

POWER SOLUTIONS INTERNATIONAL

Powering a Greener Future



Barrington Research
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May 16th, 2012

CAUTIONARY NOTES

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WHO WE ARE

Power Solutions International, Inc. (PSI) is a leader in the design, engineering and manufacture of emissions-certified, alternative-fuel engines.

- Founded by CEO Gary Winemaster in 1985
- Went public in 2011: **OTCBB: PSIX**
- 2011 year-end revenue: \$155M
- Over 30,000 engines sold annually
- Global customer base of 70+ OEMs
- A workforce of over 300

PSI operates primarily through two main subsidiaries:

- Power Solutions Inc. makes alternative fuel engines and contributed an estimated 85% of 2011 total revenue.
- Power Great Lakes is a diesel engine distributor and contributed an estimated 15% of 2011 total revenue.



WHAT WE DO

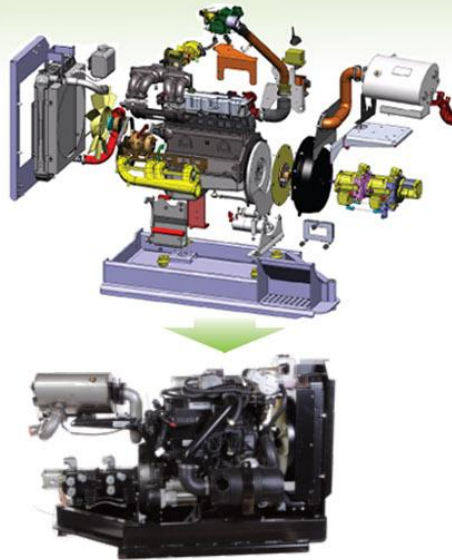
STRATEGIC PARTNERS

Base Engine Blocks



PSI SYSTEMS & COMPONENTS

Certified Engines & Complete Power Systems



END-MARKET OEMs

Applications



INVESTMENT HIGHLIGHTS

INDUSTRY LEADER

One of the largest North American off-road alternative engine suppliers



FAVORABLE MARKET TRENDS

Environmental & economic trends favor alternative fuel and certified engines



ORGANIC REVENUE GROWTH

2011 sales of \$155M, up 54%, net income of \$4.1M up 159%, over year end 2010



PIPELINE OF NEW PRODUCTS

New engines to expand forklift market sales and a new 8.8L engine to extend into on-road



EXPERIENCED MANAGEMENT

Seasoned management with deep industry knowledge and project specific talent

branch, esp of fr
▷ lead-er-les
lead-er-ship
responsibilities of leadership
crisis. 2 [U] ability to b
leadership necessary in a
leadership potential. 3

PSI PRODUCT PORTFOLIO

A broad product portfolio and diversified customer base provides stability and demonstrates product leadership.

POWERBAND RANGE

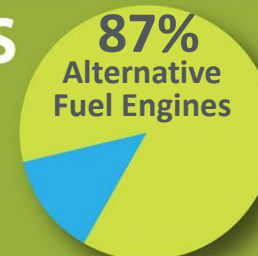
15 engine families to meet customer needs: .97L–22.1L



ALTERNATIVE & CONVENTIONAL FUELS

Full alternative fuel range + gasoline and diesel capability

- Natural Gas
- Propane
- Biofuel

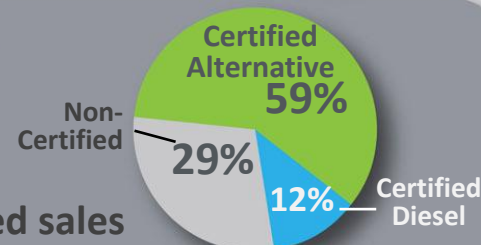


EMISSION CERTIFIED ENGINES

US EPA & CARB certified

Certified & uncertified engines

Regulation drives non-certified business to certified sales



CURRENT MARKETS SERVED

A broad range of end-use markets and a diversified customer base

- Diversification provides stability against cycles or downturns
- Longstanding customer base of well-known OEMs across markets

PSI Top Off-Road Markets

Power
Generation



30%

Material
Handling



24%

Gas, Oil &
Irrigation



9%

Environmental
Woodchippers,
Recycling



7%

Industrial
& Commercial
Sweepers



5%

All Others



25%

We estimate that over 70% of the power systems that we supply are provided to our major OEM customers on a sole-source basis

CUSTOMER-FOCUSED PRODUCT LEADER

PSI differentiates itself from competitors and adds value for customers through five core competencies. Customers choose PSI because we:

