

SCHEDULE 14A INFORMATION  
Proxy Statement Pursuant to Section 14(a)  
of the Securities Exchange Act of 1934

Filed by the Registrant   
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

Powell Industries, Inc.

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(Name of Registrant as Specified in its Charter)

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(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

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2) Aggregate number of securities to which transaction applies:

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3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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4) Proposed maximum aggregate value of transaction:

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5) Total fee paid:

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1) Amount Previously Paid: -----

2) Form, Schedule or Registration Statement No.: -----

3) Filing Party: -----

4) Dated Filed: -----

POWELL INDUSTRIES, INC.  
8550 MOSLEY DRIVE  
HOUSTON, TEXAS 77075

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD MARCH 17, 2000

TO THE STOCKHOLDERS OF POWELL INDUSTRIES, INC.:

Notice is hereby given that the Annual Meeting of the Stockholders of Powell Industries, Inc., a Nevada corporation (the "Company"), will be held at the offices of the Company at 8550 Mosley Drive, in Houston, Texas on Friday, March 17, 2000 at 11:00 a.m. Houston time, for the following purposes:

1. To elect two (2) members of the Company's Board of Directors, class of 2003; and
2. To transact such other business as may properly come before the meeting or any adjournment thereof.

The stock transfer books will not be closed. Stockholders of record as of the close of business on January 31, 2000 are entitled to notice of, and to vote at, the Annual Meeting or any adjournment thereof, notwithstanding any transfer of stock on the books of the Company after such record date.

You are cordially invited to attend the meeting in person. YOU ARE URGED TO COMPLETE, DATE, AND SIGN THE ENCLOSED PROXY AND TO RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING.

By Order of the Board of Directors

J. F. Ahart  
Vice President and  
Secretary

Houston, Texas  
January 29, 2000

POWELL INDUSTRIES, INC.  
8550 MOSLEY DRIVE  
HOUSTON, TEXAS 77075  
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PROXY STATEMENT  
JANUARY 29, 2000  
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ANNUAL MEETING OF STOCKHOLDERS  
MARCH 17, 2000  
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SOLICITATION AND VOTING RIGHTS

The accompanying proxy is solicited by the Board of Directors of Powell Industries, Inc., a Nevada corporation (the "Company"), for use at the Annual Meeting of Stockholders of the Company to be held on Friday, March 17, 2000 at 11:00 a.m., Houston time, at the offices of the Company at 8550 Mosley Drive, in Houston, Texas, or at any adjournment thereof.

This Proxy Statement and proxy and the accompanying Notice of Annual Meeting, Summary Annual Report to Stockholders, and Form 10-K for the year ended October 31, 1999, including consolidated financial statements, will be mailed to stockholders on or about February 18, 2000. The cost of soliciting proxies in the enclosed form will be borne by the Company. The Board of Directors of the Company has fixed January 31, 2000, as the record date for determination of stockholders entitled to receive notice of and to vote at the Annual Meeting. There are 10,589,200 shares of the Company's Common Stock, par value \$.01 per share ("Common Stock"), outstanding. Each holder of Common Stock will be entitled to one vote for each share owned, except as noted below.

The presence, in person or by proxy, of the holders of a majority of the outstanding shares of Common Stock of the Company is necessary to constitute a quorum at the meeting. The holders of shares represented by proxies reflecting abstentions or "broker non-votes" are considered present at the meeting and count toward a quorum. Brokers holding shares of record for their customers generally are not entitled to vote on certain matters unless they receive voting instructions from their customers. When brokers complete proxy forms, they generally vote on those matters as to which they are entitled to vote. On those matters as to which brokers are not entitled to vote without instructions from their customers and have not received such instructions, brokers generally indicate on their proxies that they lack voting authority as to those matters. As to those matters, such indications are called "broker non-votes".

The persons receiving the greatest number of votes cast at the meeting to fill the directorship with a term to expire in 2003 will be elected as directors of the Company, class of 2003. Thus, abstentions and broker non-votes will have no effect on the election of directors.

Regarding other matters, the vote of a majority of the voting power present, in person or by proxy, and entitled to vote on the matters, at a meeting at which a quorum is present, is the act of the stockholders. Accordingly, abstentions will have the effect of negative votes with respect to any such other matters. Broker non-votes will have the effect of negative votes as to any such other matters as to which the broker is entitled to vote, and no effect on those matters as to which the broker is not entitled to vote.

The shares represented by each valid proxy received by the Company on the form solicited by the Board of Directors will be voted in accordance with instructions specified on the proxy. Under Nevada law, a stockholder giving a duly executed proxy may revoke it before it is exercised only by filing with or transmitting to the Secretary of the Company an instrument or transmission revoking it, or a duly executed proxy bearing a later date.

