Platform Specialty Products Corp
Form 424B4
November 13, 2014
Table of Contents

Filed Pursuant to Rule 424(b)(4)
Registration Statement Nos. 333-199816 and 333-200093

PROSPECTUS

14,300,000 Shares

Platform Specialty Products Corporation

Common Stock

We are offering up to 14,300,000 shares of our common stock (the Shares).

Our shares of common stock are listed on the New York Stock Exchange (the NYSE) under the ticker symbol PAH. On November 11, 2014, the last sale price of our common stock as reported on the NYSE was $25.01 per share.

We are an emerging growth company as defined in the Jumpstart Our Business Startups Act of 2012 (the JOBS Act) and have elected to take advantage of certain reduced public company reporting requirements.

Investing in our common stock involves risks. See Risk Factors beginning on page 20.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$ 24.5000	$ 350,350,000
Underwriting discounts and commissions [1]	$ 0.8575	$ 12,262,250
Proceeds to us, before expenses	$ 23.6425	$ 338,087,750

(1) We refer to you to Underwriting beginning on page 177 of this prospectus for additional information regarding underwriting compensation.

To the extent the underwriters sell more than 14,300,000 shares of our common stock, the underwriters have the option to purchase up to 2,145,000 additional shares at the public offering price, less the underwriting discounts and commissions, within 30 days of the date of this prospectus.

The underwriters expect to deliver the Shares against payment on or about November 17, 2014.

Joint Book-Running Managers

Barclays **Credit Suisse** **Nomura** **UBS Investment Bank**

Co-Managers

BTIG **CJS Securities** **CRT Capital** **Macquarie Capital** **Wells Fargo Securities**

Prospectus dated November 12, 2014.

TABLE OF CONTENTS

	Page
About This Prospectus	i
Prospectus Summary	1
Risk Factors	20
Information Regarding Forward-Looking Statements	50
The Proposed Arysta Acquisition	52
Use of Proceeds	55
Market for our Common Stock	56
Dividend Policy	57
Capitalization	58
Selected Financial Data	59
Unaudited Pro Forma Financial Information	61
Management s Discussion and Analysis of Financial Condition and Results of Operations	75
CAS Management s Discussion of Operations and Cash Flows	102
Arysta Management s Discussion of Operations and Cash Flows	109
Quantitative and Qualitative Disclosures about Market Risk	118
Our Business	119
Description of Indebtedness	134
Management	137
Certain Relationships and Related Party Transactions	160
Beneficial Ownership	165
Description of Capital Stock	167
Shares Eligible for Future Sale	172
Material U.S. Federal Income and Estate Tax Considerations for Non-U.S. Holders	174
Underwriting	177
Legal Matters	184
Experts	184
Where You Can Find More Information	184
Index to Consolidated Financial Statements	F-1

Table of Contents

ABOUT THIS PROSPECTUS

No person has been authorized to give any information or make any representation concerning us, the underwriters or the Shares to be offered hereunder (other than as contained in this prospectus) and, if any such other information or representation is given or made, you should not rely on it as having been authorized by us or the underwriters. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front cover of this prospectus or as otherwise set forth in this prospectus.

The underwriters are offering the Shares only in jurisdictions where such issuances are permitted. The distribution of this prospectus and the sale of the Shares in certain jurisdictions may be restricted by law. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the distribution of this prospectus and the sale of the Shares outside the United States. This prospectus does not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, the Shares by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

Terms Used in This Prospectus

As used in this prospectus, unless the context otherwise requires, all references to we, us, our, the Company and Platform refer to Platform Specialty Products Corporation, a Delaware corporation, and its subsidiaries, collectively, for all periods subsequent to April 23, 2013 (inception). All references in this prospectus to our Predecessor refer to MacDermid, Incorporated, a Connecticut corporation (MacDermid) and its subsidiaries for all periods prior to our acquisition of MacDermid on October 31, 2013 (the MacDermid Acquisition). As used in this prospectus, Successor 2014 Three-Month Period refers to the period from April 1, 2014 to June 30, 2014, Predecessor 2013 Three-Month Period refers to the period from April 1, 2013 to June 30, 2013, Successor 2014 Six-Month Period refers to the period from January 1, 2014 to June 30, 2014, Predecessor 2013 Six-Month Period refers to the period from January 1, 2013 to June 30, 2013, Successor 2013 Period refers to the period from April 23, 2013 (inception) through December 31, 2013 and Predecessor 2013 Period refers to the ten month period from January 1, 2013 through October 31, 2013. Predecessor 2012 Period and Predecessor 2011 Period correspond to MacDermid s fiscal years ended December 31, 2012 and 2011, respectively.

All references in this prospectus to Agriphar refer to Percival S.A. and its agrochemical business, Agriphar. On October 1, 2014, we completed the acquisition of Percival S.A., including Percival S.A. s agrochemical business, Agriphar (the Agriphar Acquisition). See Summary Recent Developments Agriphar Acquisition and Our Business AgroSolutions.

All references in this prospectus to Chemtura AgroSolutions or CAS refer to the Chemtura AgroSolutions business of Chemtura Corporation, a Delaware corporation (Chemtura). On November 3, 2014, we completed the acquisition of CAS (the CAS Acquisition). See Summary Recent Developments CAS Acquisition, CAS Management s Discussi of Operations and Cash Flows and Our Business AgroSolutions.

All references in this prospectus to Arysta LifeScience or Arysta refer to Arysta LifeScience Limited. All references in this prospectus to Arysta Corporation refer to Arysta s wholly-owned Japanese subsidiary. On October 20, 2014, we entered into a share purchase agreement to acquire Arysta (the Arysta Acquisition and together with the Agriphar Acquisition and the CAS Acquisition, the Acquisitions). The proposed Arysta Acquisition is expected to close in the first quarter of 2015, subject to closing conditions customary for a transaction of this type. A description of Arysta s business is included in this prospectus. See Summary Recent Developments Proposed Arysta Acquisition, Arysta Management s Discussion of Operations and Cash Flows and Our Business AgroSolutions.

References to our common stock refer to the common stock of Platform, par value $0.01 per share.

Table of Contents

Trademarks and Trade Names

This prospectus contains some of our trademarks and trade names. All other trademarks or trade names of any other company appearing in this prospectus belong to their respective owners. Solely for convenience, the trademarks and trade names in this prospectus may be referred to without the ® and symbols, but such references should not be construed as any indicator that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto.

Industry and Market Data

We obtained the industry, market and competitive position data described or referred to throughout this prospectus from our own internal estimates and research, as well as from industry and general publications and research, surveys and studies conducted by third parties. While we believe our internal estimates and research are reliable and the market definitions are appropriate, such estimates, research and definitions have not been verified by any independent source. We caution you not to place undue reliance on this data.

Non-GAAP Financial Measures

The United States Securities and Exchange Commission (the SEC) has adopted rules to regulate the use of non-GAAP financial measures that are derived on the basis of methodologies other than in accordance with U.S. generally accepted accounting principles (GAAP). In this prospectus we present Adjusted EBITDA, which is a non-GAAP financial measure. Our management believes this non-GAAP financial measure provides useful information about our operating performance by excluding certain items and including other items that we believe are not representative of our core business. We also believe that this financial measure will provide investors with a useful tool for assessing the comparability between periods of our ability to generate cash from operations sufficient to pay taxes, to service debt and to undertake capital expenditures. We use certain of these financial measures for business planning purposes and in measuring our performance relative to that of our competitors. However, these measures should not be considered as alternatives to net sales or cash flows from operating activities as indicators of operating performance or liquidity. For additional information on why we present non-GAAP financial measures, the limitations associated with using non-GAAP financial measures and reconciliations of our non-GAAP financial measures to the most comparable applicable GAAP measure, see Summary Financial Data.

Other than the International Financial Reporting Standards (IFRS) consolidated financial statements of Arysta included in this prospectus, for periods up to and including the year ended December 31, 2012, Arysta only prepared unconsolidated financial statements in accordance with Irish generally accepted accounting principles (Irish GAAP), and Arysta Corporation only prepared consolidated financial statements in accordance with Japanese generally accepted accounting principles (JGAAP). Arysta prepared consolidated financial statements under JGAAP for the year ended December 31, 2013. A reconciliation from JGAAP to IFRS is presented in Note 25 to Arysta s audited consolidated financial statements included in this prospectus.

Unaudited Pro Forma Financial Information

The proposed Arysta Acquisition is a probable significant acquisition to us (at a significance level of greater than fifty percent) under Rule 3-05 and 1-02(w) of Regulation S-X under the Securities Act of 1933, as amended (the Securities Act). The CAS Acquisition, which was consummated on November 3, 2014, was also a significant acquisition (at a significance level of forty percent). As a result, we have included in this prospectus unaudited pro forma financial information based on the historical financial statements of Platform, CAS and Arysta, combined and adjusted to give effect to the CAS Acquisition and the proposed Arysta Acquisition as if each had occurred as of January 1, 2013 for

purposes of the statements of operations and as of June 30, 2014 for purposes of the balance sheet data. For the year ended December 31, 2013, such pro forma financial information is also giving effect to the MacDermid Acquisition and the related financings as if they had occurred as of January 1, 2013 for purposes of the statement of operations. The unaudited pro forma combined consolidated financial information has been prepared in accordance with the basis of preparation described in Unaudited Pro Forma Financial Information Notes to the Unaudited Pro Forma Financial Information.

Table of Contents

The unaudited pro forma combined consolidated financial information presented herein is for informational purposes only and is not intended to represent or to be indicative of the consolidated results of operations or financial position that we would have reported had the MacDermid Acquisition, the CAS Acquisition and the Arysta Acquisition been completed as of the dates set forth in the unaudited pro forma combined consolidated financial information, and should not be taken as indicative of our future consolidated results of operations or financial position. The unaudited pro forma financial data has been prepared in accordance with the requirements of Regulation S-X of the Securities Act. However, neither the assumptions underlying the pro forma adjustments nor the resulting pro forma financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

The unaudited pro forma combined consolidated financial information should be read in conjunction with our historical financial statements and with both CAS and Arysta s historical financial statements, all included in this prospectus.

Table of Contents

PROSPECTUS SUMMARY

This summary highlights selected information contained in this prospectus. This summary does not contain all of the information you should consider before investing in the Shares. You should carefully read this entire prospectus carefully, including the section titled Risk Factors, along with our, CAS and Arysta s financial statements, and the respective notes to those financial statements, before making an investment decision. This prospectus contains forward-looking statements, which involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under Risk Factors and elsewhere in this prospectus.

Our Company

We are a global producer of high technology specialty chemical products and provider of technical services. Our business involves the manufacture of a broad range of specialty chemicals, created by blending raw materials, and the incorporation of these chemicals into multi-step technological processes. These specialty chemicals and processes are sold into multiple industries including agricultural, electronics, graphic arts, metal and plastic plating, and offshore oil production and drilling.

As our name Platform Specialty Products Corporation implies, we continually seek opportunities to act as an acquirer and consolidator of specialty chemical businesses on a global basis, particularly those meeting Platform s asset-lite, high-touch philosophy, which involves prioritizing extensive resources to research and development and highly technical, post-sale customer service, while managing conservatively our investments in fixed assets and capital expenditures. To date, Platform has completed three acquisitions, the MacDermid Acquisition, on October 31, 2013, the Agriphar Acquisition, on October 1, 2014, and the CAS Acquisition, on November 3, 2014. On October 20, 2014, Platform announced the proposed Arysta Acquisition, which is expected to close in the first quarter of 2015, subject to closing conditions customary for a transaction of this type. See Recent Developments and Risk Factors Risks Related to the Acquisitions There can be no assurance that the Arysta Acquisition will be completed.

Our History

We were initially incorporated with limited liability under the laws of the British Virgin Islands on April 23, 2013 under the name Platform Acquisition Holdings Limited. We were created for the purpose of acquiring a target company or business with an anticipated enterprise value of between $750 million and $2.50 billion. We completed our initial public offering in the United Kingdom on May 22, 2013, raising net proceeds of approximately $881 million, and were listed on the London Stock Exchange.

On October 31, 2013, we indirectly acquired substantially all of the equity of MacDermid Holdings, LLC (MacDermid Holdings), which, at the time, owned approximately 97% of MacDermid. As a result, we became a holding company for the MacDermid business. We acquired the remaining 3% of MacDermid (the MacDermid Plan Shares) on March 4, 2014, pursuant to the terms of an Exchange Agreement, dated October 25, 2013, between us and the fiduciaries of the MacDermid, Incorporated Profit Sharing and Employee Savings Plan (the MacDermid Savings Plan). Concurrently with the closing of the MacDermid Acquisition, we changed our name to Platform Specialty Products Corporation. On January 22, 2014, we changed our jurisdiction of incorporation from the British Virgin Islands to Delaware (the Domestication), and on January 23, 2014, our shares of common stock began trading on the NYSE under the ticker symbol PAH.

Our Business

Until consummation of the CAS Acquisition, we managed our business in two operating segments: Performance Materials and Graphic Solutions. Upon consummation of the CAS Acquisition, we created a new operating segment, AgroSolutions, which includes Agriphar s and CAS complementary businesses. Upon consummation of the proposed Arysta Acquisition, AgroSolutions will also include Arysta s business. See Our Business AgroSolutions.

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Our Performance Materials segment manufactures and markets dynamic chemistry solutions that are used in the electronics, automotive and oil and gas production and drilling industries. We operate in the Americas, Asia and Europe. Our products include surface and coating materials and water-based hydraulic control fluids. In conjunction with the sale of these products, we provide extensive technical service and support to ensure superior performance in their application.

Our Graphic Solutions segment primarily produces and markets photopolymers through an extensive line of flexographic plates that are used in the commercial packaging and printing industries. Our operations in the Graphic Solutions segment are predominantly in the Americas and Europe.

Our AgroSolutions segment focuses on a wide variety of proven plant health and pest control products to growers, which are comprised of specific target applications in the following major product lines: seed treatment, insecticides, miticides, herbicides, fungicides, honey bee health, plant growth regulators, adjuvants and home applications (home and garden and ectoparasiticides). We offer innovative seed treatment and crop protection applications and value-added customer solutions, drawing upon our registration expertise and capabilities in numerous geographies and our large established distribution network.

We sell our products into three main geographic regions: the Americas, Asia and Europe. Because our segments utilize shared facilities and administrative resources but offer products that are distinct from one another, we make decisions about how to manage our operations by reference to each segment and not with respect to the underlying products or geographic regions that comprise each segment.

Recent Developments

Amendments to Credit Agreement

On August 6, 2014, we, Barclays Bank PLC, the several lenders from time to time party thereto and the other parties thereto further amended our senior secured credit facility by entering into a second amended and restated credit agreement (the Second Amended and Restated Credit Agreement), which generally provides for, among other things, (i) Platform as a borrower under the term loan facility, (ii) increased flexibility with respect to permitted acquisitions, (iii) the ability to request incremental facilities in currencies other than U.S. Dollars, and (iv) securing foreign assets in support of future term loans. The Amended and Restated Credit Agreement also allows us, subject to certain limitations, to extend the maturity of our term loans and/or revolving credit commitments.

In addition, on August 6, 2014 we, Barclays Bank PLC, the several lenders from time to time party thereto and the other parties thereto, agreed to further amendments to the Amended and Restated Credit Agreement (the Further Amendments, and together with the Second Amended and Restated Credit Agreement, the Amended and Restated Credit Agreement). Pursuant to the Further Amendments, which became effective upon the consummation of the CAS Acquisition on November 3, 2014, (i) we borrowed new term loans in an aggregate principal amount of $130 million through an increase in our existing tranche B term loan facility (the New Tranche B Term Loans), (ii) our existing U.S. Dollar revolving credit facility was increased by $62.5 million to $87.5 million, and (iii) our existing multicurrency revolving credit facility was increased by $62.5 million to $87.5 million. On the date of the CAS Acquisition, we borrowed $60 million under the U.S. Dollar revolving credit facility and 55 million ($69 million assuming an exchange rate of $1.26 per 1.00) under the multicurrency revolving credit facility. In addition, new term loans denominated in Euros in an aggregate amount of 205 million, or approximately $259 million assuming an exchange rate of $1.26 per 1.00 (the Euro Tranche Term Loans) were borrowed by a newly formed indirect subsidiary of Platform, MacDermid Agricultural Solutions Holdings B.V., a company organized under the laws of the Netherlands (MAS Holdings), and Netherlands Agricultural Investment Partners, LLC (NAIP), a Delaware limited

liability company and subsidiary of Platform, serving as a United States co-borrower. Pursuant to the Further Amendments, MAS Holdings and NAIP were added as borrowers under the Amended and Restated Credit Agreement in respect of the Euro Tranche Term Loans and certain domestic and foreign subsidiaries of Platform and MacDermid, including MAS Holdings and NAIP, became guarantors under our Amended and Restated Credit Agreement, and in connection therewith, pledged certain additional collateral to secure the obligations incurred under the Euro Tranche Term Loans and/or other loans incurred under the facility.

Table of Contents

With the exception of the collateral package as noted above and the interest rate, the terms of the Euro Tranche Term Loans are substantially similar to Platform s New Tranche B Term Loans and bear interest at a rate per annum equal to an applicable margin plus an adjusted Eurocurrency Rate, calculated as set forth in the Amended and Restated Credit Agreement, and mature on June 7, 2020. As amended by the Further Amendments, the Amended and Restated Credit Agreement now also provides for, among other things, additional flexibility with respect to certain limiting covenants, including by increasing certain dollar baskets.

On October 1, 2014, we and MacDermid, as borrowers, MacDermid Holdings, certain subsidiaries of MacDermid Holdings and Platform, Barclays Bank PLC, as collateral agent and administrative agent, and the incremental lender entered into an incremental amendment No. 1 (the Incremental Amendment) to the Amended and Restated Credit Agreement through an increase in our existing Tranche B Term Loans under the Amended and Restated Credit Agreement (the New USD Term Loans) in an aggregate principal amount of $300 million. Except as set forth in the Incremental Amendment, the New USD Term Loans have identical terms as the existing Tranche B Term Loans (as defined in the Amended and Restated Credit Agreement) and are otherwise subject to the provisions of the Amended and Restated Credit Agreement. The proceeds from the Incremental Amendment were used to finance the Agriphar Acquisition.

As a result of the Incremental Amendment and the Further Amendments, on November 7, 2014, we have (i) approximately $1,437 million outstanding under our first lien credit facility (including new term loans denominated in Euros in an aggregate of 205 million) and (ii) approximately $129 million outstanding under our revolving credit facilities (including revolving credit facility borrowings denominated in Euros in an aggregate of 55 million).

Private Placements

On May 20, 2014, we completed a private placement to certain qualified institutional buyers and a limited number of institutional accredited investors (the May Private Placement). In the May Private Placement, we sold an aggregate of 15,800,000 shares of our common stock at a purchase price of $19.00 per share, raising net proceeds of approximately $287 million, after deducting placement agents commissions and fees and offering and transaction expenses of the placement agents and us. Pursuant to a registration rights agreement we entered into in connection with the May Private Placement, on June 13, 2014, we filed a resale registration statement on Form S-1, resulting in the registration of 14,825,000 of the shares sold in the May Private Placement. Such registration statement was declared effective on June 19, 2014.

On October 8, 2014 and November 6, 2014, we completed a private placement to certain qualified institutional buyers and a limited number of institutional accredited investors of an aggregate of 16,060,960 shares and 9,404,064 shares, respectively, of our common stock at a price of $25.59 per share (the October/November Private Placement). In the October/November Private Placement, we received net proceeds of approximately $651.5 million, after deducting fees and offering expenses. Pursuant to registration rights agreements we entered into in connection with the October/November Private Placement, on November 3, 2014, we filed a resale registration statement on Form S-1 to register the resale of all of the shares sold in the October/November Private Placement, which resale registration statement was amended on November 10, 2014. This registration statement was declared effective on November 10, 2014.

Agriphar Acquisition

On October 1, 2014, we completed the acquisition of Agriphar, whose product portfolio includes a wide range of herbicide, fungicides and insecticides, pursuant to the agreement, dated August 4, 2014 (the Agriphar Acquisition Agreement), by and among MAS Holdings, as the purchaser, Platform, as the guarantor, and a representative of

Percival, as the seller. Pursuant to the terms of the Agriphar Acquisition Agreement, MAS Holdings acquired 100% of the equity interests of Percival for a purchase price of 300 million (approximately $379 million assuming an exchange rate of $1.26 per 1.00), consisting of 285 million in cash (approximately $360 million assuming an exchange rate of $1.26 per 1.00) and 711,551 restricted shares of our common stock, which will become unrestricted beginning

Table of Contents

January 2, 2018 unless agreed otherwise in accordance with the terms of the Agriphar Acquisition Agreement. These shares can also be transferred back to us within six-months after the closing of the Agriphar Acquisition for 15 million (approximately $19 million assuming an exchange rate of $1.26 per 1.00).

Agriphar is a European crop protection group supported by a team of researchers and regulatory experts which provides a wide range of herbicides, fungicides and insecticides with end markets primarily across Europe. We believe Agriphar s wide variety of product applications and expertise will increase the anticipated benefits from the recently consummated CAS Acquisition and the proposed Arysta Acquisition, if and when completed. For the year ended December 31, 2013, Agriphar had $164.3 million of revenue and $20.4 million of net income.

For more information about Agriphar s business and a general presentation of our new operating segment, AgroSolutions, which was recently created upon the consummation of the CAS Acquisition, see Our Business AgroSolutions.

CAS Acquisition

On November 3, 2014, we completed the acquisition of CAS for approximately $1.00 billion, consisting of $950 million in cash, subject to certain post-closing working capital and other adjustments, 2,000,000 shares of our common stock and the assumption of certain liabilities by Platform.

Established over 50 years ago, CAS is a leading niche provider of seed treatment and agrochemical products for a wide variety of crop protection applications in numerous geographies. CAS focuses on specific target applications in seven major product lines: seed treatments; insecticides; miticides; herbicides; fungicides; plant growth regulators; and adjuvants. CAS develops, sells and registers its own products, as well as products manufactured by others on a license or resale basis.

For more information about CAS financial performance, see Unaudited Pro Forma Financial Information, other related pro forma information included in Summary Financial Data and in this prospectus, and CAS financial statements for the fiscal years ended December 31, 2013 and 2012 and the six-month periods ended June 30, 2014 and 2013, included in this prospectus. For a general presentation of our new operating segment, AgroSolutions, which was created upon the consummation of the CAS Acquisition, see Our Business AgroSolutions, included in this prospectus.

Proposed Arysta Acquisition

On October 20, 2014, we entered into a share purchase agreement (the Arysta Acquisition Agreement) pursuant to which Platform agreed to acquire Arysta, a leading global provider of crop solutions, with expertise in agrochemical and biological products, for approximately $3.51 billion, consisting of $2.91 billion in cash, subject to working capital and other adjustments, and $600 million of new Series B convertible preferred stock of the Company (the Series B Convertible Preferred Stock). The closing of the proposed Arysta Acquisition is subject to the satisfaction or waiver of certain closing conditions customary for a transaction of this type, including expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and approvals of government authorities and antitrust authorities from certain non-U.S. jurisdictions.

Arysta has a solutions-oriented business model that focuses on product innovation to address grower needs. Arysta s solutions are delivered on a local basis, utilizing globally managed patented and proprietary off-patent agrochemical active ingredients (AIs) and biological solutions, or biosolutions, complemented by a broad portfolio of regionally managed off-patent agrochemical offerings. Biosolutions includes biological stimulants, or biostimulants, innovative

nutrition and biological control, or biocontrol, products. Arysta employs a targeted market strategy aimed at specific regions and crops where it is believed that its market position, product portfolio and capabilities enable Arysta to achieve sustainable high growth and a strong leadership position.

Table of Contents

The Arysta Acquisition Agreement contains representations and warranties customary for a transaction of this type. However, no representations or warranties will survive the closing of the Arysta Acquisition, except for (i) the seller s representations with respect to its ownership of Arysta s equity and its authority to enter into the Arysta Acquisition Agreement and to consummate the Arysta Acquisition, and (ii) Platform s representations with respect to its due organization, its authority to enter into the Arysta Acquisition Agreement and to consummate the Arysta Acquisition, and its solvency immediately following the closing of the Arysta Acquisition.

The seller has also agreed to various customary covenants and agreements regarding Arysta, including the seller s covenants to cause Arysta and its subsidiaries, during the period between the execution of the Arysta Acquisition Agreement and the closing of the Arysta Acquisition, (A) to conduct their business in the ordinary course of business consistent with past practices and procedures, and (B) without the prior written consent of Platform (which consent will not be unreasonably withheld, conditioned or delayed), among other things, (i) not to make any amendments to the organizational documents of any of Arysta s subsidiaries in a manner adverse to Platform in any material respect, (ii) not to purchase any securities or make any material investment in any person, or otherwise acquire direct or indirect control over any Person, (iii) not to incur, assume or guarantee any indebtedness as defined in the Agreement, except for borrowings under Arysta s existing credit facilities in the ordinary course of business, (iv) not to sell, transfer, lease, sublease or otherwise dispose of any properties or assets other than immaterial assets or properties in the ordinary course of business, (v) not to amend or otherwise modify or terminate (other than allowing expiration according to its scheduled term) any of its material contracts other than in the ordinary course of business and (vi) not to engage in or take certain other kinds of transactions or actions during such period, as more fully described in the Agreement. Platform covenants, among other things, (A) during the period between the execution of the Agreement and the closing of the Arysta Acquisition, not to (i) acquire or agree to acquire, including by merging or consolidating with, or by purchasing a substantial portion of the assets of or equity in, any business of any person or business organization if such acquisition or proposed acquisition could reasonably be expected to (a) delay any authorization from any governmental antitrust authority necessary to complete the Arysta Acquisition, (b) delay or adversely affect Platform s ability to obtain debt financing in connection with the Arysta Acquisition or (c) delay or prevent the consummation of the Arysta Acquisition, (ii) amend, alter or repeal any of its organizational documents if such amendment, alteration or repeal would be adverse to the seller in any material respect, (iii) declare, set aside or pay any dividend or other distribution payable in cash, capital stock, property or otherwise with respect to any of its equity interests, except in respect of our Series A preferred stock (the Series A Preferred Stock) and (iv) authorize or create any shares of any class or series of stock of Platform ranking senior to or on parity with the Series B Convertible Preferred Stock with respect to the payment of dividends, redemption or the distribution of assets upon any liquidation, dissolution or winding up of Platform, and (B) to reserve for issuance a sufficient number of shares of common stock of Platform for issuance upon conversion of the Series B Convertible Preferred Stock.

When issued, each share of Series B Convertible Preferred Stock may be converted into such number of shares of common stock of Platform as is determined by dividing a $1,000 liquidation preference by a conversion price of $27.14. Platform has also agreed to enter into a registration rights agreement with the seller pursuant to which Platform would be obligated to file with the SEC a registration statement to register the resale of the shares of common stock of Platform issuable upon conversion of the Series B Convertible Preferred Stock. The form of the certificate of designation for the Series B Preferred Stock and the registration rights agreement are attached as Exhibits A and B, respectively, to the Arysta Acquisition Agreement, which is filed as an exhibit to the registration statement of which this prospectus forms a part.

Each share of Series B Convertible Preferred Stock that is not previously converted to common stock will be subject to automatic redemption on either (a) the earlier of (i) October 20, 2016 and (ii) four months prior to the maturity of the mandatory preferred stock contemplated by the Debt Commitment Letter (as defined under Acquisition Financing Arysta below), if such security is issued; provided that such maturity date shall not be prior to the earlier of

(x) the first anniversary of the original issue date of the Series B Convertible Preferred Stock and (y) 90 days prior to the maturity of the mandatory preferred stock contemplated by the Debt Commitment Letter (the Maturity Date) or (b) the occurrence of (i) a merger of Platform or a subsidiary of Platform where more than 50% of the voting power of the surviving corporation is held by persons other than the stockholders of Platform, (ii) the sale of

all or substantially all of the assets or subsidiaries of Platform in a single transaction or series of related transactions or (iii) a bankruptcy or liquidation of Platform (each of clauses (i), (ii) and (iii), a Triggering Event). The redemption price for each share of Series B Convertible Preferred Stock will be $1,000, which must be paid in cash in the event of redemption upon a Triggering Event. The redemption price may be paid in cash or shares of common stock (valued at $27.14 per share), at the option of Platform, in the event of redemption at the Maturity Date. However, Platform may not issue more than 22,107,590 shares of common stock in connection with a redemption at the Maturity Date. To the extent that the aggregate value of such 22,107,590 shares of common stock is less than $600 million (based on a 10-day volume weighted average price), then, pursuant to the Arysta Acquisition Agreement, such shortfall would be payable in cash by Platform as additional purchase price. Assuming that this offering is consummated, we do not intend to issue any mandatory preferred stock contemplated by the Debt Commitment Letter in connection with the Arysta Acquisition.

The Arysta Acquisition Agreement also contains customary provisions governing circumstances under which the parties may terminate the Agreement, including the right of Platform or the seller, as the case may be, to terminate the Agreement if the transactions contemplated therein have not been consummated on or before June 1, 2015, subject to certain conditions, and subject to extension to August 3, 2015 if certain regulatory approvals have not been obtained. Neither Platform nor the seller is responsible for a termination fee in any event.