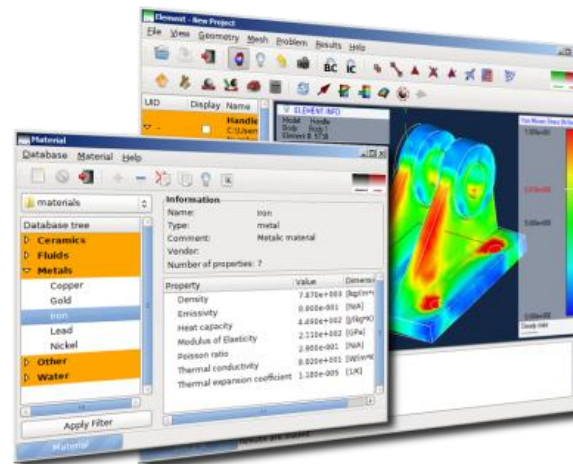
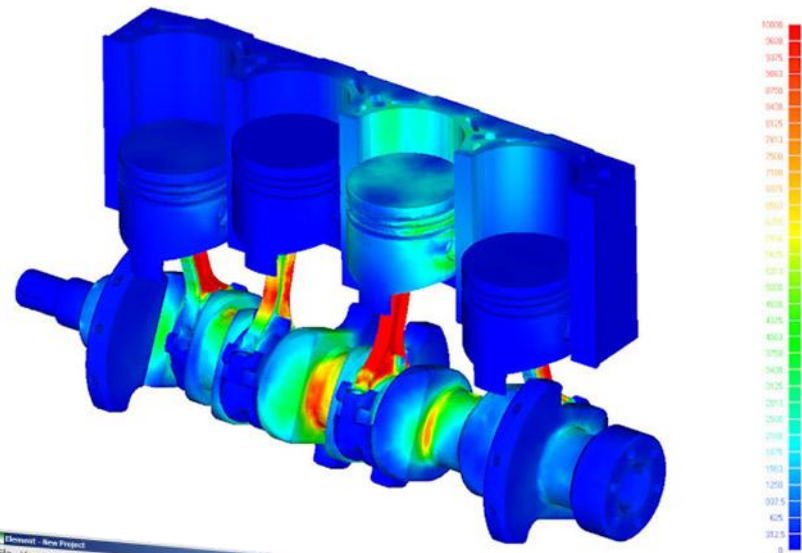
- Design and engineer with end-use application in mind
- Hold EPA & CARB certificates as Manufacturer of Record
- Provide worldwide sourcing and integrated supply chain
- Offer rapid product delivery through flexible, high-quality manufacturing
- Provide sophisticated post sales service and support



MARKET-DRIVEN DESIGN & ENGINEERING

PSI is a recognized innovator that can design and engineer custom turn-key power solutions to meet a wide range of OEM applications.

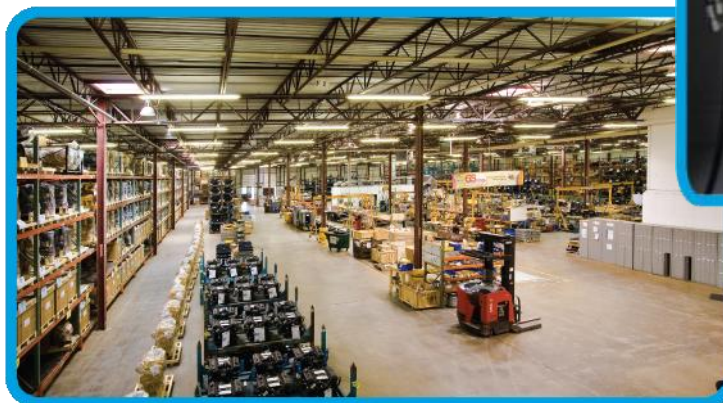
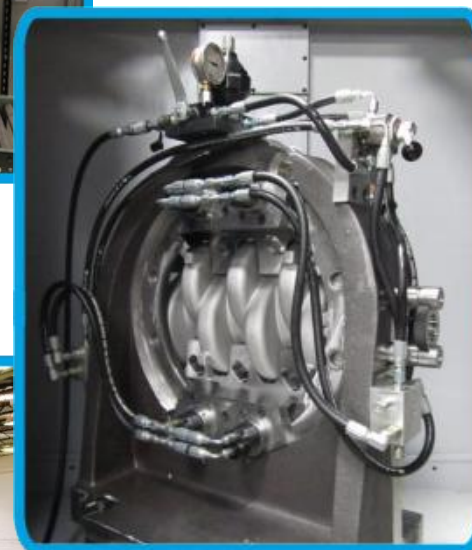
- In-house, multi-disciplinary design and engineering expertise
- Award-winning product development
- 3-D modeling, rapid prototyping and testing
- Product flexibility through “open source” engineering architecture that integrates best-in-class technology



ADVANCED MANUFACTURING

PSI's manufacturing facility is built for quality, speed and flexibility, delivering engines to customers on-time and on-spec.

