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

FOR THE FISCAL YEAR ENDED OCTOBER 31, 1999

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

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 $46,390,148 as of January 25, 2000. The number of shares of the Company's Common Stock outstanding on that date was 10,675,000 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the 2000 annual meeting of stockholders to be filed not later than 120 days after October 31, 1999 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.

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 and North Canton, Ohio; Franklin Park, Illinois; Pleasanton and Watsonville, 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.; Transdyn Controls, Inc.; and Powell Power Electronics Company, Inc. (a subsidiary of Powell Electrical Manufacturing Company). As applicable to the context, the "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: Switchgear is defined as 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 as well as customized portable buildings to house switchgear and related equipment (PCR(R)). Major electrical components include circuit breakers, protective relays, meters, control switches, fuses, motor control centers and both current and potential transformers. During the fiscal years ended October 31, 1999, 1998 and 1997, sales and service of switchgear and other related equipment accounted for 71%, 77% and 73 %, 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. The Company 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 13%, 12% and 17% of consolidated revenues for fiscal years 1999, 1998 and 1997, 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, 1999, 1998 and 1997, sales of process control systems accounted for 16%, 11% and 10%, 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 1999, 1998 or 1997. Export revenues were $70,373,000, $85,448,000 and $88,107,000 in fiscal years 1999, 1998 and 1997, respectively. See Note I of the Notes to Consolidated Financial Statements showing the geographic areas in which 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, 1999, the Company employed 790 employees on a full-time basis. Management considers its employee relations to be good.

BACKLOG

The Company's backlog of orders was $156,143,000 and $143,394,000 at October 31, 1999 and 1998, respectively, and the percentage of its 1999 year end backlog that it does not expect to fill in fiscal year 2000 is 22%. 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, 1999, 1998 and 1997, the Company spent approximately $3,031,000, $2,693,000 and $2,649,000 respectively, on research and development programs.

ITEM 2. PROPERTIES

The following table sets forth information about the Company's principal facilities at October 31, 1999.

LOCATION	ACRES	SQUARE FOOTAGE OF FACILITIES	OCCUPANCY
Owned:			
Franklin Park, IL.............	2.0	64,000	Delta-Unibus Corp. (Delta)
Greenville, TX................	19.0	109,000	Powell-ESCO Company (Esco)
Houston, TX...................	26.2	421,000	Powell Electrical Manufacturing Co. (PEMCO)
Jacinto Port, TX..............	42.0	9,600	PEMCO-Offshore Division
North Canton, OH..............	8.0	53,000	PEMCO-North Canton Division
Elyria, OH....................	8.6	64,000	Unibus, Inc. (Unibus)
Leased:			
Pleasanton, CA................		39,100	Transdyn Controls, Inc. and Power Electronics Company, Inc. (PPECO)
Watsonville, CA...............		9,600	PPECO
Norcross, GA..................		19,200	Transdyn Controls, Inc.

ITEM 3. LEGAL PROCEEDINGS

The Company is a party to legal and other disputes arising in the ordinary course of business. Management does not believe that the ultimate outcome of these disputes will materially affect 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, 1999.

PART II

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

As of October 31, 1999, there were approximately 729 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
1999				
First Quarter..............................	$12.75	$ 8.63	$10.75	9,559
Second Quarter.............................	11.00	8.50	8.81	9,429
Third Quarter..............................	10.38	8.38	8.75	12,754
Fourth Quarter.............................	9.13	7.63	7.63	14,547
1998				
First Quarter..............................	$17.56	$12.63	$13.13	10,267
Second Quarter.............................	14.00	10.00	12.63	22,518
Third Quarter..............................	13.50	11.75	12.75	10,933
Fourth Quarter.............................	12.63	7.25	9.25	9,764

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.

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,				
	1999	1998	1997	1996	1995
Statements of operations data:					
Revenues	$212,531,000	$212,733,000	$191,651,000	$170,123,000	$139,534,000
Earnings from continuing operations	7,127,000	11,465,000	12,629,000	10,758,000	7,080,000
Loss from discontinued operations (net of income taxes)	--	(4,800,000)	--	(5,998,000)	(1,382,000)
Net earnings	$ 7,127,000	$ 6,665,000	$ 12,629,000	$ 4,760,000	$ 5,698,000
Net earnings per common share:					
Continuing operations					
Basic:	$ .67	$ 1.08	$ 1.19	$ 1.02	$ .67
Diluted:	.66	1.07	1.17	1.00	.67
Discontinued operations					
Basic:	--	(.45)	--	(.57)	(.13)
Diluted:	--	(.45)	--	(.56)	(.13)
Net earnings per common share:					
Basic:	.67	.63	1.19	.45	.54
Diluted:	.66	.62	1.17	.44	.54
Weighted average number of common shares outstanding	10,665,000	10,644,000	10,622,000	10,567,000	10,534,000
Weighted average number of common and common equivalent shares outstanding	10,777,000	10,743,000	10,808,000	10,765,000	10,611,000
Balance Sheet Data:					
Working capital	$ 59,782,000	$ 58,826,000	$ 51,769,000	$ 46,505,000	$ 32,642,000
Total assets	127,531,000	127,131,000	122,867,000	99,523,000	90,534,000
Long-term debt	7,143,000	11,571,000	6,000,000	--	3,750,000
Stockholders' equity	90,772,000	83,336,000	76,307,000	63,225,000	57,657,000

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,		
	1999	1998	1997
Revenues	100.0%	100.0%	100.0%
Gross profit	18.9	22.5	24.5
Selling, general and administrative expenses	13.8	14.5	15.1
Interest (income) expense, net	.2	.1	(.2)
Earnings from continuing operations	3.4	5.4	6.6
Loss from discontinued operations	--	(2.3)	--
Net earnings	3.4	3.1	6.6

Revenues

The Company reported revenues of $212,531,000, $212,733,000 and $191,651,000 in fiscal years 1999, 1998 and 1997, respectively. Revenues were flat for fiscal year 1999 as compared to fiscal year 1998. Revenue was higher in the process control and bus duct segments in fiscal 1999 which was offset by lower revenues from the switchgear product segment. Revenues increased 11% in fiscal year 1998 when compared to fiscal year 1997 due primarily to increased volume of shipments of the switchgear segment to domestic customers that was partially offset by lower revenues from the bus duct segment.

