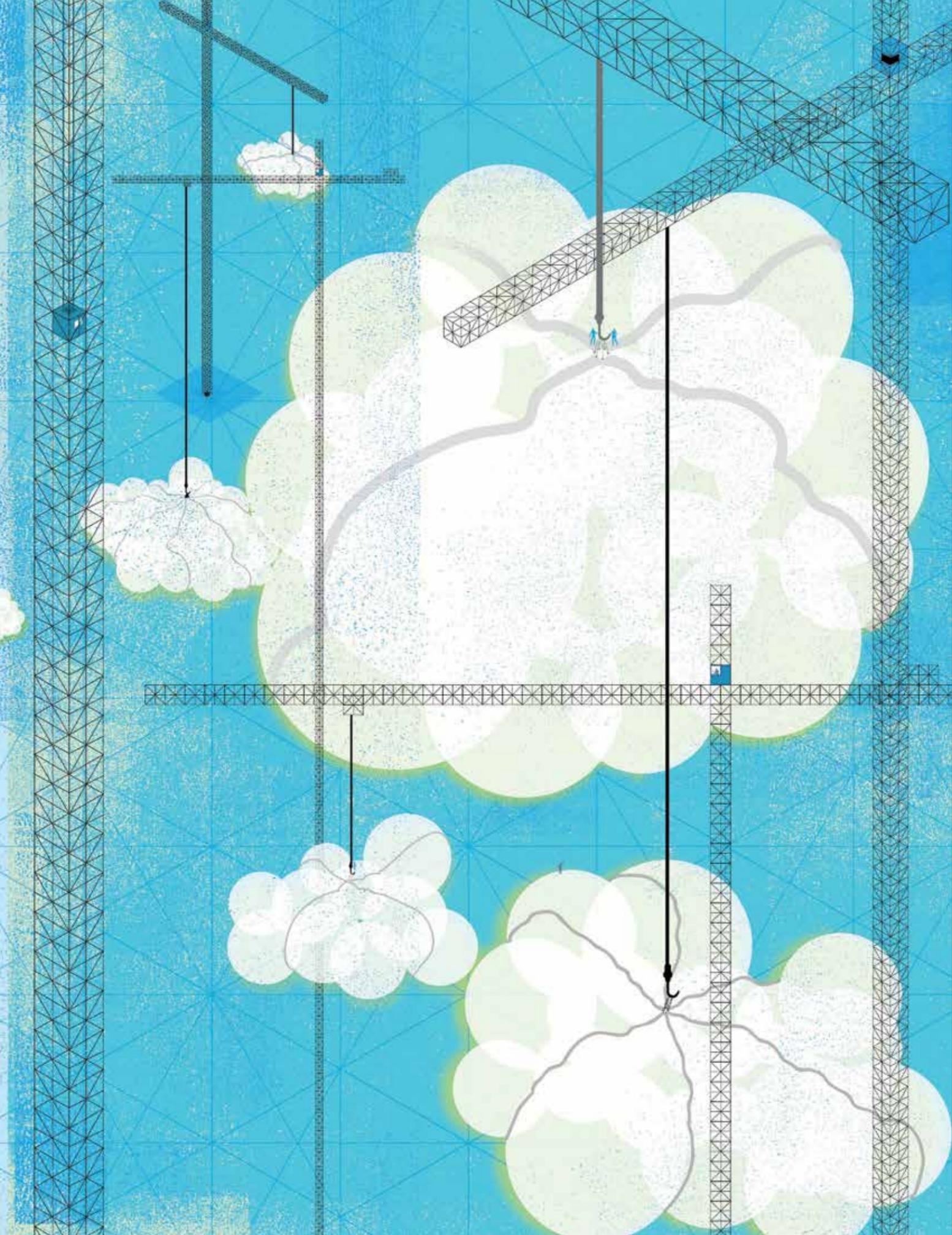


Solutions-Driven



POWELL INDUSTRIES
2012 ANNUAL REPORT





VALUE QUEST

After 65 years of growth and innovation, Powell remains a market leader.

We have consistently added improvements to satisfy customer needs — whether that meant increasing engineering capability, streamlining product packaging or expanding our global presence. We have harnessed emerging technologies, helping customers improve safety and product performance, beyond and ahead of industry demands.

Today we have a diverse and integrated business, with the engineering expertise and manufacturing systems to deliver the world's most challenging power distribution solutions.

In a complex world, we have come of age.

Prepared for challenges. Seeking innovation. Driving solutions.



Powell closes this year in a good position, with great optimism for the future.

In two of our key markets — oil and gas and light rail transportation — activity remains strong, which provided solid revenues for this year and a respectable backlog.

