PIONEER POWER SOLUTIONS, INC.
Form S-1/A
June 06, 2011

As filed with the Securities and Exchange Commission on June 6, 2011

Registration No. 333-173629

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 3 to Form S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

PIONEER POWER SOLUTIONS, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**3612**	**27-1347616**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification No.)*

One Parker Plaza
400 Kelby Street, 9th Floor
Fort Lee, New Jersey 07024
(212) 867-0700
(Address, including zip code, and telephone number, including area code, of principal executive offices)

Nathan J. Mazurek
Chief Executive Officer
Pioneer Power Solutions, Inc.
One Parker Plaza
400 Kelby Street, 9th Floor
Fort Lee, New Jersey 07024
(212) 867-0700
(Address, including zip code, and telephone number, including area code, of agent for service)

Copies of all communications, including communications sent to agent for service, should be sent to:

Rick A. Werner, Esq. **Haynes and Boone, LLP** **30 Rockefeller Plaza, 26th Floor** **New York, New York 10112** **Tel. (212) 659-7300** **Fax (212) 884-8234**	**Douglas S. Ellenoff, Esq.** **Lawrence A. Rosenbloom, Esq.** **Ellenoff Grossman & Schole LLP** **150 East 42nd Street, 11th Floor** **New York, New York 10017** **Tel. (212) 370-1300** **Fax (212) 370-7889**

Approximate date of proposed sale to public: As soon as practicable on or after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company x

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Proposed Maximum Aggregate Offering Price (1)**	**Amount of Registration Fee (1)**
Primary Offering:		
Common Stock, $0.001 par value per share	$ 18,383,400(2)	$ 2,134.31(3)
Secondary Offering:		
Common Stock, $0.001 par value per share	$ 5,256,000	$ 610.22(3)

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.
(2) Includes shares of our common stock that the underwriters have the option to purchase to cover over-allotments, if any.
(3) Filing fees of $2,042.78 and $610.22 were previously paid. The aggregate filing fee is being offset by these previously paid amounts.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said section 8(a), may determine.

The information contained in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, Dated June 6, 2011

2,284,000 Shares

Pioneer Power Solutions, Inc.

Common Stock
$ per share

Pioneer Power Solutions, Inc. and the selling stockholders are offering an aggregate of 2,284,000 shares of our common stock. Pioneer Power Solutions, Inc. is offering 1,700,000 shares and the selling stockholders identified in this prospectus are offering 584,000 shares. Pioneer Power Solutions, Inc. will not receive any of the proceeds from the sale of the shares being sold by the selling stockholders.
Our common stock is quoted on the OTC Bulletin Board under the symbol PPSI.OB. The last reported market price of the common stock on the OTC Bulletin Board on June 3, 2011 was $3.00 per share. This does not reflect a one-for-five reverse stock split that is expected to occur the day immediately following the effectiveness of the registration statement of which this prospectus is a part.

We anticipate that the offering price per share of our common stock will be between $8.00 and $10.00. There is presently a limited market for our common stock, and the shares are being offered in anticipation of development of a secondary trading market. Our shares of common stock have been approved for quotation on the Nasdaq Capital Market under the symbol PPSI, subject to the completion of this offering.

Investing in the common stock is highly speculative and involves a high degree of risk. See Risk Factors beginning on page 10 of this prospectus before making a decision to purchase our common stock.

	Per Share	Total
Price to the public	$	$
Underwriting discount	$	$
Proceeds to us, before expenses	$	$
Proceeds to the selling stockholders	$	$

Subject to compliance with FINRA Rule 5110(f)(2)(D), we have agreed to reimburse the underwriters accountable expenses for up to a maximum amount of $425,000 (subject to our approval for expenses over $225,000). We have also granted the underwriters an option to purchase up to 342,600 additional shares of common stock from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus to cover over-allotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of common stock to purchasers in the offering against payment in New York, New York on or about , 2011.

Sole Bookrunner
Oppenheimer & Co.