There can be no assurance that the Arysta Acquisition will close, or be completed in the time frame, on the terms or in the manner currently anticipated, as a result of a number of factors including, among other things, the failure of one or more of the conditions to closing. See Risk Factors Risks Related to the Acquisitions There can be no assurance that the Arysta Acquisition will be completed. The closing of this offering is not conditioned on, and is expected to be consummated before, the closing of the Arysta Acquisition.

As Arysta is being acquired by a U.S. company, the Arysta Acquisition Agreement provides that prior to the closing of the Arysta Acquisition, the seller will cause Arysta to terminate all the business and operations of Arysta and its subsidiaries in or directed to certain countries subject to sanctions by the United States. We can make no assurance that Arysta will fully wind down these operations, and to the extent that it does not, the closing of the Arysta Acquisition could be delayed or may not occur at all. In addition, to the extent that any action by Arysta prior to the consummation of the Arysta Acquisition is deemed to have violated applicable laws, Platform could face the risk of potential investigations or enforcement actions (including potential successor liability) related to those acts.

For more information about Arysta s financial performance, see Unaudited Pro Forma Financial Information, other related pro forma information included in Summary Financial Data in this prospectus, and Arysta s financial statements for the fiscal years ended December 31, 2013 and 2012 and the six-month periods ended June 30, 2014 and 2013, included in this prospectus. For a general presentation of our new operating segment, AgroSolutions, which was created upon consummation of the CAS Acquisition and which, upon consummation of the Arysta Acquisition, will also include Arysta s business, see Our Business AgroSolutions, included in this prospectus.

Acquisition Financing

Agriphar. We funded the Agriphar Acquisition with the proceeds from the aforementioned Incremental Amendment and cash on hand.

CAS. We funded the cash portion of the purchase price and related transaction expenses of the CAS Acquisition through a combination of available cash on hand, and borrowings under an increase in term loans of approximately $389 million (approximately $259 million of which is denominated in Euros), $60 million under the U.S. Dollar revolving credit facility and 55 million ($69 million assuming an exchange rate of $1.26 per 1.00) under the

multicurrency revolving credit facility under the Amended and Restated Credit Agreement, as amended upon the effectiveness of the Further Amendments.

Arysta. We plan to fund the cash portion of the proposed Arysta Acquisition through a combination of the net proceeds of equity (including the Shares offered hereby) or debt offerings, available cash on hand, the financial

Table of Contents

arrangements described below and/or possible other financings. Pursuant to the Arysta Acquisition Agreement, we deposited $400 million into an escrow account and agreed to deposit an additional $200 million into such escrow account no later than November 28, 2014. The release of any amounts from such escrow account is subject to the prior written consent of the seller. The funds in the escrow account are intended to be released to the seller in connection with the consummation of the Arysta Acquisition. The seller in the Arysta Acquisition will also receive $600 million of our Series B Convertible Preferred Stock (the Arysta Seller Financing). The closing of this offering is not conditioned on, and is expected to be consummated before, the closing of the Arysta Acquisition.

On October 20, 2014, we entered into a commitment letter (the Debt Commitment Letter) with Barclays Bank PLC, Credit Suisse AG, Cayman Islands Branch, Credit Suisse Securities (USA) LLC, Nomura Corporate Funding Americas, LLC, Nomura Securities International, Inc., UBS AG, Stamford Branch and UBS Securities LLC (collectively, the Commitment Parties) for (i) $1.6 billion of first lien incremental term loans (the Term Facility) to be incurred under the Amended and Restated Credit Agreement and (ii) senior unsecured bridge loans (the Senior Bridge Facility and together with the Term Facility, the Facilities in an aggregate principal amount of $750 million, for the purposes of financing the proposed Arysta Acquisition and the fees and expenses in connection therewith, on the terms and subject to the conditions set forth in the Debt Commitment Letter. The Commitment Parties obligation to provide the Facilities is subject to a number of customary conditions precedent. Furthermore, we are under no obligation to borrow under the Facilities and we anticipate seeking a number of alternative financings for the proposed Arysta Acquisition in lieu of the Facilities, including, but not limited to, equity (including the Shares offered hereby) or debt offerings and other borrowings under our Amended and Restated Credit Agreement.

For a complete discussion of our anticipated and backstop financing plans with respect to the Arysta Acquisition, see Use of Proceeds.

Third Quarter Results

Set out below are certain unaudited financial results for each of Platform, CAS and Arysta in respect of the three and nine months ended September 30, 2014.

Platform

On November 5, 2014, we issued a press release and filed a Form 8-K announcing our financial results for the three and nine months ended September 30, 2014. The following unaudited financial results were included in that announcement. We expect to file our quarterly report on Form 10-Q for the quarterly period ended September 30, 2014 on November 14, 2014.

The 2013 as reported quarterly and year-to-date information is based on Predecessor information and does not reflect the purchase accounting effect of the MacDermid Acquisition on October 31, 2013. In order to perform a proper comparison between the 2013 and 2014 periods, we have made certain adjustments to our reported numbers, as detailed in the financial tables below, to assist in this comparison of the profit and loss data provided below. We believe that this as adjusted format better reflects a comparable analysis of the numbers being presented.

In addition, because the Agriphar Acquisition and the CAS Acquisition were consummated subsequent to September 30, 2014, and the proposed Arysta Acquisition has not been consummated, the financial results of Agriphar, CAS and Arysta are not reflected in our financial results for the three months and nine months ended September 30, 2014 presented below.

For the three months ended September 30, 2014 (unaudited):

Net sales increased $8.3 million, or 4.4%, to $196.8 million, compared to $188.4 million for the same period in 2013.

Reported gross profit increased $4.3 million, or 4.3%, to $103.2 million, compared to $99.0 million for the same period in 2013.

Table of Contents

Reported net income declined to $11.9 million, compared to $14.5 million for the same period in 2013.

Adjusted EBITDA increased $4.9 million to $52.5 million, compared to $47.6 million for the same period in 2013 representing a record level.

For the nine months ended September 30, 2014 (unaudited):

Net sales increased $9.1 million, or 1.6%, to $569.6 million, compared to $560.6 million for the same period in 2013.

Reported gross profit decreased $4.7 million, or 1.6%, to $284.1 million, compared to $288.8 million for the same period in 2013.

Reported net income declined to $4.1 million, compared to $23.9 million for the same period in 2013.

Adjusted EBITDA increased $11.0 million to $146.6 million, compared to $135.6 million for the same period in 2013 representing a record level.

Adjusted EBITDA is a non-GAAP financial measure. For a definition of Adjusted EBITDA and additional information on why we present non-GAAP financial measures as well as the limitations associated with using non-GAAP financial measures, see Summary Financial Data.

Platform Specialty Products Corporation

Statement of Operations Data

(Unaudited)

($ In thousands)

	Successor	*Successor*	*Predecessor*	*Successor*	*Successor*	*Predecessor*
	Three Months Ended September 30, 2014	**Three Months Ended September 30, 2013**	**Three Months Ended September 30, 2013**	**Nine Months Ended September 30, 2014**	**Period from Inception (April 23, 2013) to September 30, 2013**	**Nine Months Ended September 30, 2013**
Net sales	$ 196,782	$	$ 188,433	$ 569,640	$	$ 560,557
Gross profit	$ 103,224	$	$ 98,972	$ 284,133	$	$ 288,827
Total operating expenses	$ 79,861	$ 4,773	$ 60,352	$ 251,172	$ 4,870	$ 183,799
Operating profit (loss)	$ 23,363	$ (4,773)	$ 38,620	$ 32,961	$ (4,870)	$ 105,028
Income (loss) before income taxes,	$ 12,322	$ (4,710)	$ 21,500	$ 5,915	$ (4,790)	$ 45,141

non-controlling interests and accrued payment-in-kind dividends on cumulative preferred shares												
Income tax benefit (provision)	$	1,595	$		$	(6,864)	$	3,542	$		$	(20,932)
Net income (loss)	$	13,917	$	(4,710)	$	14,636	$	9,457	$	(4,790)	$	24,209
Net income attributable to the non-controlling interests	$	(2,046)	$		$	(139)	$	(5,380)	$		$	(319)
Net income (loss) attributable to common shareholders	$	11,871	$	(4,710)	$	14,497	$	4,077	$	(4,790)	$	23,890
Accrued payment-in-kind dividend on cumulative preferred shares	$		$		$	(1,028)	$		$		$	(22,100)
Net income (loss) attributable to common shares	$	11,871	$	(4,710)	$	13,469	$	4,077	$	(4,790)	$	1,790

Table of Contents

Platform Specialty Products Corporation

Balance Sheet Data

(Unaudited)

($ In thousands)

	September 30, 2014	December 31, 2013
Cash	$ 281,676	$ 123,040
Restricted cash	$ 315,000	$
Total current assets	$ 911,704	$ 383,452
Total assets	$ 2,729,620	$ 2,260,154
Total current liabilities	$ 141,310	$ 119,673
Total liabilities	$ 1,150,038	$ 1,124,080
Total stockholders equity	$ 1,481,195	$ 1,019,081
Total liabilities, redeemable 401(k) interest and stockholders equity	$ 2,729,620	$ 2,260,154

Reconciliation of Non-GAAP Measures

Includes Predecessor and Successor data

(in millions)	***Predecessor*** **Three Months Ended September 30, 2013**	***Successor*** **Three Months Ended September 30, 2014**	***Predecessor*** **Nine Months Ended September 30, 2013**	***Successor*** **Nine Months Ended September 30, 2014**
Net income	$ 14.5	$ 11.9	$ 23.9	$ 4.1
Adjustments to reconcile to net income (loss):				
Income tax expense (benefit)	6.9	(1.6)	20.9	(3.5)
Interest expense	16.2	8.1	41.0	23.8
Depreciation and amortization expense	9.7	19.0(1)	29.5	57.3(1)
Unrealized (gain) loss on foreign currency denominated debt			(1.1)	(2)
Unrealized loss on foreign exchange forward contracts		2.6(3)		2.6(3)
Restructuring and related expenses	0.2	0.6	1.9	1.0(4)
Manufacturer s profit in inventory (purchase accounting)				12.0(5)
Non-cash fair value adjustment to contingent consideration		2.3		26.1(6)
Acquisition costs		8.2		18.8(7)

Debt Extinguishment			18.8	(8)
Other expense (income)	0.1	1.4(9)	0.7	4.4(9)
Adjusted EBITDA	$ 47.6	$ 52.5	$ 135.6	$ 146.6

Footnotes:

(1) Includes $14.3 million in the three months ended September 30, 2014 and $6.7 million in the three months ended September 30, 2013 and $43.6 million in the nine months ended September 30, 2014 and $20.2 million in the nine months ended September 30, 2013 for amortization expense that is added back in the as adjusted income statement.
(2) Predecessor adjustment to other income for non-cash gain on foreign denominated debt.
(3) Adjustment to reverse net unrealized loss on foreign exchange forward contracts in connection with the Chemtura and Agriphar Acquisitions.
(4) Includes restructuring expenses of $1.9 million of reorganization costs adjusted out of operating expenses for the nine months ended September 30, 2013.
(5) Adjustment to reverse manufacturer s profit in inventory purchase accounting adjustment associated with the MacDermid Acquisition.
(6) Adjustment to fair value of contingent consideration in connection with the MacDermid Acquisition primarily associated with achieving the share price targets.
(7) Adjustment to reverse deal costs primarily in connection with the Chemtura and Agriphar Acquisitions.
(8) Adjustment to reverse debt extinguishment charge in connection with debt from Predecessor recapitalization.
(9) Adjustment for 2014 primarily for reversal of the income attributable to the non-controlling interest resulting from the MacDermid Acquisition. For 2013, adjustment to reverse miscellaneous non-recurring charges.

Table of Contents

CAS

The unaudited third quarter financial data provided below in respect of the Chemtura AgroSolutions segment has been prepared in accordance with GAAP. The Chemtura AgroSolutions segment data reported in Chemtura s quarterly report on Form 10-Q is prepared on a different basis than CAS carve-out financial information and may not include (i) all adjustments to certain costs necessary to present CAS on a carve-out basis, and (ii) certain adjustments related to portions of entities we did not acquire in the CAS Acquisition. Accordingly, CAS independent auditors do not express any form of assurance that the unaudited financial data of the Chemtura Agrosolutions segment presented below is representative in any way of what CAS financial results would be on a carve-out entity basis.

Based upon information contained in the quarterly report on Form 10-Q filed by Chemtura on October 28, 2014, the unaudited Chemtura AgroSolutions segment s financial data for the three months ended September 30, 2014 is as follows:

- sales of approximately $113 million as compared to approximately $119 million for the same period in 2013; and

- operating profit of approximately $20 million as compared to approximately $24 million for the same period in 2013.

Based upon information contained in the earnings press release issued by Chemtura on October 28, 2014, unaudited adjusted EBITDA for the Chemtura AgroSolutions segment for the three months ended September 30, 2014 was $23 million as compared to $28 million for the same period in 2013.

CAS is in the process of finalizing its unaudited carve-out financial information for the three and nine months ended September 30, 2014. CAS carve-out financial information for the three and nine months ended September 30, 2014 has not been audited, reviewed or subject to any other procedures by CAS independent auditors.

The Chemtura AgroSolutions financial data presented above is for informational purposes only and is not intended to represent or be indicative of CAS carve-out financial information for the three months ended September 30, 2014, which once finalized, may be lower than the Chemtura AgroSolutions segments financial data indicated above. Accordingly, investors should not place undue reliance on these preliminary estimates of CAS carve-out financial information for the three months ended September 30, 2014.

Arysta

The unaudited third quarter information provided below in respect of Arysta has been prepared in accordance with IFRS as issued by the IASB but has not been reviewed or subject to any other procedures by Arysta s independent auditors. Accordingly, Arysta s independent auditors do not express any form of assurance with respect to the unaudited third quarter financial data provided below.

Pursuant to the Arysta Acquisition Agreement, we have limited access to Arysta s financial information, and do not yet have full information for the three and nine months ended September 30, 2014. The below limited information is based on data provided to us by Arysta s management.

Arysta is in the process of finalizing its financial results for the three and nine months ended September 30, 2014. However, based upon their preliminary unaudited results for the three months ended September 30, 2014, certain selected financial results are expected to be as follows:

Arysta had approximately $362 million of sales, compared to $356 million for the same period in 2013;

Arysta had a net loss of approximately $26.9 million compared to income of approximately $1.8 million for the same period in 2013; and

Table of Contents

Arysta had approximately $61.9 million of adjusted EBITDA, compared to $59.1 million for the same period in 2013.

Arysta s adjusted EBITDA is defined as consolidated net income (loss) before depreciation and amortization; other operating income (expense), net; financial income (expense), net; income tax benefit (expense); income (loss) after tax from discontinued operations; and other adjustments permitted by its existing credit agreement.

The following table reconciles Arysta s net income to adjusted EBITDA for the three months ended September 30, 2014:

(in thousands)	
Net income (loss)	$ (26,911)
Depreciation and amortization	17,912
Other operating (income) expense, net (a)	14,242
Financial (income) expense, net(b)	25,502
Income tax (benefit) expense	30,097
Other credit agreement adjustments(c)	1,056
Arysta s adjusted EBITDA.	$ 61,898

(a) Represents the net of other operating income and operating expense.

(b) Represents the net of financial income and financial expense.

(c) Reflects adjustments consistent with Arysta s existing credit agreement that are permitted to be made when computing EBITDA for any given period under such agreement. Adjustments permitted under Arysta s existing credit agreement include items such as restructuring costs, costs related to a debt refinancing, consulting fees paid to affiliates of the Seller, expenses related to mergers and acquisitions, business optimization expenses and, unusual or non-recurring charges.

Arysta s financial information presented herein is for informational purposes only and is not intended to represent or be indicative of Arysta s final results for the three months ended September 30, 2014, once finalized. Accordingly, investors should not place undue reliance on these preliminary estimates.

Table of Contents

Risk Factors

Our business is subject to risks, as discussed more fully in the section entitled Risk Factors. Risks discussed in the Risk Factors section should be carefully considered before investing in our common stock. In particular, the following risks, among others, may have an adverse effect on our business, which could cause the trading price of our common stock to decline and result in a loss of all or a portion of your investment:

- our business model depends on our ability to consummate future acquisitions and to successfully integrate acquisitions into our business;
- our business and results of operations depends on our ability to protect and preserve our intellectual property rights;
- conditions in the global economy may directly adversely affect our substantial international operations and financial condition;
- our business is significantly influenced by trends and characteristics in the specialty chemical industry and the printing industry; and
- agrochemical products are highly regulated by governmental agencies in countries where we do business.

Corporate Information

Our principal executive offices are located at 5200 Blue Lagoon Drive, Suite 855, Miami, FL 33126 and our telephone number is (203) 575-5850.

Table of Contents

THE OFFERING

Shares offered by us	14,300,000 Shares (or 16,445,000 shares if the underwriters exercise their option to purchase additional shares)
Common stock to be outstanding immediately after this offering	179,781,005 Shares (or 181,926,005 shares if the underwriters exercise their option to purchase additional shares)
Option to purchase additional shares	We have granted the underwriters a 30-day option to purchase up to 2,145,000 additional shares of our common stock pursuant to their option to purchase additional shares.
Use of Proceeds	We intend to use the net proceeds of this offering to fund a portion of the acquisition consideration and related fees and expenses of the Arysta Acquisition, which we anticipate will be consummated during the first quarter of 2015, with any remaining net proceeds for general corporate purposes.
	The closing of this offering is not conditioned on, and is expected to be consummated before, the closing of the Arysta Acquisition.
	In the event the Arysta Acquisition is not completed, we intend to use the net proceeds of this offering for working capital and other general corporate purposes, which may include the funding of other acquisitions.
Dividend policy	We have never paid any cash dividends on our common stock. We intend to retain earnings to fund our working capital needs and growth opportunities and do not intend to pay any cash dividends. See Dividend Policy in this prospectus.
	Holders of Series A Preferred Stock are entitled to receive an annual stock dividend based on the market price of our common stock if such market price exceeds certain trading price minimums. See Dividend Policy in this prospectus.
	We will become subject to additional restrictions upon the issuance of the Series B Convertible Preferred Stock and may become subject to additional restrictions in any additional indebtedness we may incur,

	which may prohibit or limit our ability to pay dividends. See Dividend Policy in this prospectus.
Market for our Common Stock	Our shares of common stock are currently listed on the NYSE.
NYSE Ticker Symbol	PAH.
Risk Factors	An investment in our common stock is subject to substantial risks. Please refer to the information contained under the caption Risk Factors and other information included in this prospectus for a discussion of factors you should carefully consider before investing in our common stock.

Table of Contents

Unless otherwise indicated, the information presented in this prospectus:

- assumes no exercise by the underwriters of their option to purchase up to 2,145,000 additional shares of our common stock; and
- excludes, in reference to the number of shares of common stock outstanding after this offering, (i) 15,136,708 shares of common stock currently available under our Platform Specialty Products Corporation Amended and Restated 2013 Incentive Compensation Plan (subject to increase in accordance with the terms of such plan) (the 2013 Plan) and (ii) 5,174,707 shares of common stock available under our Platform Specialty Products Corporation 2014 Employee Stock Purchase Plan (the ESPP).

Table of Contents

SUMMARY FINANCIAL DATA

The following table presents summary consolidated historical financial data for us and our Predecessor as of the dates and for each of the periods indicated. The summary consolidated historical data for the Successor 2013 Period and as of December 31, 2013 have been derived from our audited consolidated financial statements included in this prospectus. The summary consolidated historical data for our Predecessor for each of the Predecessor 2013 Period, the Predecessor 2012 Period and the Predecessor 2011 Period, and as of December 31, 2012 have been derived from the audited consolidated financial statements of our Predecessor included in this prospectus. The summary consolidated historical data for the Successor 2014 Six-Month Period and as of June 30, 2014, and for the Predecessor 2013 Six-Month Period and as of June 30, 2013, have been derived from our unaudited condensed consolidated interim financial statements included in this prospectus. The summary consolidated historical financial data for the Successor 2014 Six-Month Period and Predecessor 2013 Six-Month Period contain all normal recurring adjustments that, in the opinion of management, are necessary for a fair presentation of the financial information set forth in those statements.

The summary pro forma financial data for the year ended December 31, 2013 and the six months ended June 30, 2014 is giving effect to the MacDermid Acquisition, the CAS Acquisition and the proposed Arysta Acquisition as if they had been consummated on January 1, 2013 for purposes of the statement of operations and the CAS Acquisition and the proposed Arysta Acquisition as if they had been consummated on June 30, 2014 for purposes of the balance sheet data.

The summary historical consolidated financial data included below is not necessarily indicative of future results and should be read in conjunction with Capitalization, Management s Discussion and Analysis of Financial Condition and Results of Operations, CAS Management s Discussion of Operations and Cash Flows, Arysta Management s Discussion of Operations and Cash Flows, as well as our consolidated financial statements, CAS combined financial statements, Arysta s consolidated financial statements, and the respective notes thereto contained in this prospectus.

Table of Contents

	Predecessor			*Successor*	*Pro Forma Combined Successor and Predecessor*	*Predecessor*	*Successor*	*Pro Forma*	
	Year Ended December 31, 2011	**Year Ended December 31, 2012**	**Period from January 1, 2013 to October 31, 2013**	**Period from Inception (April 23, 2013) to December 31, 2013**	**Year Ended December 31, 2013**	**Six Months Ended June 30, 2013**	**Six Months Ended June 30, 2014**	**Year Ended December 31, 2013**	**S Mo En Jun 20**
t of ns s)									
	$ 728,773	$ 731,220	$ 627,712	$ 118,239	$ 745,951	$ 372,124	$ 372,858	$ 2,704,131	$ 1,3
les	388,298	376,166	304,875	82,587	366,776	182,269	191,949	1,628,784	7(
fit	340,475	355,054	322,837	35,652	379,175	189,855	180,909	1,075,347	5
rating	284,527	239,957	231,088	231,284	275,525	123,447	171,311	859,487	4
profit	55,948	115,097	91,749[1]	(195,632)[2]	103,650	66,408	9,598[3]	215,860	1(
pense)	(44,642)	(44,158)	(65,274)	(5,812)	(49,941)	(42,767)	(16,005)	(223,923)	(9
come come olling nd in-kind on re shares	11,306	70,939	26,475[1]	(201,444)[2]	53,709	23,641	(6,407)[3]	(8,063)	
x n)	(9,953)	(24,673)	(12,961)	5,819	(23,156)	(14,068)	1,947	(64,840)	(
ne	1,353	46,266	13,514[1]	(195,625)[2]	30,553	9,573	(4,460)[3]	(72,903)	(
	(366)	(289)	(295)	1,403	247	(180)	(3,334)	(8,947)	
le to olling									

le to	987	45,977	13,219	(194,222)	30,800	9,393	(7,794)	(81,850)	(2
in-kind on re shares	(40,847)	(44,605)	(22,454)			(21,072)			
le to ers	$ (39,860)	$ 1,372	$ (9,235)	$ (194,222)	$ 30,800	$ (11,679)	$ (7,794)	$ (81,850)	$ (2
arnings e									
	n/a	n/a	n/a	$ (2.10)	n/a	n/a	$ (0.07)	$ (0.56)	$
	n/a	n/a	n/a	$ (2.10)	n/a	n/a	$ (0.07)	$ (0.56)	$
d hares ing)									
	n/a	n/a	n/a	93	n/a	n/a	118	146	
	n/a	n/a	n/a	93	n/a	n/a	118	146	
nancial s)									
(4)	$ 153,049	$ 162,445	$ 152,470	$ 27,367		$ 88,021	$ 94,103	$ 567,210(5)	$ 28

Table of Contents

	Predecessor As of December 31, 2012	*Successor* As of December 31, 2013	*Successor* As of June 30, 2014	*Pro Forma* As of June 30, 2014
Balance Sheet Data (in thousands)				
Cash and cash equivalents	$ 143,351	$ 123,040	$ 642,760	$ 257,814
Working capital	246,383	263,779	774,219	1,189,609
Total assets	1,233,917	2,260,154	2,766,689	8,358,973
Total debt	720,640	752,249	748,450	3,253,725
Total equity	272,437	1,115,102	1,626,201	3,245,935

(1) Includes the following significant items related to the MacDermid Acquisition affecting comparability in the Predecessor 2013 Period:

- transaction costs, primarily comprised of professional fees and fees paid to Predecessor shareholders resulting from management fees payable in conjunction with consummation of the MacDermid Acquisition of $16.9 million; and
- deemed compensation expense related to pre-acquisition share awards of approximately $9.3 million.

(2) Includes the following significant items related to the MacDermid Acquisition affecting comparability in the Successor 2013 Period:

- non-cash charge related to the Series A Preferred Stock dividend rights of $172.0 million;
- purchase accounting adjustment of $23.9 million charged to cost of sales for the manufacturer s profit in inventory adjustment; and
- transaction costs, primarily comprised of professional fees, of $15.2 million.

(3) Includes the following significant items related to the MacDermid and CAS Acquisitions affecting comparability in the Successor 2014 Six-Month Period:

- purchase accounting adjustment of $12.0 million charged to cost of sales for the manufacturer s profit in inventory adjustment;
- non-cash fair value adjustment to long-term contingent consideration of $23.8 million; and
- transaction costs, primarily comprised of professional fees, of $10.6 million.

(4) We present Adjusted EBITDA as a supplemental measure of our performance. We define Adjusted EBITDA as net income (loss) plus income tax provision (benefit), interest expense (net) and depreciation and amortization expense, less adjustments, which include adjustments recorded in connection with the Acquisitions. The use of Adjusted EBITDA is considered relevant to the analysis of Platform s results (net) aside from the material impact of the charges associated with the Acquisitions.

We believe Adjusted EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. Our investors regularly request Adjusted EBITDA as a supplemental analytical measure to, and in conjunction with, our GAAP financial data. We understand that these investors use Adjusted EBITDA, among other things, to assess our period-to-period operating performance and to gain insight into the manner in which management analyzes operating performance.

In addition, we believe that Adjusted EBITDA is useful in evaluating our operating performance compared to that of other companies in our industry because the calculation of Adjusted EBITDA generally eliminates the effects of financing and income taxes and the accounting effects of capital spending and acquisitions, which items may vary for different companies for reasons unrelated to overall operating performance. Although we believe that Adjusted EBITDA can make an evaluation of our operating performance more consistent because it removes items that do not reflect our core operations, investors should not place undue reliance on Adjusted EBITDA as measures of operating performance. In evaluating Adjusted EBITDA, investors should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments presented herein. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

Adjusted EBITDA has limitations as an analytical tool. Some of these limitations are:

- Adjusted EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debts;
- although depreciation is a non-cash charge, the assets being depleted and depreciated will have to be replaced in the future;
- non-cash compensation is and will remain a key element of our overall long-term incentive compensation package;
- Adjusted EBITDA does not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations; and
- other companies in our industry may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA only supplementally.

Table of Contents

(5) The December 31, 2013 Adjusted EBITDA results exclude (i) Adjusted EBITDA of Agriphar, which was approximately $41 million in 2013, (ii) Adjusted EBITDA of Laboratoires Goëmar (Goëmar), which was acquired by Arysta in the first quarter of 2014, which was approximately $9 million in 2013 and (iii) any synergies that may be achieved as a result of the combination of our AgroSolutions businesses, which we anticipate will be in the range of $60 million to $70 million annually (to be phased in over a period of three years, with an estimated 75% of such amount to be achieved by the end of year two). The June 30, 2014 Adjusted EBITDA results exclude (1) Adjusted EBITDA of Agriphar, (ii) less than six months of Adjusted EBITDA of Goëmar, and (iii) the synergies described above. Arysta Adjusted EBITDA is calculated as Arysta s consolidated segment income, as set forth in the notes to Arysta s consolidated financial statements included in this prospectus.