The utilities market remains slow. However, after 65 years, we realize that we operate in a highly cyclical environment. As the

outlook for the future becomes clearer, and the global demand for energy continues to increase, we are confident that we will see an increase in utility investment. Our history affirms this pattern time and time again.

Powell's mission has always been to be the right company at the right time.

To prepare for the future, and to continue to improve our performance for our customers, Powell made several strategic moves in 2012.

We have acquired three tracts of land to support future growth. We allowed for expansion of our facility on the

Houston Ship Channel. We are adding a new facility to replace existing leased facilities and provide opportunity for growth in Houston, Texas, and we are making extensive investment to the operations in Edmonton, Alberta, in order to support the important and high-growth Canadian market. Each of these investments, funded by cash from operations and cash on hand, stem from our desire to consolidate a wide range of engineering, packaging and consultative services in a more integrated and streamlined fashion.

A more comprehensive approach reduces customer risk and expedites delivery on

the large-scale projects that have always been Powell's specialty.

Going forward, combining the best of the past and the future

Powell continues on the path that we began in 1947. We focus on large, complex and critical electrical power distribution projects that operate safely and reliably. We strive to deliver this complex equipment predictably.

We rely on our talented and dedicated people to bring the Powell vision to life, and that has not changed. Our expertise in our markets brings great

value to customers, made clearer by the minimal layers between our talent and our customers. We have developed long-lasting customer relationships based on our collaborative model.

I am very pleased to announce that in August we ended an extensive executive search with Mike Lucas joining Powell as President and CEO to lead our company and our people. I have enjoyed the challenges and rewards of working with a great group of employees from top to bottom, and at this point I end my time serving as interim President and CEO and return to the position of non-executive Chairman of the Board.

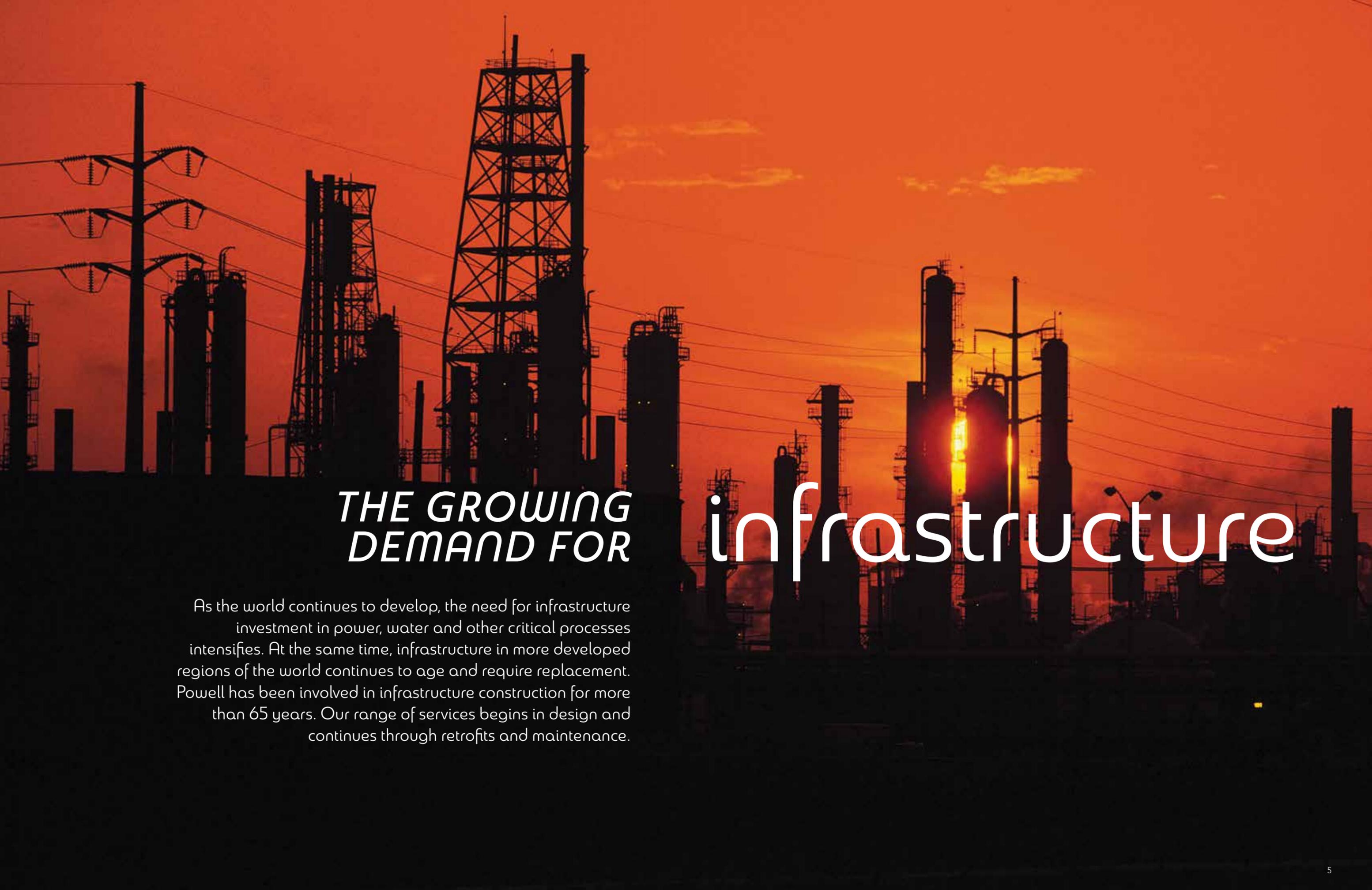
Rest assured, Mike's 27 years of professional sales, operational and general management experience will add great value to our organization.

