POWER SOLUTIONS INTERNATIONAL, INC.
Form PRER14A
August 12, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Schedule 14A Information

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. 2)

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

¨ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

POWER SOLUTIONS INTERNATIONAL, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

POWER SOLUTIONS INTERNATIONAL, INC.

655 Wheat Lane

Wood Dale, Illinois 60191

(630) 350-9400

, 2011

Dear Shareholder:

On behalf of the Board of Directors of Power Solutions International, Inc., I cordially invite you to attend a Special Meeting of Shareholders of Power Solutions International, Inc. that will be held on , 2011, at 9:00 a.m., Central Time, at .

Please note that the Special Meeting is being held specifically to submit certain proposals (as described below) to our shareholders for approval. Power Solutions International, Inc. will also hold an Annual Meeting of Shareholders at a later date in 2011, at which time our shareholders will vote on the election of our directors and such other matters as may properly come before the Annual Meeting or any adjournment or postponement thereof.

At the Special Meeting, our shareholders will be asked to approve an agreement and plan of merger, pursuant to which our company will merge with and into our newly-created, wholly owned subsidiary, Power Solutions International, Inc., a Delaware corporation (PSI Delaware), with PSI Delaware remaining as the surviving corporation of the merger. The merger will be effected for the purpose of changing our jurisdiction of incorporation from Nevada to Delaware (the Migratory Merger) and effecting the Reverse Split (as defined below). In connection with our recently completed reverse acquisition transaction with The W Group, Inc. (The W Group), now our wholly owned subsidiary through which we operate our business (the Reverse Recapitalization), and our private placement of shares of our Series A Convertible Preferred Stock and warrants to purchase shares of our common stock (the Private Placement), we entered into agreements pursuant to which we agreed to consummate the Migratory Merger and effectuate a 1-for-32 reverse stock split of issued and outstanding shares of our common stock (the Reverse Split). Pursuant to, and upon the consummation of, the Migratory Merger, each 32 shares of our outstanding common stock will automatically convert into one share of common stock of PSI Delaware and thereby effect the Reverse Split. In addition, immediately following the effectiveness of the Migratory Merger, each outstanding share of our Series A Convertible Preferred Stock will automatically convert into a number of shares of common stock of PSI Delaware equal to $1,000 divided by $12.00, the conversion price for our Series A Convertible Preferred Stock giving effect to the adjustment resulting from the Migratory Merger, pursuant to the terms of the Certificate of Designation for our Series A Convertible Preferred Stock (the Certificate of Designation).

To satisfy requirements of the Securities and Exchange Commission, our shareholders will also be asked at the Special Meeting to approve amendments to material provisions of our existing articles of incorporation, which material provisions are included in the certificate of incorporation of PSI Delaware. The certificate of incorporation and bylaws of PSI Delaware, including the material provisions contained in the certificate of incorporation (which are also the subject of the amendments to our articles of incorporation to be voted upon by shareholders at the Special Meeting), were negotiated with the investors in the Private Placement. In particular, our shareholders will be asked at the Special Meeting to approve the following:

a proposal to approve an amendment to our articles of incorporation which would (1) declassify our Board of Directors, (2) provide that directors may be removed, with or without cause, by two-thirds of the total voting power of the outstanding capital stock of our company, and (3) provide that vacancies on our Board of Directors may be filled by, in addition to a majority of our directors, our shareholders and that any vacancies on our Board of Directors resulting from the removal of a director may only be filled by our shareholders;

a proposal to approve an amendment to our articles of incorporation which would permit our shareholders holding securities representing a majority of the total voting power of the outstanding capital stock of our company to act by written consent; and

a proposal to approve an amendment to our articles of incorporation which would increase the threshold of the total voting power of the outstanding capital stock of our company required to amend certain provisions of our articles of incorporation (collectively, the

Charter Amendments).

The attached Notice of Special Meeting and Proxy Statement describe in greater detail the foregoing matters, which we expect will be acted upon at the Special Meeting.

In connection with the Reverse Recapitalization and the Private Placement, each of our shareholders that is also one of our executive officers and/or directors entered into a voting agreement (collectively, the Voting Agreements) pursuant to which such person agreed to vote his shares of our common stock and Series A Convertible Preferred Stock, as applicable, in favor of the Migratory Merger, the Reverse Split and any other matters as may be necessary or advisable to consummate the Migratory Merger and the Reverse Split, including the Charter Amendments. The securities held by persons who entered into Voting Agreements represented, as of August 9, 2011, the record date for the Special Meeting, approximately 86.11% of the total voting power of the outstanding capital stock of our company (giving effect to the limitations on conversion of the Series A Convertible Preferred Stock set forth in the Certificate of Designation). Accordingly, shareholder approval of the Migratory Merger (including the Reverse Split effectuated as part of the Migratory Merger) and the Charter Amendments is assured. The Company expects that the investors in the Private Placement will also vote in favor of the Migratory Merger (including the Reverse Split effectuated as part of the Migratory Merger) and the Charter Amendments, given that they required the Company to effect the Migratory Merger and the Reverse Split pursuant to agreements entered into in connection with the Private Placement. The securities held by investors in the Private Placement represented, as of August 9, 2011, approximately 12.32% of the total voting power of the outstanding capital stock of our company (giving effect to the limitations on conversion of the Series A Convertible Preferred Stock set forth in the Certificate of Designation).

It is important that your views be represented whether or not you are able to be present at the Special Meeting. Please complete, sign and date the enclosed proxy card and promptly return it to us in the postage-paid envelope, whether or not you plan to attend the Special Meeting. If you sign and return your proxy card without specifying your choices, it will be understood that you wish to have your shares voted in accordance with the recommendations of our Board of Directors contained in the Proxy Statement.

We are gratified by your continued interest in Power Solutions International, Inc. and urge you to return your proxy card as soon as possible.

Sincerely,

Gary S. Winemaster
Chief Executive Officer, President and Chairman of the Board

Wood Dale, Illinois
, 2011

POWER SOLUTIONS INTERNATIONAL, INC.

655 Wheat Lane

Wood Dale, Illinois 60191

(630) 350-9400

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON , 2011

To the Shareholders of

Power Solutions International, Inc.:

A special meeting of shareholders of Power Solutions International, Inc. (the Company) will be held on , 2011, at 9:00 a.m., Central Time, at , for the following purposes, as more fully described in the accompanying Proxy Statement:

(1) To consider and vote upon a proposal to approve an amendment to the Company s articles of incorporation which would (a) declassify the Company s Board of Directors, (b) provide that directors may be removed, with or without cause, by two-thirds of the total voting power of the outstanding capital stock of the Company, and (c) provide that vacancies on the Board of Directors may be filled by, in addition to a majority of the Company s directors, the Company s shareholders and that any vacancies on the Company s Board of Directors resulting from the removal of a director may only be filled by the Company s shareholders;

(2) To consider and vote upon a proposal to approve an amendment to the Company s articles of incorporation which would permit the Company s shareholders holding securities representing a majority of the total voting power of the outstanding capital stock of the Company to act by written consent;

(3) To consider and vote upon a proposal to approve an amendment to the Company s articles of incorporation which would increase to 80% the threshold of the total voting power of the outstanding capital stock of the Company required to amend certain provisions of the Company s articles of incorporation; and

(4) To consider and vote upon a proposal to approve and adopt the agreement and plan of merger, by and between the Company and its newly-created, wholly owned subsidiary, Power Solutions International, Inc., a Delaware corporation (PSI Delaware), and the merger of the Company with and into PSI Delaware pursuant to such agreement and plan of merger, which merger will (a) effect the Company s reincorporation from Nevada to Delaware and (b) effect a 1-for-32 reverse stock split of all of the issued and outstanding shares of the Company s common stock by converting each 32 shares of the Company s outstanding common stock into one share of common stock of PSI Delaware.

All shareholders are urged to attend the meeting in person or by proxy. Whether or not you expect to be present at the meeting, please complete, sign and date the enclosed proxy card and return it promptly in the enclosed postage paid envelope furnished for that purpose. Shareholders attending the meeting may vote in person even if they have previously returned proxy cards.

The Board of Directors has fixed the close of business on August 9, 2011 as the record date for determining shareholders entitled to notice of, and to vote at, the special meeting.

By Order of the Board of Directors,

Gary S. Winemaster
Chief Executive Officer, President and Chairman of the Board

Wood Dale, Illinois
, 2011

POWER SOLUTIONS INTERNATIONAL, INC.

655 Wheat Lane

Wood Dale, Illinois 60191

(630) 350-9400

PROXY STATEMENT

The accompanying proxy is solicited by the Board of Directors (the Board) of Power Solutions International, Inc., a Nevada corporation, for use at its Special Meeting of Shareholders (the Special Meeting) to be held at 9:00 a.m., Central Time, on , 2011, at , and at any adjournments or postponements thereof. You may obtain directions to the meeting location so that you may vote in person from or by calling . This Proxy Statement and accompanying form of proxy are being mailed to shareholders on or about , 2011.

Upon the closing of the Reverse Recapitalization (as defined and discussed below under General Information), Power Solutions International, Inc. (f/k/a Format, Inc.), a Nevada corporation, succeeded to the business of The W Group, Inc., a Delaware corporation (The W Group). In connection with the Reverse Recapitalization, effective April 29, 2011, we changed our corporate name to Power Solutions International, Inc. Upon the consummation of the Migratory Merger (as defined below under About the Meeting), Power Solutions International, Inc., a Nevada corporation, will merge with and into PSI Delaware (as defined below under About the Meeting), with PSI Delaware remaining as the surviving corporation of the Migratory Merger. Unless the context otherwise requires: (1) the Company, we, our, us, our company and similar expressions used in this proxy statement refer to The W Group and its consolidated subsidiaries, collectively, prior to the closing of the Reverse Recapitalization on April 29, 2011, Power Solutions International, Inc., as successor to the business of The W Group, and its consolidated subsidiaries, collectively, following the closing of the Reverse Recapitalization and PSI Delaware, as the surviving corporation of the Migratory Merger, following the consummation of the Migratory Merger; and (2) the Board and similar expressions used in this proxy statement refer to the Board of Directors of Format, Inc. prior to the closing of the Reverse Recapitalization and the Board of Directors of Power Solutions International, Inc. following the closing of the Reverse Recapitalization.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON , 2011

The Company s Proxy Statement for the Special Meeting of Shareholders

to be held on , 2011 is available at:

http://www.powergreatlakes.com/ /

ABOUT THE MEETING

What proposals may I vote on at the Special Meeting and how does the Board recommend I vote?

#	Proposal	Board Recommendation
1	To consider and vote upon a proposal to approve an amendment to Article Tenth of the Company s articles of incorporation which would (a) declassify the Company s Board of Directors, (b) provide that directors may be removed, with or without cause, by two-thirds of the total voting power of the outstanding capital stock of the Company entitled to vote generally in the election of directors, and (c) provide that vacancies on the Board of Directors may be filled by, in addition to a majority of the Company s directors, the Company s shareholders and that any vacancies on the Company s Board of Directors resulting from the removal of a director may only be filled by the Company s shareholders	**FOR**
2	To consider and vote upon a proposal to approve an amendment to Article Fourteenth of the Company s articles of incorporation which would permit the holders of shares of capital stock of the Company having a majority of the total votes represented by the outstanding shares of capital stock of the Company to act by written consent	**FOR**

3	To consider and vote upon a proposal to approve an amendment to Article Eighth of the Company s articles of incorporation which would increase to 80% the threshold of the total voting power of the outstanding capital stock of the Company required to amend certain provisions of the Company s articles of incorporation (proposals 1, 2 and 3, collectively, the Charter Amendments)	**FOR**

4	Subject to approval of the Charter Amendments, to consider and vote upon a proposal to approve and adopt the agreement and plan of merger, by and between the Company and its newly-created, wholly owned subsidiary, Power Solutions International, Inc., a Delaware corporation (PSI Delaware), and the merger of the Company with and into PSI Delaware pursuant to such agreement and plan of merger, which merger will (a) effect the Company s reincorporation from Nevada to Delaware and (b) effect a 1-for-32 reverse stock split of all of the issued and outstanding shares of the Company s common stock by converting each 32 shares of the Company s outstanding common stock into one share of common stock of PSI Delaware (collectively, the Migratory Merger)	**FOR**

Who is entitled to vote?

Only shareholders of record as of the close of business on August 9, 2011 (the record date) are entitled to receive notice of, and to vote at, the Special Meeting or any adjournment or postponement thereof. As of the record date for the Special Meeting, we had 10,770,083 shares of our common stock (Common Stock) outstanding. As of the record date, we also had 113,960.90289 shares of our Series A Convertible Preferred Stock (Preferred Stock) outstanding. The holders of Preferred Stock are entitled to vote together with the holders of Common Stock as a single class on all matters submitted for a vote of holders of Common Stock. The Preferred Stock entitles each holder of shares thereof to cast the number of votes equal to the total number of votes which could be cast in such vote by a holder of the number of shares of Common Stock into which such shares of Preferred Stock are convertible as of the date immediately prior to the record date, subject to the limitations on conversion set forth in the Certificate of Designation for the Preferred Stock (the Certificate of Designation). Accordingly, the 113,960.90289 shares of Preferred Stock outstanding as of the record date entitle the holders thereof to cast an aggregate of 38,152,908 votes, or approximately 335 votes per share of Preferred Stock, giving effect to the limitations on conversion of the Preferred Stock set forth in the Certificate of Designation (as discussed under General Information Description of Series A Convertible Preferred Stock below). As of the record date there were no other outstanding classes of stock that are entitled to vote at the Special Meeting. As a result, the aggregate combined number of votes that may be cast by holders of the Common Stock and the Preferred Stock for the proposals to be voted on at the Special Meeting is 48,922,991 votes.

Shares held as of the record date include shares that are held directly in your name as the registered stockholder of record on the record date and those shares of which you are the beneficial owner on the record date and which are held through a broker, bank or other institution, as nominee, on your behalf, that is considered the shareholder of record of those shares.

What is the difference between holding shares as a shareholder of record and as a beneficial owner?

Shareholders of Record

If shares of Common Stock are registered directly in your name with the transfer agent for the Common Stock, Pacific Stock Transfer Company, or shares of Preferred Stock are registered directly in your name with us, as transfer agent for the Preferred Stock, you are considered the shareholder of record with respect to those shares of Common Stock or Preferred Stock, as applicable.

Beneficial Owners

If shares of Common Stock or Preferred Stock are held in a stock brokerage account, by a broker, bank or other institution, serving as nominee, on your behalf, you are considered the beneficial owner of those shares (sometimes referred to as being held in street name). If you are a beneficial owner, your broker or other nominee that is considered the shareholder of record of those shares is making these proxy materials available to you with a request for your voting instructions. As the beneficial owner, you have the right to direct your broker or other nominee on how to vote your shares using the voting methods which the broker or other nominee offers as options. For a discussion of the rules regarding the voting of shares held by beneficial owners, please see the question titled *How do I vote if I am a beneficial owner of shares and my broker, bank or other institution holds my shares in street name ?*

How do I vote if I am a shareholder of record?

Shareholders of record can vote their shares by either voting in person at the Special Meeting or by proxy by mail using the enclosed proxy card. A shareholder should complete and return the enclosed proxy card and return it promptly in the envelope

provided. Signing and returning the proxy card does not affect the right to vote in person at the Special Meeting. Each executed and returned proxy will be voted in accordance with the directions indicated thereon, or if no direction is indicated, such proxy will be voted in accordance with the recommendations of the Board contained in this proxy statement.