The following table reconciles Net Income to Adjusted EBITDA for the periods indicated:

	Predecessor	***Predecessor***	***Predecessor***	***Successor***	***Predecessor***	***Successor***	***Pro forma***	***Pro forma***
(in $ thousands)	Year Ended December 31, 2011	Year Ended December 31, 2012	Period from January 1, 2013 to October 31, 2013	Period from Inception (April 23, 2013) to December 31, 2013	Six Months Ended June 30, 2013	Six Months Ended June 30, 2014	Year Ended December 31, 2013[k]	Six Months Ended June 30, 2014[l]
Net income (loss) attributable to common stockholders	$ 987	$ 45,977	$ 13,219	$ (194,222)	$ 9,393	$ (7,794)	$ (81,850)	$ (26,539)
Adjustments to reconcile net income (loss):								
Income tax expense (benefit)	9,953	24,673	12,961	(5,819)	14,068	(1,947)	64,840	38,828
Interest expense	54,554	49,671	46,288	5,487	24,790	15,664	161,316	81,006
Depreciation and amortization expense	46,745	42,193	32,835	12,778	19,741	38,286	263,943	132,826
Non-cash charges related to preferred dividend rights				172,006[a]				
Realized/ Unrealized foreign exchange (gain) loss	(9,156)	(5,702)	(1,137)		(1,137)		46,171	15,967
Equity based compensation	727	162	9,317	542	78	303		

Restructuring and related expenses	2,133	1,161	4,508	3,464	1,652	404	11,143	404
Manufacturer s profits in inventory (purchase accounting)				23,912[b]		11,956[b]		
Non-cash fair value adjustment to contingent consideration				(700)[c]		23,800[c]		23,800[c]
Acquisition transaction costs			16,925[d]	15,196[e]		10,604[e]		
Non cash impairment charges	46,438[f]						49,082[g]	
Debt extinguishment			18,788[h]		18,788[h]		18,788[h]	
Other expense (income)	668	4,310	(964)	(5,277)	648	2,827	33,777[i]	14,127[j]
Adjusted EBITDA	$ 153,049	$ 162,445	$ 152,740	$ 27,367	$ 88,021	$ 94,103	$ 567,210[m]	$ 280,419[m]

a. Non-cash charge related to the Series A Preferred Stock dividend rights in connection with the MacDermid Acquisition.
b. Adjustment to reverse manufacturer s profit in inventory purchase accounting adjustment associated with the MacDermid Acquisition.
c. Adjustment to fair value of contingent consideration in connection with the MacDermid Acquisition primarily associated with achieving the share price targets.
d. Adjustment to reverse deal costs in connection with the MacDermid Acquisition.
e. Adjustment to reverse deal costs in connection with the CAS Acquisition.
f. Adjustment for 2011 Period to record impairment charge on certain customer lists in our Performance Materials operating segment.
g. Adjustment for pro forma December 31, 2013 period to reverse impairment charge on certain product registration rights for Arysta.
h. Adjustment to reverse debt extinguishment charge in connection with debt incurred as a result of Predecessor recapitalization.
i. Other expense (income) adjustments represent primarily Arysta adjustments of $12.1 million related to a loss from discontinued operations and a $11.1 million adjustment for financing discounts, and other adjustments consisting primarily of bad debts, sales returns, provisions in addition to charges from debt refinancing and inventory. These expenses were partially offset by a $3.0 million pension curtailment benefit in the Successor 2013 Period results.
j. Other expense (income) adjustments represent $11 million of Arysta adjustments of which $8.4 million represents unusual and non-recurring charges within Arysta, including with respect to its previously contemplated initial public offering, and Successor adjustments that primarily related to $3.3 million for net

income attributable to conversion of exchange rights held by selling stockholders of MacDermid.

Table of Contents

k. Certain adjustments to Pro forma EBITDA for the year ended December 31, 2013 are comprised of the following:

	Predecessor	*Successor*	*CAS*	*Arysta*	*Total*
Interest Expense:					
Pro forma interest expense - senior secured credit facility		30,631	22,365	49,820	102,816
Pro forma interest expense - unsecured debt				58,500	58,500
Total pro forma interest expense (See Capitalization, footnotes 1 and 2 to Capitalization table)					161,316
Depreciation and Amortization:					
Historical depreciation expense	10,459	3,900	7,567	9,729	31,655
Pro forma amortization expense		57,500	36,960	134,000	228,460
Pro forma depreciation expense*		3,828			3,828
Total pro forma depreciation and amortization expense					263,943
Foreign exchange loss			7,783	39,525	47,308
Realized/unrealized (gain) loss on foreign currency denominated debt	(1,137)				(1,137)
					46,171
Restructuring and related expenses	4,508	3,464	271	2,900	11,143
Debt extinguishment	18,788				18,788

* Pro forma depreciation expense in the successor period is made up of additional cost of sales depreciation of $3,226 and additional operating expense depreciation of $626, offset by reduced research and development depreciation expense of $24.

l. Certain adjustments to Pro forma EBITDA for the six months ended June 30, 2014 are comprised of the following:

	Successor	*CAS*	*Arysta*	*Total*
Interest Expense:				
Historical interest expense	15,664			15,664
Pro forma interest expense - term loans		11,182	29,250	40,432
Pro forma interest expense - senior secured notes			24,910	24,910

Total pro forma interest expense				81,006
Depreciation and Amortization:				
Historical depreciation expense	8,965	3,861	5,199	18,025
Historical amortization expense	29,321			29,321
Pro forma amortization expense		18,480	67,000	85,480
Total pro forma depreciation and amortization expense				132,826
Foreign exchange (gain) loss		(3,393)	19,360	15,967
Restructuring and related expenses	404			404

m. The December 31, 2013 Adjusted EBITDA results exclude (i) Adjusted EBITDA of Agriphar, which was approximately $41 million in 2013, (ii) Adjusted EBITDA of Goëmar, which was acquired by Arysta in the first quarter of 2014, which was approximately $9 million in 2013 and (iii) any synergies that may be achieved as a result of the combination of our AgroSolutions businesses, which we anticipate will be in the range of $60 million to $70 million annually (to be phased in over a period of three years, with an estimated 75% of such amount to be achieved by the end of year two). The June 30, 2014 Adjusted EBITDA results exclude (i) Adjusted EBITDA of Agriphar, (ii) less than six months of Adjusted EBITDA of Goëmar, and (iii) the synergies described above. Arysta Adjusted EBITDA is calculated as Arysta s consolidated segment income, as set forth in the notes to Arysta s consolidated financial statements included in this prospectus.

Table of Contents

RISK FACTORS

Any investment in the Shares is speculative and involves a high degree of risk, including the risks described below. If any of the following risks actually occur, our business, financial condition and results of operations could suffer. As a result, the trading price of the Shares could decline, perhaps significantly, and you could lose all or part of your investment. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties that are currently unknown to us or that we currently consider to be immaterial may also adversely impair our business or adversely affect our financial condition or results of operations. If any of the events described in the risk factors below actually occur, our business, financial condition or results of operations could suffer significantly. The risks discussed below also include forward-looking statements and our actual results may differ substantially from those discussed in these forward-looking statements. See the section entitled Information Regarding Forward-Looking Statements.

Risks Relating to this Offering and Ownership of our Common Stock

We have numerous equity instruments outstanding that would require us to issue additional shares of common stock. Therefore, you may experience significant dilution of your ownership interests and the future issuance of additional shares of our common stock, or the anticipation of such issuances, could have an adverse effect on our stock price.

We currently have numerous equity instruments outstanding that would require us to issue additional shares of our common stock. Depending on the equity instrument, these additional shares may either be issued for no additional consideration or based on a fixed amount of additional consideration. Specifically, as of June 30, 2014, we had outstanding the following:

- 2,000,000 shares of Series A Preferred Stock held by Mariposa Acquisition, LLC and Berggruen Acquisition Holdings, IV, Ltd. (collectively, the Founder Entities) which are convertible into shares of our common stock, on a one-for-one basis, at any time at the option of the Founder Entities;

- 8,905,776 exchange rights which will require us to issue shares of our common stock for shares of common stock of Platform Delaware Holdings, Inc., a Delaware corporation (PDH), our subsidiary (the PDH Common Stock), at the option of the holder, on a one-for-one basis, at 25% per year beginning on October 31, 2014;

- 250,000 options which are exercisable to purchase shares of our common stock, on a one-for-one basis, at any time at the option of the holder;

- 362,892 shares of our common stock, which were issued to certain of our employees and directors pursuant to purchase rights under the 2013 Plan; and

- 402,323 restricted stock units (RSUs) which were granted to employees under our 2013 Plan. Each RSU represents a contingent right to receive one (1) share of our common stock.

In addition, $600 million of shares of Series B Convertible Preferred Stock are issuable upon the consummation of the Arysta Acquisition, which shares will be convertible into cash or a maximum of 22,107,590 shares of our common stock.

We also have approximately 15,136,708 shares of our common stock currently available under our 2013 Plan (subject to increase in accordance with the terms of such plan) and an additional 5,174,707 shares of our common stock currently available under our ESPP.

In addition, beginning in 2014, the holders of Series A Preferred Stock are entitled to receive dividends on the Series A Preferred Stock in the form of shares of our common stock equal to 20% of the appreciation over $10.00 of the market price for the last ten days of our calendar year, which could have a dilutive impact on and reduce the value of our outstanding common stock. We may also issue additional shares of our common stock or other securities that are convertible into or exercisable for our common stock in connection with future acquisitions, future issuances of our securities for capital raising purposes or for other business purposes. Future sales of substantial amounts of our common stock, or the perception that sales could occur, could have a material adverse effect on the price of our common stock.

We may issue preferred stock in the future, and the terms of the preferred stock may reduce the value of our common stock.

Our board of directors (the Board) is authorized to create and issue one or more additional series of preferred stock, and, with respect to each series, to determine the number of shares constituting the series and the designations and the powers, preferences and rights, and the qualifications, limitations and restrictions thereof, which may include dividend rights, conversion or exchange rights, voting rights, redemption rights and terms and liquidation preferences, without stockholder approval. If we create and issue one or more additional series of preferred stock, it could affect your rights or reduce the value of our outstanding common stock. Our Board could, without stockholder approval, issue preferred stock with voting and other rights that could adversely affect the voting power of the holders of our common stock and which could have certain anti-takeover effects.

In connection with the Arysta Acquisition, we intend to issue $600 million of new Series B Convertible Preferred Stock. Each share of Series B Convertible Preferred Stock may be converted into such number of shares of common stock of Platform as is determined by dividing a $1,000 liquidation preference by a conversion price of $27.14. The form of the certificate of designation for the Series B Preferred Stock is attached as Exhibit A to the Arysta Acquisition Agreement, which is filed as an exhibit to the registration statement of which this prospectus forms a part.

We cannot assure you that we will declare dividends or have the available cash to make dividend payments.

We have not declared or paid any dividends on the shares of our common stock (or the ordinary shares from which the shares of our common stock were converted). To the extent we intend to pay dividends on our common stock, we will pay such dividends at such times (if any) and in such amounts (if any) as our Board determines appropriate and in accordance with applicable law. Payments of such dividends will be dependent on the availability of any dividends or other distributions from our subsidiaries (including MacDermid, Agriphar, CAS, Arysta (if the Arysta Acquisition is completed) and their respective subsidiaries) to us. Additionally, we are subject to certain restrictions in our Amended and Restated Credit Agreement which may prohibit or limit our ability to pay dividends. We can therefore give no assurance that we will be able to pay dividends going forward or as to the amount of such dividends, if any.

We are governed by Delaware law, which has anti-takeover implications.

We and our organizational documents are governed by Delaware law. The application of Delaware law to us may have the effect of deterring hostile takeover attempts or a change in control. In particular, Section 203 of the Delaware General Corporation Law (DGCL) imposes certain restrictions on merger, business combinations and other transactions between us and holders of 15% or more of our common stock. A Delaware corporation may opt out of this provision either with an express provision in its original certificate of incorporation or in an amendment to its certificate of incorporation or by-laws approved by its stockholders. We have not opted out of this provision. Section 203 could prohibit or delay mergers or other takeover or change in control attempts and, accordingly, may discourage attempts to acquire us.

We operate as a holding company and our principal source of operating cash is income received from our subsidiaries.

We are a holding company and do not have any material assets or operations other than ownership of equity interests of our subsidiaries. Our operations are conducted almost entirely through our subsidiaries, and our ability to generate cash to meet our obligations or to pay dividends is highly dependent on the earnings of, and receipt of funds from, our subsidiaries through dividends or intercompany loans. As a result, we are dependent on the income generated by our subsidiaries to meet our expenses and operating cash requirements. The amount of distributions and dividends, if any,

which may be paid from our subsidiaries to us will depend on many factors, including results of operations and financial condition, limits on dividends under applicable law, its constitutional documents, documents governing any indebtedness of the respective subsidiary, and other factors which may be outside our control. If our subsidiaries are unable to generate sufficient cash flow, we may be unable to pay our expenses or make distributions and dividends on the shares of common stock.

Table of Contents

Volatility of our stock price could adversely affect our stockholders.

The market price of our common stock could also fluctuate significantly as a result of:

- quarterly variations in our operating results;
- interest rate changes;
- changes in the market s expectations about our operating results;
- our operating results failing to meet the expectation of management, securities analysts or investors in a particular period;
- changes in financial estimates and recommendations by securities analysts concerning our company or our industry in general;
- operating and securities price performance of companies that investors deem comparable to us;
- news reports and publication of research reports relating to our business or trends in our markets;
- changes in laws and regulations affecting our businesses;
- announcements or strategic developments, acquisitions and other material events by us or our competitors;
- sales of substantial amounts of common stock by our directors, executive officers or significant stockholders or the perception that such sales could occur;
- adverse market reaction to any additional debt we incur in the future;
- the failure to identify and complete acquisitions in the future or unexpected difficulties or developments related to the integration of recently completed or future acquisitions;
- actions by institutional stockholders;

- general economic and political conditions such as recessions and acts of war or terrorism; and

- the risk factors set forth in this prospectus and other matters discussed herein.

Fluctuations in the price of our common stock could contribute to the loss of all or part of a stockholder s investment in our Company. Many of the factors listed above are beyond our control. These factors may cause the market price of our common stock to decline, regardless of the financial condition, results of operations, business or prospects of us and our subsidiaries. There can be no assurance that the market price of our common stock will not fall in the future.

Future sales, or the perception of future sales, of our common stock may depress the price of our common stock.

If we sell, or any of our stockholders sells, a large number of our shares of common stock, or if we issue a large number of shares of common stock in connection with future acquisitions, financings or other circumstances, the market price of our shares of common stock could decline significantly. Moreover, the perception in the public market that we or our stockholders might sell shares of common stock could depress the market price of those shares.

We cannot predict the size of future issuances of our shares of common stock or the effect, if any, that future issuances or sales of our shares will have on the market price of such shares. Sales of substantial amounts of our shares, including sales by significant stockholders, and shares issued in connection with any additional acquisition, or the perception that such sales could occur, may adversely affect prevailing market prices for our shares of common stock. Possible sales also may make it more difficult for us to sell equity or equity-related securities in the future at a time and price we deem necessary or appropriate.

Table of Contents

Risks Relating to the Company

Our business and results of operations could be adversely affected if we fail to protect our intellectual property rights.

Our success depends to a significant degree upon our ability to protect and preserve our intellectual property rights and the rights to our proprietary processes, methods, compounds and other technology. Failure to protect our existing intellectual property rights may result in the loss of valuable technologies or in our having to pay other companies for infringing on their intellectual property rights. We rely on confidentiality agreements, licensing agreements, patent, trade secret and trademark law as well as judicial enforcement of all of the foregoing to protect such technologies and intellectual property rights.

We may be unable to prevent third parties from using our intellectual property and other proprietary information without our authorization or from independently developing intellectual property and other proprietary information that is similar to ours, particularly in countries where the laws do not protect our proprietary rights to the same degree as in the United States. Because of the differences in foreign trademark, patent and other laws concerning proprietary rights, our intellectual property rights may not receive the same degree of protection in foreign countries as they would in the United States. The use of our intellectual property and other proprietary information by others could reduce or eliminate any competitive advantages we have developed, cause us to lose sales or otherwise harm our business. If it becomes necessary for us to litigate to protect these rights, any proceedings could be burdensome and costly, and we may not prevail.

We have applied for patent protection in the United States and in foreign countries relating to certain existing and proposed products, processes and services. While we generally apply for patents in those countries where we intend to make, have made, use, or sell patented products, we may not accurately predict all of the countries where patent protection will ultimately be desirable. If we fail to timely file a patent application in any such country, we may be precluded from doing so at a later date. We also cannot assure you that the patents issuing as a result of our foreign patent applications will have the same scope of coverage as our United States patents. Our patents also may not provide us with any competitive advantage and may be challenged or invalidated by third parties. Further, our competitors may attempt to design around our patents. Our competitors may also already hold or have applied for patents in the United States or abroad that, if enforced or issued, could prevail over our patent rights or otherwise limit our ability to manufacture or sell one or more of our products in the United States or abroad. With respect to our pending patent applications, we may not be successful in securing patents for these claims. Our failure to secure these patents may limit our ability to protect inventions that these applications were intended to cover. In addition, the expiration of a patent can result in increased competition with consequent erosion of profit margins.

Competitors or other parties may, from time to time, assert issued patents or other intellectual property rights against us. If we are legally determined to infringe or violate the intellectual property rights of another party, we may have to pay damages, stop the infringing use, or attempt to obtain a license agreement with the owner of such intellectual property. Further, even if we are successful in defending our rights, such litigation could be burdensome and costly.

In some cases, we rely upon unpatented proprietary manufacturing expertise, continuing technological innovation and other trade secrets to develop and maintain our competitive position. While we generally will enter into confidentiality agreements with our employees and third parties to protect our intellectual property, our confidentiality agreements could be breached and may not provide meaningful protection for our trade secrets or proprietary manufacturing expertise. In addition, adequate remedies may not be available in the event of unauthorized use or disclosure of our trade secrets or manufacturing expertise. Violations by others of our confidentiality agreements and the loss of employees who have specialized knowledge and expertise could harm our competitive position and cause our sales

and operating results to decline as a result of increased competition.

In addition, we rely on both registered and unregistered trademarks to protect our name and brands. We cannot assure you that our trademark applications will be approved. Failure by us to adequately maintain the quality of our products and services associated with our trademarks or any loss to the distinctiveness of our trademarks may cause us to lose certain trademark protection, which could result in the loss of goodwill and brand recognition in relation to our

name and products. In addition, successful third-party challenges to the use of any of our trademarks may require us to rebrand our business or certain products or services associated therewith.

The failure of our patents, applicable intellectual property law or our confidentiality agreements to protect our intellectual property and other proprietary information, including our processes, apparatuses, technology, trade secrets, trade names and proprietary manufacturing expertise, methods and compounds, or if we are unsuccessful in our judicial enforcement proceedings, could have a material adverse effect on our competitive advantages and could have a material adverse effect on our business, results of operations and share price, and could require us to devote resources advertising and marketing these new brands. Further, we cannot assure you that competitors will not infringe our trademarks, or that we will have adequate resources to enforce our trademarks.

We may experience claims that our products infringe the intellectual property rights of others, which may cause us to incur unexpected costs or prevent us from selling our products.

We seek to improve our business processes and develop new products and applications. Many of our competitors have a substantial amount of intellectual property that we must continually monitor to avoid infringement. We cannot guarantee that we will not experience claims that our processes and products infringe issued patents (whether present or future) or other intellectual property rights belonging to others. For example, we are currently a defendant in a patent infringement claim, which has been vigorously opposed by us, relating to technology that is important to us, although we do not expect this claim to have a material adverse effect on our business, financial conditions and results of operations or reputation. From time to time, we oppose patent applications that we consider overbroad or otherwise invalid in order to maintain the ability to operate freely in our various business lines without the risk of being sued for patent infringement. If, however, patents are subsequently issued on any such applications by other parties, or if patents belonging to others already exist that cover our products, processes or technologies, we could experience claims for infringement or have to take other remedial or curative actions to continue our manufacturing and sales activities with respect to one or more products. Such actions could include payment of damages, stopping the use, obtaining licenses from these parties or substantially re-engineering our products or processes in order to avoid infringement. We may not be able to obtain the necessary licenses on acceptable terms, or at all, or be able to re-engineer our products successfully. Moreover, if we are sued for infringement and lose, we could be required to pay substantial damages or be enjoined from using or selling the infringing products or technology. Further, intellectual property litigation is expensive and time-consuming, regardless of the merits of any claim, and could divert our management s attention from operating our business.

We depend upon our information technology systems.

Our business operations could be disrupted if our information technology systems fail to perform adequately. The efficient operation of our business depends on our information technology systems, some of which are managed by third-party service providers. We rely on our information technology systems to effectively manage our business data, communications, supply chain, order entry and fulfillment, and other business processes. The failure of our information technology systems to perform as we anticipate could disrupt our business and could result in transaction errors, processing inefficiencies, and the loss of sales and customers, causing our business and results of operations to suffer. In addition, our information technology systems may be vulnerable to damage or interruption from circumstances beyond our control, including fire, natural disasters, power outages, systems failures, security breaches, cyber-attacks and viruses. Any such damage or interruption could have a material adverse effect on our business.

Our relationship with our employees could deteriorate, and certain of our key employees could leave, which could adversely affect our business and our results of operations.

Our business involves complex operations and therefore demands a management team and employee workforce that is knowledgeable and expert in many areas necessary for our operations. As a company focused on manufacturing and highly technical customer service, we rely on our ability to attract and retain skilled employees, including our specialized research and development and sales and service personnel, to maintain our efficient production processes, to drive innovation in our product offerings and to maintain our deep customer relationships. As of June 30, 2014, we employed approximately 1,900 full-time employees, approximately 950 of whom were members of our research and development and sales and service teams. The departure of a significant number of our highly skilled employees or of

one or more employees who hold key regional management positions could have an adverse impact on our operations, including customers choosing to follow a regional manager to one of our competitors.

In addition, many of our full-time employees are employed outside the United States. In certain jurisdictions where we operate, particularly Brazil, France, Germany, Italy and Japan, labor and employment laws are relatively stringent and, in many cases, grant significant job protection to certain employees, including rights on termination of employment. In addition, in certain countries where we operate, our employees are members of unions or are represented by a works council as required by law. We are often required to consult and seek the consent or advice of these unions and works councils. These laws, coupled with the requirement to consult with the relevant unions or works councils, could adversely affect our flexibility in managing costs and responding to market changes and could limit our ability to access the skilled employees on which our business depends.

The due diligence undertaken in connection with the MacDermid Acquisition, the Agriphar Acquisition or the CAS Acquisition may not have revealed all relevant considerations or liabilities of MacDermid, Agriphar or CAS, which could have a material adverse effect on our financial condition or results of operations.

There can be no assurance that the due diligence undertaken by us in connection with the MacDermid Acquisition, the Agriphar Acquisition or the CAS Acquisition has revealed all relevant facts that may be necessary to evaluate such acquisitions. Furthermore, the information provided during due diligence may have been incomplete or inadequate. As part of the due diligence process, we have also made subjective judgments regarding the operations, financial condition and prospects of MacDermid, Agriphar or CAS. If the due diligence investigation has failed to correctly identify material issues and liabilities that may be present in MacDermid, Agriphar or CAS, or if we consider any identified material risks to be commercially acceptable relative to the opportunity, we may incur substantial impairment charges or other losses following either the MacDermid Acquisition, the Agriphar Acquisition or the CAS Acquisition. In addition, we may be subject to significant, previously undisclosed liabilities of MacDermid, Agriphar or CAS that were not identified during due diligence and which could contribute to poor operational performance and have a material adverse effect on our financial condition and results of operations.

Conditions in the global economy may directly adversely affect our net sales, gross profit and financial condition and may result in delays or reductions in our spending that could have a material adverse effect on our results of operations, prospects and share price.

Our products are sold in industries that are sensitive to changes in general economic conditions, including the metals and plastics finishings, electronics, oil production and drilling and graphic arts industries. Accordingly, our net sales, gross profit and financial condition depend significantly on general economic conditions and the demand for our specialty chemical products and services in the markets in which we compete. Delays or reductions in our customers chemical products purchasing that result from economic downturns would reduce demand for our products and services and could, consequently, have a material adverse effect on our results of operations, prospects and share price.

Our net sales and gross profit have varied depending on our product, customer and geographic mix for any given period, which makes it difficult to forecast future operating results.

Our net sales and gross profit vary among our products and customer groups and markets, and therefore may be different in future periods from historic or current periods. Overall gross profit margins in any given period are dependent in large part on the product, customer and geographic mix reflected in that period s net sales. Market trends, competitive pressures, commoditization of products, increased component or shipping costs, regulatory conditions and other factors may result in reductions in revenue or pressure on the gross profit margins of certain segments in a given

period. Given the nature of our business, the impact of these factors on our business and results of operations will likely vary from period to period and from product to product. For example, a change in market trends that results in a decline in demand for high margin products will have a disproportionately greater adverse effect on our gross profits for that period. The varying nature of our product, customer and geographic mix between periods therefore has materially impacted our net sales and gross profit between periods during certain recessionary times and may lead to difficulties in measuring the potential impact of market, regulatory and other factors on our business. As a result, we may be challenged in our ability to forecast our future operating results. Further, potential future business acquisitions can compound the difficulty in making comparisons between prior, current and future periods because acquisitions and divestitures, which are not ordinary course events, also affect our gross profit margins and our overall operating results.

Table of Contents

Our business is significantly influenced by trends and characteristics in the specialty chemical industry and the printing industry.

We believe that the specialty chemical industry and the printing industry are cyclical and subject to constant and rapid technological change, product obsolescence, price erosion, evolving standards, short product life-cycles, raw material price fluctuations and changes in product supply and demand. The specialty chemical industry is currently being affected by globalization and a shift in customers businesses while the printing industry is currently shrinking. The trends and characteristics in these industries may cause significant fluctuations in our results of operations and cash flows and have a material adverse effect on our financial condition.

We face intense competition, and our failure to compete successfully may have an adverse effect on our net sales, gross profit and financial condition.

Our industry is highly competitive, and most of our product lines compete against product lines from at least two competitors. We encounter competition from numerous and varied competitors in all areas of our business; however, our most significant competitors are Atotech Inc. (a division of Total S.A.), Enthone Inc. (an Alent plc company) and Rohm and Haas (a division of The Dow Chemical Company) for our Performance Materials segment and Asahi, E.I. du Pont de Nemours and Company and Flint Group for our Graphic Solutions segment. Further, in our Performance Materials segment, our products compete not only with similar products manufactured by our competitors, but also against a variety of chemical and non-chemical alternatives provided by our competitors. Industry consolidation may result in larger, more homogeneous and potentially stronger competitors in the markets in which we compete.

We compete primarily on the basis of quality, technology, performance, reliability, brand, reputation, range of products, and service and support. We expect our competitors to continue to develop and introduce new products and to enhance their existing products, which could cause a decline in market acceptance of our products. Our competitors may also improve their manufacturing processes or expand their manufacturing capacity, which could make it more difficult or expensive for us to compete successfully. In addition, our competitors could enter into exclusive arrangements with our existing or potential customers or suppliers, which could limit our ability, or make it significantly more expensive, to acquire necessary raw materials or to generate sales.

Some of our competitors may have greater financial, technical and marketing resources than we do and may be able to devote greater resources to promoting and selling certain products. Unlike many of our competitors who specialize in a single or limited number of product lines, we have a portfolio of businesses and must allocate resources across those businesses. As a result, we may invest less in certain areas of our business than our competitors invest in competing businesses, and our competitors may therefore have greater financial, technical and marketing resources available to them with respect to those businesses.

Some of our competitors may also incur fewer expenses than we do in creating, marketing and selling certain products and may face fewer risks in introducing new products to the market. This circumstance results from the nature of our business model, which is based on providing innovative and high quality products and therefore may require that we spend a proportionately greater amount on research and development than some of our competitors. If our pricing and other factors are not sufficiently competitive, or if there is an adverse reaction to our product decisions, we may lose market share in certain areas, which could adversely affect our net sales, gross profit and our prospects. Further, because many of our competitors are small divisions of large, international businesses, these competitors may have access to greater resources then we do and may therefore be better able to withstand a change in conditions within our industry and throughout the economy as a whole.

If we do not compete successfully by developing and deploying new cost effective products, processes and technologies on a timely basis and by adapting to changes in our industry and the global economy, our net sales, gross profit and financial condition could be adversely affected.

Table of Contents

Our substantial international operations subject us to risks not faced by domestic competitors, including unfavorable political, regulatory, labor, tax and economic conditions in other countries that could adversely affect our business, financial condition and results of operations.

Currently, we operate, or others operate on our behalf, facilities in over 20 countries, in addition to our operations in the United States. Historically, CAS has expanded its presence in worldwide targeted markets, such as Africa, Europe, Latin America and Middle East. Arysta s products serve a broad and diverse geographic mix, also focusing on high-growth regions such as Africa, Central and Eastern Europe, China, Latin America, the Middle East and South Asia, which collectively accounted for 68.6% of Arysta s sales in 2013.

In connection with the CAS Acquisition and the proposed Arysta Acquisition, we expect sales from international markets to represent an increasing portion of our net sales. Accordingly, our business is and will soon be subject to increasing risks related to the different legal, political, social and regulatory requirements and economic conditions of many jurisdictions. Risks inherent to our international operations include the following:

- agreements and intellectual property rights may be difficult to enforce and receivables difficult to collect through a foreign country s legal system;

- foreign customers may have increased credit risk and different financial conditions, which may necessitate longer payment cycles or result in increased bad debt write-offs or additions to reserves related to our foreign receivables;

- foreign countries may impose additional withholding taxes or otherwise tax our foreign income, impose tariffs, duties, export controls, import restrictions or adopt other restrictions on foreign trade or investment, including currency exchange controls;

- foreign exchange controls may delay, restrict or prohibit the repatriation of funds, and any restrictions on the repatriation of funds may result in adverse tax consequences and tax inefficiencies;

- U.S. export licenses may be difficult to obtain;

- the transportation of our products may be delayed or interrupted;

- fluctuations in exchange rates may affect product demand and may adversely affect the profitability in U.S. Dollars of products and services provided by us in markets where payment for our products and services is made in currencies other than the U.S. Dollar;

- general economic conditions in the countries in which we operate, including fluctuations in gross domestic product, interest rates, market demand, labor costs and other factors beyond our control, could have an

adverse effect on our net sales in those countries;

our results of operations in a particular country could be affected by political or economic instability on a country-specific or global level from various causes, including the possibility of hyperinflationary conditions, natural disasters, terrorist activities and the response to such conditions and events;

we may experience difficulties in staffing and managing multi-national operations, including the possibility of labor disputes abroad;

unexpected adverse changes in foreign laws or in foreign regulatory requirements may occur, including in laws or regulatory requirements pertaining to environmental, health and safety and affecting export and import duties and quotas;

global sales of our products involve various interactions with government agencies and officials around the world (either as customers or as regulators, such as environmental agencies, tax authorities, customs authorities), some of which may occur in jurisdictions with high corruption risk profiles;

we engage with third parties who may interact with government agencies and officials on our behalf or in relation to our business, sometimes in jurisdictions with high corruption risk profiles;

restrictions imposed by the United States and the European Union relating to economic interests in Russia and Ukraine (as well as other countries, or related to specific designated entities and individuals) may have a negative impact on our agrochemical activities in these areas;

- compliance with a variety of foreign laws and regulations may be difficult;
- we may be subject to the risks of divergent business expectations resulting from cultural incompatibility; and
- overlap of different tax regimes may subject us to additional taxes.