Houlihan Lokey **Sidoti & Company, LLC**

The date of this prospectus is , 2011

Table of Contents

You should rely only on the information contained in this prospectus. We have not, the selling stockholders have not, and the underwriters have not, authorized any other person to provide you with information different from or in addition to that contained in this prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where an offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

Unless otherwise indicated, all information in this prospectus reflects a one-for-five reverse stock split of our common stock that is expected to occur the day immediately following the effectiveness of the registration statement of which this prospectus is a part, other than share and per share information in our consolidated financial statements and the related notes included in this prospectus.

For investors outside the United States: We have not, the selling stockholders have not and the underwriters have not done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

Industry and Market Data

In this prospectus, we rely on and refer to information and statistics regarding our industry. We obtained this statistical, market and other industry data and forecasts from publicly available information. While we believe that the statistical data, market data and other industry data and forecasts are reliable, we have not independently verified the data.

Prospectus Artwork

The photograph on the inside back cover of this prospectus is published pursuant to a license available at creativecommons.org/licenses/by/2.0/deed.en

Prospectus Summary

This summary highlights information contained in other parts of this prospectus. Because it is a summary, it does not contain all of the information that you should consider in making your investment decision. Before investing in our common stock, you should read the entire prospectus carefully, including our consolidated financial statements and the related notes included in this prospectus and the information set forth under the headings Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations.

When used herein, unless the context requires otherwise, references to the Company, Pioneer, we, our and us for periods prior to the closing of our share exchange on December 2, 2009 refer to Pioneer Transformers Ltd., a company incorporated under the Canada Business Corporations Act that is now our wholly-owned subsidiary, and its subsidiaries. For periods subsequent to the closing of the share exchange on December 2, 2009, references to the Company, Pioneer, we, our and us refer to Pioneer Power Solutions, Inc., a *publicly traded company, and its subsidiaries, including Pioneer Transformers Ltd., Jefferson Electric, Inc., and Pioneer Wind Energy Systems Inc.*

Unless otherwise indicated, all information in this prospectus reflects a one-for-five reverse stock split of our common stock that is expected to occur the day immediately following the effectiveness of the registration statement of which this prospectus is a part, other than share and per share information in our consolidated financial statements and the related notes included in this prospectus.

The Company

Overview

We are an owner and operator of specialty electrical equipment and service businesses which provide highly-engineered solutions for niche markets in the utility, industrial, commercial and wind energy sectors of the electrical transmission and distribution industry. Our products include liquid-filled and dry-type transformers and, more recently, wind energy equipment and services. We intend to grow our business by increasing our portfolio of specialty solutions for the markets we serve, both through acquisitions and internal product development. Our management team has extensive industry experience and a significant track record of acquiring, integrating and operating companies.

We primarily serve the North American market and our broad customer base includes a number of recognized national and regional utility and industrial companies. We currently have five locations in the U.S., Canada and Mexico for manufacturing, centralized distribution, engineering, sales and administration. In addition, we utilize a network of 21 independently-operated stocking locations in the U.S., including two regional distribution centers.

Pending Acquisition

On May 13, 2011, we entered into a definitive agreement to acquire Transformateur Bemag Inc. in a transaction that will also include its U.S. affiliate, Vermont Transformer, Inc. These businesses are engaged in the design and manufacture of low and medium voltage dry-type transformers and custom magnetics, generating approximately $15 million of revenue annually on a combined basis. We value the transaction at approximately $9.5 million, consisting of $6.5 million of cash consideration plus the assumption of debt. The acquisitions will be funded through new bank credit facilities to be provided by our Canadian bank, which will replace our existing credit facilities with our

Canadian bank and are expected to close at the start of our third quarter in July 2011.

Financial Results and Guidance

We generated net revenue of $47.2 million and net earnings per diluted share of $0.50 in the year ended December 31, 2010 (as adjusted for the anticipated one-for-five reverse stock split). During the three month period ended March 31, 2011, our revenue and net earnings per diluted share grew to $15.7 million and $0.16, respectively, as compared to revenue of $8.3 million and net earnings per diluted share of $0.07 in the three month period ended March 31, 2010.

