



YOU HAVE THE POWER

To: Powell Employees and Health Plan Participants
Subject: Health Plan Amendment and Summary of Material Modification
Date: November 2016

Enclosed is an Amendment and Summary of Material Modification (SMM) to the Powell Industries, Inc. Welfare Benefit Plan & Summary Plan Description. The SMM outlines changes to the Plan that you as an employee of Powell or a participant in the health plan need to be aware of.

This notification is for informational purposes only. No action is required.

Should you have questions, please contact the Powell Benefit Center at 855-855-7610.

Regards,
Powell Benefits

**AMENDMENT
AND
SUMMARY OF MATERIAL MODIFICATION
TO THE
POWELL INDUSTRIES, INC.
WELFARE BENEFIT PLAN & SUMMARY PLAN DESCRIPTION**

AMENDMENT NO. 2

THIS AMENDMENT NO. 2 AND SUMMARY OF MATERIAL MODIFICATION (this “*Amendment*”) to the Powell Industries, Inc. Welfare Benefit Plan & Summary Plan Description (the “*Plan*”) is made by Powell Industries, Inc. (the “*Company*”), pursuant to Section 7.1 of the Plan, as follows:

WHEREAS, the Company adopted the Plan as amended and restated effective January 1, 2014 for the benefit of its eligible employees;

WHEREAS, this Amendment constitutes a Summary of Material Modification (“*SMM*”) to the Plan, which SMM has been prepared to inform participants in the Plan of a change in the Plan, or to clarify the Plan’s operation; and

WHEREAS, the Company desires to amend certain provisions of the Plan for the purpose of making clarifications thereto.

NOW, THEREFORE, pursuant to the Plan, the Company hereby amends the Plan as follows:

1. Optional Retiree Coverage Plan Eligibility. Effective as of September 1, 2016, the section titled “Who is Eligible” following the “What is Optional Retiree Coverage” section of the Component Document for the Medical Component Program incorporated by reference by Appendix III of the Plan is hereby deleted in its entirety and shall be replaced with the following:

“You are eligible to participate in the Optional Retiree Coverage Plan if you retired from Powell Industries, Inc., or an affiliated employer after January 1, 1994, have attained age 55 or more, with at least ten (10) years of service with Powell Industries, Inc. or an affiliated employer, and were covered under this Plan on the date of your retirement. You are not eligible to participate in the Optional Retiree Coverage Plan if you are included in a unit of Employees covered by a collective bargaining agreement. Your eligible dependents residing in the United States may also participate, provided they are covered by the Powell Industries, Inc. Employee Benefit Plan on the date of your retirement. Eligible dependents include your lawful spouse as defined by applicable state law (until legally separated), natural children, stepchildren, adopted children, children placed in your home for adoption and children for whom

you are a legal guardian. Dependent spouses remain eligible until the earlier of either (i) the dependent spouse is 65 years of age or older, whether such age was attained before or after the date you retired, or (ii) the date of any divorce from an eligible retiree, pursuant to a final judicial decree, and such eligibility shall cease on the date such divorce is effective. Dependent children remain eligible until the date they attain age 26, with the exception of disabled children of any age who remain dependent on you for financial support. If the eligible retiree dies when covered by the Optional Retiree Coverage, such retiree's eligible dependents, if any, may elect to continue coverage under the Optional Retiree Coverage Plan until such time as the deceased retiree would have attained age 65."

2. Deductible Sources of Income. Effective as of September 1, 2016, the section titled "6. The amount that is received:" following the "What Are Deductible Sources of Income" section in Section V ("Benefit Provisions") of the Component Document for the Short Term Disability Component Program incorporated by reference by Appendix III of the Plan is hereby deleted in its entirety and shall be replaced with the following:

"6. The amount that is received:

- under a salary continuation or accumulated sick leave plan.
- by a salaried employee for vacation pay."

3. Eligible Employee. Effective as of November 1, 2016, the definition of "Eligible Employee" set forth in Article I of the Plan is hereby deleted in its entirety and shall be replaced with the following:

"Eligible Employee" means any Employee who (i) is in "active" status or is otherwise on a "leave of absence" for a period not exceeding twenty-six consecutive weeks and (ii) meets the eligibility requirements under a Component Document. The terms "active" and "leave of absence" are herein construed in a manner consistent with the way in which such terms are used in the Employer's employment-related policies and procedures. As described in Appendix IV or a Component Document, an Eligible Employee also includes proprietors, partners, corporate officers and directors, and retirees whether or not they are compensated by salary or wages. An Eligible Employee is an Eligible Employee only to the extent of, and only with respect to participation in, those portions of this Plan with respect to which he meets the eligibility requirements of the applicable Component Document. See Appendix IV for a summary of eligibility rules."

4. Eligibility. Effective as of January 1, 2017, Section 2.1(a) of the Plan is hereby deleted in its entirety and shall be replaced with the following:

“Any person who is an Eligible Employee or Dependent under a Component Document will be considered a Covered Person in the Plan on the date such person, under the terms of such Component Document, acquires coverage for the benefit(s) described in such Component Document; in no event may an Eligible Employee or Dependent participate in this Plan with respect to a particular benefit provided under a Component Document until the date specified in such Component Document. Further, in no event may an Eligible Employee or Dependent participate in this Plan until the Employer has been provided with a social security number or tax identification number for such Eligible Employee or Dependent. Appendix IV reflects a *summary* of the eligibility rules that apply under the various Component Documents and benefit programs reflected in those documents. Other eligibility rules may be reflected in the Component Documents themselves, or other documents.”

5. Effective Date of Employee Coverage. Effective as of January 1, 2017, the provision titled “Effective Date of Employee Coverage” in Appendix IV, Eligibility Matrix for Weekly Paid Employees under the Medical Component Program, as are any relevant provisions in the applicable Component Document, is hereby deleted in its entirety and shall be replaced with the following:

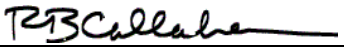
“Employee coverage begins on the date of hire.”

6. Effect on Plan. Except as otherwise set forth in this Amendment, the Plan shall remain in full force and effect.

[SIGNATURE ON NEXT PAGE]

IN WITNESS WHEREOF, the Company, by its duly authorized officer, has executed this Amendment on this 1st day of November 2016.

POWELL INDUSTRIES, INC.:

By: 

Its: Chief H. R. Officer