Gary S. Winemaster and Thomas J. Somodi, the persons named as proxies on the proxy card accompanying this proxy statement, were selected by the Board to serve in such capacity. Messrs. Winemaster and Somodi are officers and directors of the Company.

How do I vote if I am a beneficial owner of shares and my broker, bank or other institution holds my shares in street name ?

If your shares are held in street name, your broker or other institution serving as nominee will send you a request for directions for voting those shares. Many brokers, banks and other institutions serving as nominees (but not all) participate in a program that offers internet voting options and may provide you with a Notice of Internet Availability of Proxy Materials. Follow the instructions on the Notice of Internet Availability of Proxy Materials to access our proxy materials online or to request a paper or email copy of our proxy materials. If you received these proxy materials in paper form, the materials included a voting instruction card so you can instruct your broker or other nominee how to vote your shares.

For a discussion of the rules regarding the voting of shares held by beneficial owners, please see the question titled *What is a broker non-vote ?*

Can I revoke my proxy?

Yes. You can revoke your proxy if you voted by mail and change your vote prior to the Special Meeting by:

- Sending a written notice of revocation to the Corporate Secretary, Kenneth J. Winemaster, at the address shown on the Notice of the Special Meeting of Shareholders (the notification must be received by the close of business on , 2011);
- Voting in person at the Special Meeting (but attendance at the Special Meeting will not by itself revoke a proxy); or
- Submitting a new, properly signed and dated paper proxy card with a later date (your proxy card must be received before the start of the Special Meeting).

Who will count the votes?

A partner from our legal counsel, Katten Muchin Rosenman LLP, will act as the inspector of election who will count the votes at the Special Meeting.

Is my vote confidential?

Your vote will not be disclosed except (1) as needed to permit the inspector of election to tabulate and certify the vote and (2) as required by law.

How many shares can I vote?

A record holder of outstanding shares of Common Stock on the record date is entitled to one vote per share held on each matter to be considered. A record holder of outstanding shares of Preferred Stock on the record date is entitled to the number of votes equal to the total number of votes which could be cast by a holder of the number of shares of Common Stock into which such shares of Preferred Stock are convertible as of the date immediately prior to the record date, subject to the limitations on conversion set forth in the Certificate of Designation. Accordingly, the 113,960.90289 shares of Preferred Stock outstanding as of the record date entitle the holders thereof to cast an aggregate of 38,152,908 votes, or approximately 335 votes per share of Preferred Stock, giving effect to the limitations on conversion of the Preferred Stock set forth in the Certificate of Designation (as discussed under General Information Description of Series A Convertible Preferred Stock below).

What quorum requirement applies?

There must be a quorum for the meeting to be held. The presence at the Special Meeting, by person or by proxy, of shareholders representing a majority of the votes that could be cast by the holders of the shares entitled to vote is necessary to constitute a quorum for the transaction of business. Accordingly, the presence of holders of shares of Common Stock and Preferred Stock representing at least 24,461,496 votes that could be cast at the Special Meeting shall constitute a quorum. If you submit a properly executed proxy card, even if you abstain from voting, you will be considered part of the quorum.

What vote is required to approve each proposal?

The affirmative vote of a majority of the voting power of the outstanding capital stock of the Company, including the votes to which holders of shares of Common Stock and holders of Preferred Stock, pursuant to the Certificate of Designation, are entitled, is required to approve each of the proposals. Accordingly, at least 24,461,496 votes in favor of a proposal will be required to approve each of the proposals. Proposal No. 4 is conditioned upon the prior approval of the Charter Amendments.

What other matters might arise at the meeting?

At the date of this proxy statement, the Board does not know of any matters to be raised at the Special Meeting other than those referred to in this proxy statement. The Proxies named in the proxy card are authorized to vote in their discretion upon such other matters as may properly come before the meeting or any adjournment or postponement thereof.

What if I mark abstain on my proxy card for a proposal?

Abstentions marked on a proxy card will be treated as shares that are present and entitled to vote for purposes of determining whether a quorum is present. Abstentions marked on a proxy card with respect to Proposal Nos. 1, 2, 3 or 4 will have the same effect as votes against Proposal Nos. 1, 2, 3 or 4, as applicable.

What are broker non-votes ?

Under the rules of the New York Stock Exchange (NYSE), member brokers who hold shares in street name for their customers that are the beneficial owners of those shares have the authority to only vote on certain routine items in the event that they have not received instructions from beneficial owners. Under NYSE rules, when a proposal is not a routine matter and a member broker has not received voting instructions from the beneficial owner of the shares with respect to that proposal, the brokerage firm may not vote the shares on that proposal since it does not have discretionary authority to vote those shares on that matter. A broker non-vote is submitted when a broker returns a proxy card and indicates that, with respect to particular matters, it is not voting a specified number of shares on that matter, as it has not received voting instructions with respect to those shares from the beneficial owner and does not have discretionary authority to vote those shares on such matters. Broker non-votes are not entitled to vote at the Special Meeting with respect to the matters to which they apply; however, broker non-votes will be included for purposes of determining whether a quorum is present at the Special Meeting.

Each of Proposal Nos. 1, 2, 3 and 4 is considered a non-routine matter. As a result, brokers which do not receive instructions with respect to any of Proposal Nos. 1, 2, 3 or 4 from their customers will not be entitled to vote on such proposal. Any such broker non-votes will have the same effect as votes against Proposal Nos. 1, 2, 3 or 4, as applicable.

The Board strongly encourages you to vote your shares and exercise your right to vote as a shareholder on each of these proposals.

Who can attend the Special Meeting?

All shareholders of record as of August 9, 2011, or their duly appointed proxies, may attend. A list of shareholders entitled to vote at the Special Meeting, arranged in alphabetical order, showing the address of and number of shares registered in the name of each shareholder, will be available for review starting no later than , 2011, and continuing until the Special Meeting, at our principal executive offices located at 655 Wheat Lane, Wood Dale, Illinois 60191. Please note that if you hold shares in street name (that is, through a broker or other nominee) you will need to bring valid picture identification and evidence of your share ownership as of the record date, such as a copy of a brokerage statement.

How will the results of voting be published?

We will disclose voting results by filing a current report on Form 8-K with the SEC within four business days following the Special Meeting. If on the date of filing this current report on Form 8-K the inspector of elections for the Special Meeting has not certified the voting results as final, we will indicate in the filing that the results are preliminary and publish the final results in a subsequent current report on Form 8-K, which we will file within four business days after the final voting results are known.

GENERAL INFORMATION

This proxy statement is furnished beginning on or about , 2011 to shareholders of the Company for use at the Special Meeting to be held at 9:00 a.m., Central Time, on , 2011, at , and at any adjournments or postponements thereof. Pursuant to the terms of the Private Placement Purchase Agreement (as defined and described below), the Company agreed to file with the Securities and Exchange Commission (SEC), and deliver to the Company s shareholders of record as of August 9, 2011, this proxy statement for the purpose of submitting to the Company s shareholders the approval of (1) the Migratory Merger, (2) the 1-for-32 reverse stock split of all of the issued and outstanding shares of the Company s common stock (the Reverse Split), (3) the Charter Amendments and (4) any other matters as may be necessary or advisable to consummate the Migratory Merger and the Reverse Split.

Reverse Recapitalization

On April 29, 2011, The W Group completed a reverse acquisition transaction (the Reverse Recapitalization) with Format, Inc. (which was renamed Power Solutions International, Inc.) (prior to the consummation of the Reverse Recapitalization sometimes referred to herein as Format), in which PSI Merger Sub, Inc., newly-created as a wholly-owned subsidiary of Format, merged with and into The W Group, and The W Group remained as the surviving corporation of the merger. As a result, The W Group became a wholly-owned subsidiary of Power Solutions International, Inc.

Format was incorporated in the State of Nevada on March 21, 2001 for the purpose of providing EDGARizing services to various commercial and corporate entities. Immediately prior to the consummation of the Reverse Recapitalization, Format was engaged, to a limited extent, in EDGARizing corporate documents for filing with the SEC, and providing limited commercial printing services, and had assets that included cash, rights under a services agreement with Format s sole customer (which agreement was terminated in connection with the Reverse Recapitalization), a real property lease pursuant to which Format leased its sole office space (which lease was transferred to Ryan Neely in connection with the Reverse Recapitalization) and depreciated office equipment located in Format s transferred, leased office space. Due to the nominal operations and assets of Format immediately prior to the consummation of the Reverse Recapitalization and related transactions, this reverse acquisition transaction is accounted for as a recapitalization.

The Reverse Recapitalization was consummated under Delaware corporate law pursuant to an agreement and plan of merger, dated as of April 29, 2011 (the Reverse Recapitalization Agreement). All of the outstanding shares of common stock of The W Group held by the three stockholders of The W Group at the closing of the Reverse Recapitalization converted into an aggregate of 10,000,000 shares of Common Stock and 95,960.90289 shares of Preferred Stock. These shares represented a substantial majority of the shares of Common Stock and shares of Preferred Stock outstanding immediately following the consummation of the Reverse Recapitalization. For a detailed description of the Preferred Stock, see Description of Series A Convertible Preferred Stock below.

In connection with the Reverse Recapitalization, Format entered into a stock repurchase and debt satisfaction agreement (the Repurchase Agreement) with Ryan Neely, Format s sole director and executive officer immediately prior to the closing of the Reverse Recapitalization, and his wife, Michelle Neely. Pursuant to the Repurchase Agreement, at the time of consummation of the Reverse Recapitalization, (1) Format repurchased 3,000,000 shares of Common Stock from Ryan Neely and Michelle Neely, which represented approximately 79.57% of the shares of Common Stock outstanding immediately prior to the consummation of the Reverse Recapitalization, and immediately thereafter we cancelled those shares, and (2) Ryan Neely and Michelle Neely terminated all of their right, title and interest in and to, and released Format from any and all obligations Format had with respect to, the loans made by Ryan Neely and Michelle Neely to Format from time to time (which, as of April 29, 2011, was $114,156 in principal amount), in exchange for aggregate consideration of $360,000 (collectively, the Stock Repurchase). In addition, Ryan and Michelle Neely released Format from any obligations Format had to them in respect of any other amounts (including any accrued compensation) that may have at any time been owing from Format prior to the closing of the Reverse Recapitalization. In connection with, but prior to, the closing of the Reverse Recapitalization, Format used all of its available cash to settle remaining liabilities that Format had prior to the completion of the Reverse Recapitalization. These included amounts owed to Format s accountants, independent auditors and legal counsel; provided that Format s legal counsel agreed to release Format from its obligation to pay a portion of legal fees incurred by Format in connection with the Reverse Recapitalization and related transactions. Further, in connection with, but prior to, the closing of the Reverse Recapitalization, Format entered into a termination agreement, pursuant to which Format terminated its services agreement with its sole customer. In connection with, but prior to, the closing of the Reverse Recapitalization, Format also transferred to Ryan Neely all of its rights and obligations under the real property lease relating to Format s sole office space.

As a result of the Reverse Recapitalization, the Company has succeeded to the business of The W Group, and is now engaged, through The W Group, in the business of developing, manufacturing, distributing and supporting integrated power systems for off-highway industrial market applications and equipment of original equipment manufacturers. The W Group s power systems include alternative fuel and standard fuel power systems ranging from under 1 liter to over 22 liters, that meet, and in many cases produce emissions at levels significantly lower than those required by, emission standards of the United States Environmental Protection Agency and the California Air Resources Board.

Private Placement

Concurrently with the closing of the Reverse Recapitalization, on April 29, 2011, the Company entered into a purchase agreement (the Private Placement Purchase Agreement) with 29 accredited investors and issued to these investors an aggregate of 18,000 shares of Preferred Stock, together with warrants to purchase an aggregate of 24,000,007 shares of Common Stock (the Private Placement Warrants), at an exercise price of $0.40625 per share (subject to adjustment as set forth in the Private Placement Warrants), for a purchase price of $1,000 per share and related warrant (the Private Placement). The shares of Preferred Stock issued in the Private Placement are convertible into an aggregate of 48,000,007 shares of Common Stock, subject to limitations on conversion, and upon the terms and conditions, set forth in the Certificate of Designation. In connection with the Private Placement, the Company also issued to Roth Capital Partners, LLC, as compensation for its role as placement agent in connection with the Private Placement, a warrant to purchase 3,360,000 shares of Common Stock (the Roth Warrant), subject to limitations on exercise set forth in the Roth Warrant, at an exercise price of $0.4125 per share (subject to adjustment as set forth in the Roth Warrant). The Company received total gross proceeds of $18,000,000 in consideration for the sale

of the shares of Preferred Stock and the Private Placement Warrants in the Private Placement. For a detailed description of the Preferred Stock, including the limitations on conversion and the adjustment provisions, see Description of Series A Convertible Preferred Stock below; for a detailed description of the Private Placement Warrants, including the limitations on exercise and the adjustment provisions, see Description of the Private Placement Warrants below; and for a detailed description of the Roth Warrant, including the limitations on exercise and the adjustment provisions, see Description of the Roth Warrant below.

As of August 9, 2011, on a fully diluted basis, assuming each share of Preferred Stock had converted into, and each of the Private Placement Warrants and the Roth Warrant had been exercised for, shares of Common Stock (but subject to the limitations on conversion of the Preferred Stock set forth in the Certificate of Designation and the limitations on exercise set forth in the Private Placement Warrants and the Roth Warrant), the shares of Common Stock issued and issuable to Gary Winemaster, Kenneth Winemaster, Thomas Somodi and Kenneth Landini represent (1) approximately 86.11% of the outstanding shares of Common Stock, without giving effect to the Reverse Split, and (2) approximately 77.74% of the outstanding shares of Common Stock, giving effect to the Reverse Split. Accordingly, the consummation of the Reverse Recapitalization, the Private Placement and the Stock Repurchase resulted in a change of control of the Company.

The fully diluted percentage of outstanding shares held by these shareholders decreases when giving effect to the Reverse Split because these individuals hold both shares of Common Stock and Preferred Stock (which Preferred Stock fully converts into shares of the common stock of PSI Delaware automatically upon the consummation of the Migratory Merger and the Reverse Split), while the investors in the Private Placement hold shares of Preferred Stock and Private Placement Warrants (which Private Placement Warrants become exercisable upon the consummation of the Migratory Merger and the Reverse Split). On the other hand, for these reasons, the fully diluted percentage of outstanding shares held by the investors in the Private Placement increases when giving effect to the Reverse Split. Upon the consummation of the Reverse Split, holders of Common Stock that do not hold any shares of Preferred Stock or Private Placement Warrants will incur a substantial decrease in their voting power and will own a significantly smaller percentage of the outstanding shares of Common Stock relative to their percentage ownership of outstanding shares of Common Stock prior to the Reverse Split.

Migratory Merger, Charter Amendments and Voting Agreements

Pursuant to the terms of the Reverse Recapitalization and the Private Placement, we agreed to consummate, and in connection with the consummation of the Reverse Recapitalization and the Private Placement the Board approved, the Migratory Merger and the Reverse Split. The parties agreed that the Reverse Split may be effected through the consummation of the Migratory Merger, whereby each 32 shares of Common Stock will be exchanged for one share of common stock of the surviving entity in the Migratory Merger. As contemplated by Proposal No. 4 below, the Reverse Split will be effected through the consummation of the Migratory Merger. The consummation of the Migratory Merger will constitute the Reverse Split for all purposes, as contemplated by the transaction documents entered into in connection with the consummation of the Reverse Recapitalization and the Private Placement. Consummation of the Migratory Merger is conditioned upon shareholder approval of the Charter Amendments. See Proposal No. 4 Consequences of Shareholder Vote Consequences of Shareholder Vote if this Proposal No. 4 is not Approved below for a description of payments we will be required to make to investors, pursuant to the terms of the Private Placement Purchase Agreement, in the event the shareholders meeting at which our shareholders will be asked to approve the Migratory Merger and the Reverse Split is not held by a specified date and/or the Migratory Merger and the Reverse Split are not effected on or prior to a specified date.