Our business in emerging markets requires us to respond to rapid changes in market conditions in these countries. Our overall success as a global business depends, in part, upon our ability to succeed in different legal, regulatory, economic, social and political conditions. We cannot assure you that we will succeed in developing and implementing policies and strategies which will be effective in each location where we do business. Furthermore, any of the foregoing factors or any combination thereof could have a material adverse effect on our business, financial condition and results of operations.

We may also face difficulties managing and administering an internationally dispersed business. In particular, the management of our personnel across several countries can present logistical and managerial challenges. Additionally, international operations present challenges related to operating under different business cultures and languages. We may have to comply with unexpected changes in foreign laws and regulatory requirements, which could negatively impact our operations and ability to manage our global financial resources. Export controls or other regulatory restrictions could prevent us from shipping our products into and from some markets. Moreover, we may not be able to adequately protect our trademarks and other intellectual property overseas due to uncertainty of laws and enforcement in a number of countries relating to the protection of intellectual property rights. Changes in tax regulation and international tax treaties could significantly reduce the financial performance of our foreign operations or the magnitude of their contributions to our overall financial performance.

We have made investments in and are expanding our business into emerging markets and regions, which exposes us to certain risks.

As the regional sales mix in the Performance Materials segment has shifted from more industrialized nations towards emerging markets, we have increased our presence in emerging markets, including greater China, Southeast Asia and South America, by investing significantly in these regions. For example, we have developed state-of-the-art facilities in São Paulo, Brazil and Suzhou, China to better serve our customers and we remain focused on further increasing our presence in these markets. Furthermore, sales into Asia (excluding the non-emerging markets of Australia, Hong Kong, Japan and Singapore) and Brazil represented approximately 27% and 26% of all net sales for the year ended December 31, 2013 and the six months ended June 30, 2014, respectively. Our operations in these markets may be subject to a variety of risks including economies that may be dependent on only a few products and therefore subject to significant fluctuations, consumers with limited or fluctuating disposable income and discretionary spending on which the end users of our products depend, weak legal systems which may affect our ability to enforce our intellectual property and contractual rights, exchange controls, unstable governments and privatization, changes in customs or tax regimes, or other government actions affecting the flow of goods and currency. Accordingly, changes in any of these areas may have significant negative impacts on our financial condition and operating results.

We are exposed to fluctuations in foreign exchange rates, which may adversely affect our operating results and may significantly affect the comparability of our results between financial periods.

The results of operations and financial condition of each of our foreign operating subsidiaries are reported in the relevant local currency and then translated to U.S. Dollars for inclusion in our audited consolidated financial statements. Exchange rates between these currencies and the U.S. Dollar in recent years have fluctuated significantly

and are likely to continue to do so in the future. For the combined Successor and Predecessor 2013 Periods, an average of approximately 67% of our net sales were denominated in currencies other than the U.S. Dollar. These foreign currencies included predominantly the Brazilian Real, British Pound Sterling, Chinese Yuan, Euro, Hong Kong Dollar and Japanese Yen. A depreciation of these currencies against the U.S. Dollar will decrease the U.S. Dollar equivalent of the amounts derived from operations reported in these foreign currencies and an appreciation of these currencies will result in a corresponding increase in such amounts. From time to time we may engage in exchange rate hedging activities in an effort to mitigate the impact of exchange rate fluctuations. We cannot, however, assure you that this arrangement or any other exchange rate hedging arrangements we may enter into from time to time will be effective. If our hedging activities are not effective or if additional hedging transactions are not available, changes in currency exchange rates may have a more significant impact on our results of operations.

Table of Contents

Because we do not manage our foreign currency exposure in a manner that would eliminate the effects of changes in foreign exchange rates on our net sales, cash flows and reported amount of assets and liabilities, our financial performance can be positively or negatively impacted by changes in foreign exchange rates in any given reporting period.

Besides currency translation risks, we incur currency transaction risk whenever one of our operating subsidiaries enters into either a purchase or a sales transaction using a different currency from their functional currency. Given the volatility of exchange rates, we cannot assure you that we will be able to effectively manage our currency transaction or translation risks or that any volatility in currency exchange rates will not have an adverse effect on our financial condition or results of operations.

Failure to comply with the FCPA, and other similar anti-corruption laws, could subject us to penalties and damage our reputation.

We are subject to the Foreign Corrupt Practices Act of 1977 (the FCPA), which generally prohibits U.S. companies and their intermediaries from making corrupt payments to foreign officials for the purpose of obtaining or keeping business or otherwise obtaining favorable treatment, and requires companies to maintain certain policies and procedures. Certain of the jurisdictions in which we conduct business are at a heightened risk for corruption, extortion, bribery, pay-offs, theft and other fraudulent practices. Under the FCPA, U.S. companies may be held liable for actions taken by their strategic or local partners or representatives. If we, or our intermediaries, fail to comply with the requirements of the FCPA, or similar laws of other countries, governmental authorities in the United States or elsewhere, as applicable, could seek to impose civil and/or criminal penalties, which could damage our reputation and have a material adverse effect on our business, financial condition and results of operations.

Changes in our customers products and processes can reduce the demand for our specialty chemicals.

Our specialty chemicals are used for a broad range of applications by our customers. Changes, including technological changes, in our customers products or processes may make our specialty chemicals unnecessary, which would reduce the demand for those chemicals. We have had, and may continue to have, customers that find alternative materials or processes and therefore no longer require our products, which would have a material adverse effect on our business, financial condition and results of operations.

We generally do not have long-term contracts with the customers in our Performance Materials segment, and contracts with the customers in our Graphic Solutions segment are tied to agreed upon deliverables.

With some exceptions, our relationships with the customers in our Performance Materials segment are based primarily upon individual sales orders. As such, our customers in the Performance Materials segment could cease buying our products from us at any time, for any reason, with little or no recourse. If multiple customers, or a material customer, within this segment elected not to purchase products from us, our business prospects, financial condition and results of operations could be adversely affected.

Additionally, because many of our contracts in our Graphic Solutions segment are tied to agreed-upon deliverables, we could face increased materials and manufacturing costs or other financial liabilities that could make our Graphic Solutions products more costly to manufacture and therefore less competitive and negatively impact our financial results.

The loss of certain customers or independent, third-party distributors in either our Performance Materials or Graphic Solutions segment could adversely affect our overall sales and profitability.

In both our Performance Materials and our Graphic Solutions segment, we have customers and independent, third-party distributors, the loss of which could have a material adverse effect on our results of operations for the affected earnings periods. The principal products purchased by such customers are surface finishing chemicals in our Performance Materials segment and solid sheet printing elements in our Graphic Solutions segment.

Table of Contents

Our net sales, gross profit and financial condition could be reduced by decreases in the average selling prices of products in the specialty chemicals industry.

Decreases in the average selling prices of our products may have a material adverse effect on our net sales, gross profit and financial condition. Our ability to maintain or increase our gross profit margin will continue to be dependent, in large part, upon our ability to offset decreases in average selling prices by improving production efficiency or by shifting to higher margin chemical products. In the past, MacDermid has elected to discontinue selling certain products as a result of sustained material decreases in the selling price of its products and its inability to effectively offset such decrease through shifts in operations. If we are unable to respond effectively to decreases in the average selling prices of our products in the future, our net sales, gross profit and financial condition could be materially and adversely affected. Further, while we may elect to discontinue products that are significantly affected by such price decreases, we cannot assure you that any such discontinuation will mitigate the related declines in our financial condition.

Increases in costs or reductions in the supplies of specialty and commodity chemicals we use in our manufacturing process could materially and adversely affect our results of operations.

We use a variety of specialty and commodity chemicals in our manufacturing processes. Our manufacturing operations depend upon obtaining adequate supplies of raw materials on a timely basis. We typically purchase our major raw materials on a contract or as needed basis from outside sources. The availability and prices of raw materials may be subject to curtailment or change due to, among other things, the financial stability of our suppliers, suppliers allocations to other purchasers, interruptions in production by suppliers, new laws or regulations, changes in exchange rates and worldwide price levels. Further, in some cases, we are limited in our ability to purchase certain raw materials from other suppliers by our supply agreements which contain certain minimum purchase requirements. Additionally, we cannot assure you that, as our supply contracts expire, we will be able to renew them or, if they are terminated, that we will be able to obtain replacement supply agreements on terms favorable to us. Our results of operations could be adversely affected if we are unable to obtain adequate supplies of raw materials in a timely manner or if the costs of raw materials increase significantly.

From time to time, suppliers may extend lead times, limit supplies or increase prices due to capacity constraints or other factors. In addition, some of the raw materials that we use are derived from petrochemical-based feedstocks, and there have been historical periods of rapid and significant upward and downward movements in the prices of these feedstocks. We cannot always pass on these price increases to our customers due to competitive pricing pressure, and, even when we have been able to do so, there has historically been a time delay between increased raw material prices and our ability to increase the prices of our products. Any limitation on, or delay in, our ability to pass on any price increases could have an adverse effect on our results of operations.

We may incur material costs relating to environmental and health and safety requirements or liabilities, which could have a negative impact on our results of operations and cash flows.

As a manufacturer and distributor of specialty chemicals and systems, we are subject to extensive federal, state, local and foreign environmental, health and safety laws and regulations concerning, among other things, emissions in the air, discharges to land, surface, subsurface strata, wastewater and storm water discharges, and the generation, use, handling, storage, transportation, treatment and disposal of hazardous waste and other materials. Our operations bear the risk of violations of those laws and sanctions for violations such as clean-up and removal costs, long-term monitoring and maintenance costs, costs of waste disposal, natural resource damages and payments for property damage and personal injury. Although it is our policy to comply with such laws and regulations, it is possible that we have not been or may not be at all times in compliance with all of these requirements. Many of our products and the

AIs incorporated in our products are inherently hazardous. Moreover, our research and development, manufacturing, formulation and packaging activities involve the use of hazardous materials and the generation of hazardous waste. Furthermore, we cannot eliminate the risk of accidental contamination, discharge or injury resulting from these materials. As a result, we could in the future incur significant liabilities, including cleanup costs, fines and sanctions and third-party claims for property or natural resource damages or personal injuries.

Additionally, these requirements, and enforcement of these requirements, may become more stringent in the future. The ultimate cost of compliance with any such requirements could be material. Moreover, non-compliance

could subject us to material liabilities such as government fines or orders, criminal sanctions, third -party lawsuits, remediations and settlements, the suspension, modification or revocation of necessary permits and licenses, or the suspension of non-compliant operations. We may also be required to make significant site or operational modifications at substantial cost. Future regulatory or other developments could also restrict or eliminate the use of, or require us to make modifications to, our products, packaging, manufacturing processes and technology, which could have a significant adverse impact on our financial condition, results of operations and cash flows.

Liability under some environmental laws relating to contaminated sites can be joint and several and imposed retroactively, regardless of fault or the legality of the activities that gave rise to the contamination. Some of our manufacturing facilities have an extended history of chemical manufacturing operations or other industrial activities, and contaminants have been detected at some of our sites and offsite disposal locations. We are actively remediating certain of these properties. As of June 30, 2014, we had appropriate reserves for various environmental matters, all of which we consider to be non-material. Ultimate environmental costs are difficult to predict and may vary from current estimates and reserves, and the discovery of additional contaminants at these or other sites, the inability or failure of other liable parties to satisfy their obligations, or the imposition of additional cleanup obligations at these or other sites, or third-party claims relating thereto, could result in significant additional costs. In the past, we have incurred, and will in the future incur, significant costs and capital expenditures in complying with environmental, health and safety laws and regulations.

At any given time, we may be involved in claims, litigation, administrative proceedings, settlements and investigations of various types in a number of jurisdictions involving potential environmental liabilities, including clean-up costs associated with hazardous waste disposal sites, natural resource damages, property damage, personal injury and regulatory compliance or non-compliance, which may adversely impact our results of operations and cash flows.

Global climate change legislation could negatively impact our results of operations or limit our ability to operate our business.

We operate production facilities in several countries. In many of the countries in which we operate, legislation has been passed, or proposed legislation is being considered, to limit greenhouse gases through various means, including the capping and trading of emissions credits. Greenhouse gas regulation in the jurisdictions in which we operate could negatively impact our future results from operations through increased costs of production. We may be unable to pass such increased costs on to our customers, which may decrease our gross profit and results of operations. In addition, the potential impact of climate change regulation on our customers is highly uncertain and may also adversely affect our business.

We may be unable to respond effectively to technological changes in our industry, which could reduce the demand for our products and adversely affect our results of operations.

Our future business success will depend upon our ability to maintain and enhance our technological capabilities, develop and market products and applications that meet changing customer needs and successfully anticipate or respond to technological changes on a cost effective and timely basis. Our inability to anticipate, respond to or utilize changing technologies could have an adverse effect on our business, financial condition or results of operations.

Our substantial indebtedness may adversely affect our cash flow and our ability to operate our business and fulfill our obligations under our indebtedness.

As of result of the Incremental Amendment and the closing of the Further Amendments on November 7, 2014 in connection with the CAS Acquisition, we have (i) approximately $1,437 million outstanding under our first lien credit facility (including new term loans denominated in Euros in an aggregate of 205 million) and (ii) approximately $129 million outstanding under our revolving credit facilities (including revolving credit facility borrowings denominated in Euros in an aggregate of 55 million).

As previously discussed, we plan to fund the cash portion of the proposed Arysta Acquisition through a combination of the net proceeds of equity (including the Shares offered hereunder) or debt offerings, cash on hand, the financial arrangements and/or possible other financings. On October 20, 2014, we entered into the Debt Commitment

Table of Contents

Letter for (i) a $1.6 billion Term Facility to be incurred under the Amended and Restated Credit Agreement and (ii) a Senior Bridge Facility in an aggregate principal amount of $750 million, for the purposes of financing the Arysta Acquisition and the fees and expenses in connection therewith, on the terms and subject to the conditions set forth in the Debt Commitment Letter.

As of June 30, 2014, we had approximately $747 million of indebtedness outstanding under the first lien credit facility and there were no borrowings under our revolving credit facility, other than certain stand-by letters of credit issued in the amount of $1.0 million, which reduce the borrowings available under our revolving credit facility to approximately $49.0 million.

As of June 30, 2014, on an as adjusted basis after giving effect to the Incremental Amendment and Further Amendments as if they had occurred on such date, we had approximately $1,177 million of indebtedness outstanding under the first lien credit facility, 205 million term loans and there were no borrowings under our revolving credit facility, other than certain stand-by letters of credit issued in the amount of $1.0 million, which reduce the borrowings available under our revolving credit facility to approximately $174 million.

Our substantial indebtedness could have important consequences to you. For example, it could:

- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, dividends, research and development efforts and other general corporate purposes;
- increase the amount of our interest expense, because our borrowings are at variable rates of interest, which, if interest rates increase, would result in higher interest expense;
- increase our vulnerability to general adverse economic and industry conditions;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- limit our ability to make strategic acquisitions, introduce new technologies or exploit business opportunities; and
- place us at a competitive disadvantage compared to our competitors that have less indebtedness.

In addition, the Amended and Restated Credit Agreement governing our credit facilities contain covenants that restrict our operations. These covenants restrict, among other things, our ability to incur additional debt, grant liens, pay cash dividends, enter new lines of business, repurchase our shares of common stock, make certain investments and engage in certain merger, consolidation or asset sale transactions. These restrictions could limit our ability to plan for or react to market conditions, meet extraordinary capital needs or otherwise take actions that we believe are in our best interest. Further, a failure by us to comply with any of these covenants and restrictions could result in an event of default. Furthermore, substantially all of our domestic assets (including equity interests) secure our indebtedness

under our Amended and Restated Credit Agreement. In addition, certain of our deposit accounts are subject to account control agreements with our lenders that give them the right to assume control of the accounts upon an event of a default under our Amended and Restated Credit Agreement. If an event of default under our Amended and Restated Credit Agreement occurs and is continuing then the lenders in respect of our credit facilities (i) may request the acceleration of the related indebtedness and (ii) could foreclose on their security interests, which would have a material adverse effect on our business, results of operations and financial condition.

Our ability to borrow under revolving credit facilities depends on our level of indebtedness and our financial performance, and any deterioration in our results of operations or increase in our indebtedness could therefore have a material adverse effect on our liquidity.

Deterioration in our results of operations or an increase in our indebtedness may limit our access to borrowings under our revolving credit facilities. Under the terms of our Amended and Restated Credit Agreement, if our borrowings under our revolving credit facilities (including letter of credit borrowings) exceed 25% of the used and unused U.S. Dollar or multicurrency commitments under our revolving credit facilities in the aggregate as of the last day of any fiscal quarter, we must maintain a 6.5 to 1.0 ratio of (x) consolidated indebtedness that is secured by a first priority lien minus unrestricted cash and cash equivalents to (y) consolidated EBITDA for the four most recent fiscal quarters, subject to a right to cure.

Our ability to comply with this financial covenant depends, in part, on our financial performance and may be affected by events beyond our control. Any material deviations from our operating forecasts could require us to seek waivers or amendments of these covenants, alternative sources of financing or reductions in expenditures. We may not be able to obtain such waivers, amendments or alternative financings, or if we obtain them, they may not be on terms favorable to us.

Despite the restrictions set forth in the agreements governing our existing indebtedness, we may be able to incur substantial additional indebtedness in the future. Increases in the aggregate amount of our indebtedness may also result in our being unable to comply with the financial covenant, and our inability to borrow under the Revolving Facility as a result of such non-compliance could have an adverse effect on our cash flow and liquidity.

To service our indebtedness and other cash needs, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.

Our ability to satisfy our debt obligations and to fund any planned capital expenditures, dividends and other cash needs will depend in part upon the future financial and operating performance of our subsidiaries and upon our ability to renew or refinance borrowings. Prevailing economic conditions and financial, business, competitive, legislative, regulatory and other factors, many of which are beyond our control, will affect our ability to make these payments.

If we are unable to make payments or refinance our debt or obtain new financing under these circumstances, we may consider other options, which, if necessary, may not be effected on commercially reasonable terms or at all, including:

- sales of assets;
- sales of equity;
- reduction or delay of capital expenditures, strategic acquisitions, investments and alliances; or
- negotiations with our lenders to restructure the applicable debt.

Our business may not generate sufficient cash flow from operations and future borrowings may not be available to us in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. In such circumstances, we may need to refinance all or a portion of our indebtedness on or before maturity. We may not be able to refinance any of our debt on commercially reasonable terms or at all.

If we are unable to generate sufficient cash flow or are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants in the instruments governing our indebtedness, we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, the lenders under our revolving credit facility could elect to terminate their commitments thereunder, cease making further loans and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation. If our operating performance declines, we may in the future need to obtain waivers from the required lenders under our senior secured credit facilities to avoid being in default. If we breach our covenants under our senior secured credit

facilities and seek a waiver, we may not be able to obtain a waiver from the required lenders. If this occurs, we would be in default under our senior secured credit facilities, the lenders could exercise their rights, as described above, and we could be forced into bankruptcy or liquidation.

Chemical manufacturing is inherently hazardous and could result in accidents that disrupt our operations or expose us to significant losses or liabilities.

The hazards associated with chemical manufacturing and the related storage and transportation of raw materials, products and wastes are inherent in our operations. These hazards could lead to an interruption or suspension of operations and have a material adverse effect on the productivity and profitability of a particular manufacturing facility or on our business as a whole. These potential risks include:

- pipeline and storage tank leaks and ruptures;

Table of Contents

- explosions and fires;
- inclement weather and natural disasters;
- terrorist attacks;
- mechanical failure;
- unscheduled downtime;
- labor difficulties;
- transportation interruptions; and
- chemical spills and other discharges or releases of toxic or hazardous substances or gases.

These hazards may result in personal injury and loss of life, damage to property and contamination of the environment, which may result in a suspension of operations and the imposition of civil or criminal fines, penalties and other sanctions, cleanup costs and claims by governmental entities or third parties. We are dependent on the continued operation of our production facilities, and the loss or shutdown of operations over an extended period at our Morristown, Tennessee facility, which is our only Graphic Solutions segment sheet production facility, or any of our other major operating facilities could have a material adverse effect on our financial condition and results of operations.

Our offshore industry products are subject to the hazards inherent in the offshore oil production and drilling industry, and we may incur substantial liabilities or losses as a result of these hazards.

We produce water-based hydraulic control fluids for major oil companies and drilling contractors to be used for potentially hazardous offshore deep water production and drilling applications. Offshore deep water oil production and drilling are subject to hazards that include blowouts, explosions, fires, collisions, capsizing, sinking and damage or loss to pipeline, subsea or other facilities from severe weather conditions. These hazards could result in personal injury and loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage and suspension of operations. A catastrophic occurrence at a location where our products are used may expose us to substantial liability for personal injury, wrongful death, product liability or commercial claims. To the extent available, we maintain insurance coverage that we believe is customary in our industry. Such insurance does not, however, provide coverage for all liabilities, and we cannot assure you that our insurance coverage will be adequate to cover claims that may arise or that we will be able to maintain adequate insurance at rates we consider reasonable. The occurrence of a significant offshore deep water oil production or drilling event that results in liability to us that is not fully insured could materially and adversely affect our results of operations and financial condition.

We are not insured against all potential risks.

To the extent available, we maintain insurance coverage that we believe is customary in our industry. Such insurance does not, however, provide coverage for all liabilities, including certain hazards incidental to our business, and we cannot assure you that our insurance coverage will be adequate to cover claims that may arise or that we will be able to maintain adequate insurance at rates we consider reasonable. For example, the occurrence of a significant offshore deep water oil production or drilling event, or a significant business interruption in the operation of one or more of our facilities, could result in liability to us that is not insured and therefore could materially and adversely affect our results of operations and financial condition. In addition, our products are used in or integrated with many high-risk end products and therefore if such products were involved in a disaster or catastrophic accident, we could be involved in litigation arising out of such incidents and susceptible to significant expenses or losses.

Compliance with government regulations, or penalties for non-compliance, could prevent or increase the cost of the development, distribution and sale of our products.

We, our business, our products and our customers products are subject to regulation by many U.S. and non-U.S. supranational, national, federal, state and local governmental authorities. These regulations include customs, imports and international trade laws, export control, antitrust laws, environmental, health and safety requirements and zoning and occupancy laws that regulate manufacturers generally or govern the importation, promotion and sale of our

products, the operation of our factories and warehouse facilities and our relationship with our customers, suppliers and competitors. Our products and manufacturing processes are also subject to ongoing reviews by certain governmental authorities.

New laws and regulations may be introduced, or existing laws and regulations may be changed or may become subject to new interpretations, which could result in additional compliance costs, seizures, confiscations, recalls, monetary fines or delays that could affect us or our customers. These effects could prevent or inhibit the development, distribution and sale of our products and may harm our reputation. In addition, changes in foreign governmental, federal and state minimum wage laws and other laws relating to employee benefits could cause us to incur additional wage and benefit costs, which could negatively impact our profitability. Further, if any of the regulations to which we are subject were violated by our management, employees, suppliers, buying agents or trading companies, the costs of certain goods could increase, or we could experience delays in shipments of our goods, be subject to fines or penalties, or suffer reputational harm, which could reduce demand for our products, hurt our business and negatively impact our results of operations and share price.

Further, in some circumstances, before we may sell some of our products, governmental authorities must approve these products, our manufacturing processes and facilities. In order to obtain regulatory approval of certain new products, we must, among other things, demonstrate to the relevant authority that the product is safe and effective for its intended uses and that we are capable of manufacturing the product in accordance with current regulations. The approval process can be costly, time consuming and subject to unanticipated and significant delays and might not ultimately be successful in securing an approval.

We cannot assure you that approvals will be granted to us on a timely basis, or at all. Any delay in obtaining, or any failure to obtain or maintain, these approvals would adversely affect our ability to introduce new products and to generate revenue from those products.

We are exposed to intangible asset risk.

We have recorded intangible assets, including goodwill in connection with the MacDermid Acquisition. Goodwill represents the excess of the acquisition cost over the amount of recognized identifiable assets and liabilities. We do not amortize goodwill and other intangible assets that have indefinite useful lives; rather, goodwill and other intangible assets with indefinite useful lives are tested for impairment periodically. Indefinite-lived intangible assets are reviewed for potential impairment on an annual basis or when events or changes in circumstances indicate that indefinite-lived intangible assets might be impaired by comparing the estimated fair value of the indefinite-lived intangible assets to their carrying value. Goodwill will be tested for impairment at the reporting unit level annually, or when events or changes in circumstances indicate that goodwill might be impaired.

Obligations and expenses related to our defined benefit pension plans and other postretirement benefit plans could negatively affect our financial condition and results of operations.

We have defined benefit pension plans and other postretirement benefit plans in the United States and a number of other countries. Changes in the market value of plan assets, investment returns, discount rates, mortality rates, regulations and the rate of increase in compensation levels may affect the funded status of our plans and could cause volatility in the net periodic benefit cost, future funding requirements of the plans and the funded status of the plans. A significant increase in our obligations or future funding requirements could have a negative impact on our results of operations and cash flows for a particular period and on our financial condition.

We may not be able to finance and/or consummate future acquisitions or successfully integrate acquisitions into our business, which could result in unanticipated expenses and losses.

Part of our strategy is to grow through acquisitions. Consummating acquisitions of related businesses, or our failure to integrate such businesses successfully into our existing businesses, could result in unanticipated expenses and losses. Furthermore, we may not be able to realize any of the anticipated benefits from the acquisitions.

We anticipate that any future acquisitions we pursue as part of our business strategy may be financed through a combination of cash on hand, operating cash flow, availability under our Amended and Restated Credit Agreement and

new capital market offerings. We may not be successful in completing any equity or debt offering in order to fund our growing business, and therefore we may be required to seek a number of alternative financings. If new debt is added to current debt levels, or if we incur other liabilities, including contingent liabilities, in connection with an acquisition, the debt or liabilities could impose additional constraints and requirements on our business and financial performance, which could materially adversely affect our financial condition and operations.

In connection with our completed and future acquisitions, the process of integrating acquired operations into our existing operations may result in unforeseen operating difficulties and may require significant financial resources that would otherwise be available for the ongoing development or expansion of existing operations. Some of the risks associated with acquisitions include:

- unexpected losses of key employees or customers of the acquired company;
- conforming the acquired company s standards, processes, procedures and controls with our operations;
- coordinating new product and process development;
- hiring additional management and other critical personnel;
- negotiating with labor unions; and
- increasing the scope, geographic diversity and complexity of our operations.

In addition, we may encounter unforeseen obstacles or costs in the integration of businesses we may acquire, including the Acquisitions. Also, the presence of one or more material liabilities of an acquired company that are unknown to us at the time of acquisition may have a material adverse effect on our financial condition or results of operations.

Business disruptions could seriously harm our net sales and increase our costs and expenses.

Our worldwide operations could be subject to extraordinary events, including natural disasters, political disruptions, terrorist attacks, acts of war and other business disruptions, which could seriously harm our net sales and increase our costs and expenses. Some areas, including parts of the East Coast and Midwest of the United States, have previously experienced, and may in the future experience, major power shortages and blackouts, significant floods and strong tornadoes and other storms. These blackouts, floods and storms could cause disruptions to our operations or the operations of our suppliers, distributors, resellers or customers. Similar losses and interruptions could also be caused by earthquakes, telecommunications failures, water shortages, tsunamis, typhoons, fires, extreme weather conditions, medical epidemics and other natural or manmade disasters for which we are predominantly self-insured.

Productivity initiatives aimed at making our company more profitable and our operations more efficient are part of our strategy. We may not realize all of the anticipated benefits from the implementation of such productivity initiatives.

Our initiatives may reduce our workforce in our manufacturing, research and development, selling, technical, general and administrative functions. We cannot assure you that the assumptions underlying our decisions as to which reductions and eliminations to make as part of these operational restructuring initiatives will prove to be correct and, accordingly, we may determine that we have reduced or eliminated resources that are necessary to, or desirable for, our business. Any reduction or elimination of resources made in error could adversely affect our ability to operate or grow our business and may negatively impact our results of operations. Further, we may not realize all of the anticipated benefits from productivity initiatives in which we may engage in the future.

We are subject to litigation that could have an adverse effect upon our business, financial condition or results of operations.

We are a defendant in numerous lawsuits that result from, and are incidental to, the conduct of our business. These suits concern issues including product liability, contract disputes, labor-related matters, patent infringement, environmental proceedings, property damage and personal injury matters. For example, we are currently a defendant in a patent infringement claim, which has been vigorously opposed by us, relating to technology that is important to us, although we do not expect this claim to have a material adverse effect on our business, financial conditions, results of

operations or reputation. The ultimate resolution of such claims, proceedings and lawsuits is inherently unpredictable and, as a result, our estimates of liability, if any, are subject to change and actual results may materially differ from our estimates. If there is an unfavorable resolution of a matter, our reputation may be harmed and there could be a material adverse effect on our business, financial condition or results of operations. Moreover, we cannot assure you that we will have any or adequate insurance coverage to protect us from any adverse resolution.