COMMON STOCK OWNED BY  
PRINCIPAL STOCKHOLDERS AND MANAGEMENT

The following table sets forth as of January 29, 2000 (except as otherwise noted below), the number of shares of Common Stock owned by each person who is known by the Company to own beneficially more than five percent (5%) of the Company's outstanding Common Stock:

NAME AND ADDRESS OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	PERCENT OF CLASS
Thomas W. Powell..... P.O. Box 12818 Houston, Texas 77217	2,973,083(1)	27.89%
Heartland Advisors, Inc. .... 790 North Milwaukee Street Milwaukee, Wisconsin 53202	1,059,000(2)	10.00%
Fidelity Management & Research Co. .... 82 Devonshire Street Boston, Massachusetts 02109	1,027,500(3)	9.70%
Bonnie L. Powell..... P. O. Box 112 Warda, Texas 78960	942,419(4)	8.90%
Wellington Trust Company, NA..... 75 State Street Boston, Massachusetts 02109	853,500(5)	8.06%
Klein Bank, ..... Trustee of the Powell Industries, Inc. Employee Stock Ownership Trust and of the Powell Industries, Inc. Frozen Employee Stock Ownership Trust 13845 Breck Houston, Texas 77066	720,302(6)	6.80%

(1) Mr. Powell has sole voting power and sole investment power with respect to 2,602,512 of such shares. Of those 2,602,512 shares, 78,720 are held by Mr. Powell's IRA, and 2,523,792 are held by TWP Holdings, Ltd., a partnership controlled by Mr. Powell. Also includes 297,360 shares held by the Thomas Walker Powell Trust. Mr. Powell is a co-trustee of such trust and shares voting and investment power with respect to the shares held by such trust with the other co-trustees, Michael W. Powell and Holly C.

Powell Arnold. Also includes 2,292 shares allocated to the account of Mr. Powell under the Powell Industries, Inc. Employee Stock Ownership Plan (see footnote (6) to this table) and 919 shares held in trust for the account of Mr. Powell under the Employees Incentive Savings Plan of the Company. Mellon Bank, N.A. is the sole trustee of the Employees Incentive Savings Plan and as such has sole power to vote such shares as directed by the administrative committee of the Plan. All data in this Proxy Statement with respect to shares held in the Employees Incentive Savings Plan are as of October 31, 1999. Also includes 70,000 shares subject to stock options which are currently exercisable by Mr. Powell.

- (2) As of December 31, 1998, based on a Schedule 13G dated January 28, 1999. According to such Schedule 13G, Heartland Value Fund has interests in more than 5% of the Company's Common Stock. Also according to such Schedule 13G, Heartland Advisors, Inc. had sole dispositive power over all of such shares and sole voting power as to 385,000 of such shares.
- (3) As of December 31, 1998, based on a Schedule 13G dated February 1, 1999 filed by FMR Corp., the parent of Fidelity Management & Research Company. According to such Schedule 13G, such stock is held on behalf of Fidelity Low-Priced Stock Fund. Also according to such Schedule 13G, such Fund's Board of Directors has the sole power to vote or direct the voting of such shares, and each of such Fund, FMR Corp., and Edward C. Johnson 3d, Chairman of FMR Corp., has the sole power to dispose of such shares.
- (4) Mrs. Powell has sole voting power and sole investment power with respect to 596,919 of such shares. Also includes 345,500 shares held by Testamentary Trust No. 1, of which Mrs. Powell is a co-trustee. Mrs. Powell shares voting and investment power with respect to such shares held by Testamentary Trust No. 1 with J. Suzanne May, the other co-trustee of such trust. Any act of such co-trustees requires the approval of a majority of them.
- (5) As of December 31, 1998, based on a Schedule 13G dated December 31, 1998, filed by Wellington Management Company, LLP, the parent of Wellington Trust Company, NA. According to such Schedule 13G, Wellington Management Company, LLP shares dispositive power over all such shares, and shares voting power as to 433,500 of such shares.
- (6) Of such shares, 690,265 are held in the Powell Industries, Inc. Employee Stock Ownership Trust (the "ESOP") and 30,037 are held in the Powell Industries, Inc. Frozen Employee Stock Ownership Trust (the "Frozen ESOP"). Klein Bank, as Trustee, but as directed by the administrative committee for the ESOP appointed by the Board of Directors of the Corporation, votes and disposes of shares not allocated to the accounts of participants, and allocated shares as to which no direction is received from the participant. Participants have the right to direct the voting and tender of shares allocated to their accounts. As of October 31, 1999, approximately 230,342 of the shares held by the ESOP were allocated to the accounts of participants. An additional 44,863 shares will be allocated to the accounts of participants effective December 31, 1999, but the amount of this latter allocation to each participant has not been determined as of the date of this Proxy Statement. Accordingly, such shares to be allocated as of December 31, 1999 are not included in the number of shares shown as owned by executive officers in this proxy statement. All shares held in the Frozen ESOP have been allocated to accounts of participants. Except as otherwise specified, all data in this Proxy Statement with respect to shares held in either the ESOP or the Frozen ESOP are as of December 9, 1999.

