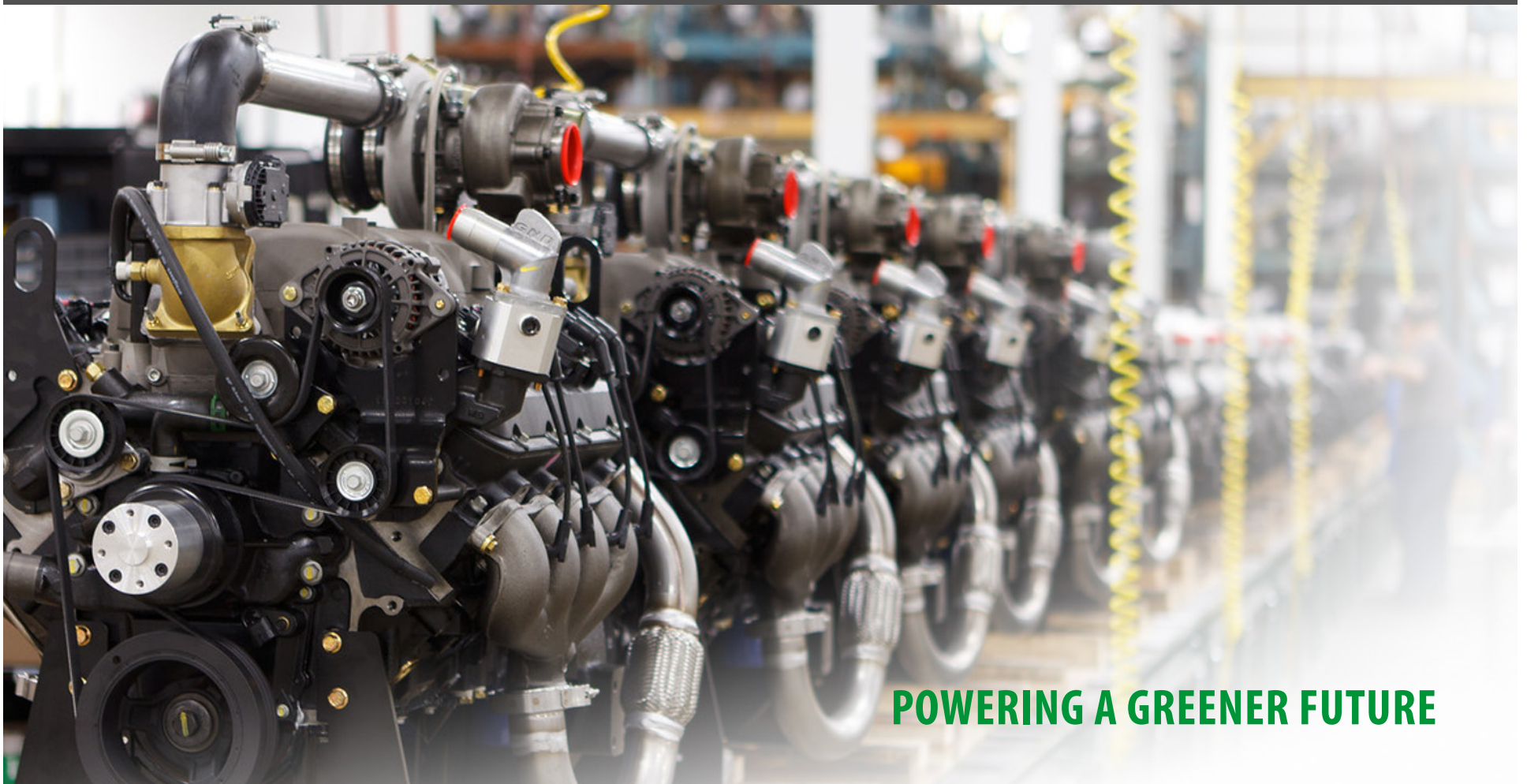




**POWER SOLUTIONS
INTERNATIONAL**

**INVESTOR
PRESENTATION**

Third Quarter 2014



POWERING A GREENER FUTURE

CAUTIONARY NOTES

This presentation has been prepared by Power Solutions International, Inc. (PSI) for investors, solely for informational purposes. The information contained in this presentation does not purport to be all-inclusive or to contain all of the information a prospective or existing investor may desire. All of the financial information and other information regarding PSI contained in this presentation (including any oral statements transmitted to the recipients of this presentation) is qualified in its entirety by PSI's filings with the Securities and Exchange Commission (SEC), including the financial statements and other financial disclosure contained in those filings. PSI makes no representation or warranty as to the accuracy or completeness of the information contained in this presentation (including any oral statements transmitted to the recipients of this presentation).

