SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(MARK ONE)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

FOR THE FISCAL YEAR ENDED OCTOBER 31, 1996

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

FOR THE TRANSITION PERIOD FROM ________ TO ________

COMMISSION FILE NUMBER 0-6050

POWELL INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

NEVADA	88-0106100
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
8550 MOSLEY DRIVE, HOUSTON, TEXAS	77075-1180
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (713) 944-6900

Securities registered pursuant to section 12(b) of the Act: NONE

Securities registered pursuant to Section 12(g) of Act:

Common Stock, par value $.01 per share

Indicate by "X" whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by "X" if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of the voting stock held by non-affiliates of the registrant was approximately $85,137,000 as of January 14, 1997. The number of shares of the Company's Common Stock outstanding on that date was 10,604,471 shares

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the 1997 annual meeting of stockholders to be filed not later than 120 days after October 31, 1996 are incorporated by reference into Part III.

PART I

ITEM 1. BUSINESS

Powell Industries, Inc. ("Powell" or the "Company") was incorporated under the laws of the State of Nevada in December 1968. The Company is the successor to a corporation founded by William E. Powell in 1947, which merged into the Company in 1977. During 1996 the Company completed the sale of its gas turbine packaging business and its microprocessor based distributed control equipment business. These businesses were operated by U. S. Turbine Corp. and Powell-Process Systems Inc., wholly owned subsidiaries of the Company.

The Company sells, designs, develops, manufactures, packages and services systems and equipment for the distribution, control and management of electrical energy and other dynamic processes. The Company's offices are located in Houston, Texas with plants located in Houston, Greenville and Jacinto Port, Texas; Elyria, Ohio; Franklin Park, Illinois; Fremont and Pleasanton, California; and Norcross, Georgia. Most of the products manufactured by the Company are made pursuant to specifications required for a particular order.

PRODUCTS AND SYSTEMS

Powell designs, develops, manufactures, sells and services electrical power distribution and control equipment and systems through its subsidiaries: Powell Electrical Manufacturing Company; Powell-ESCO Company; Unibus, Inc.; Delta-Unibus Corp. and Transdyn Controls, Inc. As applicable to the context, "Company' is also sometimes used herein to refer to Powell and its subsidiaries.

The principal products are switchgear and related equipment, bus duct and process control systems. These products and systems are utilized primarily by refineries, petrochemical plants, utilities, paper mills, offshore platforms, commuter railways, vehicular transportation and numerous other industrial, commercial and governmental facilities. A brief description of each of the major products follows:

Switchgear and other related Equipment:

Free-standing metal enclosures containing a selection of electrical components that protect, monitor and control the flow of electricity from its source to motors, transformers and other electrically powered equipment. Major electrical components include customized portable buildings (PCR(R)), circuit breakers, protective relays, meters, control switches, fuses, motor control centers and both current and potential transformers. During the fiscal years ended October 31, 1996, 1995 and 1994, sales and service of switchgear and other related equipment accounted for 76%, 73% and 71%, respectively, of consolidated revenues of the Company.

Bus Duct:

Bus duct consists of insulated power conductors housed in a metal enclosure. Individual pieces of bus duct are arranged in whatever physical configuration may be required to distribute electrical power to or from a generator, transformer, switching device or other electrical apparatus. Powell can provide the nonsegregated phase, segregated phase and isolated phase styles of bus duct with numerous amperage and voltage ratings. Sales of bus duct accounted for 15%, 15% and 15% of consolidated revenues for fiscal years 1996, 1995 and 1994, respectively.

Process Control Systems:

The process control systems supplied by the Company consist principally of instrumentation, computer control, communications, and data management systems. Demand for process control systems has been for modernization and expansion projects as well as new facilities that mainly serve the transportation, environmental and utilities industries. During the fiscal years ended October 31, 1996, 1995 and 1994, sales of process control systems accounted for 9%, 12% and 14%, respectively, of consolidated revenues of the Company.

SUPPLIERS

All of the Company's products are manufactured using components and materials that are readily available from numerous domestic suppliers. The Company has three principal suppliers of components and anticipates no difficulty in obtaining its components in sufficient quantities to support its manufacturing and assembly operations.

METHODS OF DISTRIBUTION AND CUSTOMERS

The Company's products are sold through manufacturers' representatives and its internal sales force. The Company is not dependent on any single customer for sales and the loss of any specific customer would not have a material adverse effect upon the Company. No single customer or export country accounted for more than 10% of consolidated revenues in the fiscal years ended 1996, 1995 or 1994. Export revenues were $63,884,000, $39,491,000 and $41,151,000 in fiscal years 1996, 1995 and 1994, respectively. See Note H of the Notes to Consolidated Financial Statements showing in what geographic area these revenues were recorded.

COMPETITION

The Company is engaged in a highly competitive business which is characterized by a small number of much larger companies that dominate the bulk of the market and a large number of smaller companies that compete for a limited share of such market. In the opinion of management, the competitive position of the Company is dependent on the ability of the Company to provide quality products to a customer's specifications, on a timely basis, at a competitive price, utilizing state-of-the-art materials, design and production methods. Some of the Company's principal competitors are larger and have greater capital and management resources.

EMPLOYEES

At October 31, 1996, the Company employed 945 employees on a full-time basis. Management considers its employee relations to be good.

BACKLOG

The Company's backlog of orders was $106,457,000 and $103,315,000 at October 31, 1996 and 1995, respectively, and the percentage of its 1996 year end backlog that it does not expect to fill in fiscal year 1997 is 25%. Orders included in the backlog are represented by purchase orders which the Company believes to be firm. The terms on which the Company accepts orders include a penalty for cancellation. Historically, no material amount of orders included in backlog has been canceled. No material portion of the Company's business is seasonal in nature.

RESEARCH AND DEVELOPMENT

During the fiscal years ended October 31, 1996, 1995 and 1994, the Company spent approximately $2,283,000, $1,843,000 and $1,670,000 respectively, on research and development programs.

ITEM 2. PROPERTIES

The following table sets forth information about the Company's principal facilities at October 31, 1996.

LOCATION	ACRES	SQUARE FOOTAGE OF FACILITIES	OCCUPANCY
Owned:			
Franklin Park, IL......	2.0	58,000	Delta-Unibus Corp.
Greenville, TX.........	19.0	109,000	Powell-ESCO Company
Houston, TX............	21.4	303,000	Powell Electrical Manufacturing Co.
Jacinto Port, TX.......	42.0	9,600	Powell Offshore Division
Elyria, OH.............	8.6	64,000	Unibus, Inc.
Leased:			
Fremont, CA............		10,500	Powell-Innovative Breaker Technologies Division
Pleasanton, CA.........		39,100	Transdyn Controls, Inc.
Norcross, GA...........		19,200	Transdyn Controls, Inc.

ITEM 3. LEGAL PROCEEDINGS

On August 5, 1993, the Company was served with a lawsuit by National Westminster Bank plc ("NatWest") alleging the Company had defaulted on a Construction Guaranty provided to NatWest in 1992 in connection with a project at MacDill Air Force Base. NatWest is seeking damages in excess of $20,000,000. The Company has denied the substantive allegations of the complaint and has filed counterclaims for damages against NatWest alleging fraud, bad faith and failure to preserve and protect its collateral and seeking a declaratory judgement that the Company is not in default of the Construction Guaranty.

The ultimate disposition of the NatWest litigation is not presently determinable. Accordingly, although an unfavorable outcome to the NatWest litigation could have a material effect on the Company's financial position and results of operations, the Company believes it would be unreasonable to conclude that an unfavorable outcome is probable.

The Company is party to other disputes arising in the ordinary course of business. Management does not believe the ultimate outcome of these disputes will materially effect the financial position or results of operations of the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters which were submitted to a vote of security holders through proxies, or otherwise, during the fourth quarter of the fiscal year ended October 31, 1996.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

As of October 31, 1996, there were approximately 951 holders of record of Powell Industries, Inc. common stock which is traded on the over-the-counter market and listed on the NASDAQ National Market System under the symbol POWL.

Quarterly stock prices and trading volumes for the last two fiscal years are as follows:

	HIGH	LOW	LAST	AVERAGE DAILY VOLUME
1996				
First Quarter	$ 8.88	$6.38	$ 8.50	23,295
Second Quarter	10.63	8.38	9.63	31,914
Third Quarter	12.38	9.13	10.00	29,380
Fourth Quarter	12.25	8.75	10.50	20,617
1995				
First Quarter	$ 6.38	$5.13	$ 5.88	15,676
Second Quarter	6.38	5.63	5.88	20,061
Third Quarter	7.00	5.50	6.00	12,883
Fourth Quarter	7.25	5.75	6.88	21,438

The Company has paid no dividends on its common stock during the last three years and anticipates that it will not do so in the foreseeable future. The terms of the Company's loan agreements restrict the payment of dividends. See Note F of the Notes to Consolidated Financial Statements.

ITEM 6. SELECTED FINANCIAL DATA

The following data has been derived from consolidated financial statements that have been audited by Arthur Andersen LLP, independent public accountants. The information set forth below is not necessarily indicative of the results of future operations and should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this Annual Report on Form 10-K.