The following table sets forth, as of January 29, 2000, except for plan share data (see footnotes (1) and (6) to the preceding table), the number of shares of the Common Stock beneficially owned by each director

and nominee for director, each of the executive officers listed in the Summary Compensation Table below, and all executive officers and directors of the Company as a group:

NAME OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP(1)	PERCENT OF CLASS
J.F. Ahart.....	41,383(2)	*
Joseph L. Becherer.....	1,000	*
Eugene L. Butler.....	2,500	*
David J. Dimlich.....	17,511(3)	*
Adam Janas.....	22,779(4)	*
Bonnie L. Powell.....	942,419(5)	8.90%
Thomas W. Powell.....	2,973,083(6)	27.89%
Stephen W. Seale, Jr. ....	3,000(7)	*
Lawrence R. Tanner.....	3,240	*
Robert C. Tranchon.....	0	0
M.M. Zeller.....	49,160(8)	*
All Executive Officers and Directors as a group (14 persons).....	4,053,336(9)	37.83%

\* Less than one percent (1%).

- (1) The persons listed have sole voting power and sole investment power with respect to the shares beneficially owned by them, except as otherwise indicated.
- (2) Mr. Ahart has sole voting and investment power over 8,025 of such shares. Also includes 2,058 shares allocated to Mr. Ahart's account in the ESOP. See footnote (6) to the preceding table. Also includes 31,300 shares subject to stock options which are currently exercisable by Mr. Ahart.
- (3) Mr. Dimlich has sole voting and investment power over 3,500 of such shares. Also includes 811 shares allocated to Mr. Dimlich's account in the ESOP. See footnote (6) to the preceding table. Also includes 13,200 shares subject to stock options which are currently exercisable by Mr. Dimlich.
- (4) Mr. Janas has sole voting and investment power over 5,088 of such shares. Also includes 2,091 shares allocated to Mr. Janas' account in the ESOP. See footnote (6) to the preceding table. Also includes 15,600 shares subject to stock options which are currently exercisable by Mr. Janas.
- (5) See footnote (4) to the preceding table.
- (6) See footnote (1) to the preceding table.
- (7) Such shares are held by Seale Land & Cattle Co., an unincorporated business controlled by Mr. Seale.
- (8) Mr. Zeller has sole voting and investment power over 10,080 of such shares. Also includes 2,080 shares allocated to Mr. Zeller's account in the ESOP. See footnote (6) to the preceding table. Also includes 37,000 shares subject to stock options which are currently exercisable by Mr. Zeller.
- (9) Includes 925 shares that are held in trust for an executive officer not named above under the Employees Incentive Savings Plan of the Company. See footnote (1) to the preceding table. Also includes 2,695 shares held in trust for the accounts of certain executive officers not named above under the ESOP. See footnote (6) to the preceding table. Also includes 26,100 shares subject to stock options which are currently exercisable by certain executive officers not named above. Also includes 8,900 shares over which certain executive officers not named above have sole voting and investment power.

## ELECTION OF DIRECTORS

The terms of two directors expire in 2000 under the bylaws of the Company. The terms of the remaining directors continue after the Annual Meeting. The Board of Directors has nominated Stephen W. Seale, Jr. and Robert C. Tranchon for election as directors with terms to expire in 2003. Mr. Seale and Mr. Tranchon currently serve as directors of the Company with terms expiring in 2000. Mr. Tranchon was elected as a director by the Board of Directors effective January 29, 2000 to fill a vacancy on the Board of Directors. Although the Board of Directors does not contemplate that any nominee will be unable to serve, if such a situation arises prior to the Annual Meeting, the persons named in the enclosed form of proxy will vote in accordance with their best judgment for a substitute nominee.

The following table sets forth for each nominee and for each director whose term of office continues after the Annual Meeting, his name, age, principal occupation and employment for the past five years, offices held with the Company, the date he first became a director, and the date of expiration of his current term as director.

NOMINEE	AGE	PRINCIPAL OCCUPATION FOR PAST FIVE YEARS(1)	OFFICES HELD WITH COMPANY	DIRECTOR SINCE	TERM EXPIRES
Stephen W. Seale, Jr. ....	60	Retired; previously Director -- Operations, Materials and Structures Division and other assignments at Southwest Research Institute, an independent research and development organization, until January 1998	Director	1985	2000
Robert C. Tranchon.....	59	President and CEO, Reveille Technology, a manufacturing system software development and consulting firm, 1995 to present; President, CEO, and director of Ansaldo Ross Hill, a manufacturer of drives, motors, and automation systems, 1997 to present; independent consultant, 1995-1996; previously President, CEO and Chairman of the Board of Directors of Westinghouse Motor Company	Director	2000	2000
Thomas W. Powell.....	59	Chairman of the Board, President and Chief Executive Officer of the Company since 1984	Director, Chairman of the Board, President and Chief Executive Officer	1984	2001
Lawrence R. Tanner.....	73	Director, Technical Services for Compaq Computer Company	Director	1992	2001

