the stock price. It also had a non-solicitation (no-shop clause) and a flat termination fee of $975,000. At this stage, other less material terms were also being modified and discussed, such as the list of knowledge persons , how material adverse effect would be defined, limits on conduct of business pending closing, and covenants regarding protections for current MISCOR employees.

On June 29, 2012, MISCOR retained Ulmer & Berne LLP (Ulmer & Berne) to advise the company on federal securities law requirements.

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On July 5, 2012, representatives of Tuesley Hall Konopa sent to representatives of Andrews Kurth a fourth draft of the merger agreement. This version inserted a definite price of $1.12 per share, modified the non-solicitation paragraph to allow other discussions with third parties who may make unsolicited inquiries, and reduced termination fees to $360,000 plus a $240,000 additional fee if MISCOR consummated a merger transaction with a third party under certain circumstances. Less material terms were also modified.

On July 11, 2012, representatives of Andrews Kurth sent to representatives of Tuesley Hall Konopa a fifth draft of the merger agreement including price-per-share of $1.04, tightened the non-solicitation provision, and reverted back to the $975,000 termination fee reflecting IES view of comparable termination fees based on other transactions with similar enterprise values, along with a shorter list of less material changes.

On July 17, 2012, representatives of Tuesley Hall Konopa sent to representatives of Andrews Kurth a sixth draft of the merger agreement that included a price-per-share of $1.12, a two-tiered termination fee of $360,000 or $600,000, depending upon the circumstances of termination, which reflected MISCOR s view that fees should reflect those in comparable transactions with similar equity values, and certain shareholder protections that the parties agreed to include such as a 30-day Go Shop clause and a Majority of the Minority clause.

On July 19, 2012, representatives of IES and MISCOR, along with representatives from Andrews Kurth, Tuesley Hall Konopa, Western Reserve and Periculum, participated in a conference call to discuss certain material unresolved terms of the merger agreement, including the structure of the consideration to be paid to MISCOR shareholders and the amount of termination fees. However, ultimately, the call concluded without any agreement or any further terms of a potential combination due to lack of agreement on the amount of the termination fee and the structure and amount of the consideration for the transaction.

MISCOR sought a termination fee that was in the market range for similar deals so that the amount of the fee would not unreasonably inhibit potential suitors after the merger agreement was signed and announced. Based on the advice of Tuesley Hall Konopa and Western Reserve, the MISCOR board of directors requested a termination fee equal to 2-4% of the equity component of the consideration, valued at approximately $13.2 million, yielding a termination fee in the range of $264,000 to $528,000. IES sought a termination fee that was in the market range for similar deals so that the amount of the fee would allow IES to recoup some of its deal-related expenses, which, including legal, accounting and banking fees, were projected to approach $1 million. Based on the advice of Periculum and Andrews Kurth, the IES board of directors requested a termination fee of approximately 5% of the total consideration of $19.5 million, yielding a termination fee of approximately $975,000.

MISCOR sought a total consideration amount that represented a reasonable premium to the market price. On July 19, 2012, MISCOR s share price opened at $1.00 and closed that day at $1.01 on volume of 21,000 shares. Considering the fact that MISCOR s stock price had hovered at or around $1.00 since the middle of May 2012, MISCOR took the position that $1.12 per share represented a reasonable 12% premium to that market price. With respect to the structure of the consideration, based on the recommendation of Tuesley Hall Konopa, the MISCOR board believed that a 20-25% collar on the exchange ratio was essential to protect against the upward fluctuation in IES share price, which, at the time, the MISCOR board believed was likely to rise considerably from its then-current price of $2.81. IES sought a total consideration based on 60- or 90-day trading averages and believed that its $1.04 offer was a considerable premium to those averages. IES did not believe that a collar on the exchange ratio was necessary because the exchange ratio was based on a 60-day volume-weighted average, not the price on a single day.

At this point in the negotiations, the advisors on each side were instructed to resolve all of the legal and technical issues, leaving outstanding business matters, such as dollar amounts, for representatives from each company to handle in end-stage negotiations.

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On July 21, 2012, the MISCOR board of directors conducted a telephonic meeting, including counsel from Tuesley Hall Konopa and financial advisors from Western Reserve, to discuss and consider open issues with respect to the proposed merger agreement, including consideration, solicitation, structure of the majority-of-the-minority approval, and the termination fee. With respect to price-per-share, Western Reserve advised the MISCOR board of directors that a price of $1.12 per share was the minimum price that would be fair and appropriate due to trading prices of MISCOR common stock since May 2012. By way of background, MISCOR s common stock experienced significant increases between May and July 2012. These increases commenced following MISCOR s issuance of its quarterly report on Form 10-Q on May 2, 2012. During May 2012, MISCOR s common stock price climbed from $0.40 on May 1, 2012, to between $0.50 to $0.75 on May 2, 2012, and on May 16 and 17, the share price rose again to $1.02. Between June 4, 2012 and July 21, 2012, MISCOR s common stock traded consistently between $1.00 and $1.04. Upon the advice of Western Reserve and Tuesley Hall Konopa, the MISCOR board of directors resolved to propose a final offer of $1.12 per share with a 25% collar, a $650,000 termination fee and other terms. In determining the final offer, the MISCOR board of directors considered enterprise value and EBITDA and the fact that the trading activity during June and July 2012 had hovered around $1.00, as well as its financial advisor s advice.

On July 23, 2012, Mr. Lindstrom, on behalf of IES, called Mr. Moore to discuss the companies impasse regarding the price per share to be paid to MISCOR shareholders and termination fees. Messrs. Lindstrom and Moore discussed the potential for increasing the price per share to $1.12 but, in exchange, removing the collar from the share exchange ratio.

On July 26, 2012, Mr. Lindstrom and Mr. Martell discussed by telephone certain features of the current proposal. Also on July 26, 2012, members of the MISCOR board of directors exchanged e-mails on the merits of the latest proposal, especially the need for a collar with respect to the share exchange ratio, and issues regarding termination fee tiers.

On July 27, 2012, the IES board of directors, other than Mr. Gendell, held a special telephonic meeting during which it discussed certain matters related to the proposed transaction, including the draft merger agreement and a potential voting agreement between IES and Tontine, in which Tontine would commit to voting in favor of the transaction in order to ensure that IES and MISCOR would receive the stockholder approvals necessary to effect the transaction.

On July 27, 2012, MISCOR s stock price increased to $1.80 per share and then declined to $1.20 per share on total volume of 9,860 shares. The MISCOR board of directors conducted a meeting by conference call, including counsel from Tuesley Hall Konopa and advisors from Western Reserve. The MISCOR board of directors agreed that even though fairness of the transaction should be viewed with respect to 60- or 90-day trading averages, in light of the market moves it would be necessary to wait several days to observe where MISCOR s stock price settled. Following the MISCOR board meeting, Mr. Martell called Mr. Lindstrom and advised him that, in light of recent fluctuations in the market price of MISCOR common stock, the MISCOR board of directors believed it would be necessary to postpone further discussions for a few days while the market for MISCOR s stock stabilized. Mr. Lindstrom advised Mr. Martell due to the extended timeline of the acquisition process, substantial resources dedicated to the acquisition process and potential other investment opportunities for IES that the IES board of directors was prepared to terminate discussions unless MISCOR delivered a firm counter-offer before July 30, 2012.

On July 28, 2012, the MISCOR board of directors conducted another conference call, including counsel and financial advisors. After discussion of all open issues, the MISCOR board of directors agreed to extend a proposal to IES based on the terms approved by the MISCOR board of directors at the July 27, 2012 board meeting plus an additional requirement that IES agree to indemnify the MISCOR board of directors and MISCOR s executive officers regarding any challenge to the corporate action.

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On July 29, 2012, Western Reserve, on behalf of the MISCOR board of directors, contacted Periculum to relay the material terms of MISCOR s revised proposal, which included increasing the price per share to $1.12 but, in exchange, removing the collar from the share exchange ratio. During the call, Western Reserve also informed Periculum that the MISCOR board of directors would require indemnification from IES in connection with the transaction.

On July 30, 2012, Mr. Lindstrom, Mr. Martell, and representatives of Andrews Kurth, Tuesley Hall Konopa, Periculum, and Western Reserve participated in a conference call. During the conference call, Andrews Kurth, on behalf of IES, informed MISCOR that IES would not agree to the requested indemnification because it would expose IES stockholders to additional risk and was not customary.

On July 31, 2012, the MISCOR board of directors conducted a special meeting by conference call, including counsel and financial advisors. Mr. Martell advised that MISCOR and IES were at an impasse, and while IES management was amenable to MISCOR s other proposed terms, it could not recommend to the IES board of directors acceptance of the MISCOR board of directors request for indemnification. The MISCOR board of directors agreed to put the transaction on hold and move forward with filing MISCOR s quarterly report on Form 10-Q with the plan that, once the stock price settled down after release of the Form 10-Q, the MISCOR board of directors would revisit the willingness of MISCOR to proceed.

At the end of July 2012, IES management again considered the possibility of entering into voting agreements with IES significant stockholders. After further consideration and discussion, IES management determined that such voting agreements would not be in the best interest of IES or its stockholders if they contained provisions relating to indemnification of the stockholders, which could expose IES resources to additional risk.

In early August 2012, Western Reserve contacted Periculum regarding certain other strategic buyers that were, according to Western Reserve, interested in MISCOR. However, no particular details were provided, and after learning of the information, the IES board of directors determined not to make any changes to its most recent offer price of $1.12 per MISCOR share.

On August 15, 2012, Mr. Lindstrom and Mr. Martell spoke by telephone. Mr. Lindstrom advised Mr. Martell that IES was preparing to send a letter terminating discussions with MISCOR regarding the proposed transaction. However, in hopes of reaching agreement on certain principal terms, Mr. Lindstrom requested that MISCOR provide a final revised draft of the merger agreement reflecting the minimum terms that MISCOR would be willing to accept.

On August 17, 2012, the MISCOR board of directors conducted a conference call, including counsel and financial advisors, to discuss the pricing of the deal and other terms. Thereafter, via conference call, Western Reserve, on behalf of MISCOR, communicated the terms of a revised offer to Periculum. At Periculum s request, on August 21, 2012, representatives of Tuesley Hall Konopa sent Andrews Kurth a revised draft of the merger agreement, which reflected a price per share of $1.30, no collar on the exchange ratio, a 30-day go shop period, approval of a majority of the minority of MISCOR shareholders, and a three-tiered termination fee ranging from $400,000 to $800,000, depending on the reason for termination.

On August 22, 2012, following an informal review of and discussions by the IES board of directors, other than Mr. Gendell, regarding the terms of MISCOR s revised proposal, representatives of Andrews Kurth sent Tuesley Hall Konopa a revised draft of the merger agreement with a blank price term to represent continuing discussions regarding price, but otherwise accepting MISCOR s proposed changes, including the conditions that a majority of the minority stockholders of MISCOR and IES not vote against the merger agreement and the issuance of shares of IES common stock in the merger, respectively.

Later in the day on August 22, 2012, after having the opportunity to review IES revised draft of the merger agreement, representatives of IES and MISCOR s respective management teams held a telephonic conference

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call to discuss MISCOR s interim performance and forecast for the remainder of 2012. During the call, Mr. Martell, on behalf of MISCOR, informed IES that the MISCOR board of directors would not be willing to accept any offer less than $1.30 per share without a collar (which represented an 8% premium to the then-current market value of MISCOR s common stock of $1.20) or $1.25 per share with a collar (which represented a 4% premium to the then-current market value of MISCOR s common stock). Hours later, Mr. Lindstrom, on behalf of IES, sent a Notice of Termination of the Interim Letter Agreement to Mr. Martell via email terminating discussions between the parties due to MISCOR s increased consideration expectations and improving investment alternatives for IES.

Following termination of discussions between IES and MISCOR, the IES board of directors also determined that it would no longer require Houlihan Lokey s services with respect to the proposed fairness opinion. As such, IES and Houlihan terminated their engagement with respect to the MISCOR transaction shortly thereafter.

On August 29, 2012, at its regularly scheduled quarterly meeting, the MISCOR board of directors reviewed the termination of the IES transaction and considered whether to pursue other strategic alternatives. The MISCOR board also discussed whether it would be prudent to solicit other potential buyers or merger candidates, possibly through a formal marketing or auction process. The MISCOR board of directors, however, decided to focus instead on improving operating results.

From September through December 2012, Mr. Martell and Mr. Lindstrom spoke periodically by phone to discuss changes in the electrical industry and their respective companies. During one such call, on November 21, 2012, Mr. Martell suggested to Mr. Lindstrom that the MISCOR board of directors might be willing to restart negotiations based on a $26 million enterprise value. However, Mr. Lindstrom elected not to formally respond to the offer based on his concerns that the requested consideration was not reflective of MISCOR s value.

On December 6, 2012, during a regularly scheduled meeting, the IES board of directors, other than Mr. Gendell, discussed MISCOR s interest in resuming discussions regarding a potential acquisition and Mr. Lindstrom provided an update to the board on his recent discussions with Mr. Martell regarding the same. After noting that discussions with MISCOR were preliminary, including the timing and pricing of a potential transaction, Mr. Lindstrom briefly reviewed MISCOR s recent operating performance with the board. Thereafter, Mr. Gendell joined the meeting, and as part of its regular strategic review, the IES board of directors discussed IES overall acquisition strategy and reviewed a wide range of investment opportunities that had been evaluated during the previous three months by IES management but had not proceeded beyond the initial evaluation stage. The opportunities reviewed included 27 other private and public companies ranging in size from approximately $2 million to $350 million in revenues. The opportunities evaluated included companies both within the electrical industry and in other industries unrelated to IES existing businesses. The board of directors also reviewed various acquisition sourcing tactics utilized by management.

On December 18, 2012, in pursuit of elevated corporate governance standards, the MISCOR board of directors conducted a special meeting to discuss potential protective measures to be taken by the MISCOR board of directors in connection with its consideration of a potential transaction with IES. Due to certain factors, including Tontine s common ownership of MISCOR and IES, Mr. Martell s significant ownership in MISCOR, and Mr. Moore s dual capacity as a director and Chief Executive Officer and President, the MISCOR board of directors decided to form a special committee (the Special Committee), consisting of the board s two independent directors, William J. Schmuhl, Jr. and Michael Topa, with Mr. Schmuhl as Chair, to evaluate strategic alternatives, including renewing discussions with IES. The Special Committee was granted the authority to negotiate the terms of the merger agreement, to recommend for or against MISCOR approving the merger agreement and entering into the merger, and to explore alternative transactions. The MISCOR board of directors formed the Special Committee to ensure the independent review of the merger agreement and the transactions related to the merger. Pursuant to the authority delegated to the Special Committee by the MISCOR board of directors, the Special Committee, in consultation with MISCOR s management and its financial and legal

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advisors, thereafter conducted MISCOR s negotiation of the merger agreement, on behalf of MISCOR, and oversaw MISCOR s due diligence and solicitation processes.

During December 2012, each of Mr. Martell and Mr. Lindstrom continued to evaluate the long-term value of a transaction between IES and MISCOR. On or around December 31, 2012, Mr. Lindstrom and Mr. Martell engaged in another discussion regarding a possible business combination between IES and MISCOR and affirmed each other s interest in continuing discussions without reference to the specific timing or pricing of a potential transaction.

On February 5, 2013, at a regularly scheduled meeting, the IES board of directors discussed as part of its regular strategic review a number of strategic options for growth for IES, including non-acquisition related strategies related to organic growth and opportunities to increase profitability at IES three principal business segments and capital deployment through acquisitions as a general strategy, as well as investment criteria for potential acquisitions. In evaluating organic growth strategies, the IES board of directors discussed further developing capabilities concerning project execution, human capital investment, cost containment and recurring revenue. In evaluating potential acquisition candidates, IES management reiterated its criteria to the board of directors 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. Shortly thereafter, Messrs. Lindstrom and Martell spoke briefly about the possibility of resuming discussions on a potential transaction and again affirmed their mutual interest in continuing discussions, without reference to the specific timing or pricing of a potential transaction. Subsequently, on February 15, 2013, John Martell contacted Jeffrey Gendell to confirm that voting agreements would not be sought by either IES or MISCOR, and as such, indemnification would not be sought by Tontine in connection with a potential transaction involving the two companies. In the course of Mr. Martell s discussion with Jeffrey Gendell, he also confirmed Tontine s support for the companies pursuing a potential transaction.

On February 21, 2013, Mr. Schmuhl, in his capacity as Chair of the MISCOR Special Committee, sent Mr. Lindstrom an email to inform him of the formation of the MISCOR Special Committee to evaluate the potential transaction with IES and that Mr. Schmuhl was serving as Chair of the Special Committee. The email also indicated, among other things, that MISCOR would be willing to proceed with a business combination at an enterprise value of $26 million, which, based on MISCOR s debt outstanding as of December 31, 2012 of $7.2 million, represented an offer price per share of $1.61, or a 24% premium to the then-current market value of MISCOR s common stock of $1.30.

On the same date the email was sent, Mr. Lindstrom informed Mr. Schmuhl that he could not recommend to IES board of directors a business combination with MISCOR at an enterprise value of $26 million, particularly in view of MISCOR s recent financial performance against its budget. Mr. Lindstrom then informed Mr. Schmuhl that, based on his review of MISCOR s most recent financial and operational data, he was willing to consider recommending to the IES board of directors a transaction at an enterprise value in the range of $23.5 million to $24 million. The same day, after concluding the call with Mr. Lindstrom, Mr. Schmuhl sent an email to other members of the MISCOR board advising them of the key terms of the counterproposal extended by Mr. Lindstrom.

On February 24, 2013, the MISCOR board of directors met to discuss the recent proposal and counter-proposal between the Special Committee and Mr. Lindstrom.

On February 25, 2013, Mr. Lindstrom and Mr. Schmuhl spoke telephonically. During the call, Mr. Schmuhl expressed the MISCOR board of directors willingness to consider a transaction with, among other things, an enterprise value of $24 million and a 20% collar on the exchange ratio. Mr. Lindstrom conveyed his willingness to recommend a business combination at that value and on the terms discussed and committed to convene the IES board of directors for discussion. Thereafter, on February 25, 2013, Mr. Schmuhl, on behalf of the Special

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Committee, requested that Tuesley Hall Konopa begin preparing a revised draft of the merger agreement to reflect the terms of the tentative agreement. Ulmer & Berne continued to advise MISCOR on the requirements of the federal securities laws. Mr. Schmuhl also discussed the need for and preparation of a fairness opinion with MISCOR s financial advisors.

On February 28, 2013, in light of the time that had elapsed since termination of the companies prior negotiations in August 2012, IES and MISCOR determined it was prudent to, and did, enter into a second confidentiality agreement, effective as of February 22, 2013, pursuant to which MISCOR began providing IES with the financial and operational information necessary to support its proposal. Also on February 28, 2013, Andrews Kurth and Tuesley Hall Konopa again began revising and exchanging drafts of the merger agreement, to reflect the revised transaction terms then under consideration by IES and MISCOR.

On March 1, 2013, Mr. Lindstrom convened a special meeting of the IES board of directors to discuss the revised terms of the proposed transaction and IES management s recommendation to proceed with transaction at an enterprise value of $24 million and a price per share to be calculated subject to MISCOR s Net Debt. Assuming that MISCOR s anticipated Net Debt at closing of the transaction would be between $6.5 million and $5.5 million, the offer price per share would be between $1.50 and $1.58, which would represent a 13% to 20% premium to the then-current market value of MISCOR s common stock of $1.32 per share. During the meeting, IES management presented to the IES board of directors the results of due diligence conducted since the resumption of discussions with MISCOR in February 2013 and the risks and benefits of the potential transaction.

The IES board of directors discussed the following key benefits of the potential transaction:

- MISCOR s management, who had demonstrated a willingness to stay post-transaction;
- the financial performance of MISCOR and the opportunity for further operational improvements;
- favorable industry trends for MISCOR, including rail equipment investments, increased infrastructure spending and the growing market for outsourced industrial services;
- the fact that the transaction provided an opportunity to diversify away from the cyclical construction environment by acquiring a business with recurring maintenance and repair work;
- the fact that IES currently did not service, repair or manufacture electro-mechanical components and power assemblies that MISCOR offered;
- IES enhanced access to MISCOR s end markets, which include industrial, utility, energy and transportation industries;
- potential electro-mechanical sales synergies with IES industrial locations;
- a favorable projected annual return on invested capital compared to alternative available investments;
- the expectation that the transaction would be accretive to earnings per share for IES shareholders; and

the expectation that the transaction would enhance future investment capacity by not only increasing debt capacity but also by preserving IES capacity to issue shares of common stock in the future without limiting its ability to utilize its NOLs in that, due to the significant ownership of MISCOR by an affiliate of IES, IES issuance of common stock to fund the MISCOR acquisition is not expected to trigger an ownership change under applicable tax law that could have the effect of limiting its NOLs.

Key risks of the potential transaction that were discussed by the IES board of directors at the meeting included MISCOR s customer concentration with Union Pacific, Inc. and CSX, Inc., the loss of either or both of which could have a material adverse effect on MISCOR, although the IES board of directors had no reason to believe that either customer would leave; the fact that MISCOR competes against large original equipment manufacturers in its rail services segment, many of which have longer operating histories, more customers, and greater financial, marketing, technical, and other competitive resources than MISCOR; and below average peer

financial performance in MISCOR s industrial services segment, which raised concerns about MISCOR s ability to compete effectively in this segment. The IES board of directors also discussed risks and corporate governance related to Tontine s ownership interests in both companies.

During the meeting, management also provided the IES board of directors with an updated financial analysis of the transaction. The IES board of directors, other than Mr. Gendell, discussed the items presented and determined that management should continue discussions with MISCOR regarding a potential transaction. In addition, the board again discussed the importance and benefits of obtaining a fairness opinion in connection with the proposed transaction and reviewed with IES management several potential fairness opinion providers, including Stifel, an independent third-party financial advisor. With Messrs. Lindstrom and Gendell abstaining, the IES board of directors delegated to IES management the authority to engage one of the investment banks discussed to prepare a fairness opinion in connection with the proposed transaction. Based on the IES board of directors directive, on March 7, 2013, IES management engaged Stifel, on behalf of the IES board of directors, to prepare the fairness opinion in connection with the proposed transaction. Stifel was selected because of its experience and reputation with transactions of this nature and transactions in MISCOR s industry more specifically. As directed by the IES board of directors, Stifel s engagement was limited to providing an opinion as to the fairness, from a financial point of view, to IES of the consideration to be paid to MISCOR shareholders in connection with the merger. The IES board of directors did not request that Stifel, and Stifel did not, explore alternatives to the merger, solicit the interest of any other parties in pursuing transactions with IES or consider the use of, or the impact of the merger on, IES NOLs.

Between March 1, 2013 and March 11, 2013, IES continued to conduct due diligence with respect to MISCOR and the proposed transaction, with particular focus on updating its internal financial analyses to reflect MISCOR s latest interim financial information and revised forecasts. As part of these due diligence efforts, on March 6 and 7, 2013, members of IES management visited MISCOR s offices in Massillon, Ohio to discuss MISCOR s operating performance and to review the audit work papers prepared by BDO USA, LLP, MISCOR s independent registered public accounting firm. During this period, IES also began providing Stifel with the documentation and information necessary to prepare its opinion. In addition, IES and MISCOR, through their respective legal counsels, continued to negotiate and revise the merger agreement and participate in conference calls with members of each companies respective management teams to gather additional information regarding MISCOR s business and operations.

On March 8, 2013, during its regularly scheduled quarterly meeting, the MISCOR board of directors discussed the most recent version of the merger agreement.

On March 11, 2013, the IES board of directors attended a special telephonic meeting to discuss the proposed MISCOR transaction, the material terms of which included a total transaction value of $24 million and a price per share to be calculated subject to MISCOR s Net Debt. At the meeting, Stifel formally presented its opinion to the IES board of directors and members of IES management that as of such date, the merger consideration to be paid by IES to holders of MISCOR common stock in the merger, pursuant to the merger agreement, was fair, from a financial point of view, to IES. Following Stifel s presentation, the IES board of directors discussed and reviewed with Stifel the materials presented by Stifel and the financial analyses contained therein. Following a thorough evaluation of, and discussion with Stifel regarding, its opinion and the supplemental information provided, the IES board of directors, excluding Mr. Gendell (who excused himself from the meeting following Stifel s presentation), discussed the proposed transaction structure and price and considered the conclusions and assumptions set forth in Stifel s opinion. Based on the information reviewed and presented, the IES board of directors determined that a formal vote should be taken with respect to the proposed transaction. The IES board of directors, with Messrs. Lindstrom and Gendell abstaining, formally approved and recommended the merger agreement and the issuance of shares of IES common stock to MISCOR shareholders in connection with the proposed transaction in accordance with the formula set forth in the merger agreement.

On March 12, 2013, the MISCOR board of directors held a special telephonic meeting, including its legal advisors, Tuesley Hall Konopa and Ulmer & Berne, and financial advisor, Western Reserve. Western Reserve

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presented its opinion that the Cash Consideration to be received by the shareholders of MISCOR (other than IES and its affiliates, including Tontine) pursuant to the proposed merger agreement is fair, from a financial perspective. The MISCOR board of directors also discussed the benefits of the transaction, namely: (a) the expected synergy between the companies, given the common customer base and lack of direct competition between IES and MISCOR, (b) the expectation that MISCOR s power services and transformer businesses should grow given that IES has a significant customer base in those areas, (c) the enhanced ability to expand through acquisitions, given IES resources, and (d) the decreased administrative expenses associated with not being a separate public reporting entity. The MISCOR board of directors also discussed that the Special Committee approved the transaction and recommended it for approval by the MISCOR board of directors.

Prior to the vote, Mr. Martell had informed the MISCOR board of directors that he would abstain from the board of directors vote in light of his significant ownership interest in MISCOR. Mr. Martell held approximately 23.4% of the outstanding shares of MISCOR as of March 12, 2013. Mr. Martell s holdings were obtained in transactions exempt from registration from the Securities Act of 1933, and are not subject to registration rights. Accordingly, the merger consideration, in the form of stock and/or cash, presents a liquidity event of particular value to Mr. Martell. For this reason, Mr. Martell chose to abstain from the MISCOR board of directors vote on the merger.

After careful consideration, at a special meeting held on March 12, 2013, the voting members of the MISCOR board of directors, upon recommendation by the MISCOR Special Committee, unanimously determined that the merger agreement and the other transactions contemplated by the merger agreement were advisable and in the best interests of MISCOR and its shareholders and stakeholders, including employees, vendors and customers, approved the merger agreement, the merger and the transactions contemplated thereby and directed that the merger agreement be submitted for adoption by the MISCOR shareholders at the MISCOR Meeting.

On March 13, 2013, the parties signed the merger agreement, which reflected an enterprise value of approximately $24 million and a price per share that was then-estimated to be in the range of $1.48 to $1.57 per share, or an 18% to 26% premium to the then-current market value of MISCOR s common stock of $1.25, but that, pursuant to the merger agreement, would not be less than $1.415 per share.

On March 13, 2013, following the issuance of a joint press release announcing IES and MISCOR s execution of the merger agreement, MISCOR s Special Committee, along with MISCOR s management and counsel, participated in a conference call with Western Reserve regarding plans for their joint management of the go shop period. Following a joint effort by MISCOR and Western Reserve to identify parties, Western Reserve contacted 29 parties approved by the MISCOR board of directors to pursue solicitations of offers. On March 16, 2013, MISCOR s Special Committee met telephonically and agreed that, after their execution of a confidentiality agreement, interested parties would receive a process letter and certain non-public information before their submission of a company acquisition proposal. The Special Committee would then review any proposal or indication of interest and determine whether it was appropriate to provide additional due diligence information. IES would be given access to any additional diligence information that MISCOR provided to other prospective buyers. Four parties signed confidentiality agreements and received the initial due diligence package.

On March 27, 2013, MISCOR s Special Committee received from Western Reserve an indication of interest for the acquisition of MISCOR by a third party (the Third Party Indication). The Third Party Indication, which did not constitute an offer, proposed an enterprise value of $27 million for MISCOR (which MISCOR understood to be subject to a net debt adjustment), but this valuation was highly contingent and subject to revision, depending on the results of the interested party s extensive due diligence, which, in addition to document review, was to include conference calls and on-site meetings with MISCOR management. On March 28, 2013, MISCOR s Special Committee consulted with members of management and counsel and evaluated the Third Party Indication. In accordance with the terms of the merger agreement, MISCOR s counsel also shared the Third Party Indication with counsel for IES. On March 29, 2013, MISCOR s Special Committee held a conference call with counsel to discuss strategy for responding to the Third Party Indication. The Special Committee agreed to provide equal access to due diligence materials to the interested party, with the exception that some materials in

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the data room would need to be removed or redacted in light of competitive concerns because, unlike with IES, the interested party was a direct competitor of MISCOR s Magnetech subsidiary. On April 8, 2013, the remaining interested party notified MISCOR through its financial advisor, Western Reserve, that it was not interested in further pursuing an acquisition of MISCOR, because of its determination that HKEC demonstrated the strongest financial performance of MISCOR s business segments and the fact that rail services were not core to the interested party s operations. On April 13, 2013, the go-shop solicitation period expired, without any competing offers being received by MISCOR.

On July 3, 2013, Mr. Lindstrom and Mr. Schmuhl spoke telephonically regarding a potential amendment to the merger agreement. Mr. Schmuhl notified Mr. Lindstrom that, based on recent downward pressure on the market price of IES common stock and in consideration of the Special Committee s desire to provide MISCOR shareholders who do not make a valid election to receive either Stock Consideration or Cash Consideration with greater certainty regarding the minimum value of the consideration to be received in the merger, the MISCOR Special Committee would be considering at a meeting later that day whether to start a dialogue with IES to provide some downside protection to shareholders with non-election shares. Mr. Schmuhl initially indicated that he thought this would require an amendment to the default provisions for shareholders that do not complete their election forms. At the end of the call, Mr. Schmuhl indicated that MISCOR may seek an amendment to the merger agreement to provide that any MISCOR shareholder who does not make a valid election with respect to all or any portion of such shareholder s shares will be deemed to have elected to receive Stock Consideration for such shares for which a valid election has not been made only in the event that the IES Common Stock Value is equal to or greater than $4.024 (which is the bottom of the VWAP Collar). Mr. Lindstrom informed Mr. Schmuhl that IES would consider any amendment proposed by the MISCOR Special Committee. In light of timing considerations, Messrs. Lindstrom and Schmuhl also agreed to consider whether the merger agreement should be amended to extend the termination date beyond August 31, 2013.

On July 3, 2013, the MISCOR board of directors held a meeting, with representatives of Tuesley Hall Konopa and Ulmer & Berne present. Mr. Schmuhl began the meeting by reviewing his conversation with Mr. Lindstrom. The MISCOR board of directors then discussed the potential for downside risk due to the VWAP collar and considered amending the default election provisions to mitigate that risk. The MISCOR board of directors also discussed the Special Committee s authority. Following a motion, the MISCOR board of directors voted to affirm the Special Committee s authority to direct discussions with IES and to authorize the Special Committee to take any action necessary for an amendment to the merger agreement to provide some downside protection to shareholders who do not complete their election forms.