	YEARS ENDED OCTOBER 31,				
	1996	1995	1994	1993	1992
Statements of operations data:					
Revenues	$170,123,000	$139,534,000	$119,453,000	$ 94,790,000	$101,433,000
Earnings from continuing operations	10,758,000	7,080,000	4,559,000	3,555,000	7,961,000
Earnings (loss) from discontinued operations (net of tax)	(5,998,000)	(1,382,000)	(164,000)	964,000	448,000
Cumulative effect of change in accounting principles (net of tax)	--	--	--	(1,588,000)	--
Net earnings	$ 4,760,000	$ 5,698,000	$ 4,395,000	$ 2,931,000	$ 8,409,000
Net earnings per common and common equivalent share:					
Continuing operations	$ 1.00	$ .67	$ .43	$ .34	$ .77
Discontinued operations	(.56)	(.13)	(.01)	.09	.04
Cumulative effect of change in accounting principles	--	--	--	(.15)	--
Net earnings per common and common equivalent share	$ .44	$ .54	$ .42	$ .28	$ .81
Weighted average shares outstanding	10,764,656	10,611,331	10,509,371	10,478,632	10,425,382
Balance Sheet Data:					
Working capital	$ 46,505,000	$ 32,642,000	$ 30,351,000	$ 33,153,000	$ 27,057,000
Total assets	99,523,000	90,534,000	84,327,000	76,114,000	74,495,000
Long-term debt	--	3,750,000	6,563,000	9,375,000	12,188,000
Stockholders' equity	63,225,000	57,657,000	51,656,000	46,631,000	43,159,000

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the consolidated financial statements.

Any forward-looking statements made by or on behalf of the Company are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Readers are cautioned that such forward-looking statements involve risks and uncertainty in that actual results may differ materially from those projected in the forward-looking statements. These risks and uncertainties include, without limitation, the following:

- Difficulties in scheduling which could arise from the inability to obtain materials or components in sufficient quantities as needed for the Company's manufacturing and assembly operations,

- Difficulties in scheduling which could arise from significant customer directed shipment delay,

- Significant decrease in the Company's backlog,

- Unforeseen political or economic problems in countries to which the Company exports its products,

- Unforeseen material employee relations problems,

- Problems in the quality, the design, the production methods or pricing of its products,

- Unfavorable material litigation or claims made against the Company, and

- Changes in general market conditions, competition and pricing.

RESULTS OF OPERATIONS

The following table sets forth, as a percentage of revenues, certain items from the Consolidated Statements of Operations.

	YEARS ENDED OCTOBER 31,		
	1996	1995	1994
Revenues	100.0%	100.0%	100.0%
Gross profit	25.3	22.2	22.3
Selling, general and administrative expenses	15.8	14.5	16.3
Interest, net	.1	.5	.6
Earnings from continuing operations	6.3	5.1	3.8
Losses from discontinued operations	(3.5)	(1.0)	(0.1)
Net earnings	2.8	4.1	3.7

REVENUES

The Company reported revenues of $170,123,000, $139,534,000 and $119,453,000 in fiscal years 1996, 1995 and 1994 respectively. Revenues increased 22% in fiscal year 1996 as compared to fiscal year 1995 due primarily to the increased volume of shipments of electrical distribution equipment to export customers. Revenues increased 17% in fiscal year 1995 as compared to fiscal year 1994 due primarily to the improvement in revenues of electrical distribution equipment to domestic transit customers.

Export revenues continued to be an important component of the Company's operations accounting for 38%, 28% and 34% of consolidated revenues in fiscal years 1996, 1995 and 1994, respectively. A schedule is provided in Note H of the Notes to Consolidated Financial Statements showing in which geographic area these sales were made. Management anticipates that consolidated revenues will increase in fiscal 1997 and that export revenues will continue to contribute approximately 35% to 40% to consolidated revenues.

GROSS PROFIT

Gross profit, as a percentage of revenues, was 25.3%, 22.2% and 22.3% in fiscal years 1996, 1995 and 1994, respectively. Gross profit improved in fiscal year 1996 from fiscal year 1995 due to improved prices, higher volumes and higher margin contracts and services resulting primarily from a more favorable economy in most of the markets in which the Company competes. Gross profit varied only slightly from fiscal year 1995 to fiscal year 1994 due to changes in product mix. The Company continues to focus on productivity improvements to respond to the competitive market it serves.

SELLING, GENERAL AND ADMINISTRATIVE

Selling, general and administrative expenses as a percentage of revenues were 15.8%, 14.5% and 16.3% for fiscal years 1996, 1995 and 1994, respectively. The increase in fiscal year 1996, as a percentage of revenues is due to higher marketing, incentives and commissions expenses. The decrease in fiscal year 1995 as a percentage of revenues, is due to a higher revenue volume without a corresponding increase in costs.

INTEREST, NET

Interest expense (net of interest income) is lower in fiscal years 1996 and 1995 primarily due to a reduction in total debt.

INCOME TAX PROVISION

The effective tax rate on earnings from continuing operations before income taxes was 33%, 30% and 29% for fiscal years 1996, 1995 and 1994, respectively. The effective tax rates are lower than the statutory rate due primarily to foreign sales corporation credits.

EARNINGS FROM CONTINUING OPERATIONS

Earnings from continuing operations recorded in fiscal year 1996 were $10,758,000 or $1.00 per share. This represented a 52.0% percent increase in earnings when compared to fiscal year 1995 earnings. The increase was primarily due to the factors discussed above. Earnings from continuing operations recorded in fiscal year 1995 were $7,080,000 or $.67 per share, an increase of 55.3% compared to net earnings in fiscal year 1994.

DISCONTINUED OPERATIONS

See Note L to Notes to Consolidated Financial Statements for discussion of the operations that were discontinued in fiscal year 1996.

NET EARNINGS

Net earnings were $4,760,000 or $.44 per share in fiscal year 1996 compared to $5,698,000 or $.54 per share and $4,395,000 or $.42 per share in fiscal year 1995 and 1994, respectively. The losses from discontinued operations, explained in the previous paragraph, resulted in lower net earnings in fiscal year 1996 as compared to fiscal year 1995.

LIQUIDITY AND CAPITAL RESOURCES

In October 1995, the Company entered into a $15,000,000 revolving line of credit agreement with a major domestic bank. As of October 31, 1996, the Company did not have borrowings outstanding under this revolving line of credit. The Company's ability to satisfy its cash requirements is evaluated by analyzing key measures of liquidity applicable to the Company. The following table is a summary of the measures which are significant to management.

	1996	1995	1994
Working capital	$46,505,000	$32,642,000	$30,351,000
Current ratio	2.42 to 1	2.30 to 1	2.39 to 1
Debt to total capitalization	.1 to 1	.1 to 1	.2 to 1

Management believes that the Company continues to maintain a strong liquidity position. The increase in working capital at October 31, 1996, as compared to October 31, 1995, is due mainly to increases in accounts receivable and costs and estimated earnings in excess of billings, partially offset by increases in accrued liabilities.

Capital expenditures totaled $3,349,000 during fiscal year 1996 compared to $3,378,000 during fiscal year 1995. During fiscal year 1996 the Company approved major capital expenditures for future plant expansions at three operating facilities totalling approximately $12,000,000. Management expects the Company's capital expenditures to increase substantially in fiscal year 1997 due to these plant expansions.

The Company's fiscal year 1997 asset management program will continue to focus on the collection of receivables and reduction in inventories. Management believes that the cash and cash equivalents of $8,935,000 at October 31, 1996, along with funds generated from operating activities and funds available through borrowings from the credit line will be sufficient to meet the capital requirements and operating needs of the Company.

EFFECTS OF INFLATION AND RECESSION

During the last three years, the Company has not experienced any significant effects of inflation on its operations. Management continues to evaluate the potential impact inflation could have on future growth and minimize the impact by including escalation clauses in long-term contracts. Recent marketing and financial reports indicate that the current economic conditions should improve slightly in 1997 and the Company does not anticipate significant increases in inflation in the immediate future.

NEW ACCOUNTING STANDARDS

The Company is required to adopt SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed Of" and SFAS No. 123, "Accounting for Stock Based Compensation" during its fiscal year ending October 31, 1997. Adoption of SFAS No. 121 will not have significant effect on the Company's consolidated financial statements. The Company expects to disclose the fair value of options granted in a footnote to its October 31, 1997 consolidated financial statements, as required by SFAS No. 123.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

ITEM 9. CHANGE IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To The Board of Directors and Stockholders of Powell Industries, Inc.:

We have audited the accompanying consolidated balance sheets of Powell Industries, Inc. (a Nevada Corporation) and subsidiaries as of October 31, 1996 and 1995, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended October 31, 1996. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Powell Industries, Inc. and subsidiaries as of October 31, 1996 and 1995, and the results of their operations and their cash flows for each of the three years in the period ended October 31, 1996, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Houston, Texas
December 3, 1996

POWELL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

ASSETS

	OCTOBER 31, 1996	OCTOBER 31, 1995
Current Assets:		
Cash and cash equivalents	$ 8,935	$ 2,796
Accounts receivable, less allowance for doubtful accounts of $777 and $687, respectively	37,013	25,921
Costs and estimated earnings in excess of billings	13,934	11,114
Inventories	14,114	15,062
Deferred income taxes	2,572	502
Income taxes receivable	876	718
Prepaid expenses and other current assets	1,700	1,693
Total Current Assets	79,144	57,806
Property, plant and equipment, net	14,602	14,082
Deferred income taxes	1,164	1,122
Other assets	4,613	4,850
Net assets of discontinued operations	--	12,674
Total Assets	$99,523	$90,534

LIABILITIES AND STOCKHOLDERS' EQUITY:

	1996	1995
Current Liabilities:		
Accounts and income taxes payable	$ 8,543	$ 8,657
Accrued salaries, bonuses and commissions	5,687	4,716
Accrued product warranty	1,614	1,375
Accrued legal expenses	3,903	773
Other accrued expenses	3,717	2,723
Billings in excess of costs and estimated earnings	5,425	4,107
Current maturities of long-term debt	3,750	2,813
Total Current Liabilities	32,639	25,164
Long-term debt, net of current maturities	--	3,750
Deferred compensation expense	2,157	2,006
Postretirement benefits liability	1,502	1,957
Commitments and contingencies		
Stockholders' Equity:		
Preferred stock, par value $.01; 5,000,000 shares authorized; none issued		
Common stock, par value $.01; 15,000,000 shares authorized, 10,604,644 and 10,542,704 shares issued and outstanding	106	105
Additional paid-in capital	5,601	5,062
Retained earnings	60,943	56,183
Deferred compensation-ESOP	(3,425)	(3,693)
Total Stockholders' Equity	63,225	57,657
Total Liabilities and Stockholders' Equity	$99,523	$90,534

The accompanying notes are an integral part of these consolidated financial statements.