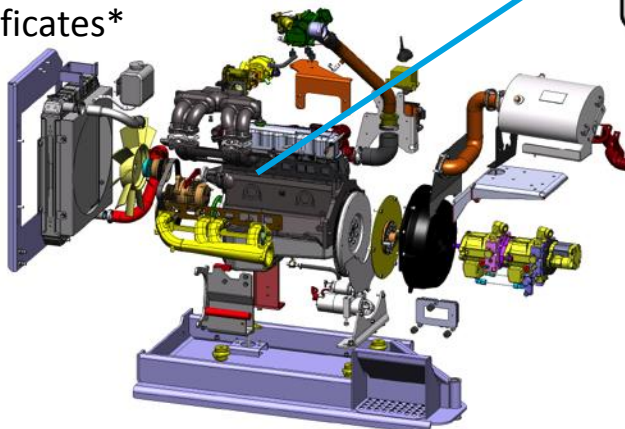
- 400,000+ sq. ft. operations provide capacity for growth
- Sophisticated enterprise software, process automation, wire guided racking and assembly line schematics
- Six Sigma, 5S and ISO 9001:2008 certification ensure product quality, lower costs and operational efficiency



EMISSION COMPLIANT CERTIFICATION

Comprehensive emission expertise creates a barrier to entry for competitors and provides customers with an invaluable service.

- Complex and costly compliance hurdles drive OEMs to outsource services that PSI provides
- PSI is Manufacturer of Record (MOR) for alternative fuel/gasoline engines
- PSI holds 25 US EPA and nine CARB emission certificates*