We expect that our net revenue will increase to between $74 and $85 million in the year ending December 31, 2011, and that our non-GAAP net earnings per diluted share will be between $0.80 and $0.95. Including the additional shares to be outstanding after this offering of our common stock, and our anticipated use of the net proceeds, we expect that our non-GAAP net earnings per diluted share will be between $0.72 and $0.88. For an explanation of non-GAAP net earnings per share, a reconciliation of GAAP net earnings to non-GAAP net earnings and a description of how management uses non-GAAP measures, please see page 9 of this prospectus. With respect to factors that could impact our expected operating results, please see Cautionary Note Regarding Forward-Looking Statements beginning on page 24 of this prospectus.

Electrical Transmission and Distribution Equipment

Our electrical transformers segment designs and manufactures a full line of custom and standard liquid-filled, encapsulated and ventilated electrical transformers used in the control and conditioning of electrical current for critical processes. Our operating companies within this segment, Pioneer Transformers Ltd. and Jefferson Electric, Inc., specialize in liquid-filled and dry-type transformers, respectively. Each business offers a wide range of engineered-to-order and standard equipment, sold either directly to end users, through engineering and construction firms, or through wholesale distributors. These operating companies serve customers in a variety of industries including electric utilities, industrial customers, commercial construction companies and renewable energy producers.

Wind Energy Equipment and Services

We are developing our wind energy business segment to target community and industrial wind customers seeking wind turbines with generation capacities of one to two megawatts (MW). We believe this market is underserved by our larger wind industry competitors. For this market, we intend to provide project integration solutions, including equipment sales, procurement, after-sales services and financing to customers. Our wind energy operating company, Pioneer Wind Energy Systems Inc., was established through acquisitions that we completed in 2010. Its predecessors have a 10-year history of developing, manufacturing, commissioning and servicing advanced wind turbine designs, principally the P-1650, which is a 1.65 MW wind turbine generator. Although Pioneer Wind Energy Systems Inc. has generated immaterial revenue for us to date, the business previously completed power projects encompassing five wind turbine units commissioned between 2008 and 2010 in the Northeast U.S., California and for the U.S. military. We intend to rely on Pioneer Wind Energy Systems Inc. s portfolio of licensed technologies and expertise in engineering, procurement and field services to meet the specific challenges of each wind energy project. In situations where the site characteristics and investment constraints of a project are not conducive to the deployment of our P-1650 unit, we intend to acquire and resell comparable units from other manufacturers that meet the project owner s requirements. We also intend to stimulate growth in this segment by offering customers equipment financing arrangements with extended payment terms and revenue-sharing features. We intend to implement this strategy on a small number of projects using a portion of the proceeds of this offering.

Key Industry Trends

We believe that we are well positioned to capitalize on projected power transmission and distribution infrastructure related expenditures in the North American electric grid and on the projected expansion of North American wind power generation capacity. We expect to benefit from the following industry trends:

Electrical Transmission and Distribution Equipment

Aging and Overburdened North American Power Grid The aging and overburdened North American power grid is expected to require significant capital expenditures to upgrade the existing infrastructure over the next several years to maintain adequate levels of reliability and efficiency. According to the North American Electric Reliability Corp. (NERC), Level 5 Transmission Load Relief (TLR) events, which are triggered when power outages are imminent or in progress, have grown at a 63% compounded annual growth rate from 1999 to 2010. These events demonstrate the current power grid s inadequate transmission capacity to accommodate all requests for reliable power. Significant capital investment will be required over the next several decades to relieve congestion, accommodate growth and replace components of the U.S. power grid operating at, near or past their planned service lives. According to the consulting firm The Brattle Group, 70% of all power transformers in the U.S. are currently over 25 years old and $900 billion of capital investment will be required for transmission and distribution equipment by 2030 in order to meet growing demand and achieve targets for efficiency, emissions, renewable sources and infrastructure replacement.