This presentation (including any oral statements transmitted to the recipients of this presentation) contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding PSI's current expectations about its future operating results, prospects and opportunities. PSI has tried to identify these forward looking statements by using words such as "expect," "anticipate," "estimate," "plan," "will," "would," "should," "believe" or similar expressions, but these words are not the exclusive means for identifying such statements. PSI cautions that a number of risks, uncertainties and other important factors could cause PSI's actual results, prospects and opportunities to differ materially from those expressed in, or implied by, the forward-looking statements, including, without limitation, the development of the market for alternative-fuel systems, technological and other risks relating to PSI's development of its new 8.8 liter engine, introduction of other new products and entry into on-road markets (including the risk that these initiatives may not be successful), changes in environmental and regulatory policies, significant competition, PSI's dependence on key suppliers and general economic conditions. For a detailed discussion of factors that could affect PSI's future operating results, prospects and opportunities, please see PSI's Form 10-K for the year ended December 31, 2013, as filed with the SEC, and PSI's other SEC filings, including the disclosures under "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" in the SEC filings. You should not place undue reliance on any forward-looking statements. Except as expressly required by the federal securities laws, PSI undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, changed circumstances or future events or for any other reason.

THE PURE-PLAY ALTERNATIVE-FUEL OPPORTUNITY

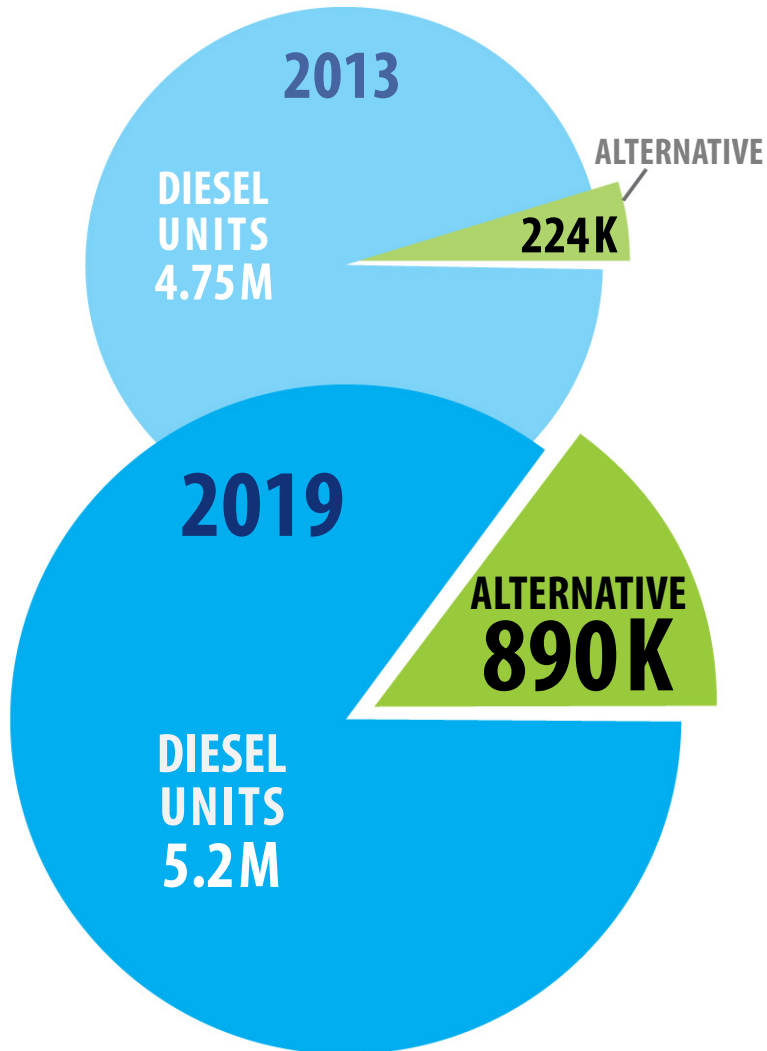
PSI has become the largest alternative fuel engine supplier in the world, with clean-running products powered by natural gas, propane, flare and wellhead gas, and biofuels.