We may be liable for damages based on product liability claims brought against our customers in our end use markets, and any successful claim for damages could have a material adverse effect on our financial condition or results of operations.

Many of our products provide critical performance attributes to our customers products that are sold to consumers who could potentially bring product liability suits related to such products. Our sale of these products therefore involves the risk of product liability claims. If a person were to bring a product liability suit against one of our customers, this customer may attempt to seek contribution from us. A person may also bring a product liability claim directly against us. A successful product liability claim or series of claims against us in excess of our insurance coverage for payments, for which we are not otherwise indemnified, could have a material adverse effect on our financial condition or results of operations. While we endeavor to protect ourselves from such claims and exposures in our contractual negotiations, we cannot assure you that our efforts in this regard will ultimately protect us from any such claims.

We will face new challenges, increased costs and administrative responsibilities as a public company, particularly after we are no longer an emerging growth company.

As a publicly traded company with listed equity securities, we are required to comply with certain laws, regulations and requirements, including certain provisions of the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley), certain regulations of the SEC and certain of the NYSE requirements applicable to public companies. Complying with these statutes, regulations and requirements will occupy a significant amount of the time of our Board and management and will significantly increase our costs and expenses.

We are required to:

- institute a more comprehensive compliance framework;
- update, evaluate and maintain a system of internal controls over financial reporting in compliance with the requirements of Section 404 of Sarbanes-Oxley and the related rules and regulations of the SEC;
- prepare and distribute periodic public reports in compliance with our obligations under the federal securities laws;
- revise our existing internal policies, such as those relating to disclosure controls and procedures and insider trading;

- comply with SEC rules and guidelines requiring registrants to provide their financial statements in interactive data format using eXtensible Business Reporting Language (XBRL);

- involve and retain to a greater degree outside counsel and accountants in the above activities; and

- enhance our investor relations function.

However, for as long as we are an emerging growth company as defined in the Jumpstart Our Business Startups Act of 2012 (the JOBS Act), we are permitted to, and intend to, take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies. We are an emerging growth company until the earliest of: (i) the last day of the fiscal year during which we had total annual gross revenues of $1.00 billion or more, (ii) the last day of the fiscal year following the fifth anniversary of the date of the first sale of our common stock pursuant to an effective registration statement, (iii) the date on which we have, during the previous 3-year period, issued more than $1.00 billion in non-convertible debt, or (iv) the date on which we are deemed a large accelerated issuer as defined under the federal securities laws. For so long as we remain an emerging growth company, we will not be required to:

- have a report from our independent registered public accounting firm on our internal control over financial reporting pursuant to Section 404(b) of Sarbanes-Oxley;

Table of Contents

comply with any requirement that may be adopted by the Public Company Accounting Oversight Board (PCAOB) regarding mandatory audit firm rotation or a supplement to the report from our independent registered public accounting firm providing additional information about the audit and the financial statements (auditor discussion and analysis);

submit certain executive compensation matters to shareholders advisory votes pursuant to the say on frequency and say on pay provisions (requiring a non-binding shareholder vote to approve compensation of certain executive officers) and the say on golden parachute provisions (requiring a non-binding shareholder vote to approve golden parachute arrangements for certain executive officers in connection with mergers and certain other business combinations) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010; and

include detailed compensation discussion and analysis in our filings under the Securities Exchange Act of 1934, as amended (the Exchange Act), and instead may provide a reduced level of disclosure concerning executive compensation.

Although we intend to rely on the exemptions provided in the JOBS Act, the exact implications of the JOBS Act for us are still subject to interpretations and guidance by the SEC and other regulatory agencies. In addition, as our business grows, we may no longer satisfy the conditions of an emerging growth company. We currently anticipate not being an emerging growth company by the end of fiscal year 2015. We are also evaluating and monitoring developments with respect to these new rules, and we cannot assure you that we will be able to take advantage of all of the benefits from the JOBS Act. In addition, we also expect that being a public company subject to these rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified executive officers and members of our Board, particularly to serve on our audit committee.

Failure to establish and maintain effective internal controls in accordance with Section 404 of Sarbanes-Oxley could have a material adverse effect on our business and share price.

As a publicly traded company, we are required to document and test our internal control procedures in order to satisfy the requirements of Section 404 of Sarbanes-Oxley, which requires, beginning with our annual report on Form 10-K for the year ending December 31, 2014, annual management assessments of the effectiveness of our internal control over financial reporting. Additionally, as of the later of the filing of such annual report and the date we are no longer an emerging growth company as defined in the JOBS Act, Section 404 of Sarbanes-Oxley will require a report by our independent registered public accounting firm that addresses the effectiveness of our internal control over financial reporting. During the course of our testing, we may identify weaknesses or deficiencies. If such weaknesses or deficiencies are not remediated in time, investors may lose confidence in the accuracy of our financial reporting, which could have a material adverse effect on the price of our common stock.

Testing and maintaining internal control can divert our management s attention from other matters that are important to the operation of our business. We also expect the regulations to increase our legal and financial compliance costs, make it more difficult to attract and retain qualified executive officers and members of our Board, particularly to serve on our audit committee, and make some activities more difficult, time-consuming and costly. We may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of Sarbanes-Oxley and, when applicable to us, our independent registered public accounting firm may not be able or willing to issue an unqualified report on the effectiveness of our internal control over financial reporting. If

we conclude that our internal control over financial reporting is not effective, we cannot be certain as to the timing of completion of our evaluation, testing and remediation actions or their effect on our operations.

In addition to taking advantage of certain exemptions from various reporting requirements listed above, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We may elect to delay such adoption of new or revised

accounting standards, and as a result, we may choose not to comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for public companies other than emerging growth companies. As a result of such election, our financial statements may not be comparable to the financial statements of companies that comply with public company effective dates of such new or revised accounting standards. We cannot predict if investors will find our common stock less attractive if we rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less attractive trading market for our common stock and our stock price may be more volatile.

Risks Related to the Acquisitions

There can be no assurance that the Arysta Acquisition will be completed.

On October 20, 2014, we signed the Arysta Acquisition Agreement to acquire Arysta in stock and cash transactions. We intend to close the Arysta Acquisition in the first quarter of 2015, subject to customary closing conditions. However, there can be no assurance that the Arysta Acquisition will be completed. The closing of this offering is not conditioned on, and is expected to be consummated before, the closing of the Arysta Acquisition.

There are a number of risks and uncertainties relating to the Arysta Acquisition. For example, the Arysta Acquisition may not be completed, or may not be completed in the time frame, on the terms or in the manner currently anticipated, as a result of a number of factors, including, among other things, the failure of one or more of the conditions to closing.

As Arysta is being acquired by a U.S. company, the Arysta Acquisition Agreement provides that prior to the closing of the Arysta Acquisition, the seller will cause Arysta to terminate all the business and operations of Arysta and its subsidiaries in or directed to certain countries subject to sanctions by the United States. We can make no assurance that Arysta will fully wind down these operations, and to the extent that it does not, the closing of the Arysta Acquisition could be delayed or may not occur at all. In addition, to the extent that any action by Arysta prior to consummation of the Arysta Acquisition is deemed to have violated applicable laws, Platform could face the risk of potential investigations or enforcement actions (including potential successor liability) related to those acts.

There can be no assurance that the conditions to closing of the Arysta Acquisition will be satisfied or waived or that other events will not intervene to delay or result in the failure to close the Arysta Acquisition. Under the terms of the Arysta Acquisition Agreement, the Arysta Acquisition is required to close no later than August 3, 2015, subject to the satisfaction or waiver of certain closing conditions. Any delay in closing or a failure to close could have a negative impact on our business and the trading price of our common stock.

The historical and unaudited pro forma financial information reflecting the CAS Acquisition and the Arysta Acquisition included in this prospectus may not be representative of our actual results as a consolidated company, and accordingly, you have limited financial information on which to evaluate the combined company and your investment decision.

We, CAS and Arysta have no prior history as a combined entity and our operations have not previously been managed on a combined basis. As a result, pro forma financial information, which was prepared in accordance with Article 11 of Regulation S-X, and historical financial statements are presented for informational purposes only and are not necessarily indicative of the financial position or results of operations that would have actually occurred had the CAS Acquisition and the proposed Arysta Acquisition been completed at or as of the dates indicated, nor is it indicative of the future operating results or financial position of the combined company. The pro forma financial information does not reflect future nonrecurring charges resulting from the CAS Acquisition and the proposed Arysta Acquisition or

future events that may occur, including restructuring activities or other costs related to the integration of CAS and/or Arysta, and does not consider potential impacts of current market conditions on revenues, expense efficiencies or asset dispositions. The pro forma financial information presented in this prospectus is based in part on certain assumptions regarding the CAS Acquisition and the proposed Arysta Acquisition that we believe are reasonable under the circumstances. However our assumptions may not prove to be accurate over time. As a result, investors should not place any undue reliance on the pro forma financial information.

Table of Contents

CAS Management s Discussion of Operations and Cash Flows and CAS combined financial statements and footnotes included elsewhere in this prospectus are not intended to be a complete discussion and presentation of the financial position or results of operations of CAS had it been a stand-alone entity.

CAS combined financial statements and footnotes have been extracted from the accounting records of Chemtura on the basis of accounting policies and procedures described below in the section entitled CAS Management s Discussion of Operations and Cash Flows Significant Accounting Policies and Critical Estimates, included in this prospectus. These financial statements and footnotes have initially been prepared to assist in Chemtura s proposed divestiture of CAS and to demonstrate CAS historical results of operations, financial position and cash flows for the indicated periods under Chemtura s management. In addition, the section entitled CAS Management s Discussion of Operations and Cash Flows, based on CAS combined financial statements, has been prepared voluntarily. This section and CAS financial statements and footnotes are not intended to be a complete discussion and presentation of the financial position or results of operations of CAS had it been a stand-alone entity. As a result, CAS historical results of operations, financial position, and cash flows, and the related discussion in the section entitled CAS Management s Discussion of Operations and Cash Flows may not be indicative of what they would actually have been had CAS been a separate stand-alone entity, nor are they indicative of what CAS results of operations, financial position and cash flows may be in the future.

Arysta Management s Discussion of Operations and Cash Flows and Arysta s financial statements and footnotes included in this prospectus were not prepared for this offering and are not indicative of what our financial position or results of operations as a consolidated company may be.

Arysta s combined financial statements and footnotes as well as Arysta Management s Discussion of Operations and Cash Flows were not prepared for this offering and are presented herein for informational purposes only. Such financial statements and footnotes and Management s Discussion of Operations and Cash Flows are not indicative of what our results of operations, financial position and cash flows may be in the future.

The due diligence undertaken in connection with the Arysta Acquisition may not have revealed all relevant considerations or liabilities of Arysta which could have a material adverse effect on our financial condition or results of operations.

There can be no assurance that the due diligence undertaken by us in connection with the Arysta Acquisition has revealed all relevant facts that may be necessary to evaluate such acquisition. Furthermore, the information provided during due diligence may have been incomplete or inadequate. As part of the due diligence process, we have also made subjective judgments regarding the results of operations, financial condition and prospects of Arysta. If the due diligence investigation has failed to correctly identify material issues and liabilities that may be present in Arysta, or if we consider any identified material risks to be commercially acceptable relative to the opportunity, we may incur substantial impairment charges or other losses following each acquisition. In addition, we may be subject to significant, previously undisclosed liabilities of Arysta that were not identified during due diligence and which could contribute to poor operational performance and have a material adverse effect on our financial condition or results of operations.

We may fail to realize the growth prospects and other benefits anticipated from any of the Acquisitions.

The success of the Agriphar Acquisition or the CAS Acquisition or, if completed, the Arysta Acquisition will depend, in part, on our ability to realize the anticipated business opportunities and growth prospects from each of these Acquisitions. We may never realize these business opportunities and growth prospects. The Agriphar Acquisition, the CAS Acquisition and, if completed, the Arysta Acquisition, as well as their related integration, will each require

significant efforts and expenditures. Our management might have its attention diverted while trying to integrate operations and corporate and administrative infrastructures and the cost of integration may exceed our expectations. We may also be required to make unanticipated capital expenditures or investments in order to maintain, improve or sustain the acquired operations or take writeoffs or impairment charges and may be subject to unanticipated or unknown liabilities relating to any of the Acquisitions. If any of these factors limit our ability to consummate the Arysta Acquisition or the integration of the respective operations of any of the Acquisitions successfully or on a timely basis, our expectations of future results of operations following any of the Acquisitions might not be met.

In addition, it is possible that the integration process could result in the disruption of ongoing businesses, tax costs or inefficiencies, or inconsistencies in standards, controls, information technology systems, procedures and policies, any of which could adversely affect our ability to achieve the anticipated benefits of the Acquisitions and could harm our financial performance.

Business relationships, including customer relationships, in our AgroSolutions business may be subject to disruption due to uncertainty associated with the Acquisitions.

Parties with which we, Agriphar, CAS or Arysta do business or may do business in the future, including customers and suppliers, may experience uncertainty associated with the Acquisitions, including with respect to current or future business relationships with us, Agriphar, CAS or Arysta, or the combined business. These business relationships may be subject to disruption as customers, suppliers and others may attempt to negotiate changes in existing business relationships or consider entering into business relationships with parties other than us, Agriphar, CAS or Arysta, or the combined business, including our competitors or those of Agriphar, CAS or Arysta. These disruptions could have a material adverse effect on the sales, operating results and financial condition of the combined business. The adverse effect of such disruptions could be exacerbated by a delay in the completion of any of the Acquisitions or termination of the related acquisition agreements.

The loss of key senior management in our AgroSolutions business could negatively affect our combined business.

Agriphar, CAS and Arysta depend on their senior management and other key personnel. It is possible that the integration process could result in the loss of key personnel from Agriphar, CAS or Arysta, which could have a material adverse effect on our financial condition or results of operations.

Upon the completion of the Arysta Acquisition, Platform expects Arysta s management teams to join Platform and remain with the combined business. However, there can be no assurance that this will be the case and the loss of any of Arysta s executive officers or other key employees could negatively affect the combined business and our financial performance.

Arysta is contesting significant tax assessments and will likely contest additional tax assessments in the future.

Arysta has a large and complex international tax profile. From time to time Arysta receives tax assessments for significant amounts from the tax authorities of the countries in which it operates, especially in Brazil. Arysta is currently contesting tax assessments in several administrative and legal proceedings, and its challenges are at various stages. If determined adversely, these proceedings may have an adverse impact on Arysta s business, results of operations, or financial condition. In addition, in some jurisdictions, challenges to tax assessments require the posting of a bond or security for the contested amount, which may reduce our flexibility in operating the Arysta business.

Arysta has, from time to time, implemented corporate reorganizations, in connection with which it has taken what it believes to be reasonable positions on tax matters. However, those positions may not be upheld if challenged by the applicable tax authorities. If those positions were successfully challenged, the resulting tax obligations could have a significant adverse effect on Arysta s cash, results of operations, and financial condition.

Arysta is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining its worldwide provision for income taxes, income taxes payable, and net deferred tax position. There are many transactions where the ultimate tax determination is uncertain. Although Arysta believes its tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different from that which is reflected in Arysta s historical financial statements. An audit or litigation can result in significant additional

income taxes payable in the jurisdictions in which Arysta operates which could have an adverse impact on its financial condition and results of operations. In addition, future changes in Arysta s mix of business activities, or in tax laws or their application with respect to matters such as transfer pricing, intra-group dividends, or a restriction in tax relief allowed on the interest on group debt (including both the deductibility of interest payments, and certain reductions or exemptions from withholding taxes), could increase Arysta s effective tax rate and adversely affect its business, results of operations and financial condition.

Table of Contents

Arysta may be unable to ensure compliance with international trade restrictions and economic sanctions laws and regulations, especially when it sells its products to distributors over which it has limited control, and failure to comply with international trade restrictions or economic sanctions laws and regulations could adversely affect its business, results of operations, and financial condition. Changes to international trade restrictions and economic sanctions laws and regulations could also adversely affect Arysta s business, results of operations, and financial condition.

Arysta has operations, assets and/or makes sales in countries all over the world, including countries that are or may become the target of the United States and other countries trade restrictions, including economic sanctions, which we refer to collectively as Economic Sanctions Laws. These Economic Sanctions Laws are complex and change with time as international relationships and confrontations between and among nations evolve. For example, the U.S. Department of the Treasury s Office of Foreign Assets Control and the U.S. State Department administer certain laws and regulations that impose penalties upon U.S. persons and, in some instances, non-U.S. entities, for conducting activities or transacting business with certain countries, governments, entities, or individuals subject to U.S. Economic Sanctions Laws. Given the breadth of Arysta s international operations and the scope of its sales globally, including via third party distributors over whom Arysta may have limited or no control, coupled with the complexity and ever-changing nature of Economic Sanctions Laws, there can be no assurance that Arysta will at all times be in full compliance. If Arysta fails to comply with Economic Sanctions Laws, actions could be taken against Arysta that could materially and adversely affect its reputation or have a material and adverse effect on its business, results of operations and financial condition.

Additionally, as Arysta is being acquired by a U.S. company, the Arysta Acquisition Agreement provides that, prior to the closing of the proposed Arysta Acquisition, the seller will cause Arysta to terminate all the business and operations of Arysta and its subsidiaries in or directed to certain countries subject to sanctions by the United States. We can make no assurance that Arysta will fully wind down these operations, and to the extent that it does not, the closing of the Arysta Acquisition could be delayed or may not occur at all. In addition, to the extent that any action by Arysta prior to the consummation of the proposed Arysta Acquisition is deemed to have violated applicable laws, Platform could face the risk of potential investigations or enforcement actions (including potential successor liability) related to those acts.

Arysta is subject to credit risks related to its accounts receivable and failure to collect its accounts receivable could adversely affect Arysta s results of operations and financial condition.

The failure to collect outstanding receivables could have an adverse impact on Arysta s business, prospects, results of operations, or financial condition. If the financial condition of its customers were to deteriorate, resulting in an impairment of their ability to make payments, then Arysta might be required to make additional allowances, which would adversely affect its results of operations in the period in which the determination or allowance was made. As of December 31, 2013, of Arysta s $742.7 million of trade receivables, $103.7 million were past due and $91.6 million were impaired, and, after giving effect to collateral and Arysta s allowance for doubtful accounts, Arysta had exposure of $622.0 million.

While Arysta occasionally obtains letters of credit or other security for payment from customers or distributors, enforcing that security is a lengthy and expensive process and the eventual sale of the security may not ultimately cover the underlying trade receivable balance. Accordingly, Arysta is not protected against accounts receivable default or bankruptcy by these entities. The current economic climate and volatility in the price of the underlying agricultural commodities could increase the likelihood of such defaults and bankruptcies. If a material portion of Arysta s customers or distributors were to become insolvent or otherwise were not able to satisfy their obligations to it, Arysta would be materially harmed.

Arysta has a substantial amount of intangible assets, which could become impaired in the future and require appropriate accounting adjustments.

Goodwill and other intangible assets, which are comprised primarily of product registration rights, collectively amount to 45.7% and 48.9% of Arysta s total consolidated assets as of December 31, 2013 and June 30, 2014, respectively. Arysta has recorded significant impairments of intangible assets in the past, and it may be required to do so again in the future. Some of the developments which could cause Arysta to recognize impairment of goodwill or

other intangible assets include the failure of a particular business to achieve its expected results of operations, the failure of an acquisition to perform as expected, or the strengthening of the currency in which goodwill or another intangible asset has been recorded. Although the recording of such impairments does not trigger an immediate cash impact, it could have a material adverse impact on Arysta s results of operations and financial condition.

Arysta s intellectual property rights and proprietary rights will be integral to our AgroSolutions business. If we are unable to protect Arysta s intellectual property rights and proprietary rights, our AgroSolutions business could be adversely affected.

Arysta relies to a significant extent on trade secrets, trademarks, data exclusivity, and exclusive or semi-exclusive manufacturing arrangements, as well as confidentiality agreements and other rights to protect its proprietary formulations and processes. The inability of Arysta to obtain or maintain these rights and arrangements could materially and adversely impact its business, results of operations and financial condition, and could adversely affect its competitive position.

Arysta does not have any patents in its portfolio covering the composition of matter of amicarbazone or flucarbazone, two of the AIs in its Global Value Added Portfolio. Arysta s amicarbazone and flucarbazone patents covering manufacturing processes, methods of use and combinations with other AIs or safeners or other adjuvants will expire in commercially relevant markets at various times from 2016 to 2020 for amicarbazone and from 2014 to 2022 for flucarbazone. The patents in Arysta s portfolio covering the composition of matter of fluoxastrobin, another AI in its Global Value Added Portfolio, as a single AI, will expire before the end of 2017. Arysta s patents covering combinations of fluoxastrobin with other AIs, some of which are pending applications, will expire at various times before the end of 2025.

Patents and applications under which Arysta has freedom to operate with respect to processes for making fluoxastrobin will expire before the end of 2026, and patent applications that Arysta has recently filed related to the manufacture of fluoxastrobin, will, if issued, expire before the end of 2034. As key patents expire, if Arysta is not able to achieve further differentiation of its products through patented mixtures or other means of obtaining extended patent protection, its ability to prevent competitors from developing and registering AIs in the same or similar compound class with the same or similar mode of action may be diminished which could have an adverse effect on Arysta s sales of such product.

Licensing is one way in which Arysta acquires rights to AIs and formulated products. Arysta is a party to license agreements that give it rights to third-party intellectual property that Arysta believes may be necessary or useful for its business and Arysta expects to enter into additional licenses in the future. If Arysta is unable to enter into licensing arrangements on favorable terms in the future, it may adversely affect its business. In addition, if the owners of the patents Arysta licenses do not properly maintain or enforce the patents underlying such licenses, Arysta s competitive position and business prospects could be harmed. Without protection for the intellectual property Arysta licenses, other companies might be able to offer substantially similar or identical products for sale, which could adversely affect Arysta s competitive business position and harm its business prospects.

If Arysta fails to comply with its obligations under license agreements, the counterparties may have the right to terminate these agreements, in which event Arysta may not be able to develop, manufacture, register, or market, or may be forced to cease developing, manufacturing, registering, or marketing, any product that is covered by these agreements or may face other penalties under such agreements. Such an occurrence could materially adversely affect the value of the applicable AI or formulated products to Arysta and have an adverse effect on the business and result of operations of our future AgroSolutions business.

If Arysta fails to maintain and successfully manage its existing, or enter into new, strategic partnerships and other relationships, Arysta may not be able to expand commercial development and sales of many of its products.

Many of Arysta s products are developed orLIGN="bottom" ALIGN="right">19,649

Net income

5,324 5,324

BALANCE, September 30, 2014								
	22,049,529	$220	(281,829)	$(2,394)	$194,719	$(2)	$(104,571)	$87,972

Grants under compensation plans

207,874 1,615 (1,615)

Acquisition of treasury stock

(499,833) (3,622) (3,622)

Interest rate swap

2 2

Non-cash compensation

524 524

Net income

16,538 16,538

BALANCE ,September 30, 2015								
	22,049,529	$220	(573,788)	$(4,401)	$193,628	$	$(88,033)	$101,414

The accompanying notes are an integral part of these Consolidated Financial Statements.

Table of Contents

INTEGRATED ELECTRICAL SERVICES, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(In Thousands)

	Years Ended September 30,		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ 16,538	$ 5,324	$ (3,573)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Bad debt expense	269	170	4
Deferred financing cost amortization	316	385	286
Depreciation and amortization	2,509	2,526	2,552
Gain on sale of assets	67	218	119
Non-cash compensation expense	524	711	1,430
Impairment			1,475
Changes in operating assets and liabilities			
Accounts receivable	(15,115)	(4,137)	3,987
Inventories	2,526	3,788	2,523
Costs and estimated earnings in excess of billings on uncompleted contracts	(3,727)	(256)	(155)
Prepaid expenses and other current assets	(1,902)	2,295	670
Other non-current assets	120	592	(625)
Accounts payable and accrued expenses	6,654	39	(1,201)
Billings in excess of costs and estimated earnings on uncompleted contracts	3,313	1,176	(4,579)
Other non-current liabilities	(586)	(233)	(959)
Net cash provided by operating activities	11,506	12,598	1,954
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(2,779)	(1,982)	(444)
Proceeds from sales of property and equipment			829
Cash paid in conjunction with business combination	(3,113)		(5,155)
Net cash used in investing activities	(5,892)	(1,982)	(4,770)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings of debt	26		15,167
Repayments of debt		(3,502)	(17,042)
Purchase of treasury stock	(3,622)	(179)	(436)
Change in restricted cash			7,155
Issuance of shares through rights offering		19,650	
Net cash provided by (used in) financing activities	(3,596)	15,969	4,844

NET INCREASE IN CASH EQUIVALENTS	2,018	26,585	2,028
CASH AND CASH EQUIVALENTS, beginning of period	47,342	20,757	18,729
CASH AND CASH EQUIVALENTS, end of period	$ 49,360	$ 47,342	$ 20,757

	2015	2014	2013
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid for interest	$ 792	$ 1,149	$ 1,115
Cash paid for income taxes	$ 1,532	$ 732	$ 496

The accompanying notes are an integral part of these Consolidated Financial Statements.

Table of Contents

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

1. BUSINESS

Description of the Business

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

Communications Nationwide provider of technology infrastructure products and services to large corporations and independent businesses.

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.

Infrastructure Solutions Provider of electrical and mechanical solutions to domestic and international customers.

The words IES , the Company , we , our , and us refer to Integrated Electrical Services, Inc. and, except as otherwi specified herein, to our wholly-owned subsidiaries.

Our Communications segment is a leading provider of network infrastructure services for data centers and other mission critical environments. Services offered include the design, installation and maintenance of network infrastructure for the financial, medical, hospitality, government, high-tech manufacturing, educational and information technology industries. We also provide the design and installation of audio/visual, telephone, fire, wireless access and intrusion alarm systems as well as design/build, service and maintenance of data network systems. We perform services across the United States from our 11 offices, which include our Communications headquarters located in Tempe, Arizona, allowing for dedicated onsite maintenance teams at our customers sites.

Our Residential segment provides electrical installation services for single-family housing and multi-family apartment complexes and CATV cabling installations for residential and light commercial applications. In addition to our core electrical construction work, the Residential segment also provides services for the installation of residential solar power, smart meters, electric car charging stations and stand-by generators, both for new construction and existing residences. The Residential segment is made up of 26 locations, which include our Residential headquarters in Houston. These segment locations geographically cover, the Sun-Belt, the Western and Mid-Atlantic regions of the

United States.

Our Commercial & Industrial segment offers a broad range of expertise that enables us to provide a wide array of quality services related to electrical design, construction, and maintenance to the commercial and industrial markets. The offerings under our design services platform range from budget assistance to providing design build and LEED solutions to our end customers. These services are typically integrated with our construction services. Our construction services range from the initial planning and procurement to installation and start-up. The construction services are offered to a variety of new and remodel construction projects including transmission and distribution projects. The maintenance services offered include constant presence, critical plant shutdown, troubleshooting, emergency testing, and preventative maintenance. We provide our services for a variety of project types, including: office buildings, manufacturing facilities, data centers, chemical plants, refineries, wind farms, solar facilities and municipal infrastructure and health care facilities. The Commercial & Industrial segment consists of 19, which include our segment headquarters in Houston, Texas. These locations geographically cover Texas, Nebraska, Colorado, Oregon and the Mid-Atlantic region.

Table of Contents

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

Our Infrastructure Solutions segment provides maintenance and repair services for alternating current (AC) and direct current (DC) electric motors and generators, as well as power generating and distribution equipment; manufactures, remanufactures, and repairs industrial lifting magnets; and provides maintenance and repair services for railroad main and auxiliary generators, main alternators, and traction motors. In addition, Infrastructure Solutions manufactures and remanufactures EMD-style power assemblies for various engine types and offers premium replacement parts for power assemblies. This segment serves steel, railroad, marine, petrochemical, pulp and paper, wind energy, mining, automotive, power generation, scrap yards, and utility industries. Infrastructure Solutions is comprised of 10 locations, headquartered in Ohio. These segment locations geographically cover Alabama, Georgia, Indiana, Ohio, West Virginia, Maryland and California.

Controlling Shareholder

At September 30, 2015, Tontine Capital Partners, L.P. and its affiliates (collectively, Tontine), was the controlling shareholder of the Company s common stock. Accordingly, Tontine has the ability to exercise significant control over our affairs, including the election of directors and most actions requiring the approval of shareholders, including the approval of any potential merger or sale of all or substantially all assets or segments of the Company, or the Company itself. For a more complete discussion on our relationship with Tontine, please refer to Note 3, Controlling Shareholder in the notes to our Consolidated Financial Statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of IES and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Asset Impairment

During the fiscal years ended September 30, 2015 and 2014, the Company recorded no asset impairment charges.

During the fiscal year ended September 30, 2013, the Company recorded pretax non-cash asset impairment charges of $200 related to real estate held by our Commercial & Industrial segment. The real estate was held within a location selected for closure during 2011. This impairment was to adjust the carrying value of real estate held for sale to the estimated market value less expected selling expenses. The real estate was sold on September 30, 2013. The impairment charges are included in our net loss from discontinued operations within our Consolidated Statements of Comprehensive Income.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires the use of estimates and assumptions by management in determining the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are primarily used in our revenue recognition of construction in progress, fair value assumptions in analyzing goodwill, investments, intangible assets and long-lived asset impairments and adjustments, allowance for doubtful accounts receivable, stock-based compensation, reserves for legal matters, realizability of deferred tax assets, unrecognized tax benefits and self-insured claims liabilities and related reserves.