Increasing Demand for Reliably Delivered Electricity Increasing demand for reliably delivered electricity in North America will require substantial investment in the electric grid to expand capacity and improve efficiency. The Department of Energy s Energy Information Administration, or EIA, forecasts that total electricity use in the U.S. will increase by approximately 30% from 2008 to 2035. This increase is driven by population growth, economic expansion, increasing dependence on computing power throughout the economy and the increased use of electrical devices in the home. As an example, the power consumption of servers and data centers, one of the larger uses of electricity in the U.S., doubled between 2000 and 2006 and is expected to double again by 2011 according to estimates by the U.S. Environmental Protection Agency. Electric vehicles are another example of a demand source that has the potential to significantly increase U.S. power consumption. The expected increase in electricity demand will require considerable investment in the North American electric transmission and distribution infrastructure as well as specialized equipment to ensure the reliability and quality of electricity for critical applications such as servers and data centers.

Strong Legislative Support The U.S. government has directed significant resources towards the modernization and improvement of the U.S. electric grid. The legislative developments continue to promote growth and investment in electric transmission and distribution infrastructure by encouraging electricity providers to expand capacity and relieve grid congestion. The Energy Policy Act of 2005 established mandatory grid reliability standards and created incentives to increase electric transmission and distribution infrastructure investments. Incentives associated with such law ensured that utilities (who represent our largest customer segment) are better positioned to finance and realize system enhancement projects. In addition, the American Recovery and Reinvestment Act of 2009 allocated $4.5 billion to improve electricity delivery and energy reliability through modernization of the electric transmission and distribution infrastructure.

Mandates for Renewable Power Sources Leading to Grid Expansion North American federal, state, provincial, and local governments have enacted and are considering legislation and regulations aimed at increasing energy efficiency and encouraging expansion of renewable energy generation. We believe that the increased focus on renewable energy will drive investment growth in the electric transmission and distribution grid as additional infrastructure is developed to integrate renewable energy sources such as wind and solar with the existing electric power grid. Many sources of renewable energy are not near key demand centers, and according to NERC and the Edison Electric Institute (EEI), significant infrastructure investments will be required to reliably transport and integrate electricity with the grid. Power transformers will be a critical component of the additional infrastructure. We also expect that the general upward trend in energy demand will push power suppliers toward renewable power sources, driving investment in new plant construction and significantly contributing to growth in the transmission and distribution industry over the next several years. Renewable power development also benefits from strong regulatory support, with 29 states and the District of Columbia having adopted mandatory renewable portfolio standards, or RPS. Seven other states have enacted non-binding RPS-like goals and the U.S. Congress is evaluating national renewable generation targets.

Wind Energy Equipment and Services

Wind Power Leading the Growth in Renewable Generation Capacity Wind power generation is one of the more mature renewable energy technologies and one of the fastest growing renewable energy sources according to the Institute of Electrical and Electronics Engineers and the Global Wind Energy Council. U.S. wind power generation capacity increased by 15% in 2010 and, according to the Department of Energy (DOE), U.S. wind power generation capacity has the potential to grow at a compounded annual rate in excess of 15% through 2020. The 2008 DOE report, 20% Wind Energy by 2030 , published in a joint effort with industry and the nation s leading laboratories, provides a potential framework for large scale integration of wind power in the U.S. Among other considerations, this report stipulates that reaching the 20% wind energy level in the U.S. will require expansion of the nation s transmission infrastructure to integrate wind energy into the grid.

Continued Support for Wind Power from Federal and State Governments Wind power enjoys broad public support and can be a fundamental part of federal and state economic development strategies. In the U.S., a number of federal and state legislative and regulatory activities influence the wind industry s ability to compete in the electric market. A federal-level income tax credit, the Production Tax Credit (PTC), is allowed for the production of electricity from utility-scale wind turbines. Congress acted in 2009 to provide a three-year extension of the PTC through the end of 2012. At the state level, a renewable portfolio standard is a policy that sets hard targets for renewable energy in the near- and long-term to diversify electricity supply, stimulate local economic development, reduce pollution and cut water consumption.