Export revenues continued to be an important component of the Company's operations, accounting for 33%, 40% and 46% of consolidated revenues in fiscal years 1999, 1998 and 1997, respectively. A schedule is provided in Note I of the Notes to Consolidated Financial Statements showing the geographic areas in which these sales were made. This schedule shows the reduction in international revenues to be mainly from the Far East countries. Management anticipates that consolidated revenues will increase in fiscal 2000 and that export revenues will continue to contribute approximately 30% to 40% of consolidated revenues.

Gross profit

Gross profit, as a percentage of revenues, was 18.9%, 22.5%, and 24.5% in fiscal years 1999, 1998 and 1997, respectively. The decrease in 1999 from 1998 was due mainly to lower switchgear segment prices and volumes. The gross profit percentage decreased by 2.0% in 1998 from 1997 due primarily to losses at Powell-ESCO Company and revenues shifts to lower gross margin product lines. The Company continues to focus on productivity improvements to respond to the competitive markets it serves.

Selling, general and administrative expenses

Selling, general and administrative expenses as a percentage of revenues were 13.8%, 14.5%, and 15.1% for fiscal years 1999, 1998 and 1997, respectively. The decrease in fiscal years 1999 and 1998, as a percentage of revenues, was due to controlling of expenses as revenues increased in 1998 and remained flat in 1999. The reduction in 1999 was due mainly to lower incentives and bonus expense payments offset somewhat by higher research and development costs.

Interest (income) expense, net

The following schedule shows the amounts of interest expense and income:

	1999	1998	1997
Interest expense	$ 774	$ 558	$ 381
Interest income	(413)	(319)	(797)
Net interest	$ 361	$ 239	$(416)

Sources of interest expense were related to notes payable to an insurance company in 1997 and to bank notes in 1999 and 1998 at approximately 6%.

Sources of interest income were related to a note receivable and to short-term investments of available funds at various rates between 4% and 7%.

Income tax provision

The effective income tax rate on earnings from continuing operations before income taxes was 31.8%, 31.5%, and 31.5% for fiscal years 1999, 1998 and 1997, respectively. The effective income 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 1999 were $7,127,000 or $0.66 per diluted share. This represented a 38% decrease in earnings compared to fiscal year 1998 earnings. The decrease was primarily due to reduced volume and lower margins from the switchgear business segment which was the result of lower prices. Earnings from continuing operations recorded in fiscal year 1998 were $11,465,000 or $1.07 per diluted share, a decrease of 17.4% compared to earnings from continuing operations of $12,629,000 or $1.17 per diluted share in fiscal year 1997. This decrease was primarily due to losses at Powell-Esco Company in fiscal year 1998.

Discontinued operations

See Note M to Notes to Consolidated Financial Statements for discussion of the operations that were discontinued in fiscal year 1998.

Net earnings

Net earnings were $7,127,000 or $0.66 per diluted share in fiscal year 1999 compared to $6,665,000 or $0.62 per diluted share and $12,629,000 or $1.17 per diluted share in fiscal years 1998 and 1997, respectively. The losses from discontinued operations, referred to in the previous paragraph, resulted in lower net earnings in fiscal year 1998 as compared to 1997.

LIQUIDITY AND CAPITAL RESOURCES

In September 1998, the Company amended a revolving line of credit agreement with a major domestic bank. The amendment provided for a $10,000,000 term loan and a revolving line of credit of $20,000,000. In December 1999 the revolving line of credit was amended to reduce the line to $15,000,000 and to extend the maturity date to February 2002. The term of the loan was five years with four years remaining. The effective interest rate, after including an interest rate swap negotiated with the trust company of the same domestic bank, is 5.20 percent per annum plus a .75 to 1.25 percent fee based on financial covenants. The proceeds of the term loan were used to pay the Settlement Agreement discussed in Note M to the Consolidated Financial Statements and to pay down the revolving line of credit. As of October 31, 1999, the Company had no 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 liquidity measures which management believes to be significant.

	1999	1998	1997
Working capital	$59,782,000	$58,826,000	$51,769,000
Current ratio	3.13 to 1	2.95 to 1	2.36 to 1
Debt to total capitalization	.1 to 1	.1 to 1	.1 to 1

Management believes that the Company continues to maintain a strong liquidity position. The change in working capital in fiscal 1999 compared to 1998 was only $956,000. However, during 1999 there were large reductions in costs and estimated earnings in excess of billings, and inventories, offset particularly by a reduction in accounts payable. These reductions resulted in a large increase in cash and cash equivalents. The increase in working capital at October 31, 1998, as compared to October 31, 1997 is due mainly to an increase in costs and estimated earnings in excess of billings and inventories and a decrease in billings in excess of costs and estimated earnings. These favorable changes were partially offset by a decrease in accounts receivable.

Operating cash flows were $18,505,000 for fiscal 1999. The increase in these funds were due to the decreases in cost and estimated earnings in excess of billings, accounts receivable, and inventories which was partially offset by decreases in accounts payable and accrued liabilities. Operating cash flows were $983,000 in fiscal 1998. The decrease when compared to fiscal 1997 was due to payments made for the settlement of the NatWest litigation and decreased levels of billings in excess of costs and earnings, partially offset by increased collections on accounts receivable.

Capital expenditures totaled $5,156,000 during fiscal year 1999 compared to $9,739,000 during fiscal year 1998. The major expenditures in 1999 were for the purchase of a facility in North Canton, Ohio and for machinery and equipment. During fiscal year 1998 the majority of the capital expenditures was for plant expansions of operating facilities at PEMCO. Management expects the Company's capital expenditures program to be approximately $4,000,000 in fiscal year 2000, primarily for additions and replacement of machinery and equipment.

The Company announced in December 1999 that authorization had been given by the Board of Directors to repurchase up to $5,000,000 of its outstanding common stock, subject to market conditions. The repurchased stock will be used for general corporate purposes.

The Company's fiscal year 1999 asset management program will continue to focus on the reduction of accounts receivable days outstanding and reduction in inventories. Management believes that the cash and cash equivalents of $10,646,000 at October 31, 1999, along with funds generated from operating activities and funds available through borrowings from the revolving line of credit will be sufficient to meet the capital requirements and operating needs of the Company for at least the next twelve months.

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 remain in 2000 at approximately the same level as 1999 and the Company does not anticipate significant increases in inflation in the immediate future.