Later on July 3, 2013, the MISCOR Special Committee held a meeting and directed MISCOR s counsel, Ulmer & Berne, to discuss with counsel for IES, Andrews Kurth, an amendment to the merger agreement that addressed these issues. Between July 3 and July 8, 2013, counsel for MISCOR and IES shared draft language regarding the proposed amendment to the merger agreement, including the change in the deemed election provision and the extension of the termination date. On July 8, 2013, IES and MISCOR tentatively reached agreement as to the draft amendment, subject to review and approval by the MISCOR Special Committee and each company s board of directors. The draft amendment would extend the termination date to October 31, 2013 and provide that any MISCOR shareholder who did not make a valid election with respect to all or any portion of such shareholder s shares would be deemed to have elected to receive Stock Consideration for such shares for which a valid election had not been made only in the event that the IES Common Stock Value was equal to or greater than $4.024.

On July 9, 2013, the MISCOR board of directors held a special telephonic meeting, including its legal advisors, Tuesley Hall Konopa and Ulmer & Berne, and its financial advisor, Western Reserve, to discuss the proposed amendment to the merger agreement. At the beginning of the meeting, Western Reserve provided assurances that the change to the merger agreement would not impact their opinion as to the fairness of the Minimum Cash Consideration, as of March 13, 2013. Following these assurances by Western Reserve, MISCOR s securities counsel, Ulmer & Berne reviewed the timeline expectations and the need for a later termination date. The board of directors then temporarily adjourned, while the Special Committee convened and discussed the

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recommendations of MISCOR s financial and legal advisors and unanimously decided to recommend the amendment to the merger agreement to the MISCOR board of directors.

Later on July 9, 2013, the MISCOR board of directors reconvened. At the beginning of the meeting, Mr. Schmuhl reported the Special Committee s unanimous recommendation that the MISCOR board of directors approve the amendment to the merger agreement, including an extension of the termination date to October 31, 2013, and a revision to the default provisions for MISCOR shareholders who do not complete their election forms. After careful consideration, the members of the MISCOR board of directors, upon recommendation by the Special Committee, determined that the amendment was advisable and in the best interests of MISCOR and its shareholders and stakeholders, including employees, vendors and customers, approved the amendment and directed that the merger agreement, as amended by the amendment, be submitted for adoption by the MISCOR shareholders at the MISCOR Meeting. Mr. Martell voted against the amendment to the merger agreement due to the extension of the termination date. Although Mr. Martell had abstained from voting for or against the merger agreement when it was presented to MISCOR s board of directors for approval in March 2013, Mr. Martell chose not to abstain but to vote against the proposed amendment. Mr. Martell explained that, while he supported the merger agreement and the proposed revision to the default election provisions, he felt strongly that the termination date should not be extended into October. Mr. Martell believed that an extension to September 30 would be more than adequate, and that additional delay would increase expense to the Company, continue distraction of management from operational issues, and pose unnecessary risk to completing the transaction.

Thereafter, on July 9, 2013, Mr. Lindstrom convened a special telephonic meeting of the IES board of directors, with representatives of Andrews Kurth and Stifel in attendance, to discuss the terms of, and IES management s recommendation to proceed with, the proposed amendment. After Stifel confirmed that the amendment would not result in the withdrawal of its opinion, the IES board of directors, excluding Mr. Gendell (who then excused himself from the meeting), discussed the proposed amendment and the potential impacts thereof. Based on these discussions and the assurances provided by Stifel, the IES board of directors, with Messrs. Lindstrom and Gendell abstaining, formally approved the amendment and directed that the merger agreement, as amended by the amendment, be submitted for adoption by the IES shareholders at the IES Meeting.

On July 10, 2013, the parties signed the First Amendment to Agreement and Plan of Merger.

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Recommendation of the MISCOR Board of Directors and Its Reasons for the Merger

On March 12, 2013, the MISCOR board of directors held a special telephonic meeting, including its legal advisors, Tuesley Hall Konopa and Ulmer & Berne, and financial advisor, Western Reserve. Western Reserve presented its opinion that the Cash Consideration to be received by the shareholders of MISCOR (other than IES and its affiliates, including Tontine) pursuant to the proposed merger agreement is fair, from a financial perspective. The MISCOR board of directors also discussed other benefits of the transaction, namely: (a) the expected synergy between the companies, given the common customer base and lack of direct competition between IES and MISCOR, (b) the expectation that MISCOR s power services and transformer businesses should grow given that IES has a significant customer base in those areas, (c) the enhanced ability to expand through acquisitions, given IES resources, and (d) the decreased administrative expenses associated with not being a separate public reporting entity. The MISCOR board of directors also discussed that the Special Committee unanimously approved the transaction and recommended it for approval by the MISCOR board of directors.

Prior to the vote, Mr. Martell had informed the MISCOR board of directors that he would abstain from the board of directors vote in light of his significant ownership interest in MISCOR. As of March 12, 2013, Mr. Martell held approximately 23.4% of the outstanding shares of MISCOR common stock Mr. Martell s holdings were obtained in transactions exempt from registration from the Securities Act and are not subject to registration rights. Accordingly, the merger consideration, in the form of Stock Consideration and/or Cash Consideration, presents a liquidity event of particular value to Mr. Martell. For this reason, Mr. Martell chose to abstain from the vote on the merger.

After careful consideration, at a special meeting held on March 12, 2013, the voting members of the MISCOR board of directors, upon the unanimous recommendation by the MISCOR Special Committee, unanimously determined that the merger agreement and the other transactions contemplated by the merger agreement were advisable and in the best interests of MISCOR and its shareholders and stakeholders, including employees, vendors and customers, approved the merger agreement, the merger and the transactions contemplated thereby and directed that the merger agreement and the transactions contemplated thereby be submitted for adoption by the MISCOR shareholders at the MISCOR Meeting. The MISCOR board of directors recommends that MISCOR shareholders vote FOR adoption of the merger agreement.

The MISCOR board of directors believes this transaction to be substantively and procedurally fair to unaffiliated shareholders based on the following facts that its diligence revealed:

- IES is a strategic buyer with growth potential;
- the merger will allow the combined company to offer more products and services to IES and MISCOR s existing customer base;
- the merger will allow the combined company to serve customers in geographic areas where MISCOR does not currently have a presence;
- the $24 million Enterprise Value assigned to MISCOR reflects an EBITDA multiple of 5.7x (based on the last twelve months as of February 2013);
- the MISCOR board of directors voted to approve the merger (with Mr. Martell abstaining);
- the structure of the merger requires approval of the holders of a majority of the outstanding MISCOR common stock and satisfaction of the MISCOR Minority Approval condition; and
- the merger represents a liquidity event for unaffiliated shareholders.

Terms of the Merger Agreement and Merger Consideration

In reaching its determination to approve and recommend the merger agreement for adoption by the MISCOR stockholders, the MISCOR Special Committee and board of directors consulted with management as well as Western Reserve, MISCOR s financial advisor, and MISCOR s legal counsel, Tuesley Hall Konopa and Ulmer

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& Berne. In view of the wide variety of factors considered in connection with the merger, the MISCOR board of directors did not consider it practicable to assign relative weights to the specific material factors it considered in reaching its decision. In addition, individual members of the MISCOR board of directors may have given different weight to different factors. The MISCOR board of directors considered this information and these factors as a whole and, overall, considered the relevant information and factors to be favorable to, and in support of its recommendation.

The MISCOR board of directors considered the following factors as generally supporting its decision to recommend that MISCOR stockholders approve the adoption of the merger agreement:

The Cash Consideration being paid to shareholders is based upon an assumed enterprise value, as defined in the merger agreement, of MISCOR of $24 million, less Net Debt, which represents the average over the thirty-day period ending on the Merger Consideration Determination Date of the sum of MISCOR s funded debt and other debt, not including ordinary trade payables; divided by the number of shares of MISCOR common stock outstanding on the Merger Consideration Determination Date.

As of March 11, 2013, MISCOR s Net Debt (for the 30-day period ending on that date), was approximately $7.2 million, and MISCOR estimated that its Net Debt as of the Merger Consideration Determination Date could range from $6.5 million to $5.5 million.

The terms of the merger agreement provide for a per share floor for the Cash Consideration of not less than $1.415 per share.

The MISCOR board of directors did not specifically demand termination or walk-away rights in the event that IES common stock was trading below the VWAP Collar. The MISCOR board of directors viewed the VWAP Collar as beneficial to those shareholders who would be considering whether to elect shares instead of cash, insofar as it reduced uncertainty as to the Exchange Ratio given the potential fluctuation in the market price of IES common stock between the election date and the closing date. From the MISCOR board of directors perspective, even if the IES Common Stock Value later dropped below the VWAP Collar, the person electing shares would know in advance before making an election what the Exchange Ratio would be. A MISCOR shareholder desiring to avoid the risk of equity ownership was expected to elect to receive Cash Consideration.

The MISCOR board of directors did obtain termination rights in the event of (i) a material adverse effect on IES that IES is unable to cure within 20 days of MISCOR s written notice to IES of such material adverse effect, (ii) a failure to obtain the MISCOR Minority Approval or (iii) the lack of an effective Registration Statement by the termination date.

The merger agreement provides that up to 50% of the merger consideration may be paid in the form of cash.

Subject to the Maximum Cash Amount and provided no MISCOR shareholder (other than Tontine) becomes a 5% or more holder of IES common stock as a result of the merger, there is no cap on the number of shares of IES common stock to be received by MISCOR shareholders in the transaction (subject to fractional share provisions).

The transaction is expected to be treated as a tax-free reorganization under the Code.

The number of shares of IES common stock to be issued in the merger will be based, in part, on the volume-weighted average of the sale prices per share of IES common stock for the 60 consecutive trading days ending with the Merger Consideration Determination

Date.

The MISCOR board of directors has received the opinion of Western Reserve to the effect that, as of the date of such opinion, the Minimum Cash Consideration of $1.415 per share to be received by the holders of MISCOR common stock (other than IES and its affiliates (including Tontine)) in the merger is fair, from a financial point of view, to such holders.

IES will apply to list the shares of IES common stock to be issued to MISCOR shareholders as Stock Consideration in the merger on NASDAQ.

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Inclusion of a go shop clause providing MISCOR the right to solicit, initiate or encourage the submission of a company acquisition proposal and to participate in discussions or negotiations regarding the same for a period of 31 days after execution of the merger agreement (or until April 13, 2013).

IES agreed to comply with the obligations of MISCOR following the effective time of the merger to indemnify its directors and officers in effect immediately prior to the effective time. IES further agreed that the organizational documents of the surviving corporation shall contain provisions with respect to indemnification that are at least as favorable to the indemnified parties as those contained in the MISCOR charter documents, as in effect on the date of execution of the merger agreement, which provisions shall not, for a period of six years from the effective time of the merger, be amended, repealed, or otherwise modified in a manner that would adversely affect the rights thereunder of individuals who, immediately prior to the effective time, were directors, officers, employees, or agents of MISCOR. Furthermore, the surviving corporation shall maintain MISCOR s officers and directors liability insurance policies and fiduciary insurance policies in effect on March 13, 2013.

The absence of any material adverse effect and certain other changes at IES since September 30, 2012.

The merger agreement provides for standard closing conditions, and aside from stockholder approval and filings with the SEC, it did not appear to contain any conditions to the closing of the merger that would be expected to result in a significant delay in completing the merger.

Strategic and Other Considerations

The other strategic alternatives reasonably available to shareholders, as considered by the MISCOR board, were (1) proceeding forward as a standalone public company, or (2) looking for another candidate to buy or merge with the corporation. The IES transaction was deemed more favorable to shareholders than either of these, for the following reasons.

If MISCOR would proceed forward as a standalone public company, it would continue to bear the considerable administrative (legal and accounting) expense of being a small public company, which has limited the corporation s profitability particularly since it reduced its scale by divesting several subsidiary companies in 2009 and 2010. MISCOR would also likely remain listed on the OTCQB, which limits investment and shareholder liquidity when compared with NASDAQ. As a smaller company, MISCOR s ability to grow through acquisitions would be extremely limited. For these reasons, the MISCOR board believed that a sale or merger would be in the best interests of shareholders.

MISCOR s board had consulted with Western Reserve, an investment bank that has significant familiarity with the company with experience going back to 2008. Through discussions with Western Reserve, MISCOR s board believed that the corporation would have greater value to a strategic buyer than to a financial buyer. Moreover, a strategic buyer would more likely retain the integrated combination of manufacturing and services businesses, which would be favored by other stakeholders including the corporation s employees.

Since 2008, MISCOR s board had participated in preliminary discussions with several possible strategic merger candidates. From this process, as well as through discussions with Western Reserve, MISCOR s board learned about which features of a potential merger candidate might best fit with the strengths of MISCOR s business. From its due diligence with respect to IES, MISCOR s board believed that IES would be a strategic fit providing potential for growth that MISCOR was not likely to find among other potential market candidates.

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In addition to the factors listed above, the MISCOR board of directors considered the following strategic and other factors:

- The adequacy of the merger consideration and the other value provided to MISCOR shareholders, which the MISCOR board of directors viewed as favorable, including:

  - the fully-diluted share value provided by the $1.415 Minimum Cash Consideration provides an approximate $16.7 million transaction equity value, and

  - an EBITDA multiple of 5.7x based on a last twelve months (LTM) February 2013 EBITDA.

- The importance of scale in the increasingly competitive market environments in which MISCOR operates, and the potential for the merger to enhance MISCOR s ability to compete effectively in those environments, including by accelerating sales force efficiency and effectiveness, realizing savings on raw materials costs, and reducing administrative costs. For example:

  - In the increasingly competitive market environments in which MISCOR operates, both with respect to its electric-equipment service business, and also its magnet and diesel-engine-component manufacturing businesses, larger organizations have certain advantages, particularly if they have a national footprint. In sales and marketing, national organizations can more quickly publicize and promote product and service developments, reducing the time from innovation to sale. Large organizations with similar operating segments such as electrical service, a common denominator across MISCOR and IES can realize savings on raw materials, such as copper wire, when purchased in bulk. And large organizations can achieve administrative efficiencies by spreading certain costs including legal, human resources, employee benefits and accounting expenses, across a larger organization.

  - With respect to its electric-equipment service business in particular, competitive pressure compelled MISCOR to increase its service center footprint to become a truly national provider. National service organizations appeal to national customers, who prefer to engage one national provider rather than multiple regional providers. MISCOR s board believed that this would require adding at least four to six additional service centers. A merger with IES would facilitate such expansion, allowing for possible co-location in IES current facilities where MISCOR does not currently have a service center nearby, such as Arizona, Colorado, Nebraska, North Carolina, Oregon, and Texas. IES, because of its size, also has better access to capital to facilitate any additional expansion. MISCOR s board did not see such expansion a realistic near-term option for organic growth or acquisition through MISCOR s standalone strategic plan, given MISCOR s limited capacity for capital investment.

- The current and future landscape of the industries in which MISCOR and IES operate, and in light of the financial and competitive challenges facing these industries, the likelihood that the combined company would be better positioned to overcome these challenges if the expected strategic and financial benefits of the transaction were fully realized.

- MISCOR s board of directors compared the execution risks and benefits of achieving MISCOR s standalone strategic plan with the risks and benefits of the merger. Based on the MISCOR board s evaluation of the uncertainties associated with MISCOR s standalone strategic plan, the MISCOR board of directors believes that the merger offers a unique and valuable opportunity to combine with a strategic partner that has relevant industry knowledge and connections, for example in the wind power arena, that create exiting opportunities for long-term value creation for MISCOR s shareholders.

The MISCOR board of directors view that the merger agreement and the transaction contemplated by the merger agreement were more favorable to MISCOR s shareholders than the other strategic alternatives reasonably available to the MISCOR shareholders.

While MISCOR and IES share a similar customer base, the different geographic density of the MISCOR and IES customers combined with the strength of IES customer base present potential

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growth opportunities for the combined corporation and for MISCOR s business following the merger. These synergies provide potential for MISCOR to market its technology and skill sets more effectively to a broader group of customers.

The MISCOR shareholders would own approximately 15.4% of the combined corporation (including the shares of IES common stock to be issued to Tontine in the merger, as reflected in the beneficial ownership table set forth in Comparative Market Price and Dividend Data Holders of IES Common Stock), based on the assumptions described in Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page F-2, which assumptions will not be definitively determined until the Merger Consideration Determination Date, and assuming 15,105,846 shares of IES common stock outstanding immediately prior to the effective time of the merger. As a result, the MISCOR shareholders would benefit from the future performance of the combined corporation and the other strengths of the combined corporation.

The transaction provides a liquidity event opportunity for both the MISCOR shareholders electing to receive Cash Consideration as well as those that elect to receive Stock Consideration, due to the liquidity of IES common stock. The MISCOR board of directors also found it appealing that this transaction gives MISCOR shareholders the option to choose the opportunity to align themselves with a financially larger and stronger entity with the resulting greater opportunity for capital appreciation.

The MISCOR board of director s discussions with Tuesley Hall Konopa and Ulmer & Berne regarding the terms and conditions of the merger agreement and the fiduciary duties of the MISCOR board of directors in considering the merger.

The extensive efforts by MISCOR and its financial and legal advisors to negotiate the financial and other terms and conditions of the merger agreement.

The financial and other terms and conditions of the merger agreement, as reviewed by the MISCOR board of directors, and the fact that such terms and conditions were the product of extensive negotiations between the parties.

The fact that the merger agreement permits MISCOR to terminate the agreement in the event that the MISCOR board of directors (or any committee thereof) makes a company adverse recommendation change or company acquisition proposal recommendation or MISCOR enters into a company acquisition agreement, subject to certain terms and conditions, including compliance with the non-solicitation provisions of the agreement following expiration of the go-shop period on April 13, 2013.

The fact that a vote of the MISCOR shareholders on the merger is required under Indiana law and that the MISCOR shareholders who do not vote in favor of the merger will have the right to dissent from the merger and to demand appraisal of the fair value of their shares under Indiana law.

The fact that IES common stock price had steadily risen from a 52-week low of $2.57 per share in June 2012 to $5.95 per share as of March 12, 2013.

At their option, MISCOR shareholders can elect to receive either the Cash Consideration, which will not be less than $1.415 per share, the Stock Consideration, which will be calculated based on the Exchange Ratio, or a mix of the Cash Consideration and the Stock Consideration.

Risks and Challenges of the Merger

The MISCOR board of directors also considered the following potential risks related to the merger with IES, but concluded that the anticipated benefits from the merger with IES were likely to outweigh these risks:

- fluctuations in the amount of MISCOR s Net Debt and the value of IES common stock could reduce the merger consideration that MISCOR shareholders receive;

- the cap on Cash Consideration may prevent MISCOR shareholders from receiving their preferred form of merger consideration;

- the election process requires MISCOR shareholders to tender their shares of MISCOR common stock, which will temporarily reduce the liquidity of their investment;
- the conditions precedent to the merger make the extent of its benefits to MISCOR shareholders, and the date on which MISCOR shareholders will receive their merger consideration, uncertain;
- MISCOR shareholders who receive shares of IES common stock as all or part of their merger consideration may have their rights as shareholders adversely affected by provisions of the DGCL and IES certificate of incorporation and bylaws;
- the merger agreement limits MISCOR s ability pursue alternative strategic transactions;
- MISCOR will incur substantial transaction costs associated with the merger, even if the merger does not take place;
- MISCOR s directors and executive officers have incentives related to the merger that may cause their interests to differ from those of MISCOR shareholders;
- IES may not be able to integrate MISCOR s business as successfully as it expects or achieve the synergies and cost savings expected;
- IES may not be able to retain MISCOR s key employees or replace them with equally qualified individuals;
- the market s reaction to the merger could cause the price of IES common stock to decline, regardless of the results of IES efforts to integrate MISCOR s business;
- the price of IES common stock may fluctuate due to variables that either do not currently affect the price of MISCOR common stock or affect MISCOR common stock differently from IES common stock;
- the fact that the cash portion of the merger consideration will be taxable for U.S. federal income tax purposes to those MISCOR shareholders who are U.S. persons and elect to receive any Cash Consideration; and
- other matters described under Risk Factors, beginning on page 30.

Although the preceding list of factors considered is not intended to be exhaustive, in the judgment of the MISCOR board of directors, the potential benefits of the merger outweigh the risks and the potential disadvantages. In view of the variety of factors considered in connection with its evaluation of the proposed merger and the terms of the merger agreement, the MISCOR board of directors did not quantify or assign relative weight to the factors considered in reaching its conclusion. Rather, the MISCOR board of directors views its recommendation as being based on the totality of the information presented to and considered by it. In addition, individual MISCOR directors may have given different weight to different factors.

The MISCOR board of directors is not aware of any firm offers made by a third party to acquire MISCOR during the past two years.

Recommendation of the IES Board of Directors and Its Reasons for the Merger

After careful consideration, at a special meeting held on March 11, 2013, the disinterested members of the IES board of directors unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the issuance of shares of IES common stock in the merger, are advisable and in the best interests of IES and its stockholders and approved the merger and the merger agreement. The IES board of directors recommends that IES stockholders vote FOR the issuance of shares of IES common stock in the merger.

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Terms of the Merger Agreement and Merger Consideration

In reaching its decision to approve the merger agreement and recommending the issuance of shares of IES common stock in the merger, the disinterested members of the IES board of directors considered the following factors relating to the terms of the merger agreement:

- the form of the merger consideration, which consists of a limited amount of cash and a limited aggregate number of shares of IES common stock and, therefore, permits IES to project its expected capital structure and indebtedness immediately following the merger;

- the written opinion of Stifel to the IES board of directors, dated March 11, 2013, that, as of such date and based upon and subject to the assumptions, qualifications and limitations set forth in such opinion, the merger consideration to be paid by IES to the holders of MISCOR common stock was fair, from a financial point of view (the full text of Stifel s written opinion is set forth in Annex B to this joint proxy statement/prospectus and should be carefully read in its entirety in conjunction with the information contained in Opinion of IES Financial Adviser), as well as the financial analyses performed by Stifel in connection with its fairness opinion and reviewed with the IES board of directors;

- the structure of the merger transaction, which is not taxable to IES or its stockholders;

- the expectation that the merger will preserve, and accelerate the utilization of, IES significant net operating loss tax carryforwards (NOLs), in that the issuance of the Stock Consideration in connection with the merger is not expected to cause a change of control of IES under Section 382 of the Code which, if it were to occur, would significantly limit IES utilization of its NOLs;

- the expected availability of financing from Wells Fargo, which provides IES the ability to borrow the funds necessary to pay the cash component of the merger consideration, repay outstanding MISCOR debt and pay expenses relating to the merger; and

- the fact that, aside from stockholder approval and filings with the SEC, there did not appear to be any conditions to closing in the merger agreement that would be expected to result in a significant delay in completing the merger.

Strategic and Other Considerations

The IES board of directors believes that the transaction will deliver strategic and financial benefits to IES and will create long-term value for IES stockholders. In reaching this determination, the IES board of directors considered the following key factors related to the transaction:

Improved Financial Profile

- The transaction will diversify IES revenues and operating income, thereby reducing its exposure to the cyclical nature of the commercial and residential construction industries, in that:

  - IES currently does not service, repair or manufacture the electro-mechanical components and power assemblies that MISCOR offers,

the transaction will increase IES exposure to MISCOR s non-construction-related-end-markets, which include industrial, utility, energy and transportation industries,

the transaction will provide IES with exposure to a new customer base, including some of the leading Class I railroads, steel producers and chemical manufacturers in the United States, and

on a pro forma basis for the twelve months ended September 30, 2012, MISCOR would contribute to the combined company $49.0 million of revenue, or 9.7% of combined revenue, and $3.3 million of operating income, or 113.0% of combined operating income;

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The transaction is expected to be accretive to IES earnings and operating cash flow per share, net of acquisition costs and without assuming cost savings or revenue synergies, based upon IES financial projections and the structuring assumptions described in Notes 3 and 5 to the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page F-2 (which, with respect to Note 3, will not be definitively determined until the Merger Consideration Determination Date);

The transaction is expected to provide potential for enhanced future earnings and growth prospects when compared to IES prospects as a smaller company on a stand-alone basis;

The transaction is expected to help improve IES operating performance by increasing IES scale, improving overall profitability and margins, and providing access to new end markets and customers; and

The transaction is expected to further progress IES towards its goal of generating above average returns on invested capital, in that, even without assuming cost savings or projecting revenue synergies, the valuation of MISCOR relative to its expected earnings and ongoing capital requirements generates an above average return on invested capital.

Utilization of NOLs

The transaction is expected to preserve, and accelerate the utilization of, IES significant NOLs, as described above, which, with respect to federal NOLs, was approximately $453 million at September 30, 2012.

Execution of Acquisition Strategy

The transaction is expected to improve IES credit profile and overall access to capital, thereby expanding its future acquisition capabilities; and

The transaction will allow IES to grow strategically through acquisition, which the IES board of directors believes is advantageous relative to the challenges of sustainable, organic growth in IES divisions that are exposed to construction cycles.

The IES board of directors also considered the following factors related to compatibility of IES and MISCOR s respective businesses and assets:

the complementary nature of IES and MISCOR s electrical businesses;

MISCOR s domestic and international geographic footprint and customer base, which has no major customer or competitive overlaps with that of IES;

MISCOR s strong historical reputation for service, repair and manufacturing of electro-mechanical components and power assemblies;

MISCOR s historical financial performance;

- MISCOR s favorable industry trends, including with respect to rail equipment investments, increased infrastructure spending, and the growing market for outsourced industrial services;

- the opportunity to retain both MISCOR s proven management team, which is expected to continue to run and operate the business following completion of the merger, as well as substantially all of MISCOR s non-executive management employees, many of whom have skills and experience needed by IES and are expected to continue their employment with the combined company; and

- IES and MISCOR s similar focus on accountability.

It is anticipated, based on current discussions between the companies, that all members of MISCOR s management team, including the executive officers of MISCOR, will continue with the surviving corporation following completion of the merger. While IES has not entered, and does not anticipate entering, into new

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employment agreements with any of MISCOR s executive officers, the surviving corporation will assume Mr. Moore s employment agreement following completion of the merger. After the merger, MISCOR s then-existing management team will be employed by the surviving corporation, which will be a wholly-owned subsidiary of IES. It is anticipated that Michael Moore and Marc Valentin, each of whom currently serves as an executive officer of MISCOR, will also serve as executive officers of Merger Sub, which we refer to as the surviving corporation, following completion of the merger.

In reaching its determination to approve the merger, the disinterested members of the IES board of directors also considered the following factors:

- the expectation that IES would be the acquirer of MISCOR for generally accepted accounting purposes, and that IES accounting policies would remain the same for the combined company;
- IES management team s successful track record of operating and improving standalone businesses;
- the historical and current market prices of IES and MISCOR common stock, as well as the financial analyses and presentations prepared by Stifel;
- although the number of shares of IES common stock to be issued in the merger may fluctuate until fifteen business days prior to the closing date and the aggregate value of the shares to be issued may fluctuate prior to closing as the result of fluctuations in the market price of IES common stock, ultimately, the maximum number of shares of IES common stock to be issued in the merger is fixed; and
- the risks and investment returns associated with pursuing alternative acquisitions and potential uses of capital, including the following:
  - risks related to the probability and ability to close the acquisition;
  - the purchase price relative to IES resources and relative to the valuation of the investment;
  - the IES board of directors familiarity with the investment, its operations and end markets relative to businesses and industries with which the board was not as familiar;
  - IES ability to issue shares of IES common stock to fund the investment without triggering a change of control under applicable tax law that could limit its NOLs, in contrast to the MISCOR merger, where the issuance of IES common stock is not expected to trigger such a change of control due to the significant ownership of MISCOR by an affiliate of IES, Tontine;
  - risks associated with expanding IES existing operations into new end markets; and
  - lower investment returns associated with alternative investments.

Risks of the Merger

The disinterested members of the IES board of directors also considered the following potential risks related to the merger with MISCOR, but concluded that the anticipated benefits from the merger with MISCOR were likely to outweigh these risks:

- the Exchange Ratio used to determine the number of shares of IES common stock into which each share of MISCOR common stock will be convertible will fluctuate due to fluctuations in the market value of IES common stock;

- the issuance of shares of IES common stock to MISCOR shareholders in the merger will dilute the ownership interests of current IES stockholders;

- any delay in completing the merger and integrating the businesses may reduce the benefits expected to be obtained by IES from the merger;

- the merger may not be completed on a timely basis or at all, and failure to complete the merger could negatively impact IES stock price and the future business and financial results;

- IES may experience difficulties in integrating MISCOR s business and could fail to realize potential benefits of the merger;

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- failure to retain key employees of MISCOR could adversely affect IES following the merger;

- IES and MISCOR will incur substantial costs in connection with the merger, which will be incurred regardless of whether the merger is consummated;

- the price of IES common stock will continue to fluctuate after the merger and may be affected differently from the separate factors that currently affect the prices of IES common stock and MISCOR common stock; and

- the market value of IES common stock could decline if large amounts of IES common stock are sold following the merger.

In addition, the disinterested members of the IES board of directors considered potential risks related to MISCOR s business, including customer concentration, competition with original equipment manufacturers in MISCOR s rail services segment, and below average peer financial performance in MISCOR s industrial services segment. The disinterested members of the IES board also considered corporate governance related to Tontine s ownership interest in both companies.

The preceding risks and factors considered is not intended to be exhaustive. After due consideration of the potential benefits and risks and other information, the disinterested members of the IES board of directors determined, in their judgment, that the merger is in the best interests of IES and its stockholders. The disinterested members of the IES board of directors did not quantify or assign relative weight to the factors considered in reaching their conclusion but approved the merger based on the totality of the information they reviewed and considered. Individual directors may have given different weight to different factors.

Certain Financial Projections Utilized by IES Board of Directors and IES Financial Advisors

Financial Projections Related to IES

IES does not, as a matter of course, publicly disclose forecasts or internal projections as to future performance, earnings or other results due to the unpredictability of the underlying assumptions and estimates. In connection with the discussions regarding the proposed transactions, IES management prepared, however, certain unaudited financial projections regarding IES forecasted operating results for fiscal years 2013 through 2017 (referred to in this joint proxy statement/prospectus as the IES management case). IES provided the IES management case to IES board of directors, its financial advisors and MISCOR.

The inclusion of any financial projections or assumptions in this joint proxy statement/prospectus should not be regarded as an indication that IES or its board of directors considered, or now considers, these projections to be a reliable predictor of future results. You should not place undue reliance on the unaudited financial projections contained in this joint proxy statement/prospectus. Please read carefully Important Information About the Unaudited Financial Projections beginning on page 73.

IES uses a variety of financial measures that are not in accordance with GAAP, including EBITDA, as supplemental measures to evaluate its operational performance. While IES believes that these non-GAAP financial measures provide useful supplemental information, there are limitations associated with the use of these non-GAAP financial measures. These non-GAAP financial measures are not prepared in accordance with GAAP, are not reported by all of IES competitors and may not be directly comparable to similarly titled measures of IES competitors due to potential differences in the exact method of calculation.

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The following tables summarize the IES management case prepared by IES as described above, as used by IES board of directors for purposes of its consideration of the transactions and by Stifel for purposes of its financial analyses:

IES Management Case (dollars in millions)

	Year ended September 30, 2013	Year ended September 30, 2014	Year ended September 30, 2015	Year ended September 30, 2016	Year ended September 30, 2017
Revenue	$ 498.8	$ 525.5	$ 565.3	$ 587.9	$ 611.4
EBITDA[(1)]	$ 9.4	$ 11.1	$ 15.9	$ 16.5	$ 17.1
Net Income	$ 4.2	$ 6.6	$ 11.2	$ 12.1	$ 12.9

(1) For purposes of the IES Management Case, EBITDA is defined as income (loss) from operations, plus depreciation expense, amortization expense and equity compensation expense. For the year ended September 30, 2013, EBITDA and Net Income also include the add back of the expense for the reserve related to the receivable from a former surety and any other non-recurring expenses, such as acquisition related expenses.