Competitive Strengths

We believe we are well positioned for significant growth in the niche markets within the electrical transmission and distribution equipment industry in which we compete. Our competitive strengths include:

Recurring Customer Base We believe that our established, long-standing customer relationships provide us with a stable and recurring revenue base. Approximately 90% of our electrical transformer revenue in each of 2010 and 2009, adjusted to include revenue from Jefferson Electric, Inc. during periods prior to its 2010 acquisition by us, originated from customers who had also ordered from us in the prior year. We believe this customer continuity is a direct result of our deeply-rooted culture of uncompromising attention to detail, design and engineering expertise and consistently high customer service levels. Our commitment to service is evident in our high supplier scorecard ratings with several of our largest customers. We have found that our customers are typically reluctant to switch suppliers once a favorable service track record has been established, even in cases where orders for our products are routinely released for competitive bidding.

Focus on Attractive Niche Markets We focus on niche markets in the utility, industrial, commercial and wind energy market sectors of the electrical transmission and distribution industry that we believe are underserved by our larger competitors and have either attractive growth or profitability characteristics. Our key target markets are characterized by specialty applications of often customized products with particular electrical and mechanical attributes, which we frequently manufacture in low quantity production runs. The transformer market we serve is very fragmented due to the range of sizes, voltages and technological standards required by different categories of end users. We have developed a number of designs for specialty applications in niche markets, including: utility network failsafe planning, wind energy, elevators, and more recently, data centers. Many orders are custom-engineered and tend to be time-sensitive as other critical work is frequently coordinated with the customer s transformer installation schedule, or because our transformers are a key sub-component of the customer s overall products being sold to end users. We believe that the historical growth of our product range, end-markets and revenues is due in large part to close relationships with our customers. Our strong customer relationships enable us to anticipate customers needs and collaborate with our customers to identify new, often highly-engineered applications.

Integration of Strategic Acquisitions Our management team has a long track record of acquiring and integrating companies. Our recent and pending acquisitions have and will provide us with new products and services, additional sales channels and markets, manufacturing facilities, technical expertise, purchasing economies and administrative efficiencies. We believe that our management s ability to identify and integrate acquisitions will allow us to implement our growth plans and compete more effectively in the markets we serve.

Experienced Management Team Our management team has extensive experience in the electrical equipment and components industry and has consummated a significant number of acquisitions, divestitures and joint ventures. Our senior management team includes seasoned professionals with industry, finance, transaction and operational experience that averages over 20 years per person. The prior companies owned and operated by our chief executive officer, Nathan J. Mazurek, have been focused on transformer, circuit breaker and film capacitor products. Mr. Mazurek has developed an extensive network of relationships with domestic and international companies in the electrical equipment and components industry.

Growth Strategy

We believe we have a stable platform from which to develop and grow our business lines, revenues and earnings. We intend to grow our company through strategic acquisitions and organically, capitalizing on our existing competitive strengths to maximize stockholder value. The key elements of our growth strategy are:

Pursue Targeted Strategic Acquisitions We intend to accelerate our growth through a disciplined acquisition strategy to broaden and enhance our product and service offerings, technical expertise, customers, end-markets and sales channels. The electrical transformer market is very fragmented with a large number of potential acquisition candidates who focus on highly-specialized applications, select end-markets or more regionally defined market areas. We favor candidates that have competencies and business characteristics similar to our own, and those that we expect will benefit from some of the major trends affecting our industry, such as companies that specialize in power quality and conditioning. We intend to continually evaluate acquisition targets and our senior management team provides us with significant experience in integrating acquired companies. Our 2010 acquisition of Jefferson Electric, Inc. and pending acquisition of Transformateur Bemag Inc. are examples of our ability to implement this strategy.