POWELL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	YEARS ENDED OCTOBER 31,		
	1996	1995	1994
Revenues	$170,123	$139,534	$119,453
Cost of goods sold	127,075	108,525	92,861
Gross profit	43,048	31,009	26,592
Selling, general and administrative expenses	26,928	20,286	19,491
Earnings from continuing operations before interest and income taxes	16,120	10,723	7,101
Interest, net	117	633	720
Earnings from continuing operations before income taxes	16,003	10,090	6,381
Income tax provision	5,245	3,010	1,822
Earnings from continuing operations	10,758	7,080	4,559
Discontinued operations (net of income taxes):			
Loss from operations	(4,860)	(1,382)	(164)
Loss on disposal of discontinued operations	(1,138)	--	--
Net earnings	$ 4,760	$ 5,698	$ 4,395
Earnings (loss) per common and common equivalent share:			
Continuing operations	$ 1.00	$ .67	$ .43
Discontinued operations	(.56)	(.13)	(.01)
Net earnings per common and common equivalent share	$ .44	$ .54	$ .42

The accompanying notes are an integral part of these consolidated financial statements.

POWELL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(IN THOUSANDS, EXCEPT SHARE DATA)

	COMMON STOCK SHARES	COMMON STOCK AMOUNT	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	DEFERRED COMPENSATION ESOP
Balance, October 31, 1993	10,492,704	$105	$4,728	$46,090	$(4,292)
Net earnings	--	--	--	4,395	--
Amortization of deferred compensation-ESOP	--	--	--	--	452
Stock grants	25,000	--	178	--	--
Balance, October 31, 1994	10,517,704	105	4,906	50,485	(3,840)
Net earnings	--	--	--	5,698	--
Amortization of deferred compensation-ESOP	--	--	--	--	147
Stock grants	25,000	--	156	--	--
Balance, October 31, 1995	10,542,704	105	5,062	56,183	(3,693)
Net earnings	--	--	--	4,760	--
Amortization of deferred compensation-ESOP	--	--	--	--	268
Exercise of Stock options	11,940	--	52	--	--
Stock grants	50,000	1	487	--	--
Balance, October 31, 1996	10,604,644	$106	$5,601	$60,943	$(3,425)

The accompanying notes are an integral part of these consolidated financial statements.

POWELL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	YEARS ENDED OCTOBER 31,		
	1996	1995	1994
Operating Activities:			
Net earnings	$ 4,760	$ 5,698	$ 4,395
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:			
Depreciation and amortization	3,270	2,800	2,690
Deferred income taxes (benefit)	(2,112)	742	(548)
Postretirement benefits liability	(455)	(418)	166
Changes in operating assets and liabilities:			
Accounts receivable	(11,092)	(1,290)	(2,658)
Costs and estimated earnings in excess of billings	(2,820)	(3,876)	(757)
Inventories	948	(4,079)	(1,953)
Prepaid expenses and other current assets	(7)	(749)	330
Other assets	(205)	(273)	(575)
Accounts payable and income taxes payable or receivable	(272)	562	1,959
Accrued liabilities	5,334	(276)	1,009
Billings in excess of costs and estimated earnings	1,318	2,314	(1,199)
Deferred compensation expense	420	266	144
Changes in net assets of discontinued operations	12,674	109	(3,248)
Net cash provided by (used in) operating activities	11,761	1,530	(245)
Investing Activities:			
Purchases of property, plant and equipment	(3,349)	(3,378)	(1,183)
Acquisition of Transdyn Controls, Inc	--	--	(1,539)
Net cash used in investing activities	(3,349)	(3,378)	(2,722)
Financing Activities:			
Payments of long-term debt	(2,813)	(2,813)	(2,812)
Exercise of stock options and grants	540	156	178
Net cash used in financing activities	(2,273)	(2,657)	(2,634)
Net increase (decrease) in cash and cash equivalents	6,139	(4,505)	(5,601)
Cash and cash equivalents at beginning of year	2,796	7,301	12,902
Cash and cash equivalents at end of year	$ 8,935	$ 2,796	$ 7,301

The accompanying notes are an integral part of these consolidated financial statements.

POWELL INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. BUSINESS AND ORGANIZATION

Powell Industries, Inc. ("Powell" or the "Company") was incorporated under the laws of the State of Nevada in December 1968. The Company is the successor to a corporation founded by William E. Powell in 1947, which merged into the Company in 1977.

Powell designs, develops, manufactures, sells and services electrical power distribution and control equipment and systems through its subsidiaries: Powell Electrical Manufacturing Company; Powell-ESCO Company; Unibus, Inc.; Delta-Unibus Corp. and Transdyn Controls, Inc. As applicable to the context, "Company" is also sometimes used herein to refer to Powell and its subsidiaries.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Powell Industries, Inc. and its wholly-owned subsidiaries (the Company). All material intercompany accounts and transactions have been eliminated.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of less than three months to be cash equivalents.

Accounts Receivable

The Company's receivables are generally not collateralized. Management performs ongoing credit analyses of the accounts of its customers and provides allowances as deemed necessary. Accounts receivable at October 31, 1996 and 1995 include $3,603,000 and $2,835,000, respectively due from customers in accordance with applicable retainage provisions of engineering and construction contracts, which will become billable upon completion of such contracts. Approximately $706,000 of the retained amount at October 31, 1996 is expected to be billed subsequent to 1997.

Inventories

Inventories are stated at the lower of cost (primarily first-in, first-out method) or market and include material, labor and manufacturing overhead.

Property, Plant and Equipment

Property, plant and equipment is stated at cost and is depreciated using the straight-line method over the estimated useful lives of the assets. Expenditures for repairs and maintenance are charged to expense when incurred. Expenditures for major renewals and betterments, which extend the useful lives of existing equipment, are capitalized and depreciated. Upon retirement or disposition of property and equipment, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the statements of operations.

Amortization of Intangibles

Included in other assets are net intangible assets totalling $2,172,000 and $2,461,000 at October 31, 1996 and 1995, respectively. Intangible assets primarily include goodwill and patents which are amortized using the straight-line method over periods ranging from five to twenty years. The accumulated amortization of intangible accounts totalled $1,873,000 and $1,540,000 at October 31, 1996 and 1995, respectively. Management continually evaluates whether events or circumstances have occurred that indicate the remaining estimated useful life of intangible assets may warrant revision or that remaining balances may not be recoverable.

Revenue Recognition

Revenues from product sales are recognized at the time of shipment. Revenues related to multiple unit orders and their associated costs are recorded as identifiable units are delivered. Contract revenues are recognized on a percentage-of-completion basis primarily using labor dollars incurred to date in relation to estimated total labor dollars of the contracts to measure the stage of completion. Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies and depreciation costs. Provisions for total estimated losses on uncompleted contracts are recorded in the period in which they become evident.

Warranties

The Company provides for estimated warranty costs at the time of sale based upon historical rates applicable to individual product lines. In addition, specific provisions are made when the costs of such warranties are expected to exceed accruals.

Research and Development Expense

Research and development costs are charged to expense as incurred. Such amounts were $2,283,000, $1,843,000 and $1,670,000 in fiscal years 1996, 1995 and 1994, respectively.

Earnings per Common and Common Equivalent Share

Per share data has been computed based on the weighted average number of common and common equivalent shares outstanding of 10,764,656, 10,611,331 and 10,509,371 in fiscal years 1996, 1995 and 1994, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and 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.

Reclassification

Certain reclassifications of prior year amounts have been made in order to conform with the classifications used in the current year presentation.

Income Taxes

The Company accounts for income taxes using Statement of Financial Accounting Standards (SFAS) No. 109 "Accounting for Income Taxes". Under SFAS No. 109, deferred tax assets and liabilities are computed based on the difference between the financial statements and income tax bases of assets and liabilities using enacted tax rates. Under this standard, the effect on deferred taxes of a change in tax rates is recognized in income in the period that the tax rate changes.

POWELL INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

New Accounting Standards

The Company is required to adopt SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed Of" and SFAS No. 123, "Accounting for Stock Based Compensation" during its fiscal year ending October 31, 1997. Adoption of SFAS No. 121 will not have significant effect on the Company's consolidated financial statements. The Company expects to disclose the fair value of options granted in a footnote to its October 31, 1997 consolidated financial statements, as required by SFAS No. 123.

C. INVENTORIES

The components of inventories are summarized below (in thousands):

	OCTOBER 31,	
	1996	1995
Raw materials, parts and subassemblies	$ 8,118	$ 8,443
Work-in-process	5,996	6,619
Total inventories	$14,114	$15,062

D. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is summarized below (in thousands):

	OCTOBER 31,		RANGE OF
	1996	1995	ASSET LIVES
Land	$ 2,362	$ 2,362	--
Buildings and improvements	13,255	13,119	3 - 30 Years
Machinery and equipment	21,157	19,708	3 - 15 Years
Furniture and fixtures	2,923	2,604	3 - 10 Years
Construction in progress	1,869	417	--
	41,566	38,210	
Less -- accumulated depreciation	(26,964)	(24,128)	
Total property, plant and equipment, net	$ 14,602	$ 14,082	

E. EMPLOYEE BENEFIT PLANS

The Company has a defined contribution plan (4.01k) for substantially all of its employees. The Company matches 50% of employee contributions up to six percent of their salary. The Company recognized expense of $736,000, $658,000 and $607,000 in fiscal years 1996, 1995 and 1994, respectively, under this plan.