In addition to his professional qualifications, I believe that Mike Lucas personally aligns with the Powell customer-centric business culture, and I am certain that he will maintain the commitment of listening to our customers and helping them to meet their challenges.

I look forward to the next generation.

Thomas W. Powell
Chairman of the Board



The background of the slide is a photograph of an industrial facility, likely a refinery or power plant, silhouetted against a vibrant orange and red sunset sky. The sun is positioned behind one of the structures, creating a bright lens flare effect. The silhouettes include tall distillation columns, a complex lattice tower, and various piping and walkways. The overall mood is industrial and dramatic.

THE GROWING DEMAND FOR

infrastructure

As the world continues to develop, the need for infrastructure investment in power, water and other critical processes intensifies. At the same time, infrastructure in more developed regions of the world continues to age and require replacement. Powell has been involved in infrastructure construction for more than 65 years. Our range of services begins in design and continues through retrofits and maintenance.



Improvement is continuous at Powell. In the recent past, we have made significant upgrades within our own business — in our enterprise software, project management systems and our business processes — to improve both customer service and our product performance.

*STREAMLINING AND
INVESTING IN OUR BUSINESS*



infrastructure

SEAMLESS DELIVERY OF LARGE, CRITICAL & COMPLEX PROJECTS HAS ALWAYS BEEN POWELL'S FOCUS. THIS IS A BUSINESS THAT REQUIRES A SPECIALIST.

Powell has made it our business to design and build systems that manage critical processes. Today those include electrical distribution systems, light rail substations, communication systems, and highway management systems for customers in the oil and gas, transportation, manufacturing and utility industries.

Whether public or private, projects are large and capital-intensive. They require multiple years to progress through the design-build-commission and test cycle.

Powell's mission over the past 60-plus years has been to find ways to streamline this process for clients in two ways:

- By being efficient and proactive in the way we provide services, and
- By expanding our scope and integrating our services so that project delivery becomes increasingly predictable, reliable and seamless.

In 2012 Powell began a multi-year expansion process of our own to meet the needs of our customers. This investment

will provide additional capacity, increase our ability to produce offshore modules and position us to better serve the Canadian market.

Shored up by our expertise in designing and integrating equipment, a skilled and trained workforce and our newly upgraded business processes, we are prepared to build and rebuild the foundations of the world.



FOCUS ON SAFETY & INTELLIGENCE IN THE

future

Powell specializes in critical environments. By their very nature, electrical power, mass transit, water and wastewater and manufacturing components carry risk — and operations are essential. Over the years, the standards for safety have been raised, as has demand for information about equipment, processes and results. From the beginning it has been our culture, and today the name Powell is associated with safety. We have pioneered some of the industry's most respected innovations in this arena.



In today's world, the key to improved safety for personnel, the public and the environment is accurate and timely information. The current focus is on detecting problems and speeding up the response to their solutions. Powell is focused on ways to add intelligence gathering and data communication, as well as operations monitoring. Our goal? To allow our customers to be proactive and ensure that resources are utilized in the safest way possible.

*BUILDING SAFETY &
INNOVATION INTO OUR*

future



**POWELL HAS A "SAFETY CULTURE."
EVERYTHING FROM OUR ENGINEERING
DESIGN TO THE WAY WE OPERATE
IN OUR SHOP IS JUDGED BY HOW
EFFECTIVELY IT CONTROLS RISK.**

Powell's history of developing innovative products and services is one of, not dramatic leaps, but constant and incremental improvement. Our breakthroughs have focused on making equipment, settings, construction and our own working environment smarter — and therefore safer.