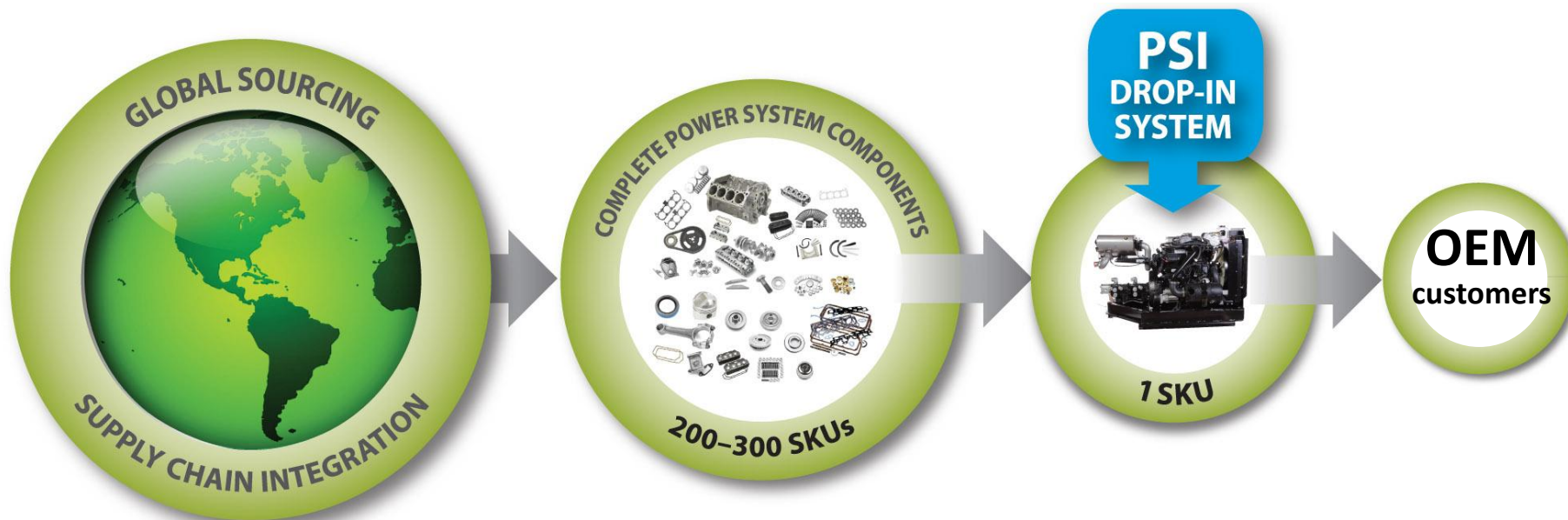


IMPORTANT EMISSION CONTROL INFORMATION
THIS ENGINE COMPLIES WITH U.S. EPA REGULATIONS FOR 2009 LARGE EMERGENCY STATIONARY SI ENGINES.
FOR STATIONARY EMERGENCY USE ONLY.
THIS ENGINE IS CERTIFIED TO 4.0 G/HP-HR OF CO AND 2.0 G/HP-HR OF NO_x, AND 1.0 G/HP-HR OF VOC FOR A COMPLIANCE PERIOD OF 5000 HOURS.
ENGINE FAMILY: 9PSIB8.10EMT
THIS ENGINE IS CERTIFIED TO OPERATE ON LPG OR NG
EXHAUST ECS: MFI, H02S, MIXER, TWC
SPARK PLUG: AC DELCO R42LTS
SPARK PLUG GAP: .035"
OIL FILTER: 30100010
OIL: 0° F OR HIGHER – 10W-30
0° F OR BELOW – 5W-30
PSI
POWER SOLUTIONS, INC.
USE IN CONSTANT SPEED APPLICATIONS ONLY
PLEASE REFER TO THE OWNER'S MANUAL FOR MORE DETAILED INFORMATION REGARDING MAINTENANCE SPECIFICATIONS AND ADJUSTMENTS.
DANGER: TURN ENGINE OFF BEFORE REFUELING AND MAINTENANCE.
POWER SOLUTIONS INC. MADE IN USA LABEL PN 36000157

GLOBAL SUPPLY CHAIN MANAGEMENT

Worldwide sourcing capabilities and supply chain integration deliver cost-competitive products and consolidate suppliers for customers.

- Worldwide sourcing of proprietary and third party components
- Aggregation of components = purchasing power
- Economies of scale and volume discounts
- Supplier consolidation adds value for OEMs



AFTERMARKET SALES, SERVICE & SUPPORT

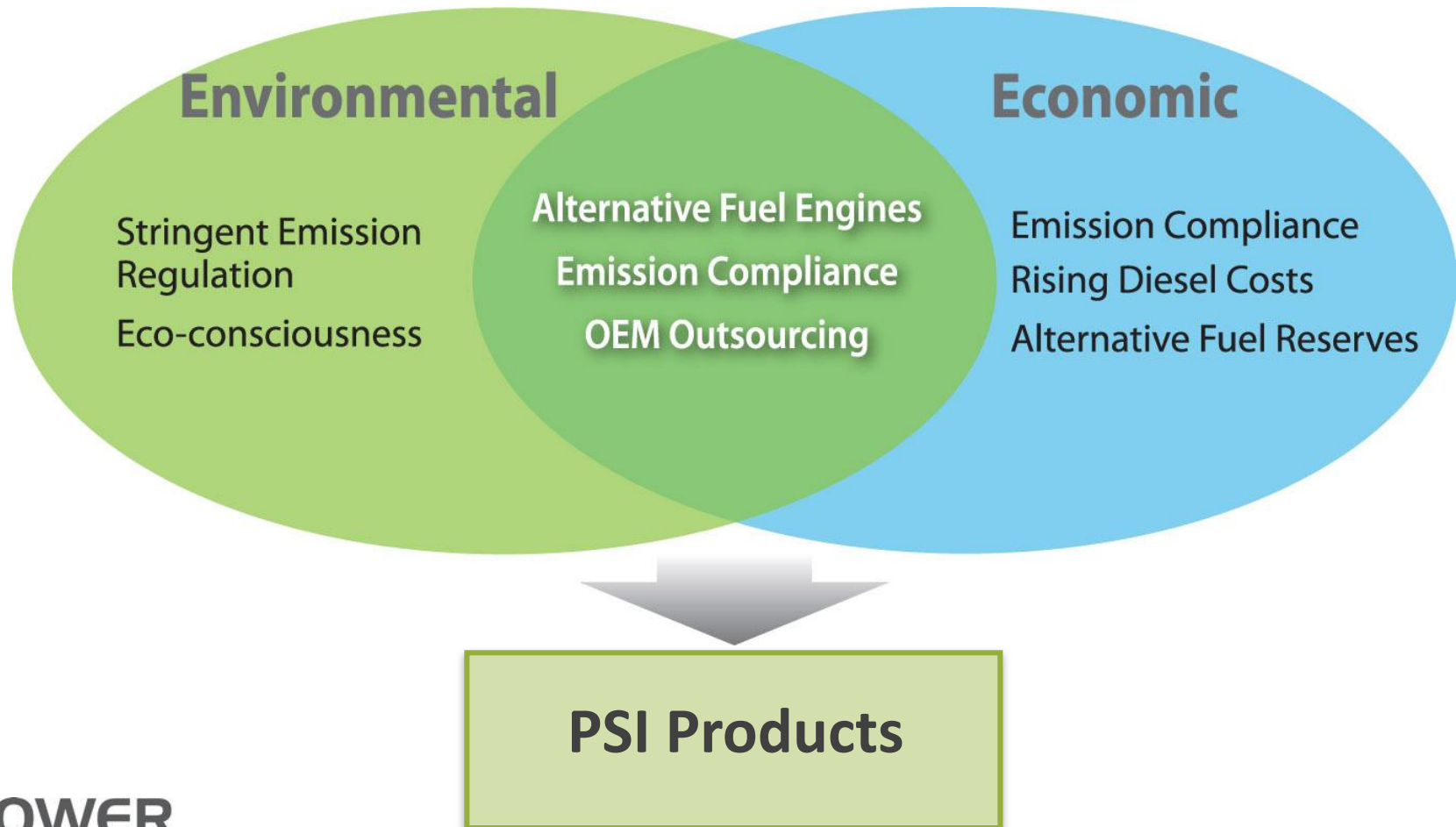
PSI provides direct aftermarket sales, product service and support to customers, extending the PSI-customer relationship.

