



Corporate Governance Guidelines

POWELL INDUSTRIES, INC. AND ITS SUBSIDIARIES AND AFFILIATES

I. INTRODUCTION

The Board of Directors (the “Board”) is elected by the shareholders of the Company and is the ultimate decision-making body, except for matters reserved to the shareholders. The business and affairs of the Company are managed at the direction of the Board, which elects the Chief Executive Officer (“CEO”) and certain members of Company management as defined in the Company By-Laws (who with the CEO are collectively referred to as “Executive Management”). Accordingly, the primary function of the Board is oversight and defining standards of accountability that enable Executive Management to act in the best interests of shareholders. The Corporate Governance Guidelines (the “Guidelines”) form the foundation for all other corporate governance.

II. DIRECTOR QUALIFICATIONS

The Board is responsible for selecting candidates for Board membership upon the recommendation of the Nominating and Governance Committee of the Board and in accordance with the Company’s By-Laws. The Board shall designate a Chairman that will preside over Board meetings and be generally responsible for calling meetings and setting meeting agendas. The Chairman of the Board, or shareholders pursuant to shareholder proxy rules and the procedures set forth in the Company’s By-Laws, may recommend candidates for Board membership and/or re-appointment, and in the event no satisfactory candidates are identified, the Nominating and Governance Committee may initiate an independent search for candidates. The Nominating and Governance Committee is ultimately responsible for assessing the composition of the Board as a whole, recommending to the Board nominations of directors for election by the shareholders and appointment by the Board in the case of vacancy, and as needed, recommending the requisite skills and characteristics of potential new Board members. These recommendations and assessments shall be made in accordance with applicable law and regulations, the listing requirements of The NASDAQ Stock Market (“NASDAQ”) and otherwise in accordance with the charter of the Nominating and Governance Committee. No member of the Board may serve simultaneously on

the Board of more than two other public companies. Any invitation to join the Board shall be extended by the Board itself, acting by and through the Chairman of the Board.

III. INDEPENDENCE

The Board shall have a majority of non management directors that also meet the independence requirements of NASDAQ. Designation as an independent director shall be based upon an affirmative determination by the Board or its designated committee, at least annually. A director who experiences any change in circumstances that might affect such individual’s qualifications as an independent director shall immediately advise and consult with the Chairman of the Board and the Chairman of the Nominating and Governance Committee. Similarly, all directors shall advise the Chairman of the Board and the Chairman of the Nominating and Governance Committee regarding any change in occupation or upon accepting an invitation to serve on another public company board in order to assess if the change will negatively impact the determination of independence.

IV. DIRECTOR RESPONSIBILITIES

In discharging their responsibilities, directors shall exercise their business judgment to act in a manner they believe is in the best interest of the Company’s shareholders. In such exercise, the Board is entitled to rely on the honesty and integrity of Executive Management, outside advisors and auditors. Directors are expected to attend at least 75% of the meetings of the Board and its committees on which they serve and all shareholder meetings. Information and data that are important to the Board’s understanding of the business to be conducted at a Board or committee meeting shall generally be distributed in writing to the directors before such meetings. Directors shall review and acknowledge the information in advance of such meeting to the Chairman of the Board or his designee. The Board shall meet as often as its members determine to be necessary, or as meetings may be called by the Chairman of the Board in accordance with the By Laws, but in any event the Board shall meet at least quarterly. The Chairman of the Board shall generally establish the

agenda for each Board meeting and invitations to Board meetings of non directors are generally at the discretion of the Chairman of the Board; however, this shall not limit other directors from suggesting agenda items, requesting invitees or raising matters for discussion at the Board meeting not on the agenda. The Board shall adopt and periodically review the Company's Code of Ethics and any recommendations with respect to same from the Nominating and Governance Committee, to guide ethical decision-making of all directors, Executive Management and employees of the Company, including conflicts of interest and substantial transactions between the Company and entities affiliated with directors.

The non-management directors shall also meet in executive session and elect a Presiding Director. Meetings of the non-management directors shall occur at least quarterly, and the Presiding Director shall generally establish the agenda for each executive session; however, this shall not limit other non-management directors from suggesting agenda items, requesting invitees or raising matters for discussion at the executive session not on the agenda.