In connection with the Reverse Recapitalization and the Private Placement, each of our shareholders that is also one of our executive officers and/or directors entered into a voting agreement (collectively, the Voting Agreements), pursuant to which such person agreed to vote his shares of our common stock and Series A Convertible Preferred Stock, as applicable, in favor of the Migratory Merger, the Reverse Split and any other matters as may be necessary or advisable to consummate the Migratory Merger and the Reverse Split, including the Charter Amendments. The Voting Agreements may not be amended or terminated without our consent and without the consent of each of the individual parties thereto and the holders of 66 2/3% of the outstanding Preferred Stock. A proxy is granted to Messrs. David M. Greenhouse and Austin W. Marxe pursuant to each of the Voting Agreements; however, the voting power granted by each proxy is limited to votes involving the Migratory Merger, the Reverse Split and any other matters as may be necessary or advisable to consummate the Migratory Merger and the Reverse Split. Further, the proxy is only exercisable if an individual subject to a Voting Agreement fails to honor the terms of the Voting Agreement.

The securities held by persons who entered into Voting Agreements represented, as of August 9, 2011, approximately 86.11% of the total voting power of the outstanding capital stock of the Company (giving effect to the limitations on conversion of the Preferred Stock set forth in the Certificate of Designation). Accordingly, shareholder approval of the Migratory Merger and the Charter Amendments is assured. The Company expects that the investors in the Private Placement will also vote in favor of the Migratory Merger (including the Reverse Split effectuated as part of the Migratory Merger) and the Charter Amendments, given that they required the Company to effect the Migratory Merger and the Reverse Split pursuant to agreements entered into in connection with the Private Placement. The securities held by investors in the Private Placement represented, as of August 9, 2011, approximately 12.32% of the total voting power of the outstanding capital stock of the Company (giving effect to the limitations on conversion of the Preferred Stock set forth in the Certificate of Designation).

Description of Series A Convertible Preferred Stock

In accordance with the Company s articles of incorporation (the Nevada Articles), the Board approved the filing of the Certificate of Designation designating and authorizing the issuance of up to 114,000 shares of Preferred Stock. As of August 9, 2011, the record date for the Special Meeting, an aggregate of 113,960.90289 shares of the Preferred Stock were issued and outstanding.

Each share of Preferred Stock is convertible into shares of Common Stock at any time at the election of the holder, subject to limitations on conversion set forth in the Certificate of Designation (as described below), at a conversion price of $0.375 per share. This conversion price is subject to adjustments for non-cash dividends, distributions, stock splits or other subdivisions or reclassifications of the Common Stock. The Preferred Stock is also subject to full-ratchet anti-dilution protection. This means that when shares of Common Stock are issued (or are deemed to be issued) at a price below the then-current conversion price of the Preferred Stock (but not based upon the trading price of the Common Stock), subject to certain exceptions, the conversion price of the Preferred Stock will be reduced to the effective price at which the shares of Common Stock are issued (or are deemed to be issued). Giving effect to the Reverse Split as if it occurred immediately following the closing of the Reverse Recapitalization and the Private Placement, the conversion price at which each share of Preferred Stock would convert into shares of Common Stock would be $12.00 per share.

Prior to the Reverse Split, the holders of Preferred Stock will have the right to receive an aggregate of 38,152,908 shares of Common Stock upon conversion of the Preferred Stock, which amount is equal to 50,000,000 authorized shares of Common Stock less 110% of the 10,770,083 shares of Common Stock outstanding as of the closing of the Reverse Recapitalization. Prior to the Reverse Split, each holder of Preferred Stock will have the right to receive its pro rata portion of such shares of Common Stock issuable upon conversion of such holder s shares of Preferred Stock. The purpose of this limitation on conversion is to ensure that we are not obligated to issue any shares of Common Stock above the number of shares of Common Stock which we are authorized to issue. We are obligated at all times prior to the effectiveness of the Migratory Merger to reserve and keep available out of our authorized but unissued shares of Common Stock the maximum number of shares of Common Stock issuable upon conversion of the Preferred Stock, subject to the limitations on conversion described above, solely for the purpose of effecting the conversion of shares of Preferred Stock.

Immediately following the effectiveness of the Reverse Split, each issued and outstanding share of Preferred Stock will automatically convert into a number of shares of Common Stock equal to $1,000 divided by $12.00, the conversion price for the Preferred Stock giving effect to the adjustment resulting from the Migratory Merger. Accordingly, there will be no issued and outstanding shares of Preferred Stock following the effectiveness of the Reverse Split.

The Private Placement Purchase Agreement also contains the following provision, which may be deemed to be a form of anti-dilution protection: if prior to the earlier of (1) the second anniversary of the date on which the registration statement for the shares of Common Stock underlying the Preferred Stock and the Private Placement Warrants becomes effective and (2) 180 days after the closing of a firm commitment public underwritten offering of equity securities resulting in gross proceeds of not less than $15.0 million, the Company issues equity securities in a public or private offering (or series of related offerings) resulting in gross proceeds of at least $5.0 million at or below an effective price per share of $0.375, subject to adjustment for stock splits, stock dividends or other reclassifications or combinations of the Common Stock (which effective price per share will, accordingly, be $12.00 immediately following the effectiveness of the Migratory Merger and the Reverse Split), the Company will have to issue to each investor in the Private Placement (1) additional shares of Common Stock so that after giving effect to such issuance, the effective price per share of Common Stock acquired by such investors in the Private Placement will be equal to the effective price per share in such offering and (2) additional Private Placement Warrants covering a number of shares of Common Stock equal to 50% of the shares of Common Stock issued pursuant to clause (1) above.

Each holder of a share of Preferred Stock is entitled to vote with the holders of Common Stock as a single class on all matters voted on by holders of Common Stock. Each share of Preferred Stock entitles the holder to cast the number of votes equal to the total number of votes which could be cast in such vote by a holder of the number of shares of Common Stock into which such shares of Preferred Stock are convertible as of the date immediately prior to the record date for such vote. Accordingly, the 113,960.90289 shares of Preferred Stock outstanding as of the record date entitle their holders to cast an aggregate of 38,152,908 votes, or approximately 335 votes per share of Preferred Stock, giving effect to the limitations on conversion of the Preferred Stock set forth in the Certificate of Designation.

Upon any liquidation, dissolution or winding up of the Company, each holder of Preferred Stock will be entitled to be paid a Preferred Liquidation Preference for each share of Preferred Stock held by such holder before any distribution or payment is made upon our common stock. For each share of Preferred Stock held by such holder, the Preferred Liquidation Preference will be an amount in cash equal to the sum of $1,000 plus the amount of any declared or accrued but unpaid dividends on such share of Preferred Stock as of the date of such liquidation, dissolution or winding up of the Company, and such holder will not be entitled to any further payment.

No dividends are payable on the Preferred Stock, except in two specific situations. First, if we pay dividends on the Common Stock, the Preferred Stock will participate as if, for purposes thereof, each share of Preferred Stock had converted into shares of Common Stock after giving effect to the Reverse Split (i.e., without giving effect to the limitations on conversion of the Preferred Stock) as of the date immediately prior to the record date for such dividend. Additionally, in the event the Reverse Split is not effective on or prior to August 27, 2011, each share of Preferred Stock will entitle its holder to receive, when, as and if declared by the Board, non-cumulative cash dividends, accruing on a daily basis from August 27, 2011, through and including the date on which such dividends are paid, at the annual rate of 2% of the Preferred Liquidation Preference.

The holders of Preferred Stock are not entitled to any preemptive, subscription, redemption or other similar rights, and we do not have any right to redeem the Preferred Stock. All issued and outstanding shares of Preferred Stock are fully-paid and non-assessable.

Description of the Private Placement Warrants

For every share of Common Stock issuable upon conversion of Preferred Stock purchased in the Private Placement, each investor in the Private Placement also received a warrant to purchase one-half of a share of Common Stock, at an exercise price of $0.40625 per share, subject to adjustment for non-cash dividends, distributions, stock splits or other reorganizations or reclassifications of the Common Stock. The Private Placement Warrants are also subject to full ratchet anti-dilution protection similar

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to the anti-dilution provisions of the Preferred Stock set forth in the Certificate of Designation (as discussed above). As described in further detail above, pursuant to the Private Placement Purchase Agreement, under specified circumstances additional Private Placement Warrants may be issued to the investors in the Private Placement upon the Company s issuance of equity securities in one or a series of related offerings at an effective price per share of Common Stock at or below an effective price per share of $0.375 (subject to adjustment for stock splits, stock dividends or other reclassifications or combinations of the Common Stock) and, accordingly, immediately following the effectiveness of the Migratory Merger and the Reverse Split, this effective price per share will be $12.00. See Description of Series A Convertible Preferred Stock above for a detailed description of this anti-dilution provision. The Private Placement Warrants represent the right to purchase an aggregate of 24,000,007 shares of Common Stock; however, the Private Placement Warrants are not exercisable prior to the effectiveness of the Reverse Split and will expire on April 29, 2016. Giving effect to the Reverse Split, as if it occurred immediately following the closing of the Reverse Recapitalization and the Private Placement, the Private Placement Warrants would represent the right to purchase an aggregate of 750,002 shares of Common Stock, at an exercise price of $13.00 per share. At any time beginning six months after the closing of the Private Placement at which the Company is required to register the shares issuable upon exercise of the Private Placement Warrants pursuant to the registration rights agreement entered into in connection with the Private Placement, but such shares may not be freely sold to the public, the Private Placement Warrants may be cashlessly exercised by their holders. The warrantholders may cashlessly exercise the Private Placement Warrants by causing the Company to withhold a number of shares of Common Stock otherwise issuable upon such exercise having a value, based on the market price of the Common Stock, equal to the aggregate exercise price associated with such exercise. In other words, in such circumstances, the exercise of the Private Placement Warrants will occur without any cash being paid by the holders of the Private Placement Warrants.

The Private Placement Warrants further include a requirement that, from and after the effective date of the Reverse Split, we will keep reserved out of the authorized and unissued shares of Common Stock sufficient shares to provide for the exercise of the Private Placement Warrants.

Description of the Roth Warrant

Concurrently with the closing of the Reverse Recapitalization, we issued to Roth Capital Partners, LLC, as compensation for its role as placement agent in the Private Placement, the Roth Warrant. The Roth Warrant represents the right to purchase an aggregate of 3,360,000 shares of Common Stock, subject to limitations on exercise set forth in the Roth Warrant, at an exercise price of $0.4125 per share, subject to adjustment for non-cash dividends, distributions, stock splits or other reorganizations or reclassifications of the Common Stock. The Roth Warrant is not, however, subject to price-based anti-dilution provisions like those set forth in the Private Placement Warrants (whereby, upon the issuance (or deemed issuance) of shares of Common Stock at a price below the then-current exercise price of the Private Placement Warrants, subject to specified exceptions, the exercise price of the Private Placement Warrants will be reduced to the effective price of Common Stock so issued (or deemed to be issued)) nor to the provisions in the Private Placement Purchase Agreement that provide for the issuance of additional shares of Common Stock and Private Placement Warrants under specified circumstances and which may be deemed to be an additional form of price-based anti-dilution (see General Information Description of Series A Convertible Preferred Stock above). The Roth Warrant is not exercisable prior to the effectiveness of the Reverse Split and will expire on April 29, 2016. Giving effect to the Reverse Split, as if it occurred immediately following the closing of the Reverse Recapitalization and the Private Placement, the Roth Warrant would represent the right to purchase an aggregate of 105,000 shares of Common Stock, at an exercise price of $13.20 per share. At any time following the effectiveness of the Reverse Split, the Roth Warrant may be cashlessly exercised by its holder. The holder of the Roth Warrant may cashlessly exercise the Roth Warrant by causing the Company to withhold a number of shares of Common Stock otherwise issuable upon such exercise having a value, based upon the market price of the Common Stock, equal to the aggregate exercise price associated with such exercise. In other words, in such circumstances, the exercise of the Roth Warrant will occur without any cash being paid by the holder of the Roth Warrant. The Roth Warrant includes a requirement that we reserve a sufficient number of shares of Common Stock solely for the purpose of effecting the exercise of the Roth Warrant into shares of Common Stock pursuant to the terms (and subject to the limitations) of the Roth Warrant.

Officers and Directors

Prior to the closing of the Reverse Recapitalization and the Private Placement, Ryan Neely was the sole member of Format s board of directors, and the only executive officer of Format. Our articles of incorporation and bylaws then in effect provided that Format s board of directors had the authority to set the size of the Board from between one and 15 directors and, pursuant thereto, immediately prior to the consummation of the Reverse Recapitalization, the Stock Repurchase and the Private Placement, Format s board of directors expanded the size of the Board to six members. Pursuant to the terms of our articles of incorporation, the Board is classified with respect to the terms for which its members will hold office by dividing the members into three classes, with the terms of the directors of one class expiring at each annual meeting of our shareholders, subject to the appointment and qualification of their successors.

Mr. Neely, as the sole member of Format s board of directors, approved the appointment of Gary Winemaster to fill one of the newly-created vacancies on the Board as a member of Class I of the Board, effective immediately following the closing of the Reverse Recapitalization and the Private Placement, and approved the appointments of (1) Thomas Somodi as a member of Class III of the Board, (2) each of Kenneth Winemaster and Kenneth Landini as a member of Class II of the Board, and (3) H. Samuel Greenawalt as a member of Class I of the Board, to fill the remaining vacancies on the Board, in each case effective as of the date (May 23, 2011) that was 10 days after the date on which we filed with the SEC and mailed to our shareholders an information statement in accordance with Rule 14f-1 of the Securities Exchange Act of 1934, as

amended (the Exchange Act), regarding such appointments (the Information Statement Date). In connection with such action, Mr. Neely designated himself as a member of Class III of the Board.

Concurrently with the appointment and designation by Mr. Neely of the new members of the Board in connection with the Reverse Recapitalization and the Private Placement, Mr. Neely appointed the following persons as the Company s new executive officers, effective immediately following the closing of the Reverse Recapitalization and the Private Placement: Gary Winemaster Chairman of the Board, Chief Executive Officer and President; Thomas Somodi Chief Operating Officer and Chief Financial Officer, and Kenneth Winemaster Senior Vice President and Secretary. These individuals held prior to the Reverse Recapitalization, and currently hold, the same positions with The W Group, our wholly-owned subsidiary through which we conduct our business; provided that Gary Winemaster was also appointed as our Chairman of the Board effective immediately following the closing of the Reverse Recapitalization and the Private Placement.

Prior to the closing of the Reverse Recapitalization and the Private Placement, Ryan Neely delivered his irrevocable resignation from each office held by him with Format, effective immediately following the closing of the Reverse Recapitalization and the Private Placement, and from the Board, effective on May 23, 2011, the Information Statement Date. On April 29, 2011, the Board accepted Mr. Neely s resignation from the offices held by him with us, effective immediately following the closing of the Reverse Recapitalization and the Private Placement, and accepted his resignation from the Board effective on May 23, 2011.