- Sophisticated aftermarket parts, service and integrated warranty programs for OEMs
- Proprietary components drive strong high-margin sales
- Sales of aftermarket components represent roughly 10% of total revenues and a consistent and growing revenue stream



FAVORABLE MARKET TRENDS

PSI is positioned to capitalize on environmental and industry trends that favor our core strengths in emission compliance and customization.



GROWTH DRIVERS

PSI will capitalize on existing growth drivers, new offerings and emerging market trends to grow current customers and capture new markets.

CONTINUING GROWTH DRIVERS



Oil & Gas Applications



NGE Engines



Continuing Expansion into Global Forklift Market

NEW GROWTH DRIVERS



Introduce New 2.0L & 2.4L Offering to Forklift Market



Introduce 8.8L Engine Off-road & On-road



Emerging Shift to Alternative Fuels from Diesel



Hybrid Systems Development

EXISTING CUSTOMER BASE

2008

2009

2010

2011

2012

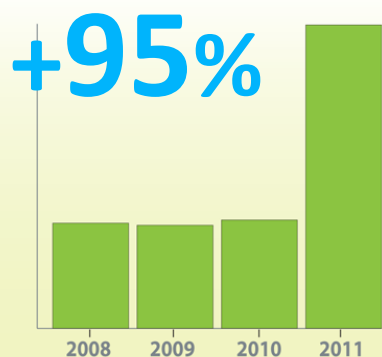
CONTINUING GROWTH DRIVERS

PSI will continue to realize organic growth with existing customers, boosted by past product launches and strategies.

Oil & Gas Applications

PSI technology, along with increasing certification requirements, will continue to drive our growth in this market.

Oil & Gas Sales Growth



NGE Engines

PSI created NGE Engines in 2008 to target a need for certified, large alternative fuel power systems in various industrial sectors.

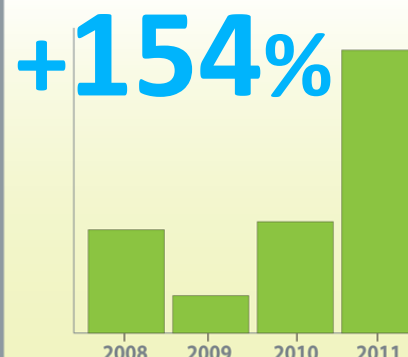
NGE Engines Sales Growth



Continuing Expansion into Global Forklift Market

PSI has leveraged its existing product offerings to further penetrate this market.

Global Forklift Sales Growth



* Percentage increases are from 2010 to 2011.

INTRODUCTION OF 2.0–2.4 ENGINES

PSI is targeting the large 1.5 – 3 ton forklift market with a low-cost, high-performance engine backed by an exclusive supply agreement.

2.0L & 2.4L FORKLIFT ENGINES

With the new 2.0L & 2.4L engines, PSI is targeting the largest global forklift market with alternative fuel solutions.

- Emission regulations are leading longtime engine providers to reevaluate their participation in this market
- Exclusive engine block supply agreement with a Mitsubishi engine block JV
- PSI is the MOR (EPA & CARB certifications)
- Producing certified and non-certified products



8.8L “BIG BLOCK” ENGINES

PSI's 8.8L offers significant growth potential by extending our high-performance turnkey solutions to both off- and on-road markets.

OFF- AND ON-ROAD CAPABILITY

- Purpose-built engine fills key market gap
- Cost-effective and fuel-flexible
- Proprietary technology — engine block designed in-house
- PSI's entrance into on-road fleet markets
- Fills immediate need in current customer base for multiple applications
- Superior performance: 20% more power and torque, increased fuel efficiency, lower emissions compared to big block predecessor

