POWER SOLUTIONS INTERNATIONAL, INC.
Form PRE 14A
June 28, 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.)

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 merger transaction with The W Group, Inc. (The W Group), now our wholly owned subsidiary through which we operate our business (the Reverse Merger), 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 certain 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 Merger 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 June 27, 2011, 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 June 27, 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 , 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 our website *www.powergreatlakes.com* in the Contact section 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 Merger (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 Merger, effective April 29, 2011, we changed our corporate name to Power Solutions International, Inc. 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 Merger on April 29, 2011, and Power Solutions International, Inc., as successor to the business of The W Group, and its consolidated subsidiaries, collectively, following the closing of the Reverse 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 Merger, and the Board of Directors of Power Solutions International, Inc. following the closing of the Reverse Merger.

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, 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 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	**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	**FOR**

articles of incorporation (proposals 1, 2 and 3, collectively, the Charter Amendments)

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 , 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?

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 , 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 , 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 Merger

On April 29, 2011, The W Group consummated a reverse merger transaction (the Reverse Merger) with Format, Inc. (n/k/a Power Solutions International, Inc.) (prior to the consummation of the Reverse Merger 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, becoming a wholly-owned subsidiary of Power Solutions International, Inc. In connection with the consummation of the Reverse Merger, Format changed its name to Power Solutions International, Inc. The Reverse Merger was consummated under Delaware corporate law pursuant to an agreement and plan of merger, dated as of April 29, 2011 (the Reverse Merger Agreement). Pursuant to the Reverse Merger Agreement, all of the outstanding shares of common stock of The W Group held by the three stockholders of The W Group (Gary Winemaster, Kenneth Winemaster and Thomas Somodi, our Chief Executive Officer, President and Chairman of the Board, our Senior Vice President and Secretary and our Chief Operating Officer and Chief Financial Officer, respectively) at the closing of the Reverse Merger converted into, and Power Solutions International, Inc. issued to the three stockholders of The W Group, an aggregate of 10,000,000 shares of Common Stock and 95,960.90289 shares of Preferred Stock, representing a substantial majority of the shares of Common Stock and shares of Preferred Stock outstanding immediately following the consummation of the Reverse Merger. For a detailed description of the Preferred Stock, see Description of Series A Convertible Preferred Stock below.

In connection with the Reverse Merger, 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 Merger, and his wife, Michelle Neely. Pursuant to the Repurchase Agreement, at the time of consummation of the Reverse Merger, (1) we 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 Merger, 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 us from any and all obligations we had with respect to, the loans made by Ryan Neely and Michelle Neely to Format from time to time, in exchange for aggregate consideration of $360,000 (collectively, the Stock Repurchase).

As a result of the Reverse Merger, 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 and hybrid power solutions 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 Merger, 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 initially an aggregate of 24,000,007 shares of Common Stock (the Private Placement Warrants), at an initial 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 initially convertible into an aggregate of 48,000,007 shares of Common Stock, subject to the 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 initially 3,360,000 shares of Common Stock (the Roth Warrant), subject to the limitations on exercise set forth in the Roth Warrant, at an initial exercise price of $0.4125 per share and upon the terms and conditions 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 thereof, 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 thereof, 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 thereof, see Description of the Roth Warrant below.

As of June 27, 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 Merger, 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 individuals decreases giving effect to the Reverse Split because these individuals hold both Common Stock and Preferred Stock (which Preferred Stock fully converts into Common Stock automatically upon the consummation of the Reverse Split), while other shareholders hold only Preferred Stock and Private Placement Warrants (which Private Placement Warrants become exercisable upon the consummation of the Reverse Split).

Migratory Merger, Charter Amendments and Voting Agreements

Pursuant to the terms of the Reverse Merger and the Private Placement, we agreed to consummate, and in connection with the consummation of the Reverse Merger 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 Merger and the Private Placement. Consummation of the Migratory Merger is conditioned upon shareholder approval of the Charter Amendments.

In connection with the Reverse Merger 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 persons who entered into the Voting Agreements hold, in the aggregate, a substantial majority of the voting securities of our company. 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.

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 June 27, 2011, an aggregate of 113,960.90289 shares of the Preferred Stock were issued and outstanding.

Each share of Preferred Stock is initially convertible into shares of Common Stock at any time at the election of the holder, subject to the limitations on conversion set forth in the Certificate of Designation (as described below), at an initial 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 protections. 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 Merger 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 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 Merger. 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 a pre-determined effective price per share (the Reset Price), 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 Reset Price 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 (subject to the limitations on conversion of the Preferred Stock). 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 the holder thereof 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 initial 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

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 certain 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 a pre-determined effective price per share. See Description of Series A Convertible Preferred Stock above. The Private Placement Warrants represent the right to purchase initially 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 Merger 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 the holders thereof. 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 equal to the aggregate exercise price associated with such exercise, based upon the market price of the Common Stock.

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 Merger, 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 initially an aggregate of 3,360,000 shares of Common Stock, subject to the limitations on exercise set forth in the Roth Warrant, at an initial exercise price of $0.4125 per share, subject to adjustment as set forth in the Roth Warrant. 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 Merger 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 the holder thereof. 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 equal to the aggregate exercise price associated with such exercise, based upon the market price of the Common Stock. 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) thereof.

Officers and Directors

Prior to the closing of the Reverse Merger 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 Merger, 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 Merger 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 May 23, 2011, the date 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 Merger 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 Merger 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 Merger, 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 Merger and the Private Placement.

Prior to the closing of the Reverse Merger 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 Merger 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 Merger 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 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 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 outstanding shares of 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; 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.

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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 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. 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 a majority of the stockholders in lieu of a meeting.

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 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. 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 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) 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 and, as a result, can exercise significant influence over matters requiring shareholder approval. As of June 27, 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 Merger. 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 Merger 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 Merger, 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 Merger, 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, our shareholders will approve changes to the Nevada Charter that 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 Compa