YEAR 2000 READINESS

The Year 2000 readiness issue results from the historical use in computer software programs and operating systems of a two digit number to represent the year. Concerns arose as to whether certain software and hardware would fail to properly function when confronted with dates that contain "00" as a two digit year. To address the potential risk for disruption of operations, each subsidiary of the Company developed a compliance plan and conducted numerous tests as to the effectiveness of applied solutions. The costs to the Company to achieve Year 2000 readiness were approximately $150,000.

To date, the Company has not experienced any material problems relating to the Year 2000 readiness issue. However, the Company has not yet experienced all factors (such as month end accounting close-out, the February leap year date, and future shipments from suppliers) that might have Year 2000 readiness implications.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Company's financial instruments include cash and equivalents, accounts receivable, accounts payable, debt obligations and interest rate swaps. The book value of cash and cash equivalents, accounts receivable, the short-term note payable and accounts payable are considered to be representative of fair value because of the short maturity of these instruments. The Company believes that the carrying value of its borrowings under the credit agreement approximate their fair value as they bear interest at rates indexed to the Bank's IBOR. The Company's accounts receivable are not concentrated in one customer or one industry and are not viewed as an unusual credit risk. The Company had recorded an allowance for doubtful accounts of $852,000 at October 31, 1999 and $761,000 at October 31, 1998, respectively.

The interest rate swap agreement, which is used by the Company in the management of interest rate exposure is accounted for on the accrual basis. Income and expense resulting from this agreement is recorded in the same category as interest expense accrued on the related term note. Amounts to be paid or received under the interest rate swap agreement is recognized as an adjustment to expense in the periods in which they occur.

At October 31, 1999 the Company had $8,572,000 in borrowings subject to the interest rate swap at a rate of 5.20% through September 30, 2003. The 5.20% rate is currently approximately 1% below market and should represent approximately $85,000 of reduced interest expense for fiscal year 2000 assuming the current market interest rates do not change. The approximate fair value of the swap agreement at October 31, 1999 is $237,000. The fair value is the estimated amount the Company would receive to terminate the contract. The agreements require that the Company pay the counterparty at the above fixed swap rate and requires the counterparty to pay the Company interest at the 90 day LIBOR rate. The closing 90 day LIBOR rate on October 31, 1999 was 6.18%.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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

None

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To 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, 1999 and 1998, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended October 31, 1999. 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 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 consolidated financial position of Powell Industries, Inc. and subsidiaries as of October 31, 1999 and 1998, and the consolidated results of their operations and their cash flows for each of the three years in the period ended October 31, 1999, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Houston, Texas
December 6, 1999

POWELL INDUSTRIES, INC. AND SUBSIDIARIES

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

ASSETS

	OCTOBER 31, 1999	OCTOBER 31, 1998
Current Assets:		
Cash and cash equivalents	$ 10,646	$ 601
Accounts receivable, less allowance for doubtful accounts of $852 and $761, respectively	43,003	44,255
Costs and estimated earnings in excess of billings	16,191	24,783
Inventories	15,173	16,284
Deferred income taxes	1,028	709
Income taxes receivable	--	945
Prepaid expenses and other current assets	1,795	1,441
Total Current Assets	87,836	89,018
Property, plant and equipment, net	33,286	32,311
Deferred income taxes	1,316	833
Other assets	5,093	4,969
Total Assets	$127,531	$127,131

LIABILITIES AND STOCKHOLDERS' EQUITY

	1999	1998
Current Liabilities:		
Accounts and income taxes payable	$ 9,911	$ 12,094
Accrued salaries, bonuses and commissions	5,447	6,784
Accrued product warranty	1,335	1,388
Other accrued expenses	4,727	4,652
Billings in excess of costs and estimated earnings	4,205	3,845
Current maturities of long-term debt	2,429	1,429
Total Current Liabilities	28,054	30,192
Long-term debt, net of current maturities	7,143	11,571
Deferred compensation expense	1,127	1,187
Postretirement benefits liability	435	845
Commitments and contingencies		
Stockholders' Equity:		
Preferred stock, par value $.01; 5,000,000 shares authorized; none issued		
Common stock, par value $.01; 30,000,000 shares authorized; 10,675,000 and 10,659,000 shares issued and outstanding, respectively	107	107
Additional paid-in capital	6,043	5,919
Retained earnings	87,364	80,237
Deferred compensation -- ESOP	(2,742)	(2,927)
Total Stockholders' Equity	90,772	83,336
Total Liabilities and Stockholders' Equity	$127,531	$127,131

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,		
	1999	1998	1997
Revenues	$212,531	$212,733	$191,651
Cost of goods sold	172,353	164,944	144,645
Gross profit	40,178	47,789	47,006
Selling, general & administrative expenses	29,354	30,805	28,982
Earnings from continuing operations before interest and income taxes	10,824	16,984	18,024
Interest expense (income), net	361	239	(416)
Earnings from continuing operations before income taxes	10,463	16,745	18,440
Income tax provision	3,336	5,280	5,811
Earnings from continuing operations	7,127	11,465	12,629
Loss from discontinued operations, net of income taxes	--	(4,800)	--
Net earnings	$ 7,127	$ 6,665	$ 12,629
Earnings (loss) per common share:			
Continuing operations:			
Basic	$ .67	$ 1.08	$ 1.19
Diluted	.66	1.07	1.17
Discontinued operations:			
Basic	$ --	$ (.45)	$ --
Diluted	--	(.45)	--
Net earnings:			
Basic	$ .67	$ .63	$ 1.19
Diluted	.66	.62	1.17
Weighted average number of common shares outstanding	10,665	10,644	10,623
Weighted average number of common and common equivalent shares outstanding	10,777	10,743	10,808

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

POWELL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(IN THOUSANDS)

	COMMON STOCK SHARES	COMMON STOCK AMOUNT	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	DEFERRED COMPENSATION ESOP	TOTAL
Balance, October 31, 1996	10,605	$106	$5,601	$60,943	$(3,425)	$63,225
Net earnings				12,629		12,629
Amortization of deferred compensation -- ESOP					272	272
Exercise of stock options	38	--	181			181
Balance, October 31, 1997	10,643	106	5,782	73,572	(3,153)	76,307
Net earnings				6,665		6,665
Amortization of deferred compensation -- ESOP					226	226
Exercise of stock options	16	1	137			138
Balance, October 31, 1998	10,659	107	5,919	80,237	(2,927)	83,336
Net earnings				7,127		7,127
Amortization of deferred compensation -- ESOP					185	185
Exercise of stock options	16	--	124			124
Balance, October 31, 1999	10,675	$107	$6,043	$87,364	$(2,742)	$90,772