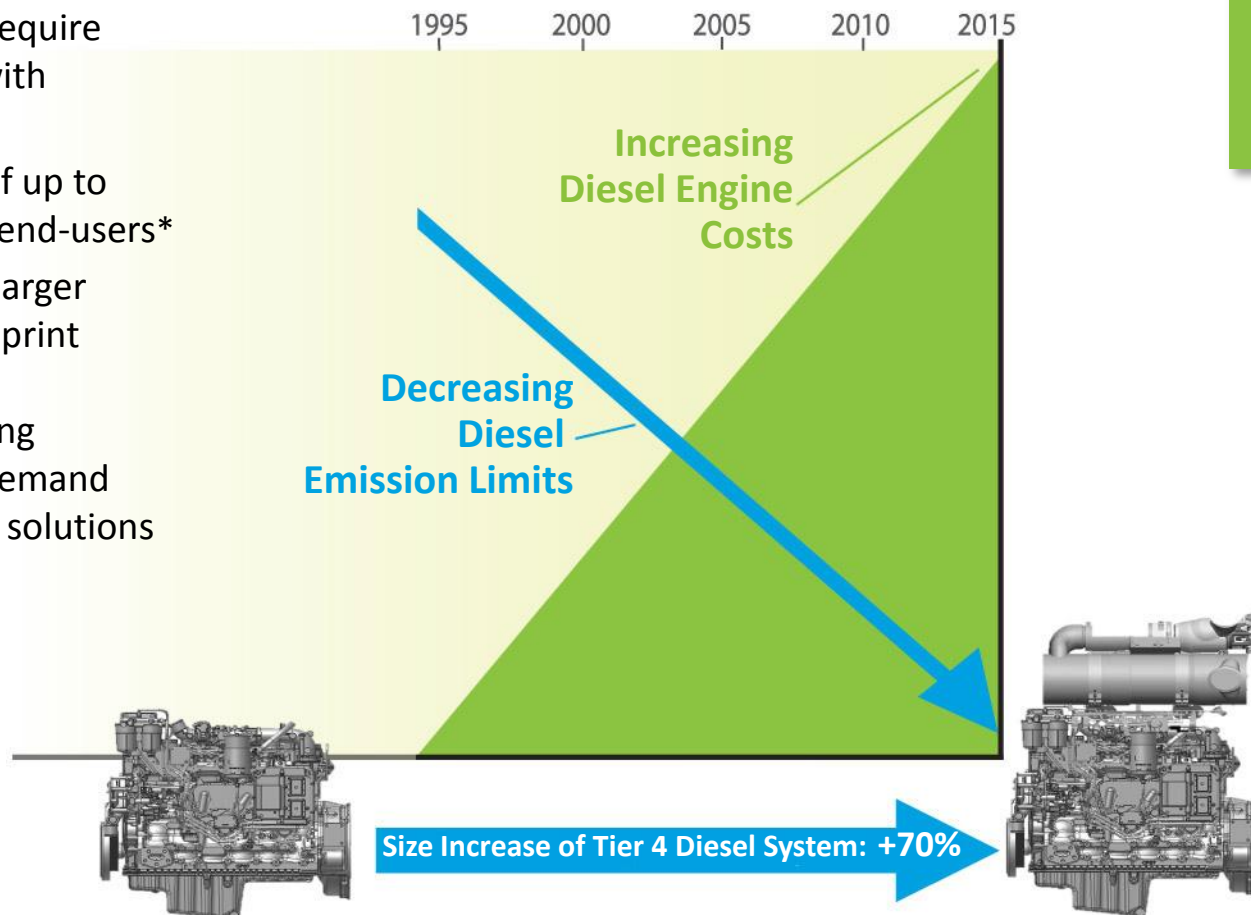


RISING EMISSION COMPLIANCE COSTS

As emission regulations tighten, diesel users face increased costs, while OEMs face complex certification hurdles.

- Tier 4 regulations will require OEMs to use engines with costly after-treatment:
 - Increased costs of up to 60% or more for end-users*
 - As much as 70% larger than current footprint
- Cost, expertise and sizing requirements driving demand toward alternative fuel solutions