Financial Projections Related to MISCOR

In connection with the discussions regarding the proposed transactions, IES provided certain unaudited financial projections regarding MISCOR s forecasted operating results for fiscal years 2013 through 2017 (referred to in this joint proxy statement/prospectus as the MISCOR management case). IES provided the MISCOR case to IES board of directors and its financial advisors. In developing the MISCOR management case, IES management considered a number of factors, including forecasts provided by, and discussions with, MISCOR management, analysis of industry trends and peer performance outlook, and a desire to take a conservative view on future growth and profitability improvements. As a result, IES MISCOR management case may differ from the projections used by MISCOR s management, board of directors and financial advisors.

The following tables summarize the MISCOR case prepared by IES as described above, as used by IES board of directors for purposes of its consideration of the transactions and by Stifel for purposes of its financial analyses:

MISCOR Management Case (dollars in millions)

	Year ended December 31, 2012	Year ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2015	Year ended December 31, 2016	Year ended December 31, 2017
Revenue	$ 49.7	$ 52.7	$ 54.0	$ 55.3	$ 56.7	$ 58.1
EBITDA[(1)]	$ 4.7	$ 5.5	$ 5.7	$ 5.8	$ 6.0	$ 6.1
Net Income	$ 4.2	$ 3.1	$ 3.5	$ 3.7	$ 3.6	$ 3.4

(1) For purposes of the MISCOR Management Case, EBITDA is defined as income (loss) from operations, plus depreciation expense and amortization expense.

Certain Financial Projections Utilized by MISCOR s Board of Directors and MISCOR s Financial Advisors

Financial Projections Related to MISCOR

MISCOR does not, as a matter of course, publicly disclose forecasts or internal projections as to future performance, earnings or other results due to the unpredictability of the underlying assumptions and estimates. In connection with the discussions regarding the proposed transactions, MISCOR provided certain unaudited financial projections regarding MISCOR s forecasted operating results for fiscal years 2013 through 2017

(referred to in this joint proxy statement/prospectus as the MISCOR management forecast). In developing the

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MISCOR management forecast, MISCOR management considered a number of factors, including analysis of industry trends and peer performance outlook. As a result, MISCOR s management forecast may differ from the projections used by IES management, board of directors and financial advisors.

The inclusion of any financial projections or assumptions in this joint proxy statement/prospectus should not be regarded as an indication that MISCOR or its board of directors considered, or now considers, these projections to be a reliable predictor of future results. You should not place undue reliance on the unaudited financial projections contained in this joint proxy statement/prospectus. Please read carefully Important Information About the Unaudited Financial Projections beginning on page 73.

MISCOR uses a variety of financial measures that are not in accordance with GAAP, including EBITDA, as supplemental measures to evaluate its operational performance. While MISCOR believes that these non-GAAP financial measures provide useful supplemental information, there are limitations associated with the use of these non-GAAP financial measures. These non-GAAP financial measures are not prepared in accordance with GAAP, are not reported by all of MISCOR s competitors and may not be directly comparable to similarly titled measures of MISCOR s competitors due to potential differences in the exact method of calculation.

The following table was prepared by MISCOR management and provided to its financial advisors as well as to IES management. Historical, audited financial statements through 2012, unaudited 2013 YTD financial statements, management s operating projections through 2015 and financial projections for fiscal years 2016 and 2017 were utilized and reviewed as the basis for the financial advisors analysis. The forecast represents year-over-year performance for a five-year period, forecasting a 5% growth rate each year.

MISCOR Management Forecast (dollars in thousands):

	Year ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2015	Year ended December 31, 2016	Year ended December 31, 2017
Revenue	$ 52,675	$ 59,425	$ 63,719	$ 66,905	$ 70,250
EBITDA(1)	$ 6,643	$ 9,337	$ 10,824	$ 11,700	$ 12,636
Net Income	$ 4,421	$ 7,324	$ 7,645	$ 6,588	$ 7,149
Total Assets	$ 26,349	$ 31,482	$ 39,427	$ 46,287	$ 53,722
Total Liabilities and Equity	$ 26,349	$ 31,482	$ 39,427	$ 46,287	$ 53,722

(1) For purposes of the MISCOR Management Forecast, EBITDA is defined as income (loss) from operations, plus interest expense, depreciation and amortization expense and income tax expense.

Important Information About the Unaudited Financial Projections

While the unaudited financial projections summarized above in the sections titled Certain Financial Projections Utilized by IES Board of Directors and IES Financial Advisors beginning on page 71 and Certain Financial Projections Utilized by MISCOR s Board of Directors and MISCOR s Financial Advisor beginning on page 72 were prepared in good faith and based on information available at the time of preparation, no assurance can be made regarding future events. The estimates and assumptions underlying the unaudited financial projections involve judgments with respect to, among other things, future economic, competitive, regulatory and financial market conditions and future business decisions that may not be realized and that are inherently subject to significant business, economic, competitive and regulatory uncertainties and contingencies, including, among others, risks and uncertainties described under Risk Factors and Cautionary Statements Regarding Forward-Looking Statements beginning on pages 30 and 117 respectively, all of which are difficult to predict and many of which are beyond the control of IES and MISCOR, respectively, and will be beyond the control of the combined corporation. There can be no assurance that the underlying assumptions will prove to be accurate or that the projected results will be realized, and actual results will likely differ, and may differ materially, from those reflected in the unaudited financial projections, whether or not the transactions are completed. As a result, the unaudited financial projections cannot be considered a reliable predictor of future operating results, and this information should not be relied on as such.

The unaudited financial projections were prepared solely for internal use by IES or MISCOR, as the case may be, and not with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial data, published guidelines of the SEC regarding forward-looking statements and the use of non-GAAP measures or GAAP. In the view of IES management and MISCOR management, the respective forecasts prepared by them were prepared on a reasonable basis based on the best information available to IES management and MISCOR management, respectively, at the time of their preparation. The unaudited financial projections, however, are not fact and should not be relied upon as being necessarily indicative of future results, and readers of this joint proxy statement/prospectus are cautioned not to place undue reliance on this information. None of the unaudited financial projections reflect any impact of the transactions.

All of the unaudited financial projections summarized in this section were prepared by and are the responsibility of the management of IES or MISCOR, as the case may be. No independent registered public accounting firm has examined, compiled or otherwise performed any procedures with respect to the prospective financial information contained in these financial forecasts and, accordingly, no independent registered public accounting firm has expressed any opinion or given any other form of assurance with respect thereto and no independent registered public accounting firm assumes any responsibility for the prospective financial information. The reports of the independent registered public accounting firms included in this joint proxy statement/prospectus relate to the historical financial information of IES and MISCOR, respectively. Such reports do not extend to the unaudited financial projections and should not be read to do so.

By including in this joint proxy statement/prospectus a summary of certain of the unaudited financial projections regarding the operating results of IES and MISCOR, neither IES, MISCOR nor any of their respective representatives has made or makes any representation to any person regarding the ultimate performance of IES or MISCOR compared to the information contained in the financial projections. The unaudited financial projections cover multiple years and such information by its nature becomes less predictive with each succeeding year. Neither IES, MISCOR nor, following completion of the transactions, the combined company undertakes any obligation, except as required by law, to update or otherwise revise the unaudited financial projections contained in this joint proxy statement/prospectus to reflect circumstances existing since their preparation or to reflect the occurrence of unanticipated events or to reflect 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.

Opinion of IES Financial Adviser

IES has engaged Stifel to provide a fairness opinion in connection with the merger. In connection with this engagement, the IES board of directors requested that Stifel evaluate the fairness, as of the date of such opinion, from a financial point of view, to IES, of the merger consideration to be paid by IES to holders of MISCOR common stock in the merger pursuant to the merger agreement. On March 11, 2013, at a meeting of the IES board of directors held to evaluate the merger, Stifel rendered to the board an oral opinion, confirmed by delivery of a written opinion dated March 11, 2013, to the effect that, as of such date and based on and subject to the matters described in its opinion, the aggregate merger consideration to be paid by IES to the holders of MISCOR common stock in the merger was fair to IES, from a financial point of view.

The full text of Stifel s written opinion, dated March 11, 2013, which describes the assumptions made, procedures followed, matters considered and limitations on the review undertaken, is attached as Annex B to this joint proxy statement/prospectus and is incorporated herein by reference in its entirety. **Stifel s opinion was provided for the information of, and directed to, the IES board of directors for its information and assistance in connection with its consideration of the financial terms of the merger. Stifel s opinion does not constitute a recommendation to the IES board of directors as to how the board of directors should vote on the merger or to any holder of IES or MISCOR common stock as to how any such holder should vote at**

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any stockholders meeting at which the merger is considered, or whether or not any stockholder of IES should enter into a voting, stockholders , or affiliates agreement with respect to the merger, or exercise any dissenters or appraisal rights that may be available to such stockholder or whether or to what extent a shareholder of MISCOR should elect to receive Cash Consideration or Stock Consideration. In addition, Stifel s opinion does not compare the relative merits of the merger with any other alternative transactions or business strategies which may have been available to IES and does not address the underlying business decision of the IES board of directors or IES to proceed with or effect the merger. Stifel was not requested to, and did not, explore alternatives to the merger or solicit the interest of any other parties in pursuing transactions with IES. This summary of Stifel s opinion is qualified in its entirety by reference to the full text of its opinion.

In connection with its opinion, Stifel, among other things:

- discussed the merger and related matters with IES counsel and reviewed a draft copy of the merger agreement dated March 8, 2013;
- reviewed the audited consolidated financial statements of MISCOR contained in its Annual Reports on Form 10-K for the three years ended December 31, 2012, with 2012 being in draft form, and unaudited consolidated financial statements of MISCOR contained in its Quarterly Report on Form 10-Q for the quarter ended September 30, 2012;
- reviewed the audited consolidated financial statements of IES contained in its Annual Reports on Form 10-K for the three years ended September 30, 2012 and the unaudited consolidated financial statements of IES contained in its Quarterly Report on Form 10-Q for the quarter ended December 31, 2012;
- reviewed and discussed with IES management certain other publicly available information concerning IES and MISCOR;
- reviewed certain non-public information concerning IES, including internal financial analyses and forecasts prepared by its management and held discussions with IES senior management, including with respect to estimates of certain cost savings, operating synergies, merger charges, the pro forma financial impact of the merger on IES and recent developments;
- reviewed certain non-public information concerning MISCOR, including internal financial analyses and forecasts prepared by its management and held discussion with MISCOR s senior management regarding recent developments;
- reviewed and analyzed certain publicly available information concerning the terms of selected merger and acquisition transactions that Stifel considered relevant to its analysis;
- reviewed and analyzed certain publicly available financial and stock market data relating to selected public companies that Stifel deemed relevant to its analysis;
- reviewed the reported prices and trading activity of the equity securities of each of MISCOR and IES;
- conducted such other financial studies, analyses and investigations and considered such other information as Stifel deemed necessary or appropriate for purposes of its opinion; and

took into account Stifel s assessment of general economic, market and financial conditions and its experience in other transactions, as well as its experience in securities valuations and its knowledge of MISCOR s and IES industries generally.

In connection with its review, Stifel relied upon and assumed, without independent verification, the accuracy and completeness of all of the financial and other information that was provided to Stifel by or on behalf of MISCOR or IES, or that was otherwise reviewed by Stifel, and did not assume any responsibility for independently verifying any of such information. With respect to the financial forecasts supplied to Stifel by MISCOR and IES

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(including, without limitation, potential cost savings and operating synergies realized by a potential acquirer and MISCOR s projected Net Debt), Stifel assumed, at the direction of MISCOR, that such financial forecasts were reasonably prepared on the basis reflecting the best currently available estimates and judgments of the management of MISCOR and IES, as applicable, as to the future operating and financial performance of MISCOR and IES, as applicable, and that they provided a reasonable basis upon which Stifel could form its opinion. Stifel relied on this projected information without independent verification or analyses and did not in any respect assume any responsibility for the accuracy or completeness thereof.

Stifel also assumed that there were no material changes in the assets, liabilities, financial condition, results of operations, business or prospects of either MISCOR or IES, or the number of shares of MISCOR common stock on a fully diluted basis, in each case since the date of the last financial statements of each company made available to Stifel. Stifel also assumed, without independent verification and with the consent of the IES board of directors, that the aggregate allowances for loan losses set forth in the respective financial statements of MISCOR and IES are in the aggregate adequate to cover all such losses. Stifel did not make or obtain any independent evaluation, appraisal or physical inspection of either MISCOR s or IES assets or liabilities, the collateral securing any of such assets or liabilities, or the collectability of any such assets nor did Stifel review loan or credit files of MISCOR or IES, nor was Stifel furnished with any such evaluation or appraisal. Estimates of values of companies and assets do not purport to be appraisals or necessarily reflect the prices at which companies or assets may actually be sold. Because such estimates are inherently subject to uncertainty, Stifel assumed no responsibility for their accuracy.

Stifel s opinion was limited to whether the merger consideration to be paid by IES to the holders of MISCOR common stock in the merger was fair, as of March 11, 2013, to IES, from a financial point of view, and did not address any other terms, aspects or implications of the merger including, without limitation, the form or structure of the merger, any consequences of the merger on IES, its stockholders, creditors or otherwise, or any terms, aspects or implications of any voting, support, stockholder or other agreements, arrangements or understandings contemplated or entered into in connection with the merger or otherwise. Stifel s opinion also did not consider, address or include: (i) any other strategic alternatives currently (or which have been or may be) contemplated by IES board of directors or IES; (ii) the legal, tax or accounting consequences of the merger on IES; (iii) the fairness of the amount or nature of any compensation to any officers, directors or employees of IES or MISCOR, or any class of such persons; (iv) the fairness of the merger or the amount or nature of the merger consideration to any particular stockholder of IES (specifically including Tontine and its affiliates), which are or may be stockholders of IES and MISCOR); (v) whether IES has sufficient cash, available lines of credit or other sources of funds to enable it to pay the Cash Consideration component of the merger consideration to the holders of shares of MISCOR common stock at the closing of the merger; or (vi) the election by holders of shares of MISCOR common stock to receive the Stock Consideration or the Cash Consideration, or any combination thereof, or the actual allocation of the merger consideration between the Stock Consideration and the Cash Consideration among holders of shares of MISCOR common stock (including, without limitation, any re-allocation of the merger consideration pursuant to the merger agreement). Furthermore, Stifel did not express any opinion as to the prices, trading range or volume at which IES securities will trade following public announcement or consummation of the merger.

Stifel s opinion was necessarily based on economic, market, financial and other conditions as they existed on, and on the information made available to Stifel by or on behalf of IES or its advisors, or information otherwise reviewed by Stifel, as of the date of its opinion. It is understood that subsequent developments may affect the conclusion reached in Stifel s opinion and that Stifel does not have any obligation to update, revise or reaffirm its opinion. Further, Stifel expressed no opinion or view as to any potential effects of volatility in the credit, financial and stock markets on MISCOR, IES or the merger. Stifel also assumed that the merger would be consummated substantially on the terms and conditions described in the merger agreement, without any waiver of material terms or conditions by MISCOR or any other party and without any adjustment to the merger consideration (other than as expressly contemplated by the merger agreement), and that obtaining any necessary regulatory approvals or satisfying any other conditions for consummation of the merger will not have an adverse

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effect on MISCOR, IES or the merger. Stifel assumed that the merger will be consummated in a manner that complies with the applicable provisions of the Securities Act, the Exchange Act, and all other applicable federal and state statutes, rules and regulations. Stifel further assumed that IES relied upon the advice of its counsel, independent accountants and other advisors (other than Stifel) as to all legal, financial reporting, tax, accounting and regulatory matters with respect to IES, the merger and the merger agreement.

This summary is not a complete description of Stifel s opinion or the financial analyses performed and factors considered by Stifel in connection with its opinion. The preparation of a financial opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances; therefore, a financial opinion is not readily susceptible to summary description. Stifel arrived at its ultimate opinion based on the results of all analyses undertaken by it and assessed as a whole, and did not draw, in isolation, conclusions from or with regard to any one factor or method of analysis for purposes of its opinion. Accordingly, Stifel believes that its analyses and this summary must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying Stifel s analyses and opinion.

In performing its analyses, Stifel considered industry performance, general business, economic, market and financial conditions and other matters existing as of the date of its opinion, many of which are beyond MISCOR s control and are not necessarily indicative of current market conditions. No company, business or transaction used in the analyses is identical to MISCOR or the merger, and an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, business segments or transactions analyzed.

The assumptions and estimates contained in Stifel s analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than those suggested by its analyses. In addition, analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold or acquired. Accordingly, the assumptions and estimates used in, and the results derived from, Stifel s analyses are inherently subject to substantial uncertainty.

Stifel was not requested to, and it did not, recommend the specific consideration payable in the merger. The type and amount of consideration payable in the merger were determined through negotiation between MISCOR and IES and was approved by the disinterested members of the IES board of directors. The decision to enter into the merger agreement was solely that of the disinterested members of the IES board of directors. Stifel s opinion and financial analysis was only one of many factors considered by the IES board of directors in its evaluation of the merger and should not be viewed as determinative of the views of the IES board of directors or IES management with respect to the merger or the merger consideration.

The following is a summary of the material financial analyses reviewed with the IES board of directors in connection with the delivery of Stifel s opinion dated March 11, 2013. The financial analyses summarized below include information presented in tabular format. In order to fully understand Stifel s financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Stifel s financial analyses.

Financial Analysis Related to MISCOR

Selected Company Analysis. Based on public and other available information, Stifel calculated MISCOR s implied enterprise value (which Stifel defined as fully diluted market capitalization, plus total debt less cash and

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cash equivalents) and MISCOR s implied fully diluted equity value, in each case, using multiples of last twelve months (LTM) earnings before interest, taxes, stock-based compensation, depreciation and amortization, or EBITDA , and projected calendar year (CY) 2013 EBITDA and net income, which multiples were implied by the estimated enterprise values and equity values, and projected EBITDA and net income of the selected companies listed below. LTM and projected CY 2013 information for MISCOR was provided by IES management. Projections for the selected companies were based upon First Call Consensus estimates, publicly available investment banking research and public filings.

Industrial Specialty Contractor	Equity Value	Enterprise Value	EBITDA LTM	EBITDA CY 2013P	Net Income CY 2013P	EPS CY 2013P
	($ in millions, except per share figures)					
The Babcock & Wilcox Company	$ 3,256.8	$ 2,805.5	$ 351.0	$ 435.1	$ 263.1	$ 2.30
Graham Corp.	$ 238.6	$ 183.7	$ 12.3	$ 20.5	$ 11.9	$ 1.11
Global Power Equipment Group Inc.	$ 309.6	$ 277.7	$ 24.1	$ 31.3	$ 16.4	$ 0.94
Integrated Electrical Services, Inc.	$ 85.3	$ 69.4	$ 7.9	NA	NA	NA
Matrix Service Company	$ 435.2	$ 405.5	$ 42.1	$ 61.7	$ 29.4	$ 1.07
MYR Group, Inc.	$ 511.6	$ 491.7	$ 79.9	$ 88.9	$ 37.8	$ 1.81
Pike Electric Corporation	$ 515.1	$ 720.2	$ 105.8	$ 91.3	$ 23.4	$ 0.65

The following table sets forth the multiples indicated by this analysis:

Enterprise Value to:	First Quartile	Median	Mean	Third Quartile
LTM EBITDA	7.4x	8.8x	9.4x	10.6x
CY 2013 Projected (P) EBITDA	6.5x	7.2x	7.4x	8.6x
Equity Value to:				
CY 2013P net income	13.8x	17.4x	17.3x	20.9x

The multiples derived from the implied estimated enterprise values and equity values, and applicable EBITDA and net income of the companies listed above, were calculated using data that excluded all extraordinary items and non-recurring charges.

The ranges of implied MISCOR per share equity values below were each calculated based on a range of EBITDA or net income multiples in the first quartile to third quartile of the multiples derived by Stifel for the selected companies listed above. In each case, Stifel multiplied these ranges of EBITDA multiples by MISCOR s actual or estimated EBITDA, as applicable, to calculate enterprise value, and subtracted MISCOR s net debt position (calculated as total debt less cash and cash equivalents) to derive equity value. Using the Treasury Stock Method, Stifel then derived MISCOR s implied per share equity value. Stifel also multiplied these ranges of EBITDA multiples by MISCOR s actual or estimated net income, as applicable, to calculate equity value. Using the Treasury Stock Method to calculate MISCOR s fully diluted shares outstanding, Stifel then derived MISCOR s implied per share equity value.

Enterprise Value to:	Low	High
LTM EBITDA	$ 2.35	$ 3.62
CY 2013P EBITDA	$ 2.43	$ 3.44
Equity Value to:		
CY 2013P Net Income	$ 3.59	$ 5.41

Stifel noted that the value of the per share consideration to be received by holders of MISCOR common stock pursuant to the merger was assumed to be $1.57.

Although no company utilized in the selected company analysis is identical to MISCOR, the selected companies were chosen because they are publicly traded companies that operate in a similar industry as MISCOR and have

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lines of business and financial and operating characteristics similar to MISCOR. Using its professional judgment, Stifel determined that these selected companies were the most appropriate for this analysis. Stifel did not identify any other companies for this purpose. In evaluating comparable companies, Stifel made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond MISCOR s control, such as the impact of competition on its business and the industry generally, industry growth and the absence of any adverse material change in MISCOR s financial condition and prospects or the industry or in the financial markets in general. Mathematical analysis (such as determining the average or median) is not in itself a meaningful method of using peer group data.

Selected Transactions Analysis. Based on public and other available information, Stifel calculated MISCOR s implied enterprise value based on multiples of LTM EBITDA, implied by the fourteen (14) acquisitions of companies listed below in the specialty contractor industry announced since January 1, 2010. The acquisitions reviewed in this analysis were the following:

Effective Date	Acquirer	Target	Enterprise Value ($ in millions)	LTM EBITDA
Announced	Energy Capital Partners	EnergySolutions, Inc.	$ 1,100.0	$ 155.9
Announced	KS International, LLC	Michael Baker Corporation	$ 167.6	$ 34.7
2/13/2013	Chicago Bridge & Iron Company N.V.	The Shaw Group Inc.	$ 3,288.8	$ 165.4
12/28/2012	Clean Harbors, Inc.	Safety-Kleen, Inc.	$ 1,250.0	$ 147.7
7/11/2012	DXP Enterprises, Inc.	HSE Integrated Ltd.	$ 80.8	$ 15.7
5/16/2012	Insight Equity	Flanders Corporation	$ 192.5	$ 11.8
5/14/2012	URS Corporation	Flint Energy Services Limited	$ 1,488.7	$ 134.5
5/8/2012	Wabash National Corp.	Walker Group Holdings LLC	$ 364.0	$ 52.8
11/10/2011	CH2M Hill Europe Limited	Halcrow Holdings Ltd.	$ 356.9	$ 20.0
8/2/2011	Aegion Corporation	Hockway Ltd.	$ 6.1	$ 0.9
6/30/2011	Aegion Corporation	CRTS, Inc.	$ 39.0	$ 3.8
11/12/2010	Primoris Services Corporation	Rockford Corporation	$ 92.5	$ 10.0
7/13/2010	The Churchill Corporation	Seacliff Construction Corp.	$ 315.0	$ 38.8
7/1/2010	Willbros Group Inc.	InfrastruX Group, Inc.	$ 480.0	$ 15.9

The following table sets forth the multiples indicated by this analysis:

Enterprise Value to:	First Quartile	Median	Mean	Third Quartile
LTM EBITDA	6.8 x	7.6x	7.8x	9.1x

The ranges of implied MISCOR per share equity values below were each calculated based on a range of EBITDA multiples in the first quartile to third quartile of the multiples derived by Stifel for the selected transaction listed above. In each case, Stifel multiplied this range of EBITDA multiples by MISCOR s actual EBITDA to calculate enterprise value, and subtracted MISCOR s net debt position to derive equity value. Using the Treasury Stock Method to calculate MISCOR s fully diluted shares outstanding, Stifel then derived MISCOR s implied per share equity value.

Enterprise Value to:	Low	High
LTM EBITDA	$ 2.11	$ 3.02

Stifel noted that the value of the per share consideration to be received by holders of MISCOR common stock pursuant to the Merger was assumed to be $1.57.

While no transaction used in the selected precedent transactions analysis is identical to the merger and no company that participated in the selected precedent transactions analysis is identical to MISCOR, Stifel chose

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such transactions based on, among other things, a review of transactions involving companies in the specialty contractor industry announced since January 1, 2010, Stifel s knowledge about MISCOR, the industries in which MISCOR operates, the geographical and operational nature of MISCOR s business and the similarity of the applicable target companies in the selected precedent transactions to MISCOR with respect to the size, mix, margins and other characteristics of their businesses. Accordingly, an analysis of the results of the foregoing is not mathematical; rather it involves complex considerations and judgments concerning differences in financial and operating characteristics of the target companies and other factors that could affect the public trading value of the companies and the transactions to which MISCOR and the merger are being compared.

Premiums Paid Analysis. Stifel reviewed the consideration paid in the forty (40) majority acquisitions of U.S. target companies announced between January 1, 2012 and March 8, 2013 with transaction values ranging between $0 and $100 million. Stifel calculated the premium paid in each of these transactions over each applicable target company s closing stock price on the last trading day prior to announcement of the acquisition offer or the date that knowledge of a potential transaction became public. In addition, Stifel calculated the implied premium to each target company s average stock price five (5) days prior to the announcement date, and the implied premium to the average stock price thirty (30) days prior to the announcement date.

	Premium One Day prior to Announcement	Premium Five Days prior to Announcement	Premium 30 Days prior to Announcement
3rd Quartile	62.8%	61.9%	67.4%
Mean	44.7%	44.3%	47.1%
Median	40.3%	41.2%	41.6%
1st Quartile	20.2%	24.8%	25.0%

With respect to each of the analyses above, Stifel noted that the premiums implied by the proposed acquisition by IES were 21.1%, 19.6% and 25.0%, respectively, for the one day, one week and one month periods prior to the date of the Stifel opinion.

Using a reference range of first quartile to third quartile for each time period listed above, Stifel performed a premiums paid analysis using the closing prices per share of MISCOR s common stock for the periods 1-day, 5-days and 30-days prior to March 8, 2013. This analysis indicated a range of implied value per share of MISCOR common stock of approximately $1.56 to $2.13. Stifel noted that the value of the per share consideration to be received by holders of MISCOR common stock pursuant to the merger was assumed to be $1.57.

Discounted Cash Flow Analysis. Stifel performed a discounted cash flow analysis of MISCOR based on the forecasts prepared by the management of IES through 2017. Stifel estimated the terminal value of the projected cash flows by applying terminal multiples to IES estimated 2017 EBITDA for MISCOR, which multiples ranged from 6.9x to 7.9x. This range of terminal multiples was selected based on a review of MISCOR s and other companies current and historical trading multiples reviewed in connection with the companies identified under the caption Selected Company Analysis. Stifel then discounted the cash flows projected through 2017 and the terminal value to present values using discount rates from 14.7% to 16.7%, which were derived based on the capital asset pricing model and a range of pre-tax cost of debt figures and debt/capitalization. This analysis indicated a range of aggregate values, which were then decreased by MISCOR s Net Debt of $7.2 million, to calculate a range of equity values. These equity values were then divided by fully diluted shares outstanding to calculate implied equity values per share ranging from $2.24 to $2.70. Stifel noted that the value of the per share consideration to be received by holders of MISCOR common stock pursuant to the merger was $1.57. A discounted cash flow analysis was included because it is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, including terminal multiples and discount rates.

Stifel s analysis did not purport to be indicative of actual future results and did not purport to reflect the prices at which MISCOR common stock may trade in the public markets.

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Financial Analysis Related to IES

As a portion of the consideration to be received by holders of MISCOR common stock in the merger would consist of shares of IES common stock, Stifel performed the financial analyses summarized below in order to derive the implied per share equity reference ranges for IES, against which Stifel compared the per share closing price of IES common stock on March 8, 2013.

Selected Company Analysis. Based on public and other available information, Stifel calculated IES implied enterprise value (which Stifel defined as fully diluted market capitalization, plus total debt less cash and cash equivalents) and IES implied fully diluted equity value, in each case, using multiples of last twelve months (LTM) earnings before interest, taxes, stock-based compensation, depreciation and amortization, or EBITDA , and projected calendar year (CY) 2013 EBITDA and net income, which multiples were implied by the estimated enterprise values and equity values, and projected EBITDA and net income of the selected companies listed below. LTM and projected CY 2013 information for IES was provided by IES management. Projections for the selected companies were based upon First Call Consensus estimates, publicly available investment banking research and public filings.

General Specialty Contractor	Equity Value	Enterprise Value	EBITDA LTM	EBITDA CY 2013P	Net Income CY 2013P	EPS CY 2013P
	($ in millions, except per share figures)					
Comfort Systems USA Inc.	$ 479.6	$ 463.2	$ 42.4	$ 45.8	$ 14.8	$ 0.39
EMCOR Group Inc.	$ 2,683.6	$ 2,240.4	$ 304.7	$ 331.1	$ 159.9	$ 2.36
MYR Group, Inc.	$ 511.6	$ 491.7	$ 79.9	$ 88.9	$ 37.8	$ 1.81
Pike Electric Corporation	$ 515.1	$ 720.2	$ 105.8	$ 91.3	$ 23.4	$ 0.65
Primoris Services Corporation	$ 1,042.8	$ 1,038.7	$ 130.1	$ 151.4	$ 68.4	$ 1.30

The following table sets forth the multiples indicated by this analysis:

Enterprise Value to:	First Quartile	Median	Mean	Third Quartile
LTM EBITDA	6.8x	7.4x	7.8x	8.0x
CY 2013 Projected (P) EBITDA	6.8x	6.9x	7.4x	7.9x
Equity Value to:				
CY 2013P net income	15.6x	16.8x	20.3x	22.5x

The multiples derived from the implied estimated enterprise values and equity values, and applicable EBITDA and net income of the companies listed above, were calculated using data that excluded all extraordinary items and non-recurring charges.

The ranges of implied IES per share equity values below were each calculated based on a range of EBITDA or net income multiples in the first quartile to third quartile of the multiples derived by Stifel for the selected companies listed above. In each case, Stifel multiplied these ranges of EBITDA multiples by IES actual or estimated EBITDA, as applicable, to calculate enterprise value, and subtracted IES net debt position (calculated as total debt less cash and cash equivalents) to derive equity value. Using the Treasury Stock Method, Stifel then derived IES implied per share equity value. Stifel also multiplied these ranges of EBITDA multiples by IES actual or estimated net income, as applicable, to calculate equity value. Using the Treasury Stock Method to calculate IES fully diluted shares outstanding, Stifel then derived IES implied per share equity value.

Enterprise Value to:	Low	High
LTM EBITDA	$ 4.66	$ 5.27
CY 2013P EBITDA	$ 5.35	$ 6.06
Equity Value to:		
CY 2013P Net Income	$ 4.21	$ 5.16

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Stifel noted that the per share closing price of IES common stock on March 8, 2013 was $5.72.