POWERING A GREENER FUTURE



GLOBAL INDUSTRIAL ENGINE MARKET 2013 & 2019



Sources: Power Systems Research (total global engine market above 1-liter);
PSI adjustment for forecasted 15% shift to alternative fuels by 2019.

WHAT DRIVES PSI'S GROWTH?

A GLOBAL SHIFT TO ALTERNATIVE FUELS



ECONOMICS



REGULATION



ENVIRONMENT

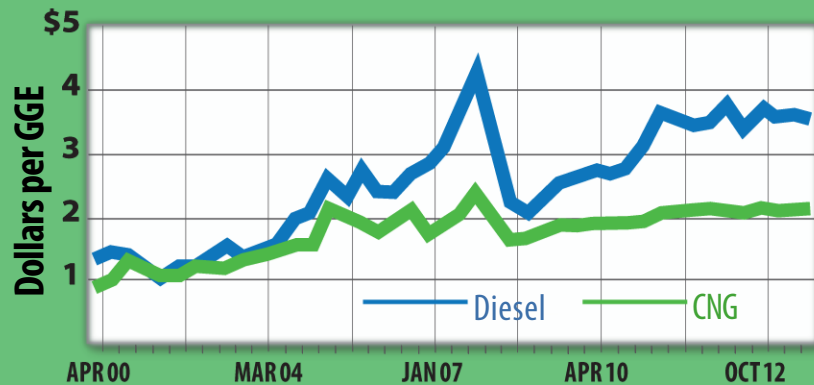


PSI INDUSTRIAL MARKET



TRENDING TOWARD ALTERNATIVE FUELS

RIISING DIESEL FUEL COSTS



Source: Clean Cities Alternative Fuel Price Reports.
Fuel volumes measured in gasoline-gallon equivalents (GGEs).

**INCREASING
PRODUCTION**
**INCREASING
REGULATION**

2013 FLARE GAS RULES



UP TO
100% MORE
COSTLY
UP TO
35% LARGER
SYSTEM

**COST OF EMISSION
COMPLIANCE**



NATIONAL ENERGY GOALS

"America is closer to energy independence than we've been in decades. One of the reasons is natural gas ... it's the bridge fuel that can power our economy with less of the carbon pollution that causes climate change."

— President Obama, State of the Union, 2014



OIL & GAS MARKET

65% U.S. ENERGY PROJECTION

560K OIL WELLS

482K NATURAL GAS WELLS



"FREE" NATURAL GAS VS. DIESEL

\$14B

INDUSTRY-WIDE
DIESEL FUEL
COST PER YR
(estimated)



