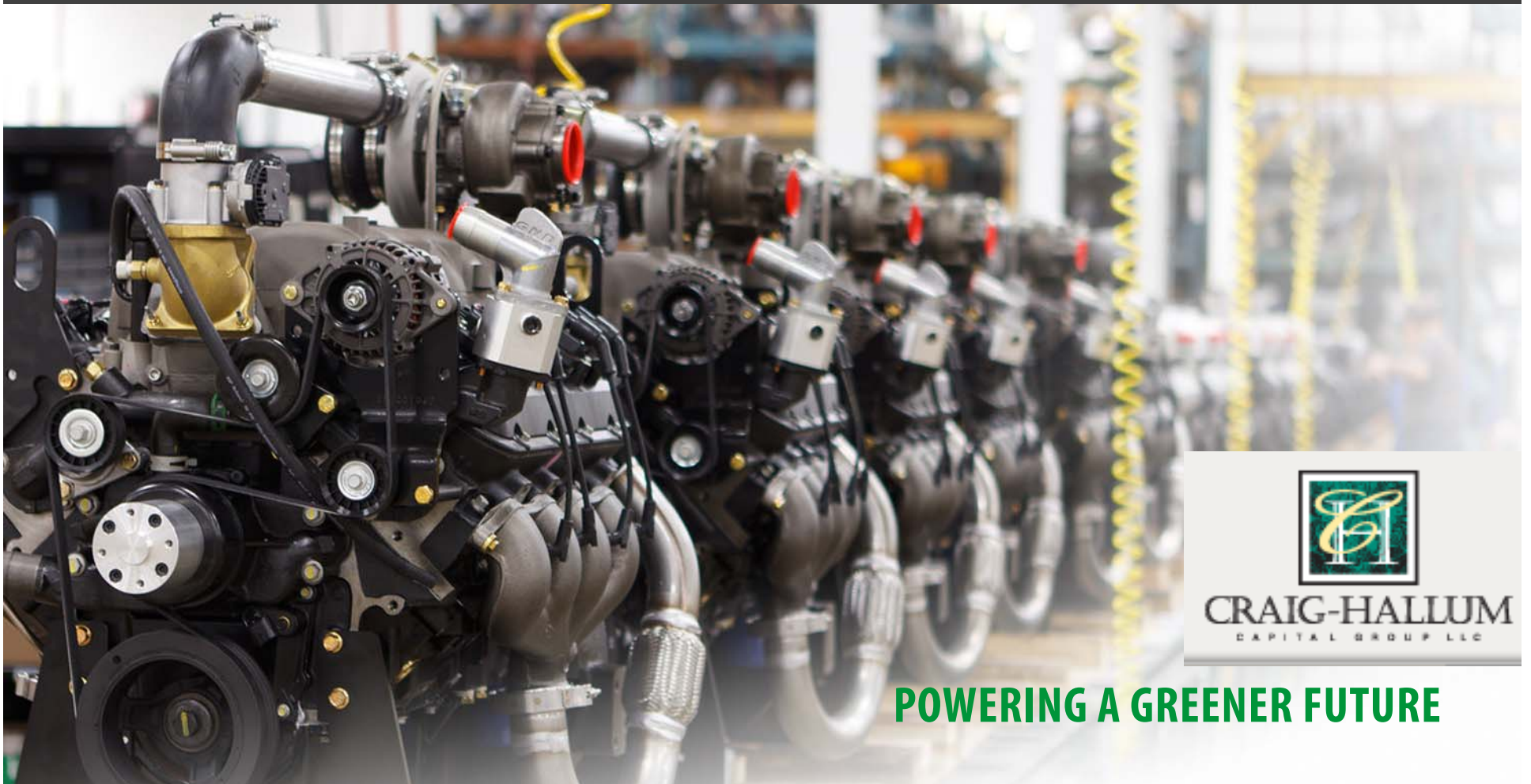




**POWER SOLUTIONS
INTERNATIONAL**

**INVESTOR
PRESENTATION**

MAY 28, 2014



CRAIG-HALLUM
CAPITAL GROUP LLC

POWERING A GREENER FUTURE

CAUTIONARY NOTES

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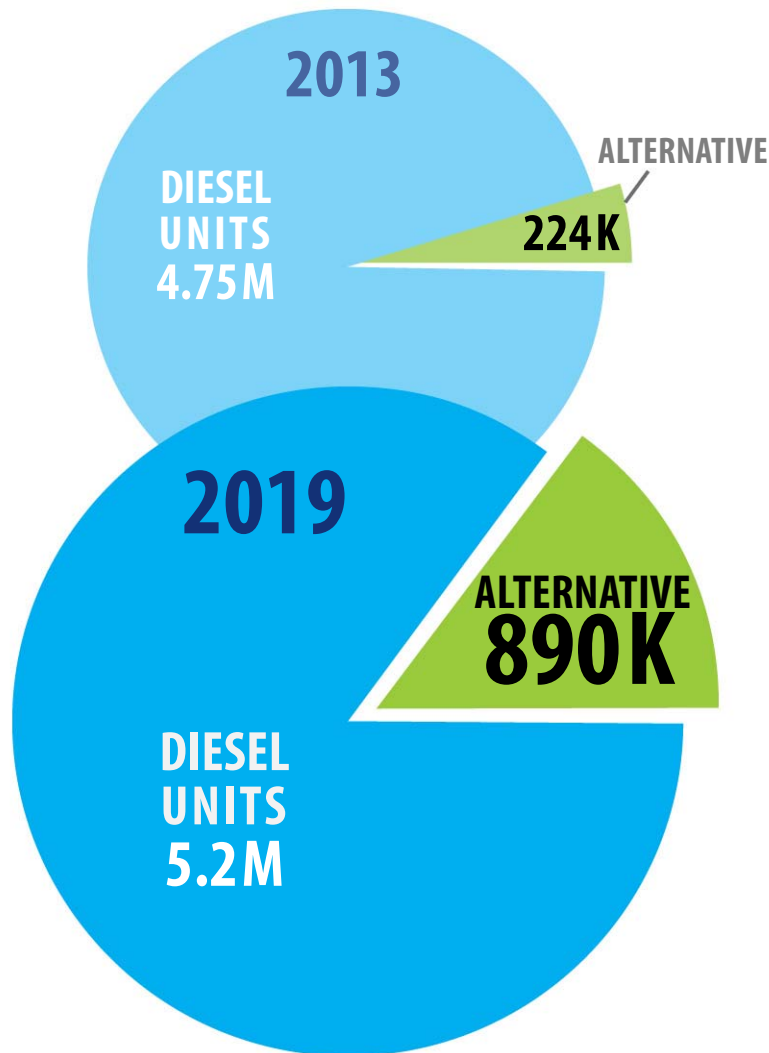
THE PURE-PLAY ALTERNATIVE-FUEL OPPORTUNITY

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

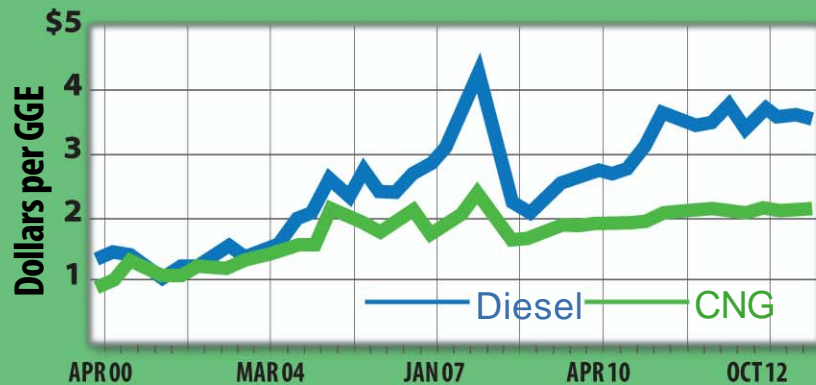


PSI INDUSTRIAL MARKET



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

The image shows two engine components side-by-side. The one on the left is labeled 'EPA Tier 3' and the one on the right is labeled 'EPA Tier 4'. The EPA Tier 4 component is visibly larger and more