Although no company utilized in the selected company analysis is identical to IES, the selected companies were chosen because they are publicly traded companies that operate in a similar industry as IES and have lines of business and financial and operating characteristics similar to IES. Using its professional judgment, Stifel determined that these selected companies were the most appropriate for this analysis. Stifel did not identify any other companies for this purpose. In evaluating comparable companies, Stifel made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond IES control, such as the impact of competition on its business and the industry generally, industry growth and the absence of any adverse material change in IES financial condition and prospects or the industry or in the financial markets in general. Mathematical analysis (such as determining the average or median) is not in itself a meaningful method of using peer group data.

Discounted Cash Flow Analysis. Stifel performed a discounted cash flow analysis of IES based on the forecasts prepared by the management of IES through 2017. Stifel estimated the terminal value of the projected cash flows by applying terminal multiples to IES estimated 2017 EBITDA for IES, which multiples ranged from 6.3x to 7.3x. This range of terminal multiples was selected based on a review of MISCOR s and other companies current and historical trading multiples reviewed in connection with the companies identified under the caption Selected Company Analysis. Stifel then discounted the cash flows projected through 2017 and the terminal value to present values using discount rates from 14.6% to 16.6%, which were derived based on the capital asset pricing model and a range of pre-tax cost of debt figures and debt/capitalization ratios. This analysis indicated a range of aggregate values, which were then increased by IES net cash of $16.0 million, to calculate a range of equity values. These equity values were then divided by fully diluted shares outstanding to calculate implied equity values per share ranging from $6.65 to $7.62. Stifel noted that the per share closing price of IES common stock on March 8, 2013 was $5.72. A discounted cash flow analysis was included because it is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, including terminal multiples and discount rates.

Stifel s analysis did not purport to be indicative of actual future results and did not purport to reflect the prices at which IES common stock may trade in the public markets.

Conclusion

Based upon the foregoing analyses and the assumptions and limitations set forth in full in the text of Stifel s opinion letter, Stifel was of the opinion that, as of March 11, 2013, the consideration to be paid by IES to holders of MISCOR common stock in the merger pursuant to the merger agreement was fair, from a financial point of view, to IES.

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. In arriving at its opinion, Stifel considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor considered by it. Stifel believes that the summary provided and the analyses described above must be considered as a whole and that selecting portions of these analyses, without considering all of them, would create an incomplete view of the process underlying Stifel s analyses and opinion; therefore, the range of valuations resulting from any particular analysis described above should not be taken to be Stifel s view of the actual value of MISCOR.

Miscellaneous

Stifel acted as financial advisor to the IES board of directors and received a fee of $250,000 upon the delivery of its opinion that is not contingent upon consummation of the merger (the Opinion Fee). IES has also agreed to reimburse Stifel for certain of its expenses incurred in connection with Stifel s engagement. Stifel will not receive any payment or compensation contingent upon the successful consummation of the merger. In addition,

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IES has agreed to indemnify Stifel for certain liabilities arising out of its engagement. In the ordinary course of business, Stifel and its clients may transact in the equity securities of MISCOR or IES and may at any time hold a long or short position in such securities. There are no material relationships that existed during the two years prior to the date of Stifel s opinion or that are mutually understood to be contemplated in which any compensation was received or is intended to be received by Stifel as a result of the relationship between Stifel and any party to the merger. Stifel may seek to provide investment banking services to IES in the future, for which Stifel would seek customary compensation. Stifel has consented in writing to the inclusion of its opinion as an annex to this joint proxy statement/prospectus.

Opinion of MISCOR s Financial Adviser

Western Reserve rendered its opinion to MISCOR s board of directors that, as of March 13, 2013, and based upon and subject to the factors and assumptions set forth in its opinion, the Cash Consideration of $1.415 per share of MISCOR common stock to be paid to the holders of such shares is fair from a financial point of view to such holders. The opinion of Western Reserve was necessarily based on economic, market, tax, legal and other conditions as in effect on, and the information made available to it as of March 13, 2013.

The full text of Western Reserve s written opinion, dated March 13, 2013, which sets forth, among other things, the assumptions made, procedures followed, matters and factors considered and limitations and qualifications on the review undertaken in connection with the opinion, is attached as Annex C to this joint proxy statement/prospectus and is incorporated into this joint proxy statement/prospectus by reference in its entirety. The summary of Western Reserve s opinion is qualified in its entirety by reference to the full text of the opinion. Western Reserve s opinion, the issuance of which was approved by Western Reserve s internal valuation and fairness opinion committee, was provided to the MISCOR board of directors in connection with its evaluation of the proposed transaction contemplated by the merger agreement and was limited to the fairness, from a financial point of view, as of the date of the opinion, to the MISCOR shareholders of the Cash Consideration to be received by the shareholders of MISCOR (other than other than IES and its affiliates (including Tontine). Western Reserve s opinion does not address any other aspect of the transaction, including the tax consequences of the transaction to MISCOR, IES or the shareholders of MISCOR or IES, the underlying business decision of MISCOR to effect the transaction, the relative merits of the transaction as compared to any alternative business strategies that might exist for MISCOR or the effect of any other transactions in which MISCOR may engage, and does not constitute a recommendation to the shareholders of MISCOR or stockholders of IES as to how to vote at any stockholders meetings held in connection with the transaction. Western Reserve s opinion expressly assumes that all of MISCOR s shareholders, other than IES and its affiliates (including Tontine), elect to receive Cash Consideration and therefore expresses no opinion as to what the value of IES shares actually will be when issued or the price at which IES shares will trade at any time.

In connection with this opinion, Western Reserve has made such reviews, analyses and inquiries as deemed necessary and appropriate under the circumstances. Western Reserve also took into account its assessment of general economic, market and financial conditions, as well as its experience in securities and business valuation and with respect to similar transactions. Western Reserve s procedures, investigations, and financial analysis with respect to the preparation of this opinion included, but were not limited to, the following: (i) a draft of the merger agreement, dated March 12, 2013, which Western Reserve understood to be in substantially final form; (ii) publicly available information and SEC filings related to MISCOR, including the 2012 and 2011 Annual Reports on Form 10-K and the Quarterly Report on Form 10-Q of MISCOR for the third fiscal quarter ended September 30, 2012; (iii) certain other internal information, primarily financial in nature, including internal 2012 financial estimates and financial projections for fiscal years 2013 through 2015, concerning the business and operations of MISCOR, as furnished to Western Reserve by MISCOR for purposes of our analyses; (iv) financial projections for fiscal years 2016 and 2017 that were reviewed and approved by management of MISCOR; (v) publicly available information with respect to certain other companies that Western Reserve believes to be comparable to MISCOR and the historical trading price and volume of such other companies securities;

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(vi) publicly available information concerning the nature and terms of certain other transactions that Western Reserve considered relevant to its inquiry; (vii) certain valuation and comparative analyses, using generally accepted valuation and analytical techniques, that Western Reserve deemed relevant; (viii) Western Reserve s analysis of MISCOR s historical share price performance and trading volume; (ix) visits to MISCOR s facilities and interviews with the management of MISCOR relating to its current and projected operations and financial condition; and (x) such other data and information Western Reserve judged necessary or appropriate to render its opinion.

Western Reserve s opinion addressed only the fairness, from a financial point of view, to the shareholders of MISCOR (other than other than IES and its affiliates (including Tontine)) of the Cash Consideration to be received by such holders in the merger, expressly assumed that all of MISCOR s shareholders, other than IES and its affiliates (including Tontine), elect to receive Cash Consideration and did not address any other aspect or implication of the merger or any other agreement, arrangement or understanding entered into in connection with the merger or otherwise including, without limitation, the fairness of the amount or nature of, or any other aspect relating to, any compensation to any officers, directors or employees of any party to the merger, or class of such persons, relative to the merger consideration or otherwise.

In Western Reserve s review and analysis and in arriving at its opinion, Western Reserve has assumed and relied upon the accuracy and completeness of all of the financial and other information provided to it or publicly available and has assumed and relied upon as fact that all information supplied and representations made by MISCOR management regarding MISCOR and the merger are substantially accurate in all respects material to Western Reserve s analysis, and has assumed and relied upon the representations and warranties of MISCOR and IES contained in the merger agreement. Western Reserve has not been engaged to, and has not independently attempted to, verify any of such information. Western Reserve has assumed that information supplied and representations made by MISCOR management regarding MISCOR and the merger are substantially accurate in all respects material to Western Reserve s analysis. Western Reserve has also relied upon the management of MISCOR as to the reasonableness and achievability of the financial and operating projections (and the assumptions and bases therefor) provided to Western Reserve and, with MISCOR s consent, Western Reserve has assumed that such projections were reasonably prepared and reflect the best currently available estimates and judgments of MISCOR. Western Reserve was not engaged to assess the reasonableness or achievability of such projections or the assumptions on which they were based, and expressed no view as to such projections or assumptions. Also, Western Reserve did not conduct an appraisal of any of the assets, properties or facilities of MISCOR.

Western Reserve was not asked to, nor did it, offer any opinion as to the material terms of the merger agreement or the form of the merger. In rendering its opinion, Western Reserve assumed, with MISCOR s consent, that the final executed form of the merger agreement did not differ in any material respect from the last draft that Western Reserve received. In addition, Western Reserve assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the merger will be obtained, all other conditions to the merger as set forth in the merger agreement will be satisfied, and that the merger will be consummated on a timely basis in the manner contemplated by the merger agreement. Western Reserve did not solicit, nor was it asked to solicit, third party interest in any transaction involving MISCOR prior to the rendering of this opinion.

It should be noted that Western Reserve s opinion is necessarily based upon economic and market conditions and other circumstances existing on, and information made available as of, the date of the opinion as they could be evaluated on that date and does not address any matters subsequent to such date. Western Reserve has assumed that all of the conditions required to implement the merger will be satisfied, that the merger will be completed in accordance with the merger agreement without any material amendments thereto or any material waivers or delays of any terms or conditions thereof, and that all governmental, regulatory or other consents and approvals necessary for the consummation of the merger will be obtained without any adverse effect on MISCOR or the consummation of the merger. Also, Western Reserve s opinion does not address either MISCOR s or IES underlying business decision to effect the merger or any other terms of the merger agreement. In addition, it should be noted that although subsequent developments may affect this opinion, Western Reserve does not have any obligation to update, revise or reaffirm its opinion.

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In preparing its opinion to the MISCOR board of directors, Western Reserve performed a variety of analyses, including those described below. The preparation of a fairness opinion is a complex process involving various quantitative and qualitative judgments and determinations with respect to the financial, comparative and other analytic methods employed and the adaptation and application of those methods to the unique facts and circumstances presented. As a consequence, neither Western Reserve s opinion nor the analyses underlying its opinion are readily susceptible to partial analysis or summary description. Western Reserve arrived at its opinion based on the results of all analyses undertaken by it and assessed as a whole and did not draw, in isolation, specific conclusions from any individual analysis, analytic method or factor, but subjectively factored its observations from all of these analyses into its qualitative assessment of the Cash Consideration. Accordingly, Western Reserve believes that its analyses must be considered as a whole and that selecting portions of its analyses, analytic methods and factors, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before March 13, 2013, and is not necessarily indicative of current market conditions.

No company, business or transaction used in Western Reserve s analyses for comparative purposes is identical to MISCOR or the proposed merger. While the results of each analysis were taken into account in reaching its overall conclusion with respect to fairness, Western Reserve did not make separate or quantifiable judgments regarding individual analyses. The implied reference range values indicated by Western Reserve s analyses are illustrative and not necessarily indicative of actual values nor predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, any analyses relating to the value of assets, businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold, which may depend on a variety of factors, many of which are beyond MISCOR s control and the control of Western Reserve. Much of the information used in, and accordingly the results of, Western Reserve s analyses are inherently subject to substantial uncertainty.

Historical Stock Trading Analyses

Western Reserve reviewed historical closing prices and trading volumes of MISCOR common stock and noted the following:

- MISCOR common stock traded at a 52-week high closing price of $1.38 per share on March 3, 2013, and a 52-week low closing price of $0.31 per share on March 27, 2012;

- Between January 1, 2009 and March 12, 2013, MISCOR common stock closed below the Cash Consideration of $1.415 per share 99.6% of the time, on a weighted average price basis; and

- The Cash Consideration of $1.415 per share represents premiums of 8.8%, 10.0%, and 16.0% to MISCOR s 1-day, 30-day volume-weighted average, and 60-day volume-weighted average closing share prices, respectively.

Book Value Analysis

Western Reserve analyzed MISCOR s net book value and net tangible book value utilizing MISCOR s unaudited financial reports for the four week period ending February 24, 2013. Western Reserve calculated MISCOR s net book value and net tangible book value to be $1.22 per fully diluted share of MISCOR common stock and $0.70 per fully diluted share of MISCOR common stock, respectively. The Cash Consideration of $1.415 per share of MISCOR common stock fell above this range.

Premiums Paid Analysis

To assess the share price premium offered to MISCOR shareholders, Western Reserve reviewed the premiums paid for public target transactions within the Industrial NAIC codes valued less than $250 million that were

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completed since January 1, 2006. Western Reserve calculated the premium paid in each transaction by comparing the announced transaction value per share to the target company s stock price four weeks prior to the announcement of the transaction. Western Reserve selected a range around the median premium paid for the public target transactions and applied it to MISCOR s share price 30 days prior to announcing the merger. This analysis indicated the following valuation range for MISCOR s share price; Cash Consideration of $1.415 per share of MISCOR common stock fell within this range:

Four-Week Median Stock Price Premiums Paid:	21.8%	
MISCOR share price 30 days prior to announcing merger	$ 1.15	
Selected Premium Range	20.0%	25.0%
Selected Valuation Range	$ 1.38	$ 1.44

Reference Public Companies Analysis

In order to assess how the public market values shares of publicly traded companies that have operating characteristics similar to those of MISCOR, Western Reserve reviewed and compared the financial and operating performance of publicly traded companies within the Industrial and Rail Services markets. The Industrial Services group was comprised of five publicly traded companies focused on providing industrial, specialty contracting and engineering services to the metals, infrastructure and other general industrial markets. The Rail Services group was comprised of three publicly traded companies that focused on manufacturing products and components and providing specialty services that serve the rail industry. The selected companies were selected because they had publicly traded equity securities and were deemed to be similar to MISCOR in one or more respects including the nature of their business, size, diversification, financial performance and geographic concentration. No specific numeric or other similar criteria were used to select the selected companies and all criteria were evaluated in their entirety without application of definitive qualifications or limitations to individual criteria. As a result, a significantly larger or smaller company with substantially similar lines of businesses and business focus may have been included while a similarly sized company with less similar lines of business and greater diversification may have been excluded. Western Reserve identified a sufficient number of companies for purposes of its analysis but may not have included all companies that might be deemed comparable to MISCOR.

Western Reserve analyzed these two groups, recognizing MISCOR s separate operating segments. The groups were comprised of the following companies:

Industrial Services	Rail Services
Dycom Industries Inc.	American Railcar Industries
EMCOR Group Inc.	Greenbrier Companies
Harsco Corporation	Westinghouse Air Brake Technologies Corporation
MYR Group, Inc.	
Primoris Services Corporation	

None of the companies used in this analysis is identical or directly comparable to MISCOR. Accordingly, an evaluation of the results of this analysis is not entirely mathematical. Rather, this analysis involves complex considerations and judgments concerning differences in financial and operating characteristics of the selected companies and other factors that could affect the public trading value of the selected companies.

Western Reserve examined reference company enterprise values as a multiple of trailing 12 months EBITDA to arrive at its valuation of MISCOR. For each of the selected companies, Western Reserve calculated the applicable company s ratio of total enterprise value as of March 12, 2013 to its EBITDA as of the trailing 12 months period ending as of the end of the period covered by the applicable company s most recently filed annual report on Form 10-K or quarterly report on Form 10-Q (LTM EBITDA). Enterprise value (EV) is calculated as the market value of the company s equity (as of March 12, 2013); plus the value of the company s indebtedness, minority interest and preferred stock; minus the company s cash and cash equivalents.

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($ in millions)

Company	Enterprise Value	LTM EBITDA	EV/LTM EBITDA
Industrial Services:			
Dycom Industries Inc.	$ 1,100	$ 140	7.9x
EMCOR Group Inc.	$ 2,175	$ 305	7.1x
Harsco Corporation	$ 2,929	$ 458	6.4x
MYR Group, Inc.	$ 481	$ 80	6.0x
Primoris Services Corporation	$ 1,041	$ 136	7.7x
Median EV/LTM EBITDA Multiple			*7.1x*
Rail Services:			
American Railcar Industries	$ 1,037	$ 145	7.1x
Greenbrier Companies	$ 1,088	$ 152	7.2x
Westinghouse Air Brake Technologies Corporation	$ 4,816	$ 436	11.0x
Median EV/LTM EBITDA Multiple			*7.2x*

Western Reserve blended the median EV / LTM EBITDA multiple of the Industrial and Rail Services groups based on the percentage of gross profit each of MISCOR s operating segments generated during fiscal year 2012. Based on its professional judgment and after considering, among other things, applicable discounts for differences in size, growth, profitability, liquidity and customer concentration between the Company and the reference public companies, as well as applicable equity control premiums to account for value not implicit in the reference companies public minority share valuations, Western Reserve utilized an adjusted EV / EBITDA valuation range of approximately 4.9x to 5.9x EV / trailing 12 months EBITDA (trailing 12 months as of February 24, 2013). This implied a valuation range of per share values for MISCOR of $1.13 to $1.50. The Cash Consideration of $1.415 per share of MISCOR common stock fell within this range.

The following table summarizes this analysis:

Trading Multiples Analysis:			
			Weight
Industrial Services Median EV/EBITDA Multiple		7.1x	56%
Rail Services Median EV/EBITDA Multiple		7.2x	44%
Reference Companies Blended Median EV/EBITDA Multiple		7.1x	
Comparability Discount Relative to Size, Growth, Profitability, Customer Concentration		(25.0%)	
Adjusted Reference Companies EV/EBITDA Multiple		5.4x	
Adjusted Multiple Range (+/- 0.5x)	4.9x		5.9x
Applied Discount for Illiquidity (15%)	(0.7x)		(0.9x)
Applied Premium for Control Share Valuation (20%)	0.8x		1.0x
Adjusted EV / EBITDA Valuation Multiple Range	4.9X		5.9X
**multiples do not add due to rounding*			
Implied Equity Value per Fully Diluted Share	*$ 1.13*		*$ 1.50*

Western Reserve also examined reference company enterprise values as a multiple of their three-year average EBITDA to supplement the Reference Public Company Analysis. For each of the selected companies, Western Reserve calculated the applicable company s ratio of total enterprise value as of March 12, 2013 to the average EBITDA of the last three fiscal years covered by the applicable company s filed annual reports on Form 10-K (Average EBITDA).

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($ in millions)

Company	Enterprise Value	Average EBITDA	EV/Average EBITDA
Industrial Services:			
Dycom Industries Inc.	$ 1,100	$ 105	10.5x
EMCOR Group Inc.	$ 2,175	$ 208	7.8x
Harsco Corporation	$ 2,929	$ 479	6.1x
MYR Group, Inc.	$ 481	$ 56	8.6x
Primoris Services Corporation	$ 1,041	$ 117	8.9x
Median EV/Avg. EBITDA Multiple			*9.4x*
Rail Services:			
American Railcar Industries	$ 1,037	$ 69	15.0x
Greenbrier Companies	$ 1,088	$ 106	10.2x
Westinghouse Air Brake Technologies Corporation	$ 4,816	$ 338	14.2x
Median EV/Avg. EBITDA Multiple			*14.2x*

Western Reserve blended the median EV / Average EBITDA multiple of the Industrial and Rail Services groups based on the percentage of gross profit each of MISCOR s operating segments generated during fiscal year 2012. Western Reserve then utilized the median EV / Average EBITDA multiple and, based on its professional judgment, applied the same discounts used in its EV / LTM EBITDA analysis above to derive an adjusted median range of 7.9x to 8.9x. Western Reserve multiplied MISCOR s Average EBITDA to the discounted median range and subtracted MISCOR s average net debt over fiscal years 2010, 2011 and 2012 to derive a range of implied equity values for shares of MISCOR common stock. On a per share basis, the valuation range was between $0.87 and $1.08. The Cash Consideration of $1.415 per share of MISCOR common stock fell above this range.

The following table summarizes this analysis:

Trading Multiples Analysis:			
			Weight
Industrial Services Median EV/EBITDA Multiple		8.6x	56%
Rail Services Median EV/EBITDA Multiple		14.2x	44%
Reference Companies Blended Median EV/EBITDA Multiple		11.1x	
Comparability Discount Relative to Size, Growth, Profitability, Customer Concentration		(25.0%)	
Adjusted Reference Companies EV/EBITDA Multiple		8.3x	
Adjusted Multiple Range (+/- 0.5x)	7.8x		8.8x
Applied Discount for Illiquidity (15%)	(1.2x)		(1.3x)
Applied Premium for Control Share Valuation (20%)	1.3x		1.5x
Adjusted EV / EBITDA Valuation Multiple Range	7.9X		8.9X
**multiples do not add due to rounding*			
Implied Equity Value per Fully Diluted Share	*$ 0.87*		*$ 1.08*

Reference M&A Transaction Analysis:

Western Reserve compared MISCOR to target companies involved in control sale transactions. Using publicly available information and, in one instance, Western Reserve s proprietary data, Western Reserve reviewed and compared multiples paid in 14 precedent transactions with announcement dates ranging from February 2006 to May 2012 for purposes of its analysis, as shown in the table below. Similar to the Reference Public Companies Analysis, Western Reserve examined acquisitions of both Industrial Services and Rail Services companies.

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Announcement	Target	Acquirer
Industrial Services:		
May 2012	Taylor & Goodman Limited	Peja Producten B.V.
April 2011	Mccaine Electric Ltd.	Churchill Corp.
July 2010	Seacliff Construction Corp.	Churchill Corp.
June 2010	Castle Support Services PLC	Sulzer (UK) Holdings Limited
April 2009	Lockerbie & Hole Inc.	Aecon Group Inc.
February 2008	Electro-Mec, Inc.	Integrated Power Services
February 2006	Dowding and Mills plc	North Atlantic Value Fund and Starlight Investments
Rail Services:		
April 2012	Cudahy Car Shop, Inc.	Watco Companies, LLC
February 2011	Waycross Railcar	CF Rail Service
November 2010	DTE Rail Services, Inc.	FreightCar America Inc.
December 2010	Portec Rail Products Inc.	Foster Thomas, Inc.
August 2010	Electro-Motive Diesel, Inc.	Progress Rail Services Corporation
January 2010	American Railcar Industries, Inc.	Icahn Enterprises, L.P.
March 2008	American Allied Railway Equipment Co., Inc.	Greenbrier Rail Services, LLC

None of the acquired companies used in this analysis are identical or directly comparable to MISCOR. Accordingly, an evaluation of the results of this analysis was not entirely mathematical. Rather, this analysis involves complex considerations and judgments concerning these transactions and how they could be viewed relative to the proposed merger.

Western Reserve examined enterprise values as a multiple of EBITDA in conducting this analysis. Western Reserve calculated these multiples by dividing the acquired company s enterprise value by its most recent trailing 12 months EBITDA prior to the transaction. Western Reserve blended the median EV / LTM EBITDA multiples of the Industrial and Rail Services groups based on the percentage of gross profit each of MISCOR s operating segments generated during fiscal year 2012.

Based on its professional judgment and after considering, among other things, applicable discounts for differences in size, growth and profitability between the Company and the reference transaction target companies, Western Reserve utilized an adjusted valuation range of 4.4x to 5.4x EV / EBITDA. This analysis implied a fully diluted per share valuation range of $0.96 to $1.32. The Cash Consideration of $1.415 per share of MISCOR common stock fell above this range.

The following table summarizes this analysis:

Reference M&A Transaction Analysis:			
		Weight	
Industrial Services Median EV/EBITDA Multiple	5.8x	56%	
Rail Services Median EV/EBITDA Multiple	5.8x	44%	
Reference M&A Transaction Analysis Blended Median EV/EBITDA Multiple	5.8x		
Comparability Discount Relative to Size, Growth, and Profitability		(15.0%)	
Adjusted Reference Transaction Analysis EV / EBITDA Multiple		4.9x	
Adjusted EV/EBITDA Multiple Range (+/- 0.5x)	4.4x		5.4x
Implied Equity Value per Fully Diluted Share	*$ 0.96*		*$ 1.32*

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Discounted Cash Flow Analysis

Based on its analysis of MISCOR s financial projections for the years ending 2013 through 2017, Western Reserve performed two discounted cash flow analyses, one that assessed MISCOR s equity value under a status quo scenario (as per discussions with and guidance from MISCOR s management) and one that assessed MISCOR s equity value under a go-private scenario. In both scenarios, Western Reserve discounted to a present value MISCOR s projected stream of free cash flows for the years 2013 through 2017 (using MISCOR s management projections) and for an estimated terminal value, each adjusted for certain projected non-cash items (such as depreciation and amortization), tax assumptions, projected capital expenditures and projected changes in net non-cash working capital. Based on its professional judgment and after taking into consideration, among other things, an estimate of the weighted average cost of capital (WACC) for the Referenced Public Companies, an equity size premium related to the Company s market capitalization and a Company-specific risk premium, the discounted cash flow analysis was conducted based on an estimated weighted average cost of capital for MISCOR of 33.0%. Western Reserve calculated the estimated terminal value of MISCOR at the end of the forecast period by applying a Gordon Growth Model calculation and, based on its professional judgment, a 3.0% perpetuity growth rate on MISCOR s 2018 free cash flow and a discount factor of 33.0%. In both scenarios, Western Reserve conducted a sensitivity analysis using a WACC range of 30.0% to 36.0% and a perpetuity growth rate range of 2.0% to 4.0%, in addition to using the Company s net debt balance as of February 24, 2013 of $7,340.

The following table summarizes this analysis:

Discounted Cash Flow Analysis:	Industrial Services	Rail Services
Estimated Weighted Average Cost of Capital		
Estimate WACC of Reference Public Companies	8.1%	10.1%
Equity Size Premium	12.1%	12.1%
Company Specific Risk Premium	15.0%	15.0%
WACC (assuming 70% Equity/30% Debt Capital Structure)	31.6%	33.6%
Assumed Range of Costs of Capital	30%	36%
Assumed Range of Perpetuity Growth Rates	2.0%	4.0%
Implied Equity Value per Fully Diluted Share		
Status Quo Scenario	*$ 1.31*	*$ 1.45*
Go-Private Scenario	*$ 1.03*	*$ 1.16*

Under the status quo scenario, MISCOR s projected cash flows were based on the assumption that MISCOR would continue realizing the full benefits of its net operating loss carryforwards (NOLs), estimated to be $17.2 million and generally expiring through 2030. The status quo sensitivity analysis suggested a range of per share values for MISCOR common stock of $1.31 to $1.45. Under the go-private scenario, MISCOR s projected cash flows were adjusted assuming that MISCOR had effected a transaction that changed the Company s ownership base by at least 50% (as would occur under the proposed merger), and, as such, would under applicable tax law, be limited on an annual basis to realize only a portion of its NOLs totaling $544 per year through their expiration. The go private sensitivity analysis suggested a range of per share values for MISCOR common stock of $1.03 to $1.16. The Cash Consideration of $1.415 per share of MISCOR common stock fell within the suggested range under the status quo scenario and above the range under the go private scenario.

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Leveraged Buyout Analysis

Western Reserve performed a leveraged acquisition analysis in order to ascertain the price at which an acquisition of MISCOR would be attractive to a potential financial buyer. Western Reserve performed this analysis using MISCOR s projections and based the analysis on the following assumptions:

- a buyer of MISCOR would be able use MISCOR s trailing 12 month EBITDA as of February 24, 2013 (LTM February 2013 EBITDA) as a basis to raise debt capital;
- total indebtedness of $10.5 million, comprised of senior term debt (1.5x LTM February 2013 EBITDA), and subordinated debt (1.0x LTM February 2013 EBITDA)
- a range of projected EBITDA exit multiples in 2017 of 5.25x to 5.75x; and
- an equity investment that would achieve a rate of return of at least 25.0%.

Based on these assumptions, Western Reserve generated a range of likely equity investments, which implied a leveraged acquisition price per share range for MISCOR common stock of $1.25 to $1.43. The Cash Consideration of $1.415 per share of MISCOR common stock fell within the implied range.

Miscellaneous

The summary set forth above describes the principal analyses performed by Western Reserve in connection with its opinion delivered to the MISCOR board of directors on March 13, 2013. The preparation of a fairness opinion involves various determinations as to the most appropriate and relevant methods of financial analysis and the application of these methods to the particular circumstances and, therefore, the analyses underlying the opinion are not readily susceptible to summary description. Each of the analyses conducted by Western Reserve was carried out in order to provide a different perspective on the proposed merger transaction and add to the total mix of information available. Western Reserve did not form a conclusion as to whether any individual analysis, considered in isolation, supported or failed to support an opinion as to fairness from a financial point of view. Rather, in reaching its conclusion, Western Reserve considered the results of the analyses in light of each other and ultimately reached its opinion based upon the results of all analyses taken as a whole. Except as indicated above, Western Reserve did not place particular reliance or weight on any individual analysis, but instead concluded that its analyses, taken as a whole, support its determination. Accordingly, notwithstanding the separate factors summarized above, Western Reserve believes that its analyses must be considered as a whole and that selecting portions of its analysis and the factors considered by it, without considering all analyses and factors, could create an incomplete or misleading view of the evaluation process underlying its opinion. In performing its analyses, Western Reserve made numerous assumptions with respect to industry performance, business and economic conditions and other matters. The analyses performed by Western Reserve are not necessarily indicative of actual value or future results, which may be significantly more or less favorable than suggested by the analyses.

Western Reserve was not requested to, and it did not, recommend the specific consideration payable in the merger. The type and amount of consideration payable in the merger were determined through negotiation between MISCOR and IES and was approved by the Special Committee of the MISCOR board of directors and the MISCOR board of directors.

MISCOR agreed to pay Western Reserve an aggregate fee of $221,496.50 for its services in connection with the proposed merger, a portion of which was paid throughout Western Reserve s engagement as a retainer, and a portion of which was payable upon the rendering of its opinion. MISCOR has also agreed to reimburse Western Reserve for certain of its expenses incurred in connection with Western Reserve s engagement and to indemnify Western Reserve against certain liabilities, including liabilities under the federal securities laws.

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Western Reserve has in the past provided investment banking services to MISCOR, for which Western Reserve has received compensation, including having acted as financial advisor to MISCOR in connection with MISCOR s dispositions of its American AMP Rail Services Canada Inc. and American Motive Power Inc. subsidiaries and its Construction and Engineering Services operating segment.

Western Reserve was first engaged by MISCOR in October 2008 to assist MISCOR in refinancing its existing debt and raising capital to pursue future acquisitions. MISCOR paid Western Reserve a retainer fee of $25,000 for its services in connection with this engagement and reimbursed Western Reserve for certain of its expenses incurred.

Western Reserve was later engaged by MISCOR in July 2009 to advise MISCOR in the sale of American Motive Power, Inc. and HK Engine Components, LLC. In December 2009, and March 2010, MISCOR completed the sale of American AMP Rail Services Canada Inc. and the sale of American Motive Power, Inc., respectively. In December 2011, MISCOR announced its intention to end the sale process for HK Engine Components. MISCOR paid Western Reserve a retainer fee of $25,000 for its services in connection with this engagement and reimbursed Western Reserve for certain of its expenses incurred.