Three long service employees are participants in a deferred compensation plan providing payments in accordance with a predetermined plan upon retirement or death. The Company recognizes the cost of this plan over the projected years of service of the participant. The Company has insured the lives of these key employees to assist in the funding of the deferred compensation liability.

In 1992, the Company formed a new subsidiary and entered into a stock participation agreement with two key employees of the subsidiary providing for them to purchase stock in the subsidiary for a nominal amount. The agreement allows the two employees to sell their stock back to the Company after October 1997 for $1,000,000. The Company has established a deferred compensation liability and prepaid compensation expense included in other assets, based on the net present value of the amount. The charge to fiscal years 1996, 1995 and 1994 for compensation expense and interest was $206,000, $156,000 and $197,000 respectively.

POWELL INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

During January 1992, the Company established an employee stock ownership plan (ESOP) for the benefit of substantially all full-time employees other than employees covered by a collective bargaining agreement to which the ESOP has not been extended by agreement or by action of the Company. The ESOP purchased 793,525 shares of the Company's common stock from a major stockholder. The funding for this plan was provided through a loan from the Company of $4,500,000. This loan will be repaid over a twenty-year period with equal payments of $424,000 per year including interest at 7%. The Company recorded deferred compensation as a contra-equity account for the amount loaned to the ESOP in the accompanying consolidated balance sheet. The Company is required to make annual contributions to the ESOP to enable it to repay its loan to the Company. The deferred compensation account is amortized as compensation expense over twenty years as employees earn their shares for services rendered. The loan agreement also provides for prepayment of the loan if the Company elects to make any additional contributions. During fiscal year 1994 the Company made an additional contribution of $331,000 to provide ESOP benefits to the increased number of eligible employees. The compensation expense for fiscal years 1996, 1995 and 1994 was $268,000, $147,000 and $452,000, respectively.

In November 1992, the Company established a plan to extend to retirees health benefits which are available to active employees under the Company's existing health plans. Participants become eligible for retiree health care benefits when they retire from active service at age 55 with ten years of service. Generally, the health plans pay a stated percentage of medical and dental expenses reduced for any deductible and co-payment. These plans are unfunded. Medical coverage may be continued by the retired employee up to age 65 at the average cost to the Company of active employees. At the age of 65, when the employee becomes eligible for Medicare, the benefits provided by the Company are reduced by the amount provided by Medicare and the cost to the retired employee is reduced to 50 percent of the average cost to the Company of active employees.

In January 1994, the Company modified its postretirement benefits to provide retiree healthcare benefits to only current retirees and active employees who will be eligible to retire by December 31, 1999. Participants eligible for such benefits will be required to pay between 20 percent and 100 percent of the Company's average cost of benefits based on years of service. In addition, benefits will end upon the employee's attainment of age 65. The effect of these modifications significantly reduced the Company's postretirement benefits cost and accumulated benefits obligation.

The following table sets forth the plans' combined status reconciled with the accrued retirement benefits cost included in the Company's Consolidated Balance Sheets (in thousands):

	OCTOBER 31,	
	1996	1995
Accumulated postretirement benefits obligation:		
Retirees	$ 364	$ 446
Fully eligible active participants	343	359
Other active participants	93	182
Total accumulated postretirement benefits obligation	800	987
Unrecognized prior service credits	1,006	1,324
Unrecognized net loss	(304)	(354)
Postretirement benefits liability	$1,502	$1,957

POWELL INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Net periodic postretirement benefits cost includes the following components (in thousands):

	YEARS ENDED OCTOBER 31,	
	1996	1995
Service cost of benefits earned during the period	$ 10	$ 12
Interest cost on accumulated postretirement benefit obligation	54	67
Amortization of unrecognized prior service credits	(318)	(317)
Amortization of net loss and transition obligation	32	10
Net periodic postretirement benefits cost	$(222)	$(228)

The assumed health care cost trend rate in measuring the accumulated postretirement benefits obligation was ten percent in fiscal year 1996 decreasing to six percent by fiscal year 2000. If the health care trend rate assumptions were increased by one percent, the accumulated postretirement benefits obligation, as of October 31, 1996, would be increased by 8.8 percent. The effect of this change on the net postretirement benefit cost for 1996 would be an increase of 8.7 percent. The weighted average discount rate used in determining the accumulated postretirement benefits obligation was 7.0 and 6.5 percent for fiscal years 1996 and 1995, respectively.

F. DEBT

In June 1990, the Company concluded a private placement of $15,000,000 in term notes due through June 1997. The notes, with interest at a fixed rate of 10.4 percent, are unsecured. The loan agreements require, among other things, maintenance of minimum levels of working capital and tangible net worth and places various restrictions on the payment of dividends and investments, as defined. The amounts of funds available for payment of dividends and investments, as defined, at October 31, 1996 and 1995 were $16,784,000 and $15,630,000, respectively.

In October 1995, the Company entered into an agreement for a $15,000,000 revolving line of credit with a major U.S. bank that replaced an existing line of credit. The agreement provides for interest at the bank's prime rate on amounts borrowed and a fee of .25 percent on the unused balance. The agreement contains customary affirmative and negative covenants and requirements to maintain a minimum level of working capital and tangible net worth and places restrictions on the payment of dividends and investments, as defined. The agreement matures on August 15, 1998. As of October 31, 1996, the Company did not have any balance outstanding under this line of credit.

Long-term debt is summarized below (in thousands):

	OCTOBER 31,	
	1996	1995
Term notes	$3,750	$6,563
Less-current maturities	3,750	2,813
Total long-term debt	$ --	$3,750

Interest paid during the year was $683,000, $1,157,000 and $1,379,000 in 1996, 1995 and 1994, respectively. The interest expense recorded during the year was $637,000, $1,047,000 and $1,244,000 in 1996, 1995 and 1994, respectively.

POWELL INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

G. INCOME TAXES

The net deferred tax asset is comprised of the following (in thousands):

	OCTOBER 31, 1996	OCTOBER 31, 1995
Current deferred taxes:		
Gross assets	$2,909	$1,065
Gross liabilities	(337)	(563)
Net current deferred tax asset	2,572	502
Noncurrent deferred taxes:		
Gross assets	1,673	1,467
Gross liabilities	(509)	(345)
Net noncurrent deferred tax asset	1,164	1,122
Net deferred tax asset	$3,736	$1,624

The tax effect of significant temporary differences representing deferred tax assets and liabilities are as follows (in thousands):

	OCTOBER 31, 1996	OCTOBER 31, 1995
Allowance for doubtful accounts	$ 264	$ 234
Reserve for accrued employee benefits	397	326
Warranty reserves	549	468
Uncompleted long-term contracts	(337)	(605)
Depreciation and amortization	(432)	(282)
Deferred compensation	733	682
Postretirement benefits liability	510	665
Accrued legal expenses	1,327	263
Other	725	(127)
Net deferred tax asset	$3,736	$1,624

The components of the income tax provision consist of the following (in thousands):

	YEARS ENDED OCTOBER 31, 1996	1995	1994
Current:			
Federal	$ 7,135	$2,154	$2,233
State	222	114	137
Deferred:			
Federal	(2,112)	742	(548)
Total income tax provision	$ 5,245	$3,010	$1,822

POWELL INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

A reconciliation of the statutory U.S. income tax rate and the effective income tax rate, as computed on earnings from continuing operations before income taxes reflected in each of the three years presented in the Consolidated Statements of Operations is as follows:

	YEARS ENDED OCTOBER 31,		
	1996	1995	1994
Statutory rate	34%	34%	34%
Foreign sales corporation credits	(4)	(3)	(3)
Revision of previous estimates of income taxes payable	--	(3)	(4)
State income taxes, net of federal benefit	1	1	2
Other	2	1	--
Effective rate	33%	30%	29%

Total cash payments for income taxes during the year were $3,211,000, $2,062,000 and $1,716,000 in fiscal years 1996, 1995 and 1994, respectively.

H. SIGNIFICANT SALES DATA

No single customer or export country accounted for more than 10 percent of consolidated revenues in fiscal years 1996, 1995 and 1994.

Export sales are as follows (in thousands):

	YEARS ENDED OCTOBER 31,		
	1996	1995	1994
Europe (including former Soviet Union)	$ 5,680	$ 2,908	$ 316
Far East	24,948	16,778	19,199
Middle East and Africa	12,928	5,997	7,766
North, Central and South America (Excluding U. S.)	20,328	13,808	13,870
Total export sales	$63,884	$39,491	$41,151

I. COMMITMENTS AND CONTINGENCIES

Leases

The Company leases certain offices, facilities and equipment under operating leases expiring at various dates through 2003. At October 31, 1996, the minimum annual rental commitments under leases having terms in excess of one year are as follows (in thousands):

YEAR ENDING OCTOBER 31	OPERATING LEASES
1997	$ 875
1998	635
1999	661
2000	553
2001	517
Thereafter	408
Total lease commitments	$3,649

Lease expense for all operating leases, excluding leases with terms of less than one year, was $908,000, $623,000 and $758,000 for fiscal years 1996, 1995 and 1994, respectively.

POWELL INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Letters of Credit

The Company is contingently liable for secured and unsecured letters of credit totaling approximately $2,514,000 that were outstanding at October 31, 1996.

Litigation

On August 5, 1993, the Company was served with a lawsuit by National Westminster Bank plc ("NatWest") alleging the Company had defaulted on a Construction Guaranty provided to NatWest in 1992 in connection with a project at MacDill Air Force Base. NatWest is seeking damages in excess of $20,000,000. The Company has denied the substantive allegations of the complaint and has filed counterclaims for damages against NatWest alleging fraud, bad faith and failure to preserve and protect its collateral and seeking a declaratory judgement that the Company is not in default of the Construction Guaranty.