DIESEL
\$5/GAL

NG

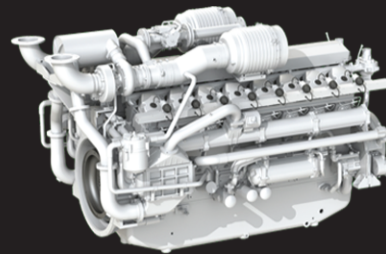
FLARE GAS REGULATION

290K WELLS FLARE OR VENT NOW

JAN'15 EPA RULES GO INTO EFFECT



PSI STRATEGY

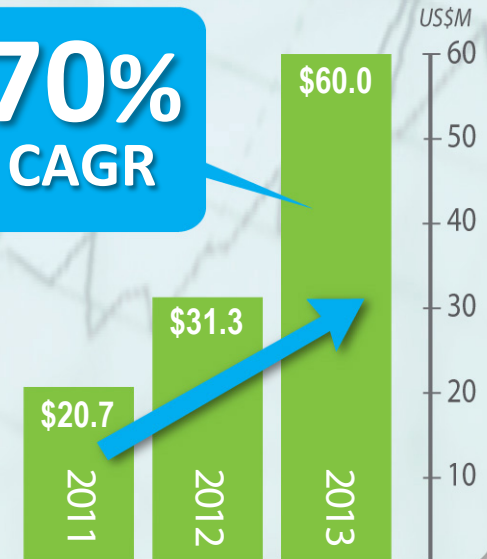


- Product Extension to 61-Liter/1.2 MW
- Flare/Wellhead Gas Fueling Strategy
- Perkins Caterpillar 4000 Series Centre of Excellence
- Professional Power Products, Inc. (PPPI) Acquisition

PSI GROWTH

OIL & GAS SALES GROWTH

**70%
CAGR**



PROFESSIONAL POWER PRODUCTS ACQUISITION

Leading designer & manufacturer of large, custom-engineered power generation systems enables PSI to enter very large generator market

- Serves global diesel & natural gas markets up to 10mW
- Recent surge in natural gas quotes
Global footprint with a focus on emerging markets
- Leverage supply chain (\$1M cost reduction)
- Leverage OEM customer bases of GE, CAT, Cummins, and Perkins Network



**PROFESSIONAL
POWER PRODUCTS, INC.**

- 2013 Net Sales: **\$40.3 M**
- 2013 Operating Income: **\$7.9 M**
- Purchase Price: **\$46 M**
- Contingent Payment: **\$5-15M** in PSI Stock.
- Based in Darien, Wisconsin



FORKLIFT MARKET

THE AMERICAS

220,000 UNITS
PER YR

ASIA

364,000 UNITS
PER YR

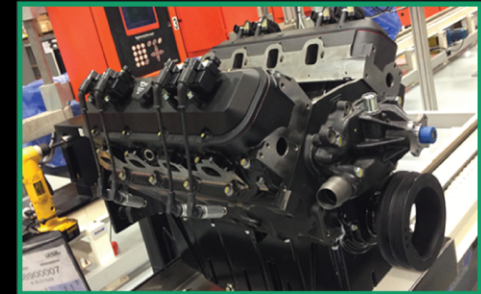
Sources: Industrial Truck Association (ITA); Vertical Edge Ltd, *Global and China Forklift Industry, Construction and Equipment Industry in China* reports.

PSI STRATEGY

**NEW
FORKLIFT
ENGINES**



**ADVANCED
MANUFACTURING**



**NEW FACILITY IN
DALIAN, CHINA**



PSI ON-HIGHWAY MARKET



ON-HIGHWAY SHIFT TO ALTERNATIVE-FUEL FLEETS

FedEx CEO: Truck Fleets to Shift to Natural Gas From Diesel

Wall Street Journal
March 8, 2013

"UPS set a new alternative fuel goal. By 2017, we will reach one billion miles driven by alternative fuel/advanced technology vehicles – more than double the previous 400 million mile goal."

— David Abney, UPS Chief Operating Officer

"Coca-Cola is committed to investing in alternative fuel vehicles and innovative fleet technologies."

— Steven Saltzgiver, Director of Fleet Operations, Coca-Cola Refreshments

Port of L.A. Launches Alt-Fuel Truck Incentive Program

Government Fleet

"In 2012, natural gas vehicles will represent 80 percent of our annual new truck purchases and continue for the next five years."

— Eric Woods, VP of Fleet & Logistics, Waste Management

AT&T ORDERS 1,200 CNG VANS

AutoblogGreen

"The alternative-fuel space is dynamic and we're positioning our green fleet to grow and evolve along with technological advancements."

— Brian Heldebrandt, Verizon Fleet Strategy Program Manager.