OVERVIEW OF PROPOSAL NOS. 1 THROUGH 4

Proposal Nos. 1, 2 and 3 (collectively, the Charter Amendment Proposals) are proposals to approve amendments to the Nevada Articles. Proposal No. 4 is a proposal to approve and adopt the agreement and plan of merger, by and between the Company and its newly-created, wholly owned subsidiary, PSI Delaware, and the merger of the Company with and into PSI Delaware pursuant to such agreement and plan of merger, which merger will (1) effect the Company s reincorporation from Nevada to Delaware and (2) effect a 1-for-32 reverse stock split of all of the issued and outstanding shares of the Company s common stock by converting each 32 shares of the Company s outstanding common stock into one share of common stock of PSI Delaware.

Pursuant to the Private Placement Purchase Agreement, we agreed to a form of Certificate of Incorporation for PSI Delaware, the surviving corporation in the Migratory Merger. The certificate of incorporation of PSI Delaware (the Delaware Certificate), which will continue to be the certificate of incorporation of PSI Delaware, the surviving corporation in the Migratory Merger, contains provisions similar to those contemplated by the Charter Amendment Proposals. Proposal Nos. 1, 2 and 3 are being presented to the shareholders of the Company pursuant to the SEC s interpretation of Rule 14a-4(a)(3), also known as the Unbundling Rule. If provisions of a corporation s charter not previously part of such corporation s charter will become applicable as a result of a transaction, and shareholder approval of the proposed changes would be required if the proposed changes were presented on their own, the SEC has interpreted the Unbundling Rule to require each affected provision (or group of related affected provisions) to be set forth as a separate proposal. To comply with such interpretation, we are proposing to first amend the Nevada Articles to be consistent with material provisions of the Delaware Certificate that differ materially from provisions in the Nevada Articles addressing substantially similar matters.

The Charter Amendment Proposals reflect only significant changes from the Nevada Articles reflected in the Delaware Certificate (other than those changes resulting solely from differences in Nevada and Delaware law) that would require the approval of our shareholders if effected separately from the Migratory Merger. For additional information on differences between the rights of shareholders before and after the Migratory Merger, please see Proposal No. 4 Comparison of Shareholder Rights Before and After the Migratory Merger below.

The approval of each of Proposal Nos. 1, 2 and 3 is a necessary predicate to the Migratory Merger, which will be effected through Proposal No. 4, and each proposal is conditioned upon the approval of each of the other proposals to be voted upon by the shareholders of the Company at the Special Meeting. In the event any one or more of the proposals set forth in this proxy statement are not approved by our shareholders at the Special Meeting, none of the proposals are expected to become effective and the Migratory Merger will not be consummated. However, pursuant to the Voting Agreements (as discussed above), persons who hold, in the aggregate, a substantial majority of the voting power of the outstanding capital stock of our company are required to vote in favor of each of the Proposals. Accordingly, approval of each of Proposal Nos. 1, 2, 3 and 4 is assured. The Company expects that the investors in the Private Placement will also vote in favor of the Migratory Merger (including the Reverse Split effectuated as part of the Migratory Merger) and the Charter Amendments, given that they required the Company to effect the Migratory Merger and the Reverse Split pursuant to the Private Placement Purchase Agreement.

PROPOSAL NO. 1

APPROVAL OF AMENDMENT TO NEVADA ARTICLES TO DECLASSIFY THE BOARD AND MODIFY THE PROVISIONS RELATING TO DIRECTOR REMOVAL AND FILLING OF VACANCIES ON THE BOARD

Proposed Amendment

Article Tenth of the Nevada Articles governs the election and removal of directors of the Company. Such Article Tenth currently provides that the Board is classified with respect to the terms for which its members will hold office by dividing the members into three classes, with the terms of the directors of one class expiring at each annual meeting of the Company s shareholders, subject to the appointment and qualification of their successors. Currently, the term of service on the Board for directors in (1) Class I will expire at the 2013 annual meeting of shareholders, (2) Class II will expire at the 2012 annual meeting of shareholders, and (3) Class III will expire at the 2011 annual meeting of shareholders, in each case subject to the appointment and qualification of their successors. The Nevada Articles further provide that any director or the entire Board may be removed, but only for cause and only by the affirmative vote of the holders of seventy-five percent (75%) or more of the outstanding shares of capital stock of the Company entitled to vote generally in the election of directors cast at a shareholder meeting. In addition, the Nevada Articles provide that any vacancies in the Board for any reason, and any directorships resulting from any increase in the number of directors, may be filled by a majority of the directors on the Board, although less than a quorum.

Proposal No. 1 is an amendment to Article Tenth of the Nevada Articles which would (1) declassify the Board, (2) provide that directors may be removed, with or without cause, by two-thirds of the total voting power of the outstanding capital stock of the Company entitled to vote generally in the election of directors and (3) provide that vacancies on the Board may be filled by, in addition to a majority of the Company s directors, the

Company s shareholders and that any vacancies on the Board resulting from the removal of a director may only be filled by the Company s shareholders. If the amendment contemplated by this Proposal No. 1 is approved, Sections (b) and (c) of Article Tenth of the Nevada Articles will be amended and restated in their entirety and replaced with the following:

(b) Each director shall hold office until the next annual meeting of stockholders and until his or her successor shall be elected and qualified, subject, however, to prior death, resignation, retirement or removal from office. Vacancies on the Board of Directors and newly-created directorships may be filled by the Board of Directors or the stockholders; provided, however, that any vacancy resulting from the removal of a director may only be filled by the stockholders. Notwithstanding the foregoing and except as otherwise required by law, whenever the holders of any one or more series of Preferred Stock shall have the right, voting separately as a class, to elect one or more directors of this corporation, the terms of the director or directors elected by such holders shall expire at the next succeeding annual meeting of stockholders. Subject to the foregoing, at each annual meeting of stockholders the successors of the directors whose terms shall then expire shall be elected to hold office for a term expiring at the next annual meeting of stockholders.

(c) Notwithstanding any other provisions of these Articles of Incorporation or the bylaws of the corporation (and notwithstanding the fact that some lesser percentage may be specified by law, these Articles of Incorporation or the bylaws of this corporation), any director or the entire Board of Directors may be removed at any time, with or without cause, by the holders of at least two-thirds of the total voting power of the outstanding capital stock of this corporation entitled to vote generally in the election of directors (considered for this purpose as one class) cast at a meeting of the stockholders of this corporation called for that purpose. Notwithstanding the foregoing, and except as otherwise required by law, whenever the holders of any one or more series of Preferred Stock shall have the right, voting separately as a class, to elect one or more directors of this corporation, the provisions of section (c) of this article shall not apply with respect to the director or directors elected by such holders of Preferred Stock.

Consequences of Shareholder Vote

As noted above, the Charter Amendment Proposals, including Proposal No. 1, will amend the Nevada Articles to conform certain material provisions of the Nevada Articles to similar provisions of the Delaware Certificate. However, although the threshold for removal of directors from the board of directors under the Delaware Certificate is a majority of the votes regularly entitled to vote at an election of directors, the threshold of two-thirds of the total voting power of the outstanding capital stock of the Company required to remove directors contemplated by the proposed amendment to the Nevada Articles included in Proposal No. 1 is the minimum percentage permitted for director removal under Nevada law. If the Migratory Merger is consummated, the applicable threshold for removal of directors will be a majority of the votes regularly entitled to vote at an election of directors.

Subject to and conditioned upon the approval of each of the other proposals set forth in this proxy statement, if Proposal No. 1 is approved at the Special Meeting, the Nevada Articles will be amended to: (1) eliminate the classified structure of the Board, whereby the current term of office of each director will expire at the 2011 annual meeting of shareholders of the Company to be held later this year, and each director will thereafter be elected to hold office until the next annual meeting of shareholders and until his or her successor is elected and qualified, subject to his or her prior death, resignation, retirement or removal; (2) provide that directors may be removed, with or without cause, by two-thirds of the total voting power of the outstanding capital stock of the Company entitled to vote generally in the election of directors; and (3) provide that vacancies on the Board may be filled by, in addition to a majority of the Company s directors, the Company s shareholders and that any vacancies on the Board resulting from the removal of a director may only be filled by the Company s shareholders. In general, opponents of classified boards believe that the annual election of directors is the primary means for shareholders to influence corporate governance and an annual election enables shareholders to hold all directors accountable on an annual basis, rather than over a three-year period. The other amendments to Article Tenth of the Nevada Articles are also considered to be shareholder-friendly provisions which may have the effect of enhancing director accountability to shareholders and strengthening the impact that shareholders may have on the Company s corporate governance practices.

Reasons for Recommended Change

For a description of the reasons for the proposed amendments to the Nevada Articles contemplated by the proposals set forth in this proxy statement, including Proposal No. 1, see Reasons for Amendments to the Nevada Articles Contemplated by the Charter Amendment Proposals below.

Recommendation of the Board

The Board has unanimously approved, and recommends that the Company s shareholders approve, the amendments to the Nevada Articles contemplated by this Proposal No. 1.

THE BOARD RECOMMENDS THAT THE SHAREHOLDERS VOTE FOR PROPOSAL NO. 1 TO AMEND ARTICLE TENTH OF THE NEVADA ARTICLES TO DECLASSIFY THE BOARD AND MODIFY THE PROVISIONS RELATING TO DIRECTOR REMOVAL AND FILLING OF VACANCIES ON THE BOARD.

PROPOSAL NO. 2

APPROVAL OF AMENDMENT TO NEVADA ARTICLES TO PERMIT

SHAREHOLDER ACTION BY WRITTEN CONSENT

Proposed Amendment

The Nevada Articles currently provide that no action required to be taken or which may be taken at any annual or special meeting of shareholders of the Corporation may be taken without a meeting, and the power of shareholders to consent in writing, without a meeting, to the taking of any action is specifically denied. Proposal No. 2 is an amendment to Article Fourteenth of the Nevada Articles which would permit the holders of shares of capital stock of the Company having a majority of the total votes represented by the outstanding shares of capital stock of the Company to act by written consent. If the amendment contemplated by this Proposal No. 2 is approved, Article Fourteenth of the Nevada Articles will be amended and restated in its entirety and replaced with the following:

FOURTEENTH. Any corporate action required or permitted to be taken at any annual or special meeting of stockholders may be taken by written consent of the holders of shares of capital stock of the corporation having a majority of the total votes represented by the outstanding shares of capital stock of the corporation.

Consequences of Shareholder Vote

Subject to and conditioned upon the approval of each of the other proposals set forth in this proxy statement, if Proposal No. 2 is approved at the Special Meeting, Article Fourteenth of the Nevada Articles will be amended to permit the holders of shares of capital stock of the Company having a majority of the total votes represented by the outstanding shares of capital stock of the Company to act by written consent. Limitations on shareholders rights to act by written consent are considered to have anti-takeover effects because such limitations may impede potential acquirors from completing a transaction beneficial to a company s shareholders or delay changes in control of management or the board of directors. Furthermore, taking action by written consent in lieu of a meeting is a means through which shareholders can raise important matters outside of annual or special meetings.

As noted above, the Charter Amendment Proposals, including Proposal No. 2, will amend the Nevada Articles to conform certain material provisions of the Nevada Articles to similar provisions of the Delaware Certificate. If Proposal No. 2 is approved and the Nevada Articles are amended as contemplated by Proposal No. 2, the Nevada Articles will contain a provision permitting shareholder action by written consent identical to the corresponding provision of the Delaware Certificate.

Reasons for Recommended Change

For a description of the reasons for the proposed amendments to the Nevada Articles contemplated by the proposals set forth in this proxy statement, including Proposal No. 2, see Reasons for Amendments to the Nevada Articles Contemplated by the Charter Amendment Proposals below.

Recommendation of the Board

The Board has unanimously approved, and recommends that the Company s shareholders approve, the amendment to the Nevada Articles contemplated by this Proposal No. 2.

THE BOARD RECOMMENDS THAT THE SHAREHOLDERS VOTE FOR PROPOSAL NO. 2 TO AMEND ARTICLE FOURTEENTH OF THE NEVADA ARTICLES TO PERMIT SHAREHOLDER ACTION BY WRITTEN CONSENT.

PROPOSAL NO. 3

APPROVAL OF AMENDMENT TO NEVADA ARTICLES TO INCREASE THE VOTING POWER

REQUIRED TO AMEND THE NEVADA ARTICLES

Proposed Amendment

The Nevada Articles currently provide that the Company may from time to time amend, alter, change or repeal any provision of the Nevada Articles. Pursuant to Nevada law, in general the Company may amend the Nevada Articles, upon adoption of a resolution by the Board and proposal to the Company s shareholders, upon approval by shareholders holding shares representing at least a majority of the voting power of the Company. Proposal No. 3 is an amendment to Article Eighth of the Nevada Articles which would, in addition to the general requirements under Nevada law to amend the Nevada Articles, require the vote of the holders of at least 80% of the voting power of the shares entitled to vote generally in the election of directors to amend, alter or repeal, or to adopt any provision inconsistent with, Article Eighth, Article Tenth or Article Fourteenth of the Nevada Articles. If the amendment contemplated by this Proposal No. 3 is approved, Article Eighth of the Nevada Articles will be amended to add the following sentence after the sentence that is currently the last sentence of Article Eighth:

Notwithstanding anything contained in these Articles of Incorporation to the contrary, the affirmative vote of the holders of at least eighty percent (80%) of the voting power of the shares entitled to vote generally in the election of directors shall be required to amend, alter or repeal, or to adopt any provision inconsistent with, Article Eighth, Article Tenth or Article Fourteenth of these Articles of Incorporation.

Consequences of Shareholder Vote

Subject to and conditioned upon the approval of each of the other proposals set forth in this proxy statement, if Proposal No. 3 is approved at the Special Meeting, the Nevada Articles will be amended to, in addition to the general requirements under Nevada law to amend the Nevada Articles, require the vote of the holders of at least eighty percent (80%) of the voting power of the shares entitled to vote generally in the election of directors to amend, alter or repeal, or to adopt any provision inconsistent with, Article Eighth, Article Tenth or Article Fourteenth of the Nevada Articles. Article Eighth, Article Tenth and Article Fourteenth are provisions which generally relate to (1) the requirements for amending the Nevada Articles, (2) subject to the approval of Proposal No. 1, the declassified structure of the Board, the director removal requirements and rights to fill vacancies on the Board, and (3) subject to the approval of Proposal No. 2, shareholders right to act by written consent, as applicable.

The amendments to Article Eighth, Article Tenth and Article Fourteenth contemplated by the Charter Amendment Proposals would replace current provisions of the Nevada Articles which may be deemed to have anti-takeover effects. Accordingly, these amended provisions of the Nevada Articles, giving effect to the Charter Amendment Proposals, may be considered to be shareholder friendly and enhance shareholder democracy and shareholders ability to impact corporate governance practices of the Company. As discussed above, members of our management, and in particular Gary Winemaster and Kenneth Winemaster, beneficially own shares of our capital stock representing a substantial majority of the shares of Common Stock and shares of Preferred Stock outstanding as of the record date. As a result, these shareholders can exercise control over matters requiring shareholder approval, including the election of directors, amendment of the Company s articles of incorporation and approval of significant corporate transactions. As of August 9, 2011, on a fully diluted basis, assuming each share of Preferred Stock had converted into, and each of the Private Placement Warrants and the Roth Warrant had been exercised for, shares of Common Stock, the shares of Common Stock issued and issuable to members of our management represent approximately 77.74% of the outstanding shares of Common Stock, giving effect to the Reverse Split. Increasing the threshold of shares required to amend these provisions of the Nevada Articles to 80% precludes these majority shareholders from amending these provisions without the consent of at least some of the other shareholders of the Company.