NOMINEE	AGE	PRINCIPAL OCCUPATION FOR PAST FIVE YEARS(1)	OFFICES HELD WITH COMPANY	DIRECTOR SINCE	TERM EXPIRES
Joseph L. Becherer.....	57	Retired; previously, Senior Vice President of Eaton Corporation, September 1995 to October 1997 with responsibility for the Cutler Hammer Group; Operations Vice President of Cutler Hammer, a subsidiary of Eaton Corporation, February 1994 to September 1995	Director	1997	2001
J.F. Ahart.....	58	Vice President, Secretary, Treasurer, and Chief Financial Officer of the Company since 1989(2)	(2)	1996(3)	2002
Eugene L. Butler.....	58	Chairman of the Board, Intercoastal Terminal, Inc., April 1991 to present; CEO, Chairman, and a director of Petrominerals Corporation, April 1993 to April 1995; Chairman of the Board and CEO of Ponder Industries, Inc., an oilfield services company, April 1997 to present (also has served as director since January 1996)	Director	1990	2002
Bonnie L. Powell.....	66	Private investor for more than the past five years	Director	1986	2002

(1) None of the corporations listed (other than the Company) is an affiliate of the Company.

(2) Mr. Ahart is the Chief Financial Officer, Vice President, Secretary, and Treasurer of the Company. He also serves as a Director, Vice President and the Secretary and Treasurer of each subsidiary of the Company.

(3) Mr. Ahart also served as a director of the Company from January of 1990 to March of 1992.

Bonnie L. Powell is the widow of William E. Powell, the father of Thomas W. Powell and the founder of the Company.

Ponder Industries, Inc., of which Mr. Butler was Chairman of the Board and CEO, filed a petition under the federal bankruptcy laws in June 1999 for a managed liquidation of its assets pursuant to Chapter 11 of the United States Bankruptcy Code.

Only those directors who are not employees of the Company or any of its subsidiaries or affiliates are entitled to receive a fee, plus reimbursement of out-of-pocket expenses, for their services as directors. Under the Company's standard arrangement for compensation of directors, outside directors receive a quarterly retainer of \$2,000 and a fee of \$2,000 for each board meeting attended. Members of a committee other than the chairman receive a fee of \$600 for attending each committee meeting. Committee chairmen receive \$1,000 for attending each committee meeting.



In 1993, the Company adopted the Powell Industries, Inc. Directors' Fee Program which permits directors to defer receipt of the directors' fees to which they would otherwise be entitled and to have such deferred fees allocated to a shadow account as if they were invested in Common Stock of the Company on the date the fees were payable. Then upon expiration of the deferral period or the retirement or death of the director, payment will be made in the form of shares of Common Stock equal to the number of shares in his shadow account (plus any distributions on the Common Stock that were credited to the shadow account).

Four meetings of the Board of Directors were held in the last fiscal year. No incumbent director attended fewer than seventy-five percent (75%) of the aggregate of (1) the total number of meetings of the Board of Directors and (2) the total number of meetings held by all committees of the Board on which he served.

The Board of Directors has a standing Audit Committee which met 4 times during the last fiscal year. The Audit Committee consists of Messrs. Seale, Butler, and Tanner. The Audit Committee has the responsibility to assist the Board of Directors in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and its subsidiaries and the sufficiency of the audits of all Company activities. It is the Board's agent in ensuring the integrity of financial reports of the Company and its subsidiaries, and the adequacy of disclosures to shareholders. The Audit Committee is the focal point for communication between other directors, the independent auditors, internal auditor and management as their duties relate to financial accounting, reporting, and controls.

The Board of Directors also has a standing Compensation Committee comprised of Mr. Becherer, Mrs. Powell and Mr. Seale, all of whom are nonemployee directors of the Company. The Compensation Committee, which held four meetings during the last fiscal year, provides an oversight on behalf of the full Board on development and administration of the Company's executive compensation program and each component plan in which officers and directors are eligible to participate. The Compensation Committee also administers the Stock Option Plan and Incentive Compensation Plan of the Company.

The Board of Directors does not have a standing nominating committee.

#### EXECUTIVE OFFICERS AND SIGNIFICANT EMPLOYEES

The following table provides information regarding the executive officers and/or significant employees of the Company and its subsidiaries who are not also a director or a nominee for director. The officers of the Company serve at the discretion of the Board of Directors of the Company, and officers of subsidiaries serve at the discretion of the Board of Directors of the respective subsidiaries.