It is the Company's policy that management speaks on its behalf, not the directors. Directors may however, may be need to communicate with constituencies that are involved with the Company. It is expected that the directors will exercise substantial discretion in connection with, and keep management reasonably apprised of, such communications.

V. BOARD MEETINGS AND ACCESS TO COMPANY EMPLOYEES AND OUTSIDE ADVISORS

All directors are encouraged to learn and be as current as possible about the Company's operations, business practices, properties and employees. Directors shall have full and free access to all company personnel, locations, outside advisors, attorneys and consultants. Any meetings or contacts that a director wishes to initiate shall generally be arranged through Executive Management, however this shall not preclude a director from initiating contact directly. The directors shall use their best business judgment to generally ensure that all such contact with Company representatives occurs in such a manner as to ensure minimal disruption to business operations.

VI. COMMITTEES

The Board shall, in accordance with the Company By-Laws and NASDAQ listing requirements, have at all times an Audit Committee, a Compensation Committee and a Nominating and Governance Committee. The Board may also establish other standing or ad hoc committees from time to time as permitted by the Company's By-Laws. Members of the Audit Committee, Compensation Committee and Nominating and Governance Committee shall be independent directors under the criteria established by NASDAQ listing requirements. Committee members shall be appointed by the Board upon recommendation of the Nominating and Governance Committee. The Nominating and Governance Committee shall give consideration annually to the membership and possible rotation of committee members and each committee shall have a charter setting forth the purposes, goals and responsibilities of such committees as well as qualifications for membership, structure, operations, meeting frequency and self-evaluation. The Chairman of each committee, in consultation with the other committee members, shall develop the committee agenda for each committee meeting and report to the Board, either verbally or in writing, following each committee meeting the nature of the meeting, actions taken by the committee, and actions for referral to the Board.

VII. DIRECTOR COMPENSATION

The Compensation Committee of the Board shall conduct an annual review of director compensation. The form and amount of director compensation shall be determined by the Board upon recommendation of the Compensation Committee. In determining appropriate director compensation, the Board shall consider that directors' independence may be jeopardized if director compensation and perquisites exceed customary levels based on comparable companies within the industry and of similar size.

VIII. DIRECTOR ORIENTATION AND CONTINUING EDUCATION

Upon initial appointment, new directors shall participate in an orientation program which shall generally be conducted within two months after election as a director. The orientation will include presentations by



members of Company management and previously standing directors to familiarize new directors with the Company's strategic plans, significant financial and risk management issues, compliance programs, Code of Ethics, management, internal and external auditors. Continuing education for all other directors may be obtained through attending the orientation program for new directors and other means consistent with NASDAQ listing requirements and as recommended by the Nominating and Governance Committee.

Audit Committee Chairman, depending on the nature of the report.

BOARD ACTION

By motion unanimously approved, the Board of Directors adopted these Guidelines on January 4, 2008.

IX. MANAGEMENT SUCCESSION

The Board shall discuss CEO succession planning, including contingencies in the event of an emergency, on an annual basis. In this process, the CEO will be consulted regarding the nature and implementation of any succession plan, recommendations for potential successors and development plans recommended for such members of Company management as deemed necessary.

X. ANNUAL SELF-EVALUATION

The Board of Directors, within sixty days following the Company's fiscal year end, shall conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Nominating and Governance Committee shall facilitate the Board's self-evaluation as set forth in their committee charter. The self-evaluation shall include, but is not limited to the Board's contribution to the Company and possible areas in which the Board or management believes that the Board could improve.

XI. COMMUNICATION WITH INDEPENDENT DIRECTORS

The Company understands that there may be situations when an individual may want to report actual or suspected illegal or unethical behavior, including questionable accounting or auditing matters, anonymously or with confidentiality. In such situations, the individual may report their concerns by calling 1 877 888 0002 and, at their option, remain anonymous or request that their identity remain confidential. The Company will keep reports confidential to the fullest extent possible, consistent with conducting an adequate investigation. All reports will be reviewed by an appropriate officer of the Company or a member of the Board, such as the