In December 2009, MISCOR engaged Western Reserve to opine on the divestiture of its Construction and Engineering Services segment, which was completed in February 2010. MISCOR paid Western Reserve a fee of $75,000 for its services in rendering the opinion and also reimbursed Western Reserve for certain of its expenses incurred in connection with this engagement.

Western Reserve is actively involved in the investment banking business and regularly undertakes the valuation of investment securities in connection with public offerings, private placements, business combinations and similar transactions.

Interests of Directors and Executive Officers of MISCOR in the Merger

In considering the recommendation of the Special Committee and the MISCOR board of directors with respect to the merger agreement, MISCOR shareholders should be aware that some of MISCOR s directors and executive officers have interests in the merger and have arrangements that may be different from, or in addition to, those of the MISCOR shareholders generally. These interests and arrangements may create potential conflicts of interest. Under Indiana law, a conflict of interest transaction is not voidable by a corporation soley because of a director s direct or indirect interest in that transaction if the board or committee of the board had knowledge of the director s interest when, in light of all other material facts, it approved the transaction. The Special Committee and the MISCOR board of directors were aware of these interests and considered them, among other matters, in approving the merger agreement and the transactions contemplated by the merger agreement.

Restricted Stock and Stock Options

Certain of MISCOR s directors and its executive officers will benefit from the lapse of restrictions on shares of restricted common stock, and the payment of the merger consideration in respect of such shares in the merger, as described under The Merger Agreement Treatment of MISCOR Stock Options and Other Equity Awards beginning on page 143.

The following table sets forth the following information for each of MISCOR s directors and executive officers:

- the number of shares of MISCOR unvested restricted common stock held by each such person;
- the aggregate cash payment that will be made to each such person as consideration for shares of MISCOR restricted common stock upon the consummation of the merger;
- the estimated value of IES common stock to be received by each such person as consideration for shares of MISCOR restricted common stock upon the consummation of the merger;

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- the number of MISCOR unvested stock options held by each such person;
- the aggregate cash payment that will be made to each such person as consideration for shares of MISCOR common stock resulting from the exercise of stock options upon the consummation of the merger;
- the estimated value of IES common stock to be received by each such person as consideration for shares of MISCOR common stock resulting from the exercise of stock options upon the consummation of the merger;
- the number of shares of MISCOR common stock held by each such person;
- the aggregate cash payment that will be made to each such person as consideration for shares of MISCOR common stock upon the consummation of the merger;
- the estimated value of IES common stock to be received by each such person as consideration for shares of MISCOR common stock upon the consummation of the merger; and
- the maximum estimated value of total merger consideration to be received by each such person in the merger.

The information presented in the table is based on the assumptions described in Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page F-2, under which: (i) the Merger Consideration Determination Date is July 24, 2013, (ii) Net Debt is $6.614 million, (iii) 11,684,987 shares of MISCOR common stock are issued and outstanding, (iv) the IES Common Stock Value is $4.75 per share, and (v) a market price of $4.75 per share for IES common stock, the closing price reported on the NASDAQ Global Market System on July 24, 2013. Additionally, the information presented in the table assumes that each named executive officer (other than Mr. Martell, whose election regarding the merger consideration is explained in the assumptions described in Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements) elected to receive fifty percent (50%) of his merger consideration as Cash Consideration and fifty percent (50%) as Stock Consideration (which is MISCOR s best estimate based upon the expectation that each named executive officer will elect to receive an as of yet undetermined combination of Cash Consideration and Stock Consideration in the merger). The assumed values described in Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements will not be definitively determined until the Merger Consideration Determination Date. See Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page F-2 for further discussion of these assumptions and a sensitivity analysis related to the potential consideration that may be received by MISCOR shareholders. The actual value of the consideration and the number of shares of IES common stock to be issued may differ from this example, given that these amounts will not be determined until the Merger Consideration Determination Date has passed and MISCOR shareholders have made their elections.

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	Restricted Stock Awards			Stock Option Awards			Common Stock			
		Merger Consideration (2)			Merger Consideration (2)			Merger Consideration (2)		
	Unvested Shares	Cash	Estimated Value of Shares of IES Common Stock	Unvested Shares	Cash	Estimated Value of Shares of IES Common Stock	Shares Owned	Cash	Estimated Value of Shares of IES Common Stock	Maximum Estimated Value of Total Merger Consideration
Directors:										
John A. Martell		$ 0	$ 0		$ 0	$ 0	2,738,800	$ 2,567,355	$ 1,476,510	$ 4,043,865
Michael P. Moore (1)	13,000	$ 9,597	$ 9,597	60,000	$ 44,295	$ 44,295		$ 0	$ 0	$ 107,785
William Schmuhl, Jr.		$ 0	$ 0		$ 0	$ 0	10,000	$ 7,383	$ 7,383	$ 14,765
Michael Topa		$ 0	$ 0		$ 0	$ 0		$ 0	$ 0	$ 0
Executive Officers:										
Marc Valentin	3,000	$ 2,215	$ 2,215	7,000	$ 5,168	$ 5,168		$ 0	$ 0	$ 14,765

(1) Mr. Moore also serves as MISCOR s President and Chief Executive Officer.

(2) At the effective time of the merger, each outstanding share of MISCOR common stock (other than Dissenting Shares and shares to be canceled pursuant to the terms of the merger agreement) will be converted into the right to receive merger consideration comprised of, at the election of the holder, either: (1) Cash Consideration of not less than $1.415 per share, equal to the quotient obtained by dividing (x) the difference between $24.0 million and the amount of MISCOR s Net Debt and (y) the number of shares of MISCOR common stock outstanding as of the Merger Consideration Determination Date, including shares issuable upon the exercise of outstanding options and warrants; and/or (2) Stock Consideration equal to a fraction, the numerator of which is the Cash Consideration and the denominator of which is the IES Common Stock Value; *provided*, *however*, that the if the IES Common Stock Value is less than $4.024 per share or greater than $6.036 per share, then the IES Common Stock Value will be $4.024 per share or $6.036 per share, respectively.

Severance Arrangements of MISCOR Executive Officers

No MISCOR executive officers are entitled to severance benefits in connection with the consummation of the merger.

Employment Agreements

Michael P. Moore. On June 14, 2010, MISCOR entered into an employment agreement with Michael P. Moore, MISCOR s Chief Executive Officer and President, for an initial one-year term. Upon the expiration of the initial one-year term, the agreement automatically extended for successive one-year periods unless (i) at least three months written notice of termination or intent to renegotiate is given by either party prior to the end of the initial term or any anniversary date thereafter, or (ii) the agreement is earlier terminated due to Mr. Moore s termination of employment, retirement, death, or disability.

Under the agreement and subsequent amendments thereto, Mr. Moore receives an annual base salary of $185,400. He is eligible to receive an annual incentive bonus of up to 40% of his base salary, payable once per year. The incentive bonus will be based on certain performance criteria set forth in the agreement. MISCOR also provides Mr. Moore with a car allowance of $750 per month and a company fuel card. Mr. Moore also received options to purchase 50,000 shares of MISCOR s common stock granted under MISCOR s 2005 Stock Option Plan and 10,000 shares of restricted stock granted under MISCOR s Restricted Stock Purchase Plan.

Mr. Moore is entitled to receive the following severance benefits if his employment is terminated due to his death or disability, is terminated by MISCOR for Cause (as defined in the agreement), or is terminated by him without Good Reason (as defined in the agreement): his unpaid base salary through the date of termination (plus accrued vacation time), and MISCOR will continue to honor any vested obligations under MISCOR s benefit plans applicable to him.

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If Mr. Moore s employment is terminated by MISCOR without Cause or is terminated by him for Good Reason, then he will receive his unpaid base salary through the end of the month during which termination occurs (plus accrued vacation time), plus base salary for six months. MISCOR also will maintain for Mr. Moore, for six months, all employee benefit plans in which he was entitled to participate immediately prior to his termination, and MISCOR will pay up to $10,000 of outplacement services costs on behalf of Mr. Moore.

Mr. Moore s employment agreement requires MISCOR to ensure that any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of MISCOR will expressly, absolutely and unconditionally assume and agree to perform Mr. Moore s employment agreement in the same manner and to the same extent that MISCOR would be required to perform it if no such succession or assignment had taken place. Any failure to obtain such agreement prior to the effectiveness of any such succession or assignment is considered a material breach of the employment agreement by MISCOR. The merger agreement provides for the assumption of Mr. Moore s employment agreement by the surviving corporation.

Mr. Moore is bound by noncompetition and nonsolicitation provisions that restrict him from competing with or soliciting customers or employees of MISCOR or any of its subsidiaries or affiliated entities for up to a maximum of six months following the date of his termination of employment. The agreement also imposes confidentiality restrictions on Mr. Moore and requires the compulsory assignment to MISCOR of all intellectual property produced by him during the term of his agreement and for one year after his termination.

Marc Valentin. Mr. Valentin was promoted to Chief Accounting Officer on January 4, 2011, effective January 1, 2011, under a letter agreement appointing him as Controller effective October 25, 2010. Under that agreement, he is paid $105,000/year, increased to $128,000 per year subsequent to December 31, 2012, and is eligible for a 20% bonus based on achievement of mutually agreed criteria. He participates in MISCOR benefit plans and is entitled to three weeks of paid vacation.

Continuing Employment with IES

While the surviving corporation will assume Mr. Moore s employment agreement, IES does not anticipate entering into written agreements with MISCOR s senior management regarding its continued employment following the merger.

Liquidity Event Presented by Merger

As of March 13, 2013, Mr. Martell held approximately 23.4% of the outstanding shares of MISCOR common stock. Mr. Martell s holdings were obtained in transactions exempt from registration from the Securities Act and are not subject to registration rights. Accordingly, the merger consideration, in the form of stock and/or cash, presents a liquidity event of particular value to Mr. Martell. For this reason, Mr. Martell chose to abstain from the MISCOR board of director s vote on the merger. MISCOR s other directors and the MISCOR officers may also gain value from receiving merger consideration and the liquidity event it presents.

Indemnification and Insurance

The merger agreement provides that, for a period of six years from the effective time of the merger, IES will cause the surviving corporation in the merger, to indemnify, defend and hold harmless, to the fullest extent permitted by applicable law, current and former, officers, directors and fiduciaries of MISCOR and any of its subsidiaries in their capacities as directors and officers to the fullest extent permitted by law for claims and expenses occurring at or before the effective time of the merger. The same provisions of the merger agreement also require IES to cause the surviving corporation to pay the expenses of the indemnified person in advance of the final disposition of any claim made against the indemnified person during such six-year period.

In addition, the merger agreement provides that IES will cause the organizational documents of the surviving corporation to contain provisions with respect to indemnification that are at least as favorable to as those

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contained in the certificate of incorporation and bylaws of each of MISCOR and its subsidiaries in effect as of the date of the merger agreement, and shall comply with any indemnification agreements between MISCOR and its subsidiaries and their respective current and former directors, officers and fiduciaries. IES and the surviving corporation may not, for a period of six years from the effective time of the merger, amend, repeal or otherwise modify, unless required by law, any such provisions in any manner that would adversely affect the rights under such provisions of any indemnitee, and all rights to indemnification thereunder in respect of any claim asserted or made within such period shall continue until the final disposition or resolution of such claim.

For a period of six years after the effective time of the merger, the surviving corporation will also maintain liability insurance for directors and officers with respect to claims arising from actions or omissions that occurred at or prior to the effective time of the merger. The surviving corporation may substitute policies of at least the same coverage and amounts containing terms no less advantageous to such former directors or officers from insurance carriers with financial strength ratings equal to or greater than the financial strength rating of MISCOR s current insurance carrier and, such substitution shall not result in gaps or lapses of coverage with respect to matters occurring prior to the effective time. However, the surviving corporation will not be obligated to make annual premium payments for this insurance to the extent that the premiums exceed 250% of the per annum rate of the premium currently paid by MISCOR for similar insurance as of the date of the merger agreement. In the event that the annual premium for this insurance exceeds the maximum amount, the surviving corporation will purchase as much coverage per policy year as reasonably practicable for the maximum amount. IES will have the right to cause the coverage to be extended under the insurance by obtaining a six year tail policy on terms and conditions no less advantageous than the existing insurance policy.

Relationship with Tontine

As of July 24, 2013, MISCOR and IES were owned 49.9% and 56.7%, respectively, by Tontine, and following completion of the merger, Tontine will own an estimated 58.0% of the outstanding shares of IES common stock, based on the assumptions described in Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page F-2. The following is an overview of the material relationships between Tontine and IES and MISCOR, respectively. For additional information, please see Background of the Merger beginning on page 41.

Relationship between IES and Tontine

The shares of IES common stock owned by Tontine were acquired through open market purchases and private placements of IES common stock, including those shares issued to Tontine pursuant to IES Second Amended Joint Plan of Reorganization, dated May 12, 2006 (the Plan). The shares of IES common stock issued pursuant to the Plan were issued pursuant to Section 1145 of the Bankruptcy Code, which exempts the issuance of securities from the registration requirements of the Securities Act.

On July 16, 2006, IES entered into a Stock Purchase Agreement with Tontine Capital Overseas Master Fund, L.P. (TMF), pursuant to which IES issued shares of IES common stock to TMF in a transaction that was exempt from the registration requirements of the Securities Act. The shares of IES common stock owned by Tontine are currently, at Tontine s request, being registered for resale pursuant to a Registration Rights Agreement, dated May 12, 2006 (as amended, the Registration Rights Agreement), by and between IES, Tontine and Southpoint Master Fund, L.P. (Southpoint). The Registration Rights Agreement was amended by that certain First Amendment to Registration Rights Agreement, dated September 11, 2007, by and among IES and Tontine following Tontine s acquisition of Southpoint s registrable shares, which transaction was exempt from the registration requirements of the Securities Act.

The Registration Rights Agreement requires IES to file a shelf registration statement upon the written request of the holders of at least 10% of the registrable securities (as defined in the Registration Rights Agreement) and to use commercially reasonable efforts to cause such registration statement to be declared effective by the SEC

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within 120 days of such request. To comply with this requirement, on February 21, 2013, IES filed a registration statement on Form S-1 (Reg. No. 333- 186786) concerning such shares. The registration statement is currently under review by the SEC. At any time that a shelf registration statement is not effective, the holders of at least 10% of the registrable securities may require that IES effect a registration of such securities (a Demand Registration); *provided*, *however*, that IES will not be required to effect more than two Demand Registrations unless it is eligible to effect such registrations on Form S-3, in which event there are no limitations on the number of Demand Registrations that may be requested. In the event that IES proposes to file a registration statement on its own behalf or on behalf of its security holders for the general registration of securities, the holders of registrable securities will have an opportunity to have their registrable securities included in such registration statement.

On December 12, 2007, IES entered into a Note Purchase Agreement with Tontine Capital Partners, L.P. (TCP), pursuant to which, on December 12, 2007, IES sold Tontine $25.0 million aggregate principal amount of IES 11% Senior Subordinated Notes due 2013 (the Tontine Note). The Note Purchase Agreement contained customary representations and warranties of the parties and indemnification provisions whereby IES agreed to indemnify Tontine against certain liabilities. The Tontine Note was not registered under the Securities Act and was sold to Tontine on a private placement, which transaction was exempt from the registration requirements of the Securities Act. The Tontine Note bore interest at 11% per annum and was due on May 15, 2013.

On April 30, 2010, IES prepaid $15.0 million of principal on the Tontine Note, and on May 1, 2010, Tontine assigned the Tontine Note to Tontine Capital Overseas Master Fund II, L.P. (TCP2). On February 13, 2013, IES prepaid the remaining $10.0 million of principal on the Tontine Note, plus accrued interest. The Tontine Note was an unsecured obligation of IES and its subsidiary borrowers, contained no financial covenants or restrictions on dividends or distributions to stockholders, and was subordinated to IES revolving credit facility with Wells Fargo.

On March 29, 2012, IES entered into a sublease agreement with Tontine Associates, L.L.C. (TA), an affiliate of Tontine, for corporate office space in Greenwich, Connecticut. The lease extends from April 1, 2012 through March 31, 2014, with monthly payments due in the amount of $6,000. The lease has terms at market rates and payments by IES are at a rate consistent with that paid by TA to its landlord.

Mr. Lindstrom has served as IES Chief Executive Officer and President since October 2011 and has served as Chairman of the IES board of directors since February 2011. Mr. Lindstrom previously served as IES interim Chief Executive Officer and President since June 2011. Mr. Lindstrom was an employee of TA from 2006 until October 2011.

David B. Gendell has served as a member of the IES board of directors since February 2012. Mr. Gendell, who is the brother of Jeffrey Gendell, the founder and managing member of Tontine, is also an employee of TA.

Relationship between MISCOR and Tontine

January 2007 Private Equity Financing

On January 18, 2007, MISCOR sold an aggregate of 2,500,000 shares of its common stock (after giving effect to the 25-for-1 reverse stock split of MISCOR common stock, which became effective on January 14, 2008 (the Reverse Stock Split) to Tontine for an aggregate purchase price of $12.5 million, or $5.00 per share, pursuant to a securities purchase agreement dated as of the same date (the Initial Securities Purchase Agreement). MISCOR used the proceeds from the sale to repay approximately $10.0 million of senior secured debt and for general working capital purposes. Before MISCOR issued shares to Tontine, Mr. Martell, MISCOR s Chairman of the Board and former President and Chief Executive Officer, beneficially owned 66.9% of MISCOR s outstanding common stock. Mr. Martell s shares represented 46.9% of the outstanding shares of MISCOR common stock immediately after the sale and 23.2% as of December 17, 2012. In connection with the sale, MISCOR granted various rights to Tontine, as described below.

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Board Designee(s). MISCOR granted Tontine the right to appoint members to the MISCOR board of directors as follows:

- if Tontine or its affiliates hold at least 10% of MISCOR s outstanding common stock, Tontine has the right to appoint one member of the MISCOR board of directors;
- if Tontine or its affiliates hold at least 20% of MISCOR s outstanding common stock, and the MISCOR board of directors consists of five or fewer directors, Tontine has the right to appoint one member of the MISCOR board of directors; and
- if Tontine or its affiliates hold at least 20% of MISCOR s outstanding common stock, and the MISCOR board of directors consists of six or more directors, Tontine has the right to appoint two members of the MISCOR board of directors.

The MISCOR board of directors currently consists of four directors. MISCOR also agreed that, for as long as Tontine has the right to appoint directors pursuant to the Initial Securities Purchase Agreement, the number of directors on the MISCOR board of directors will not exceed seven. Tontine has not appointed a director to the MISCOR board of directors.

Board Observer. In addition to Tontine s right to appoint directors, MISCOR also granted Tontine the right to have a representative attend all meetings of the MISCOR board of directors, the boards of directors of MISCOR s subsidiaries and their respective committees, for so long as Tontine or its affiliates continue to hold at least 10% of MISCOR s outstanding common stock. A representative of Tontine periodically attended these meetings in the past, but no Tontine representative has done so since August 10, 2011.

Future Offerings. MISCOR granted Tontine the right to participate in future equity offerings to allow Tontine to maintain its percentage of ownership, on a fully diluted basis, of MISCOR common stock immediately prior to any such offering.

Future Acquisitions. The MISCOR board of directors adopted resolutions approving any future acquisition by Tontine and its affiliates of up to 30% of MISCOR s common stock, on a fully diluted basis, so that Tontine and its affiliates are not subject to the anti-takeover provisions of the Business Combinations Chapter of the IBCL. MISCOR also agreed not to revoke these resolutions and to use its best efforts to ensure that any future acquisitions by Tontine of up to 30% of MISCOR s outstanding common stock, on a fully diluted basis, are not subject to any anti-takeover laws and regulations or any anti-takeover provisions in its or MISCOR s subsidiaries organizational documents. Tontine agreed to obtain written approval from the MISCOR board of directors before acquiring in excess of 30% of MISCOR s common stock, on a fully diluted basis, except in the case of an increase in Tontine s percentage ownership due to a redemption or repurchase of any of MISCOR s common stock, or in the case where Tontine inadvertently acquires in excess of 30% of MISCOR s common stock, on a fully diluted basis.

Martell Proxy. In connection with this transaction, Mr. Martell granted Tontine a proxy to vote his shares of MISCOR common stock for the election to the MISCOR board of directors of Tontine s designees and to enforce Tontine s rights with respect to future acquisitions of MISCOR common stock. In conjunction with the November 2007 Private Equity Financing, Mr. Martell granted Tontine a restated irrevocable proxy as described below.

Registration Rights. MISCOR did not register the issuance of the shares of common stock to Tontine with the SEC under the Securities Act, in reliance on exemptions from the registration requirements of the Securities Act. TCP and TCOMF are accredited investors, as that term is defined in Rule 501 of Regulation D, and the issuance of these securities was exempt from registration under the Securities Act in reliance on Section 4(2) thereof, relating to offers of securities by an issuer not involving any public offering, and Rule 506 of Regulation D. MISCOR and Tontine entered into the Initial Registration Rights Agreement, pursuant to which MISCOR agreed to register for resale the shares issued to Tontine. To comply with this requirement, MISCOR filed a registration statement concerning such shares with the SEC on July 13, 2007, which the SEC declared effective on September 2, 2008.

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November 2007 Private Equity Financing

On November 30, 2007, MISCOR sold 3,333,332 shares (after giving effect to the Reverse Stock Split) of its common stock to Tontine for an aggregate purchase price of $20.0 million, or $6.00 per share (after giving effect to the Reverse Stock Split), pursuant to a securities purchase agreement dated as of the same date (the New Securities Purchase Agreement). Prior to this private placement, Tontine owned approximately 33.2% of MISCOR s issued and outstanding shares of common stock. MISCOR used $16.7 million of the proceeds from the sale to finance the cash portion of the purchase price of all of the issued and outstanding membership interest units of 3-D Service, Ltd. (3-D). In addition, MISCOR paid off the outstanding balance under its revolving credit facility of $2.2 million, with the remaining proceeds to be used for general working capital purposes. Before MISCOR issued the shares to Tontine under the New Securities Purchase Agreement, Mr. Martell beneficially owned 37.9% of MISCOR s outstanding common stock. His shares represented 32.0% of MISCOR s outstanding common stock immediately after the sale and 23.2% as of December 17, 2012. Tontine owned 52.5% of MISCOR s outstanding common stock immediately after the sale and 49.5% as of December 17, 2012.

Board Designee(s). Pursuant to the New Securities Purchase Agreement, MISCOR and Tontine affirmed the provisions of the Initial Securities Purchase Agreement relating to Tontine s rights to appoint directors to the MISCOR board of directors and limitations on the size of the MISCOR board of directors. See January 2007 Private Equity Financing Transaction Board Designee(s) above.

Board Observer. Pursuant to the New Securities Purchase Agreement, MISCOR and Tontine affirmed the provisions of the Initial Securities Purchase Agreement related to Tontine s board observation rights.

Future Offerings. Pursuant to the New Securities Purchase Agreement, MISCOR and Tontine affirmed the provisions of the Initial Securities Purchase Agreement, granting Tontine the right to participate in future equity offerings to allow Tontine to maintain its percentage of ownership, on a fully diluted basis, of MISCOR common stock immediately prior to any such offering.

Future Acquisitions. Pursuant to the New Securities Purchase Agreement, MISCOR s Board adopted resolutions approving any future acquisition by Tontine and its affiliates of up to 50% of MISCOR s common stock, on a fully diluted basis, so that Tontine and its affiliates are not subject to the anti-takeover provisions of the IBCL s Business Combinations Chapter. MISCOR also agreed not to revoke these resolutions and to use its best efforts to ensure that any future acquisitions by Tontine of up to 50% of MISCOR s outstanding common stock, on a fully diluted basis, are not subject to any anti-takeover laws and regulations or any anti-takeover provisions in its or MISCOR s subsidiaries organizational documents. Tontine agreed to obtain written approval from the MISCOR board of directors before acquiring in excess of 50% of MISCOR s common stock, on a fully diluted basis, except in the case of an increase in Tontine s percentage ownership due to a redemption or repurchase of any of MISCOR s common stock, or in the case where Tontine inadvertently acquires in excess of 50% of MISCOR s common stock, on a fully diluted basis.

Martell Proxy. Pursuant to the New Securities Purchase Agreement, Mr. Martell has granted Tontine a restated irrevocable proxy to vote his shares of MISCOR common stock for the election to the MISCOR board of directors of Tontine s designees and to enforce Tontine s rights with respect to certain future acquisitions of MISCOR common stock, each as described above.

Registration Rights. MISCOR did not register the issuance of the shares of common stock to Tontine with the SEC under the Securities Act, in reliance on exemptions from the registration requirements of the Securities Act. TCP and TCOMF are accredited investors, as that term is defined in Rule 501 of Regulation D, and the issuance of these securities was exempt from registration under the Securities Act in reliance on including Section 4(2) thereof, relating to offers of securities by an issuer not involving any public offering, and Rule 506 of Regulation D. MISCOR entered into the Amended and Restated Registration Rights Agreement with Tontine pursuant to which MISCOR has agreed to register for resale the shares issued to Tontine. To comply with this requirement, MISCOR filed a registration statement on Form S-1 (Reg. No. 333-185603) concerning such shares on December 21, 2012. The SEC declared such registration statement effective on February 14, 2013.

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Tontine Schedule 13D Filing. As reported in a Schedule 13D filed by Tontine on March 10, 2010, Tontine may dispose of its shares of MISCOR common stock at any time and, from time to time, in the open market, through dispositions in kind to parties holding an ownership interest in TCP, TCOMF and/or TCOMF II, or otherwise. In addition, TCOMF II may obtain shares of MISCOR common stock through open market purchases, transfers from other Tontine entities, or otherwise. As discussed in this joint proxy statement/prospectus, because Tontine s rights to nominate directors, to appoint representatives to observe meetings of the MISCOR board of directors, and to require MISCOR to limit the size of its board of directors are dependent on Tontine s ownership of a certain aggregate percentage of MISCOR common stock, the disposition of Tontine s equity interests in MISCOR may result in changes to the size and/or composition of the MISCOR board of directors.

Regulatory Matters

Antitrust Approvals

As of the date of this joint proxy statement/prospectus, neither IES nor MISCOR is required to make filings or to obtain approvals or clearances from any antitrust regulatory authorities in the United States to consummate the merger. IES must comply with applicable federal and state securities laws in connection with the issuance of shares of IES common stock to MISCOR s stockholders and the filing of this joint proxy statement/prospectus with the SEC. As of the date hereof, the registration statement of which this joint proxy statement/prospectus is a part has not become effective.

Regulatory Procedures

The merger may be subject to certain regulatory requirements of other municipal, state, federal and foreign governmental agencies and authorities, including those relating to the offer and sale of securities. IES and MISCOR are currently working to evaluate and comply in all material respects with these requirements, as appropriate, and do not currently anticipate that they will hinder, delay or restrict completion of the merger.

It is possible that one or more of the regulatory approvals required to complete the merger will not be obtained on a timely basis or at all. In addition, it is possible that any of the governmental entities with which filings are made may seek regulatory concessions as conditions for granting approval of the merger. Under the merger agreement, IES and MISCOR have each agreed to take all actions and do all things necessary to complete the merger, including to obtain required approvals, except that no party to the merger agreement is required to sell any business or assets to obtain such approvals. See The Merger Agreement Covenants, beginning on page 146.

Although IES and MISCOR do not expect regulatory authorities to raise any significant objections to the merger, IES and MISCOR cannot be certain that all required regulatory approvals will be obtained or that these approvals will not contain terms, conditions or restrictions that would be detrimental to IES or the combined corporation after the effective time of the merger.

Accounting Treatment

The merger will be accounted for as an acquisition of a business. IES will record net tangible and identifiable intangible assets acquired and liabilities assumed from MISCOR at their respective fair values at the date of the completion of the merger. Any excess of the purchase price, which will equal the market value at the date of the completion of the merger, of the IES common stock and cash issued as consideration for the merger over the net fair value of such assets and liabilities will be recorded as goodwill.

The financial condition and results of operations of IES after completion of the merger will reflect MISCOR s balances and results after completion of the merger but will not be restated retroactively to reflect the historical financial condition or results of operations of MISCOR. The earnings of IES following the completion of the merger will reflect acquisition accounting adjustments, including the effect of changes in the carrying value for

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assets and liabilities on depreciation and amortization expense. Goodwill will not be amortized but will be tested for impairment at least annually, and all assets including goodwill will be tested for impairment when certain indicators are present. If, in the future, IES determines that tangible or intangible assets (including goodwill) are impaired, IES would record an impairment charge at that time.

Listing of IES Common Stock

IES will use its reasonable best efforts to properly notify NASDAQ of the listing of additional shares of IES common stock to be issued upon the completion of the merger. No approval of the listing of the shares of IES common stock to be issued in the merger is required by NASDAQ.

Deregistration of MISCOR Common Stock

If the merger is completed, MISCOR common stock will be deregistered under the Exchange Act and will cease to be traded on the OTCQB.

Restrictions on Sales of Shares of IES Common Stock Received in the Merger

The shares of IES common stock to be issued in the merger will be registered under the Securities Act and will be freely transferable, except for shares of IES common stock issued to any person who may be deemed to be an affiliate of IES under the Securities Act following the closing of the merger. Such persons may not sell any of the shares of IES common stock received by them in connection with the merger except pursuant to:

- an effective registration statement under the Securities Act covering the resale of those shares;
- an exemption provided by Rule 144 under the Securities Act; or
- any other applicable exemption under the Securities Act.

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SELECTED HISTORICAL FINANCIAL INFORMATION OF IES

The following table shows selected historical consolidated financial data for IES as of and for the periods presented. The financial data as of, and for the years ended, September 30, 2012, 2011 and 2010 are derived from IES audited consolidated financial statements for those periods. The financial data as of, and for the years ended, September 30, 2009 and 2008 are derived from IES unaudited consolidated financial statements for those periods, which reflect the impact of discontinued operations. The financial data as of, and for the six months ended, March 31, 2013 and 2012 are derived from IES unaudited consolidated financial statements for those periods. IES management believes that the interim unaudited consolidated financial statements have been prepared on a basis consistent with its audited financial statements and include all normal and recurring adjustments necessary for a fair presentation of the results for each interim period. Operating results for the six months ended March 31, 2013 are not necessarily indicative of the results that may be expected for the full year.

The information in the following table is only a summary and is not indicative of the results of future operations of IES. You should read the following information together with IES Management s Discussion and Analysis of Financial Condition and Results of Operations beginning on page 168 of this joint proxy statement/prospectus and IES audited consolidated financial statements for the fiscal years ended September 30, 2012 and 2011 and unaudited consolidated financial statements for the three and six months ended March 31, 2013 and 2012, beginning on pages F-22 and F-59, respectively. See also the pro forma information included elsewhere in this joint proxy statement/prospectus regarding the proposed merger with MISCOR.