NAME - - - - -	AGE ---	SINCE -----	POSITION(1) -----
Robert L. Mitchell.....	66	1990	Controller of the Company
Thomas C. Burtnett.....	56	1993	President of Unibus, Inc.
David J. Dimlich.....	53	1994	President of Transdyn Controls, Inc. ("Transdyn")
Adam Janas.....	61	1984	President of Delta-Unibus Corp. ("Delta")
Thomas W. Keiser.....	55	1998	President of Powell-ESCO Company
M. M. Zeller.....	61	1990	President of Powell Electrical Manufacturing Company ("PEMCO")

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(1) Each of the corporations listed (other than the Company) is a subsidiary of the Company.

Mr. Mitchell has been Controller of the Company since July 1, 1990. Mr. Burtnett has served as President of Unibus, Inc. since 1993. Mr. Dimlich became chief operating officer of Transdyn on June 30, 1994, and was elected President of Transdyn on August 5, 1994. Mr. Janas has served as President of Delta since 1984.

Mr. Keiser was elected as President of Powell-ESCO Company on September 25, 1998. From 1996 to 1998 he was the General Manager of Keiser, Inc. dba C&S Trailer World, Inc., a dealer and manufacturer of horse, stock, utility, and enclosed trailers. Previously, he had served as a General Manager of Siemens Energy & Automation, Inc., a manufacturer of electrical equipment and a subsidiary of Siemens AG.

Mr. Zeller has served as President of PEMCO since 1990.

None of the corporations mentioned in the descriptions of the business backgrounds above is an affiliate of the Company (other than the subsidiaries of the Company listed in the table above).

#### EXECUTIVE COMPENSATION

The following table sets forth certain information concerning the compensation of the Chief Executive Officer of the Company, and of the Company's four most highly compensated executive officers for the last fiscal year (other than the CEO) whose total annual salary and bonus exceeded \$100,000, for each of the Company's fiscal years ending October 31, 1999, October 31, 1998, and October 31, 1997.

#### SUMMARY COMPENSATION TABLE

(A)	(B)	ANNUAL COMPENSATION		LONG TERM COMPENSATION		(G) ALL OTHER COMPENSATION (\$)(2)
		(C) SALARY (\$)	(D) BONUS (\$)	(E) RESTRICTED STOCK AWARDS (\$)(1)	(F) SECURITIES UNDERLYING OPTIONS (#)	
Thomas W. Powell..... CEO	1999	315,000	0		47,800	33,029(3)
	1998	287,000	114,125		0	33,029(3)
	1997	275,000	262,375		30,000	32,979(3)
David J. Dimlich..... President of Transdyn	1999	153,470	97,684		12,200	4,800
	1998	145,526	89,700		0	4,800
	1997	139,961	100,535		9,000	4,750
Adam Janas..... President of Delta	1999	128,000	98,444	0	13,300	4,800
	1998	125,000	85,400	1,921	0	4,800
	1997	119,375	115,000	6,827	10,000	4,750
M.M. Zeller..... President of PEMCO	1999	191,000	0		20,000	4,800
	1998	185,502	149,762		0	4,800
	1997	176,348	117,485		13,000	4,750
J.F. Ahart..... CFO	1999	174,000	0		11,000	4,800
	1998	165,681	49,805		0	4,800
	1997	155,086	105,334		11,000	4,750

- (1) As of October 31, 1999, the aggregate number of shares of restricted stock held by named executive officers of the Company was 848, all of which were held by Mr. Janas, and the value of such shares as of such date was \$6,466. Mr. Janas has the right to receive dividends with respect to such restricted stock awards to the extent dividends are paid generally on the Common Stock. However, the Company has not previously paid dividends and it is not anticipated that dividends will be paid in the immediate future. Such awards were made to Mr. Janas in connection with his exercise of stock options granted by the Company, pursuant to a provision in the stock option agreement designed to encourage retention of shares received upon exercise of options.
- (2) Except as noted below with respect to Mr. Powell, each of the amounts in this column are matching contributions by the Company to the executive officer's account in the Company's Employees Incentive Savings Plan (a 401(k) plan).
- (3) Of this amount, \$4,800 for 1999, \$4,800 for 1998, and \$4,750 for 1997 were matching contributions by the Company to Mr. Powell's account in the Company's Employees Incentive Savings Plan (a 401(k) plan), and the remaining \$28,229 for all years were premiums paid by the Company with respect to life insurance for the benefit of Mr. Powell.