* Percentages based on change from Tier 3 to Tier 4



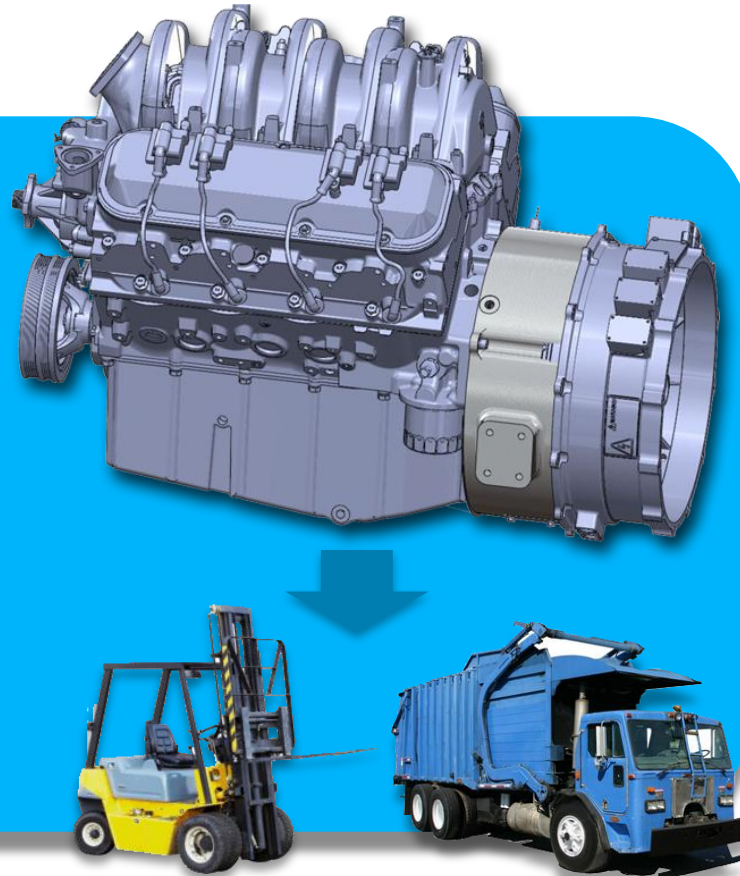
HYBRID SYSTEMS

PSI is already positioned to provide hybrid solutions in the off- and on-road markets.

HYBRID SYSTEMS

Began prototype development in 2009

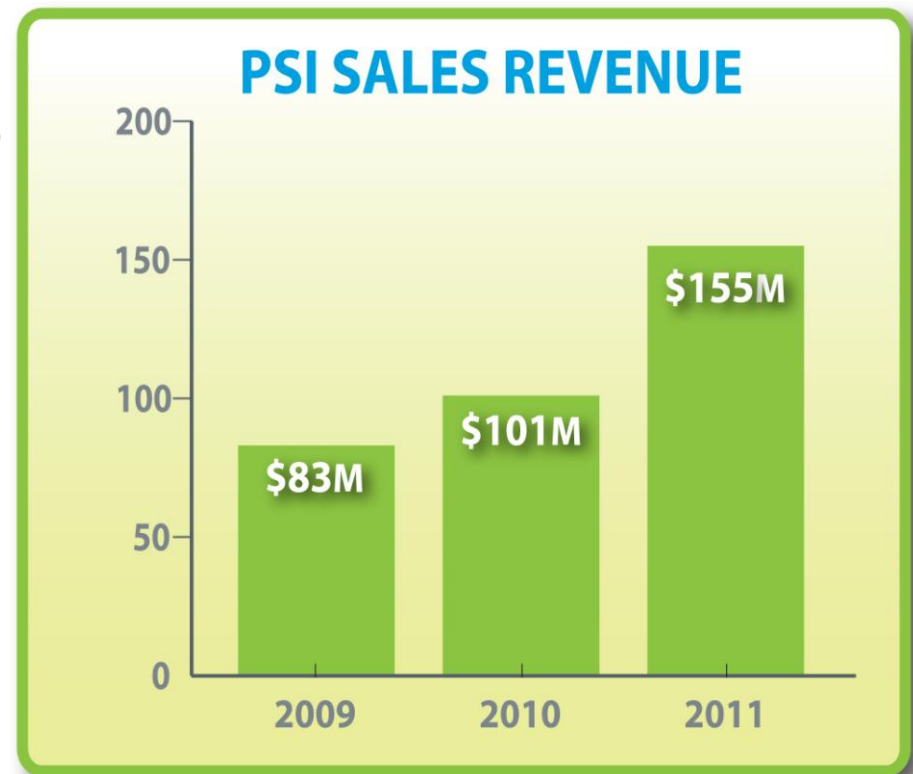
- Strategic relationships established
- Leverages current technologies, products and customer base
- Customer benefits:
 - Lower fuel consumption and operating costs
 - Increased torque and efficiency
 - Fewer mechanical components