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,		
	1999	1998	1997
Operating Activities:			
Net earnings	$ 7,127	$ 6,665	$ 12,629
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:			
Depreciation and amortization	4,420	4,070	3,376
Deferred income tax provision (benefit)	(802)	861	1,333
Postretirement benefits liability	(410)	(387)	(270)
Changes in operating assets and liabilities:			
Accounts receivable, net	1,252	6,136	(13,378)
Costs and estimated earnings in excess of billings	8,592	(5,797)	(5,052)
Inventories	1,111	(2,681)	511
Prepaid expenses and other current assets	(354)	1,153	(894)
Other assets	(364)	(291)	(708)
Accounts payable and income taxes payable or receivable	(1,238)	571	2,911
Accrued liabilities	(1,315)	(2,491)	394
Billings in excess of costs and estimated earnings	360	(7,111)	5,531
Deferred compensation expense	126	285	(757)
Net cash provided by operating activities	18,505	983	5,626
Investing Activities:			
Purchases of property, plant and equipment	(5,156)	(9,739)	(14,773)
Net cash used in investing activities	(5,156)	(9,739)	(14,773)
Financing Activities:			
Borrowings of long-term debt	17,500	21,786	6,000
Payments of long-term debt	(20,928)	(14,785)	(3,750)
Exercise of stock options	124	137	181
Net cash provided by (used in) financing activities	(3,304)	7,138	2,431
Net increase (decrease) in cash and cash equivalents	10,045	(1,618)	(6,716)
Cash and cash equivalents at beginning of year	601	2,219	8,935
Cash and cash equivalents at end of year	$ 10,646	$ 601	$ 2,219
Supplemental disclosures of cash flow information:			
Cash paid for interest	$ 813	$ 502	$ 528
Cash paid for income taxes	$ 2,450	$ 2,039	$ 4,799

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., Transdyn Controls, Inc and Powell Power Electronics Company, Inc., a subsidiary of Powell Electrical Manufacturing Company. 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, 1999 and 1998 include $5,653,000 and $3,931,000, 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 $1,930,000 of the retained amount at October 31, 1999 is expected to be billed subsequent to October 31, 2000.

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, plant 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 totaling $1,915,000 and $2,004,000 at October 31, 1999 and 1998, 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 assets totaled $1,954,000 and $1,741,000 at October 31, 1999 and 1998, 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 or hours incurred to date in relation to estimated total labor dollars or hours 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 $3,031,000, $2,693,000, and $2,649,000 in fiscal years 1999, 1998 and 1997, 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 income tax assets and liabilities are computed based on the difference between the financial statement and income tax bases of assets and liabilities using enacted tax rates. Under this standard, the effect on deferred income taxes of a change in tax rates is recognized in income in the period that the tax rate changes.

New Accounting Standards

In June 1997, the Financial Accounting Standards Board (FASB) issued SFAS No. 130, "Reporting Comprehensive Income". SFAS No. 130 requires the reporting of comprehensive income in addition to net income from operations. Comprehensive income is a more inclusive financial reporting methodology that includes disclosures of certain financial information that historically has not been recognized in the calculation of net income from operations. The Company adopted SFAS No. 130 during fiscal year 1998 and there was no material impact upon the financial statements.

POWELL INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

In January 1999, the Company adopted SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information". SFAS No. 131 superceded the business segment disclosure requirements previously in effect under SFAS No. 14. SFAS No. 131, among other things, establishes standards regarding the information a company is required to disclose about its operating segments and provides guidance regarding what constitutes a reportable operating segment.

The Company has adopted the disclosure requirements of SFAS No. 132, "Employer's Disclosures about Pensions and Other Postretirement Benefits". SFAS No. 132 revises disclosure requirements for such pension and postretirement benefit plans to, among other things, standardize certain disclosures and eliminate certain other disclosures no longer deemed useful. SFAS No. 132 does not change the measurement or recognition criteria for such plans.

In June 1998 the FASB issued SFAS No. 133 -- "Accounting for Derivative Instruments and Hedging Activities". In June 1999, the FASB issued SFAS 137, which amended the effective adoption date of SFAS 133. This statement establishes accounting and reporting standards for derivative instruments, including derivative instruments embedded in other contracts, and for hedging activities. The statement, as amended and which is to be applied prospectively, is effective for the Company's quarter ending January 31, 2001. The Company is currently evaluating the impact of SFAS No. 133 on its future results of operations and financial position.

In April 1998, Statement of Position ("SOP") No. 98-5 -- "Reporting on the Costs of Start-up Activities" was issued by the American Institute of Certified Public Accountants. The statement requires costs of start-up activities and organization costs to be expensed as incurred. Initial application of the statement, which is effective for the Company's fiscal year 2000, is to be reported as a cumulative effect of a change in accounting principle. The Company believes that the future adoption of SOP No. 98-5 will not have a material effect on its results of operations or financial position.

C. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share (in thousands, except per share date):

	YEARS ENDED OCTOBER 31,		
	1999	1998	1997
Numerator:			
Numerator for basic and diluted earnings per share-earnings from continuing operations available to common stockholders	$ 7,127	$11,465	$12,629
Denominator:			
Denominator for basic earnings per share -- weighted-average shares	10,665	10,644	10,623
Effect of dilutive securities -- Employee stock options	112	99	185
Denominator for diluted earnings per share -- adjusted weighted-average shares assumed conversions	10,777	10,743	10,808
Basic earnings per share	$ .67	$ 1.08	$ 1.19
Diluted earnings per share	$ .66	$ 1.07	$ 1.17

POWELL INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

D. INVENTORIES

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

	OCTOBER 31, 1999	OCTOBER 31, 1998
Raw materials, parts and subassemblies	$ 9,058	$ 9,795
Work-in-process	6,115	6,489
Total inventories	$15,173	$16,284

E. PROPERTY, PLANT AND EQUIPMENT

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

	OCTOBER 31, 1999	OCTOBER 31, 1998	RANGE OF ASSET LIVES
Land	$ 3,193	$ 2,720	--
Buildings and improvements	30,638	27,478	3-39 Years
Machinery and equipment	30,409	28,149	3-15 Years
Furniture and fixtures	4,464	4,039	3-10 Years
Construction in progress	1,035	3,364	--
	69,739	65,750	
Less-accumulated depreciation	(36,453)	(33,439)	
Total property, plant and equipment, net	$ 33,286	$ 32,311	

F. EMPLOYEE BENEFIT PLANS

The Company has a defined employee contribution 401(k) plan for substantially all of its employees. The Company matches 50% of employee contributions up to six percent of their salary. The Company recognized expenses of $1,040,000, $934,000, and $848,000 in fiscal years 1999, 1998 and 1997, respectively, under this plan.