## OPTION GRANTS IN LAST FISCAL YEAR

INDIVIDUAL GRANTS	POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM						
	(A)	(B)	(C) % OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR	(D) EXERCISE PRICE (\$/SH)(2)	(E) EXPIRATION DATE(3)	(F) 5%(\$)	(G) 10%(\$)
Thomas W. Powell.....	47,300	15.51	8.50	9/9/06	163,675	381,431	0
David J. Dimlich.....	12,200	4.00	8.50	9/9/06	42,216	98,382	0
Adam Janas.....	13,300	4.36	8.50	9/9/06	46,023	107,252	0
M.M. Zeller.....	20,000	6.56	8.50	9/9/06	69,207	161,282	0
J.F. Ahart.....	11,000	3.61	8.50	9/9/06	38,064	88,705	0

- (1) Such options become exercisable at the rate of 20% per year on each of the first five anniversaries of September 9, 1999, the date of grant, provided that the officer remains employed by the Company or one of its subsidiaries. However, upon a change in control of the Company (as defined in the 1992 Powell Industries, Inc. Stock Option Plan and the Non-Qualified Stock Option and Stock Award Agreements thereunder), all previously unexercised options will become immediately exercisable. The officer will additionally be entitled to receive one share of restricted Common Stock of the Company for each five shares of stock acquired through exercise of an option. Such restricted stock shall be forfeited if the officer disposes of the stock acquired through exercise of the option within five years, or if during such five-year period he voluntarily leaves the Company and its subsidiaries other than due to retirement or is terminated for cause.
- (2) The exercise price may be paid by check or in shares of the Common Stock of the Company.

- (3) An officer's options shall terminate earlier upon severance of employment with the Company and its subsidiaries, except that (i) if an officer shall retire at or after age 62, his options that are then currently exercisable shall continue until the expiration date; (ii) if an officer is terminated without cause or is terminated in connection with the sale of an operating division or unit, his options that are then currently exercisable shall continue until the earlier of the expiration date or 90 days after the date of the officer's termination; (iii) if an officer shall retire or terminate service for disability, or dies while in the employ of the Company or its subsidiary, his options shall become 100% exercisable and may be exercised until the earlier of the expiration date or one year following the date of retirement or termination for disability or death; and (iv) if an officer has retired for age or disability or was severed for disability and later dies prior to the date that his options would otherwise expire pursuant to the foregoing, such options shall continue until the earlier of the expiration date or one year following the date of his death.

## FY-END OPTION VALUES

(A)	(B)	(C)
NAME	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT OCTOBER 31, 1999(##) EXERCISABLE/UNEXERCISABLE	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT OCTOBER 31, 1999(\$) EXERCISABLE/UNEXERCISABLE
Thomas W. Powell.....	70,000/72,300	64,750/9,625
David J. Dimlich.....	13,200/20,000	13,200/3,300
Adam Janas.....	15,600/21,800	12,650/3,438
M.M. Zeller.....	37,000/31,500	35,225/5,088
J.F. Ahart.....	31,300/20,700	29,729/4,263

Each of the named executive officers is covered by the Company's Executive Severance Protection Plan, which provides severance pay and other specified benefits upon termination of employment other than for cause (as defined in the Plan) within three years of a change in control of the Company. The benefits payable in such event (grossed up for taxes) are (1) three times the officer's current annual base salary, plus (2) three times the maximum incentive opportunity for the officer under the Company's then current Incentive Compensation Plan, plus (3) continuation of medical, dental, and life insurance benefits for three years or until the officer is covered under another plan, whichever is earlier.

Thomas W. Powell is covered by the Company's Executive Benefit Plan. Pursuant to Mr. Powell's Executive Benefit Agreement executed under such Plan, he is entitled to the following payments: (1) if he should die while in active employment with the Company, a lump sum benefit of \$630,000 payable to his designated beneficiary; (2) upon normal retirement on or after age 65 and the completion of at least ten years of continuous employment, salary continuation payments of \$150,000 per year for five years and then \$75,000 per year for ten years; (3) upon termination of employment prior to qualifying for normal retirement but after attaining age 55 and the completion of at least ten years of continuous employment with the Company, the salary continuation payments payable upon normal retirement, reduced by 1/2% for each month prior to age 65 that employment is terminated, commencing on the later of the date of retirement or attainment of age 60; and (4) upon a sale of all or substantially all of the property and assets of the Company other than in the usual course of its business, or a merger of the Company wherein the Company is not the surviving corporation, and within two years thereafter Mr. Powell's employment with the Company is terminated or he resigns following a change of his position to one of less responsibility, Mr. Powell would be entitled to receive salary continuation payments of \$150,000 per year for five years and then \$75,000 per year for ten years. If Mr. Powell entered into competition with the Company following termination or retirement

described in (3) above, he would (a) forfeit all further payments if the competition occurred within 36 months following termination, or (b) not be entitled to any further payments until age 60, if the competition occurred after 36 months following termination.

#### COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During the last fiscal year of the Company, Joseph L. Becherer, Bonnie L. Powell, and Stephen W. Seale, Jr. served on the Compensation Committee of the Board of Directors of the Company. None of them has ever served as an officer of the Company or any of its subsidiaries.

#### COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee (the "Committee") of your Board of Directors is pleased to present to the shareholders its annual report on executive compensation. This report summarizes the responsibilities of the Committee, the compensation policy and objectives that guide the development and administration of the executive compensation program, each major component of the program, and the basis on which the compensation for the Chief Executive Officer, corporate officers and other key executives was determined for the fiscal year ended October 31, 1999.