If Proposal No. 3 is approved and the Nevada Articles are amended as contemplated by Proposal No. 3, the Nevada Articles will contain provisions requiring supermajority shareholder voting requirements to amend certain provisions contained in the Nevada Articles described above. The Delaware Certificate, which will govern PSI Delaware after giving effect to the Migratory Merger, as the surviving corporation in the Migratory Merger, contains a similar supermajority voting requirement to amend substantially similar provisions contained in the Delaware Certificate, as well as other provisions contained in the Delaware Certificate.

Reasons for Recommended Change

For a description of the reasons for the proposed amendments to the Nevada Articles contemplated by the proposals set forth in this proxy statement, including Proposal No. 3, see Reasons for Amendments to the Nevada Articles Contemplated by the Charter Amendment Proposals below.

Recommendation of the Board

The Board has unanimously approved, and recommends that the Company s shareholders approve, the amendment to the Nevada Articles contemplated by this Proposal No. 3.

THE BOARD RECOMMENDS THAT THE SHAREHOLDERS VOTE FOR PROPOSAL NO. 3 TO AMEND ARTICLE EIGHTH OF THE NEVADA ARTICLES TO INCREASE THE VOTING POWER REQUIRED TO AMEND THE NEVADA ARTICLES.

REASONS FOR AMENDMENTS TO THE NEVADA ARTICLES CONTEMPLATED

BY THE CHARTER AMENDMENT PROPOSALS

The Delaware Certificate and the Bylaws of PSI Delaware (the Delaware Bylaws), including the material terms of the Delaware Certificate (which are substantially similar to the provisions contemplated by the amendments to the Nevada Articles included in the Charter Amendment Proposals), were agreed upon with the investors in the Private Placement through arms-length negotiations among the applicable parties in connection with the Private Placement and the Reverse Recapitalization. In general, many of the material provisions of the Delaware Certificate and the Delaware Bylaws were initially proposed by the investors in the Private Placement, and the respective investments by the investors in the Private Placement were conditioned upon, among other things, our agreement to include these provisions in the Delaware Certificate and the Delaware Bylaws. Accordingly, the final terms of the Delaware Certificate and the Delaware Bylaws were agreed upon in consideration of, and in order to facilitate the consummation of, the Private Placement and the Reverse Recapitalization transactions as a whole. Copies of each of the Delaware Certificate and the Delaware Bylaws, which are currently, and, assuming the approval of each of the proposals included in this proxy statement, will be after giving effect to the Migratory Merger, the organizational documents governing PSI Delaware, as the surviving corporation in the Migratory Merger, are attached to this proxy statement as Appendix A and Appendix B, respectively. The descriptions of the Delaware Certificate and the Delaware Bylaws set forth herein do not purport to be complete and are qualified in their entirety by reference to the full text of the Delaware Certificate and Delaware Bylaws attached hereto as Appendix A and Appendix B, respectively.

The Board evaluated the terms of the Reverse Recapitalization, the Private Placement and the other transactions entered into in connection therewith, including the transaction documents contemplated to be entered into to effectuate these transactions, as well as the documents and other instruments contemplated thereby. The Board determined that the Reverse Recapitalization, the Private Placement and the other transactions contemplated to be entered into in connection therewith, including the Migratory Merger and the terms of the Delaware Certificate and Delaware Bylaws, were in the best interests of the Company and its shareholders.

Pursuant to the SEC s interpretation of the Unbundling Rule, if provisions of a corporation s charter not previously part of such corporation s charter will become applicable as a result of a transaction, and shareholder approval of the proposed changes would be required if the proposed changes were presented on their own, each affected provision (or group of related affected provisions) is required to be set forth as a separate proposal. As a result, the approval of the Charter Amendment Proposals by our shareholders is a necessary predicate to the consummation of the Migratory Merger. Accordingly, the Board believes that it is advisable to amend the Nevada Articles as contemplated by the Charter Amendment Proposals, so that prior to the consummation of the Migratory Merger, changes to the Nevada Articles will be made to eliminate differences, to the extent possible, between the Nevada Articles and the Delaware Certificate. The amendments to the Nevada Articles will have no practical effect other than to facilitate the approval of the Migratory Merger, as the Migratory Merger will be effected (and accordingly the Delaware Certificate will become the certificate of incorporation of PSI Delaware, the surviving corporation in the Migratory Merger) as promptly as possible following the amendment of the Nevada Articles as contemplated by the Charter Amendment Proposals.

PROPOSAL NO. 4

APPROVAL OF THE MERGER AGREEMENT AND THE MIGRATORY MERGER

Proposal

The Board has unanimously approved, and recommends that the Company s shareholders approve, the agreement and plan of merger, by and between the Company and PSI Delaware, its newly-created, wholly owned subsidiary incorporated in the State of Delaware, a copy of which is attached hereto as Appendix C (the Merger Agreement), and the Migratory Merger to be effected pursuant to the Merger Agreement. Pursuant to the Merger Agreement, the Company will merge with and into PSI Delaware, with PSI Delaware remaining as the surviving corporation of the Migratory Merger. The Migratory Merger will be effected for the purpose of changing the Company s jurisdiction of incorporation from Nevada to Delaware, and for the purpose of effecting the Reverse Split. In connection with the Reverse Recapitalization and Private Placement, the Company entered into the Private Placement Purchase Agreement, pursuant to which the Company agreed to consummate the Migratory Merger and effectuate the Reverse Split, which the Private Placement Purchase Agreement provided could be effected through the Migratory Merger. Pursuant to the Merger Agreement, and upon the consummation of the Migratory Merger, each 32 shares of outstanding Common Stock will automatically convert into one share of common stock of PSI Delaware, thereby effecting the Reverse Split. In addition, immediately following the effectiveness of the Migratory Merger, each share of Preferred Stock will automatically convert into a number of shares of common stock of PSI Delaware equal to $1,000 divided by $12.00, the conversion price for the Preferred Stock giving effect to the adjustment resulting from the Migratory Merger, pursuant to the terms of the Certificate of Designation. For a detailed description of the material terms of the Merger Agreement and the Migratory Merger, see The Merger Agreement below.

General Effect of the Migratory Merger

The Migratory Merger will effect a change in the Company s jurisdiction of incorporation and the rights of the Company s shareholders, certain significant changes of which are described below under Comparison of Shareholder Rights Before and After the Migratory Merger. However, the Migratory Merger will not result in any change in our business or management, the location of our principal executive offices or any of our other offices or facilities, the number of employees or other members of our workforce, or our assets or liabilities (other than as a result of the costs incident to the consummation of the Migratory Merger).

As of the record date, the Common Stock is quoted on the OTC Bulletin Board (the OTCBB) and the OTC Markets OTCQB tier (the OTCQB) under the symbol PSIX. However, prior to the Reverse Recapitalization, there was limited or no trading activity in Format s common stock, and there has continued to be a lack of trading activity in the Common Stock. Furthermore, immediately prior to the Reverse Recapitalization there was, and after the consummation of the Recapitalization there continues to be, a substantial spread between the bid and asked prices for the Common Stock on the OTCBB and the OTCQB. For example, on July 25, 2011, the closing bid price for the Common Stock on the OTCBB was $0.10 and the closing ask price for the Common Stock on the OTCBB was $4.25. While, as of the date of this Proxy Statement, there are a limited number of market makers on the OTCBB posting priced (and unpriced) quotations for the Common Stock (one of which is Roth Capital Partners, LLC, the placement agent for the Private Placement (and Roth has posted quotations for the Common Stock on the OTCBB since May 18, 2011)), prior to the consummation of the Reverse Recapitalization (and for a period thereafter) either only one market maker posted quotations for the Common Stock on the OTCBB or, to the extent there were multiple market makers, those market makers were posting unpriced quotations. Accordingly, there is limited information available about the historical market price of the Common Stock on the OTCBB.

At the effective time of the Migratory Merger, it is anticipated that the common stock of PSI Delaware, as the surviving entity in the Migratory Merger, will be quoted on the OTCBB and the OTCQB under the symbol PSIX, as the Company expects that the current market makers for the Common Stock on the OTCBB and the OTCQB will continue posting quotations for the common stock of PSI Delaware on the OTCBB and the OTCQB, respectively, following the Migratory Merger. Following the Migratory Merger, there will likely be a lack of trading activity in the common stock of PSI Delaware and a substantial spread between the bid and asked prices for the common stock of PSI Delaware on the OTCBB and the OTCQB, in each case similar to the trading activity and the quotations on the OTCBB and the OTCQB for the Common Stock immediately prior to the Migratory Merger. Accordingly, the ability of the stockholders of PSI Delaware to sell their shares of common stock at the time that such stockholders wish to sell them or at a price that such stockholders consider reasonable may be impaired.

Consequences of Shareholder Vote

Consequences of Shareholder Vote if this Proposal No. 4 is not Approved

Pursuant to the terms of the Certificate of Designation, if the Migratory Merger is not consummated on or prior to August 27, 2011, and the Preferred Stock has not automatically converted into shares of common stock of PSI Delaware pursuant to the Certificate of Designation, each holder of then outstanding shares of Preferred Stock will thereafter be entitled to receive, when, as and if declared by the Board out of funds of the Company legally available therefor, non-cumulative cash dividends, accruing on a daily basis from August 27, 2011, through and including

the date on which such dividends are paid, at the annual rate of 2% of the liquidation preference (i.e., $1,000 plus the sum of any declared or accrued but unpaid dividends on Preferred Stock as of a given date) per share of the Preferred Stock. Further, the Private Placement Purchase Agreement provides that if (1) the shareholders meeting at which the shareholders of the Company will be asked to approve the Migratory Merger and the Reverse Split is not held on or prior to the date (August 28, 2011) which is 120 days after the closing of the Reverse Recapitalization, and/or (2) the Migratory Merger and the Reverse Split are not effected on or prior to the date that is two business days after receipt of shareholder approval of the Migratory Merger and the Reverse Split, then the Company is required to pay amounts representing liquidated damages to each of the investors. Specifically, in any such case the Company is required to pay each investor 1.5% of the aggregate amount invested by such investor for each 30-day period (or pro rata portion thereof) following the date by which the shareholders meeting should have been held or by which the Migratory Merger and the Reverse Split should have been effective, as applicable.

Consequences of Shareholder Vote if this Proposal No. 4 is Approved

Reincorporation - If this Proposal No. 4 is approved, subject to the approval of each of the other proposals set forth in this proxy statement, the Company will merge with and into PSI Delaware, with PSI Delaware remaining as the surviving corporation of the Migratory Merger, thereby changing our jurisdiction of incorporation from Nevada to Delaware. Accordingly, upon the consummation of the Migratory Merger, PSI Delaware will be engaged, through its wholly owned subsidiaries, in the business of developing, manufacturing, distributing and supporting integrated power systems for off-highway industrial market applications and equipment of original equipment manufacturers. Further, upon the consummation of the Migratory Merger, the rights of the stockholders of PSI Delaware will be governed by the General Corporation Law of the State of Delaware (the DGCL), the Delaware Certificate and the Delaware Bylaws. The Delaware Certificate and the Delaware Bylaws are attached as Appendix A and Appendix B, respectively, to this proxy statement. The descriptions of the Delaware Certificate and the Delaware Bylaws set forth herein do not purport to be complete and are qualified in their entirety by reference to the full text of the Delaware Certificate and Delaware Bylaws attached hereto as Appendix A and Appendix B, respectively. For a comparison of shareholder rights before and after the Migratory Merger, see Comparison of Shareholder Rights Before and After the Migratory Merger.

Preferred Stock, Private Placement Warrants and Roth Warrant; Voting Power - Upon the consummation of the Migratory Merger, (1) each share of Preferred Stock will automatically convert into shares of common stock of PSI Delaware at a conversion price of $12.00 per share, (2) the Private Placement Warrants will represent the right to purchase an aggregate of 750,002 shares of common stock of PSI Delaware, at an exercise price of $13.00 per share, (3) the Roth Warrant will represent the right to purchase an aggregate of 105,000 shares of common stock of PSI Delaware, at an exercise price of $13.20 per share, and (4) each of the Private Placement Warrants and the Roth Warrant will be exercisable in full until their expiration. See General Information Description of Series A Convertible Preferred Stock above and Treatment of Series A Convertible Preferred Stock below for a description of the Preferred Stock and the automatic conversion of the Preferred Stock pursuant to the Migratory Merger; and see General Information Description of the Private Placement Warrants and General Information Description of the Roth Warrant above and Treatment of the Private Placement Warrants and the Roth Warrant below for a description of the terms of the Private Placement Warrants and the Roth Warrant. As a result, the existing holders of Common Stock that, upon the consummation of the Migratory Merger will become holders of common stock of PSI Delaware, will, to the extent such stockholders do not hold any shares of Preferred Stock or Private Placement Warrants or the Roth Warrant, incur a substantial decrease in their voting power and will own a significantly smaller percentage of the outstanding shares of common stock of PSI Delaware relative to their percentage ownership of outstanding shares of Common Stock prior to the Migratory Merger.

Listing of Common Stock on a National Securities Exchange - Pursuant to the Private Placement Purchase Agreement, the Company agreed to use its reasonable best efforts to list the Common Stock for trading on a national securities exchange as soon as reasonably practicable after the Company meets the initial quantitative listing standards of any such exchange. However, the Common Stock is not currently listed on any national securities exchange, and the Company does not currently meet the initial quantitative listing standards of any national securities exchange. Accordingly, the Company cannot be certain when or whether it will meet such initial listing standards or receive approval to list the Common Stock on any national securities exchange. The conversion ratio in the Migratory Merger by which each 32 shares of Common Stock will convert into shares of common stock of PSI Delaware will likely increase the market price of the common stock of PSI Delaware, relative to the market price of the Common Stock, which increased market price may assist PSI Delaware in meeting some of the quantitative listing standards of a national securities exchange.

Reasons for the Migratory Merger

The Migratory Merger, including the terms of the Delaware Articles and the Delaware Bylaws, and the Reverse Split (which will be effected through the consummation of the Migratory Merger, whereby each 32 shares of Common Stock will convert into one share of common stock of PSI Delaware) were agreed upon among the parties to the Reverse Recapitalization, the Private Placement and the other transactions entered into in connection therewith through arms-length negotiations among the applicable parties in connection with the Reverse Recapitalization, the Stock Repurchase, the Private Placement and each of the other transactions entered into in connection therewith. In general, many of the material terms contemplated by the Private Placement Purchase Agreement, including the Migratory Merger, were initially proposed by the investors in the Private Placement, and the respective investments by the investors in the Private Placement were conditioned upon the Company s agreement to, among other things, effectuate the Migratory Merger and the Reverse Split. The terms of the Migratory Merger and the Reverse Split were agreed upon in consideration of, and in order to facilitate the consummation of, the Private Placement and the Reverse Recapitalization transactions as a whole.

In particular, prior to the consummation of the Reverse Recapitalization, the 1-for-32 reverse stock split of the Common Stock (i.e., the conversion ratio in the Migratory Merger) was negotiated between Format and The W Group in arms-length negotiations. After considering a number of factors, including (1) historical information and projections concerning Format s business, financial performance and condition, operations, management and competitive position; and (2) its belief that the terms of the Reverse Recapitalization Agreement and the other transaction documents, including the parties representations, warranties and covenants, and the conditions to their respective obligations, were reasonable, the board of directors of Format (consisting solely of Ryan Neely) determined that the Reverse Recapitalization, the Stock Repurchase, the Reverse Split, the Migratory Merger and other related transactions and the terms thereof were advisable and in the best interests of its shareholders (including the shareholders of Format whose shares of Common Stock were not subject to repurchase in the Stock Repurchase).