2011 FINANCIAL HIGHLIGHTS

Strong financial results in 2011

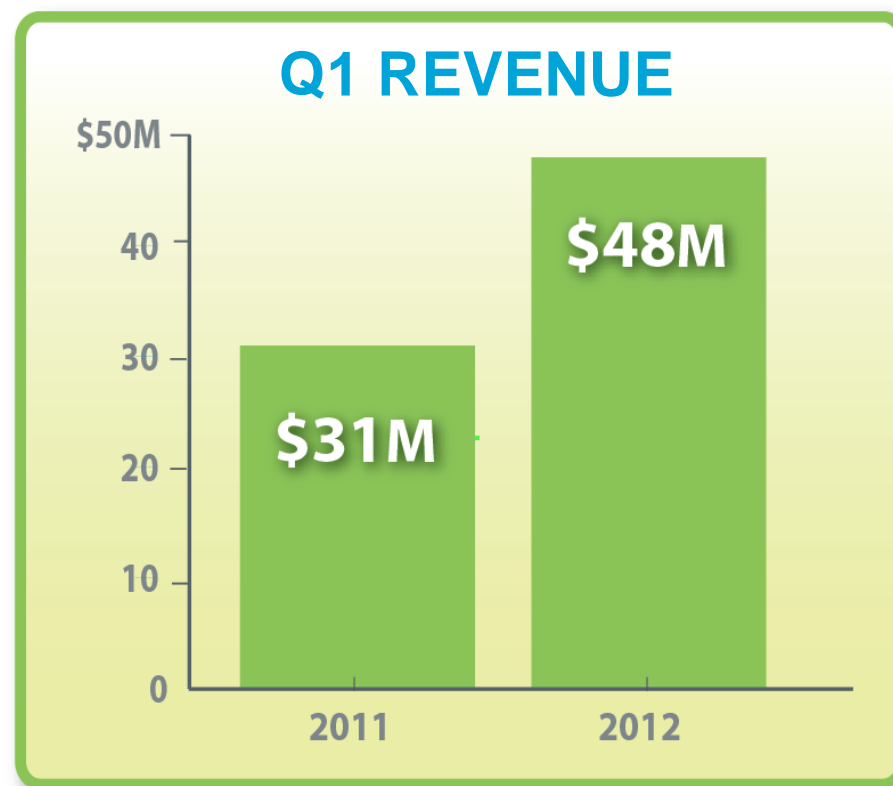
- **SALES** \$155M for 2011, up 54% from 2010.
- **OPERATING INCOME** \$9.8M for year end 2011, up 141% from \$4.1M last year.
- **NET INCOME** \$4.1M year end 2011, up 159% from 2010.
- **EARNINGS PER SHARE** \$0.44 per common share, for 2011, up from \$0.19 per share in 2010.
- **COMMON SHARES** 9.046M shares outstanding



2012 FINANCIAL HIGHLIGHTS

Continued strong results in first quarter 2012

- **SALES** \$48.1 million up 53% from Q1 2011, 6% increase sequentially.
- **OPERATING INCOME** \$3.0 million up 32% from Q1 2011, 17% increase sequentially.
- **NET INCOME** \$1.1 million compared to \$1.1 million in Q1 2011. Adjusted net income of \$1.7 million compared to \$1.1 million in Q1 2011.
- **EARNINGS PER SHARE** \$0.13 compared to \$0.13 in Q1 2011. Adjusted EPS of \$0.19 from \$0.13 in Q1 2011.
- **COMMON SHARES** 9.047M shares outstanding



FINANCIAL INFORMATION

BALANCE SHEET

As of March 31, 2012

Total Assets	\$79M
Total Liabilities	\$63M
Line of Credit	\$21M
Shareholders' Equity	\$16M

OTHER INFORMATION

Estimated 2012

Depreciation & Amortization	\$1.3M
Capital Expenditures	\$4.0M
Effective Income Tax Rate (Excluding warrant impact)	37%

INVESTMENT HIGHLIGHTS

Strong financial results are underpinned by the improving economic conditions of our customer base, favorable market trends and the successful implementation of our business strategy. Highlights include:

Significant Growth Opportunities

Worldwide off-road alternative fuel engine demand expected to grow, with tremendous upside in new on-road markets.

Favorable Market Drivers

More stringent environmental standards, conventional fuel equipment hit by increased fuel and emission compliance costs, OEMs outsourcing engine certification.

Superior Market Position and Core Competencies

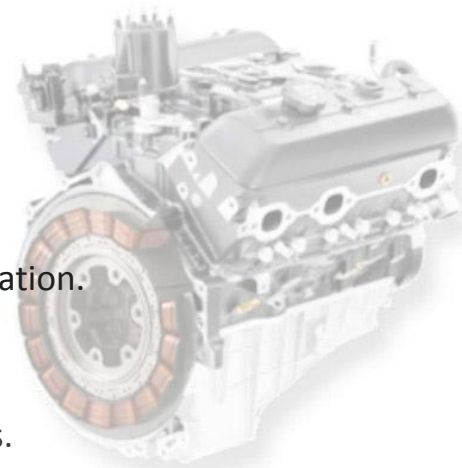
As one of the only customer-focused product leaders in the alternative fuel, fully-integrated engine space, PSI is poised to capitalize on growth opportunities.

Barriers to Entry

1) Strong OEM customer relationships with sole-sourced products; **2)** Substantial investment in EPA/CARB certification over a broad product portfolio; **3)** Competitive cost advantages deriving from strong global sourcing and aggregation; **4)** Significant, ongoing investment in proprietary engine technology and in-house engineering.

Proven Product Roll-Out & Market Strategy Execution

Since 1985 PSI has successfully launched comprehensive power solutions ranging from .97L–22.1L engines and is now focused on the 8.8L on-road and 2.0/2.4L forklift growth markets, while expanding natural gas, propane and hybrid powered engines to remain ahead of the curve.



A vibrant landscape featuring a bright sun with rays in a clear blue sky, scattered white clouds, a lush green rolling hill, and a single, full-canopied green tree standing on the right side of the hill.

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