NY GOV. LAUNCHES \$19 MILLION TRUCK VOUCHER INCENTIVE PROGRAM

Environmental Leader
Posted Aug 13, 2013



CITY BUSES



WORK TRUCKS



DFV



FOTON

JAC
MOTORS

REFUSE TRUCKS

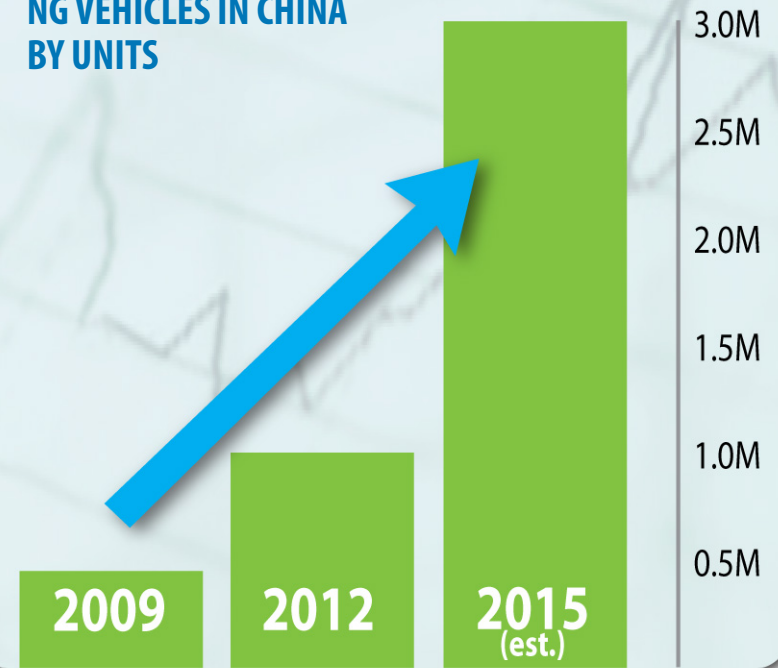


YDTEX

ZOOMLION

NATURAL GAS VEHICLE MARKET IN CHINA

NG VEHICLES IN CHINA
BY UNITS

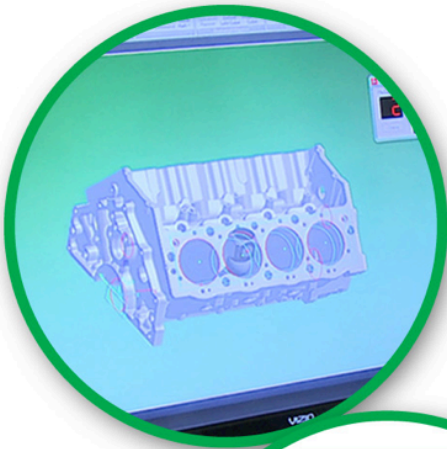


Sources: International Association for Natural Gas Vehicles; ClimateWire

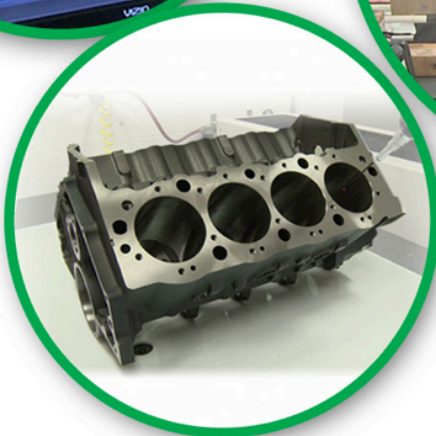
FROM DESIGN TO REAL-WORLD APPLICATION

Complete drop-in power solutions

DESIGN &
ENGINEERING



ENGINE
MANUFACTURING

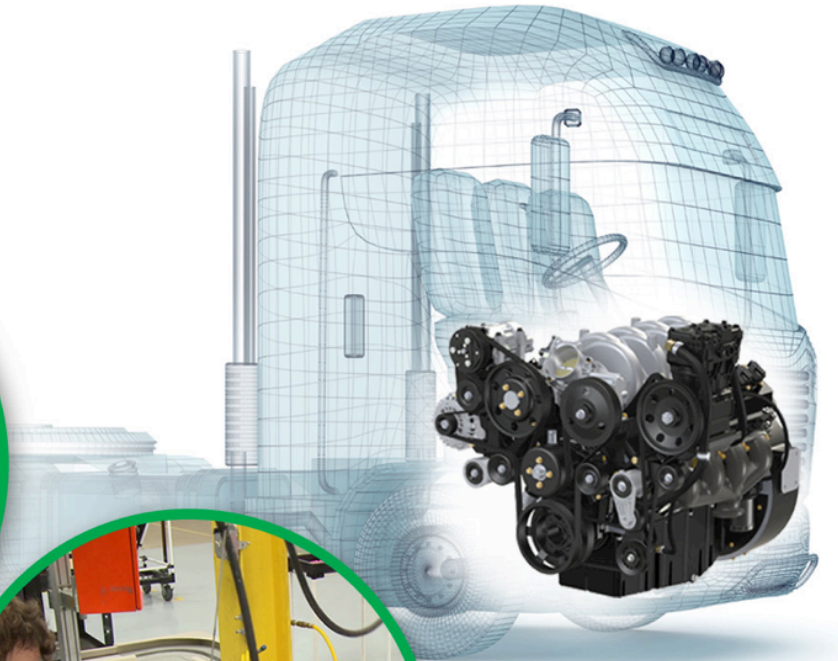


MACHINING

ENGINE
DRESS



APPLICATION
INTEGRATION





WHAT POWERS PSI'S GROWTH?



**POWER SOLUTIONS
INTERNATIONAL**

FINANCIALS