We developed the first arc-resistant switchgear, and we have expanded this line steadily over the years. We were

among the first in the industry to include remote communication equipment in our packages, which helped to distance operators from harm's way.

We continue to make data monitoring and reporting technology more sophisticated, improving equipment performance and reducing risk for clients and operations. Our recent focus is in the field of thermal monitoring, which pinpoints "trouble spots" in distribution lines. This proactive

approach — whether used in monitoring traffic or electrical current — is a significant advance in helping to avert breakdowns and crises.

Within our own operations, Powell invests in training, supervision and high-end equipment to maintain our internal safety culture. Our approach is to use intelligence, both human and technological, to minimize risk.



FUTURE THINKING

Powell has never been satisfied with easy answers.

We specialize in the largest, most complex and difficult distribution projects for critical processes — projects that required innovative thinking, engineering and delivery methods.

Our most fundamental task is to provide solutions. This simple mission is what has led to 65 years of growth and success.

During our history we have listened to customers and anticipated their needs.

We have refined our expertise and developed new approaches. Through decades of experience we have evolved into a provider of comprehensive services which add value and manage risk every step of the way.

Our value lies in maintaining our ability to take on challenges and provide the solutions that satisfy the ever-changing needs of our customers around the world. For our future, that remains the solution.



BOARD OF DIRECTORS



Thomas W. Powell
Chairman of the Board
Powell Industries, Inc.



Michael A. Lucas
President and Chief Executive Officer
Powell Industries, Inc.



Joseph L. Becherer
Executive Vice President
Eaton Corporation (Retired)



Eugene L. Butler
Chairman of the Board
Deep Down, Inc.



James F. Clark
Vice President
Square D Corporation (Retired)



Christopher E. Cragg
Senior Vice President – Operations
Oil States International, Inc.



Bonnie Hancock
Executive Director – Enterprise
Risk Management Initiative
North Carolina State University



Scott E. Rozell
Executive Vice President
and General Counsel
CenterPoint Energy, Inc.



Stephen W. Seale, Jr.
Consultant,
Registered Professional Engineer



Robert C. Tranchon
President and CEO
Westinghouse Motor Company
(Retired)

CORPORATE OFFICERS

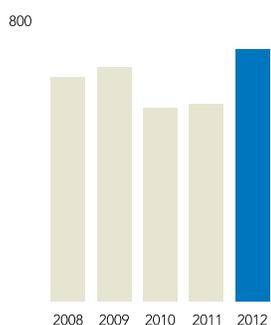


Don R. Madison
Executive Vice President,
Chief Financial and
Administrative Officer

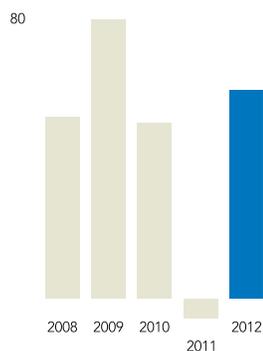


Milburn E. Honeycutt
Vice President,
Controller, and
Chief Accounting Officer

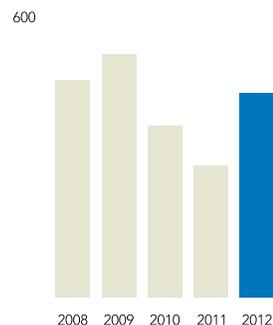
CONSOLIDATED FINANCIAL HIGHLIGHTS



Revenues
(in millions of dollars)



Net Income
(in millions of dollars)



Ending Backlog
(in millions of dollars)

Years Ended September 30,

	2008	2009	2010	2011	2012
<small>(In thousands, except per-share data)</small>					
Consolidated Statement of Operations Data					
Revenues	\$ 638,704	\$ 665,851	\$ 550,692	\$ 562,397	\$ 717,194
Gross Profit	126,406	145,049	142,057	99,930	139,938
Net Income (Loss)	25,847	39,717	25,008	(2,715)	29,657
Per-Share Data					
Basic Earnings (Loss)	2.29	3.48	2.17	(0.23)	2.50
Diluted Earnings (Loss)	2.26	3.43	2.14	(0.23)	2.49
Consolidated Balance Sheet Data					
Working Capital	150,699	165,861	187,445	198,958	215,537
Total Assets	397,634	404,840	400,712	421,676	448,312
Long-Term Debt	33,944	4,800	5,202	4,301	3,630
Total Stockholders' Equity	206,874	246,761	277,303	275,343	310,103

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CORPORATE INFORMATION

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Chief Executive Officer

Don R. Madison
Executive Vice President,
Chief Financial and
Administrative Officer

Milburn E. Honeycutt
Vice President,
Controller and
Chief Accounting Officer

Corporate Counsel
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