complex, featuring a large cylindrical air filter housing on top. A blue callout box points to the EPA Tier 4 component with the text 'UP TO 100% MORE COSTLY' and 'UP TO 35% LARGER SYSTEM'.

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

560 K OIL WELLS

482 K NATURAL GAS WELLS



"FREE" NATURAL GAS VS. DIESEL

\$14B

INDUSTRY-WIDE
DIESEL FUEL
COST PER YR
(estimated)



DIESEL
\$5/GAL

NG

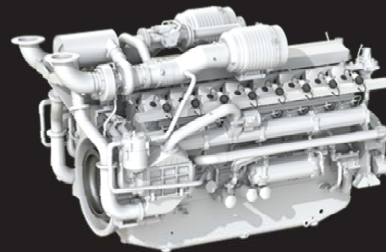
FLARE GAS REGULATION

290 K 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

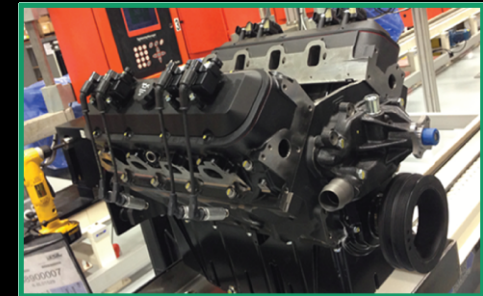
Sources: Industrial Truck Association (ITA), Vertical Edge Ltd, Global and China Forklift Industry, Construction and Equipment Industry in China reports.