After contemplation and negotiation of the terms of the Reverse Recapitalization, the Private Placement and the other transactions entered into in connection therewith, including the transaction documents contemplated to be entered into to effectuate these transactions, as well as the documents and other instruments contemplated thereby, such transactions and the terms thereof were approved by the applicable parties.

Power Solutions International, Inc., a Delaware corporation

PSI Delaware, a wholly owned subsidiary of the Company, was incorporated in the State of Delaware on , 2011 for the purpose of consummating the Migratory Merger. The address and phone number of PSI Delaware s principal executive office are the same as those of the Company. PSI Delaware does not, and prior to the consummation of the Migratory Merger PSI Delaware will not, have any material assets or liabilities and will not have engaged in any business.

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The Merger Agreement

General

Pursuant to the Merger Agreement, the Company will merge with and into PSI Delaware, with PSI Delaware remaining as the surviving corporation of the Migratory Merger. At the effective time of the Migratory Merger, pursuant to the Merger Agreement, PSI Delaware, as the surviving corporation of the Migratory Merger, will possess all of the rights, privileges and powers, and will be subject to all restrictions and duties, of each of the Company and PSI Delaware, and all liabilities and obligations of each of the Company and PSI Delaware will become the liabilities and obligations of PSI Delaware, as the surviving corporation of the Migratory Merger. As described under General Information Reverse Recapitalization above, the Company is (and PSI Delaware will be following the consummation of the Migratory Merger) a holding company engaged in the business of developing, manufacturing, distributing and supporting integrated power systems for off-highway industrial market applications and equipment of original equipment manufacturers through The W Group, and the Company s assets consist (and the assets of PSI Delaware will consist following the consummation of the Migratory Merger) almost entirely of stock of The W Group.

At the effective time of the Migratory Merger, each 32 shares of outstanding Common Stock, par value $0.001 per share, will automatically convert into one share of common stock, par value $0.001 per share, of PSI Delaware. Further, pursuant to the Certificate of Designation and the Merger Agreement, upon the effective time of the Migratory Merger, each share of Preferred Stock will automatically convert into a number of shares of common stock of PSI Delaware equal to $1,000 divided by $12.00, the conversion price for the Preferred Stock giving effect to the adjustment resulting from the Migratory Merger. For a description of the automatic conversion of the Preferred Stock into shares of common stock of PSI Delaware and the adjustment of the conversion price for the Preferred Stock arising from the consummation of the Migratory Merger, see Treatment of Series A Convertible Preferred Stock. Any shareholder of the Company that would otherwise be entitled to a fraction of a share of common stock of PSI Delaware (after aggregating all fractional shares of Common Stock to be received by such holder) as a result of the Migratory Merger, will receive an additional share of common stock of PSI Delaware (in other words, the aggregate number of shares of common stock of PSI Delaware of a shareholder resulting from the Migratory Merger will be rounded up to the nearest whole number). The authorized shares of capital stock of PSI Delaware and the par value of the common stock of PSI Delaware immediately following the consummation of the Migratory Merger will be identical to the authorized shares of capital stock of the Company and the par value of the Common Stock immediately prior to the consummation of the Migratory Merger.

Effective Time of Migratory Merger; Termination and Abandonment

The Merger Agreement provides that, subject to the approval of the Company s shareholders, the Migratory Merger will be consummated and become effective at the time set forth in the certificate of ownership and merger to be filed with the Secretary of State of the State of Delaware and the Articles of Merger to be filed with the Secretary of State of the State of Nevada. Although pursuant to the Private Placement Purchase Agreement we are required to effect the Migratory Merger, the Merger Agreement may be terminated and abandoned by action of the Board at any time prior to the effective time of the Migratory Merger, whether before or after the approval by the Company s shareholders of this Proposal No. 4.

Directors and Officers

Pursuant to the terms of the Merger Agreement, effective upon the consummation of the Migratory Merger, the Company s directors and executive officers immediately prior to the consummation of the Migratory Merger will become the directors and executive officers of PSI Delaware, as the surviving corporation in the Migratory Merger.

Charter and Bylaws

The Merger Agreement provides that, effective upon the consummation of the Migratory Merger, the Delaware Certificate and the Delaware Bylaws in effect immediately prior to the consummation of the Migratory Merger will be the certificate of incorporation and bylaws, respectively, of PSI Delaware, as the surviving corporation in the Migratory Merger.

Treatment of Series A Convertible Preferred Stock

Each share of Preferred Stock is convertible into shares of Common Stock at any time at the election of its holder, subject to limitations on conversion set forth in the Certificate of Designation, at a conversion price of $0.375 per share, subject to adjustments for non-cash dividends, distributions, stock splits or other subdivisions or reclassifications of our common stock, including the Migratory Merger and the related Reverse Split. See General Information Description of Series A Convertible Preferred Stock above for a description of the limitations on conversion of the Preferred Stock. Upon the consummation of the Migratory Merger,

each issued and outstanding share of Preferred Stock will automatically convert into a number of shares of common stock of PSI Delaware equal to $1,000 divided by $12.00, the conversion price giving effect to the adjustment resulting from the Migratory Merger. Accordingly, immediately following the consummation of the Migratory Merger, the aggregate of 113,960.90289 outstanding shares of Preferred Stock, representing all of the shares of Preferred Stock issued in the Reverse Recapitalization and in the Private Placement, will automatically convert into an aggregate of approximately 9,496,753 shares of common stock of PSI Delaware, and no shares of Preferred Stock will be outstanding.

Treatment of the Private Placement Warrants and the Roth Warrant

The Private Placement Warrants represent the right to purchase an aggregate of 24,000,007 shares of Common Stock, at an exercise price of $0.40625 per share, subject to adjustment for non-cash dividends, distributions, stock splits or other reorganizations or reclassifications of the Common Stock, and the Roth Warrant represents the right to purchase an aggregate of 3,360,000 shares of Common Stock, at an exercise price of $0.4125 per share, subject to adjustment as set forth in the Roth Warrant. However, none of the Private Placement Warrants or the Roth Warrant is exercisable prior to the effectiveness of the Reverse Split. Upon the consummation of the Migratory Merger, (1) the Private Placement Warrants will represent the right to purchase an aggregate of 750,002 shares of common stock of PSI Delaware, at an exercise price of $13.00 per share, (2) the Roth Warrant will represent the right to purchase an aggregate of 105,000 shares of common stock of PSI Delaware, at an exercise price of $13.20 per share, and (3) each of the Private Placement Warrants and the Roth Warrant will be exercisable in full until their expiration. Pursuant to the Merger Agreement and by operation of law, upon the consummation of the Migratory Merger, PSI Delaware will assume the obligations of the Company under each of the Private Placement Warrants and the Roth Warrant.

Effect of the Migratory Merger on Stock Certificates

Holders of Common Stock will not be required to exchange certificates representing shares of Common Stock to receive the shares of PSI Delaware common stock into which such shareholder s shares of Common Stock converted. However, after the consummation of the Migratory Merger, each holder of a certificate which, prior to the Migratory Merger, represented shares of Common Stock may submit such stock certificate to the Company s transfer agent for cancellation and the transfer agent s issuance of a stock certificate representing such shareholder s shares of common stock of PSI Delaware. The transfer agent for the Common Stock is Pacific Stock Transfer Company, 4045 South Spencer Street, Suite 403, Las Vegas NV 89119. After the consummation of the Migratory Merger, we expect the transfer agent for the common stock of PSI Delaware to be Pacific Stock Transfer Company, 4045 South Spencer Street, Suite 403, Las Vegas NV 89119.

As described above under The Merger Agreement Treatment of Series A Convertible Preferred Stock, each share of Preferred Stock will automatically convert into shares of common stock of PSI Delaware upon the consummation of the Migratory Merger. In no event later than two business days after the consummation of the Migratory Merger, the Company will provide written notice of the consummation of the Migratory Merger to the holders of Preferred Stock. Pursuant to the Certificate of Designation, as soon as practicable following the automatic conversion of the Preferred Stock, holders of shares of Preferred Stock are required to surrender the stock certificates evidencing ownership of shares of Preferred Stock to the Company, as transfer agent for the Preferred Stock. Thereafter, the transfer agent for the common stock of PSI Delaware, which we expect to be Pacific Stock Transfer Company, 4045 South Spencer Street, Suite 403, Las Vegas, NV 89119, will issue to each shareholder a stock certificate representing shares of common stock of PSI Delaware into which such shareholder s shares of Preferred Stock converted upon the consummation of the Migratory Merger. Notwithstanding the foregoing, upon the consummation of the Migratory Merger subject to the dissenters rights described below, each holder of record of a certificate representing any shares of Preferred Stock shall cease to have any rights with respect thereto, other than the right to receive the shares of common stock of PSI Delaware into which such shareholder s shares of Preferred Stock converted upon the consummation of the Migratory Merger.

Anti-Takeover Considerations

The State of Nevada, like many other States, permits a corporation to include in its articles of incorporation or bylaws measures designed to reduce a corporation s vulnerability to unsolicited takeover attempts, which may have a positive or negative impact on a company, its shareholders and the value of a company s common stock. The Nevada Articles, the amended and restated bylaws of the Company (the Nevada Bylaws) and Nevada law contain provisions which could have the effect of rendering more difficult, delaying or preventing an acquisition deemed undesirable by the Board. In particular, the Company s organizational documents currently contain provisions (1) creating a classified board of directors whose members serve staggered three-year terms; (2) authorizing blank check preferred stock, which could be issued by the Board without shareholder approval and may contain voting, liquidation, dividend and other rights superior to the Common Stock; (3) limiting the liability of, and providing indemnification to, our directors and officers; (4) requiring two-thirds of the outstanding common stock to approve business combinations with certain related persons; and (5)

restricting the ability of our shareholders to take action by written consent. As a Nevada corporation, we are also subject to provisions of Nevada law which restrict shareholders beneficially owning 10% or more of our outstanding voting shares from engaging in certain business combinations without approval of the Board or the holders of stock representing a majority of the voting power not beneficially owned by the interested stockholder.

If each of the proposals set forth in this proxy statement is approved, the Nevada Articles will be amended to conform to certain material provisions of the Delaware Certificate immediately prior to the Migratory Merger, and upon consummation of the Migratory Merger, PSI Delaware, as the surviving entity in the Migratory Merger, and the rights of its stockholders, will be subject to the DGCL, the Delaware Certificate and the Delaware Bylaws. The amendments to the Nevada Articles will have no practical effect other than to facilitate the approval of the Migratory Merger, as the Migratory Merger will be effected (and accordingly the Delaware Certificate will become the certificate of incorporation of the Company) as promptly as possible following shareholder approval of each of the proposals and the filing of the Charter Amendments with the Secretary of State of the State of Nevada. The Delaware Certificate does not include certain provisions currently included in the Nevada Articles which may be deemed to delay or prevent hostile takeover attempts, including a declassified board of directors and permitting stockholder action by written consent. Section 203 of the DGCL, in general, prohibits a business combination between a corporation and an interested stockholder within three years of the time such stockholder became an interested stockholder, except in specifically enumerated circumstances. The Delaware Certificate contains a provision which provides for the irrevocable, express election by PSI Delaware not to be governed by the provisions of Section 203 of the DGCL, Delaware s business combination statute.

While the DGCL, the Delaware Certificate and the Delaware Bylaws may still contain provisions which may delay or prevent hostile takeover attempts of PSI Delaware, in general, the overall effect of the Migratory Merger is to reduce the governing provisions which may have anti-takeover effects. Notwithstanding the foregoing, as discussed above, certain members of our management own shares representing a significant majority of the voting power of our capital stock (and will own capital stock of PSI Delaware representing a significant majority of the voting power of PSI Delaware s capital stock giving effect to the Migratory Merger). As a result, after the consummation of the Migratory Merger, these shareholders will continue to exercise control over matters requiring stockholder approval, including the election of directors, amendment of the Delaware Certificate and approval of significant corporate transactions. This control could have the effect of delaying or preventing a change of control of PSI Delaware or changes in management and will make the approval of certain transactions impossible without the support of these shareholders.

Comparison of Shareholder Rights Before and After the Migratory Merger

As a result of differences between the Nevada Revised Statutes (the NRS) and the DGCL, as well as differences between the Nevada Articles and the Nevada Bylaws, on the one hand, and the Delaware Certificate and the Delaware Bylaws, on the other hand, the Migratory Merger will effect changes in the rights of the Company s shareholders. Summarized below are material rights of the Company s shareholders (including certain significant differences thereof) prior to and after giving effect to the Migratory Merger resulting from the differences between the NRS and the DGCL, the Nevada Articles and the Nevada Bylaws and the Delaware Certificate and the Delaware Bylaws. The provisions of the Nevada Articles described below include those that will be amended, subject to shareholder approval as contemplated by this proxy statement, both as such provisions exist as of the date of this proxy statement (without giving effect to the amendments contemplated by this proxy statement) and as such provisions will be in effect assuming shareholder approval of such amendments to the Nevada Articles.

Provision	Nevada Law	Delaware Law
ELECTIONS; VOTING; PROCEDURAL MATTERS		
Number of Directors	Nevada law provides that a corporation must have at least one director and may provide in its articles of incorporation or bylaws for a fixed or variable number of directors, and for the manner in which the number of directors may be increased or decreased.	The comparable provision of Delaware law is substantially the same as the described provision of Nevada law.
	The Nevada Articles provide that our board of directors will consist of not more than 15 persons nor less than one person, as determined from time to time by a vote of a majority of our board of directors; provided that the number of directors will not be reduced so as to reduce the term of any director at the time in office.	The Delaware Certificate provides that the board of directors of PSI Delaware will consist of not less than five nor more than 11 directors. The exact number of directors is determined in the same manner provided by the Nevada Articles.
Classified Board of Directors	Nevada law permits corporations to classify their boards of directors. At least $^{1}/4$ of the total number of directors of a Nevada corporation must be elected annually.	The comparable provision of Delaware law is substantially the same as the described provision of Nevada law, except that under Delaware law the board of directors may be divided into a maximum of three classes of directors, such that at least $^{1}/3$ of the total number of directors of a Delaware corporation must be elected annually.
	The Nevada Articles currently provide that our board of directors will be divided into three classes, with the term of office of one class expiring each year. This provision of the Nevada Articles will be amended, subject to shareholder approval, as described in our this proxy statement, to declassify our board of directors. Upon receipt of shareholder approval and the amendment to this provision of the Nevada Articles, this provision will be consistent with the comparable provision of the Delaware Certificate.	The board of directors of PSI Delaware does not have a classified structure, consistent with the structure of our board of directors once our shareholders approve the amendment to the comparable provision of the Nevada Articles.
Removal of Directors	Under Nevada law, any one or all of the directors of a corporation may be removed by the holders of not less than $^{2}/3$ of the voting power of a corporation s issued and outstanding stock. Nevada law does not distinguish between removal of directors with or without cause.	Under Delaware law, directors of a corporation without a classified board may be removed with or without cause, by the holders of only a majority of the shares then entitled to vote (in contrast to Nevada s $^{2}/3$ requirement).
	The Nevada Articles currently provide that any director or our entire board of directors may be removed at any time, but only for cause and only by the affirmative vote of the holders of 75% or more of the total voting power of the outstanding capital stock of our company. This provision of the Nevada Articles will be amended,	The Delaware Certificate provides that directors may be removed, with or without cause, by the holders of at least a majority of the votes regularly entitled to vote at an election of directors. This provision will be consistent with the Nevada Articles once our shareholders approve the amendment to the comparable provision of the Nevada Articles, except that the threshold for removal of directors from the