Two 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.

The Company has 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. At October 31, 1999 and 1998 there were 697,712 and 755,066 shares in the trust with 230,342 and 214,865 shares allocated to participants, respectively. 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 percent. The Company recorded deferred compensation as a contra-equity account for the amount loaned to the ESOP in the accompanying consolidated balance sheets. 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. The compensation expense for fiscal years 1999, 1998 and 1997 was $185,000, $226,000, and

POWELL INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

$271,000, respectively. The receivable from the ESOP is recorded as a reduction from stockholders' equity and the allocated and unallocated shares of the ESOP are treated as outstanding common stock in the computation of earnings per share.

In November 1992, the Company established a plan for each subsidiary 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 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 illustrates the components of net periodic benefits expense, the change in funded status, and the change in accumulated benefit obligation of the postretirement benefit plans:

	OCTOBER 31,		
	1999	1998	1997
Components of net periodic postretirement benefits expense (income):			
Service cost	$ 1	$ 4	$ 5
Interest cost	25	36	45
Prior service cost	(318)	(318)	(310)
Net (gain)/loss recognized	(77)	(7)	33
Net periodic postretirement benefits expense (income)	$(369)	$(285)	$(227)
Funded Status:			
Retirees	$ 166	$ 228	
Fully eligible active participants	234	316	
Other actual participants	--	25	
Accumulated postretirement benefit obligation	400	569	
Less unrecognized balances:			
Prior service cost	53	370	
Net actuarial (gain)/loss	(18)	(94)	
Postretirement benefits liability	$ 435	$ 845	

POWELL INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

	OCTOBER 31, 1999	1998	1997
Changes in accumulated postretirement benefits obligation:			
Balance at beginning of year	$ 569	$ 659	
Service cost	1	4	
Interest cost	25	36	
Actuarial (gain)/loss	(155)	(37)	
Benefits paid	(40)	(93)	
Balance at end of year	$ 400	$ 569	
Fair value of plan assets	$ --	$ --	

Weighted average assumptions as of October 31, 1999 (in thousands):

	1999	1998
Discount rate	6%	6%
Expected return on plan assets	N/A	N/A
Rate of compensation increase	N/A	N/A

The assumed health care cost trend measuring the accumulated postretirement benefits obligation was 6% and 8% in fiscal years 1999 and 1998, respectively. The trend is expected to remain at 6% for fiscal year 2000 and later. If the health care trend rate assumptions were increased by one percent, the accumulated postretirement benefits obligation, as of October 31, 1999, would be increased by 7.6 percent. The effect of this change on the net postretirement benefit cost for 1999 would be an increase of 6.9 percent.

G. DEBT

In September 1998, the Company amended an existing agreement for a revolving line of credit with a major U.S. bank. The amendment provides for a $10,000,000 term loan and a revolving line of credit of $20,000,000. In December 1999 the Company amended the agreement to reduce the line of credit to $15,000,000. The term loan matures in five years with nineteen equal quarterly payments of $357,143 and a final payment of the remaining principal balance on June 30, 2003. The effective interest rate, after including the results of an interest rate swap negotiated with the trust company of the same domestic bank, is 5.20 percent per annum plus a .75 to 1.25 percent fee based on financial covenants. The revolving line of credit provides for the Company to elect an interest rate on amounts borrowed of (1) the bank's prime rate less .5 percent (on the first $5,000,000) and prime rate on additional borrowings, or (2) the bank's IBOR rate plus an additional percentage of .75% to 1.25% based on the Company's performance. Also, a fee of .20 to .25 percent is charged on the unused balance of the line. The agreement contains customary affirmative and negative covenants and requirements to maintain a minimum level of tangible net worth and profitability. As of October 31, 1999, there were no borrowings under this line of credit. The agreement expires on February 28, 2002 as amended December 1999.

The interest rate swap agreement, which is used by the Company in the management of interest rate exposure is accounted for on the accrual basis. Income and expense resulting from this agreement is recorded in the same category as interest expense accrued on the related term note. Amounts to be paid or received under the interest rate swap agreement are recognized as an adjustment to expense in the periods in which they occur. The notional amount of the swap agreement is $10,000,000 and follows the same reduction schedule as the term loan. The agreements require that the Company pay the counterparty at the above fixed swap rate and requires the counterparty to pay the Company interest at the 90 day LIBOR rate. The closing 90 day LIBOR rate on October 31, 1999 was 6.18%. The Company considers the risk of non-performance by its swap partner to be minimal.

POWELL INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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

	OCTOBER 31, 1999	OCTOBER 31, 1998
Five year term note	$ 8,572	$10,000
Revolving line of credit	--	2,000
NatWest promissory note (see Note M below)	1,000	1,000
Total debt	9,572	13,000
Less -- current maturities	(2,429)	(1,429)
Total long-term debt	$ 7,143	$11,571

The interest expense recorded during the year was $774,000, $558,000 and $381,000 in 1999, 1998 and 1997, respectively. The annual maturities of long-term debt for the years 2000 through 2004 are as follows: $2,429,000, $1,429,000, $1,429,000, $4,285,000 and $0, respectively. See footnote N for the discussion of the fair market value of the debt instruments.