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



DFM



FOTON

JAC
MOTORS

REFUSE TRUCKS

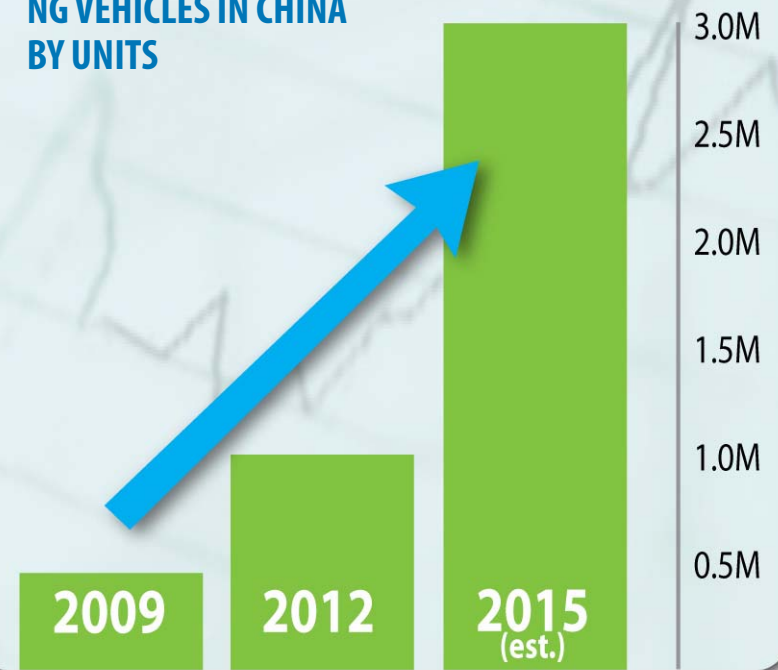


YDTEX

ZOOMLION

NATURAL GAS VEHICLE MARKET IN CHINA

NG VEHICLES IN CHINA
BY UNITS

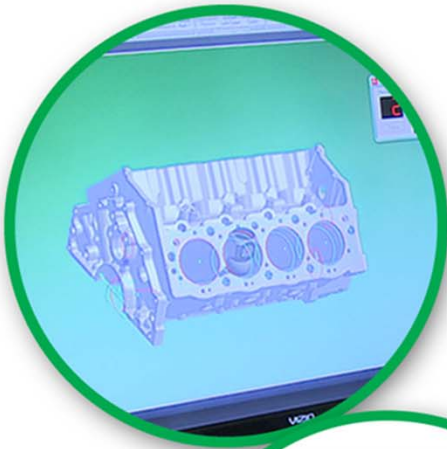


Sources: International Association for Natural Gas Vehicles; ClimateWire

FROM DESIGN TO REAL-WORLD APPLICATION

Complete drop-in power solutions

DESIGN &
ENGINEERING



ENGINE
MANUFACTURING

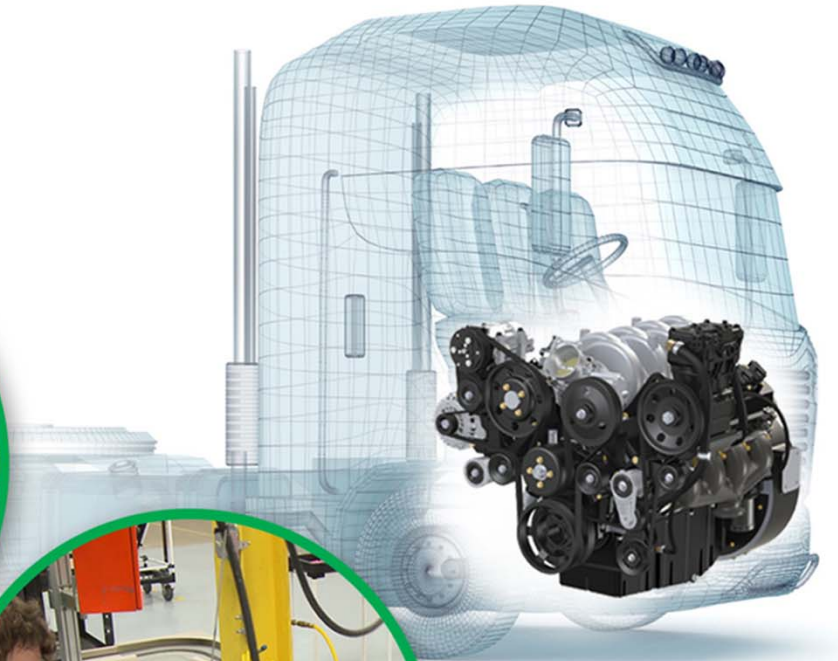


MACHINING

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 Except per Share Amount	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