PSI FINANCIAL SUMMARY

Strong revenue and profit growth during 2013

USD \$000's <i>Except per Share Amount</i>	2010	2011	2012	2013
Sales	\$100,521	\$154,969	\$202,342	\$237,842
Operating Income	\$4,066	\$9,805	\$12,316	\$14,967
Net Income/Loss	\$1,569	\$4,061	\$6,702	(\$18,760)
Adjusted Net Income	\$1,569	\$4,443	\$7,455	\$9,433
Adjusted EPS	\$0.19	\$0.48	\$0.81	\$0.92



PSI FINANCIAL SUMMARY

Operating Income



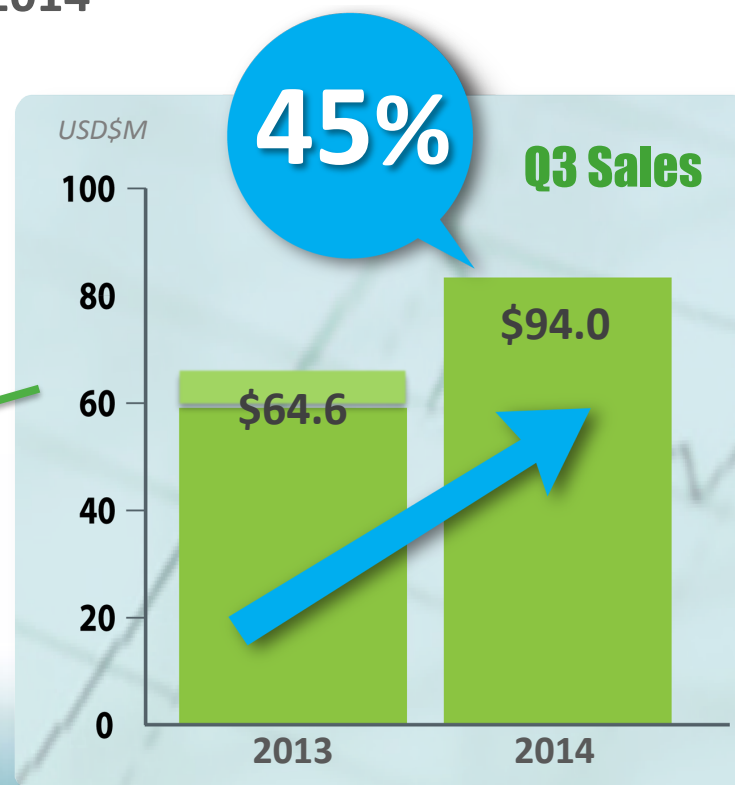
Adjusted Net Income



PSI FINANCIAL SUMMARY

Third Quarter update: Continued growth in 2014

USD \$000's Except per Share Amount	Q3 2014	Q3 2013
Sales	\$93,972	\$64,628
Operating Income	\$ 7,519	\$ 4,122
Net Income (Loss)	\$ 8,431	(\$ 9,981)
Adjusted Net Income	\$ 4,365	\$ 2,624
Adjusted EPS	\$ 0.39	\$ 0.24