H. INCOME TAXES

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

	OCTOBER 31, 1999	OCTOBER 31, 1998
Current deferred income taxes:		
Gross assets	$1,804	$ 2,075
Gross liabilities	(776)	(1,366)
Net current deferred income tax asset	1,028	709
Noncurrent deferred income taxes		
Gross assets	1,400	1,593
Gross liabilities	(84)	(760)
Net noncurrent deferred income tax asset	1,316	833
Net deferred income tax asset	$2,344	$ 1,542

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

	OCTOBER 31, 1999	OCTOBER 31, 1998
Allowance for doubtful accounts	$ 189	$ 259
Reserve for accrued employee benefits	625	907
Warranty reserves	855	471
Uncompleted long-term contracts	(776)	(1,262)
Depreciation and amortization	267	92
Deferred compensation	445	404
Postretirement benefits liability	209	287
Accrued legal expenses	229	385
Other	301	(1)
Net deferred income tax asset	$2,344	$ 1,542

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

	YEARS ENDED OCTOBER 31,		
	1999	1998	1997
Continuing Operations:			
Current:			
Federal	$3,896	$ 4,198	$4,237
State	242	221	241
Deferred:			
Federal	(802)	861	1,333
Income tax provision continuing operations	3,336	5,280	5,811
Discontinuing Operations:			
Current	--	(3,821)	--
Deferred	--	1,371	--
Income tax provision discontinued operations	--	(2,450)	--
Total income tax provision	$3,336	$ 2,830	$5,811

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,		
	1999	1998	1997
Statutory rate	34%	34%	34%
Foreign sales corporation credits	(3)	(3)	(3)
State income taxes, net of federal benefit	2	1	1
Other	(1)	--	--
Effective rate	32%	32%	32%

I. SIGNIFICANT SALES DATA

No single customer or export country accounted for more than 10 percent of consolidated revenues in fiscal years 1999, 1998 and 1997.

Export sales are as follows (in thousands):

	YEARS ENDED OCTOBER 31,		
	1999	1998	1997
Europe (including former Soviet Union)	$ 1,928	$ 500	$ 4,781
Far East	15,867	27,502	29,343
Middle East and Africa	31,364	31,694	27,035
North, Central and South America (excluding U.S.)	21,214	25,752	26,948
Total export sales	$70,373	$85,448	$88,107

POWELL INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

J. COMMITMENTS AND CONTINGENCIES

Leases

The Company leases certain offices, facilities and equipment under operating leases expiring at various dates through 2003. At October 31, 1999, 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
2000	$1,032
2001	766
2002	548
2003	23
2004	--
Thereafter	--
Total lease commitments	$2,369

Lease expense for all operating leases, excluding leases with terms of less than one year, was $1,328,000, $1,259,000 and $1,067,000 for fiscal years 1999, 1998 and 1997, respectively.

Letters of Credit and Bonds

The Company is contingently liable for secured and unsecured letters of credit and performance bonds totaling approximately $2,991,000 and $116,790,000, respectively, that were outstanding at October 31, 1999.

Litigation

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

K. STOCK OPTIONS AND GRANTS

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. 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 awards available under the plan include both stock options and stock grants and are subject to certain conditions and restrictions as determined by the Compensation Committee of the Board of Directors. There were no stock grants during fiscal years 1999, 1998 and 1997.

Stock options granted under the plan are non-qualified and are granted at a price equal to the fair market value of the common stock at the date of grant. Generally, options granted have terms of seven years from the date of grant and will vest in increments of 20 percent per year over a five year period on the yearly anniversary of the grant date. The plan provides for additional stock to be awarded equal to 20 percent of all options which are exercised and then held for a period of five years.

There were 202,404 shares available under the plan to be granted as of October 31, 1999. Stock option activity (number of shares) for the Company during fiscal years 1999, 1998 and 1997 was as follows:

	1999	1998	1997
Outstanding, beginning of year	527,560	577,060	429,510
Granted:			
Stock options $15.81 per share			252,500
Stock options $8.50 per share	301,850		
Exercised:			
Stock options $6.25 per share	(3,300)	(7,800)	(31,760)
Stock options $6.75 per share	(5,375)	(8,100)	(47,700)
Forfeited:			
Stock options $6.25 per share	(14,700)	(13,800)	(16,400)
Stock options $6.75 per share	(9,000)	(1,800)	(4,090)
Stock options $15.81 per share	(18,400)	(18,000)	(5,000)
Outstanding, ranging from $6.25 to $15.81 per share, at the end of year	778,635	527,560	577,060

The following table summarizes information about stock options outstanding as of October 31, 1999:

RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
$6.75	95,295	0.7	6.75	95,295	6.75
6.25	170,390	2.7	6.25	131,160	6.25
15.81	211,100	4.7	15.81	86,900	15.81
8.50	301,850	6.8	8.50	--	8.50
$6.25-15.81	778,635	4.5	$ 9.81	313,355	$ 9.05

Weighted average fair value of options granted during fiscal 1999 was $4.36 per option.

The Company applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", in accounting for employees stock options whereby no compensation expense is recorded related to the options granted equal to the market value of the stock on the date of grant. If compensation expense had been determined based on the Black-Scholes option pricing model value at the grant date for awards in 1999, 1998 and 1997 consistent with the provisions of SFAS No. 123, "Accounting for Stock-Based Compensation", the Company's net income and diluted earnings per share would have been as follows:

	1999	1998	1997
Net income:			
As reported	$7,127	$6,665	$12,629
Pro forma	6,807	6,370	12,529
Diluted earnings per share:			
As reported	$ .66	$ .62	$ 1.17
Pro forma	.63	.59	1.16

The SFAS No. 123 method of accounting has not been applied to options granted prior to October 31,1995, and the resulting pro forma compensation expense may not be indicative of pro forma expense in future years.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

Expected life of options	7 years
Risk-free interest rate	5.99%-6.43%
Expected dividend yield	0.00%
Expected stock price volatility	37.62%-41.48%

L. 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,	
	1999	1998
Costs and estimated earnings	$ 79,723	$114,127
Progress billings	(63,532)	(89,344)
Total costs and estimated earnings in excess of billings	$ 16,191	$ 24,783
Progress billings	$ 89,146	$ 67,471
Costs and estimated earnings	(84,941)	(63,626)
Total billings in excess of costs and estimated earnings	$ 4,205	$ 3,845

M. DISCONTINUED OPERATIONS

As previously reported on Form 8-K in September 1998, the Company entered into a Settlement Agreement with National Westminister Bank plc ("NatWest") to settle all litigation between them regarding completion of a project of US Turbine Corporation (USTC), a previously held subsidiary of the Company, at MacDill Air Force Base (the responsibility for this project was not assumed by Rolls-Royce in the acquisition of USTC). Under the terms of such Settlement Agreement, the Company paid NatWest $7,000,000 at the closing (September 10, 1998) and delivered a promissory note in the principal amount of $1,000,000 bearing interest at the rate of 3 percent per annum, which was due on December 31, 1999; accordingly, in 1998 the Company recorded a loss from discontinued operations of $4,800,000 (net of income taxes) or $0.45 per diluted share, to reflect additional expense accruals related to this settlement.