The Compensation Committee, which held four meetings during the last fiscal year, provides oversight on behalf of the full Board on development and administration of the Company's executive compensation program and each subcomponent plan under which officers or directors are eligible to participate. The Compensation Committee also administers the Stock Option Plan and Incentive Compensation Plan of the Company.

#### EXECUTIVE COMPENSATION PHILOSOPHY

The philosophy of the Committee is that the Company's executive compensation program should be an effective tool for fostering the creation of shareholder value. The following objectives guide the Committee in its deliberations:

- Provide a competitive compensation program that enables the Company to attract and retain key executives and Board members.
- Assure a strong relationship between the performance results of the Company or subsidiary and the total compensation received.
- Balance both annual and longer performance objectives of the Company.
- Encourage executives to acquire and retain meaningful levels of Common Stock of the Company.
- Work closely with the Chief Executive Officer to assure that the compensation program supports the management style and culture of the Company.

In addition to normal employee benefits, the executive total compensation program includes base salary, annual cash incentive compensation, and longer term stock based grants and awards.

Comparisons are made and surveys taken periodically to determine competitive compensation levels and practices for certain benchmark positions in the Company. Such analysis covers broad group of manufacturing companies, and the results are adjusted for differences in factors such as company size and position responsibilities. This comparison group is broader than the published industry index of companies included in the cumulative total return performance graph presented elsewhere in this Proxy Statement because it is more

representative of the executive market in which the Company competes for talent and provides a consistent and stable market reference from year to year. Other comparative information from national survey databases, proxy statement disclosures, and general trend data provided by compensation consultants is also considered.

Variable incentives, both annual and longer term, are important components of the program and are used to link pay and performance results. Variable incentive awards and performance standards are calibrated such that total compensation will generally approximate the market 50th percentile when Company performance results are at target levels which approximate the recent historical performance of the Company (subject to certain minimum target levels), and will exceed the 50th percentile when performance exceeds targets. However, changes in the mission and strategy of the Company or certain of its subsidiaries as well as projected profit and growth are also important considerations in the calibration of the Company's total executive compensation program.

The Internal Revenue Code (Section 162(m)) impose a \$1,000,000 limit, with certain exceptions, on the deductibility of compensation paid to each of the five highest paid executives. In particular, compensation that is determined to be "performance based" is exempt from this limitation. To be "performance based," incentive payments must use predetermined objective standards, limit the use of discretion in making awards, and be certified by the Compensation Committee made up of "outside directors." While the Committee believes that the use of discretion is appropriate in specific circumstances, it believes that the annual incentive compensation and longer term stock plans comply with the provisions of Section 162(m) as "performance based". It is not anticipated that any executive will receive compensation in excess of this limit during fiscal year 2000. The Committee will continue to monitor this situation and will take appropriate action if it is warranted in the future.

Following is a discussion of each of the principal components of the executive total compensation program.

#### Base Salary

The base salary program targets the median of the primary comparison group for corporate officers and managers. Since subsidiary presidents generally have a higher incentive opportunity relative to comparable positions in the market, base salaries for subsidiary presidents are targeted somewhat below the market median. Each executive's base salary is reviewed individually each year. Salary adjustments are based on the individual's experience and background, performance during the prior year, the general movement of salaries in the marketplace, and the Company's financial position. Due to these factors, an executive's base salary may be above or below the target point at any point in time.

#### Annual Incentive Compensation

The Company administers an annual incentive plan for its corporate officers and managers, and subsidiary presidents and selected subsidiary managers. The goal of the plan is to reward participants in proportion to the performance of the Company and/or the subsidiary for which they have direct responsibility, and their individual contributions to the Company's performance.

The amount of annual incentive compensation each participant is eligible to earn varies based on his potential contribution to the future performance of his subsidiary or the Company. The amount of such compensation actually earned by each participant is based on the actual financial performance of his subsidiary or the Company for the year compared to profit and growth target ranges which are set at the beginning of that year. Historical performance, current mission and strategy, and projected profit and growth capability are considered in setting the targets for each subsidiary and the Company. No annual incentive

compensation was earned by officers or managers of Powell Industries, Inc. or PEMCO in fiscal 1999 because the financial performance of such corporations did not meet the minimum profit and growth targets previously established.

#### Stock Based Compensation

Stock ownership is encouraged through the use of a stock plan that provides for the grant of stock options and stock awards. Stock option grants are made on a periodic basis (typically every other year) and are based on competitive multiples of base salary. Senior executives typically have a higher multiple and, as a result, have a greater portion of their total compensation linked to the longer term success of the Company. In determining the appropriate grant multiples, the Company targets the market median among publicly held manufacturing companies of similar size. To encourage stock retention, participants who retain the shares obtained through the exercise of an option receive a restricted stock award equal to one additional restricted share for every five option shares retained for five years from the date they were acquired.

#### COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer, Mr. Thomas W. Powell, participates in the executive compensation program described in this report.

In establishing the total compensation program for Mr. Powell, the Committee assessed the pay levels for CEOs in similar companies in the manufacturing industry and the profit performance of the Company.

Respectfully submitted,

#### THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

Joseph L. Becherer, Chairman  
Bonnie L. Powell  
Stephen W. Seale, Jr.

## PERFORMANCE GRAPH

COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN  
 AMONG POWELL INDUSTRIES, INC.,  
 NASDAQ MARKET INDEX AND PUBLISHED INDUSTRY INDEX

[PERFORMANCE GRAPH]

	FISCAL YEAR ENDED					
	10/31/1994	10/31/1995	10/31/1996	10/31/1997	10/30/1998	10/29/1999
Powell Industries, Inc.....	100.00	125.00	190.91	268.18	168.18	138.64
Industrial Electrical Equipment.....	100.00	91.69	102.09	164.81	135.55	170.55
NASDAQ Market Index.....	100.00	118.62	139.30	182.56	206.42	340.72

ASSUMES \$100 INVESTED ON OCTOBER 31, 1994  
 ASSUMES DIVIDENDS REINVESTED  
 FISCAL YEAR ENDED OCTOBER 31, 1999

INDEPENDENT AUDITORS

Arthur Andersen LLP has been selected to serve as independent auditors of the Company for the fiscal year ending October 31, 2000, and also served as the principal accountants of the Company for the fiscal year ending October 31, 1999. Representatives of such firm are expected to be present at the Annual Meeting of Stockholders. They will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions.

OTHER MATTERS

As of the date of this statement, the Board of Directors has no knowledge of any business which will be presented for consideration at the meeting other than the election of three directors of the Company. Should any other matters be properly presented, it is intended that the enclosed proxy will be voted in accordance with the best judgment of the persons voting the matter.



## ANNUAL REPORT

A Summary Annual Report to Stockholders and an Annual Report on Form 10-K covering the fiscal year of the Company ended October 31, 1999 are enclosed herewith. These reports do not form any part of the material for solicitation of proxies.

## STOCKHOLDER PROPOSALS

Proposals of stockholders to be presented at the Annual Meeting of Stockholders to be held in 2001 must be received at the office of the Secretary of the Company no later than October 1, 2000 in order to be included in the Company's proxy statement and form of proxy relating to that meeting.

By Order of the Board of Directors

J. F. AHART  
Vice President and Secretary

Dated: January 29, 2000

Front Side of Proxy

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POWELL INDUSTRIES, INC.  
PROXY FOR ANNUAL MEETING OF STOCKHOLDERS  
MARCH 17, 2000  
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned appoints Thomas W. Powell and Stephen W. Seale, Jr., and each of them, attorneys and agents with full power of substitution to vote all shares of common stock of Powell Industries, Inc. which the undersigned would be entitled to vote if personally present at the Annual Meeting of Stockholders of Powell Industries, Inc., to be held at the offices of Powell Industries, Inc., 8550 Mosley, Houston, Texas, at 11:00 a.m. Houston time, on March 17, 2000 and at any adjournment thereof, as follows:

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR"  
THE ELECTION OF ALL NOMINEES

- 1. [ ] FOR the election (except as indicated below) to the Board of Directors, class of 2003, of Stephen W. Seale, Jr. and Robert C. Tranchon.

Instructions: To withhold authority to vote for an individual nominee, write that nominee's name on the line provided below.

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- [ ] WITHHOLD authority to vote for all nominees listed above.

(continued on reverse side)

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BACK SIDE OF PROXY

(continued from other side)

- 2. In their discretion with respect to (1) any other matters as may properly come before the meeting and any adjournment thereof, (2) approval of the minutes of the prior meeting, if such approval does not amount to ratification of the action taken at that meeting, (3) the election of any other person as a director if a nominee named above is unable to serve or for good cause will not serve, and (4) matters incident to the conduct of the meeting.

If properly executed, this proxy will be voted as directed above.

IF NO DIRECTION IS INDICATED WITH RESPECT TO THE ABOVE PROPOSALS, THIS PROXY WILL BE VOTED "FOR" THE BOARD OF DIRECTORS' NOMINEES.

(PLEASE SIGN EXACTLY AS NAME APPEARS HEREON. JOINT OWNERS SHOULD EACH SIGN. EXECUTORS, ADMINISTRATORS, TRUSTEES, ETC., SHOULD INDICATE THE CAPACITY IN WHICH SIGNING.)

DATED: \_\_\_\_\_ 2000 \_\_\_\_\_,

IMPORTANT: PLEASE SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY IN THE ENCLOSED ENVELOPE!