BALANCE SHEET & OTHER INFORMATION

BALANCE SHEET as of September 30, 2014

Cash	\$ 7.6M
Total Assets	\$236.1M
Line of Credit	\$ 74.0M
Total Liabilities	\$ 153.9M
Shareholders' Equity	\$ 82.2M

CASH FLOW DATA Projected 2014

Depreciation & Amortization	\$4.4 M
Capital Expenditures	\$6.8 M

SHARES OUTSTANDING as of September 30, 2014

Common Shares	10.8M
Other Dilutive Securities	<u>0.4 M</u>
Fully-Diluted Shares	11.2 M

RECONCILIATION OF NET INCOME & EPS

Fiscal Year Ended			Three Months Ended Sept. 30	
<i>(Dollar amounts in thousands, except per share amounts)</i>	2013	2012	2014	2013
Reconciliation of net income (loss) to adjusted net income:				
Net Income (Loss)	(\$18,760)	\$6,702	\$8,431	(\$9,981)
Non-cash (income) expense from warrant revaluation	28,031	448	(858)	12,605
Non-Cash (income) expense from contingent consideration revaluation	-	-	(3,208)	-
Facility consolidation and debt extinguishment costs	162	305	-	-
Adjusted net income	\$9,433	\$7,455	\$4,365	\$2,624
Reconciliation of diluted EPS to adjusted diluted EPS:				
Earnings (loss) per diluted common share	(\$1.92)	\$0.74	\$0.68	(\$0.97)
Non-cash (income) expense from warrant revaluation	2.82	0.04	-	1.21
Non-Cash (income) expense from contingent consideration revaluation	-	-	(0.29)	-
Facility consolidation and debt extinguishment costs	0.02	0.03	-	-
Adjusted earnings per diluted common share	\$0.92	\$0.81	\$0.39	\$0.24

The Company believes supplementing its consolidated financial statements presented in accordance with GAAP with non-GAAP measures provides investors with useful information regarding the Company's short-term and long-term trends. Adjusted net income is derived from GAAP results by excluding the non-cash impact related to the change in the estimated fair value of the liability associated with the warrants issued in the Company's April 2011 private placement. The Company excludes this non-operating, non-cash impact, as the Company believes it is not indicative of its core operating results or future performance. The warrant revaluation results from facts and circumstances that fluctuate in impact and is excluded by management in its forecast and evaluation of the Company's operational performance. Adjusted earnings per diluted common share is also derived from GAAP results by excluding the non-cash impact, even when antidilutive, related to the change in the estimated fair value of the liability associated with the warrants. Adjusted net income and adjusted earnings per diluted common share also include adjustments to remove the non-cash impact related to the change in the estimated fair value of the contingent consideration recorded in connection with the acquisition of Professional Power Products, Inc., debt extinguishment costs and costs incurred in connection with the Company's relocation of production, warehousing and administrative offices into new facilities. The Company believes these costs similar to the warrant related expense, are not indicative of the Company's core operating results or future performance. These cost are excluded by management in its forecast and evaluation of the Company's operational performance.

Adjusted net income, adjusted earnings per diluted common share and other non-GAAP financial measures used and presented by the Company may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies. Investors should consider non-GAAP measures in addition to, and not as a substitute for, or as superior to, financial performance measures prepared in accordance with GAAP.





**POWER SOLUTIONS
INTERNATIONAL**

A photograph of a factory floor showing a long line of industrial engines, likely for marine or heavy machinery, being assembled. The engines are complex, with various pipes, hoses, and mechanical components visible. The background is slightly blurred, showing the industrial setting with overhead lights and structural elements.

THANK YOU

POWERING A GREENER FUTURE