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

	YEARS ENDED OCTOBER 31,		
	1999	1998	1997
Loss from operations before income taxes	$ --	$(7,250)	$ --
Benefit for income taxes	--	2,450	--
Net loss from discontinued operations	$ --	$(4,800)	$ --

N. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments include cash and cash equivalents, accounts receivable, accounts payable, short-term note payable, debt obligations and interest rate swaps. The book value of cash and cash equivalents, accounts receivable, accounts payable and short-term note payable are considered to be representative of fair value because of the short maturity of these instruments. The Company believes that the

carrying value of its borrowings under the credit agreement approximate their fair value as they bear interest at rates indexed to the Bank's IBOR rate.

At October 31, 1999 the Company had $8,572,000 borrowings subject to interest rate swap at a rate of 5.20% through September 30, 2003. The approximate fair value of the swap agreement at October 31, 1999 is $237,000. The fair value is the amount estimated that the Company would receive to terminate the contract.

O. BUSINESS SEGMENTS

The Company has three reportable segments: 1. Switchgear and related equipment and service (Switchgear) for distribution, control and management of electrical energy, 2. Bus duct products (Bus Duct) for the distribution of electric power, and 3. Process Control Systems which consists principally of instrumentation, computer control, communications and data management systems for the control of dynamic processes.

The tables below reflect certain information relating to the Company's operations by segment. Substantially all revenues represent sales from unaffiliated customers. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. For purposes of this presentation, all general corporate expenses have not been allocated between operating segments. In addition, the corporate assets are mainly cash and cash equivalents transferred to the corporate office from the segments and interest charges and credits to the segments from the corporate office are based on use of funds.

The required disclosures for the business segments are set forth below (in thousands):

	YEAR ENDED OCTOBER 31,		
	1999	1998	1997
Revenues:			
Switchgear	$151,475	$163,367	$140,117
Bus Duct	28,016	26,203	32,061
Process Control Systems	33,040	23,163	19,473
Total Revenues	$212,531	$212,733	$191,651
Earnings from operations before income taxes:			
Switchgear	$ 4,772	$ 10,053	$ 11,361
Bus Duct	5,328	5,924	7,612
Process Control Systems	1,500	1,012	705
Corporate	(1,137)	(244)	(1,239)
Total earnings from operations before income taxes	$ 10,463	$ 16,745	$ 18,439
Assets:			
Switchgear	$ 85,157	$ 98,842	$ 89,275
Bus Duct	14,764	12,271	15,013
Process Control Systems	10,997	10,309	9,640
Corporate	16,613	5,709	8,939
Total Assets	$127,531	$127,131	$122,867

POWELL INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

	YEAR ENDED OCTOBER 31,		
	1999	1998	1997
Depreciation and Amortization:			
Switchgear	$ 3,516	$ 2,955	$ 2,294
Bus Duct	642	662	608
Process Control Systems	343	453	474
Total Depreciation and Amortization	$ 4,501	$ 4,070	$ 3,376
Capital Expenditures:			
Switchgear	$ 4,820	$ 9,323	$ 13,684
Bus Duct	294	251	862
Process Control Systems	192	165	227
Total Capital Expenditures	$ 5,306	$ 9,739	$ 14,773
Interest Expense (Income):			
Switchgear	$ 1,528	$ 1,356	$ 675
Bus Duct	(782)	(715)	(643)
Process Control	96	83	292
Corporate	(481)	(485)	(740)
Total Interest Expense (Income)	$ 361	$ 239	$ (416)

POWELL INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

P. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The table below sets forth the unaudited consolidated operating results by fiscal quarter for the years ended October 31, 1999 and 1998 (in thousands, except per share data):

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
1999 --				
Revenues	$54,134	$56,331	$51,612	$50,454
Gross profit	10,932	10,238	9,774	9,234
Net earnings	2,178	1,820	1,513	1,617
Net earnings per common and common equivalent share:				
Basic	.20	.17	.14	.15
Diluted	.20	.17	.14	.15
1998 --				
Revenues	$46,350	$53,989	$56,258	$56,136
Gross profit	10,631	12,281	12,370	12,507
Net earnings:				
Earnings from continuing operations	2,398	3,314	3,193	2,560
Loss from discontinued operations	--	--	(4,700)	(100)
Net earnings (loss)	2,398..	3,314	(1,507)	2,460
Net earnings (loss) per common and common equivalent share:				
Continuing operations:				
Basic	.23	.31	.30	.24
Diluted	.22....	.31	.30	.24
Discontinued operations:				
Basic	--	--	(.44)	(.01)
Diluted	--	--	(.44)	(.01)
Net earnings (loss):				
Basic	.23	.31	(.14)	.23
Diluted	.22	.31	(.14)	.23

Q. SUBSEQUENT EVENTS

The Company announced in December 1999 that authorization had been given by the Board of Directors to repurchase up to $5,000,000 of its outstanding common stock, subject to market conditions. The repurchased stock will be added to treasury stock and will be used for general corporate purposes.

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, 1999, 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 the 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 1999.
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).
10.5	-- Credit Agreement dated August 15, 1997 between Powell Industries, Inc. and Bank of America Texas, N.A. (filed as an Exhibit to the Company's Form 10-Q for the quarter ended July 31, 1997 and incorporated herein by reference).
10.6	-- Amendments dated September 16, 1998, September 25, 1998 and October 15, 1998 to credit agreement between Powell Industries, Inc., and Bank of America Texas, N.A, (filed as Exhibit 10 to Company's Form 10-K for the fiscal year ended October 31, 1998 and incorporated herein by reference).
10.6	-- Fourth Amendment dated February 26, 1999 to credit agreement between Powell Industries, Inc. and Bank of America Texas N.A. (filed as Exhibit 10 to Company's 10-Q for quarter ended April 30, 1999 and incorporated herein by reference).

EXHIBITS

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).
10.11	-- Settlement Agreement effective September 3, 1998 by and among National Westminister Bank, plc, Powell Industries, Inc., Powell Energy Systems, Inc., Empire Energy Management Systems, Inc., Empire Cogen and Brian Travis (filed as Exhibit 10.11 to the Company's Form 10-Q for quarter ended July 31, 1998 and incorporated herein by reference).
10.12	-- Fifth Amendment dated December 31, 1999 to credit agreement between Powell Industries, Inc. and Bank of America Texas N.A.
21.1	-- Subsidiaries of the Company.
23.1	-- Consent of Independent Public Accountants.
27.0	-- Financial data schedule.