Table of Contents

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

Cash and Cash Equivalents

We consider all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Inventories

Inventories generally consist of raw materials, work in process, finished goods, and parts and supplies held for use in the ordinary course of business. Inventory is valued at the lower of cost or market generally using the historical average cost or first-in, first-out (FIFO) method. When circumstances dictate, we write down inventory to its estimated realizable value based on assumptions about future demand, market conditions, plans for disposal, and physical condition of the product. Where shipping and handling costs on inventory purchases are borne by us, these charges are included in inventory and charged to cost of services upon use in our projects or the providing of services.

Securities and Equity Investments

Our investments in entities where we do not have the ability to exercise significant influence are accounted for using the cost method of accounting. Each period, we evaluate whether an event or change in circumstances has occurred that may indicate an investment has been impaired. If, upon further investigation of such events, we determine the investment has suffered a decline in value that is other than temporary, we write down the investment to its estimated fair value.

Property and Equipment

Additions of property and equipment are recorded at cost, and depreciation is computed using the straight-line method over the estimated useful life of the related asset. Leasehold improvements are capitalized and depreciated over the lesser of the life of the lease or the estimated useful life of the asset.

Expenditures for repairs and maintenance are charged to expense when incurred. Expenditures for major renewals and betterments, which extend the useful lives of existing property and equipment, are capitalized and depreciated. Upon retirement or disposition of property and equipment, the capitalized cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the statements of comprehensive income in the caption (gain) loss on sale of assets.

Goodwill

Goodwill attributable to each reporting unit is tested for impairment by comparing the fair value of each reporting unit with its carrying value. These impairment tests are required to be performed at least annually. On an ongoing basis (absent any impairment indicators), we perform an impairment test annually using a measurement date of September 30. In evaluating goodwill for impairment, we have the option to first assess qualitative factors to

determine whether it is more likely than not that the fair value of a reporting unit is greater than its carrying value. If we determine that it is more likely than not that the carrying value of a reporting unit is greater than its fair value, then we perform an impairment test by calculating the fair value of the reporting unit and comparing this calculated fair value with the carrying value of the reporting unit.

We estimate the fair value of the reporting unit based on both a market approach and an income approach, using discounted estimated future cash flows. The market approach uses market multiples of enterprise value to earnings before interest, taxes, depreciation and amortization for comparable publicly traded companies. The income approach relies on significant estimates for future cash flows, projected long-term growth rates, and the weighted average cost of capital.

Table of Contents

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

Intangible Assets

Intangible assets with definite lives are amortized over their estimated useful lives based on expected economic benefit with no residual value. Customer relationships are amortized assuming gradual attrition. Intangible assets with indefinite lives are not subject to amortization. We perform a test for impairment annually, or more frequently when indicators of impairment are present.

Debt Issuance Costs

Debt issuance costs are included in other noncurrent assets and are amortized to interest expense over the scheduled maturity of the debt. Amortization expense of debt issuance costs was $317, $385 and $522, respectively, for the years ended 2015, 2014 and 2013. Remaining unamortized capitalized debt issuance costs were $1,031 and $1,158 at September 30, 2015, and September 30, 2014, respectively.

Revenue Recognition

Revenue is generally recognized once the following four criteria are met: (i) persuasive evidence of an arrangement exists, (ii) delivery of the product has occurred or services have been rendered, (iii) the price of the product or service is fixed and determinable, and (iv) collectability is reasonably assured. Costs associated with these services are recognized within the period they are incurred.

We recognize revenue on project contracts using the percentage of completion method. Project contracts generally provide that customers accept completion of progress to date and compensate us for services rendered measured in terms of units installed, hours expended or some other measure of progress. We recognize revenue on both signed contracts and change orders. A discussion of our treatment of claims and unapproved change orders is described later in this section. Percentage of completion for construction contracts is measured principally by the percentage of costs incurred and accrued to date for each contract to the estimated total cost for each contract at completion. We generally consider contracts to be substantially complete upon departure from the work site and acceptance by the customer. Contract costs include all direct material, labor and insurance costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs and depreciation costs. Changes in job performance, job conditions, estimated contract costs and profitability and final contract settlements may result in revisions to costs and income and the effects of these revisions are recognized in the period in which the revisions are determined. Provisions for total estimated losses on uncompleted contracts are made in the period in which such losses are determined. The balances billed but not paid by customers pursuant to retainage provisions in project contracts will be due upon completion of the contracts and acceptance by the customer. Based on our experience, the retention balance at each balance sheet date will be collected within the subsequent fiscal year.

Certain divisions in the Residential segment use the completed contract method of accounting because the duration of their contracts is short in nature. We recognize revenue on completed contracts when the project is complete and billable to the customer. Provisions for estimated losses on these contracts are recorded in the period such losses are

determined.

The current asset Costs and estimated earnings in excess of billings on uncompleted contracts represents revenues recognized in excess of amounts billed which management believes will generally be billed and collected within the next twelve months. Also included in this asset, from time to time, are claims and unapproved change orders which are amounts we are in the process of collecting from our customers or agencies for changes in contract specifications or design, contract change orders in dispute or unapproved as to scope and price, or other related causes of unanticipated additional contract costs. Claims are limited to costs incurred and

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

are recorded at estimated realizable value when collection is probable and can be reasonably estimated. We do not recognize profits on project costs incurred in connection with claims. Claims made by us involve negotiation and, in certain cases, litigation. Such litigation costs are expensed as incurred. As of September 30, 2015, 2014 and 2013, there were no material revenues recorded associated with any outstanding claims. The current liability Billings in excess of costs and estimated earnings on uncompleted contracts represents billings in excess of revenues recognized. Costs and estimated earnings in excess of billings on uncompleted contracts are amounts considered recoverable from customers based on different measures of performance, including achievement of specific milestones, completion of specified units or at the completion of the contract.

Accounts Receivable and Allowance for Doubtful Accounts

We record accounts receivable for all amounts billed and not collected. Generally, we do not charge interest on outstanding accounts receivable; however, from time to time we may believe it necessary to charge interest on a case by case basis. Additionally, we provide an allowance for doubtful accounts for specific accounts receivable where collection is considered doubtful as well as for general unknown collection issues based on historical trends. Accounts receivable not determined to be collectible are written off as deemed necessary in the period such determination is made. As is common in our industry, some of these receivables are in litigation or require us to exercise our contractual lien rights in order to collect. These receivables are primarily associated with a few divisions within our Commercial & Industrial segment. Certain other receivables are slow-pay in nature and require us to exercise our contractual or lien rights. We believe that our allowance for doubtful accounts is sufficient to cover uncollectible receivables as of September 30, 2015.

Comprehensive Income

Comprehensive income includes all changes in equity during a period except those resulting from investments by and distributions to stockholders.

Income Taxes

We follow the asset and liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are recorded for the future income tax consequences of temporary differences between the financial reporting and income tax bases of assets and liabilities, and are measured using enacted tax rates and laws.

We regularly evaluate valuation allowances established for deferred tax assets for which future realization is uncertain. We perform this evaluation on a quarterly basis. The estimation of required valuation allowances includes estimates of future taxable income. In assessing the realizability of deferred tax assets at September 30, 2015, we considered whether it was more likely than not that some portion of the deferred tax assets would not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. We consider the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. If actual future

taxable income is different from the estimates, our results could be affected. We have determined to fully reserve against such an occurrence.

On May 12, 2006, we had a change in ownership as defined in Internal Revenue Code Section 382. Internal Revenue Code Section 382 limits the utilization of net operating losses that existed as of the change in ownership in tax periods subsequent to the change in ownership. As such, our utilization after the change date of net operating losses in existence as of the change in ownership is subject to Internal Revenue Code Section 382 limitations for federal income taxes and some state income taxes. We have provided valuation allowances on all net operating losses where it is determined it is more likely than not that they will expire without being utilized.

Table of Contents

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

Risk-Management

We retain the risk for workers compensation, employer s liability, automobile liability, construction defects, general liability and employee group health claims, as well as pollution coverage, resulting from uninsured deductibles per accident or occurrence which are subject to annual aggregate limits. Our general liability program provides coverage for bodily injury and property damage. Losses up to the deductible amounts are accrued based upon our known claims incurred and an estimate of claims incurred but not reported. Each year, we compile our historical data pertaining to the insurance experiences and actuarially develop the ultimate loss associated with our insurance programs other than pollution coverage, which was obtained in connection with the MISCOR acquisition. We believe that the actuarial valuation provides the best estimate of the ultimate losses to be expected under these programs.

The undiscounted ultimate losses of all insurance reserves at September 30, 2015 and 2014, was $4,465 and $4,489, respectively. Based on historical payment patterns, we expect payments of undiscounted ultimate losses to be made as follows:

Year Ended September 30:	
2016	$ 1,512
2017	1,004
2018	575
2019	360
2020	183
Thereafter	831
Total	$ 4,465

We elect to discount the ultimate losses above to present value using an approximate risk-free rate over the average life of our insurance claims. For the years ended September 30, 2015 and 2014, the discount rate used was 1.4 percent and 1.8 percent, respectively. The present value of all insurance reserves for the employee group health claims, workers compensation, auto and general liability recorded at September 30, 2015 and 2014 was $4,518 and $4,560, respectively. Our employee group health claims are anticipated to be resolved within the year ended September 30, 2016.

We had letters of credit totaling $6,347 outstanding at September 30, 2015 to collateralize our high deductible insurance obligations.

Realization of Long-Lived Assets

We evaluate the recoverability of property and equipment and other long-lived assets as facts and circumstances indicate that any of those assets might be impaired. If an evaluation is required for our assets we plan to hold and use, the estimated future undiscounted cash flows associated with the asset are compared to the asset s carrying amount to determine if an impairment of such property has occurred. The effect of any impairment would be to expense the difference between the fair value of such property and its carrying value. Estimated fair values are determined based on expected future cash flows discounted at a rate we believe incorporates the time value of money, the expectations about future cash flows and an appropriate risk premium.

During the year ended September 30, 2013, we evaluated certain of our long-lived assets for impairments. The evaluation resulted in impairment charges as described above under *Asset Impairment* . For the years ended September 30, 2014 and 2015, no indicators of impairments were identified.

Table of Contents

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

Risk Concentration

Financial instruments, which potentially subject us to concentrations of credit risk, consist principally of cash deposits and accounts receivable. We grant credit, usually without collateral, to our customers, who are generally large public companies, contractors and homebuilders throughout the United States. Consequently, we are subject to potential credit risk related to changes in business and economic factors throughout the United States, specifically, within the construction, homebuilding and mission critical facility markets. However, we are entitled to payment for work performed and generally have certain lien rights in that work. Further, management believes that its contract acceptance, billing and collection policies are adequate to manage potential credit risk. We routinely maintain cash balances in financial institutions in excess of federally insured limits. We periodically assess the financial condition of these institutions where these funds are held and believe the credit risk is minimal. We maintain the majority of our cash and cash equivalents in money market mutual funds. There can be no assurance, however, that we will not be adversely affected by credit risks we face.

No single customer accounted for more than 10% of our consolidated revenues for the years ended September 30, 2015, 2014 and 2013.

Fair Value of Financial Instruments

Our financial instruments consist of cash and cash equivalents, accounts receivable, notes receivable, investments, accounts payable, a loan agreement, and an interest rate swap agreement. We believe that the carrying value of financial instruments, with the exception of our cost method investment in EnerTech Capital Partners II L.P. (Enertech), a private investment fund, in the accompanying Consolidated Balance Sheets, approximates their fair value due to their short-term nature. The carrying value of our debt approximates fair value, as debt incurs interest at a variable rate.

We estimate the fair value of our investment in EnerTech (Level 3) using quoted market prices for underlying publicly traded securities, and estimated enterprise values determined using cash flow projections and market multiples of the underlying non-public companies. For additional information, please refer to Note 6, Detail of Certain Balance Sheet Accounts *Securities and Equity Investments* *Investment in EnerTech.*

Stock-Based Compensation

We measure and record compensation expense for all share-based payment awards based on the fair value of the awards granted, net of estimated forfeitures, at the date of grant. We calculate the fair value of stock options using a binomial option pricing model. The fair value of restricted stock awards and phantom stock unit awards is determined based on the number of shares granted and the closing price of IES s common stock on the date of grant. Forfeitures are estimated at the time of grant and revised as deemed necessary. The resulting compensation expense from discretionary awards is recognized on a straight-line basis over the requisite service period, which is generally the vesting period. The cash flows resulting from the tax deductions in excess of the compensation expense recognized for

options and restricted stock (excess tax benefit) are classified as financing cash flows.

Deferred Compensation Plans

The Company maintains a rabbi trust to fund certain deferred compensation plans. The securities held by the trust are classified as trading securities. The investments are recorded at fair value and are classified as other non-current assets in the accompanying Consolidated Balance Sheets as of September 30, 2015 and 2014. The changes in fair values are recorded as unrealized gains (losses) as a component of other income (expense) in the Consolidated Statements of Comprehensive Income.

Table of Contents

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

The corresponding deferred compensation liability is included in other non-current liabilities on the Consolidated Balance Sheets and changes in this obligation are recognized as adjustments to compensation expense in the period in which they are determined.

New Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (ASU 2014-09), a comprehensive new revenue recognition standard which will supersede previous existing revenue recognition guidance. The standard creates a five-step model for revenue recognition that requires companies to exercise judgment when considering contract terms and relevant facts and circumstances. The standard also requires expanded disclosures surrounding revenue recognition. The effective date will be the first quarter of our fiscal year ended September 30, 2019. The standard allows for either full retrospective or modified retrospective adoption. We are currently evaluating the impact of the adoption of this standard on our consolidated financial statements. We have not yet selected a transition method or determined the effect ASU 2014-09 will have on our ongoing financial reporting.

In April 2015, the FASB issued ASU No. 2015-03, Interest Imputation Of Interest: Simplifying the Presentation of Debt Issuance Costs (ASU 2015-03), which requires that debt issuance costs be presented as a direct deduction from the carrying amount of the related debt liability, consistent with the presentation of debt discounts. Prior to the issuance of ASU 2015-03, debt issuance costs were required to be presented as other assets, separate from the related debt liability. ASU 2015-03 does not change the recognition and measurement requirements for debt issuance costs. In August 2015, the FASB issued an update (ASU 2015-15) to address revolving lines of credit which may not have outstanding balances. This update allows an entity presenting the cost of securing a revolving line of credit as an asset, regardless of whether a balance is outstanding. The standard is effective for fiscal years beginning after December 15, 2015 on a retrospective basis. The adoption of this update is not expected to have a material impact on our results of operations, financial position or cash flows.

In September 2015, the FASB issued ASU No. 2015-16, Business Combinations (Topic 805), Simplifying the Accounting for Measurement- Period Adjustments (ASU 2015-16), which eliminates the requirement that an acquirer in a business combination account for measurement-period adjustments retrospectively. Instead, an acquirer will recognize a measurement-period adjustment during the period in which it determines the amount of the adjustment, including the effect on earnings of any amounts it would have recorded in previous periods if the accounting had been completed at the acquisition date. The update is effective for fiscal years beginning after December 15, 2015 on a retrospective basis. The adoption of this update is not expected to have a material impact on our results of operations, financial position or cash flows.

In November 2015, the FASB issued amended guidance that clarifies that in a classified statement of financial position, an entity shall classify deferred tax liabilities and assets as noncurrent amounts. The new guidance supersedes ASC 740-10-45-5 which required the valuation allowance for a particular tax jurisdiction be allocated between current and noncurrent deferred tax assets for that tax jurisdiction on a pro rata basis. The new standard will become effective for our fiscal year beginning October 1, 2017. We are currently assessing the timing of adoption, but

the adoption of this update is not expected to have a material impact on our results of operations, financial position or cash flows.

3. CONTROLLING SHAREHOLDER

At September 30, 2015, Tontine was the controlling shareholder of the Company s common stock. Accordingly, Tontine has the ability to exercise significant control over our affairs, including the election of directors and most actions requiring the approval of shareholders.

Table of Contents

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

While Tontine is subject to restrictions under federal securities laws on sales of its shares as an affiliate, in 2013, the Company filed a shelf registration statement pursuant to a registration rights agreement to register certain of Tontine s shares. The shelf registration statement was declared effective by the SEC on June 18, 2013. As long as the shelf registration statement remains effective, Tontine has the ability to resell any or all of its registered shares from time to time in one or more offerings, as described in the shelf registration statement and in any prospectus supplement filed in connection with an offering pursuant to the shelf registration statement.

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, as defined by Internal Revenue Code Section 382, could reduce the availability of net operating losses (NOLs) for federal and state income tax purposes. On January 28, 2013, the Company implemented a tax benefit protection plan (the NOL Rights Plan) that is designed to deter an acquisition of the Company s stock in excess of a threshold amount that could trigger a change of control within the meaning of Internal Revenue Code Section 382. For additional information on the NOL Rights Plan please see our Current Report on Form 8-K, filed with the SEC on January 28, 2013. There can be no assurance that the NOL Rights Plan will be effective in deterring a change of control or protecting the NOLs. Furthermore, a change in control would trigger the change of control provisions in a number of our material agreements, including our 2012 Credit Facility, bonding agreements with our sureties and our severance arrangements.

David B. Gendell has served as a member of the Board of Directors since February 2012 and as the Company s non-executive Chairman of the Board since January, 2015. Mr. Gendell, who is the brother of Jeffrey Gendell, the founder and managing member of Tontine, is also an employee of Tontine.

James M. Lindstrom served as Chief Executive Officer and President of the Company from October 3, 2011 until January 16, 2015. Mr. Lindstrom was an employee of Tontine from 2006 until October 2011.

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	Estimated Useful Lives in Years	Years Ended September 30,	
		2015	2014
Land	N/A	$ 936	$ 889
Buildings	5-20	4,120	3,582
Transportation equipment	3-5	1,320	1,263
Machinery and equipment	3-10	9,586	7,362
Leasehold improvements	5-10	2,314	2,312
Information systems	2-8	15,800	15,624

Furniture and fixtures	5-7	790	689
		$ 34,866	$ 31,721
Less Accumulated depreciation and amortization		(23,212)	(21,739)
Construction in Progress		29	206
Property and equipment, net		$ 11,683	$ 10,188

Depreciation and amortization expense from continuing operations was $2,509, $2,526 and $2,552, respectively, for the years ended September 30, 2015, 2014 and 2013.

60

Table of Contents

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

5. PER SHARE INFORMATION

Basic earnings per share is calculated as income (loss) available to common stockholders, divided by the weighted average number of common shares outstanding during the period. If the effect is dilutive, participating securities are included in the computation of basic earnings per share. Our participating securities do not have a contractual obligation to share in the losses in any given period. As a result, these participating securities will not be allocated any losses in the periods of net losses, but will be allocated income in the periods of net income using the two-class method.

The following table reconciles the components of the basic and diluted loss per share for the years ended September 30, 2015, 2014 and 2013:

	Years Ended September 30,		
	2015	2014	2013
Numerator:			
Net income (loss) from continuing operations attributable to common shareholders	$ 16,792	$ 5,500	$ (2,178)
Net income from continuing operations attributable to restricted shareholders	85	22	
Net income (loss) from continuing operations	$ 16,877	$ 5,522	$ (2,178)
Net loss from discontinued operations attributable to common shareholders	$ (339)	$ (198)	$ (1,395)
Net loss from discontinued operations	$ (339)	$ (198)	$ (1,395)
Net income (loss) attributable to common shareholders	$ 16,453	$ 5,302	$ (3,573)
Net income attributable to restricted shareholders	85	22	
Net income (loss)	$ 16,538	$ 5,324	$ (3,573)
Denominator:			
Weighted average common shares outstanding basic	21,480,622	18,417,564	15,460,424
Effect of dilutive stock options and non-vested restricted stock	45,566	55,856	
	21,526,188	18,473,420	15,460,424

Weighted average common and common equivalent shares outstanding diluted						
Basic income (loss) per share:						
Basic income (loss) per share from continuing operations	$	0.79	$	0.30	$	(0.14)
Basic loss per share from discontinued operations	$	(0.02)	$	(0.01)	$	(0.09)
Basic income (loss) per share	$	0.77	$	0.29	$	(0.23)
Diluted income (loss) per share:						
Diluted income (loss) per share from continuing operations	$	0.79	$	0.30	$	(0.14)
Diluted loss per share from discontinued operations	$	(0.02)	$	(0.01)	$	(0.09)
Diluted income (loss) per share	$	0.77	$	0.29	$	(0.23)

On August 7, 2014, we completed a rights offering of common stock to our stockholders at a subscription price that was lower than the market price of our common stock at closing of the offering. For information on the rights offering, please see Note 11 Stockholders Equity. The rights offering was deemed to contain a bonus element that is similar to a stock dividend requiring us to adjust the weighted average number of common shares used to calculate basic and diluted earnings per share in prior periods retrospectively by a factor of 1.0340 . Weighted average shares for the year ended September 30, 2013 prior to giving effect to the rights offering were 14,952,054.

Table of Contents

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

6. DETAIL OF CERTAIN BALANCE SHEET ACCOUNTS

Activity in our allowance for doubtful accounts on accounts and long-term receivables consists of the following:

	Years Ended September 30, 2015	2014
Balance at beginning of period	$ 780	$ 980
Additions to costs and expenses	416	170
Deductions for uncollectible receivables written off, net of recoveries	(354)	(370)
Balance at end of period	$ 842	$ 780

Accounts payable and accrued expenses consist of the following:

	Years Ended September 30, 2015	2014
Accounts payable, trade	$ 47,033	$ 38,639
Accrued compensation and benefits	22,527	22,076
Accrued insurance liabilities	4,518	4,560
Other accrued expenses	8,832	8,757
	$ 82,910	$ 74,032

Contracts in progress are as follows:

	Years Ended September 30, 2015	2014
Costs incurred on contracts in progress	$ 329,942	$ 281,764
Estimated earnings	37,576	32,088
	367,518	313,852
Less Billings to date	(380,365)	(327,113)

Net contracts in progress	$ (12,847)	$ (13,261)
Costs and estimated earnings in excess of billings on uncompleted contracts	12,318	8,591
Less Billings in excess of costs and estimated earnings on uncompleted contracts	(25,165)	(21,852)
Net contracts in progress	$ (12,847)	$ (13,261)

Other non-current assets are comprised of the following:

	Years Ended September 30,	
	2015	2014
Deposits	$	$ 250
Deferred tax assets	147	298
Executive Savings Plan assets	617	625
Securities and equity investments	919	919
Other	2,332	2,375
Total	$ 4,015	$ 4,467

62

Table of Contents

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

Securities and Equity Investments

Investment in EnerTech

At September 30, 2015 and 2014, we held an investment in EnerTech Capital Partners II L.P.(EnerTech), a private investment fund. As our investment was 2.21 % of the overall ownership in EnerTech at September 30, 2015 and 2014, we account for this investment using the cost method of accounting. EnerTech s investment portfolio from time to time results in unrealized losses reflecting a possible, other-than-temporary, impairment of our investment. The carrying value of our investment in EnerTech at September 30, 2015 and 2014 was $919.

The following table presents the reconciliation of the carrying value and unrealized gains (losses) to the fair value of the investment in EnerTech as of September 30, 2015 and 2014:

	Years Ended September 30,	
	2015	2014
Carrying value	$ 919	$ 919
Unrealized gains	66	94
Fair value	$ 985	$ 1,013

At each reporting date, the Company performs an evaluation of impairment for securities to determine if any unrealized losses are other-than-temporary. For equity securities, this evaluation considers a number of factors including, but not limited to, the length of time and extent to which the fair value has been less than cost, the financial condition and near term prospects of the issuer and management s ability and intent to hold the securities until fair value recovers. The assessment of the ability and intent to hold these securities to recovery focuses on liquidity needs, asset and liability management objectives and securities portfolio objectives. Based on the results of this evaluation, we believe the unrealized gain at September 30, 2015 indicated our investment was not impaired.

In December 2014, EnerTech s general partner, with the consent of the fund s investors, extended the fund through December 31, 2015. The fund is expected to terminate on this date unless extended by the fund s valuation committee. The fund may be extended for another one-year period through December 31, 2016 with the consent of the fund s valuation committee.

7. DEBT

Debt consists of the following:

	September 30, 2015	September 30, 2014
Capital lease obligation	$ 4	$
Revolving Loan (long-term debt)	10,234	10,208
Total debt	$ 10,238	$ 10,208

At September 30, 2015, we had $22,820 available to us under the 2012 Credit Facility (as defined below), $6,918 in outstanding letters of credit with Wells Fargo and $10,234 outstanding borrowings on our Revolving Loan (as defined below). All amounts outstanding under our Revolving Loan are due and payable in 2018, upon expiration of the 2012 Credit Facility, and all amounts described as available are available without triggering our financial covenant under the 2012 Credit Facility.

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

For the years ended September 30, 2015, 2014 and 2013, we incurred interest expense of $1,130, $1,574 and $1,771, respectively.

The 2012 Revolving Credit Facility

On August 9, 2012, we entered into a Credit and Security Agreement (the Credit Agreement), for a credit facility (as amended, the 2012 Credit Facility) with Wells Fargo Bank, National Association (Wells Fargo). We have subsequently entered into three amendments to the 2012 Credit Facility and entered into an Amended and Restated Credit and Security Agreement (the Amended Credit Agreement) as of September 24, 2014, which increased the maximum revolver under the 2012 Credit Facility amount from $30 million to $60 million, and extended the maturity date by one year to August 9, 2018. In addition, under the Amended Credit Agreement, the Company eliminated its term loan facility so that borrowings that would previously have been made under the term loan facility, including borrowings for acquisitions, are now made under the revolving credit facility with terms more favorable than the term loan facility, including a lower interest rate (as described below).

The 2012 Credit Facility is guaranteed by our subsidiaries and secured by first priority liens on substantially all of our subsidiaries existing and future acquired assets, exclusive of collateral provided to our surety providers. The 2012 Credit Facility also restricts us from paying cash dividends and places limitations on our ability to repurchase our common stock.

The 2012 Credit Facility contains customary affirmative, negative and financial covenants. At September 30, 2015, we were subject to the financial covenant under the 2012 Credit Facility requiring, at any time that our Liquidity (the aggregate amount of unrestricted cash and cash equivalents on hand plus Excess Availability, as defined in the Amended Credit Agreement) is less than $20 million or our Excess Availability is less than $5 million, that we maintain a Fixed Charge Coverage Ratio of not less than 1.0:1.0. At September 30, 2015, our Liquidity was $72,180 and our Excess Availability was $22,820, and as such, we were not required to maintain a Fixed Charge Coverage Ratio of 1.0:1.0 as of such date. Nonetheless, at September 30, 2015, our Fixed Charge Coverage Ratio was 4.0:1.0. Compliance with our Fixed Charge Coverage Ratio, while not required at September 30, 2015, provides us with the ability to use cash on hand or to draw on our 2012 Credit Facility such that we can fall below the Excess Availability and Liquidity minimum thresholds described above without violating our financial covenant.

Our Fixed Charge Coverage Ratio is calculated as (i) our trailing twelve month EBITDA (as defined in the Amended Credit Amendment), less non-financed capital expenditures (other than capital expenditures financed by means of an advance under the 2012 Credit Facility), cash taxes and certain pass-through tax liabilities, divided by (ii) the sum of our cash interest and principal debt payments (other than repayment of principal on advances under the Amended Credit Amendment) and all Restricted Junior Payments (as defined in the Amended Credit Amendment) (other than pass-through tax liabilities) and other cash distributions. As defined in the 2012 Credit Facility, EBITDA is calculated as consolidated net income (or loss), less extraordinary gains, interest income, non-operating income and income tax benefits and decreases in any change in LIFO reserves, plus stock compensation expense, non-cash extraordinary losses, interest expense, income taxes, depreciation and amortization and increases in any change in LIFO reserves.

If in the future our Liquidity or Excess Availability fall below $20 million or $5 million, respectively, and at that time our Fixed Charge Coverage Ratio is less than 1.0:1.0, or if we otherwise fail to perform or otherwise comply with certain of our covenants or other agreements under our 2012 Credit Facility, it would result in an event of default under our 2012 Credit Facility, which could result in some or all of our indebtedness becoming immediately due and payable.

Table of Contents

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

Borrowings under the 2012 Credit Facility may not exceed a borrowing base that is determined monthly by our lenders based on available collateral, primarily certain accounts receivables, inventories and personal property and equipment. Under the terms of the 2012 Credit Facility, amounts outstanding bear interest at a per annum rate equal to a Daily Three Month LIBOR (as defined in the Credit Agreement), plus an interest rate margin, which is determined quarterly, based on the following thresholds:

Level	Thresholds	Interest Rate Margin
I	Liquidity ≤ $20,000 at any time during the period; or Excess Availability ≤ $7,500 at any time during the period; or Fixed charge coverage ratio < 1.0:1.0	3.00 percentage points
II	Liquidity > $20,000 at all times during the period; and Liquidity ≤ $30,000 at any time during the period; and Excess Availability $7,500; and Fixed charge coverage ratio ≤ 1.0:1.0	2.50 percentage points
III	Liquidity > $30,000 at all times during the period; and Excess Availability > $7,500; and Fixed charge coverage ratio ≤ 1.0:1.0	2.00 percentage points

In addition, we are charged monthly in arrears for (1) an unused commitment fee of 0.50% per annum, (2) a collateral monitoring fee ranging from $1 thousand to $2 thousand, based on the then-applicable interest rate margin, (3) a letter of credit fee based on the then-applicable interest rate margin and (4) certain other fees and charges as specified in the Amended Credit Agreement.