	subject to shareholder approval, as described in this proxy statement, to provide that any director or our entire board of directors may be removed, with or without cause, by 2/3 of the total voting power of the outstanding capital stock of our company entitled to vote generally in the election of directors. Upon receipt of shareholder approval and the amendment to this provision of the Nevada Articles, this provision will be consistent with the comparable provision of the Delaware Certificate, except that the threshold for removal of directors from the board of directors under the Delaware Certificate is only a majority of the total voting power of the outstanding capital stock of our company entitled to vote generally in the election of directors.	board of directors under the Delaware Certificate is less than the 2/3 threshold required by the Nevada Articles.
Board Action by Written Consent	Nevada law provides that, unless the articles of incorporation or bylaws provide otherwise, any action required or permitted to be taken at a meeting of the board of directors or of a committee thereof may be taken without a meeting if, before or after the action, a written consent thereto is signed by all the members of the board or committee.	The comparable provision of Delaware law is substantially the same as the described provision of Nevada law.
	The Nevada Bylaws provide that unless otherwise restricted by the Nevada Articles, any action required or permitted to be taken at any meeting of our board of directors, or of any committee thereof, may be taken without a meeting if all members of the board of directors or committee consent thereto in writing or by electronic transmission. The Nevada Articles do not restrict the ability of our board of directors to act by written consent.	The Delaware Bylaws contain substantially the same provision as the Nevada Bylaws regarding board action by written consent. The Delaware Certificate does not restrict the ability of the board of directors of PSI Delaware to act by written consent.
Vacancies	Under Nevada law, all vacancies on the board of directors of a Nevada corporation may be filled by a majority of the remaining directors, though less than a quorum, unless the articles of incorporation provide otherwise. Unless otherwise provided in the articles of incorporation, the board may fill the vacancies caused by resignation for the remainder of the term of office of the resigning director or directors. Unless otherwise provided in the articles of incorporation or bylaws, directors chosen to fill any other vacancies will hold office until a successor is elected and qualified, or until the director resigns or is removed.	The comparable provision of Delaware law is substantially the same as the described provision of Nevada law.
	The Nevada Articles currently provide that any vacancies in our board of directors for any reason, and any directorships resulting from any increase in the number of directors, may be filled by our board of	The Delaware Certificate provides that vacancies on the board of directors of PSI Delaware and newly-created directorships may be filled by the board of directors or the shareholders; provided, however, that any vacancy resulting from the removal of a director by the shareholders may only be filled by the shareholders. This provision will be consistent with the Nevada Articles once our shareholders approve the amendment to the comparable provision of the Nevada Articles.

	directors, acting by a majority of the directors then in office, although less than a quorum, and any directors so chosen will hold office until the next election of the class for which such directors will have been chosen and until their successors will be elected and qualified. This provision of the Nevada Articles will be amended, subject to shareholder approval, as described in this proxy statement, to provide that vacancies on our board of directors may be filled by, in addition to a majority of our directors, our shareholders, and that any vacancies on our board of directors resulting from the removal of a director by our shareholders may only be filled by our shareholders. Upon receipt of shareholder approval and the amendment to this provision of the Nevada Articles, this provision will be consistent with the comparable provision of the Delaware Certificate.	
Special Meetings of Shareholders	Nevada law provides that unless otherwise provided in a corporation s articles of incorporation or bylaws, the entire board of directors, any two directors, or the president of the corporation may call a special meeting of the shareholders.	The comparable provision of Delaware law is substantially the same as the described provision of Nevada law, except that only the board of directors is given the default right to call a special meeting.
	The Nevada Bylaws provide that special meetings of the shareholders of our company may be called and conducted, upon not less than 10 nor more than 60 days notice, only by our board of directors pursuant to a resolution approved by a majority of the board of directors or at the request in writing of shareholders owning at least 50% of our entire capital stock issued and outstanding and entitled to vote (which threshold can be increased or decreased by the board of directors, without obtaining the approval of our shareholders, by amending the Nevada Bylaws), and the business transacted at any special meeting will be limited to the purposes stated in the notice.	The Delaware Certificate provides that special meetings of the shareholders of PSI Delaware may be called, upon not less than 10 nor more than 60 days written notice, only (1) by the chairman of the board of directors of PSI Delaware, (2) by the chief executive officer of PSI Delaware, (3) by the board of directors pursuant to a resolution approved by a majority of the board of directors, or (4) at the request in writing of shareholders owning at least 20% of the entire capital stock of PSI Delaware issued and outstanding and entitled to vote, and the Delaware Bylaws provide that business transacted at a special meeting will be limited to the purposes stated in the written notice.
Failure to Hold an Annual Meeting	Nevada law provides that if a corporation fails to hold an annual meeting to elect directors within 18 months after the last election, a Nevada district court may order an election upon the petition of one or more shareholders holding 15% of the corporation s voting power.	The comparable provision of Delaware law is substantially the same as the described provision of Nevada law, except that there are different requirements for the waiting period and for who may petition the court. Delaware law provides that if a corporation fails to hold an annual meeting for the election of directors or there is no written consent to elect directors in lieu of an annual meeting taken, in both cases for a period of 30 days after

		the date designated for the annual meeting, or if no date has been designated, for a period of 13 months after the last election of directors, a director or any shareholder (not just a shareholder or group of shareholders holding more than 15% of the corporation s voting power) of the corporation may apply to the Court of Chancery of the State of Delaware to order an annual meeting for the election of directors.
Voting Provisions	Under Nevada law, unless otherwise provided by the articles of incorporation or bylaws: (1) a majority of the voting power present in person or by proxy generally constitutes a quorum at a meeting of shareholders; (2) generally, action by the shareholders on a matter other than the election of directors is approved if the number of votes cast in favor of the action exceeds the number of votes cast in opposition to the action; (3) directors are generally elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on election of directors; (4) where a separate vote by a class or series is required, a majority of the voting power of the class or series that is present or represented by proxy generally constitutes a quorum; and (5) generally, an act by the shareholders of each class or series is approved if a majority of the voting power of a quorum of the class or series votes for the action.	The comparable provision of Delaware law is substantially the same as the described provision of Nevada law, except that under Delaware law, in no event may a quorum consist of less than 1/3 of the shares entitled to vote at a meeting, and where a separate vote by a class or series is required, a quorum may consist of no less than 1/3 of the shares of such class or series. The Delaware Certificate and Delaware Bylaws do not depart from the default provisions of Delaware law. Upon the consummation of the Migratory Merger, no shares of Preferred Stock will be outstanding.
	The Nevada Articles and Nevada Bylaws do not depart from the default provisions of Nevada law.	
	Pursuant to the Certificate of Designation, except as otherwise required by applicable law and in addition to any voting rights provided by law, the holders of outstanding shares of our Preferred Stock are entitled to vote together with the holders of our common stock, will have other rights specified in the Nevada Articles or as provided by Nevada law, and are entitled to receive notice of any shareholders meeting.	
	Each share of our Preferred Stock entitles its holder to cast one vote for each whole vote that such holder would be entitled to cast had such share of Preferred Stock been converted into shares of our Common Stock as of the date immediately prior to the record date for determining the shareholders of our company eligible to vote on any such matter, subject to the limitations on conversion set forth in the Certificate of Designation.	

Shareholder Action by Written Consent	Nevada law provides that, unless the articles of incorporation or bylaws provide otherwise, any action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting if the holders of outstanding stock having at least the minimum number of votes that would be necessary to authorize or take such action at a meeting consent to the action in writing.	The comparable provision of Delaware is substantially the same as the described provision of Nevada law, except that, in addition, Delaware law requires the corporation to give prompt notice of the taking of corporate action without a meeting by less than unanimous written consent to those shareholders that did not consent in writing.
	The Nevada Articles currently provide that no action required to be taken or which may be taken at any annual meeting of our shareholders may be taken without a meeting, and the power of shareholders to consent in writing, without a meeting, is specifically denied. This provision of the Nevada Articles will be amended, subject to shareholder approval, as described in this proxy statement, to permit the holders of shares of our capital stock having a majority of the total votes represented by the outstanding shares of our capital stock to act by written consent. Upon receipt of shareholder approval and the amendment of this provision of the Nevada Articles, this provision will be consistent with the comparable provision of the Delaware Certificate. The Nevada Bylaws defer to the Nevada Articles with regard to shareholder action by written consent.	The Delaware Certificate provides that any corporate action required or permitted to be taken at any annual or special meeting of shareholders may be taken by written consent of the holders of shares of capital stock of PSI Delaware having a majority of the total votes represented by the outstanding capital stock of PSI Delaware, in lieu of a meeting. This provision will be consistent with the comparable provision of the Nevada Articles once our shareholders approve the amendment to the Nevada Articles.
Shareholder Vote for Mergers and Other Corporate Reorganizations	Unless otherwise provided in the articles of incorporation, Nevada law requires authorization by an absolute majority of outstanding shares entitled to vote, as well as approval by the board of directors, with respect to the terms of a merger or a sale of substantially all of the assets of the corporation. So long as the surviving corporation is organized in Nevada, Nevada law does not generally require a shareholder vote of the surviving corporation if: (a) the existing articles of incorporation are not amended; (b) each share of stock of the surviving corporation outstanding immediately before the merger is identical after the merger; (c) the number of voting shares outstanding immediately after the merger, plus the number of new voting shares issued as a result of the merger will not exceed the total number of voting shares of the surviving corporation outstanding immediately before the merger by more than 20%; and (d) the number of participating shares outstanding immediately after the merger, plus the	The comparable provision of Delaware law is substantially the same as the described provision of Nevada law, except there is no distinction between voting shares and participating shares under Delaware law. Delaware law does not require a shareholder vote of the surviving corporation if either no shares of common stock of the surviving corporation and no shares, securities or obligations convertible into such stock are to be issued or delivered under the plan of merger, or if the authorized unissued shares or shares of common stock of the surviving corporation to be issued or delivered under the plan of merger plus those initially issuable upon conversion of any other shares, securities or obligations to be issued or delivered under such plan do not exceed 20% of the shares of common stock of such constituent corporation outstanding immediately prior to the effective date of the merger.

	number of participating shares issuable as a result of the merger will not exceed the total number of participating shares outstanding immediately before the merger by more than 20%.	
	The Nevada Articles do not contain any provisions that depart from the default provision of Nevada law.	
Cumulative Voting	Nevada law permits cumulative voting in the election of directors as long as the articles of incorporation provide for cumulative voting and certain procedures are followed.	The comparable provision of Delaware law is substantially the same as the described provision of Nevada law.
	There is no provision granting cumulative voting rights in the election of our directors in the Nevada Articles.	Like the Nevada Articles, the Delaware Certificate does not have a provision granting cumulative voting rights in the election of the directors of PSI Delaware.

INDEMNIFICATION OF OFFICERS AND DIRECTORS AND ADVANCEMENT OF EXPENSES; LIMITATION ON PERSONAL LIABILITY

Indemnification	Under Nevada law, a corporation may indemnify current and former directors and officers against expenses incurred in any action brought against those persons as a result of their role with the corporation, if those persons meet a minimum standard of conduct and certain other requirements are satisfied. A director or officer who is successful in defense of any proceeding subject to the Nevada corporate statutes indemnification provisions must be indemnified by the corporation for reasonable expenses incurred in connection therewith, including attorneys fees.	The comparable provision of Delaware law is substantially the same as the described provision of Nevada law. The Delaware Certificate provides that PSI Delaware will indemnify its directors and executive officers to the fullest extent permitted by Delaware law, subject to the standards set forth in the Delaware Certificate.
	The Nevada Bylaws provide that we will, to the maximum extent and in the manner permitted by Nevada law, indemnify each of our directors and officers against expenses (including attorneys fees), judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding, arising by reason of the fact that such person is or was our agent.	
Advancement of Expenses	Under Nevada law, the articles of incorporation, bylaws or an agreement made by the corporation may provide that the corporation must pay advancements of expenses in advance of the final disposition of the action, suit or proceedings upon receipt of an undertaking by or on behalf of the director or officer to repay the amount if it is ultimately determined that he or she is not entitled to be indemnified by the corporation.	The comparable provision of Delaware law is substantially the same as the described provision of Nevada law. The Delaware Certificate includes a provision regarding advancement of expenses that is substantially the same as the comparable provision of the Nevada Bylaws.

	The Nevada Bylaws provide that we will pay expenses incurred by an individual selected for indemnification by our board of directors in defending a civil or criminal action, suit or proceeding in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such individual to repay such amount if it is ultimately determined by a court of competent jurisdiction that such individual is not entitled to be indemnified by us.	
Limitation on Personal Liability of Directors	Under Nevada law, neither a director nor an officer of a Nevada corporation can be held personally liable to the corporation, its shareholders or its creditors unless the director or officer committed both a breach of fiduciary duty and such breach was accompanied by intentional misconduct, fraud or knowing violation of law. Nevada does not exclude breaches of the duty of loyalty or instances where the director has received an improper personal benefit.	Delaware law does not statutorily limit the personal liability of a director, but does permit a corporation to adopt provisions in its certificate of incorporation that limit or eliminate the liability of a director in substantially the same manner as Nevada law, except that a corporation may not limit the liability of a director for actions involving a breach of the duty of loyalty or improper personal benefit.
	The Nevada Articles provide for elimination of director liability to the fullest extent permitted by Nevada law. In addition, the Nevada Articles provide that any repeal or modification by the shareholders of the provision of the Nevada Articles limiting the personal liability of directors will not adversely affect any right or protection of any director existing at the time of such repeal or modification.	The Delaware Certificate provides for substantially the same limitations on director liability as the Nevada Articles, except that director liability is limited to the fullest extent permitted by Delaware law, and the Delaware Certificate provides that if an amendment is made to Delaware law, liability is limited to the fullest extent permitted by the amended Delaware law.

DIVIDENDS

Declaration and Payment of Dividends	Under Nevada law, a corporation may make distributions to its shareholders, including by the payment of dividends, provided that, after giving effect to the distribution, the corporation would be able to pay its debts as they become due and the corporation s total assets would not be less than the sum of its total liabilities plus any amount needed, if the corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights of shareholders whose rights are superior to those receiving the distribution. The Nevada Bylaws provide that dividends upon our capital stock, subject to the relevant provisions of the Nevada Articles and Nevada law, if any, may be declared by our board of directors at any regular or special meeting thereof, pursuant to law, out of funds legally available therefor.	The comparable provision of Delaware law is significantly different than the described provision of Nevada law. Under Delaware law, unless further restricted in the certificate of incorporation, a corporation may declare and pay dividends only out of surplus (defined as the excess of a corporation s net assets over the aggregate par value of such corporation s issued stock), or if no surplus exists, out of net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year, and only if the amount of capital of the corporation is greater than or equal to the aggregate amount of the capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets. A corporation may redeem or repurchase its shares only if the capital of the corporation is not impaired and such redemption or repurchase would not impair the capital of the corporation. A repurchase or redemption would impair the capital of a corporation if the funds used for such repurchase or redemption would exceed the amount of such corporation s surplus.
	Pursuant to the Certificate of Designation, if dividends are declared or paid with respect to our Common Stock, each holder of shares of our Preferred Stock will be entitled to receive as dividends an amount equal to the amount of the dividends that such holder would have received had such shares of Preferred Stock been converted into Common Stock as of the date immediately prior to the record date of such dividend on our Common Stock. If the shares of our Preferred Stock have not automatically converted into shares of our Common Stock within 120 days after the original issuance date of the Preferred Stock, each holder of then outstanding shares of Preferred Stock will be entitled to receive, when, as and if declared by our board of directors, non-cumulative cash dividends, accruing on a daily basis from the end of such 120 day period, through and including the date on which such dividends are paid, at the annual rate of 2% of the liquidation preference per share of the Preferred Stock.	The Delaware Bylaws provide for substantially the same rights regarding dividends as the Nevada Bylaws, which rights are subject to provisions of the Delaware Certificate and Delaware law as described above. The Delaware Certificate contains no restrictions on dividends.