(b) Reports on Form 8-K.

None

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
/s/ THOMAS W. POWELL Thomas W. Powell	Chairman of the Board
/s/ J. F. AHART J. F. Ahart	Director
/s/ JOSEPH L. BECHERER Joseph L. Becherer	Director
/s/ EUGENE L. BUTLER Eugene L. Butler	Director
/s/ BONNIE L. POWELL Bonnie L. Powell	Director
/s/ STEPHEN W. SEALE, JR. Stephen W. Seale, Jr.	Director
/s/ LAWRENCE R. TANNER Lawrence R. Tanner	Director

Date: January 28, 2000

INDEX TO EXHIBITS

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23.1	-- Consent of Independent Public Accountants.
27.0	-- Financial data schedule.

EXHIBIT 10.1

POWELL INDUSTRIES, INC.
INCENTIVE COMPENSATION PLAN FOR 1999

JANUARY 1999

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

Refer to your specific targets and funding levels (attached). The attached also includes graphs showing how this funding works in relationship to the targets.

CORPORATE PARTICIPANTS

- o 70% Powell Industries, Inc. Earnings Per Share
- o 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.

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 10.12

[BANK OF AMERICA LOGO]

AMENDMENT TO DOCUMENTS

FIFTH AMENDMENT TO BUSINESS LOAN AGREEMENT

This FIFTH Amendment to BUSINESS LOAN AGREEMENT is entered into as of DECEMBER 31, 1999, among Bank of America, N.A ("Bank") and POWELL INDUSTRIES, INC.("Borrower").

RECITALS

A. WHEREAS, Bank and Borrower have entered into that certain BUSINESS LOAN AGREEMENT dated AUGUST 21, 1997, and amended on SEPTEMBER 16, 1998, SEPTEMBER 26, 1998, OCTOBER 15, 1998 AND FEBRUARY 26, 1999 (collectively the "Agreement"); and

B. WHEREAS, Borrower and Bank desire to amend certain terms and provisions of said Agreement as more specifically hereinafter set forth.

AGREED

NOW, THEREFORE, in consideration of the foregoing recitals and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Bank and Borrower mutually agree to amend said Agreement as follows:

1. In Paragraph 1.1 (Line of Credit Amount) of the Agreement, the amount "FIFTEEN MILLION AND NO/100 DOLLARS ($15,000,000.00) is substituted for the amount "Twenty Million and No/100 Dollars ($20,000,000.00)

2. In Paragraph 1.2 (Availability) of the Agreement, the date "FEBRUARY 28, 2002" is substituted for the date "February 28, 2001".

3. In Paragraph 1.5 (Letters of Credit) Paragraph 2, the amount of "FIFTEEN MILLION AND NO/100 ($15,000,000.00) is substituted for Twenty Million and No/100 Dollars ($20,000,000.00).

   The Fee Amount for Letters of Credit issued with EXPIRATIONS GREATER THAN 366 days is amended to read 3/4% per annum.

4. In Paragraph 1.7 (Offshore Rate) the Funded Debt to EBITDA and Percentage Amount is amended as follows:

FUNDED DEBT TO EBITDA	PERCENTAGE AMOUNT
<1.25	0.75%
>=1.25 but <1.75	1.00%
>=1.75	1.25%

5. In renumbered Paragraph 3.1 (a) (Unused Commitment Fee) the Unused Commitment Dee is amended as follows:

FUNDED DEBT TO EBITDA	COMMITMENT FEE
<1.25	0.20%

>=1.25 but <1.75	0.25%
>=1.75	0.25%

6. In renumbered Paragraph 7.3 (Tangible Net Worth) the first paragraph is amended to read as follows:

   7.3 Tangible Net Worth. To maintain Tangible Net worth beginning October 31, 1999 equal to at least Seventy Five Million and No. 100 Dollars ($75,000,000.00) plus (i) 50% of cumulative positive net income after taxes for fiscal year's end after October 31, 1999, plus (ii) 100% of additional equity contributions.

7. In renumbered Paragraph 7.6 (Other Debts) item (d) is amended to read as follows:

   Additional direct or contingent debts for business purposes which do not exceed a total principal amount of Five Million and No/100 ($5,000,000.00) outstanding at any one time and shall not rank senior in right of payment to Bank's debt.

8. In renumbered Paragraph 7.17 is being amended to include (f) Management Change. Borrower may not make any substantial change in its present executive or management personnel.

This Amendment will become effective as of the date first written above, provided that each of the following conditions precedent have been satisfied in a manner satisfactory to Bank:

The Bank has received from the Borrower a duly executed original of this Amendment, together with a duly executed Guarantor Acknowledgment and Consent in the form attached hereto (the "Consent").

Except as provided in this Amendment, all of the terms and provisions of the Agreement and the documents executed in connection therewith shall remain in full force and effect. All references in such other documents to the Agreement shall hereafter be deemed to be references to the Agreement as amended hereby.

THIS WRITTEN AMENDMENT AND THE DOCUMENTS EXECUTED IN CONNECTION HEREWITH REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

IN WITNESS WHEREOF, this Amendment has been executed by the parties hereto as of the date first written above.

BANK OF AMERICA, N.A.

By:

(Bank Officer Name, Title)

POWELL INDUSTRIES, INC.

By: /s/ J.F. AHART

J.F. Ahart, Vice President

EXHIBIT 21.1

SUBSIDIARIES OF POWELL INDUSTRIES, INC.

NAME OF DOMESTIC SUBSIDIARY	STATE OF INCORPORATION
Delta-Unibus Corp.	Illinois
Powell Electrical Manufacturing Co.	Delaware
Powell Power Electronics Company, Inc.	Delaware
Powell-Process Systems, Inc. (Inactive)	Utah
Powell-ESCO Company	Texas
Unibus, Inc.	Ohio
Powell Energy Systems Inc. (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 6, 1999, included in this Form 10-K, into the Powell Industries, Inc. previously filed Form S-8 Registration No. 33-81998.

ARTHUR ANDERSEN LLP

Houston, Texas
January 28, 2000

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED OCTOBER 31, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

12-MOS
OCT-31-1999
OCT-31-1999
10,646
0
43,855
852
15,173
87,836
69,739
36,453
127,531
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