	Six Months Ended March 31,		Years Ended September 30,				
	2013	2012	2012	2011	2010	2009	2008
						(unaudited)	
	(in thousands, except share and per share data)						
Statement of Operations Data							
Continuing Operations:							
Revenues	$ 249,259	$ 216,606	$ 456,115	$ 406,141	$ 382,431	$ 516,124	$ 597,766
Cost of services	215,283	189,624	398,063	361,757	326,939	422,507	496,390
Gross Profit	33,976	26,982	58,052	44,384	55,492	93,617	101,376
Selling, general and administrative expenses	31,528	27,091	58,609	63,321	74,251	95,750	99,648
Gain on sale of Assets	(40)	(155)	(168)	(6,555)	(128)	(339)	(7)
Asset impairment				4,804			
Restructuring charges					763	7,407	4,598
(Loss) Income from Operations	2,488	46	(389)	(17,186)	(19,394)	(9,201)	(2,863)
Other (income) expense:							
Interest expense, net	930	1,073	2,290	2,210	3,271	4,094	6,529
Other expense (income), net	1,696	(64)	(62)	(7)	(18)	1,829	(746)
Interest and other expense, net	2,626	1,009	2,228	2,203	3,253	5,923	5,783
(Loss) income from operations before income taxes	(138)	(963)	(2,617)	(19,389)	(22,647)	(15,124)	(8,646)
Provision (benefit) for income taxes	168	32	38	172	(36)	495	2,436
Net (loss) income from continuing operations	(306)	(995)	(2,655)	$ (19,561)	$ (22,611)	$ (15,619)	$ (11,082)
Discontinued Operations:							
Income (loss) from discontinued operations	(290)	(5,940)	(9,158)	(18,288)	(8,539)	(3,246)	9,126
Provision (benefit) for income taxes	(6)	218	(11)	(26)	5	68	(221)

Net (loss) income from discontinued operations	(284)	(6,158)	(9,147)	(18,262)	(8,544)	(3,314)	9,347
Net income (loss)	$ (590)	$ (7,153)	$ (11,802)	$ (37,823)	$ (31,155)	$ (18,933)	$ (1,735)
Per Share Data:							
Basic (loss) earnings per share:							
Continuing operations	$ (0.02)	$ (0.07)	$ (0.18)	$ (1.35)	$ (1.57)	$ (1.09)	$ (0.74)
Discontinued operations	(0.02)	(0.42)	(0.63)	(1.26)	(0.59)	$ (0.23)	$ 0.63
Total	$ (0.04)	$ (0.49)	$ (0.81)	$ (2.61)	$ (2.16)	$ (1.32)	$ (0.12)
Diluted (loss) earnings per share:							
Continuing operations	$ (0.02)	$ (0.07)	$ (0.18)	$ (1.35)	$ (1.57)	$ (1.09)	$ (0.74)
Discontinued operations	(0.02)	(0.42)	(0.63)	(1.26)	(0.59)	$ (0.23)	$ 0.62
Total	$ (0.04)	$ (0.49)	$ (0.81)	$ (2.61)	$ (2.16)	$ (1.32)	$ (0.12)
Shares used to calculate loss per share:							
Basic	14,855,313	14,603,693	14,625,776	14,493,747	14,409,368	14,331,614	14,938,619
Diluted	14,855,313	14,603,693	14,625,776	14,493,747	14,409,368	14,331,614	15,025,023

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	March 31,			September 30,		
	2013	2012	2011	2010	2009	2008
			(in thousands)			
Balance Sheet Data						
Cash and cash equivalents	$ 13,458	$ 18,729	$ 35,577	$ 32,924	$ 64,174	$ 64,709
Restricted cash	7,052	7,155				
Working capital	41,533	43,001	61,721	82,202	119,099	125,581
Total assets	153,253	164,713	180,244	207,860	270,653	320,538
Total debt	6,455	10,480	10,498	11,256	28,687	29,644

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SELECTED HISTORICAL FINANCIAL INFORMATION OF MISCOR

The following table shows MISCOR s selected historical consolidated financial data for MISCOR as of and for the periods presented. The financial data as of and for the years ended December 31, 2012, 2011, 2010, 2009 and 2008 are derived from MISCOR s audited consolidated financial statements for those periods. The financial data as of and for the three months ended March 31, 2013 and April 1, 2012 are derived from MISCOR s unaudited consolidated financial statements for those periods. MISCOR s management believes that the interim unaudited consolidated financial statements have been prepared on a basis consistent with its audited financial statements and include all normal and recurring adjustments necessary for a fair presentation of the results for each interim period.

The information in the following table is only a summary and is not indicative of the results of future operations of IES. You should read the following information together with MISCOR Management s Discussion and Analysis of Financial Condition and Results of Operations beginning on page 229 of this joint proxy statement/prospectus and MISCOR s audited consolidated financial statements for the fiscal years ended December 31, 2012 and 2011 and unaudited consolidated financial statements for the three months ended March 31, 2013 and April 1, 2012, beginning on pages F-93 and F-115, respectively. See also the pro forma information included elsewhere in this joint proxy statement/prospectus regarding the proposed merger with IES.

	Three Months Ended		Years Ended December 31,				
	March 31, 2013	April 1, 2012	2012	2011	2010	2009	2008
	(in thousands, except share and per share data)						
Statement of Operations Data:							
Revenues	$ 11,441	$ 12,478	$ 49,702	$ 45,887	$ 40,782	$ 31,390	$ 61,499
Cost of revenues	8,917	9,450	37,832	36,443	33,835	28,701	48,994
Gross profit	2,524	3,028	11,870	9,444	6,947	2,689	12,505
Selling, general and administrative expenses	2,578	2,014	8,796	8,247	17,344	10,991	12,610
Income (loss) from operations	(54)	1,014	3,074	1,197	(10,397)	(8,302)	(105)
Other (income) expense:							
Interest expense	71	193	737	969	902	1,018	795
Other (income) expense	(6)	(9)	24	(426)	178	(610)	(102)
Total other (income) expense	65	184	761	543	1,080	408	693
Income (loss) before income taxes	(119)	830	2,313	654	(11,477)	(8,710)	(798)
Provision (benefit) for income taxes	5	15	(1,863)				101
Income (loss) from continuing operations	(124)	815	4,176	654	(11,477)	(8,710)	(899)
Loss from discontinued operations					(412)	(11,758)	(556)
Net income (loss)	$ (124)	$ 815	$ 4,176	$ 654	$ (11,889)	$ (20,468)	$ (1,455)
Basic and Diluted earnings (loss) per common share	$ (0.01)	$ 0.07	$ 0.35	$ 0.06	$ (1.01)	$ (1.74)	$ (0.12)

Basic weighted average number of common shares	11,683,987	11,785,826	11,785,750	11,785,826	11,788,185	11,775,245	11,647,828
Diluted weighted average number of common shares	11,683,987	11,785,826	12,050,500	11,785,826	11,788,185	11,775,245	11,647,828

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	As of March 31, 2013	As of April 1, 2012	As of December 31, 2012	2011	2010	2009	2008
				(in thousands)			
Balance Sheet Data:							
Total assets	$ 26,298	$ 24,764	$ 26,445	$ 24,784	$ 27,176	$ 48,170	$ 78,790
Current liabilities	9,940	9,163	9,829	9,760	14,332	22,003	26,398
Long-term liabilities	1,895	4,303	2,029	4,541	3,015	4,421	9,635
Total liabilities	11,835	13,466	11,858	14,301	17,347	26,424	36,033
Total stockholders equity	14,463	11,298	14,587	10,483	9,829	21,746	42,757
Total liabilities and stockholders equity	26,298	24,764	26,445	24,784	27,176	48,170	78,790

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SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following selected unaudited pro forma condensed combined statements of operations data of IES for the year ended September 30, 2012 and for the six months ended March 31, 2013 have been prepared to give effect to the merger, as if the merger had occurred on October 1, 2011. The unaudited pro forma condensed combined balance sheet data as of March 31, 2013 of IES has been prepared to give effect to the merger as if the merger had occurred on March 31, 2013.

The following selected unaudited pro forma condensed combined financial information is not necessarily indicative of the results that might have occurred had the merger taken place on October 1, 2011 for statements of operations purposes, and on March 31, 2013 for balance sheet purposes, and is not intended to be a projection of future results. The selected unaudited pro forma condensed combined financial information does not reflect the effect of asset dispositions, if any, or revenue, cost or other operating synergies that may result from the merger, nor does it reflect the effects of any financing, liquidity or other balance sheet repositioning that may be undertaken (except for the financing directly related to the merger) in connection with or subsequent to the merger. Future results may vary significantly from the results reflected because of various factors, including those discussed in Risk Factors beginning on page 30. The following selected unaudited pro forma condensed combined statements of operations and balance sheet data has been derived from, and should be read in conjunction with, the Unaudited Pro Forma Condensed Combined Financial Statements and related notes beginning on page F-2.

	Six Months Ended March 31, 2013	Year Ended September 30, 2012
	(in thousands, except per share amounts) (unaudited)	
Statements of Operations Data:		
Revenues	$ 272,840	$ 505,098
Income from operations	$ 3,941	$ 2,989
Net income from continuing operations	$ 849	$ 357
Earnings per common share:		
Basic	$ 0.05	$ 0.02
Diluted	$ 0.05	$ 0.02

	As of March 31, 2013 (in thousands) (unaudited)
Balance Sheet Data:	
Cash and cash equivalents	$ 12,497
Goodwill	$ 15,102
Total assets	$ 184,828
Total debt	$ 16,455
Total stockholders equity	$ 65,252

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UNAUDITED COMPARATIVE PER SHARE DATA

The following table summarizes earnings (loss) from continuing operations per share data for IES and MISCOR on a historical basis and for IES on a pro forma condensed combined basis and book value per share data for IES and MISCOR on a historical basis and for IES on a pro forma condensed combined basis, after giving effect to the merger. It has been assumed for purposes of the pro forma condensed combined financial information provided below that the merger was completed on October 1, 2011 for statements of operations purposes, and on March 31, 2013 for the pro forma book value per share data.

The historical basic and diluted earnings (loss) from continuing operations per share information has been derived from the IES and MISCOR consolidated financial statements presented elsewhere in this joint proxy statement/prospectus. The unaudited pro forma condensed combined basic and diluted earnings (loss) from continuing operations per share information has been derived from the unaudited pro forma condensed combined statements of operations presented elsewhere in this joint proxy statement/prospectus.

The historical book value per share at period end information has been derived from the IES and MISCOR consolidated financial statements presented elsewhere in this joint proxy statement/prospectus.

You should read the information below in conjunction with the financial statements and accompanying notes of IES and MISCOR beginning on page F-20 and F-91, respectively, and with the unaudited pro forma condensed combined financial information included in the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page F-2.

For the Year Ended September 30, 2012	**IES**	**MISCOR**
Basic earnings (loss) from continuing operations per share		
Historical (1)	$ (0.18)	$ 0.17
Pro forma (2)	$ 0.02	N/A
Pro forma equivalent (3)	$ 0.01	N/A
Diluted earnings (loss) from continuing operations per share		
Historical (1)	$ (0.18)	$ 0.16
Pro forma (2)	$ 0.02	N/A
Pro forma equivalent (3)	$ 0.01	N/A
Book value per share at period end		
Historical (4)	$ 3.55	$ 1.09
Pro forma	N/A	N/A
Pro forma equivalent	N/A	N/A

For the Six Months Ended March 31, 2013	**IES**	**MISCOR**
Basic and diluted earnings (loss) from continuing operations per share		
Historical (1)	$ (0.02)	$ 0.15
Pro forma (2)	$ 0.05	N/A
Pro forma equivalent (3)	$ 0.01	N/A
Book value per share at period end		
Historical (4)	$ 3.51	$ 1.24
Pro forma (5)	$ 3.66	N/A
Pro forma equivalent (3)	$ 1.14	N/A

(1) Historical basic and diluted earnings (loss) from continuing operations per share data is derived or computed from the historical financial statements of IES and MISCOR for the respective periods.

(2) Pro forma basic and diluted earnings (loss) from continuing operations per share data is derived from the respective unaudited pro forma condensed combined statements of operations included elsewhere in this proxy statement/prospectus.

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(3) Pro forma equivalent amounts are calculated by multiplying the respective unaudited pro forma per share amounts by the estimated Exchange Ratio of 0.311, based on the assumptions described in Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page F-2, which assumptions will not be definitively determined until the Merger Consideration Determination Date.

(4) Historical book value per share is computed by dividing historical stockholders equity by the historical number of shares of common stock outstanding at the end of the respective periods.

(5) Pro forma book value per share at period end is calculated by dividing the unaudited pro forma condensed combined book value at March 31, 2013 giving effect to the merger by the pro forma number of shares outstanding, assuming the merger was completed on March 31, 2013.

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COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION

IES common stock trades on the NASDAQ under the symbol IESC. MISCOR common stock trades in the OTCQB under the symbol MIGL.

The following table presents the closing prices for shares of IES common stock and MISCOR common stock on March 12, 2013, the last trading day before the public announcement of the execution of the merger agreement by IES and MISCOR, and July 24, 2013, the latest practicable trading day before the date of this joint proxy statement/prospectus. The table also presents the merger consideration equivalent proposed for each share of MISCOR common stock, on a fully-diluted basis. If the closing date of the merger had been on the dates indicated below, MISCOR shareholders would have received, at their election, either the amount of Cash Consideration or Stock Consideration presented below for each share of MISCOR common stock held by them, subject to the Maximum Cash Amount.

Although the merger agreement provides that the Cash Consideration per share of MISCOR common stock shall not be less than $1.415 per share, the number of shares of IES common stock constituting Stock Consideration to be received by MISCOR shareholders will depend on the market value IES common stock. The market price per share of IES common stock and MISCOR common stock will fluctuate between the date of this joint proxy statement/prospectus and the completion of the merger, and thus no assurance can be given concerning the market price per share of IES common stock or MISCOR common stock before the completion of the merger or the market price per share of IES common stock after the completion of the merger. Pursuant to the merger agreement, MISCOR does not have a right to terminate the transaction if the market price of IES common stock falls to a value such that the per share consideration to be received by MISCOR shareholders electing to receive Stock Consideration could be valued at less than $1.415, which is the minimum per share consideration to be received by MISCOR shareholders electing to receive Cash Consideration. We urge you to obtain current market prices for IES common stock and MISCOR common stock before you vote on the merger and before electing the form of merger consideration you wish to receive. See The Merger Agreement Merger Consideration, beginning on page 138.

	IES Common Stock	MISCOR Common Stock	Cash Consideration per Share of MISCOR Common Stock	Stock Consideration per Share of MISCOR Common Stock
March 12, 2013	$ 5.95	$ 1.30	$ 1.46	0.246
July 24, 2013	$ 4.75	$ 1.49	$ 1.48	0.311

Historical Market Prices

IES common stock trades on the NASDAQ under the symbol IESC. MISCOR common stock became eligible to trade on the OTC Bulletin Board on August 1, 2006, under the symbol MCGL. During March 2011, MISCOR common stock ceased to be eligible for trading on the OTC Bulletin Board, and is currently trading in the OTCQB under the symbol MIGL.

The table below sets forth, for each of the four quarters in the fiscal years ended September 30, 2012 and 2011 and for the first three quarters in the fiscal year ending September 30, 2013:

- the high and low sale prices per share of IES common stock as reported on the NASDAQ; and
- the range of high and low bid prices per share of MISCOR common stock as reported on the OTCQB for the periods indicated.

Sales price information for MISCOR common stock consists of quotations by dealers making a market in MISCOR common stock and may not necessarily represent actual transactions. As a result, the sales price information for MISCOR common stock reflects inter-dealer prices without any mark-ups, mark-downs or

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commissions. In addition, trading in MISCOR common stock is limited in volume and may not be a reliable indication of its market value. The historical market prices of MISCOR common stock are presented in conformity with IES September 30 year end date.

	IES Common Stock		MISCOR Common Stock	
Fiscal Years ended September 30	**High**	**Low**	**High**	**Low**
2013 First Quarter	$ 5.80	$ 3.90	$ 1.20	$ 1.00
Second Quarter	$ 6.50	$ 4.30	$ 1.47	$ 1.07
Third Quarter	$ 6.49	$ 3.38	$ 1.49	$ 1.42
Fourth Quarter[(1)]	$ 5.39	$ 4.37	$ 1.49	$ 1.37
2012 First Quarter	$ 2.80	$ 1.85	$ 0.45	$ 0.27
Second Quarter	$ 4.74	$ 1.85	$ 0.44	$ 0.28
Third Quarter	$ 4.60	$ 2.74	$ 1.04	$ 0.31
Fourth Quarter	$ 5.00	$ 2.81	$ 1.80	$ 1.00
2011 First Quarter	$ 3.80	$ 3.14	$ 0.35	$ 0.14
Second Quarter	$ 4.38	$ 3.41	$ 0.35	$ 0.11
Third Quarter	$ 3.50	$ 3.11	$ 0.48	$ 0.15
Fourth Quarter	$ 3.36	$ 1.88	$ 0.38	$ 0.27

(1) Reflects trading activity through July 24, 2013.

Dividends

Neither IES nor MISCOR has ever paid a cash dividend on its common stock.

IES does not anticipate paying cash dividends on IES common stock in the foreseeable future. IES expects that it will utilize all available earnings generated by its operations and borrowings under its revolving credit facility with Wells Fargo for the development and operation of its business, to retire existing debt, to repurchase its common stock, or to acquire or invest in other businesses. Any future determination as to the payment of dividends will be made at the discretion of the IES board of directors and will depend upon IES operating results, financial condition, capital requirements, general business conditions and other factors that the IES board of directors deems relevant. IES is also restricted under its revolving credit facility from paying cash dividends.

On January 24, 2013, the IES board of directors declared a dividend of one preferred share purchase right for each outstanding share of IES common stock. The dividend was payable to the stockholders of record as of the close of business on February 19, 2013. Each preferred share purchase right represents a right to purchase one one-thousandth of a share of Series A Junior Participating Preferred Stock, par value $0.01 per share, of IES at a price of $20.00. Each share of IES common stock issued as Stock Consideration in the merger will include one preferred share purchase right.

The merger agreement generally provides that MISCOR may not declare, set aside or pay any dividend prior to the effective time of the merger or the termination of the merger agreement. In addition, MISCOR s existing credit facility limits MISCOR s ability to make restricted payments, which include dividend payments.

The market value of the IES common stock that will be issued in the merger will not be known at the time MISCOR shareholders vote to adopt the merger agreement or at the time IES stockholders vote to approve the issuance of shares of IES common stock in the merger. The above table shows only a historical comparison. IES stockholders and MISCOR shareholders are encouraged to obtain current market quotations for shares of IES and MISCOR common stock and to review carefully the other information contained in this joint proxy statement/prospectus in considering whether to approve the applicable merger proposals. See the section entitled Where You Can Find Additional Information on page 250.

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MISCOR Common Stock Outstanding

As of July 24, 2013, the latest practicable date prior to the record date, there were 11,684,987 shares of MISCOR common stock outstanding and approximately 65 shareholders of record. MISCOR common shares were held by approximately 472 beneficial owners as of such date. In addition, as of that date we had outstanding:

- warrants to acquire up to 8,079 shares of MISCOR common stock at fixed exercise price at $0.25 per share; and
- options issued under the MISCOR 2005 Stock Option Plan to acquire 82,000 shares of MISCOR common stock at exercise prices ranging from $0.35 to $10.13 per share.

The number of shares of MISCOR common stock issuable upon exercise of the warrants, as well as the respective fixed exercise and conversion prices, are subject to adjustment as provided in the applicable securities and related agreements.

MISCOR Securities Authorized for Issuance Under Equity Compensation Plans

2005 Stock Option Plan. MISCOR s board of directors adopted the 2005 Stock Option Plan in August 2005, and it was later approved by MISCOR s shareholders. The plan provides for the grant of incentive stock options, within the meaning of Section 422 of the Internal Revenue Code, and non-statutory stock options to MISCOR s executive employees who are materially responsible for the management and operation of its business, and to its directors.

A total of 200,000 shares of MISCOR common stock are reserved for issuance under the plan. This number is subject to adjustment as a result of a stock split, combination of shares, recapitalization, merger or other transaction resulting in a change in MISCOR s shares. If any option expires or is otherwise terminated, unexercised shares subject to the option become available for future option grants under the plan. Dividends on shares purchased under the plan are payable when, as and if declared by the MISCOR board of directors.

The plan is administered by the MISCOR board of directors or a committee of the board designated for that purpose. The grants described below were approved by the MISCOR full board of directors, which has since designated the Compensation Committee of the MISCOR board of directors to act as administrator of the plan. The administrator has the power to determine the persons eligible to participate in the plan and the terms of each option, including the exercise price, the number of shares subject to the option, whether the option is an incentive stock option or a non-statutory option, and the duration of the option.

The plan provides that no option may have duration longer than five years, and that an outstanding option may be deemed cancelled upon, or within certain prescribed periods after, termination of employment or removal as a director, as applicable, depending on the reason for such termination or removal. In addition, after a change in control of MISCOR, options granted under the plan will be immediately exercisable in full, and any option holder employed as of the date of the change of control will have 30 days after such date to exercise his or her option. The plan defines a change of control as any merger or consolidation of MISCOR the result of which is that holders of MISCOR s voting capital stock hold less than 50% of the voting capital stock of the surviving entity, the sale, lease or transfer of all or substantially all of our assets, or approval by MISCOR shareholders of a plan of liquidation or dissolution of MISCOR. The proposed acquisition of MISCOR by IES qualifies as a change of control under the plan. Pursuant to the merger agreement, all outstanding MISCOR stock options became vested upon execution of the merger agreement under the terms of the plan and may be exercisable in full. Consistent with the plan and the merger agreement, the MISCOR board of directors shall select and give notice to all holders of MISCOR stock options of the dates between which such options may be exercised. Any MISCOR stock options not exercised by the ending date shall be cancelled by MISCOR.

During 2011, no options were granted under the plan. During 2012, options to acquire 31,000 shares of MISCOR common stock were granted under the plan. As of December 31, 2012, options to acquire a total of 220,000

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options have been granted to participants, of which 138,000 have been forfeited or exercised, leaving 118,000 shares available for future option grants under the plan.

Restricted Stock Purchase Plan. The MISCOR board of directors adopted the 2005 Restricted Stock Purchase Plan in August 2005, and it became effective as of September 30, 2005. The purpose of the plan is to attract and retain directors, officers and key employees of MISCOR and instill in them a personal financial interest in causing the equity of MISCOR to grow throughout their careers. We intend on accomplishing these goals by giving eligible directors, officers and key employees the opportunity to purchase shares of MISCOR s common stock under the plan. We believe this provides participants in the plan with an increased incentive to work for the success of MISCOR and promotes our long term interests and those of the participants. The Compensation Committee of the MISCOR board of directors administers the plan.

The MISCOR board of directors has reserved 100,000 shares of MISCOR common stock for issuance under the plan. If the shares of common stock are increased, decreased, or changed into or exchanged for a different number or kind of shares of stock or other securities of MISCOR or another corporation as a result of a stock split, stock dividend, combination of shares, or any other change or exchange for other securities by reclassification, reorganization, redesignation, merger, consolidation, recapitalization, or otherwise, then the number of shares reserved under the plan will be adjusted to reflect such action. If MISCOR repurchases shares issued under the plan pursuant to restrictions imposed on the shares, the repurchased shares will become available for future issuance under the plan.

The plan will continue indefinitely, provided that the MISCOR board of directors may terminate the plan at any time as it deems advisable. However, the plan may not be terminated to affect any right or obligation created under the plan prior to such termination, unless the affected person consents.

Those directors, officers and key employees of MISCOR and of each of MISCOR s subsidiaries who are designated by the Compensation Committee for participation in the plan are eligible to be issued rights to purchase shares of restricted stock under the plan. If a participant s employment is terminated within three years after the shares are purchased for any reason other than death or disability, the participant must sell the restricted shares back to the company for the original price, which may be zero. If a participant s employment is terminated during the three-year restriction period as a result of death or disability, or after the expiration of the restriction period for any reason, the participant must sell the restricted shares back to MISCOR at their fair market value (which generally will be equal to an average of the closing bid and asked prices of MISCOR s common stock as quoted on the NASD s OTC Bulletin Board or Pink Sheets for the five days immediately preceding the date of termination of employment). In the event of a sale of MISCOR or MISCOR s liquidation, the foregoing restrictions will lapse. Any other transfer or attempted transfer of a participant s shares except as described above will be null and void. The plan defines a sale of MISCOR as the sale of all of MISCOR s capital stock (whether by direct sale or through a merger, share exchange or other business combination) or the sale of substantially all of MISCOR s assets.

Immediately prior to the effective time of the merger, each share of MISCOR restricted stock shall be immediately vested and become free of such conditions or restrictions and the holder shall be entitled to receive the merger consideration upon surrender of the MISCOR certificates representing such MISCOR common stock.

During 2011, no shares of restricted stock were granted under the plan. During 2012, 12,000 shares of restricted stock were granted under the plan. As of December 31, 2012, 58,700 shares of restricted stock have been granted to participants, of which 30,700 were forfeited, and 6,000 shares were repurchased, leaving 78,000 shares available for future offers and issuance under the plan.

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Equity Compensation Plan Information

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plan (excluding securities reflected in column (a))
2005 Stock Option Plan	82,000	$ 0.47	118,000
2005 Restricted Stock Purchase Plan	22,000	$ 0.01	78,000
Total	104,000	$ 0.37	196,000

Holders of IES Common Stock

At the close of business on July 24, 2013, the latest practicable date prior to the record date for the determination of stockholders of IES entitled to receive notice of, and to vote at, the IES Meeting or any adjournments or postponements thereof, there were approximately 382 record holders of IES common stock and 15,105,846 shares of IES common stock issued and outstanding.

As of July 24, 2013, 15,105,846 shares of IES common stock were issued and outstanding. The following table reflects the anticipated effect of the issuance of shares of IES common stock in the merger with respect to the beneficial ownership of IES common stock as of July 24, 2013 by:

- each person who is known by IES to own beneficially 5% or more of the outstanding shares of IES common stock;
- IES named executive officers;
- IES current directors; and
- all of IES executive officers and directors as a group.

Except as otherwise indicated, the person or entities listed below have sole voting and investment power with respect to all shares of IES common stock beneficially owned by them, except to the extent this power may be shared with a spouse. Unless otherwise indicated, the address of each stockholder listed below is 5433 Westheimer, Suite 500, Houston, Texas 77056.

Name of Beneficial Owner	Shares of IES Common Stock Beneficially Owned Prior to the Merger		Shares of IES Common Stock Beneficially Owned After the Merger[14]	
	Number	Percentage	Number	Percentage

Joseph L. Dowling III[1]	18,299	*	18,299	*
David B. Gendell[2]	20,050	*	20,050	*
Joe D. Koshkin[3]	6,126	*	6,126	*
James M. Lindstrom[4]	247,989	1.64%	247,989	1.39%
Donald L. Luke[5]	48,275	*	48,275	*
William L. Fiedler[6]	3,298	*	3,298	*
Terry L. Freeman[7]	30,791	*	30,791	*
Robert W. Lewey[8]	53,677	*	53,677	*
Gail D. Makode[9]	12,500	*	12,500	*
Directors and executive officers as a group[10]	406,916	2.69%	406,916	2.28%
Jeffrey L. Gendell[11][12]	8,562,409	56.68%	10,376,575	58.13%
Royce & Associates, LLC[13]	1,468,628	9.72%	1,468,628	8.23%

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* Less than one percent.

(1) Includes 18,299 Phantom Stock Units that convert to shares of IES common stock when Mr. Dowling leaves the Board for any reason.

(2) Includes 20,050 Phantom Stock Units that convert to shares of IES common stock when Mr. Gendell leaves the Board for any reason.

(3) Includes 6,126 Phantom Stock Units that convert to shares of IES common stock when Mr. Koshkin leaves the Board for any reason.

(4) Includes 8,309 Phantom Stock Units that convert to shares of IES common stock when Mr. Lindstrom leaves the Board for any reason and 200,000 shares of IES common stock issued pursuant to restricted stock grants subject to tenure vesting, of which 100,002 are vested.

(5) Includes 39,323 Phantom Stock Units which convert to shares of IES common stock when Mr. Luke leaves the Board for any reason.

(6) Reflects beneficial ownership of Mr. Fiedler, who was an NEO during fiscal 2012, at the time that his employment with the Company terminated on August 31, 2012.

(7) Reflects beneficial ownership of Mr. Freeman, who was an NEO during fiscal 2012, at the time that his employment with the Company terminated on January 20, 2012.

(8) Includes 25,561 shares of Common Stock issued pursuant to restricted stock grants subject to tenure vesting, of which 12,613 are vested.

(9) Includes 12,500 shares of Common Stock issued pursuant to restricted stock grants subject to tenure vesting, of which none are vested.

(10) Does not include Messrs. Fiedler and Freeman, each of whose employment with IES terminated in 2012.

(11) According to a Schedule 13D/A filed on July 21, 2011, Jeffrey L. Gendell is the managing member of Tontine Capital Management, L.L.C., a Delaware limited liability company (TCM), the general partner of Tontine Capital Partners, L.P., a Delaware limited partnership (TCP). Mr. Gendell is the managing member of Tontine Capital Overseas GP, L.L.C., a Delaware limited liability company (TCO), the general partner of Tontine Capital Overseas Master Fund, L.P., a Cayman Islands limited partnership(TMF). Mr. Gendell is the managing member of Tontine Management, L.L.C., a Delaware limited liability company (TM), the general partner of Tontine Partners, L.P., a Delaware limited partnership (TP). Mr. Gendell is the managing member of Tontine Asset Associates, L.L.C., a Delaware limited liability company (TAA), the general partner of Tontine Capital Overseas Master Fund II, L.P., a Cayman Islands limited partnership (TCP2). Mr. Gendell is the managing member of Tontine Overseas Associates, L.L.C.; a Delaware limited liability company (TOA). TCM and TCP share voting and dispositive power of 3,099,291 shares of IES common stock. TMF and TCO share voting and dispositive power of 863,097 shares of IES common stock. TM and TP share voting and dispositive power of 2,637,092 shares of IES common stock. TAA and TCP2 share voting and dispositive power of 1,477,646 shares of IES common stock. TOA has sole voting and dispositive power of 477,367 shares of IES common stock. Mr. Gendell has sole voting and dispositive power of 7,916 shares of IES common stock and shared voting and dispositive power of 8,554,493 shares of IES common stock.

The principal business of TMF, TCP, TP and TCP2 is serving as a private investment limited partnership. The principal business of TCM is serving as the general partner of TCP. The principal business of TCO is serving as the general partner of TMF. The principal business of TM is serving as the general partner of TP. The principal business of TOA is managing its assets. The principal business of TAA is serving as the general partner of TCP2. The address of the principal business and principal office of each of the above entities, as well as Mr. Gendell, is One Sound Shore Drive, Suite 304, Greenwich, Connecticut 06830.

The shares reported herein were purchased with working capital and on margin. The margin transactions are with UBS Securities LLC and were made on such firm s usual terms and conditions. All or part of these shares may from time to time be pledged with one or more banking institutions or brokerage firms as collateral for loans made by such bank(s) or brokerage firm(s) to the respective entities reporting the ownership. Such loans bear interest at a rate based upon the broker s call rate from time to time in effect. Such indebtedness may be refinanced with other banks or broker dealers.

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All the foregoing shares may be deemed to be beneficially owned by Mr. Gendell. Mr. Gendell disclaims beneficial ownership of the IES common stock reported above for purposes of Section 16(a) under the Securities Exchange Act of 1934, as amended or otherwise, except as to securities directly owned by Mr. Gendell or representing Mr. Gendell s pro rata interest in, or interest in the profits of such entities. The address of the principal business and principal office of each of the above entities, as well as Mr. Gendell, is One Sound Shore Drive, Suite 304, Greenwich, Connecticut 06830.

(12) The number of shares of IES common stock deemed to be beneficially owned by Mr. Gendell after the merger assumes (i) that Mr. Gendell elects to receive stock consideration in exchange for all 5,833,332 shares of MISCOR common stock deemed to beneficially owned by Mr. Gendell and (ii) an Exchange Ratio of 0.311, based on the assumptions described in Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page F-2.