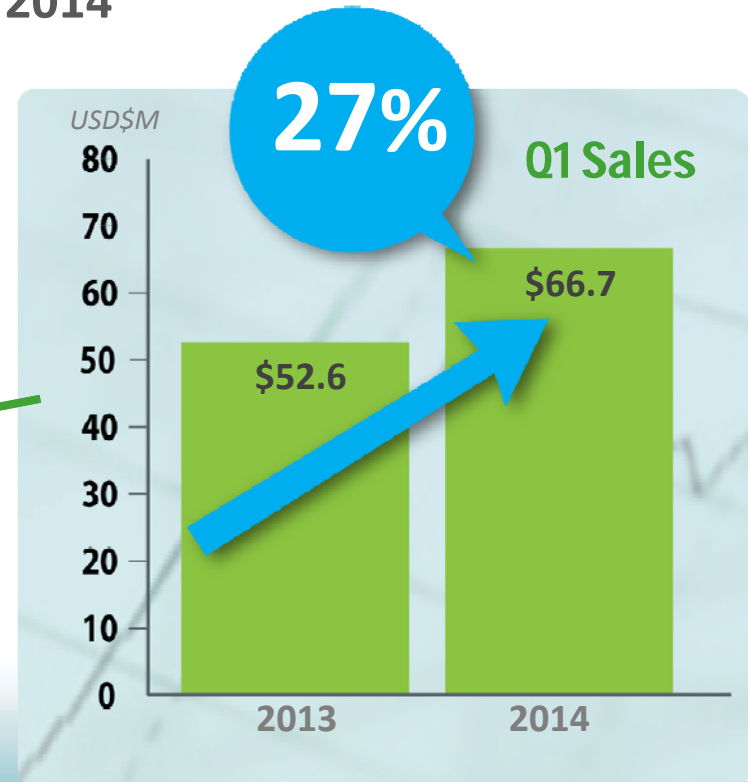
Adjusted Net Income



PSI FINANCIAL SUMMARY

First Quarter update: Continuing growth in 2014

USD \$000's Except per Share Amount	Q1 2014
Sales	\$66,735
Operating Income	\$ 3,521
Net Income	\$ 2,374
Adjusted Net Income	\$ 2,628
Adjusted EPS	\$ 0.24



BALANCE SHEET & OTHER INFORMATION

BALANCE SHEET as of March 31, 2014

Cash	\$ 3.6M
Total Assets	\$143.4M
Line of Credit	\$ 26.2M
Total Liabilities	\$ 87.5M
Shareholders' Equity	\$ 55.9M

CASH FLOW DATA as of December 31, 2013

Depreciation & Amortization	\$1.6M
Capital Expenditures	\$6.0M

SHARES OUTSTANDING as of March 31, 2014

Common Shares	10.6 M
Other Dilutive Securities	<u>0.5 M</u>
Fully-Diluted Shares	11.1 M



RECONCILIATION OF NET INCOME & EPS

Fiscal Year Ended			Three Months Ended Mar. 31	
<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	\$2,374	(\$2,927)
Non-cash (income) expense from warrant revaluation	28,031	448	(233)	4,846
Facility consolidation and debt extinguishment costs	162	305	-	-
PPPI transaction costs, net of tax	-	-	487	-
Adjusted net income	\$9,433	\$7,455	\$2,628	\$1,919
Reconciliation of diluted EPS to adjusted diluted EPS:				
Earnings (loss) per diluted common share	(\$1.92)	\$0.74	\$0.19	(\$0.32)
Non-cash (income) expense from warrant revaluation	2.82	0.04	-	0.53
Facility consolidation and debt extinguishment costs	0.02	0.03	-	-
PPPI transaction costs, net of tax	-	-	0.05	-
Adjusted earnings per diluted common share	\$0.92	\$0.81	\$0.24	\$0.21

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 transaction costs incurred in association with the Company's acquisition of Professional Power Products, Inc., which was completed on April 1, 2014, 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.