The ultimate disposition of the NatWest litigation is not presently determinable. Accordingly, although an unfavorable outcome to the NatWest litigation could have a material effect on the Company's financial position and results of operations, the Company believes it would be unreasonable to conclude that an unfavorable outcome is probable.

The Company is party to other disputes arising in the ordinary course of business. Management does not believe the ultimate outcome of these disputes will materially effect the financial position or results of operations of the Company.

J. STOCK OPTION PLAN

In March 1992, the stockholders approved an amendment to a plan that was adopted in March 1989, in which 750,000 shares of common stock would be made available through an incentive program for certain employees of the Company. The awards under this plan are subject to certain conditions and restrictions as determined by the Compensation Committee of the Board of Directors. The fair market value of the shares awarded is deferred and amortized to compensation expense on a straight-line basis over the vesting period. The vesting period for shares awarded vary from the date of the grant up to five years. In March 1996, the stockholders approved an amendment to increase the maximum shares available under the Plan from 750,000 shares to 1,500,000 shares of common stock. The Company recognized compensation expense related to stock grants pursuant to this plan of $487,000, $156,000 and $178,000 in fiscal years 1996, 1995 and 1994, respectively.

There were 820,083 shares available under the plan to be granted as of October 31, 1996. Stock option plan activity (number of shares) for the Company during fiscal years 1996, 1995 and 1994 was as follows:

	1996		1995		1994	
	OPTIONS	GRANTS	OPTIONS	GRANTS	OPTIONS	GRANTS
Outstanding, beginning of year	441,450	50,000	175,800	75,000	177,000	100,000
Granted:						
Stock options $6.25 per share			265,650			
Exercised:						
Stock grants		(50,000)		(25,000)		(25,000)
Stock options $6.25 per share	(7,500)					
Stock options $6.75 per share	(4,440)					
Forfeited:						
Stock options $6.75 per share					(1,200)	
Outstanding, ranging from $6.25 to $6.75 per share, at the end of year	429,510	0	441,450	50,000	175,800	75,000

POWELL INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

K. PRODUCTION CONTRACTS

For contracts in which the percentage-of-completion method is used, costs and estimated earnings in excess of billings are reported as a current asset and billings in excess of costs and estimated earnings are reported as a current liability. The components of these contracts are as follows (in thousands):

	OCTOBER 31, 1996	OCTOBER 31, 1995
Costs and estimated earnings	$ 45,559	$ 46,612
Progress billings	(31,625)	(35,498)
Total costs and estimated earnings in excess of billings	$ 13,934	$ 11,114
Progress billings	$ 50,667	$ 27,160
Costs and estimated earnings	(45,242)	(23,053)
Total billings in excess of costs and estimated earnings	$ 5,425	$ 4,107

L. DISCONTINUED OPERATIONS

On July 26, 1996, the Company completed the sale of its power generation set packaging business to Rolls-Royce Acquisition Corporation. This business was operated by U.S. Turbine Corp. (USTC), the Company's subsidiary based in Maineville, Ohio. Total consideration received by the Company, as adjusted, was $12,889,000, including $3,660,000 of cash, a $500,000 note receivable bearing interest at the prime rate due July 1997 and the assumption of liabilities of $8,729,000. The Company recognized a gain on the sale of $89,000, net of taxes. The Company has also guaranteed the collection of certain accounts receivable and the salability of certain inventory. The Company recognized net losses from USTC operations of $3,173,000, $799,000 and $221,000 for the fiscal years 1996, 1995 and 1994, respectively.

On August 1, 1996 the Company announced the discontinuance of its operations in the microprocessor-based equipment manufacturing business segment effective July 31, 1996. This business was operated by Powell-Process Systems, Inc. (PSI), a subsidiary of the Company based in Houston. On October 31, 1996, the Company completed the sale of these assets and the related business to Micon Systems LLC for approximately $874,000, including $650,000 cash and a $224,000 non-interest bearing note receivable due February 13, 1997. The Company recognized a loss on the sale of $1,227,000, net of taxes. The Company recognized net losses (income) from PSI operations of $1,687,000, $583,000 and ($57,000) for the fiscal years 1996, 1995 and 1994, respectively.

The following summarizes the results of operations and consolidated balance sheets of the discontinued operations:

	YEARS ENDED OCTOBER 31, 1996	1995	1994
Revenues	$29,182	$30,309	$32,526
Loss from operations before income taxes	$(7,464)	$(2,085)	$ (224)
Benefit for income taxes	2,604	703	60
Loss on disposal before income taxes	(1,725)	--	--
Benefit for income taxes	587	--	--
Net loss from discontinued operations	$(5,998)	$(1,382)	$ (164)

POWELL INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

	OCTOBER 31, 1995
Current assets	$15,895
Property, plant and equipment	2,189
Other assets	938
Total assets	$19,022
Liabilities and Stockholders' Equity:	
Current liabilities	$ 6,348
Due to parent	12,674
Total liabilities and stockholders' equity	$19,022

M. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The table below sets forth the unaudited consolidated operating results by fiscal quarter for the years ended October 31, 1996 and 1995 (in thousands, except per share data):

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
1996 --				
Revenues	$39,861	$43,127	$45,903	$41,232
Gross profit	8,860	11,123	12,212	10,853
Net earnings:				
Earnings from continuing operations	1,862	2,911	3,046	2,939
Losses from discontinued operations	(178)	(268)	(5,506)	(46)
Net earnings	1,684	2,643	(2,460)	2,893
Net earnings per common and common equivalent share:				
Continuing operations	$ .18	$ .27	$ .28	$ .27
Discontinued operations	(.02)	(.03)	(.51)	--
Net earnings	$ .16	$ .24	$ (.23)	$ .27
1995 --				
Revenues	$29,476	$33,703	$34,651	$41,704
Gross profit	6,502	7,640	7,947	8,920
Net earnings:				
Earnings from continuing operations	952	1,974	1,838	2,316
Losses from discontinued operations	(148)	(517)	(400)	(317)
Net earnings	804	1,457	1,438	1,999
Net earnings per common and common equivalent share:				
Continuing operations	$ .09	$ .18	$ .18	$ .22
Discontinued operations	(.01)	(.05)	(.04)	(0.03)
Net earnings	$ .08	$ .13	$ .14	$ .19

PART III

ITEMS 10, 11, 12 AND 13. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT; EXECUTIVE COMPENSATION; SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT; AND CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by these items is omitted because the Company will file, within 120 days after the end of the fiscal year ended October 31, 1996, a definitive proxy statement pursuant to Regulation 14A, which information is herein incorporated by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENTS SCHEDULES, AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this report:

Financial Statements -- See Index to Consolidated Financial Statements at Item 8 of this report

EXHIBITS	
2.1	-- Asset Purchase Agreement dated as of June 20, 1996 by and between Rolls-Royce North America, Inc. and Rolls-Royce Acquisition Corp. and U. S. Turbine Corp. and the Company (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K dated August 8, 1996 and incorporated herein by reference).
2.2	-- First Amendment to Asset Purchase Agreement dated July 26, 1996 by and between Rolls-Royce North America, Inc. and Rolls-Royce Acquisition Corp. and U. S. Turbine Corp. and the Company (filed as Exhibit 2.2 to the Company's Current Report on Form 8-K dated August 8, 1996 and incorporated herein by reference).
3.1	-- Articles of Incorporation and Certificates of Amendment of Powell Industries, Inc. dated July 20, 1987 and March 13, 1992 (filed as Exhibit 3 to the Company's Form 10-K for the fiscal year ended October 31, 1982, Form 10-Q for the quarter ended July 31, 1987, and Form 10-Q for quarter ended April 30, 1992, respectively, and incorporated herein by reference).
3.2	-- By-laws of Powell Industries, Inc. (filed as Exhibit 3(ii) to Company's Form 10-Q for the quarter ended April 30, 1995 and incorporated herein by reference).
10.1	-- Powell Industries, Inc., Incentive Compensation Plan for 1996.
10.2	-- Salary Continuation Agreement with William E. Powell, dated July 17, 1984 (filed as Exhibit 10 to the Company's Form 10-K for the fiscal year ended October 31, 1984, and incorporated herein by reference).
10.3	-- Description of Supplemental Executive Benefit Plan (filed as Exhibit 10 to the Company's Form 10-K for the fiscal year ended October 31, 1984, and incorporated herein by reference).
10.4	-- Loan agreements dated June 26, 1990 between Powell Industries, Inc. and Metropolitan Life Insurance Company and Metropolitan Property and Casualty Insurance Company (filed as an Exhibit to the Company's Form 10-Q for the quarter ended July 31, 1990, and incorporated herein by reference).
10.5	-- Credit Agreement dated October 20, 1995 between Powell Industries, Inc. and First Interstate Bank of Texas, N. A. (Filed as an Exhibit to the Company's Form 10-K for the fiscal year ended October 31, 1995 and incorporated herein by reference.)

EXHIBITS

10.6	-- Amendment No. 1 dated August 15, 1996, to Credit Agreement between the Powell Industries, Inc. and Wells Fargo Bank of Texas (previously First Interstate of Texas).
10.7	-- 1992 Powell Industries, Inc. Stock Option Plan (filed as Exhibit 4.2 to the Company's registration statement on Form S-8 dated July 26, 1994 (File No. 33-81998) and incorporated herein by reference).
10.8	-- The Powell Industries, Inc. Directors' Fees Program (filed as Exhibit 10.7 to the Company's Form 10-K for the fiscal year ended October 31, 1992, and incorporated herein by reference).
10.9	-- The Powell Industries, Inc. Executive Severance Protection Plan (filed as an exhibit to the Company's Form 10-Q for the quarter ended April 30, 1996, and incorporated herein by reference).
10.10	-- Amendment to Powell Industries, Inc. Stock Option Plan (filed as an exhibit to the Company's Form 10-Q for the quarter ended April 30, 1996 and incorporated herein by reference).
21.1	-- Subsidiaries of the Company.
23.1	-- Consent of Independent Public Accountants.
27	-- Financial data schedule.