(13) According to a Schedule 13G filed on February 4, 2013, Royce & Associates, LLC, a New York corporation, whose address is 745 Fifth Avenue, New York, New York 10151, has the sole voting and dispositive power for 1,468,628 shares of IES common stock. The Schedule 13G states that Royce & Associates is an Investment Advisor registered under Section 203 of the Investment Advisors Act of 1940.

(14) The shares of IES common stock beneficially owned after the merger are based on the assumptions described in Note 3 to the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page F-2, which assumptions will not be definitively determined until the Merger Consideration Determination Date.

Holders of MISCOR Common Stock

At the close of business on July 24, 2013, the latest practicable date prior to the record date for the determination of shareholders of MISCOR entitled to receive notice of, and to vote at, the MISCOR Meeting or any adjournments or postponements thereof, there were approximately 65 record holders of MISCOR common and 11,684,987 shares of MISCOR common stock issued and outstanding.

As of July 24, 2013, 11,684,987 shares of MISCOR common stock were issued and outstanding. The following table reflects the beneficial ownership of MISCOR common stock as of July 24, 2013 by:

each person who is known by MISCOR to own beneficially 5% or more of the outstanding shares of MISCOR common stock;

MISCOR s current directors; and

all of MISCOR s directors and executive officers as a group.

	Shares of MISCOR Common Stock Beneficially Owned Prior to the Merger[1]			
Name of Beneficial Owner	**Sole Voting and Investment Power**	**Shared Voting and Investment Power[2]**	**Total Number of Shares**	**Percent of Class[3]**
Directors Who are Not Named Executive Officers				
William J. Schmuhl, Jr.	10,000		10,000	*
John A. Martell[4]		2,738,800	2,738,800	23.4%
Michael D. Topa				*
Executive Officers				
Michael P. Moore[5]	73,000		73,000	*
Marc Valentin[6]	10,000		10,000	*
Directors and executive officers as a group[4][5][6]	93,000	2,738,800	2,831,800	24.1%
Other 5% Beneficial Owners				
Jeffrey L. Gendell[7]	5,833,332	2,738,800	8,572,132	73.4%

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* Represents less than 1.0% of the outstanding shares of MISCOR common stock calculated in accordance with Rule 13d-3 under the Securities Exchange Act of 1934. See footnote (3) below.

(1) Includes shares personally owned of record and shares that, under applicable regulations, are considered to be otherwise beneficially owned.

(2) Includes shares over which the listed person is legally entitled to share voting or dispositive power by reason of joint ownership, trust, or other contract or property right and shares held by spouses, children, or other relatives over whom the listed person may have influence by reason of relationship.

(3) Based on, for each shareholder, 11,684,987 shares of MISCOR common stock issued and outstanding as of July 24, 2013 plus, with respect to certain beneficial owners, the number of shares issuable upon exercise of stock options described herein.

(4) In connection with the purchase by Tontine Capital Partners, L.P. and Tontine Capital Overseas Master Fund, L.P. (collectively, the Tontine Funds) of shares of MISCOR common stock, Mr. Martell granted to the Tontine Funds a limited irrevocable proxy to vote his shares of common stock in connection with certain matters described under Special Factors Relationship with Tontine Relationship between MISCOR and Tontine. On all other matters, Mr. Martell has sole voting power with respect to these shares. Mr. Martell has sole investment power with respect to these shares.

(5) Includes option to purchase 10,000 restricted shares with a four-year cliff vesting for $0.35 per share should Mr. Moore continue as a MISCOR employee, options to purchase 60,000 shares of MISCOR common stock with four-year cliff vesting for $0.35 per share and 3,000 shares of MISCOR common stock with a three-year restriction purchased through MISCOR s 2005 Restricted Stock Purchase Plan for $0.01 per share.

(6) Includes options to purchase 7,000 shares of MISCOR common stock with four-year cliff vesting should Mr. Valentin continue as a MISCOR employee at an exercise price of $0.35 per share and 3,000 shares of MISCOR common stock with a three-year restriction purchased through our 2005 Restricted Stock Purchase Plan for $0.01 per share.

(7) Includes 4,666,666 shares of MISCOR common stock directly owned by TCP, 1,001,081 shares of common stock directly owned by TMF, and 165,585 shares of common stock directly owned by TCP2. TCM is the general partner of TCP, TCO is the general partner of TMF, and TAA is the general partner of TCP2. Mr. Gendell is the managing member of TCM, TCO, and TAA and in such capacity has voting and investment control over the shares of MISCOR common stock owned by TCP, TMF, and TCP2. Also includes 2,738,800 shares of common stock held by John A. Martell with respect to which Mr. Martell granted to the Tontine Funds a limited irrevocable proxy to vote such in connection with certain matters described under Special Factors Relationship with Tontine Relationship between MISCOR and Tontine. The address of the principal business and principal office of each of the above entities, as well as Mr. Gendell, is One Sound Shore Drive, Suite 304, Greenwich, Connecticut 06830.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This joint proxy statement/prospectus contains certain statements that constitute forward-looking statements (as defined in Section 27A of the Securities Act and Section 21E of the Exchange Act), within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, which reflect IES and MISCOR s expectations regarding future events. Forward-looking statements are opinions, forecasts, projections, future plans or other statements other than statements of historical fact and are generally identified by words such as expect, anticipate, estimate, intend, may, will, could, would, should, predict, potential, plan, project, likely, believe, target, goal, seek or th expressions. The forward-looking statements involve substantial risks and uncertainties that could significantly affect expected results, and actual future results and stockholder values of the Company, MISCOR and the combined company could differ materially from those described in these statements. Such forward-looking statements include, but are not limited to, statements about the expected value of the merger consideration, benefits of the business combination transaction involving the Company and MISCOR, including future financial and operating results, accretion to the Company s earnings per share arising from the transaction, the expected amount and timing of cost savings and operating synergies, whether and when the transactions contemplated by the merger agreement will be consummated, the new combined company s business strategy, plans, market and other expectations, objectives, intentions and other statements that are not historical facts.

These statements are based upon current expectations and estimates of the respective management of IES and MISCOR, and neither IES nor MISCOR can give any assurance that such expectations will prove to be correct. These statements are only predictions and are not guarantees of performance. These statements are subject to numerous risks and uncertainties that could cause actual outcomes and results to be materially different from those projected or anticipated. In addition to the risks described under Risk Factors beginning on page 30, the following factors, among others, could cause actual results to be materially different from those expressed or implied by any forward-looking statements:

the inability to consummate the merger;

the inability to achieve, or difficulties and delays in achieving, synergies and cost savings relating to the merger;

difficulties and delays in obtaining consents and approvals that are conditions to the completion of the merger;

the ability of IES and MISCOR to enter into, and the terms of, future contracts;

the impact of governmental laws and regulations;

the adequacy of sources of liquidity;

the ability of IES to retain certain employees key to the ongoing success of the combined company and the availability of other skilled personnel;

the effect of litigation, claims and contingencies, including those that have been filed by certain MISCOR shareholders;

the inability to carry out plans and strategies as expected;

the ability to maintain relationships with MISCOR s customers, Union Pacific, Inc. and CSX, Inc., and for MISCOR to remain competitive against large original equipment manufacturers in its rail service segment;

future capital expenditures and refurbishment, repair and upgrade costs;

delays in refurbishment and upgrade projects;

the sufficiency of funds for required capital expenditures, working capital and debt service;

liabilities under laws and regulations protecting the environment; and

the impact of purchase accounting.

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Actual results and plans could differ materially from those expressed in any forward-looking statements if underlying assumptions prove incorrect, or if there occurs one or more of the risks or uncertainties described elsewhere in this joint proxy statement/prospectus.

You are cautioned not to place undue reliance on the forward-looking statements made in this joint proxy statement/prospectus or by representatives of IES or MISCOR. These statements speak only as of the date hereof or, in the case of statements made by representatives of IES or MISCOR, on the date those statements are made. All forward-looking statements, expressed or implied, included in this joint proxy statement/prospectus, and all subsequent written and oral forward-looking statements concerning the merger, the combined company or any other matter addressed in this joint proxy statement/prospectus and attributable to IES, MISCOR or any person acting on behalf of either company, are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

Except as otherwise required by applicable law, IES and MISCOR disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section. See also Where You Can Find More Information, beginning on page 250.

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THE IES MEETING

This section contains information from IES for IES stockholders about the IES Meeting. Together with this joint proxy statement/prospectus, IES is also sending a notice of the IES Meeting and a form of proxy that is being solicited by the IES board of directors for use at the IES Meeting. The information and instructions contained in this section are addressed to IES stockholders only, and all references to you in this section should be understood to be addressed to IES stockholders.

Date, Time, Place and Purposes of the IES Meeting

The IES Meeting will be held on September 12, 2013, at 9:00 a.m., Central Time, at the IES corporate office located at 5433 Westheimer Road, Suite 500, Houston, Texas 77056 for the following purposes:

1. to approve the issuance of shares of IES common stock to the MISCOR shareholders in connection with the merger of MISCOR with and into Merger Sub, with Merger Sub surviving the merger as the surviving corporation, a direct, wholly-owned subsidiary of IES, as set forth in the merger agreement, a copy of which is attached as Annex A to the joint proxy statement/prospectus (Proposal No. 1);

2. to approve the adjournment or postponement of the IES Meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in favor of the foregoing proposal (Proposal No. 2); and

3. to transact any other business as may properly come before the IES Meeting or any adjournments or postponements thereof.

The approval of Proposal No. 1 is a condition to the completion of the merger. Accordingly, if IES stockholders wish to support the merger, they must approve Proposal No. 1.

The IES board of directors recommends that IES stockholders vote **FOR** Proposal No. 1 and Proposal No. 2. In considering the recommendation of the IES board of directors, you should be aware that certain directors of IES have personal interests that may motivate them to support the merger.

For the reasons for these recommendations, see The Merger Recommendation of the IES Board of Directors and Its Reasons for the Merger, beginning on page 67.

Who Can Vote at the IES Meeting

Only holders of record of IES common stock at the close of business on August 5, 2013, the record date for the IES Meeting, are entitled to notice of and to vote at the IES Meeting. On July 24, 2013, the latest practicable date prior to the record date, there were 15,105,846 shares of IES common stock outstanding and entitled to be voted at the IES Meeting held by approximately 382 stockholders of record. A majority of these shares, present in person or represented by proxy, is necessary to constitute a quorum. Each share of IES common stock is entitled to one vote at the IES Meeting.

Votes Required for Approval

The affirmative vote of the holders of a majority of the votes cast by IES stockholders entitled to vote at the IES Meeting, at which a quorum is present, is required to approve Proposal No. 1, the issuance of shares of IES common stock in the merger.

The affirmative vote of a majority of the votes cast at the IES Meeting is required to approve Proposal No. 2, the adjournment or postponement of the IES Meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies.

Pursuant to the merger agreement, as a condition to the completion of the merger, IES must also receive the IES Minority Approval, which requires that 50% or more of the votes cast by IES stockholders entitled to vote at the IES Meeting (excluding shares held by certain affiliates of IES and MISCOR) shall not have been voted against

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IES proposal to issue shares of IES common stock in the merger. Any or all of the conditions to the completion of the merger, including the IES Minority Approval, may, to the extent permitted by applicable law, be waived in writing in whole or in part by either IES or MISCOR.

Abstentions and broker non-votes will not be counted either in favor of or against Proposals No. 1 or 2, nor will they be counted either in favor or against Proposal No. 1 for the purpose of determining satisfaction of the IES Minority Approval.

Share Ownership of Directors and Executive Officers of IES

As of the close of business on July 24, 2013, the latest practicable date prior to the record date, the directors and executive officers of IES and their affiliates beneficially owned and were entitled to vote approximately 406,916 shares of IES common stock, collectively representing approximately 2.69% of the shares of IES common stock outstanding and entitled to vote on that date.

Quorum

A quorum will be present at the IES Meeting if a majority of all the shares of IES common stock issued and outstanding on the IES record date and entitled to vote at the IES Meeting are present in person or represented by proxy at the IES Meeting. Abstentions and broker non-votes will be treated as present at the IES Meeting for purposes of determining the presence or absence of a quorum for the transaction of all business.

Adjournments

If a quorum of IES stockholders is not present in person or represented by proxy at the IES Meeting, the IES Meeting may be adjourned by IES stockholders holding a majority of IES common stock present or represented at the meeting until a quorum is present or represented. In addition, if the adjournment proposal is approved, adjournments or postponements of the IES Meeting may be made for the purpose of soliciting additional proxies in favor of Proposal No. 1. No proxy that is voted against Proposal No. 1 will be voted in favor of adjournment or postponement of the IES Meeting for the purpose of soliciting additional proxies.

Manner of Voting

We refer to a stockholder who holds IES common stock in the stockholder s own name (as opposed to being held in the name of their broker, bank or other nominee) as a holder of record. Holders of record may vote in person at the IES Meeting or by proxy. IES recommends that holders of record vote by proxy even if they plan to attend the IES Meeting. Holders of record can always revoke their proxy and change their votes at the IES Meeting.

Proxy Voting by Holders of Record

Voting instructions are attached to your proxy card. If you properly submit your proxy to IES in time to vote, one of the individuals named as your proxy will vote your shares at the IES Meeting as you have directed. You may vote for or against any or all of the proposals submitted at the IES Meeting or abstain from voting.

If you are a holder of record, please vote your proxy by mail as provided below. Your submission of proxy authorizes James M. Lindstrom and Gail D. Makode, and each of them, as proxies, each with the power to appoint his or her substitute, to represent and vote your shares.

To submit your proxy by mail:

- Mark, sign and date your proxy card and return it in the postage-paid envelope provided, or

- Return it to Integrated Electrical Services, Inc., c/o Secretary, 5075 Westheimer, Suite 890, Houston, Texas 77056.

Only the latest dated proxy received from you will be voted at the IES Meeting.

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Voting of Shares Held in Street Name

If your shares of IES common stock are not held in your own name but rather by your broker, bank or another nominee, we refer to your shares as being held in street name by your nominee. If your shares are held in street name, you must instruct your nominee how to vote your shares.

Your nominee may send to you a separate voting instruction form asking you for your voting instructions. If you do not receive a request for voting instructions from your nominee well in advance of the IES Meeting, IES recommends that you directly contact your nominee to determine how to cause your shares to be voted as you wish.

Unless you give voting instructions, your nominee **will not vote your shares** on the proposal with respect to the issuance of shares of IES common stock in the merger or any other matter that comes before the IES Meeting. Your shares held in street name will, however, be counted for purposes of determining whether a quorum is present at the IES Meeting.

If you wish to attend the IES Meeting and personally vote your shares held in street name, you must obtain a legally sufficient proxy from your nominee authorizing you to vote your shares held in street name.

How Proxies Will Be Voted

All shares of IES common stock entitled to vote and represented by properly completed proxies received prior to the IES Meeting (unless properly revoked) will be voted at the IES Meeting as instructed on the proxies.

If holders of record who submit a properly completed proxy do not indicate how their shares of IES common stock should be voted on a matter, the shares of IES common stock represented by their proxy will be voted (unless properly withdrawn) as the IES board of directors recommends and therefore will be voted:

- **FOR** the proposal to issue shares of IES common stock in the merger, and
- **FOR** the proposal to adjourn or postpone the IES Meeting to a later date or date, if necessary or appropriate, to allow for the solicitation of additional proxies.

Any proxy that is voted against Proposal No. 1 will also be voted against adjournment or postponement of the IES Meeting for the purpose of soliciting additional proxies.

Revoking a Proxy

You may revoke your proxy at any time prior to its exercise by:

- submitting a new proxy card bearing a later date;
- giving written notice of the revocation to IES corporate secretary before the IES meeting; or
- attending the IES Meeting and voting in person.

Your attendance at the IES Meeting in person without voting will not automatically revoke your proxy. If you revoke your proxy during the meeting, this will not affect any vote previously taken. If you hold shares in street name and you desire to revoke your proxy, you should follow the instructions provided by your nominee.

Solicitation of Proxies and Expenses

IES and MISCOR will each pay one-half of the expenses incurred in connection with the printing and mailing of this joint proxy statement/prospectus. IES will also request brokers, banks and other nominees holding shares of IES

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common stock beneficially owned by others to send this joint proxy statement/prospectus to, and obtain proxies from, the beneficial owners of such shares and will reimburse them for their reasonable expenses in so doing.

American Stock Transfer & Trust Company, LLC (AST), IES transfer agent and registrar, may also solicit proxies from holders of record of IES common stock for customary fees. Solicitation of proxies by mail may be supplemented by telephone, email and other electronic means, advertisements and personal solicitations by the directors, officers and employees of IES. No additional compensation will be paid to IES directors, officers or employees for their solicitation efforts.

Questions About Voting or the IES Meeting

If you have any questions or need further assistance in voting your shares, please contact the following:

- brokers, banks and other nominees call Broadridge (toll-free) at 1-800-579-1639, and

- holders of record of IES common stock call AST Shareholder Services (toll-free) at 1-800-937-5449.

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THE MISCOR MEETING

This section contains information from MISCOR for MISCOR shareholders about the MISCOR Meeting. Together with this joint proxy statement/prospectus, MISCOR is also sending a notice of the MISCOR Meeting and a form of proxy that is being solicited by the MISCOR board of directors for use at the MISCOR Meeting. The information and instructions contained in this section are addressed to MISCOR shareholders only, and all references to you in this section should be understood to be addressed to MISCOR shareholders.

Date, Time, Place and Purposes of the MISCOR Meeting

The MISCOR Meeting will be held on September 12, 2013, at 10:00 a.m., Eastern Daylight Time, at the MISCOR corporate office located at 800 Nave Road, SE, Massillon, Ohio 44646, for the following purposes:

1. to adopt the merger agreement, a copy of which is attached as Annex A to this joint proxy statement/prospectus, pursuant to which MISCOR will merge with and into Merger Sub, with Merger Sub surviving the merger as the surviving corporation, a direct, wholly-owned subsidiary of IES, and approve the transactions contemplated thereby (Proposal No. 1);

2. to approve on an advisory (non-binding) basis the golden parachute compensation to be paid to MISCOR s executive officers in connection with the merger (which is referred to as the merger-related named executive officer compensation proposal) (Proposal No. 2);

3. to approve the adjournment or postponement of the MISCOR Meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in favor of the foregoing proposal (Proposal No. 3); and

4. to transact any other business as may properly come before the MISCOR Meeting or any adjournments or postponements thereof.

The MISCOR board of directors unanimously recommends that MISCOR shareholders vote **FOR** Proposal No. 1, Proposal No. 2 and Proposal No. 3. In considering the recommendation of the MISCOR board of directors, you should be aware that certain directors and executive officers of MISCOR have interests in the transactions contemplated by the merger agreement that may be different from, or in addition to, the interests of MISCOR shareholders generally.

For the reasons for these recommendations, see The Merger Recommendation of the MISCOR Board of Directors and Its Reasons for the Merger, beginning on page 62.

Who Can Vote at the MISCOR Meeting

Only holders of record of MISCOR common stock at the close of business on August 5, 2013, the MISCOR record date, are entitled to notice of, and to vote at, the MISCOR Meeting. As of July 24, 2013, the latest practicable date prior to the record date, there were 11,684,987 shares of MISCOR common stock outstanding and entitled to vote at the MISCOR Meeting, held by approximately 472 beneficial owners and approximately 65 stockholders of record. A majority of these shares, present in person or represented by proxy, is necessary to constitute a quorum. Each share of MISCOR common stock is entitled to one vote at the MISCOR Meeting.

Votes Required for Approval

A majority of the outstanding shares of MISCOR common stock entitled to vote as of the record date must be cast in favor of Proposal No. 1, adoption of the merger agreement, for it to be approved. Abstentions and broker non-votes will have the same effect as a vote **against** Proposal No. 1.

The affirmative vote of a majority of the votes cast at the MISCOR Meeting by MISCOR shareholders entitled to vote thereon is required to approve the (non-binding) advisory vote on Proposal No. 2, the merger-related named

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executive officer compensation proposal. Because the vote on Proposal No. 2 is advisory, it will not be binding on MISCOR, and failure to receive the vote required for approval will not in itself change MISCOR s obligations to make the merger-related named executive compensation. Abstentions and broker non-votes will not be counted either in favor of or against Proposal No. 2.

The affirmative vote of a majority of votes cast at the MISCOR Meeting and entitled to vote thereon is required to approve Proposal No. 3, the adjournment or postponement of the MISCOR Meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies. Abstentions and broker non-votes will not be counted either in favor of or against Proposal No. 3.

Pursuant to the merger agreement, as a condition to completion of the merger, MISCOR must also receive the MISCOR Minority Approval, which requires that 50% or more of the votes cast by MISCOR shareholders entitled to vote at the MISCOR Meeting (excluding shares held by certain affiliates of IES and MISCOR) shall not have been voted against MISCOR s proposal to adopt of the merger agreement. Abstentions and broker non-votes will not be counted either in favor of or against Proposal No. 1 for the purpose of determining satisfaction of the MISCOR Minority Approval. Any or all of the conditions to the completion of the merger, including the MISCOR Minority Approval, may, to the extent permitted by applicable law, be waived in writing in whole or in part by either IES or MISCOR.

Share Ownership of Directors and Executive Officers of MISCOR

As of the close of business on July 24, 2013, the latest practicable date prior to the record date, the directors and executive officers of MISCOR and their affiliates beneficially owned and were entitled to vote approximately 2,764,800 shares of MISCOR common stock, collectively representing approximately 23.7% of the shares of MISCOR common stock outstanding and entitled to vote on that date.

Quorum

A quorum will be present at the MISCOR Meeting if a majority of all the shares of MISCOR common stock issued and outstanding on the record date and entitled to vote at the MISCOR Meeting are present in person or represented by proxy at the MISCOR Meeting. Abstentions and broker non-votes will be treated as present at the MISCOR Meeting for purposes of determining the presence or absence of a quorum for the transaction of all business.

Adjournments

If a quorum is not present in person or represented by proxy at the MISCOR Meeting, the Chairman of the MISCOR board of directors or MISCOR shareholders holding a majority of the MISCOR common stock present at the MISCOR Meeting have the power to adjourn the meeting from time to time, without notice other than an announcement at the MISCOR meeting. In addition, the MISCOR Meeting may be adjourned or postponed for the purpose of soliciting additional proxies in favor of Proposal No. 1 by a majority of the votes cast, without regard to broker non-votes or abstentions. However, no proxy that is voted against Proposal No. 1 will be voted in favor of adjournment or postponement of the MISCOR Meeting for the purpose of soliciting additional proxies.

Manner of Voting

We refer to stockholders who hold their MISCOR common stock in their own name (as opposed to being held in the name of their broker, bank or other nominee) as holders of record. Holders of record may vote in person at the MISCOR Meeting or by proxy. MISCOR recommends that holders of record vote by proxy even if they plan to attend the MISCOR Meeting. Holders of record can always revoke their proxy and change their votes at the MISCOR Meeting.

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Proxy Voting by Holders of Record

Voting instructions are attached to your proxy card. If you properly submit your proxy to MISCOR in time to vote, one of the individuals named as your proxy will vote your shares at the MISCOR Meeting as you have directed. You may vote for or against any or all of the proposals submitted at the MISCOR Meeting or abstain from voting.

If you are a holder of record, there are three ways to vote your proxy: by telephone, by Internet or by mail. Your submission of proxy authorizes William J. Schmuhl, Jr. and Michael Topa, and each of them, as proxies, each with the power to appoint his substitute, to represent and vote your shares.

To submit your proxy by Telephone call Toll-Free to 1-800-690-6903:

Use any touch-tone telephone to vote your proxy 24 hours a day, seven days a week until 11:59 p.m. (New York City Time) on September 11, 2013.

Please have your proxy card available and follow the simple instructions the voice prompt provides.

To submit your proxy by Internet visit http://www.proxyvote.com:

Use the Internet to vote your proxy 24 hours a day, seven days a week until 11:59 p.m. (New York City Time) on September 11, 2013.

Please have your proxy card available and follow the simple instructions to obtain your records and create an electronic ballot.

To submit your proxy by mail:

Mark, sign and date your proxy card and return it in the postage-paid envelope provided, or

Return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

Only the latest dated proxy received from you, whether by mail, telephone or internet, will be voted at the MISCOR Meeting. If you submit your proxy by telephone or Internet, please do not mail your proxy form.

Voting of Shares Held in Street Name

If your shares of MISCOR common stock are not held in your own name but rather by your broker, bank or another nominee, we refer to your shares as being held in street name by your nominee. If your shares are held in street name you must instruct your nominee how to vote your shares.

Your nominee may send to you a separate voting instruction form asking you for your voting instructions. If you do not receive a request for voting instructions from your nominee well in advance of the MISCOR Meeting, MISCOR recommends that you directly contact your nominee to determine how to cause your shares to be voted as you wish. Your nominee may permit you to instruct the voting of your shares electronically using the telephone or Internet.

Unless you give voting instructions, your nominee **will not vote your shares** on the proposal to adopt the merger agreement. Shares held in street name but not voted will have the same effect as a vote **against** adoption of the merger agreement. We therefore urge you to provide voting instructions to your nominee. Your shares held in street name will, however, be counted for purposes of determining whether a quorum is present at the MISCOR Meeting, if your shares are represented at the MISCOR Meeting by your nominee.

How Proxies Will Be Voted

All shares of MISCOR common stock entitled to vote and represented by properly completed proxies received prior to the MISCOR Meeting (unless properly revoked) will be voted at the MISCOR Meeting as instructed on the proxies.

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If holders of record who submit a properly completed proxy do not indicate how their shares of MISCOR common stock should be voted on a matter, the shares of MISCOR common stock represented by their proxy will be voted (unless properly withdrawn) as the MISCOR board of directors recommends and therefore will be voted:

- **FOR** the proposal adopt the merger agreement and approve the transaction contemplated thereby;
- **FOR** the merger-related named executive officer compensation proposal; and
- **FOR** the proposal to adjourn or postpone the MISCOR Meeting to a later date or date, if necessary or appropriate, to allow for the solicitation of additional proxies.

Any proxy that is voted against Proposal No. 1 will also be voted against adjournment or postponement of the MISCOR Meeting for the purpose of soliciting additional proxies.

Revoking a Proxy

You may revoke your proxy at any time prior to its exercise by:

- submitting a new proxy card bearing a later date, or submitting a new proxy by telephone or through the Internet;
- giving written notice of the revocation to MISCOR s corporate secretary before the MISCOR meeting; or
- attending the MISCOR Meeting and voting in person.

Your attendance at the MISCOR Meeting in person without voting will not automatically revoke your proxy. If you revoke your proxy during the meeting, this will not affect any vote previously taken. If you hold shares in street name and you desire to revoke your proxy, you should follow the instructions provided by your nominee.

Tabulation of the Votes

MISCOR has appointed Broadridge Investor Communications, Inc. (Broadridge) to serve as the Inspector of Election for the MISCOR Meeting. Broadridge will independently tabulate affirmative and negative votes and abstentions.

Solicitation of Proxies and Expenses

IES and MISCOR will each pay one-half of the expenses incurred in connection with the printing and mailing of this joint proxy statement/prospectus. MISCOR will also request brokers, banks and other nominees holding shares of MISCOR common stock beneficially owned by others to send this joint proxy statement/prospectus to, and obtain proxies from, the beneficial owners of such shares and will reimburse them for their reasonable expenses in so doing.

Broadridge, MISCOR s stock transfer agent and registrar, may also solicit proxies from holders of record of MISCOR common stock for customary fees. Solicitation of proxies by mail may be supplemented by telephone, email and other electronic means, advertisements and personal solicitations by the directors, officers and employees of MISCOR. No additional compensation will be paid to MISCOR s directors, officers or employees for their solicitation efforts.

Questions About Voting or the MISCOR Meeting

If you have any questions or need further assistance in voting your shares, please call Broadridge at the following numbers:

- **brokers, banks and other nominees call** your Broadridge representative or broker; and

- **holders of record of MISCOR common stock call (toll-free)** 1-877-830-4936.

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DESCRIPTION OF CAPITAL STOCK OF IES

General

IES authorized capital stock consists of 100,000,000 shares of common stock, par value $0.01 per share, and 10,000,000 shares of preferred stock, par value $0.01 per share. As of July 24, 2013, 15,105,846 shares of IES common stock were issued and outstanding and no shares of preferred stock were issued and outstanding.

The following summary of the terms and provisions of IES common stock and preferred stock does not purport to be complete and is qualified in its entirety by reference to IES Second Amended and Restated Certificate of Incorporation, as amended, its Bylaws and its Tax Benefit Protection Plan Agreement, dated as of January 28, 2013 (the Rights Agreement), between IES and American Stock Transfer & Trust Company, LLC, as Rights Agent. The terms of IES capital stock may also be affected by the DGCL.

Common Stock and Restricted Common Stock

The holders of IES common stock are entitled to one vote for each share on all matters voted upon by IES stockholders, including the election of directors. IES common stockholders are not entitled to vote cumulatively for the election of directors. Holders of a majority of the shares of IES common stock entitled to vote in any election of IES directors may elect all of the directors standing for election.

Subject to the rights of any then-outstanding shares of preferred stock, holders of IES common stock are entitled to participate in dividends declared in the discretion of the IES board of directors out of funds legally available therefor. IES has never paid cash dividends on its common stock, and it does not anticipate paying cash dividends on its common stock in the foreseeable future. Any future determination as to the payment of dividends will be made at the discretion of the IES board of directors and will depend upon IES operating results, financial condition, capital requirements, general business conditions and other factors that the IES board of directors deems relevant. IES is also restricted under its revolving credit facility from paying cash dividends.

Holders of IES common stock are entitled to share ratably in the net assets of IES upon liquidation after payment or provision for all liabilities and any preferential liquidation rights of any preferred stock then outstanding. Holders of IES common stock have no preemptive rights to purchase shares of IES common stock. Shares of IES common stock are not subject to any redemption provisions and are not convertible into any other securities of IES. All outstanding shares of IES common stock are fully paid and non-assessable.

Each outstanding share of IES common stock includes one preferred stock purchase right issued under the Rights Agreement, which is summarized below.

IES common stock is listed on the NASDAQ under the symbol IESC.

Preferred Stock

Preferred stock may be issued from time to time by the IES board of directors as shares of one or more classes or series. Subject to the provisions of IES Second Amended and Restated Certificate of Incorporation and limitations prescribed by law, the IES board of directors is expressly authorized to adopt resolutions to issue the shares, to fix the number of shares and to change the number of shares constituting any series, and to provide for or change the voting powers, designations, preferences and relative, participating, optional or other special rights, qualifications, limitations or restrictions thereof, including dividend rights (including whether dividends are cumulative), dividend rates, terms of redemption (including sinking fund provisions), redemption prices, conversion rights and liquidation preferences of the shares constituting any class or series of the preferred stock, in each case without any further action or vote by the IES stockholders.

One of the effects of undesignated preferred stock may be to enable the IES board of directors to render more difficult or to discourage an attempt to obtain control of IES by means of a tender offer, proxy contest, merger or

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otherwise, and thereby to protect the continuity of IES management. The issuance of shares of preferred stock pursuant to the IES board of directors authority described above may adversely affect the rights of the holders of IES common stock. For example, preferred stock that IES issues may rank prior to IES common stock as to dividend rights, liquidation preference or both, may have full or limited voting rights and may be convertible into shares of IES common stock. Accordingly, the issuance of shares of preferred stock may discourage bids for IES common stock at a premium or may otherwise adversely affect the market price of IES common stock.