Expand Our Product and Service Offerings We intend to grow and acquire businesses that expand our product and service offerings to both existing and new customers. We are focused on products and end-markets that we expect will benefit from an increase in the demand for substation-class and other transformers driven by rising electricity demand, the repair and replacement cycle of an aging electric transmission grid, rising electricity demand and the transition to renewable energy sources. In anticipation of increased manufacturing volumes, each of our transformer business units completed expansions of their respective manufacturing capacities in the last two years. We expect to continually evaluate opportunities to expand organically or through acquisitions to broaden our relationships with existing and new customers where we can leverage our manufacturing, design and engineering capabilities. We also plan to introduce new products from companies we acquire into our existing sales channels in order to maximize the productivity of our distribution network. For example, our pending acquisition of Transformateur Bemag Inc. is expected to introduce medium voltage dry-type transformers to our U.S. sales channels operated by Jefferson Electric, Inc.

Focus on Operating Efficiencies We intend to continue to efficiently manage and invest in our assets and operations. We are focused on improving product mix, enhancing our supply chain management, optimizing the use of our available capacity and continuing to manage project costs efficiently throughout their lifecycle. We have demonstrated our ability to integrate new production facilities into our existing operations and will continue to examine joint purchasing and production capabilities between our companies to further improve our operating results. For example, Transformateur Bemag Inc. has developed proprietary automation systems and product designs that we intend to implement at Jefferson Electric Inc.

Risks Associated with Our Business

Our ability to operate our business and achieve our goals and strategies is subject to numerous risks as discussed more fully in the section titled Risk Factors, including, without limitation:

- our ability to expand our business through strategic acquisitions;
- our ability to integrate acquisitions and related businesses;
- competition within the electrical equipment manufacturing and service industry;
- our dependence on Hydro-Quebec Utility Company and Siemens Industry, Inc. for a large portion of our business;
- the potential loss or departure of key personnel, including Nathan J. Mazurek, our Chairman, President and Chief Executive Officer;
- currency exchange rate risk;
- our ability to generate internal growth;
- market acceptance of our existing and new products and services;

- operating margin risk due to competitive pricing and operating efficiencies, supply chain risk, material, labor or overhead cost increases, interest rate risk and commodity risk;
- restrictive loan covenants or our ability to repay or refinance debt under our credit facilities that could limit our future financing options and liquidity position and may limit our ability to grow our business;
- the continuation of government incentive programs promoting electrical equipment capital investment and development of renewable energy sources upon which our customers may rely;
- our ability to develop and grow our wind energy business;
- control of us by our chairman through our majority stockholder; and
- general economic and market conditions in the electrical equipment, power generation, commercial construction, industrial production, oil and gas, marine and infrastructure industries.

Any of the above risks as well as others discussed herein could materially and negatively affect our business, financial condition and operating results. Investing in our common stock involves a high degree of risk. You should carefully consider the information set forth in Risk Factors and other information in this prospectus before making a decision to invest in our common stock.

Corporate and Other Information

Our principal executive offices are located at One Parker Plaza, 400 Kelby Street, 9th Floor, Fort Lee, New Jersey. Our telephone number is (212) 867-0700. Our website address is http://www.pioneerpowersolutions.com. Information on or accessed through our website is not incorporated into this prospectus and is not a part of this prospectus.

The Offering[1]

Common stock offered by us	1,700,000 shares
Common stock offered by the selling stockholders	584,000 shares
Common stock outstanding before offering	5,907,255 shares
Common stock to be outstanding after the offering	7,607,255 shares
Offering price	$8.00 to $10.00 per share (estimate)
Use of proceeds	We intend to use the proceeds of this offering to fund new acquisitions, to offer extended purchase terms to future customers of our wind energy business, to repay indebtedness, and for general corporate purposes. We will not receive any proceeds from the sale of shares by the selling stockholders. See Use of Proceeds beginning on page 27 of this prospectus.
Directed share program	At our request, the underwriters have reserved up to 3% of the shares of common stock for sale at the public offering price to persons who are directors, officers or employees of or who are otherwise associated with us, through a directed share program. The number of shares of common stock available for sale to the general public will be reduced by the number of directed shares purchased by participants in the directed share program. For further information, see Underwriting beginning on page 75 of this prospectus.
Risk factors	Investing in our common stock involves a high degree of risk. See Risk Factors beginning on page 10 of this prospectus.
OTC Bulletin Board symbol	PPSI.OB
Nasdaq Capital Market symbol	PPSI