(b) Reports on Form 8-K.

No reports on Form 8-K have been filed during the last quarter of the fiscal year covered by this report.

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.

POWELL INDUSTRIES, INC.

By /s/ THOMAS W. POWELL

Thomas W. Powell
President and Chief Executive Officer (Principal Executive Officer)

By /s/ J.F. AHART

J.F. Ahart
Vice President Secretary and Treasurer (Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the date indicated:

SIGNATURE	TITLE	DATE
/s/ THOMAS W. POWELL Thomas W. Powell	Chairman of the Board	January 10, 1997
/s/ EUGENE L. BUTLER Eugene L. Butler	Director	January 10, 1997
/s/ J. F. AHART J. F. Ahart	Director	January 10, 1997
/s/ BONNIE L. POWELL Bonnie L. Powell	Director	January 10, 1997
/s/ STEPHEN W. SEALE, JR. Stephen W. Seale, Jr.	Director	January 10, 1997
/s/ ELBERT D. STEWART Elbert D. Stewart	Director	January 10, 1997
/s/ D.D. SYKORA D.D. Sykora	Director	January 10, 1997
/s/ LAWRENCE R. TANNER Lawrence R. Tanner	Director	January 10, 1997
/s/ RONALD J. WOLNY Ronald J. Wolny	Director	January 10, 1997

INDEX TO EXHIBITS

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10.3	-- Description of Supplemental Executive Benefit Plan (filed as Exhibit 10 to the Company's Form 10-K for the fiscal year ended October 31, 1984, and incorporated herein by reference).
10.4	-- Loan agreements dated June 26, 1990 between Powell Industries, Inc. and Metropolitan Life Insurance Company and Metropolitan Property and Casualty Insurance Company (filed as an Exhibit to the Company's Form 10-Q for the quarter ended July 31, 1990, and incorporated herein by reference).
10.5	-- Credit Agreement dated October 20, 1995 between Powell Industries, Inc. and First Interstate Bank of Texas, N. A. (Filed as an Exhibit to the Company's Form 10-K for the fiscal year ended October 31, 1995 and incorporated herein by reference.)
10.6	-- Amendment No. 1 dated August 15, 1996, to Credit Agreement between the Powell Industries, Inc. and Wells Fargo Bank of Texas (previously First Interstate of Texas).
10.7	-- 1992 Powell Industries, Inc. Stock Option Plan (filed as Exhibit 4.2 to the Company's registration statement on Form S-8 dated July 26, 1994 (File No. 33-81998) and incorporated herein by reference).
10.8	-- The Powell Industries, Inc. Directors' Fees Program (filed as Exhibit 10.7 to the Company's Form 10-K for the fiscal year ended October 31, 1992, and incorporated herein by reference).
10.9	-- The Powell Industries, Inc. Executive Severance Protection Plan (filed as an exhibit to the Company's Form 10-Q for the quarter ended April 30, 1996, and incorporated herein by reference).
10.10	-- Amendment to Powell Industries, Inc. Stock Option Plan (filed as an exhibit to the Company's Form 10-Q for the quarter ended April 30, 1996 and incorporated herein by reference).
21.1	-- Subsidiaries of the Company.
23.1	-- Consent of Independent Public Accountants.
27	-- Financial data schedule.

EXHIBIT 10.1

POWELL INDUSTRIES, INC.
INCENTIVE COMPENSATION PLAN FOR 1996

DECEMBER 1995

1. PLAN PURPOSE

The purpose of the plan is to recognize and reward key corporate and subsidiary employees for their contributions to the growth and profitability of Powell Industries, Inc. and its operating subsidiaries through the opportunity to earn incentive compensation, in addition to their base salaries, based on the performance of the Company or subsidiary.

2. GENERAL DESCRIPTION

Key corporate and subsidiary executives and managers will be selected for participation on an annual basis. For each participant, a maximum incentive compensation opportunity will be established, and expressed as a percentage of the individual's base salary at the beginning of the plan year. The actual amount of incentive compensation earned by each participant will be based on the performance of the Company or subsidiary against pre-established performance measures. The performance measures for the subsidiary participants will include "return on revenues" and "revenue growth". For corporate participants, the performance measures will include "Powell Industries, Inc. earnings per share", and "revenue growth". Specific performance levels will be established each year based on an assessment of historical results, the budgeted performance for the plan year, and general business conditions.

The plan will be administered by the Compensation Committee of the Board of Directors, in conjunction with the Chief Executive Officer.

3. ELIGIBILITY AND INCENTIVE COMPENSATION OPPORTUNITY

On an annual basis key corporate and subsidiary participants will be identified for participation. Participation in one year does not guarantee participation in the following year.

Subsidiary presidents will submit their recommended participants to the CEO for approval. In addition, each subsidiary president may identify a general incentive "pool", which may be used to recognize the contributions of individuals within the subsidiary who are not named participants.

The CEO will recommend corporate participants for approval by the Compensation Committee. The CEO may identify a general incentive "pool" which may be used to recognize the contributions of individuals who are not named participants.

For each named participant, their "maximum incentive opportunity" will be identified, which is expressed as a percentage of base salary at the beginning of the plan year.

4. PERFORMANCE MEASURES AND WEIGHTS

The following performance measures will be used to measure the performance of the Company and determine the incentive award earned by each participant. The weighting percentage reflects the relative weight given to each performance measure.

SUBSIDIARY PARTICIPANTS

- 70% Return on Revenues - Net profits before taxes divided by total revenues

- 30% Percent Growth of Total Revenues

CORPORATE PARTICIPANTS

- 70% Powell Industries, Inc. Earnings Per Share

- 30% Percent Growth of Total Revenues Over Prior Year

Prior to the beginning of the plan year, the performance standards for each subsidiary and Powell Industries, Inc. will be finalized, approved by the Compensation Committee, and communicated to participants. The performance standards will be based on historical results, management's expectations for the coming year, and the general business environment. The CEO will approve subsidiary performance standards, and the Compensation Committee will approve the company-wide performance standards.

For 1995, the revenue growth standard for the corporation and subsidiaries will be 10%. Beginning in 1996, the standard will be increased to 15%.

5. COMPUTATION OF AWARDS

For each subsidiary and Powell Industries, Inc., an Incentive Compensation Calculation Form will be prepared at the beginning of the plan year, which will include a listing of the participants, their base salary, and maximum incentive opportunity. For each performance measure, a funding table will be attached which establishes the amount of incentive compensation earned at various performance levels. The Incentive Compensation Calculation Form is attached.

In order to activate the plan for each subsidiary, the threshold Return on Revenue (ROR) must be achieved. If the ROR threshold is not achieved, no incentive awards will be paid, regardless of the revenue growth percentage.

In order to activate the plan for corporate participants, the threshold Earnings Per Share (EPS) must be achieved. If the EPS threshold is not achieved, no incentive awards will be paid, regardless of the revenue growth percentage.

In computing performance results, ROR and EPS will be net of the accrued incentive compensation payments.

In addition to the incentive award computed under this plan, the Compensation Committee may in its sole discretion, make additional discretionary awards to recognize significant individual contributions. This discretionary award is limited to no more than 30% of the individual's maximum incentive opportunity.

The Compensation Committee, in conjunction with the CEO, may make adjustments to the subsidiary or Company performance results to eliminate the impact of extraordinary charges to earnings, both positive and negative. The purpose of any such adjustment is to better reflect the performance of the subsidiary or Company. Each August, the Committee will meet to review the interim performance results of the Company and determine if extraordinary charges have occurred or are likely to occur that should be eliminated.

6. PAYMENT OF AWARDS

The annual incentive awards will be determined after the end of the plan year and paid as soon as practical. Prior to payment of awards, the Compensation Committee will review and certify the incentive awards for all participants.

Incentive awards will be computed based on the participant's base salary at the beginning of the plan year.

A participant must be an active employee on the last day of the plan year in order to receive an incentive award.

Participants added to the plan after the beginning of the plan year, will be eligible to receive a prorated award based on their salary when they became eligible.

Participants who die, retire, or become disabled during the plan year will be eligible for a prorated award based on the number of months of active participation during the plan year.

7. ADMINISTRATION OF PLAN

The plan will be administered by the Compensation Committee, in conjunction with the CEO. The Committee reserves the right to amend or terminate the plan at any time, except that such amendment or termination will not affect any awards that have been earned but not paid.

EXHIBIT 10.6

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (hereinafter called this "Amendment") is entered into on August 15, 1996, to be effective as of August 15, 1996, between Powell Industries, Inc., a Nevada corporation (the "Borrower") and Wells Fargo Bank (Texas), National Association, formerly First Interstate Bank of Texas, N.A. (the "Bank").

W I T N E S S E T H:

WHEREAS, the Borrower and First Interstate Bank of Texas, N.A. entered into a Credit Agreement dated as of October 20, 1995 (hereinafter called the "Agreement"), whereby, upon the terms and conditions therein stated, the Bank agreed to make available to the Borrower a credit facility upon the terms and conditions set forth in the Agreement; and

WHEREAS, the Borrower has dissolved or sold Powell-Process Systems, Inc. and U.S. Turbine, Inc., each of which was a subsidiary of Borrower and each of which guaranteed the payment of the credit facility represented by the Agreement; and

WHEREAS, the Borrower has requested that the Bank agree to certain amendments to the Agreement;

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, the parties to this Amendment hereby agree as follows:

SECTION 1. Terms Defined in Agreement. An used in this Amendment, except as may otherwise be provided herein, all capitalized terms which are defined in the Agreement shall have the same meaning herein as therein, all of such terms and their definitions being incorporated herein by reference.