Series A Junior Participating Preferred Stock

On January 24, 2013, the IES board of directors declared a dividend of one preferred share purchase right (a right) for each outstanding share of IES common stock. The dividend was payable to the stockholders of record as of the close of business on February 19, 2013 (the record date). Each right represents a right to purchase one one-thousandth of a share of Series A Junior Participating Preferred Stock, par value $0.01 per share (the Series A Preferred Stock), of IES at a price of $20.00 (the Purchase Price). The following summary of the rights does not purport to be complete and is qualified in its entirety by reference to that certain Tax Benefit Protection Plan Agreement, dated as of January 28, 2013 (the Rights Agreement), between IES and American Stock Transfer & Trust Company, LLC, as Rights Agent. The Board of Directors adopted the Rights Agreement in an effort to protect stockholder value by attempting to protect against a possible limitation on IES ability to use its net operating loss carry forwards (the NOLs) to reduce potential future federal income tax obligations.

Distribution Date; Acquiring Persons, Transfer of Rights. Initially, the rights will be attached to all common stock certificates (or book entry shares) representing shares of IES common stock then outstanding, and no separate right certificates will be distributed. Subject to certain exceptions specified in the Rights Agreement, the rights will separate from the common stock and a distribution date will occur upon the earlier of (i) ten (10) days following a public announcement that a person or group of affiliated or associated persons (an Acquiring Person) has acquired, or obtained the right to acquire, beneficial ownership of 4.95% or more of the outstanding shares of IES common stock (the Stock Acquisition Date) and (ii) ten (10) business days following the commencement of, or the first public announcement of a person s intention to commence, a tender offer or exchange offer that would result in a person or group beneficially owning 4.95% or more of the outstanding shares of IES common stock. The definition of Acquiring Person excludes any Exempt Person (as defined below) and any person who would become an Acquiring Person solely as a result of an Exempt Transaction (as defined below). Until the distribution date, (i) the rights will be evidenced by the common stock certificates (or book entry shares in respect of the common stock) and will be transferred with and only with such common stock certificates (or book entry shares in respect of the common stock), (ii) new common stock certificates (or book entry shares in respect of the common stock) after the record date will contain a notation incorporating the Rights Agreement by reference and, with respect to any uncertificated book entry shares issued after the record date, proper notice will be provided that incorporates the Rights Agreement by reference and (iii) the surrender for transfer of any certificates for common stock (or book entry shares of common stock) outstanding will also constitute the transfer of the rights associated with the common stock represented by such certificate or book entry shares.

As soon as practicable after the distribution date, right certificates will be mailed to holders of record of IES common stock as of the close of business on the distribution date. Thereafter, the separate right certificates alone will represent the rights. Except as otherwise determined by the IES board of directors, only shares of IES common stock issued prior to the distribution date will be issued with rights.

Exempt Persons. The following persons are Exempt Persons as defined under the Rights Agreement:

(i) Any person who, together with its affiliates and associates, is the beneficial owner of IES common stock, options and/or warrants exercisable for shares of common stock representing 4.95% or more of the shares of IES common stock outstanding on January 24, 2013 will be an Exempt Person. However, any such person will no longer be treated as an Exempt Person and will be deemed an Acquiring Person if such person, together with its

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affiliates and associates, thereafter becomes the beneficial owner of securities representing a percentage of the outstanding IES common stock that exceeds by one-half of one percent (0.5%) or more the lowest percentage of IES common stock beneficially owned by such person at any time since January 24, 2013, excluding increases in percentage ownership of IES common stock attributable to any (x) grant or adjustment of an equity compensation award to such person by IES or (y) repurchase or redemption of IES common stock by IES.

(ii) In addition, any person who, together with its affiliates and associates, becomes the beneficial owner of IES common stock, options and/or warrants exercisable for shares of IES common stock representing 4.95% or more of the shares of IES common stock then outstanding because of a reduction in the number of outstanding shares of IES common stock as the result of a purchase of common stock by IES or any of its subsidiaries will also be an Exempt Person. However, any such person will no longer be treated as an Exempt Person and will be deemed an Acquiring Person if such person, together with its affiliates and associates, thereafter becomes the beneficial owner of a percentage of the outstanding IES common stock that exceeds by one-half of one percent (0.5%) or more the lowest percentage of the outstanding IES common stock beneficially owned by such person at any time since such person first beneficially owned 4.95% or more of the common stock, excluding increases in percentage ownership of IES common stock attributable to any (x) grant or adjustment of an equity compensation award to such person by IES or (y) repurchase or redemption of shares of common stock by IES.

(iii) In addition, any person who, together with its affiliates and associates, is the beneficial owner of IES common stock, options and/or warrants exercisable for shares of IES common stock representing 4.95% or more of the outstanding IES common stock, and whose beneficial ownership is determined by the IES board of directors, in its sole discretion, (x) not to jeopardize or endanger the unrestricted availability to IES of its tax benefits or (y) to be in the best interests of IES, will be an Exempt Person. However, any such person shall no longer be treated as an Exempt Person and will be deemed an Acquiring Person if (A) such person, together with its affiliates and associates, thereafter becomes the beneficial owner of a percentage of IES common stock that exceeds by one-half of one percent (0.5%) or more the lowest percentage of IES common stock beneficially owned by such person at any time since such person first beneficially owned 4.95% or more of the common stock, excluding increases in beneficial ownership of IES common stock attributable to any (I) grant or adjustment of an equity compensation award to such person by IES or (II) repurchase or redemption of common stock by IES, or (B) the IES board of directors, in its sole discretion, determines that such person s beneficial ownership (together with its affiliates and associates) may jeopardize or endanger the unrestricted availability to IES of its tax benefits or not be in the best interests of IES.

A purchaser, assignee or transferee of shares of IES common stock (or options or warrants exercisable for IES common stock) from an Exempt Person will not thereby become an Exempt Person, except that a transferee who receives IES common stock as a bequest or inheritance from the estate of an Exempt Person shall be an Exempt Person so long as such transferee continues to be the beneficial owner of 4.95% or more of the then outstanding shares of IES common stock.

Exempt Transactions. The following transactions shall be Exempt Transactions under the Rights Agreement: any transaction that the IES board of directors determines, in its sole discretion, is exempt from the Rights Agreement, which determination shall be made in the sole and absolute discretion of the IES board of directors prior to the date of such transaction, including, without limitation, if the IES board of directors determines that (i) neither the beneficial ownership of shares of IES common stock by any person, directly or indirectly, as a result of such transaction nor any other aspect of such transaction would jeopardize or endanger the unrestricted availability to IES of its tax benefits or (ii) such transaction is otherwise in the best interests of IES. In granting an exemption for an Exempt Transaction, the IES board of directors may require any person who would otherwise be an Acquiring Person to make certain representations or undertakings or to agree that any violation or attempted violation of such representations or undertakings will result in such consequences and subject the person to such conditions as the IES board of directors may determine in its sole discretion, including that any such violation shall result in such person becoming an Acquiring Person.

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Exercisability; Expiration. The rights are not exercisable until the distribution date and will expire on the earliest of (i) the close of business on December 31, 2017, (ii) the close of business on December 31, 2015 if stockholder approval of the Rights Agreement has not been received by or on such date, (iii) adjournment of the third annual meeting of stockholders of IES after the date of the Rights Agreement if stockholder approval of the Rights Agreement has not been received by such date, (iv) the repeal of Section 382 of the Internal Revenue Code of 1986, as amended (the Code), and any successor statute or any other change of law if, as a result of such change of law, the IES board of directors determines that the Rights Agreement is no longer necessary or desirable for the preservation of certain tax benefits, and (v) the beginning of the first taxable year of IES to which the IES board of directors determines that certain tax benefits may not be carried forward. At no time will the rights have any voting power.

If, an Acquiring Person becomes the beneficial owner of 4.95% or more of the outstanding shares of IES common stock, each holder of a right will thereafter have the right to receive, upon exercise, IES common stock (or, in certain circumstances, cash, property or other securities of IES), having a value equal to two times the exercise price of the right. The exercise price is the Purchase Price times the number of shares of IES common stock associated with each right (initially, one). Notwithstanding any of the foregoing, following the occurrence of an Acquiring Person becoming such (a Flip-In Event), all rights that are, or (under certain circumstances specified in the Rights Agreement) were, beneficially owned by any Acquiring Person will be null and void. However, rights are not exercisable following the occurrence of a Flip-In Event until such time as the rights are no longer redeemable by IES as set forth below.

For example, at an exercise price of $20.00 per right, each right distributed in respect of shares of IES common stock not owned by an Acquiring Person (or by certain related parties) following a Flip-In Event would entitle its holder to purchase $40.00 worth of IES common stock (or other consideration, as noted above) for $20.00. If the common stock at the time of exercise had a market value per share of $4.00 per share, the holder of each valid right would be entitled to purchase 10 shares of IES common stock for $20.00.

Until a right is exercised, the holder thereof, as such, will have no rights as a shareholder of IES, including, without limitation, the right to vote or to receive dividends. While the distribution of the rights will not be taxable to shareholders or to IES, shareholders may, depending upon the circumstances, recognize taxable income in the event that the rights become exercisable for IES common stock (or other consideration) as set forth above or in the event the rights are redeemed.

Anti-Dilution Provisions. The Purchase Price payable, and the number of shares of Series A Preferred Stock or other securities or property issuable, upon exercise of the rights are subject to adjustment from time to time to prevent dilution (i) in the event of a stock dividend on, or a subdivision, combination or reclassification of, the Series A Preferred Stock, (ii) if holders of the Series A Preferred Stock are granted certain rights or warrants to subscribe for Series A Preferred Stock or convertible securities at less than the then-current market price of the Series A Preferred Stock, or (iii) upon the distribution to holders of the Series A Preferred Stock of evidences of indebtedness or assets (excluding regular quarterly cash dividends) or of subscription rights or warrants (other than those referred to above).

With certain exceptions, no adjustments in the Purchase Price will be required until cumulative adjustments amount to at least 1% of the Purchase Price. No fractional shares will be issued and, in lieu thereof, an adjustment in cash will be made based on the market price of the Series A Preferred Stock on the last trading date prior to the date of exercise.

Exchange. At any time after the Stock Acquisition Date, the IES board of directors may exchange the rights (other than rights owned by an Acquiring Person), in whole or in part, at an exchange ratio equal to one (1) share of IES common stock per right (subject to adjustment).

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Redemption. At any time until ten (10) days following the Stock Acquisition Date, IES may redeem the rights in whole, but not in part, at a price of $0.001 per right. Immediately upon action by the IES board of directors ordering redemption of the rights, the rights will terminate and the only right of the holders of rights will be to receive the $0.001 redemption price.

Amendments. Other than those provisions relating to the principal economic terms of the rights, any of the provisions of the Rights Agreement may be amended by the IES board of directors prior to the distribution date. After the distribution date, the provisions of the Rights Agreement may be amended by the IES board of directors in order to cure any ambiguity, to make changes which do not adversely affect the interests of holders of rights (excluding the interests of any Acquiring Person), or to shorten or lengthen any time period under the Rights Agreement; *provided*, *however*, that no amendment to lengthen the time period governing redemption shall be made at such time as the rights are not redeemable.

Statutory Business Combination Provision

IES is subject to the provisions of Section 203 of the Delaware General Corporation Law. Section 203 provides, with certain exceptions, that a Delaware corporation may not engage in any of a broad range of business combinations with a person or an affiliate, or associate of such person, who is an interested stockholder for a period of three years from the date that such person became an interested stockholder unless: (1) the transaction resulting in a person becoming an interested stockholder, or the business combination, is approved by the Board of Directors of the corporation before the person becomes an interested stockholder, (2) upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced (excluding shares owned by persons who are both officers and directors of the corporation, and shares held by certain employee stock ownership plans) or (3) on or after such time the business combination is approved by the board of directors and authorized at a meeting of stockholders by at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder. Under Section 203, an interested stockholder is defined as any person who is the owner of 15% or more of the outstanding voting stock of the corporation or an affiliate or associate of the corporation and who became the owner of 15% or more of the outstanding voting stock of the corporation at any time within the three-year period immediately prior to the date on which it is sought to be determined whether such person is an interested stockholder.

A corporation may, at its option, exclude itself from the coverage of Section 203 by amending its certificate of incorporation or bylaws, by action of its stockholders, to exempt itself from coverage. IES has not adopted such an amendment to IES Second Amended and Restated Certificate of Incorporation or Bylaws. As of July 24, 2013, Tontine, the controlling shareholder of IES common stock, owned 56.7% of IES common stock. However, as the transaction which resulted in Tontine becoming an interested stockholder was approved by the IES board of directors, Tontine is exempt from application of Section 203.

Limitation on Directors Liability

Pursuant to IES Second Amended and Restated Certificate of Incorporation and Delaware law, IES directors are not liable to IES or its stockholders for monetary damages for breach of fiduciary duty, except for liability in connection with a breach of the duty of loyalty, for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, for dividend payments or stock repurchases illegal under Delaware law or any transaction in which a director has derived an improper personal benefit. IES has entered into indemnification agreements with certain of its directors and executive officers that indemnify those persons to the fullest extent permitted by IES Second Amended and Restated Certificate of Incorporation, its Bylaws and the DGCL. IES has also obtained directors and officers liability insurance. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

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Amended and Restated Certificate of Incorporation and Bylaw Provisions

IES Second Amended and Restated Certificate of Incorporation and Bylaws include provisions that may have the effect of discouraging, delaying or preventing a change in control of IES or an unsolicited acquisition proposal that an IES stockholder might consider favorable, including a proposal that might result in the payment of a premium over the market price for the shares held by IES stockholders. These provisions are summarized in the following paragraphs.

Supermajority Voting. IES Second Amended and Restated Certificate of Incorporation requires the approval of the holders of at least 75% of the then-outstanding shares of IES capital stock entitled to vote thereon and the approval of the holders of at least 75% of the then-outstanding shares of each class of stock voting separately as a class on, among other things, certain amendments to IES Second Amended and Restated Certificate of Incorporation. The IES board of directors may amend, alter, change or repeal IES Bylaws, or adopt new Bylaws by the affirmative vote of a majority of the IES board of directors at any meeting and without the assent or vote of the IES stockholders. The Bylaws may be also be altered, amended or repealed, or new Bylaws may be adopted, upon the affirmative vote of holders of at least a majority of the shares of IES common stock entitled to vote thereon.

Authorized but Unissued or Undesignated Capital Stock. IES authorized capital stock consists of 100,000,000 shares of common stock and 10,000,000 shares of preferred stock. As of July 24, 2013, 15,105,846 shares of IES common stock were issued and outstanding and no shares of preferred stock were issued and outstanding. The authorized but unissued (and in the case of preferred stock, undesignated) stock may be issued by the IES board of directors in one or more transactions. In this regard, IES Second Amended and Restated Certificate of Incorporation grants the IES board of directors broad power to establish the rights and preferences of authorized and unissued preferred stock. The issuance of shares of preferred stock pursuant to the authority granted to the IES board of directors, as described above, could decrease the amount of earnings and assets available for distribution to holders of IES common stock and adversely affect the rights and powers, including voting rights, of such holders and may also have the effect of delaying, deferring or preventing a change in control of IES. The IES board of directors does not currently intend to seek stockholder approval prior to any issuance of preferred stock, unless otherwise required by law.

Special Meeting of Stockholders. IES Bylaws provide that special meetings of IES stockholders may only be called by (1) the Chairman of the board of directors upon the written request of the board of directors pursuant to a resolution approved by a majority of the board of directors or (2) upon the receipt of the written request of the holders of at least 25% of the outstanding shares of IES common stock.

Stockholder Action by Written Consent. IES Second Amended and Restated Certificate of Incorporation and Bylaws generally provide that any action required or permitted by IES stockholders must be effected at a duly called annual or special meeting of the stockholders and may not be effected by any written consent of the stockholders.

Notice Procedures. IES Bylaws establish advance notice procedures with regard to stockholder proposals relating to the nomination of candidates for election as director and amendments to IES Second Amended and Restated Certificate of Incorporation or Bylaws to be brought before annual meetings of the IES stockholders. These procedures provide that notice of such stockholder proposals must be timely given in writing to IES corporate secretary prior to the annual meeting. Generally, to be timely, notice must be received at IES principal executive offices not less than 80 days prior to an annual meeting (or if fewer than 90 days notice or prior public disclosure of the date of the annual meeting is given or made by IES, not later than the tenth day following the date on which the notice of the date of the annual meeting was mailed or such public disclosure was made). The notice must contain certain information specified in the Bylaws, including a brief description of the business desired to be brought before the annual meeting and certain information concerning the stockholder submitting the proposal.

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Rights Agreement

On January 28, 2013, the IES board of directors adopted the Rights Agreement in an effort to protect stockholder value by attempting to protect against a possible limitation on IES ability to use NOLs to reduce potential future federal income tax obligations. IES has experienced and may experience in the future substantial operating losses, and under the Code and rules promulgated by the Internal Revenue Service, IES may carry forward these losses in certain circumstances to effect any current and future earnings and thus reduce IES federal income tax liability, subject to certain requirements and restrictions. To the extent that the NOLs do not otherwise become limited, IES believes that it will be able to carry forward a significant amount of NOLs, and therefore these NOLs could be a substantial asset to IES. However, if IES experiences an ownership change , as defined in Section 382 of the Code, its ability to use the NOLs will be substantially limited, and the timing of the usage of the NOLs could be substantially delayed, which could therefore significantly impair the value of that asset.

The Rights Agreement is designed to deter an acquisition of IES common stock in excess of a threshold amount that could trigger a change of control within the meaning of Section 382 of the Code. The Rights Agreement is designed to effectively dilute the ownership of any Acquiring Person through the offering of rights to IES other shareholders that could be exercised upon the Acquiring Person s acquisition of IES common stock in excess of the threshold amount. There can be no assurance that the Rights Agreement will be effective in deterring a change of control or protecting the NOLs. For additional information on the rights and the Rights Agreement, see Series A Junior Participating Preferred Stock above.

Transfer Agent and Registrar

The transfer agent and registrar for IES common stock is American Stock Transfer & Trust Company, LLC.

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MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER

The following discussion addresses the material United States federal income tax consequences of the merger to U.S. holders (as defined below) of MISCOR common stock. The discussion is based on the Internal Revenue Code of 1986, as amended, Treasury regulations, administrative rulings and judicial decisions, all as currently in effect and all of which are subject to change (possibly with retroactive effect) and to differing interpretations, and is the opinion of Andrews Kurth LLP and Ulmer & Berne LLP insofar as it sets forth specific legal conclusions under U.S. federal income tax law. The opinions of counsel are included as exhibits to the registration statement of which this proxy statement/prospectus forms a part.

This discussion applies only to U.S. holders (as defined below) that hold their MISCOR common stock as a capital asset within the meaning of Section 1221 of the Code, each of which we refer to in this document as a holder. Further, this discussion does not address all aspects of United States federal taxation that may be relevant to a particular stockholder in light of its personal circumstances or to stockholders subject to special treatment under the United States federal income tax laws, including:

- banks or trusts,
- tax-exempt organizations,
- insurance companies,
- dealers in securities or foreign currency,
- traders in securities who elect to apply a mark-to-market method of accounting,
- pass-through entities and investors in such entities,
- foreign persons,
- holders that exercise appraisal rights,
- regulated investment companies and real estate investment trusts,
- broker-dealers,
- holders liable for the alternative minimum tax,
- holders that have a functional currency other than the U.S. dollar,

- holders who received their MISCOR common stock through the exercise of employee stock options, through a tax-qualified retirement plan or otherwise as compensation, and

- holders who hold MISCOR common stock as part of a hedge, straddle, constructive sale, conversion transaction or other integrated investment.

In addition, the discussion does not address any alternative minimum tax or any state, local or foreign tax consequences of the merger, nor does it address any tax consequences arising under the unearned income Medicare contribution tax pursuant to the Health Care and Education Reconciliation Act of 2010.

For purposes of this discussion, a U.S. holder is a beneficial owner of MISCOR common stock who is, for U.S. federal income tax purposes: (i) an individual who is a citizen or resident of the United States; (ii) a corporation or other entity taxable as a corporation created or organized under the laws of the United States or any of its political subdivisions; (iii) an estate that is subject to U.S. federal income tax on its income regardless of its source; or (iv) a trust (A) if a U.S. court is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of the trust or (B) that has made a valid election to be treated as a United States person for U.S. federal income tax purposes.

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This discussion does not address the tax treatment of partnerships (or entities or arrangements that are treated as partnerships for United States federal income tax purposes) or persons that hold their MISCOR common stock through partnerships or other pass-through entities for U.S. federal income tax purposes. If a partnership, including any entity or arrangement treated as a partnership for U.S. federal income tax purposes, holds shares of MISCOR common stock, the U.S. federal income tax treatment of a partner in such partnership will depend upon the status of the partner and the activities of the partnership. Such partners and partnerships should consult their own tax advisors regarding the particular tax consequences of the merger to them.

Each holder of MISCOR common stock should consult its tax advisor with respect to the particular tax consequences of the merger to such holder.

Tax Opinion

The completion of the merger is conditioned upon the delivery by tax counsel to MISCOR of its opinion dated the closing date of the merger to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code and that the merger agreement constitutes a plan of reorganization within the meaning of Section 368 of the Code. This opinion condition will not be waivable after the MISCOR shareholders have approved the proposal to adopt the merger agreement if such waiver would require further stockholder approval to be obtained, unless further approval of the MISCOR shareholders is obtained with appropriate disclosure. MISCOR does not intend to waive this opinion condition to its obligation to consummate the merger. If the conclusions in the tax opinion delivered at closing are materially different than the opinion described herein, IES and MISCOR will recirculate this joint proxy statement/prospectus and resolicit the shareholder votes of MISCOR. Further, if MISCOR does waive this opinion condition after the registration statement of which this joint proxy statement/prospectus is a part is declared effective by the SEC, and if the U.S. federal income tax consequences of the merger to you have materially changed, IES and MISCOR will recirculate the joint proxy statement/prospectus and resolicit the shareholder votes of MISCOR.

The tax opinion will be based on certain facts, representations, covenants and assumptions, including representations of IES and MISCOR. If any of the representations or assumptions upon which such opinion is based are inconsistent with the actual facts, the United States federal income tax consequences of the merger could be adversely affected. This opinion is not binding on the Internal Revenue Service or the courts, and neither IES nor MISCOR intends to request a ruling from the Internal Revenue Service regarding the U.S. federal income tax consequences of the merger. Therefore, while the merger is conditioned upon the delivery by tax counsel to MISCOR of its opinion that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code, no assurance can be given that the Internal Revenue Service will not assert, or that a court would not sustain, a position contrary to any of those set forth below.

Material U.S. Federal Income Tax Consequences of the Merger to MISCOR Shareholders

The following discussion regarding the U.S. federal income tax consequences of the merger assumes that the merger will be consummated as described in the merger agreement and this joint proxy statement/prospectus. In the opinion of Ulmer & Berne LLP, the merger will be treated for U.S. federal income tax purposes as a reorganization qualifying under the provisions of Section 368(a) of the Code. If the merger is treated as a reorganization within the meaning of Section 368(a) of the Code, the merger will have the following U.S. federal income tax consequences.

Exchange Solely for Cash. If, pursuant to the merger, a holder exchanges all of the shares of MISCOR common stock actually owned by it solely for cash, that holder will recognize gain or loss equal to the difference between the amount of cash received and its adjusted tax basis in the shares of MISCOR common stock surrendered, which gain or loss will be long-term capital gain or loss if the holder s holding period with respect to the MISCOR common stock surrendered is more than one year at the effective time of the merger. Long-term capital gains of non-corporate taxpayers are subject to reduced rates of taxation. The deductibility of capital losses is

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subject to limitations. Although the law is unclear, if, however, the holder constructively owns shares of MISCOR common stock that are exchanged for shares of IES common stock in the merger or otherwise owns shares of IES common stock actually or constructively after the merger, the consequences to that holder may be similar to the consequences described below under the heading Exchange for IES Common Stock and Cash, except that the amount of consideration, if any, treated as a dividend may not be limited to the amount of that holder s gain.

Exchange Solely for IES Common Stock. If, pursuant to the merger, a holder exchanges all of the shares of MISCOR common stock actually owned by it solely for shares of IES common stock, that holder will not recognize any gain or loss except in respect of cash received instead of a fractional share of IES common stock (as discussed below). The aggregate adjusted tax basis of the shares of IES common stock received in the merger (including fractional shares deemed received and redeemed as described below) will be equal to the aggregate adjusted tax basis of the shares of MISCOR common stock surrendered for the IES common stock, and the holding period of the IES common stock (including fractional shares deemed received and redeemed as described below) will include the period during which the shares of MISCOR common stock were held.

Exchange for IES Common Stock and Cash. If, pursuant to the merger, a holder exchanges all of the shares of MISCOR common stock actually owned by it for a combination of IES common stock and cash, the holder will recognize gain (but not loss) in an amount equal to the lesser of (1) the amount of gain realized (i.e., the excess of the sum of the amount of cash and the fair market value of the IES common stock received pursuant to the merger over that holder s adjusted tax basis in its shares of MISCOR common stock surrendered) and (2) the amount of cash received pursuant to the merger (excluding any cash received in lieu of a fractional share of IES common stock). For this purpose, gain or loss must be calculated separately for each identifiable block of shares surrendered in the exchange, and a loss realized on one block of shares may not be used to offset a gain realized on another block of shares. Holders should consult their tax advisors regarding the manner in which cash and IES common stock should be allocated among different blocks of MISCOR common stock. Any recognized gain will be long-term capital gain if the holder s holding period with respect to the MISCOR common stock surrendered is more than one year at the effective time of the merger. If, however, the cash received has the effect of the distribution of a dividend, the gain will be treated as a dividend to the extent of the holder s ratable share of accumulated earnings and profits as calculated for United States federal income tax purposes. See Possible Treatment of Cash as a Dividend below.

The aggregate tax basis of IES common stock received (including fractional shares deemed received and redeemed as described below) by a holder that exchanges its shares of MISCOR common stock for a combination of IES common stock and cash pursuant to the merger will be equal to the aggregate adjusted tax basis of the shares of MISCOR common stock surrendered for IES common stock and cash, reduced by the amount of cash received by the holder pursuant to the merger (excluding any cash received instead of a fractional share of IES common stock) and increased by the amount of gain (including any portion of the gain that is treated as a dividend as described below but excluding any gain or loss resulting from the deemed receipt and redemption of fractional shares described below), if any, recognized by the holder on the exchange. The holding period of the IES common stock (including fractional shares deemed received and redeemed as described below) will include the holding period of the shares of MISCOR common stock surrendered.

Possible Treatment of Cash as a Dividend. Any gain recognized by a holder may be treated as a dividend for U.S. federal income tax purposes to the extent of the holder s ratable share of MISCOR s accumulated earnings and profits. In general, the determination of whether the gain recognized in the exchange will be treated as capital gain or has the effect of a distribution of a dividend depends upon whether and to what extent the exchange reduces the holder s deemed percentage stock ownership of IES. For purposes of this determination, the holder is treated as if it first exchanged all of its shares of MISCOR common stock solely for IES common stock and then IES immediately redeemed, which we refer to in this document as the deemed redemption, a portion of the IES common stock in exchange for the cash the holder actually received. The gain recognized in the deemed redemption will be treated as capital gain if the deemed redemption is (1) substantially disproportionate with respect to the holder or (2) not essentially equivalent to a dividend.

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The deemed redemption will generally be substantially disproportionate with respect to a holder if the percentage described in (2) below is less than 80% of the percentage described in (1) below. Whether the deemed redemption is not essentially equivalent to a dividend with respect to a holder will depend upon the holder s particular circumstances. At a minimum, however, in order for the deemed redemption to be not essentially equivalent to a dividend, the deemed redemption must result in a meaningful reduction in the holder s deemed percentage stock ownership of IES. That determination requires a comparison of (1) the percentage of the outstanding stock of IES that the holder is deemed actually and constructively to have owned immediately before the deemed redemption and (2) the percentage of the outstanding stock of IES that is actually and constructively owned by the holder immediately after the deemed redemption. In applying the above tests, a holder may, under the constructive ownership rules, be deemed to own stock that is owned by other persons or stock underlying a holder s option to purchase in addition to the stock actually owned by the holder.

The IRS has ruled that a stockholder in a publicly held corporation whose relative stock interest is minimal (e.g., less than 1%) and who exercises no control with respect to corporate affairs is generally considered to have a meaningful reduction if that stockholder has a relatively minor (e.g., approximately 3%) reduction in its percentage stock ownership under the above analysis; accordingly, the gain recognized in the exchange by such a stockholder would be treated as capital gain.

These rules are complex and dependent upon the specific factual circumstances particular to each holder. Consequently, each holder that may be subject to these rules should consult its tax advisor as to the application of these rules to the particular facts relevant to such holder.

Cash Received Instead of a Fractional Share. A holder who receives cash instead of a fractional share of IES common stock will be treated as having received such fractional share and then as having received such cash in redemption of the fractional share. Gain or loss generally will be recognized based on the difference between the amount of cash received instead of the fractional share and the portion of the holder s aggregate adjusted tax basis of the shares of MISCOR common stock surrendered which is allocable to the fractional share. Such gain or loss generally will be long-term capital gain or loss if the holding period for such shares of MISCOR common stock is more than one year at the effective time of the merger. Long-term capital gains of non-corporate taxpayers are subject to reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Certain Tax Reporting Rules. Under applicable Treasury regulations, significant holders of MISCOR stock will be required to comply with certain reporting requirements. A MISCOR shareholder should be viewed as a significant holder if, immediately before the merger, such holder held 5% or more, by vote or value, of the total outstanding MISCOR common stock. Significant holders generally will be required to file a statement with the holder s U.S. federal income tax return for the taxable year that includes the consummation of the merger. That statement must set forth the holder s tax basis in, and the fair market value of, the shares of MISCOR common stock surrendered pursuant to the merger (both as determined immediately before the surrender of shares), the date of the merger, and the name and employer identification number of IES, MISCOR, and Merger Sub, and the holder will be required to retain permanent records of these facts. You should consult your tax advisor as to whether you may be treated as a significant holder.

Information Reporting and Backup Withholding. Payments of cash pursuant to the merger may, under certain circumstances, be subject to information reporting and backup withholding unless the recipient provides proof of an applicable exemption or furnishes its taxpayer identification number, and otherwise complies with all applicable requirements of the backup withholding rules. Any amounts withheld under the backup withholding rules are not an additional tax and will be allowed as a refund or credit against such holder s U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

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THE MERGER AGREEMENT

The following summary describes material provisions of the merger agreement, which is attached as Annex A to this proxy statement/prospectus and is incorporated by reference herein. The provisions of the merger agreement are complicated and not easily summarized. This summary may not contain all of the information about the merger agreement that is important to you. You are encouraged to carefully read the merger agreement in its entirety for a more complete understanding of the terms and conditions of the merger.

The merger agreement and the following summary have been included to provide you with information regarding the terms of the merger agreement and the transactions described in this proxy statement/prospectus. The representations and warranties in the merger agreement are made as of a specified date, are tools used to allocate risk between the parties, are subject to contractual standards of knowledge and materiality, and are modified or qualified by information contained in the parties public filings and in the disclosure schedules exchanged by the parties. Business and operational information regarding IES and MISCOR can be found elsewhere in this proxy statement/prospectus.