At September 30, 2015, the carrying value of amounts outstanding on our Revolving Loan approximated fair value, as debt incurs interest at a variable rate. The fair value of the debt is classified as a level 2 measurement.

8. LEASES

We enter into operating leases for many of our facilities, vehicle and equipment needs. These leases allow us to retain cash, and we pay a monthly lease rental fee. At the end of the lease, we have no further obligation to the lessor. We may cancel or terminate a lease before the end of its term. Typically, we would be liable to the lessor for various lease cancellation or termination costs and the difference between the fair market value of the leased asset and the implied book value of the leased asset as calculated in accordance with the lease agreement.

For a discussion of leases with certain related parties which are included below, see Note 12, Related-Party Transactions.

Rent expense was $5,295, $5,300 and $3,764 for the years ended September 30, 2015, 2014 and 2013, respectively.

Future minimum lease payments under these non-cancelable operating leases with terms in excess of one year are as follows:

Year Ended September 30:	
2016	$ 6,634
2017	5,163
2018	2,830
2019	1,597
2020	787
Thereafter	65
Total	$ 17,076

Table of Contents

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

9. INCOME TAXES

Federal and state income tax provisions for continuing operations are as follows:

	Years Ended September 30,		
	2015	2014	2013
Federal:			
Current	$ 417	$ 183	$
Deferred	(564)	182	
State:			
Current	729	554	363
Deferred	79	(171)	(37)
	$ 661	$ 748	$ 326

Actual income tax expense differs from income tax expense computed by applying the U.S. federal statutory corporate rate of 35 percent to income (loss) before income taxes is as follows:

	Years Ended September 30,		
	2015	2014	2013
Provision (benefit) at the statutory rate	$ 6,139	$ 2,195	$ (648)
Increase resulting from:			
Alternative minimum tax	417		
Non-deductible expenses	753	563	1,269
Long-lived assets	69		
State income taxes, net of federal deduction	937	544	377
Contingent tax liabilities	51		
Other	54		29
Decrease resulting from:			
Change in valuation allowance	(7,034)	(2,547)	(651)
Valuation allowance adjustment - acquisitions	(725)		
Contingent tax liabilities		(1)	(50)
Other		(6)	
	$ 661	$ 748	$ 326

Table of Contents

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

Deferred income tax provisions result from temporary differences in the recognition of income and expenses for financial reporting purposes and for income tax purposes. The income tax effects of these temporary differences, representing deferred income tax assets and liabilities, result principally from the following:

	Years Ended September 30,	
	2015	2014
Deferred income tax assets:		
Allowance for doubtful accounts	$ 322	$ 295
Accrued expenses	9,186	8,171
Net operating loss carryforward	99,610	107,072
Various reserves	1,169	1,363
Equity losses in affiliate	200	200
Share-based compensation	573	419
Capital loss carryforward	222	3,976
Intangible assets	413	1,071
Other	1,744	1,268
Subtotal	113,439	123,835
Less valuation allowance	111,211	121,878
Total deferred income tax assets	$ 2,228	$ 1,957
Deferred income tax liabilities:		
Property and equipment	$ 599	$ 608
Intangible assets	1,084	827
Other	343	219
Total deferred income tax liabilities	2,026	1,654
Net deferred income tax assets (liabilities)	$ 202	$ 303

In 2015, the valuation allowance on our deferred tax assets decreased by $10,667. This decrease consisted of $7,034 through the income statement, expiration of capital losses of $3,641, and acquisition purchase accounting of $725, offset by other increases of $733.

In 2002, we adopted a tax accounting method change that allowed us to deduct goodwill for income tax purposes that had previously been classified as non-deductible. The accounting method change resulted in additional amortizable tax basis in goodwill. We believe the realization of the additional tax basis in goodwill is not more likely than not and

have not recorded a deferred tax asset. Although a deferred tax asset has not been recorded through September 30, 2015, we have derived a cumulative cash tax reduction of $11,487 from the change in tax accounting method and the subsequent amortization of the additional tax goodwill. In addition, the amortization of the additional tax goodwill has resulted in additional federal net operating loss carry forwards of $142,052 and state net operating loss carry forwards of $12,320. We believe the realization of the additional net operating loss carry forwards is not more likely than not and have not recorded a deferred tax asset. We have zero tax basis in additional tax goodwill that will be amortized during the year ended September 30, 2016.

As of September 30, 2015, we had available approximately $439,029 of federal net tax operating loss carry forward for federal income tax purposes, including $142,052 resulting from the additional amortization of tax goodwill. This carry forward, which may provide future tax benefits, will begin to expire in 2022. On May 12, 2006, we had a change in ownership as defined in Internal Revenue Code Section 382. As such, our utilization

Table of Contents

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

after the change date of our net operating loss in existence as of the change of control date was subject to Section 382 limitations for federal income taxes and some state income taxes. The annual limitation under Section 382 on the utilization of federal net operating losses was approximately $20,000 for the first five tax years subsequent to the change in ownership and $16,000 thereafter. Approximately $295,318 of federal net operating losses will not be subject to this limitation. Also, after applying the Section 382 limitation to available state net operating loss carry forwards, we had available approximately $101,515 state net tax operating loss carry forwards, including $12,320 resulting from the additional amortization of tax goodwill which begins to expire as of September 30, 2016. We have provided valuation allowances on all net operating losses where it is determined it is more likely than not that they will expire without being utilized.

In assessing the realizability of deferred tax assets at September 30, 2015, we considered whether it was more likely than not that some portion or all of the deferred tax assets will not be realized. Our realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which these temporary differences become deductible. Over the ten-year period from 2004 through 2013, the Company reported net losses each year, finally returning to profitability in the year ended September 30, 2014. Although we have recently returned to profitability, GAAP guidelines place considerably more weight on historical results and less weight on future projections and as such the cumulative pretax losses provide sufficient negative evidence to support the appropriateness of a full valuation allowance. We have provided valuation allowances of $106,530 for all federal deferred tax assets and $4,681 for certain state deferred tax assets. We believe that $777 and $135 of federal and state deferred tax assets, respectively, will be realized by offsetting reversing deferred tax liabilities. In addition, we have $899 of net state deferred tax assets that we expect will be realized, and therefore valuation allowances were not provided for these assets. We also have certain deferred tax liabilities that may not be offset by deferred tax assets, and for which we have recorded a deferred tax liability of $697. As a result, we have recorded a net deferred tax asset of $202 on our consolidated balance sheets. We will evaluate the appropriateness of our remaining deferred tax assets and valuation allowances on a quarterly basis.

As a result of the reorganization and related adjustment to the book basis in goodwill, we have tax basis in excess of book basis in amortizable goodwill of approximately $24,190. The tax basis in amortizable goodwill in excess of book basis is not reflected as a deferred tax asset. To the extent the amortization of the excess tax basis results in a cash tax benefit, the benefit will first go to reduce goodwill, then other long-term intangible assets, and then tax expense.

GAAP requires financial statement reporting of the expected future tax consequences of uncertain tax return reporting positions on the presumption that all relevant tax authorities possess full knowledge of those tax reporting positions, as well as all of the pertinent facts and circumstances, but it prohibits discounting of any of the related tax effects for the time value of money. The evaluation of a tax position is a two-step process. The first step is the recognition process to determine if it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authority, based on the technical merits of the position. The second step is a measurement process whereby a tax position that meets the more likely than not recognition threshold is calculated to determine the amount of benefit/expense to recognize in the financial statements. The tax position is measured at the largest amount of benefit/expense that is more likely than not of being realized upon ultimate settlement.

Table of Contents

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

A reconciliation of the beginning and ending balances of unrecognized tax benefit is as follows:

	Years Ended September 30,	
	2015	2014
Balance at October 1,	$ 56,079	$ 55,612
Additions for position related to current year	98	468
Additions for positions of prior years	1	2
Reduction resulting from the lapse of the applicable statutes of limitations	198	3
Reduction resulting from settlement of positions of prior years	17	
Balance at September 30,	$ 55,963	$ 56,079

As of September 30, 2015 and 2014, $55,963 and $56,079, respectively, of unrecognized tax benefits would result in a decrease in the provision for income tax expense, of which $50,581 and $50,759 for each of those years, respectively, relates to net operating loss from additional goodwill resulting from the tax accounting method change discussed above. We believe the realization of the net operating losses resulting from the tax accounting method change is not more likely than not and have not recorded a deferred tax asset. However, if we are partially or fully successful in defending our tax accounting method change we may realize a portion or all of the deferred tax asset related to this net operating loss, offset by an increase in the valuation allowance. We anticipate that approximately $6 of unrecognized tax benefits, including accrued interest, may reverse in the next twelve months. The reversal is predominately due to the expiration of the statutes of limitation for unrecognized tax benefits.

We had approximately $18 and $6 accrued for the payment of interest and penalties at September 30, 2015 and 2014, respectively. We recognize interest and penalties related to unrecognized tax benefits as part of the provision for income taxes.

We are currently not under federal audit by the Internal Revenue Service. The tax years ended September 30, 2012 and forward are subject to federal audit as are tax years prior to September 30, 2012, to the extent of unutilized net operating losses generated in those years. The tax years ended September 30, 2011 and forward are subject to state audits as are tax years prior to September 30, 2011, to the extent of unutilized net operating losses generated in those years.

The net deferred income tax assets and liabilities are comprised of the following:

	Years Ended September 30,	
	2015	2014

Current deferred income taxes:		
Assets	$ 229	$ 201
Liabilities	174	196
Net deferred tax asset, current	$ 55	$ 5
Noncurrent deferred income taxes:		
Assets	$ 1,999	$ 1,961
Liabilities	1,852	1,663
Net deferred tax asset (liability), non-current	147	298
Net deferred income tax assets (liabilities)	$ 202	$ 303

69

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

10. OPERATING SEGMENTS

We manage and measure performance of our business in four distinct operating segments: Communications, Residential, Commercial & Industrial, and Infrastructure Solutions. These segments are reflective of how the Company s Chief Operating Decision Maker (CODM) reviews operating results for the purposes of allocating resources and assessing performance. The Company s CODM is its President.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. We evaluate performance based on income from operations of the respective business units prior to the allocation of Corporate office expenses. Transactions between segments are eliminated in consolidation. Our Corporate office provides general and administrative as well as support services to our four operating segments. Management allocates costs between segments for selling, general and administrative expenses and depreciation expense.

Segment information for the years ended September 30, 2015, 2014 and 2013 is as follows:

	Years Ended September 30, 2015					
	Communications	Residential	Commercial & Industrial	Infrastructure Solutions	Corporate	Total
Revenues	$ 141,858	$ 206,307	$ 178,865	$ 46,827	$	$ 573,857
Cost of services	116,015	164,435	157,322	36,194		473,966
Gross profit	25,843	41,872	21,543	10,633		99,891
Selling, general and administrative	15,735	31,877	15,027	9,498	9,279	81,416
Gain on sale of assets	(18)	4	(11)	12		(13)
Income (loss) from operations	$ 10,126	$ 9,991	$ 6,527	$ 1,123	$ (9,279)	$ 18,488
Other data:						
Depreciation and amortization expense	$ 512	$ 485	$ 283	$ 952	$ 277	$ 2,509
Capital expenditures	675	352	391	1,197	164	2,779
Total assets	$ 49,500	$ 37,755	$ 44,156	$ 30,112	$ 65,187	$ 226,710

	Years Ended September 30, 2014			
	Communications	Residential	Corporate	Total

			Commercial & Industrial	Infrastructure Solutions		
Revenues	$ 116,073	$ 182,514	$ 166,249	$ 47,559	$	$ 512,395
Cost of services	94,904	148,685	148,081	37,599		429,269
Gross profit	21,169	33,829	18,168	9,960		83,126
Selling, general and administrative	13,481	27,947	14,479	9,346	10,318	75,571
Loss (gain) on sale of assets	6	4	(46)	(50)		(86)
Income (loss) from operations	$ 7,682	$ 5,878	$ 3,735	$ 664	$ (10,318)	$ 7,641
Other data:						
Depreciation and amortization expense	$ 414	$ 491	$ 270	$ 980	$ 371	$ 2,526
Capital expenditures	331	420	266	828	137	1,982
Total assets	$ 30,415	$ 40,555	$ 43,937	$ 27,272	$ 58,929	$ 201,108

Table of Contents

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

	Years Ended September 30, 2013					
	Communications	Residential	Commercial & Industrial	Infrastructure Solutions	Corporate	Total
Revenues	$ 126,348	$ 162,611	$ 203,481	$ 2,153	$	$ 494,593
Cost of services	102,564	135,384	187,957	1,728		427,633
Gross profit	23,784	27,227	15,524	425		66,960
Selling, general and administrative	13,610	25,447	14,362	337	12,842	66,598
Gain on sale of assets		(17)	(46)		(1)	(64)
Income (loss) from operations	$ 10,174	$ 1,797	$ 1,208	$ 88	$ (12,841)	$ 426
Other data:						
Depreciation and amortization expense	$ 372	$ 807	$ 247	$ 38	$ 1,088	$ 2,552
Capital expenditures	269	209	270	5		753
Total assets	$ 24,858	$ 36,838	$ 55,342	$ 27,889	$ 34,325	$ 179,252

11. STOCKHOLDERS EQUITY

Common Stock Rights Offering

On August 7, 2014, we completed a $20,000 rights offering (the Rights Offering). In the Rights Offering, the Company distributed, at no charge, to the holders of shares of its common stock on July 7, 2014, one non-transferable subscription right for each share of common stock owned. Each right entitled the holder thereof to purchase from the Company 0.214578135 shares of common stock at a subscription price of $5.20 per share, which represented a discount to the market price of the common stock at the closing of the offering. In addition, holders who purchased all of the shares of common stock available to them were entitled to subscribe, at the same subscription price of $5.20 per share, for a portion of any shares of common stock that other holders did not purchase, subject to certain limitations (the Over-Subscription Privilege). The Rights Offering was fully subscribed, after giving effect to the exercise of Over-Subscription Privileges, and we received net proceeds of approximately $19,649, after deducting estimated offering expenses, for the issuance of 3,846,150 shares of common stock.

Immediately after giving effect to the Rights Offering, we had 21,768,642 shares of common stock issued and outstanding. Tontine beneficially owned approximately 60% of the shares of common stock outstanding immediately prior to launch of the Rights Offering, and immediately after giving effect to the Rights Offering, Tontine beneficially owned approximately 61% of the Company s outstanding shares.

Equity Incentive Plan

The 2006 Equity Incentive Plan became effective on May 12, 2006 (as amended, the 2006 Equity Incentive Plan). The 2006 Equity Incentive Plan provides for grants of stock options as well as grants of stock, including restricted stock. This plan provided for approximately 2.0 million shares of common stock authorized for issuance under the 2006 Equity Incentive Plan, of which approximately 472,054 shares are available for issuance at September 30, 2015. The 2006 Equity Incentive Plan is due to expire in May 2016 unless prior to that time it is reauthorized pursuant to its terms and in accordance with applicable law, including shareholder and Board authorization as applicable. On December 9, 2015, the Company s Board of Directors approved an Amended and Restated 2006 Equity Incentive Plan (the Amended Plan) which would authorize an additional 1,000,000

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

shares for issuance under the plan and which would be become effective upon approval by shareholders at the Company s 2016 Annual Shareholders Meeting to be held on February 9, 2016. The terms of the Amended Plan are described further in the Company s definitive Proxy Statement for its 2016 Annual Meeting of Stockholders to be filed with the SEC no later than December 31, 2015.

Stock Repurchase Program

On February 4, 2015, our Board of Directors authorized a stock repurchase program for purchasing up to 1.0 million shares of the Company s common stock from time to time. Share purchases are made for cash in open market transactions at prevailing market prices or in privately negotiated transactions or otherwise, and on December 9, 2015, our Board of Directors authorized the repurchase of up to an additional 500,000 shares. The timing and amount of purchases under the program are determined based upon prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. All or part of the repurchases may be implemented under a Rule 10b5-1 trading plan, which allows repurchases under pre-set terms at times when the Company might otherwise be prevented from purchasing under insider trading laws or because of self-imposed blackout periods. The program does not require the Company to purchase any specific number of shares and may be modified, suspended or reinstated at any time at the Company s discretion and without notice. During the year ended September 30, 2015, pursuant the program, the Company repurchased 482,156 shares of common stock at an average of $7.22 per share for a total aggregate purchase price of $3.5 million.

Treasury Stock

During the year ended September 30, 2015, we repurchased 17,677 common shares from our employees to satisfy minimum tax withholding requirements upon the vesting of restricted stock issued under the 2006 Equity Incentive Plan. We issued 199,565 shares out of treasury stock under our share-based compensation programs for restricted and unrestricted shares granted. We issued 8,309 shares of treasury stock as payment for outstanding phantom stock units that vested upon the departure of the Company s Chairman and CEO in January 2015.

During the year ended September 30, 2014, we repurchased 36,272 common shares from our employees to satisfy minimum tax withholding requirements upon the vesting of restricted stock issued under the 2006 Equity Incentive Plan. We issued 13,500 shares out of treasury stock under our share-based compensation programs for restricted shares granted.

Restricted Stock

Restricted Stock Awards:

Fiscal	Shares Vested

Year	Shares Granted	Weighted Average Fair Value at Date of Grant		Shares Outstanding	Expense recognized through September 30, 2015
2013	12,500	5.00	8,334	4,166	61
2014	13,500	5.42	4,500	9,000	40
2015	194,000	8.51		194,000	238

Table of Contents

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

During the years ended September 30, 2015, 2014 and 2013, we recognized $290, $201, and $374, respectively, in compensation expense related to these restricted stock awards. At September 30, 2015, the unamortized compensation cost related to outstanding unvested restricted stock was $1,284. We expect to recognize $522 and $505 of this unamortized compensation expense during the years ended September 30, 2016 and 2017, respectively and $258 thereafter. A summary of restricted stock awards for the years ended September 30, 2015, 2014 and 2013 is provided in the table below:

	Years Ended September 30,		
	2015	2014	2013
Unvested at beginning of year	57,666	159,246	257,826
Granted	194,000	13,500	12,500
Vested	(44,500)	(115,080)	(111,080)
Forfeited			
Unvested at end of year	207,166	57,666	159,246

The fair value of shares vesting during the years ended September 30, 2015, 2014 and 2013 was $353, $571 and $528, respectively. Fair value was calculated as the number of shares vested times the market price of shares on the date of vesting. The weighted average grant date fair value of unvested restricted stock at September 30, 2015 was $8.31.

All the restricted shares granted under the 2006 Equity Incentive Plan (vested or unvested) participate in dividends issued to common shareholders, if any.

Phantom Stock Units

Phantom stock units (PSUs) are primarily granted to the members of the Board of Directors as part of their overall compensation. These PSUs are paid via unrestricted stock grants to each director upon their departure from the Board of Directors. We record compensation expense for the full value of the grant on the date of grant. For the years ended September 30, 2015, 2014 and 2013, we recognized $224, $243, and $295, respectively, in compensation expense related to these grants.

From time to time, PSUs are granted to employees. For the years ended September 30, 2015, 2014 and 2013, these PSUs were paid via unrestricted stock grants to each employee upon the satisfaction of the grant terms. We record compensation expense for the PSUs granted to employees over the grant vesting period. For the years ended September 30, 2015, 2014 and 2013, we recognized zero, zero, and $651, respectively, in compensation expense related to these grants.

Table of Contents

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

Stock Options

We utilized a binomial option pricing model to measure the fair value of stock options granted. Our determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by our stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, our expected stock price volatility over the term of the awards, the risk-free rate of return, and actual and projected employee stock option exercise behaviors. The expected life of stock options is not considered under the binomial option pricing model that we utilize. We did not issue stock options during the year ended September 30, 2014. The assumptions used in the fair value method calculation for the years ended September 30, 2015 and 2013 are disclosed in the following table:

	Years Ended September 30,	
	2015	2013
Weighted average value per option granted during the period	$ 3.87	$ 3.43
Dividends (1)	$	$
Stock price volatility (2)	55.6 - 57.8%	66.6%
Risk-free rate of return	1.34 - 1.48%	0.9%
Option term	10.0 years	10.0 years
Expected life	6.0 years	6.0 years
Forfeiture rate (3)	10.0%	10.0%

(1) We do not currently pay dividends on our common stock.
(2) Based upon the Company s historical volatility.
(3) Based upon the Company s historical data.

Stock-based compensation expense recognized during the period is based on the value of the portion of the share-based payment awards that is ultimately expected to vest during the period. Stock-based compensation expense recognized in the Consolidated Statements of Comprehensive Income is based on awards ultimately expected to vest. We estimate our forfeitures at the time of grant and revise, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

The following table summarizes activity under our stock option plans.

	Shares	Weighted Average Exercise Price

Outstanding, September 30, 2012	20,000	$	3.24
Options granted	150,000		5.76
Exercised			
Forfeited and Cancelled			
Outstanding, September 30, 2013	170,000	$	5.46
Options granted			
Exercised			
Forfeited and Cancelled			
Outstanding, September 30, 2014	170,000	$	5.46
Options granted	37,000		7.25
Exercised			
Forfeited and Cancelled	74,000		5.76
Outstanding, September 30, 2015	133,000	$	5.79

Table of Contents

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

The following table summarizes options outstanding and exercisable at September 30, 2015:

Exercise Prices	Outstanding as of September 30, 2015	Remaining Contractual Life in Years	Weighted-Average Exercise Price	Exercisable as of September 30, 2015	Weighted-Average Exercise Price
$3.24	20,000	5.80	$ 3.24	20,000	$ 3.24
$5.76	76,000	7.58	$ 5.76		$
$7.27	22,000	9.29	$ 7.27		$
$7.21	15,000	9.34	$ 7.21		$
	133,000		$ 5.79	20,000	$ 3.24

Our 2011 options vested over a three year period at a rate of one-third per year upon the annual anniversary date of the grant. Our 2013 and 2015 options cliff at the end of a two year period ending at the anniversary date of the grant. All options expire ten years from the grant date if they are not exercised. Upon exercise of stock options, it is our policy to first issue shares from treasury stock, then to issue new shares. Unexercised stock options expire July 2021, May 2023, January 2025 and February 2025.

During the years ended September 30, 2015, 2014 and 2013, we recognized $(45), $267 and $110, respectively, in compensation expense related to our stock option awards. The net benefit in 2015 relates to a revision in forfeiture assumptions upon the departure of the Company s Chairman and CEO in January 2015, at which time he forfeited unvested stock options. At September 30, 2015, the unamortized compensation cost related to outstanding unvested stock options was $83. We expect to recognize $65 of this unamortized compensation expense during the year ended September 30, 2016 and the remaining $18 in the year ended 2017.

The intrinsic value of stock options outstanding and exercisable was $88 and $57 at September 30, 2015 and 2014, respectively. The intrinsic value is calculated as the difference between the fair value as of the end of the period and the exercise price of the stock options.

12. RELATED-PARTY TRANSACTIONS

On September 13, 2013, we completed the acquisition of 100% of the voting equity interests of MISCOR Group, Ltd. (MISCOR). Prior to the transaction, our controlling shareholder Tontine owned approximately 49.9% of MISCOR. See Note 18, *Business Combination* , for further information.

In December 2007, we entered into a $25,000 term loan with Tontine, a related party (the Tontine Term Loan). On April 30, 2010, the Company issued a $15,000 payment towards the Tontine Term Loan, resulting in a reduction in interest expenses related to the Tontine Term Loan. On February 13, 2013, we repaid the remaining $10,000 of

principal with cash on hand and proceeds from our $5,000 term loan facility with Wells Fargo. During the years ended September 30, 2015, 2014 and 2013 we incurred interest expense of zero, zero and $410, respectively, related to the Tontine Term Loan.

We are a party to a sublease agreement with Tontine Associates, LLC, an affiliate of Tontine, for corporate office space in Greenwich, Connecticut. The lease extends through March 31, 2016, with monthly payments due in the amount of $6. The lease has terms at market rates and payments by the Company are at a rate consistent with that paid by Tontine Associates, LLC to its landlord.

Table of Contents

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

13. EMPLOYEE BENEFIT PLANS

401(k) Plan

In November 1998, we established the Integrated Electrical Services, Inc. 401(k) Retirement Savings Plan (the 401(k) Plan). All full-time IES employees are eligible to participate on the first day of the month subsequent to completing sixty days of service and attaining age twenty-one. Participants become vested in our matching contributions following three years of service. We recognized $288, $276, and $177, respectively in matching expenses in fiscal years 2015, 2014 and 2013, respectively.

Infrastructure Solutions has two 401(k) plans. The first provides for employees covered by collective bargaining agreements and has no provision for employer contributions. The second provides for employees outside collective bargaining agreements and has a provision for employer contributions. We recognized $99, $74, and $4, in matching expense in 2015, 2014 and 2013.

Executive Savings Plan

Under the Executive Deferred Compensation Plan adopted on July 1, 2004 (the Executive Savings Plan), certain employees are permitted to defer a portion (up to 75%) of their base salary and/or bonus for a Plan Year. The Human Resources and Compensation Committee of the Board of Directors may, in its sole discretion, credit one or more participants with an employer deferral (contribution) in such amount as the Committee may choose (Employer Contribution). The Employer Contribution, if any, may be a fixed dollar amount, a fixed percentage of the participant s compensation, base salary, or bonus, or a matching amount with respect to all or part of the participant s elective deferrals for such plan year, and/or any combination of the foregoing as the Committee may choose. No compensation was deferred under this plan for the years ended September 30, 2015, 2014 or 2013.

Post Retirement Benefit Plans

Certain individuals at one of the Company s locations are entitled to receive fixed annual payments that reach a maximum amount, as specified in the related agreements, for a ten year period following retirement or, in some cases, the attainment of 62 years of age. We recognize the unfunded status of the plan as a non-current liability in our Consolidated Balance Sheet. Benefits vest 50% after ten years of service, which increases by 10% per annum until benefits are fully vested after 15 years of service. We had an unfunded benefit liability of $871 and $853 recorded as of September 30, 2015 and 2014, respectively.

Multiemployer Pension Plan

Infrastructure Solutions participates in a multiemployer direct benefit pension plan for employees covered under our collective bargaining agreement. We do not administer the plan. We do not significantly participate in this plan. As of December 31, 2014, this plan was funded at 84.75%.

14. FAIR VALUE MEASUREMENTS

Fair Value Measurement Accounting

Fair value is considered the price to sell an asset, or transfer a liability, between market participants on the measurement date. Fair value measurements assume that the asset or liability is (1) exchanged in an orderly manner, (2) the exchange is in the principal market for that asset or liability, and (3) the market participants are independent, knowledgeable, able and willing to transact an exchange. Fair value accounting and reporting

Table of Contents

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

establishes a framework for measuring fair value by creating a hierarchy for observable independent market inputs and unobservable market assumptions and expands disclosures about fair value measurements. Considerable judgment is required to interpret the market data used to develop fair value estimates. As such, the estimates presented herein are not necessarily indicative of the amounts that could be realized in a current exchange. The use of different market assumptions and/or estimation methods could have a material effect on the estimated fair value.

Financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2015, are summarized in the following table by the type of inputs applicable to the fair value measurements:

	Total Fair Value	Quoted Prices (Level 1)
Executive savings plan assets	$ 617	$ 617
Executive savings plan liabilities	(504)	(504)
Total	$ 113	$ 113

Below is a description of the inputs used to value the assets summarized in the preceding table:

Level 1 Inputs represent unadjusted quoted prices for identical assets exchanged in active markets.

Level 2 Inputs include directly or indirectly observable inputs other than Level 1 inputs such as quoted prices for similar assets exchanged in active or inactive markets; quoted prices for identical assets exchanged in inactive markets; and other inputs that are considered in fair value determinations of the assets.

Level 3 Inputs include unobservable inputs used in the measurement of assets. Management is required to use its own assumptions regarding unobservable inputs because there is little, if any, market activity in the assets or related observable inputs that can be corroborated at the measurement date.

15. INVENTORY

Inventories consists of the following components:

	September 30, 2015	September 30, 2014
Raw materials	$ 1,641	$ 1,978
Work in process	2,641	2,618

Finished goods	1,199	1,819
Parts and supplies	8,496	9,633
Total inventories	$ 13,977	$ 16,048

16. GOODWILL AND INTANGIBLE ASSETS

The following is a progression of goodwill by segment for the years ended September 30, 2015, 2014 and 2013:

	Residential	Infrastructure Solutions	Total
Balance at September 30, 2013	$ 8,631	$ 5,293	$ 13,924
Purchase Accounting Adjustments		1,069	1,069
Balance at September 30, 2014	8,631	6,362	14,993
Acquisitions Note 18		2,256	2,256
Balance at September 30, 2015	$ 8,631	$ 8,618	$ 17,249

Table of Contents

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

Goodwill

During 2014, we adjusted our purchase price allocation related to the acquisition of MISCOR, resulting in net additional goodwill of $1,069 for our Infrastructure Solutions segment, which increased the segment s goodwill to $6,362, with offsetting adjustments to certain assets and liabilities of the acquired entity. This additional goodwill of $1,069 is the result of the completion of our analysis of the tax basis of the acquired property, plant and equipment, which resulted in the recording of an additional deferred tax liability of $560. Additionally, we completed our valuation of the acquired inventory, resulting in a $311 reduction in the estimated value previously attributed to work in process inventory. We also identified additional current liabilities of $198, resulting in a further increase to goodwill.