SECTION 2. Amendments to Agreement. Subject to the conditions precedent set forth in Section 3 hereof, the Agreement is hereby amended as follows:

(a) The definition of "Stated Maturity Date" is hereby deleted from Section 8.1 of the Agreement and the following definition is substituted in lieu thereof:

"STATED MATURITY DATE" shall mean August 15, 1998.

(b) The definition of "Termination Date" is hereby deleted from Section 8.1 of the Agreement and the following definition is substituted in lieu thereof:

"TERMINATION DATE" shall mean August 15, 1998.

SECTION 3. Conditions of Effectiveness.

(a) The Bank has relied upon the representations and warranties contained in this Amendment in agreeing to the amendments to the Agreement set forth herein and the amendments to the Agreement set forth herein are conditioned upon and subject to the accuracy of each and every representation and warranty of the Borrower made or referred to herein, and performance by the Borrower of its obligations to be performed under the Agreement on or before the date of this Amendment (except to the extent amended herein).

(b) The amendments to the Agreement set forth herein are further conditioned upon receipt by the Bank of

(i) A fully executed Amended and Restated Revolving Promissory Note in the form attached hereto as Exhibit "A";

(ii) certificates of the Secretary or Assistant Secretary of the Borrower and each Guarantor setting forth resolutions of its respective Board of Directors in form and substance reasonably satisfactory to the Bank with respect to this Amendment.

SECTION 4. Representations and Warranties of the Borrower. The Borrower represents and warrants to the Bank, with full knowledge that the Bank is relying on the following representations and warranties in executing this Amendment, as follows:

(a) The Borrower has corporate power and authority to execute, deliver and perform this Amendment, and all corporate action on the part of the Borrower requisite for the due execution, delivery and performance of this Amendment has been duly and effectively taken.

(b) The Agreement as amended by this Amendment and the Loan Documents and each and every other document executed and delivered in connection with this Amendment to which the Borrower or any of its Subsidiaries is a party constitute the legal, valid and binding obligations of the Borrower and any of its Subsidiaries to the extent it is a party thereto, enforceable against such Person in accordance with their respective terms.

(c) This Amendment does not and will not violate any provisions of the articles or certificate of incorporation or bylaws of the Borrower, or any contract, agreement, instrument or requirement of any Governmental Authority to which the Borrower is subject. The Borrower's execution of this Amendment will not result in the creation or imposition of any lien upon any properties of the Borrower, other than those permitted by the Agreement and this Amendment.

(d) The Borrower's execution, delivery and performance of this Amendment do not require the consent or approval of any other Person, including, without limitation, any regulatory authority or governmental body of the United States of America or any state thereof or any political subdivision of the United States of America or any state thereof.

(e) The Borrower has performed and complied with all agreements and conditions contained in the Agreement required to be performed or complied with by the Borrower prior to or at the time of delivery of this Amendment.

(f) After giving effect to this Amendment, no Default or Event of Default exists and all of the representations and warranties contained in the Agreement and all instruments and documents executed pursuant thereto or contemplated thereby are true and correct in all material respects on and as of this date.

(g) Nothing in this Section 4 of this Amendment is intended to amend any of the representations or warranties contained in the Agreement or of the Loan Documents to which the Borrower or any of the Subsidiaries is a party.

SECTION 5. Reference to and Effect on the Agreement.

(a) Upon the effectiveness of Sections 1 and 2 hereof, on and after the date hereof, each reference in the Agreement to "this Agreement", "hereunder", "hereof", "herein", or words of like import, shall mean and be a reference to the Agreement as amended hereby.

(b) Except as specifically amended by this Amendment, the Agreement shall remain in full force and effect and is hereby ratified and confirmed.

SECTION 6. No Waiver. Except as specifically amended hereby, the Borrower agrees that no Event of Default and no Default has been waived or remedied by the execution of this Amendment by the Bank and any such Default or Event or Default heretofore arising and currently continuing shall continue after the execution and delivery hereof.

SECTION 7. Extent of Amendments. Except as otherwise expressly provided herein, the Agreement and the other Loan Documents are not amended, modified or affected by this Amendment. The Borrower ratifies and confirms that (i) except as expressly amended hereby, all of the terms, conditions, covenants, representations, warranties and all other provisions of the Agreement remain in full force and effect and (ii) each of the other Loan Documents are and remain in full force and effect in accordance with their respective terms.

SECTION 8. WAIVERS AND RELEASE OF CLAIMS. As additional consideration to the execution, delivery, and performance of this Amendment by the parties hereto and to induce the Bank to enter into this Amendment, the Borrower represents and warrants that (a) the Borrower knows of no defenses, counterclaims or rights of setoff to the payment of any indebtedness of the Borrower to the Bank, and (b) the Borrower for itself, its Subsidiaries, their respective representatives, agents, officers, directors, employees, shareholders, and successors and assigns, hereby fully, finally, completely, generally and forever releases, discharges, acquits, and relinquishes the Bank and their respective representatives, agents, officers, directors, employees, shareholders, and successors and assigns, from any and all claims, actions, demands, and causes of action of whatever kind or character, whether joint or several, whether known or unknown, for any and all injuries, harm, damages, penalties, costs, losses, expenses, attorneys' fees, and/or liability whatsoever and whenever incurred or suffered by any of them prior to the execution of this Amendment. Notwithstanding any provision of this Amendment, the Agreement or any other Loan Document, this Section 8 shall remain in full force and effect and shall survive the delivery of the Notes, this Amendment and the other Loan Documents and the making, extension, renewal, modification, amendment or restatement of any thereof.

SECTION 9. Guaranties. Each of the Guarantors hereby consents to and accepts the terms and conditions of this Amendment, agrees to be bound by the terms and conditions hereof and ratifies and confirms that its continuing Guaranty Agreement, executed and delivered to the Bank on October 20, 1995, guaranteeing payment of the obligations, is and remains in full force and effect and secures payment of, among other things, the Note as renewed, rearranged and extended hereby.

SECTION 10. Execution and Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. Delivery of an executed counterpart of the signature page of this Amendment by facsimile shall be equally as effective as delivery of a manually executed counterpart of this Amendment.

SECTION 11. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of Texas.

SECTION 12. Headings. Section headings in this Amendment are included herein for convenience and reference only and shall not constitute a part of this Amendment for any other purpose.

SECTION 13. Arbitration Program. The parties agree to be bound by the terms and provisions of the current Arbitration Program of First Interstate Bank of Texas, N.A., which is incorporated by reference herein and is acknowledged as received by the parties pursuant to which any and all disputes arising hereunder, under the Agreement, under any of the other Loan Documents, or under any of the documents and instruments contemplated thereby, or pertaining hereto or thereto, shall be resolved by mandatory binding arbitration upon the request of any party.

SECTION 14. NO ORAL AGREEMENTS. THE AGREEMENT (AS AMENDED BY THIS AMENDMENT) AND THE OTHER LOAN DOCUMENTS, REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized.

BORROWER:

POWELL INDUSTRIES, INC

By:
/s/ J. F. AHART

Name: J. F. Ahart
Title: Vice President

BANK:

WELLS FARGO BANK (TEXAS), NATIONAL ASSOCIATION

By:
/s/ VALERIE B. CARLSON

Name: Valerie B. Carlson
Title: Vice President

CONSENTED AND AGREED TO THIS 3 day of September, 1996:

POWELL ELECTRICAL MANUFACTURING COMPANY

By: /s/ J. F. AHART

Name: J. F. Ahart
Title: Vice President

DELTA-UNIBUS CORP.	POWELL-ESCO COMPANY
By: /s/ J. F. AHART	By: /s/ J. F. AHART
Name: J. F. Ahart	Name: J. F. Ahart
Title: Vice President	Title: Vice President
UNIBUS, INC.	TRACTION POWER SYSTEMS, INC
By: /s/ J. F. AHART	By: /s/ J. F. AHART
Name: J. F. Ahart	Name: J. F. Ahart
Title: Vice President	Title: Vice President
POWELL-INNOVATIVE BREAKER TECHNOLOGIES, INC.	TRANSDYN CONTROLS, INC.
By: /s/ J. F. AHART	By: /s/ J. F. AHART
Name: J. F. Ahart	Name: J. F. Ahart
Title: Vice President	Title: Vice President

FIRST AMENDED AND RESTATED REVOLVING PROMISSORY NOTE

$15,000,000.00 AUGUST 15, 1996

FOR VALUE RECEIVED, after date, without grace, in the manner, on the dates and in the amounts so herein stipulated, the undersigned, POWELL INDUSTRIES, INC., a Nevada corporation, acting by and through its duly authorized officer, ("Borrower") , PROMISES TO PAY TO THE ORDER OF WELLS FARGO BANK (TEXAS), NATIONAL ASSOCIATION, FORMERLY FIRST INTERSTATE BANK OF TEXAS, N.A. ("Lender"), in Houston, Harris County, Texas, the sum of FIFTEEN MILLION AND N0/100 DOLLARS ($15,000,000.00) or, if less, the aggregate unpaid principal amount of advances made by Lender to Borrower pursuant to this Note, in lawful money of the United States of America, which shall be legal tender in payment of all debts and dues, public and private, at the time of payment, and to pay interest on the unpaid principal amount from date until maturity at a rate equal to the Stated Rate (as hereinafter defined), not to exceed the maximum non-usurious interest rate permitted by applicable law from time to time in effect as such law may be interpreted, amended, revised, supplemented or enacted ("Maximum Rate"), provided that if at any time the Stated Rate exceeds the Maximum Rate then interest hereon shall accrue at the Maximum Rate. In the event the Stated Rate subsequently decreases to a level which would be less than the Maximum Rate or if the Maximum Rate applicable to this Note should subsequently be changed, then interest hereon shall accrue at a rate equal to the applicable Maximum Rate until the aggregate amount of interest so accrued equals the aggregate amount of interest which would have accrued at the Stated Rate without regard to any usury limit, at which time interest hereon shall again accrue at the Stated Rate. As used herein, the Stated Rate shall mean, in the absence of Borrower's exercise of a Eurodollar Rate Election (as defined in the Credit Agreement) , the Prime Rate plus the applicable Base Rate Margin as set forth below:

RATIO OF-FUNDED INDEBTEDNESS TO EBITDA FOR THE PRECEDING FOUR (4) FISCAL QUARTERS	BASE RATE MARGIN
less than 1.75 to 1.00	0%
1.75 to 1.00 or greater	0.25%

In the event the Borrower exercises its right to select the Eurodollar Rate (as defined in the Credit Agreement) , (i) such selection shall be in accordance with the provisions of the Credit Agreement and (ii) the Stated Rate as to the Eurodollar Rate Advance (as defined in the Credit Agreement) shall be the Eurodollar Rate plus the applicable Libor Margin as set forth below:

RATIO OF-FUNDED INDEBTEDNESS TO EBITDA FOR THE PRECEDING FOUR (4) FISCAL QUARTERS	LIBOR MARGIN
less than or equal to 1.25 to 1.00	1.00%
greater than 1.25 to 1.00, but less than 1.50 to 1.00	1.25%
equal to or greater than 1.50 to 1.00, but less than 1.75 to 1.00	1.50%
equal to or greater than 1.75 to 1.00, but less than 2.00 to 1.00	1.75%
equal to or greater than 2.00 to 1.00	2.25%

The adjustment in the applicable Base Rate Margin and/or Libor Margin of this Note shall be effective on the first of the month following receipt of quarterly financial statements pursuant to Section 3.1 and Compliance Certificate pursuant to Section 5.10 of the Credit Agreement indicating the Ratio of Funded Indebtedness to EBITDA for the preceding four (4) fiscal quarters (as such terms are defined in the Credit Agreement), provided that if, for any reason, the applicable financial statements are delivered after the 1st of the month approximately sixty (60) days following the end of the fiscal quarter, the adjustment in Base Rate Margin or Libor Margin shall be retroactive to the 1st of such month based upon the financial statements when delivered.

Interest shall be due and payable monthly as it accrues on the first day of each and every month, beginning November 1, 1995, and continuing regularly thereafter until August 15, 1998, when the entire balance of principal and accrued interest shall be due and payable.

This Note is the Revolving Note referred to in, is subject to, and is entitled to the benefits of, the Credit Agreement dated as of October 20, 1995, as amended by a First Amendment to Credit Agreement, dated of even date herewith, between Borrower and Lender, as that Credit Agreement, as amended, may be further amended, modified or supplemented from time to time (the "Credit Agreement"). The Credit Agreement contains, among other things, provisions for the acceleration of the maturity hereof upon the occurrence of certain stated events. All capitalized terms used herein which are defined in the Credit Agreement shall have the same meaning as in the Credit Agreement.

It is agreed that time is of the essence of this agreement. Upon the occurrence of an Event of Default, Lender may accelerate and declare this Note immediately due and payable as provided in the Credit Agreement. Any failure to exercise this option shall not constitute a waiver by Lender of the right to exercise the same at any other time.

Upon the occurrence of an Event of Default under Section 6.1 of the Credit Agreement or in the event this Note is declared due interest shall accrue in accordance with the provisions of Section 1.9 of the Credit Agreement, but in no event to exceed the Maximum Rate.

Borrower hereby agrees to pay all expenses incurred, including reasonable attorneys' fees, all of which shall become a part of the principal hereof, if this Note is placed in the hands of an attorney for collection or if collected by suit or through any probate, bankruptcy or any other legal proceedings.

Interest charges will be calculated on amounts advanced hereunder on the actual number of days these amounts are outstanding in accordance with the Credit Agreement. It is the intention of the parties hereto to comply with all applicable usury laws; accordingly, it is agreed that notwithstanding any provision to the contrary in this Note, or in any of the documents securing payment hereof or otherwise relating hereto, no such provision shall require the payment or permit the collection of interest in excess of the Maximum Rate. If any excess of interest in such respect is provided for, or shall be adjudicated to be so provided for, in this Note or in any of the documents securing payment hereof or otherwise relating hereto, then in such event (1) the provisions of this paragraph shall govern and control, (2) neither Borrower, endorsers or guarantors, nor their heirs, legal representatives, successors or assigns nor any other party liable for the payment hereof, shall be obligated to pay the amount of such interest to the extent that it is in excess of the Maximum Rate, (3) any such excess which may have been collected shall be either applied as a credit against the then unpaid principal amount hereof or refunded to Borrower, and (4) the provisions of this Note and any documents securing payment of this Note shall be automatically reformed so that the effective rate of interest shall be reduced to the Maximum Rate. For the purpose of determining the Maximum Rate, all interest payments with respect to this Note shall be amortized, prorated and spread throughout the full term of the Note so that the effective rate of interest on account of this Note is uniform throughout the term hereof.

Borrower agrees that the Maximum Rate to be charged or collected pursuant to this Note shall be the applicable indicated rate ceiling as defined in TEX. REV. CIV. STAT. ANN. Art. 5069-1.04, provided that Lender may rely on other applicable laws, including without limitation laws of the United States, for calculation of the Maximum Rate if the application thereof results in a greater Maximum Rate. Except as provided above, the provisions of this Note shall be governed by the laws of the State of Texas.

Each maker, surety, guarantor and endorser (i) waives demand, grace, notice, presentment for payment, notice of intention to accelerate the maturity hereof, notice of acceleration of the maturity hereof and protest, (ii) agrees that this Note and the liens securing its payment may be renewed, and the time of payment extended from time to time, without notice and without releasing any of the foregoing, and (iii) agrees that without notice or consent from any maker, surety, guarantor, or endorser, Lender may release any collateral which may from time to time be pledged to secure repayment of this Note, or may release any party who might be liable for this Note.

Subject to the provisions of the Credit Agreement, Borrower may prepay this Note, in whole or in part, at any time prior to maturity without penalty, and interest shall cease on any amount prepaid.

As used in this Note, the term "Prime Rate" shall mean the variable rate of interest announced by Lender from time to time as its prime rate of interest and, without notice to the maker of this Note or any other person, such rate of interest shall change as and when changes in that prime rate of interest are announced. The Prime Rate is set by Lender as a general reference rate of interest, taking into account such factors as Lender may deem appropriate, it being understood that many of Lender's commercial or other loans are priced in relation to such rate, that it is not necessarily the lowest or best rate of interest actually charged on any loan, and that Lender may make various commercial or other loans at rates of interest having no relationship to the Prime Rate. If at any time the "Prime Rate" of Wells Fargo Bank (Texas), National Association, formerly First Interstate Bank of Texas, N.A. is no longer available, then the owner of this Note ("Owner") will designate a different "Prime Rate" as announced by a national banking association of owner's choice.

The principal of this Note represents funds which Lender will advance to Borrower from time to time upon request of Borrower. Any part of the principal may be repaid by Borrower and thereafter reborrowed, provided the outstanding principal amount of this Note shall never exceed the face amount of this Note. Each advance shall constitute a part of the principal hereof and shall bear interest from the date of the advance. The provisions of TEX. REV. CIV. STAT. ANN. Art. 5069-15.01, et seq, as may be amended, shall not apply to this Note or to any of the security documents executed in connection with this Note.

This First Amended and Restated Revolving Promissory Note is given in renewal and extension and not in novation of the Revolving Promissory Note dated October 20, 1995, in the amont of $15,000,000.00 executed by Borrower payable to First Interstate Bank of Texas, N.A.

Borrower represents and warrants that this loan is for business, commercial, investment or similar purposes and not primarily for personal, family, household or agricultural use, as such terms are used in Chapter One of the Texas Credit Code.

POWELL INDUSTRIES, INC.

By: /s/ J. F. AHART

Name: J. F. Ahart

Title: Vice President

"BORROWER"

EXHIBIT 21.1

SUBSIDIARIES OF POWELL INDUSTRIES, INC.

NAME OF DOMESTIC SUBSIDIARY	STATE OF INCORPORATION
Powell Electrical Manufacturing Co.	Delaware
Powell-Process Systems, Inc.(Inactive)	Utah
Powell-ESCO Company	Texas
Unibus, Inc.	Ohio
Delta-Unibus Corp.	Illinois
U. S. Turbine Corp.(Inactive)	Nevada
Transdyn Controls, Inc.	California

NAME OF FOREIGN SUBSIDIARY	COUNTRY OF INCORPORATION
Powell Foreign Sales Corporation	Barbados, West Indies

EXHIBIT 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

AS INDEPENDENT PUBLIC ACCOUNTANTS, WE HEREBY CONSENT TO THE INCORPORATION BY REFERENCE OF OUR REPORTS DATED DECEMBER 3, 1996, INCLUDED IN THIS FORM 10-K, INTO THE POWELL INDUSTRIES, INC. PREVIOUSLY FILED FORM S-8 REGISTRATION FILE NO. 33-81998.

ARTHUR ANDERSEN LLP

HOUSTON, TEXAS

JANUARY 27, 1997

THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED OCTOBER 31, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

12-MOS
OCT-31-1996
OCT-31-1996
8,935
0
37,790
777
14,114
79,144
41,566
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16,003
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(5,998)
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