ANTI-TAKEOVER STATUTES

Business Combination Statute	Nevada law generally prohibits an interested shareholder from engaging in a business combination with a corporation that has at least 200 shareholders of record and has a class of voting securities registered with the SEC for three years after the person first became an interested shareholder unless the combination or the transaction is approved by the board of directors before the person first became an interested shareholder. An interested shareholder is (1) a person that beneficially owns, directly or indirectly, 10% or more of the voting power of the outstanding voting shares of a corporation, or (2) an affiliate or associate of the corporation that, at any time within the past three years, was an interested shareholder of the corporation. Because we currently have less than 200 shareholders of record, this provision of Nevada law is not now applicable to us.	Delaware law provides for a similar three year prohibition on business combinations with interested shareholders, except the prohibition is limited to corporations with securities that are either listed on a national securities exchange, designated as national market system securities on an interdealer quotation system by the Financial Industry Regulatory Authority or held of record by more than 2,000 shareholders. Delaware law also generally defines an interested shareholder as the beneficial owner of 15% or more of a company s stock, which is higher than the 10% threshold set by Nevada Law. Further, unlike Nevada law, under Delaware law the moratorium will not apply if the business combination is approved by the holders of 2/3 of the company s voting stock not owned by the interested shareholder.
	A Nevada corporation may elect not to be governed by these provisions in its original articles of incorporation, or it may adopt an amendment to its articles of incorporation expressly electing not to be governed by these provisions, if such amendment is approved by the affirmative vote of a majority of the disinterested shares entitled to vote.	The comparable provision of Delaware law (Section 203 of the DGCL) is substantially the same as the described provision of Nevada law regarding the ability of a company to elect not to be governed by the provisions of state law regarding business combinations.
	The Nevada Articles provide that, generally, the affirmative vote of at least 2/3 of the outstanding shares of our Common Stock by shareholders of our company other than the related person, is required for the approval or authorization of any business combination with any related person. Such voting requirements will not be applicable, however, if specific conditions outlined in the Nevada Articles are met.	The Delaware Certificate contains a provision irrevocably expressly electing not to be governed by Section 203 of the DGCL.
Control Share Acquisition Statute	Nevada law limits the rights of persons acquiring a controlling interest in a Nevada corporation with 200 or more shareholders of record, at least 100 of whom have Nevada addresses appearing on the stock ledger of the corporation, and that does business in Nevada directly or through an affiliated corporation. Under Nevada law, an acquiring person that acquires a controlling interest in such a corporation may not exercise voting rights on any control shares unless such voting rights are conferred by a majority vote of the disinterested shareholders of the corporation at a special or annual meeting of the	Delaware does not have a control share acquisition statute.

	shareholders. In the event that the control shares are accorded full voting rights and the acquiring person acquires control shares with a majority or more of all the voting power, any shareholder, other than the acquiring person, that does not vote in favor of authorizing voting rights for the control shares is entitled to demand payment for the fair value of such person s shares. The control share acquisition statute does not apply if the corporation opts out of such provision in the articles of incorporation or bylaws in effect on the tenth day following the acquisition of a controlling interest by an acquiring person. The Nevada Bylaws expressly provide that the provisions of Nevada law regarding the acquisition of a controlling interest do not apply to our company.	
AMENDMENTS TO CHARTER AND BYLAWS		
Amendments to the Charter	Under Nevada law, subject to certain exceptions, in order for a corporation to amend its articles of incorporation, its board of directors must first adopt a resolution setting forth the amendment proposed and either call a special meeting of the shareholders entitled to vote on the amendment or direct that the proposed amendment be considered at the next annual meeting of the shareholders entitled to vote on the amendment. At the meeting, a vote of the shareholders entitled to vote must be taken for and against the proposed amendment. If any proposed amendment would adversely alter or change any preference or any relative or other right given to any class or series of outstanding shares, such amendment must be approved by the holders of shares representing a majority of the voting power of such class. Whenever the articles of incorporation require for action the vote of a greater number or proportion than is required by Nevada law, the provision of the articles of incorporation requiring such greater vote shall not be altered, amended or repealed except by such greater vote. If shareholders with voting power over a sufficient number of shares have voted in favor of the amendment, an officer of the corporation will sign a certificate setting forth the amendment, or setting forth the articles of incorporation as amended, and the vote by which the amendment was adopted. Finally, the signed certificate must be filed with the Secretary of State of the State of Nevada.	The comparable provision of Delaware law is substantially the same as the described provision of Nevada law. The Delaware Certificate provides that the board of directors of PSI Delaware may adopt a resolution proposing to amend, alter, change or repeal any provision contained in the Delaware Certificate. An affirmative vote of the holders of at least 80% of the voting power of the shares entitled to vote generally in the election of directors is required to amend, alter or repeal, or to adopt any provision inconsistent with, Article Fifth, Sixth, Seventh, Eighth or Ninth of the Delaware Certificate. An affirmative vote of the holders of a majority of the voting power of the shares entitled to vote generally in the election of directors is required to amend any other provisions of the Delaware Certificate. This provision will be consistent with the Nevada Articles once our shareholders approve the amendment to the comparable provision of the Nevada Articles. Immediately following the consummation of the Migratory Merger, no shares of Preferred Stock will be outstanding and, accordingly, no separate approval of any class of capital stock (other than PSI Delaware s common stock) will be required.

	Nevada	Delaware
	The Nevada Articles currently provide that our board of directors reserves the right at any time, and from time to time, to adopt a resolution proposing to amend, alter, change or repeal any provision in the Nevada Articles, and to add any other provisions authorized by Nevada law. This provision of the Nevada Articles will be amended, subject to shareholder approval, as described in this proxy statement, to require the vote of the holders of at least 80% of the voting power of the shares entitled to vote generally in the election of directors to amend, alter or repeal, or to adopt any provision inconsistent with, Article Eighth, Tenth or Fourteenth of the Nevada Articles. Upon receipt of shareholder approval and the amendment to this provision of the Nevada Articles, this provision will be consistent with the comparable provision of the Delaware Certificate, except that the 80% threshold requirement will apply to additional provisions in the Delaware Certificate that do not appear in the Nevada Articles. In addition, the Certificate of Designation provides that, so long as the Preferred Stock is in existence, the Nevada Articles may not be amended without the consent of the holders (other than holders who are directors or officers of the Company) of at least 66 2/3% of the shares of Preferred Stock outstanding (excluding any shares held by directors or officers of the Company).	
Amendments to the Bylaws	Under Nevada law, unless otherwise prohibited by any bylaw adopted by the shareholders, the directors may adopt, amend or repeal any bylaw, including any bylaw adopted by the shareholders. The articles of incorporation may grant the authority to adopt, amend or repeal bylaws exclusively to the directors. The Nevada Articles provide that our board of directors has the power to make, adopt, alter, amend and repeal our bylaws, subject to the right of the shareholders to adopt, alter, amend and repeal bylaws by the vote of the holders of not less than two-thirds of the outstanding shares of stock entitled to vote upon the election of directors. In addition, the Certificate of Designation provides that, so long as the Preferred Stock is in existence, the Nevada Bylaws may not be amended without the consent of the holders (other than holders who are directors or officers of the Company) of at least 66 2/3% of the shares of Preferred Stock outstanding (excluding any shares held by directors or officers of the Company).	Unlike Nevada law that grants this power to the directors of a corporation (and also allows for this power to be exclusively held by such directors), under Delaware law, the power to adopt, amend or repeal bylaws is granted to the shareholders entitled to vote. Although a Delaware corporation may also confer the power to adopt, amend or repeal bylaws upon its directors, the fact that such power has been so conferred upon the directors does not divest the shareholders of the power, nor limit their power to adopt, amend or repeal bylaws. The Delaware Certificate provides that the board of directors of PSI Delaware is expressly authorized to make, alter, amend or repeal the bylaws. The bylaws may also be altered, amended, or repealed, or new bylaws may be adopted by a majority vote of the shareholders entitled to vote generally in the election of directors at an annual or special meeting of shareholders. The board of directors does not have the power to amend, alter or repeal, or to adopt any provision inconsistent with, any bylaw adopted by the shareholders. Immediately following the consummation of the Migratory Merger, no shares of Preferred Stock will be outstanding and, accordingly, no separate approval of any class of capital stock (other than PSI Delaware s common stock)

will be required.

MISCELLANEOUS

Interested Party Transactions	Under Nevada law, a contract or transaction between a corporation and one or more of its directors or officers, or between a corporation and any other organization in which one or more of its directors or officers are directors or officers, or are financially interested, is not void or voidable solely for that reason, if one or more of the following circumstances exist: (1) the director s or officer s interest is known to the board of directors or shareholders and the transaction is approved by the board or shareholders in good faith without counting the vote or votes of the interested director or officer; (2) the common interest is known to the shareholders, and they approve or ratify the transaction in good faith by a majority vote of shareholders; (3) the common interest is not known to the director or officer at the time the transaction is brought before the board; or (4) the transaction is fair to the corporation at the time it is authorized or approved. The Nevada Articles and Nevada Bylaws generally conform to the statutory rules.	The comparable provision of Delaware law is substantially the same as the described provision of Nevada law regarding interested party transactions, except that in Delaware, the fact that the common interest is not known to the director or officer at the time the transaction is brought before the board is not sufficient to overcome the presumption that such a transaction is void or voidable solely because it is an interested party transaction. The Delaware Bylaws conform to the statutory rules.
Authorization of Capital Stock	Under Nevada law, if a corporation desires to have more than one class or series of stock, the articles of incorporation must prescribe, or vest authority in the board of directors to prescribe, the classes, series and the number, and the voting powers, designations, preferences, limitations, restrictions and relative rights, of each class or series of stock. If more than one class or series of stock is authorized, the articles of incorporation or the resolution of the board of directors passed pursuant to a provision of the articles must prescribe a distinguishing designation for each class and series. The voting powers, designations, preferences, limitations, restrictions, relative rights and distinguishing designation of each class or series	The comparable provision of Delaware law is substantially the same as the described provision of Nevada law. The Delaware Certificate provides substantially the same rights as the Nevada Articles.

	of stock must be described in the articles of incorporation or the resolution of the board of directors before the issuance of shares of that class or series.	
	The Nevada Articles provide that our board of directors is authorized to provide for the issuance of the shares of our preferred stock in series, and to establish from time to time the number of shares to be included in each such series, and to fix the designations, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions or each such series.	
Anti-Dilution	Our Preferred Stock is subject to full-ratchet anti-dilution whereby, upon the issuance (or deemed issuance) of shares of our Common Stock at a price below the then-current conversion price of the Preferred Stock (but not based upon the trading price of our Common Stock), subject to specified exceptions, the conversion price of the Preferred Stock will be reduced to the effective price of our Common Stock so issued (or deemed to be issued). The conversion price of the Preferred Stock is also subject to adjustments for non-cash dividends, distributions, stock splits or other subdivisions or reclassifications of our Common Stock.	Immediately following the consummation of the Migratory Merger, no shares of our Preferred Stock will be outstanding.
Appraisal Rights	Under Nevada law, a shareholder of a Nevada corporation, with certain exceptions, has the right to dissent from, and to obtain payment of the fair value of his shares in the event of: (1) a merger or plan of exchange to which the corporation is a party if the shareholder is entitled to vote on such merger or plan of exchange; and (2) any corporate action taken pursuant to a vote of the shareholders to the extent that the articles of incorporation, bylaws or a resolution of the board of directors provides that voting or non-voting shareholders are entitled to dissent and obtain payment for their shares.	Although the appraisal process operates differently, the comparable provision of Delaware law provides substantially the same rights as the described provision of Nevada law. The Delaware Certificate and the Delaware Bylaws do not contain any provisions regarding appraisal rights.
	The Nevada Articles and the Nevada Bylaws do not contain any provisions regarding appraisal rights.	

Transferability of Stock

Shareholders holding securities with transfer restrictions prior to the consummation of the Migratory Merger would hold shares of common stock of PSI Delaware that have the same transfer restrictions upon consummation of the Migratory Merger. For purposes of computing the holding period under Rule 144 of the Securities Act of 1933, as amended, shareholders should be deemed to have acquired their shares of common stock of PSI Delaware on the date they originally acquired their shares of Common Stock or Preferred Stock of the Company.

Accounting Treatment of the Migratory Merger

The Migratory Merger would be accounted for as a reverse merger whereby, for accounting purposes, the Company would be considered the accounting acquiror and PSI Delaware would be treated as the successor to the historical operations of the Company. Accordingly, the historical financial statements of the Company as of and for all periods through the consummation of the Migratory Merger would be treated as the financial statements of PSI Delaware, as the surviving corporation in the Migratory Merger.

Federal Income Tax Consequences of the Migratory Merger

The following discussion summarizes the material U.S. federal income tax consequences of the Migratory Merger to holders of our stock or warrants to acquire our stock. This summary is not exhaustive of all possible tax considerations. The discussion is based on the Internal Revenue Code of 1986, as amended (the Code), regulations promulgated under the Code by the U.S. Treasury Department (including proposed and temporary regulations), rulings, current administrative interpretations and official pronouncements of the Internal Revenue Service (the IRS), and judicial decisions, all as currently in effect and all of which are subject to differing interpretations or to change, possibly with retroactive effect. Such change could materially and adversely affect the tax consequences described below. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described herein.

This summary is for general information only and does not address all aspects of U.S. federal income taxation that may be important to a particular holder in light of its investment or tax circumstances or to holders subject to special tax rules, such as partnerships, subchapter S corporations or other pass-through entities, banks, financial institutions, tax-exempt entities, insurance companies, regulated investment companies, real estate investment trusts, trusts and estates, dealers in stocks, securities or currencies, traders in securities that have elected to use the mark-to-market method of accounting for their securities, persons holding our stock or warrants as part of an integrated transaction, including a straddle, hedge, constructive sale, or conversion transaction, persons whose functional currency for tax purposes is not the U.S. dollar and persons subject to the alternative minimum tax provisions of the Code. This summary does not include any description of the tax laws of any state or local governments, or of any foreign government, that may be applicable to a particular holder.

This summary is directed solely to holders that hold our stock or warrants as capital assets within the meaning of Section 1221 of the Code, which generally means as property held for investment. In addition, the following discussion only addresses U.S. persons for U.S. federal income tax purposes, generally defined as beneficial owners of our stock or warrants that are:

- individuals who are citizens or residents of the United States;
- corporations (including an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or of any state of the United States or the District of Columbia;
- estates the income of which is subject to U.S. federal income taxation regardless of its source;
- trusts if a court within the United States is able to exercise primary supervision over the administration of any such trust and one or more U.S. persons have the authority to control all substantial decisions of such trust; or
- trusts in existence on August 20, 1996 that have valid elections in effect under applicable Treasury regulations to be treated as U.S. persons.