[1] All share amounts are adjusted for the anticipated one-for-five reverse stock split that is expected to occur the day immediately following the effectiveness of the registration statement of which this prospectus is a part.

The number of shares of common stock outstanding after this offering excludes:

342,600 shares of common stock subject to the over-allotment option granted to the underwriters.

118,400 shares of common stock issuable upon the exercise of currently outstanding options at a weighted average exercise price of $15.07;

640,000 shares of common stock issuable upon the exercise of currently outstanding warrants at a weighted average exercise price of $14.00 per share; and

581,600 shares of common stock available for issuance under our 2011 Long-Term Incentive Plan.

Unless otherwise stated, all information contained in this prospectus assumes no exercise of the over-allotment option granted to the underwriters.

We intend to effectuate a one-for-five reverse stock split, in order to comply with the listing requirements of Nasdaq Capital Market. Such reverse stock split would immediately increase our stock price. In addition, such reverse stock split would reduce the number of shares of common stock outstanding and may affect the liquidity of our common stock. The reverse stock split is expected to occur the day immediately following the effectiveness of the registration statement of which this prospectus is a part.

Summary Consolidated Financial Information
(In thousands, except per share data)

The historical share and per share amounts set forth below reflect the anticipated one-for-five reverse stock split of our common stock that is expected to occur the day immediately following the effectiveness of the registration statement of which this prospectus is a part.

	Years Ended December 31, 2008	Years Ended December 31, 2009	Years Ended December 31, 2010	Three Months Ended March 31, 2010	Three Months Ended March 31, 2011
Statement of Operations Data:					
Revenue	$ 43,844	$ 40,599	$ 47,236	$ 8,250	$ 15,726
Cost of goods sold	34,896	28,734	35,637	6,444	11,405
Gross profit	8,988	11,865	11,599	1,806	4,321
Operating expenses:					
Selling, general and administrative	4,379	4,220	8,048	1,150	2,790
Foreign exchange (gain) loss	(98)	(272)	(139)	92	(17)
Total operating expenses	4,281	3,948	7,909	1,242	2,773
Operating income	4,707	7,917	3,690	564	1,548
Interest and bank charges	512	312	183	13	122
Other expense (income)	700	-	884	-	-
Gain on bargain purchase	-	-	(650)	-	-
Earnings before income taxes	3,495	7,605	3,273	551	1,426
Provision for income taxes	1,357	2,490	327	161	463
Net earnings	$ 2,138	$ 5,115	$ 2,946	$ 390	$ 963
Earnings per diluted common share	$ 0.47	$ 1.10	$ 0.50	$ 0.07	$ 0.16
Weighted average diluted common shares outstanding	4,560	4,659	5,931	5,813	5,950
Other Data:					
Non-GAAP earnings per diluted common share	$ 0.58	$ 1.10	$ 0.43	$ 0.07	$ 0.17
Adjusted EBITDA (Non-GAAP measure)	$ 4,999	$ 8,224	$ 4,849	$ 679	$ 1,830
Average exchange rate during period (CAD/USD)	1.0671	1.1415	1.0301	1.0409	0.9860
Balance Sheet Data:					
Cash and cash equivalents	$ 368	$ 1,560	$ 516	$ 3,116	$ 140
Working capital	1,727	8,962	2,033	9,596	3,198
Total assets	11,555	14,595	32,103	15,351	35,785
Total debt	410	284			