Based upon the results of our annual impairment analysis, the fair value of our Infrastructure Solutions segment exceeded the book value, and warranted no impairment. We evaluated goodwill attributable to our Residential segment qualitatively, and have concluded no impairment is indicated.

Intangible assets consist of the following:

	Estimated Useful Lives (in Years)	September 30, 2015		
		Gross Carrying Amount	Accumulated Amortization	Net
Trademarks/trade names	8 -Indefinite	$ 1,400	$ 9	$ 1,391
Technical library	20.0	400	41	359
Customer relationships	8 - 12	3,600	788	2,812
Covenants not to compete	3.0	140	121	19
Developed technology	4.0	400	258	142
Total		$ 5,940	$ 1,217	$ 4,723

	Estimated Useful Lives (in Years)	September 30, 2014		
		Gross Carrying Amount	Accumulated Amortization	Net
Trademarks/trade names	Indefinite	$ 1,200	$	$ 1,200
Technical library	20.0	400	21	379
Customer relationships	12.0	2,100	484	1,616
Covenants not to compete	3.0	140	74	66
Developed technology	4.0	400	158	242

Total	$ 4,240	$ 737	$ 3,503

For the years ended September 30, 2015, 2014 and 2013, amortization expense of intangible assets was $381, $635 and $452, respectively. Our future amortization expense for years ended September 30, is as follows:

Year Ended September 30,	
2016	$ 564
2017	469
2018	384
2019	375
2020	367
Thereafter	1,364
Total	$ 3,523

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

17. COMMITMENTS AND CONTINGENCIES

Legal Matters

From time to time we are a party to various claims, lawsuits and other legal proceedings that arise in the ordinary course of business. We maintain various insurance coverages to minimize financial risk associated with these proceedings. None of these proceedings, separately or in the aggregate, are expected to have a material adverse effect on our financial position, results of operations or cash flows. With respect to all such proceedings, we record reserves when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. We expense routine legal costs related to these proceedings as they are incurred.

The following is a discussion of our significant legal matters:

Ward Transformer Site

Private Action

In April 2009, Carolina Power and Light Company and Consolidation Coal Company filed suit in the U.S. District Court for the Eastern District of North Carolina (Western Division) against a number of entities, including one of our subsidiaries, to recover costs to remove Polychlorinated Byphenyls (PCB) contamination at Ward Transformer, an electric transformer resale and reconditioning facility located in Raleigh, North Carolina (the Private Action). Plaintiffs had been ordered under a settlement agreement with the U.S. Environmental Protection Agency (the EPA) to clean up the onsite contamination, including the groundwater underneath the facility, and were seeking to recover costs associated with the clean-up from other potentially responsible parties (PRPs). During the first quarter of fiscal year 2016, the parties to this matter reached an agreement in principle to settle the Company s exposure. The agreed upon settlement is fully reserved in our financial statements at September 30, 2015. The parties are finalizing release and settlement documentation and expect to complete this during the second quarter of fiscal 2016.

EPA Action

Contamination outside of and downstream from the Ward Transformer site is not subject to the Private Action. The EPA has not yet assessed costs for that portion of the remediation, and has not entered into any settlement agreement with any party to begin clean-up. While the costs to remediate the offsite conditions remain unknown, certain of the parties with larger exposure have agreed to undertake the clean-up. During the first quarter of fiscal year 2016, these parties agreed in principle to release several types of PRPs from liability for a nominal amount based on their limited involvement in the site. We believe the Company will be included in the settlement group and will be released from the matter for a nominal amount. Therefore, as of September 30, 2015, we had not recorded any additional reserve for this matter.

Hamilton Wage and Hour

The Company is a defendant in three wage-and-hour suits seeking class action certification that were filed between August 29, 2012 and June 24, 2013, in the U.S. District Court for the Eastern District of Texas. Each of these cases is among several others filed by Plaintiffs attorney against contractors working in the Port Arthur, Texas Motiva plant on various projects over the last few years. The claims are based on alleged failure to compensate for time spent bussing to and from a work site, donning safety wear and other activities. In a separate earlier case based on the same allegations, a federal district court ruled that the time spent traveling on the busses is not compensable. The U.S. Court of Appeals for the Fifth Circuit upheld the district court s ruling, and the U.S. Supreme Court declined to review plaintiffs appeal of the Fifth Circuit dismissal.

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

To date, no other plaintiffs have joined the suit, and the statute of limitations precludes any new claimants from seeking recovery against the Company, as the Company s employees stopped working at the project over two years ago. Due to the absence of any exposure beyond the named plaintiffs, and the limited exposure for any time spent bussing into the facility, the Company expects any payments associated with the settlement of this matter would not result in a material impact on the company s results of operations or financial position. As such, we have not recorded a reserve for this matter as of September 30, 2015.

Risk-Management

We retain the risk for workers compensation, employer s liability, automobile liability, constructions defects, general liability and employee group health claims, as well as pollution coverage, resulting from uninsured deductibles per accident or occurrence which are generally subject to annual aggregate limits. Our general liability program provides coverage for bodily injury and property damage. In many cases, we insure third parties, including general contractors, as additional insureds under our insurance policies. Losses up to the deductible amounts, or losses that are not covered under our policies, are accrued based upon our known claims incurred and an estimate of claims incurred but not reported. As a result, many of our claims are effectively self-insured. Many claims against our insurance are in the form of litigation. At September 30, 2015, we had $4,518 accrued for insurance liabilities. We are also subject to construction defect liabilities, primarily within our Residential segment. As of September 30, 2015, we had $464 reserved for these claims. Because the reserves are based on judgment and estimates, and involve variables that are inherently uncertain, such as the outcome of litigation and an assessment of insurance coverage, there can be no assurance that the ultimate liability will not be higher or lower than such estimates or that the timing of payments will not create liquidity issues for the Company.

Some of the underwriters of our casualty insurance program require us to post letters of credit as collateral. This is common in the insurance industry. To date, we have not had a situation where an underwriter has had reasonable cause to effect payment under a letter of credit. At September 30, 2015, $6,347 of our outstanding letters of credit was utilized to collateralize our insurance program.

Surety

As of September 30, 2015, the estimated cost to complete our bonded projects was approximately $85,860. We evaluate our bonding requirements on a regular basis, including the terms offered by our sureties. We believe the bonding capacity presently provided by our current sureties is adequate for our current operations and will be adequate for our operations for the foreseeable future. Posting letters of credit in favor of our sureties reduces the borrowing availability under our 2012 Credit Facility.

Other Commitments and Contingencies

Some of our customers and vendors require us to post letters of credit as a means of guaranteeing performance under our contracts and ensuring payment by us to subcontractors and vendors. If our customer has reasonable cause to

effect payment under a letter of credit, we would be required to reimburse our creditor for the letter of credit. At September 30, 2015, $571 of our outstanding letters of credit were to collateralize our vendors.

From time to time, we may enter into firm purchase commitments for materials such as copper or aluminum wire which we expect to use in the ordinary course of business. These commitments are typically for terms of less than one year and require us to buy minimum quantities of materials at specific intervals at a fixed price over the term. As of September 30, 2015, we had no such commitments.

Table of Contents

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

18. BUSINESS COMBINATIONS

Acquisition of Southern Rewinding

On May 21, 2015, our wholly-owned subsidiary Magnetech Industrial Services, Inc. (Magnetech) acquired all of the common stock and certain related real estate of Southern Industrial Sales and Services, Inc. (Southern Rewinding), a Columbus, Georgia-based motor repair and related field services company, for total consideration of $3,937. Of that amount, $3,137 was paid at closing. Additional consideration of $800 is scheduled to be paid through the period ending November, 2016, subject to Magnetech s right to hold back certain amounts in respect of seller obligations. After closing, we provided the newly-acquired entity with $1,065 of working capital. Southern Rewinding is included in our Infrastructure Solutions segment.

The Company accounted for the transaction under the acquisition method of accounting, which requires recording assets and liabilities at fair value (Level 3). The valuations derived from estimated fair value assessments and assumptions used by management are preliminary pending finalization of certain intangible asset valuations. While management believes that its preliminary estimates and assumptions underlying the valuations are reasonable, different estimates and assumptions could result in different values being assigned to individual assets acquired and liabilities assumed. This may result in adjustments to the preliminary amounts recorded. In the fourth quarter of 2016, we finalized our valuation of the deferred taxes associated with this acquisition, resulting in a deferred tax liability of $724 with a corresponding increase to goodwill, bringing total recorded goodwill associated with Southern Rewinding to $2,256. As such, we reduced a portion of our valuation allowance equal to this deferred tax liability, resulting in a reduction to income tax expense of $724. The preliminary valuation of the assets acquired and liabilities assumed as of May 21, 2015 is as follows:

Current assets	$ 1,225
Property and equipment	911
Intangible assets (primarily customer relationships)	1,700
Non-tax-deductible goodwill	2,256
Current liabilities	(1,431)
Deferred tax liability	(724)
Net assets acquired	$ 3,937

Acquisition of Assets from the Acro Group

In February 2013, the Company acquired certain assets of a group of entities operating under the name of the Acro Group. These assets are related to the sale, installation, and third-party financing of residential solar equipment. The acquisition date fair value of consideration transferred was $4,798, of which $4,185 was allocated to goodwill. At the

acquisition date, $665 of the total consideration transferred related to contingent consideration. The contingency period has elapsed, and none of the contingent consideration was ultimately paid. During the years ended September 30, 2014 and 2013, gains of $95 and $570, respectively, were recognized in Other income (expense), net, related to fair value adjustments for this contingent consideration.

Acquisition of MISCOR

On September 13, 2013 we completed the acquisition of MISCOR Group, Ltd. (MISCOR), a provider of maintenance and repair services including engine parts and components to the industrial and rail service industries. Prior to the consummation of the transaction, our controlling shareholder Tontine owned approximately 49.9% of MISCOR.

Table of Contents

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

Total consideration received by MISCOR shareholders consisted of 2,795,577 shares of IES common stock valued at $11,853, and cash totaling $4,364.

During 2014, we adjusted our purchase price allocation related to the acquisition of MISCOR, resulting in net additional goodwill of $1,069 for our Infrastructure Solutions segment, which increased the segment s goodwill to $6,362, with offsetting adjustments to certain assets and liabilities of the acquired entity. This additional goodwill of $1,069 is the result of the completion of our analysis of the tax basis of the acquired property, plant and equipment, which resulted in the recording of an additional deferred tax liability of $560. Additionally, we completed our valuation of the acquired inventory, resulting in a $311 reduction in the estimated value previously attributed to work in process inventory. We also identified additional current liabilities of $198, resulting in a further increase to goodwill.

Unaudited Pro Forma Information 2013 Acquisitions

The supplemental pro forma results of operations for the year ended September 30, 2013, as if the assets of the Acro Group had been acquired and the acquisition of MISCOR had been completed on October 1, 2011, are as follows:

	Unaudited Year Ended September 30, 2013
Revenues	$ 542,027
Net loss from continuing operations	$ (3,081)

19. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

Quarterly financial information for the years ended September 30, 2015 and 2014, are summarized as follows:

	Fiscal Year Ended September 30, 2015			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$ 136,336	$ 133,752	$ 144,082	$ 159,687
Gross profit	$ 22,704	$ 21,708	$ 25,052	$ 30,427
Net income from continuing operations	$ 3,473	$ 1,854	$ 3,962	$ 7,588
Net income (loss) from discontinued operations	$ (181)	$ (44)	$ (5)	$ (109)
Net income	$ 3,292	$ 1,810	$ 3,957	$ 7,479
Income per share from continuing operations:				
Basic	$ 0.16	$ 0.08	$ 0.19	$ 0.36

Diluted	$	0.16	$	0.08	$	0.19	$	0.36
Income (loss) per share from discontinued operations:								
Basic	$	(0.01)	$	0.00	$	0.00	$	(0.01)
Diluted	$	(0.01)	$	0.00	$	0.00	$	(0.01)
Earnings per share:								
Basic	$	0.15	$	0.08	$	0.19	$	0.35
Diluted	$	0.15	$	0.08	$	0.19	$	0.35

Table of Contents

INTEGRATED ELECTRICAL SERVICES, INC.

Notes to Consolidated Financial Statements

(All Amounts in Thousands Except Share Amounts)

The sum of the individual quarterly earnings per share amounts may not agree with year-to-date earnings per share as each period s computation is based on the weighted average number of shares outstanding during the period.

	Fiscal Year Ended September 30, 2014			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$ 120,079	$ 120,266	$ 136,192	$ 135,858
Gross profit	$ 18,116	$ 20,026	$ 22,666	$ 22,318
Net income (loss) from continuing operations	$ 265	$ 446	$ 2,795	$ 2,016
Net loss from discontinued operations	$ (141)	$ (49)	$ (122)	$ 114
Net loss	$ 124	$ 397	$ 2,673	$ 2,130
Loss per share from continuing operations:				
Basic	$ 0.01	$ 0.02	$ 0.15	$ 0.09
Diluted	$ 0.01	$ 0.02	$ 0.15	$ 0.09
Loss per share from discontinued operations:				
Basic	$ 0.00	$ 0.00	$ (0.01)	$ 0.01
Diluted	$ 0.00	$ 0.00	$ (0.01)	$ 0.01
Earnings loss per share:				
Basic	$ 0.01	$ 0.02	$ 0.14	$ 0.10
Diluted	$ 0.01	$ 0.02	$ 0.14	$ 0.10

The sum of the individual quarterly earnings per share amounts may not agree with year-to-date earnings per share as each period s computation is based on the weighted average number of shares outstanding during the period.

20. SUBSEQUENT EVENTS (UNAUDITED)

On October 2, 2015, the Company awarded certain officers, including each of its named executive officers, and key employees performance-based phantom stock units pursuant to the terms and conditions of the Integrated Electrical Services, Inc. Amended and Restated 2006 Equity Incentive Plan. Each Phantom Unit represents a contractual right in respect of one share of the Company s common stock. The Phantom Units will generally become vested, if at all, upon the achievement of certain specified performance objectives and the continued performance of services through mid-December 2018.

On October 30, 2015, a subsidiary of our Infrastructure Solutions segment acquired all of the membership interests of Calumet Armature & Electric, LLC (Calumet), an Illinois-based provider of design, manufacturing, assembly, and repair services of electric motors for the industrial and mass transit markets. Calumet will operate as a subsidiary in IES s Infrastructure Solutions segment. On November 20, 2015, a subsidiary of our Commercial & Industrial segment acquired all of the outstanding shares of stock of Shanahan Mechanical and Electrical, Inc. (Shanahan), a Nebraska-based provider of mechanical and electrical contracting services. Shanahan will operate as a subsidiary in

IES s Commercial & Industrial segment.

Table of Contents

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal controls over financial reporting that occurred during the quarter ended September 30, 2015 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Disclosure Controls and Procedures

In accordance with Exchange Act Rule 13a-15 and 15d-15, we carried out an evaluation, under the supervision and with the participation of management, including our President and our Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our President and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2015 to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission s rules and forms. Our disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our President and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management s Report on Internal Control over Financial Reporting

Management, including the Company s President and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. The Company s internal control system was designed to provide reasonable assurance to the Company s Management and Directors regarding the preparation and fair presentation of published financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an evaluation of the effectiveness of internal control over financial reporting based on the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013 framework). Based on this evaluation, management concluded that Integrated Electrical Services internal control over financial reporting was effective as of September 30, 2015.

Item 9B. ***Other Information***

On December 9, 2015, our Board of Directors authorized an increase in the number of shares the Company may repurchase from time to time under its share repurchase program. The Board authorized repurchase of up to 0.5 million shares in addition to the 1.0 million shares previously authorized for repurchase on February 4, 2015. As of September 30, 2015, the Company had repurchased 482,156 shares under the share repurchase program. Share purchases will be made for cash in open market transactions at prevailing market prices or in privately negotiated transactions or otherwise. The timing and amount of purchases under the program will be determined based upon

prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. All or part of the repurchases may be implemented under a Rule 10b5-1 trading plan, which would allow repurchases under pre-set terms at times when the Company might otherwise be prevented from doing so under insider trading laws or because of self-imposed blackout periods. The program does not require the Company to purchase any specific number of shares and may be modified, suspended or reinstated at any time at the Company s discretion and without notice.

Table of Contents

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***

The information required to be included Item 10 of Part III of this Form 10-K is incorporated by reference from the sections entitled Security Ownership of Certain Beneficial Owners and Management; Section 16(a) Beneficial Ownership Reporting Compliance; Report of the Audit Committee and Election of Directors in the Company s definitive Proxy Statement for its 2016 Annual Meeting of Stockholders (the Proxy Statement) to be filed with the SEC no later than December 31, 2015.

Item 11. ***Executive Compensation***

The information required to be included in Item 11 of Part III of this Form 10-K is incorporated by reference from the section entitled Executive Compensation in the Proxy Statement.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

Certain information required to be included in Item 12 of Part III of this Form 10-K is incorporated by reference from the section entitled Security Ownership of Certain Beneficial Owners and Management in the Proxy Statement.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Equity Compensation Plan Information

The following table provides information as of September 30, 2015 with respect to shares of our common stock that may be issued upon the exercise of options, warrants and rights granted to employees or members of the Board of Directors under the Company s existing equity compensation plans. For additional information about our equity compensation plans, see Note 11, Stockholders Equity in the notes to our Consolidated Financial Statements set forth in Item 8, *Financial Statements and Supplementary Data* of this Form 10-K.

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by security holders			
Equity compensation plans not approved by security holders	133,000(1)	$ 5.79	472,054(2)

(1) Represents shares issuable upon exercise of outstanding options granted under the Integrated Electrical Services, Inc. 2006 Equity Incentive Plan, as amended. This plan was authorized pursuant to the Company s plan of reorganization and provides for the granting or awarding of stock options, stock and restricted stock to employees (including officers), consultants and directors of the Company. All stock options granted under this plan were granted at fair market value on the date of grant. 207,166 shares of restricted stock are outstanding under this plan as of September 30, 2015.

(2) Represents shares remaining available for issuance under the Integrated Electrical Services, Inc. 2006 Equity Incentive Plan, as amended and restated.

Item 13. *Certain Relationships and Related Transactions, and Director Independence*

The information required to be included in Item 13 of Part III of this Form 10-K is incorporated by reference from the section entitled Certain Relationships and Related Person Transactions in the Proxy Statement.

Table of Contents

Item 14. ***Principal Accountant Fees and Services***

The information required to be included in Item 14 of Part III of this Form 10-K is incorporated by reference from the section entitled Audit Fees in the Proxy Statement.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a) Financial Statements and Supplementary Data, Financial Statement Schedules and Exhibits

See Index to Financial Statements under Item 8, *Financial Statements and Supplementary Data* of this From 10-K.

(b) Exhibits

Exhibit No.	Description
2.1	Agreement and Plan of Merger effective as of March 13, 2013, by and among Integrated Electrical Services, Inc., IES Subsidiary Holdings, Inc. and MISCOR Group, Ltd. (Attached as part of Annex A to the joint proxy statement/prospectus that is part of this Registration Statement) (the schedules and annexes have been omitted pursuant to Item 601(b)(2) of Regulation S-K)
2.2	First Amendment to Agreement and Plan of Merger, dated as of July 10, 2013, by and among Integrated Electrical Services, Inc., IES Subsidiary Holdings, Inc. and MISCOR Group, Ltd. (Attached as part of Annex A to the joint proxy statement/prospectus that is part of this Registration Statement)
2.3	Asset Purchase Agreement, dated February 8, 2013, by and among IES Renewable Energy, LLC, Residential Renewable Energy Technologies, Inc., Energy Efficiency Solar, Inc., and Lonestar Renewable Technologies Acquisition Corp. (Incorporated by reference to Exhibit 2.1 to the Company s Quarterly Report on Form 10-Q filed on February 14, 2013) (the schedules and annexes have been omitted pursuant to Item 601(b)(2) of Regulation S-K)
3.1	Second Amended and Restated Certificate of Incorporation of Integrated Electrical Services, Inc. (Incorporated by reference to Exhibit 4.1 to the Company s registration statement on Form S-8 filed on May 12, 2006)
3.2	Certificate of Designations of Series A Junior Participating Preferred Stock (Incorporated by reference to Exhibit 3.1 to the Company s Current Report on From 8-K filed on January 28, 2013)
3.3	Bylaws of Integrated Electrical Services, Inc. (Incorporated by reference to Exhibit 4.2 to the Company s registration statement on Form S-8, filed on May 12, 2006)
4.1	Specimen common stock certificate. (Incorporated by reference to Exhibit 4.1 to the Company s Current Report on Form 8-K filed June 18, 2008)
4.2	Tax Benefit Protection Plan Agreement by and between Integrated Electrical Services, Inc. and American Stock Transfer & Trust Company, LLC, as Rights Agent, dated as of January 28, 2013, including the forms of Certificate of Designation and of Rights Certificate and Summary of

	Stockholder Rights Plan attached thereto as Exhibits A, B and C, respectively (Incorporated by reference to Exhibit 4.1 to the Company s Current Report on Form 8-K filed on January 28, 2013)
4.3	Registration Rights Agreement, dated May 12, 2006, by and among Integrated Electrical Services, Inc., Tontine Capital Partners, L.P. and certain of its affiliates and Southpoint Master Fund, L.P. (Incorporated by reference to Exhibit 10.5 to the Company s Current Report on Form 8-K filed on May 17, 2006)

Table of Contents

Exhibit No.	Description
4.4	First Amendment to Registration Rights Agreement, dated September 11, 2007, by and among Integrated Electrical Services, Inc., Tontine Capital Partners, L.P. and certain of its affiliates. (Incorporated by reference to Exhibit 10.24 to the Company s Annual Report on Form 10-K filed on December 14, 2012)
10.1	Restated Underwriting, Continuing Indemnity and Security Agreement, dated May 12, 2006, by Integrated Electrical Services, Inc. and certain of its subsidiaries and affiliates in favor of Federal Insurance Company. (Incorporated by reference to Exhibit 10.4 to the Company s Current Report on Form 8-K filed May 17, 2006)
10.2	First Amendment, dated as of October 30, 2006, to the Restated Underwriting, Continuing Indemnity, and Security Agreement, dated May 12, 2006, by Integrated Electrical Services, Inc., certain of its subsidiaries and Federal Insurance Company and certain of its affiliates. (Incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed November 6, 2006)
10.3	Third Amendment, dated May 1, 2007, to the Restated Underwriting, Continuing Indemnity and Security Agreement, dated May 12, 2006, by Integrated Electrical Services, Inc., certain of its subsidiaries and Federal Insurance Company and certain of its affiliates. (Incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed October 12, 2007)
10.4	Fourth Amendment to the Restated Underwriting, Continuing Indemnity and Security Agreement, dated May 12, 2006, by Integrated Electrical Services, Inc., certain of its subsidiaries and Federal Insurance Company and certain of its affiliates.(Incorporated by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K filed October 12, 2007)
10.5	Rider to Add Principal/Indemnitor and Fifth Amendment, dated September 29, 2008, to Restated Underwriting, Continuing Indemnity, and Security Agreement, dated May 12, 2006, by Integrated Electrical Services, Inc., certain of its subsidiaries and Federal Insurance Company and certain of its affiliates. (Incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed October 24, 2008)
10.6	Agreement of Indemnity, dated May 7, 2010, by Integrated Electrical Services, Inc. and certain of its present and future subsidiaries and affiliates and Chartis Property Casualty Company, Chartis Insurance Company of Canada, American Home Assurance Company, Commerce and Industry Insurance Company, Granite State Insurance Company, Lexington Insurance Company, National Union Fire Insurance Company of Pittsburgh, Pa., New Hampshire Insurance Company and The Insurance Company of the State of Pennsylvania and any and all of their affiliates, subsidiaries, successors and assigns. (Incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed May 13, 2010)
10.7	Amendment No. 1 to Agreement of Indemnity, dated August 16, 2012, between Integrated Electrical Services, Inc. and certain of its present and future subsidiaries and affiliates and Chartis Property Casualty Company, Chartis Insurance Company of Canada, American Home Assurance Company, Commerce and Industry Insurance Company, Granite State Insurance Company, Lexington Insurance Company, National Union Fire Insurance Company of Pittsburgh, Pa., New Hampshire Insurance Company and The Insurance Company of the State of Pennsylvania, and any and all of their affiliates, subsidiaries, successors and assigns (Incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed August 17, 2012)
10.8	

Agreement of Indemnity, dated May 7, 2013, by Integrated Electrical Services, Inc. and certain of its present and future subsidiaries and affiliates and XL Specialty Insurance Company, XL Reinsurance America, Inc. and Greenwich Insurance Company and their affiliates, subsidiaries, successors and assigns. (Incorporated by reference to Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q filed May 13, 2013)

87

Table of Contents

Exhibit No.	Description
10.9	Amended and Restated Credit and Security Agreement, dated September 24, 2014, by and among Integrated Electrical Services, Inc., each of the other Borrowers and Guarantors named therein and Wells Fargo Bank, National Association. (Incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed September 24, 2014)
10.10	Subcontract, dated June 17, 2009, by and between IES Commercial, Inc. and Manhattan Torcon A Joint Venture.(Incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed November 24, 2009)
10.11	Letter Agreement, dated November 4, 2009, by and between Integrated Electrical Services, Inc., IES Commercial, Inc. and Manhattan Torcon A Joint Venture. (Incorporated by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K filed November 24, 2009)
*10.12	Term Life Insurance Plan. (Incorporated by reference to Exhibit 10.3 to the Company s Current Report on Form 8-K filed October 17, 2007)
*10.13	Amended and Restated 2006 Equity Incentive Plan. (Incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed October 17, 2007)
*10.14	Form of Phantom Share Award under the 2006 Equity Incentive Plan. (Incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed November 19, 2007)
*10.15	Form of Stock Option Award Agreement under the 2006 Equity Incentive Plan. (Incorporated by reference to Exhibit 10.7 to the Company s Current Report on Form 8-K filed on May 17, 2006)
*10.16	Amended and Restated Form of Restricted Stock Award Agreement under the 2006 Equity Incentive Plan. (Incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed September 24, 2010)
*10.17	Annual Management Incentive Plan. (Incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed November 19, 2007)
*10.18	Amended and Restated 2009 Deferred Compensation Plan. (Incorporated by reference to Exhibit 10.34 to the Company s Annual Report on Form 10-K filed December 15, 2008)
*10.19	Integrated Electrical Services, Inc. Long Term Incentive Plan, as amended and restated. (Incorporated by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K filed September 23, 2009)
*10.20	Integrated Electrical Services, Inc. Executive Severance Benefit Plan. (Incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed January 27, 2012)
21.1	Subsidiaries of the Registrant(1)
23.1	Consent of Ernst & Young LLP(1)
31.1	Rule 13a-14(a)/15d-14(a) Certification of Robert W. Lewey, President(1)
31.2	Rule 13a-14(a)/15d-14(a) Certification of Tracy A. McLauchlin, Chief Financial Officer(1)
32.1	Section 1350 Certification of Robert W. Lewey, President(1)
32.2	Section 1350 Certification of Tracy A. McLauchlin, Chief Financial Officer(1)
(1)101.INS	XBRL Instance Document

(1)101.SCH	XBRL Schema Document
(1)101.LAB	XBRL Label Linkbase Document

Table of Contents

Exhibit No.	Description
(1)101.PRE	XBRL Presentation Linkbase Document
(1)101.DEF	XBRL Definition Linkbase Document
(1)101.CAL	XBRL Calculation Linkbase Document

* Management contracts or compensatory plans or arrangements required to be filed herewith pursuant to Item 15(a)(3) of this Annual Report on Form 10-K.

(1) Filed herewith.

89

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on December 11, 2015.

INTEGRATED ELECTRICAL SERVICES, INC.

By: /s/ Robert W. Lewey
Robert W. Lewey

President

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned officers and directors of INTEGRATED ELECTRICAL SERVICES, INC. hereby constitutes and appoints Robert W. Lewey and Gail D. Makode, and each of them individually, as his true and lawful attorneys-in-fact and agents, with full power of substitution, for him and on his behalf and in his name, place and stead, in any and all capacities, to sign, execute and file any or all amendments to this report, with any and all exhibits thereto, and all other documents required to be filed therewith, with the Securities and Exchange Commission or any regulatory authority, granting unto each such attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises in order to effectuate the same, as fully to all intents and purposes as he himself might or could do, if personally present, hereby ratifying and confirming all that said attorneys-in-fact and agents, or either of them, or their or his substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Robert W. Lewey Robert W. Lewey	President (Principal Executive Officer)	December 11, 2015
/s/ Tracy A. McLauchlin Tracy A. McLauchlin	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer) (Principal Accounting Officer)	December 11, 2015
/s/ Joseph L. Dowling III Joseph L. Dowling III	Director	December 11, 2015

/s/ David B. Gendell David B. Gendell	Director	December 11, 2015
/s/ Joe D. Koshkin Joe D. Koshkin	Director	December 11, 2015
/s/ Donald L. Luke Donald L. Luke	Director	December 11, 2015