PSI POWER SOLUTIONS INTERNATIONAL

Q1 2016 Earnings

SAFE HARBOR & OTHER 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, 2015, 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.

AGENDA

GARY WINEMASTER	Q1 SUMMARY/RECENT HIGHLIGHTS
ERIC COHEN	Q1 OPERATIONAL HIGHLIGHTS
MICHAEL LEWIS	FINANCIAL HIGHLIGHTS
GARY WINEMASTER	OUTLOOK
MANAGEMENT TEAM	Q&A
GARY WINEMASTER	CLOSING REMARKS

Power Solutions International

Q1 SUMMARY/RECENT HIGHLIGHTS

GARY WINEMASTER

Q1 SUMMARY/RECENT HIGHLIGHTS

FINANCIAL SUMMARY

- Revenues were lower, but consistent with expectations for results to be weighted in the second half
- Generated positive operating cash flow
- Improved balance sheet
  - Reductions in receivables and inventory contributed to net debt reduction
  - Obtained greater financial flexibility through amendment to indenture related to the $55 million notes
- Lowered operating expenses on a sequential basis while increasing R&D spend to support further growth
- Full year outlook intact

NET DEBT

Q1 16
vs.
Q4 15

-$9.7M

(-7%)

Q1 SUMMARY/RECENT HIGHLIGHTS

Focused Effort to Support On-Road

- Incurring significant costs without associated revenue in the first half of 2016
- Business changing revenue opportunity
- Significant second half ramp anticipated in 2016
  - School Bus: Engines in production to support orders for the upcoming Fall school year; Large buying groups considering repowering diesel engines using PSI's engine
  - China On-Road Market: Programs in place with the 4 leading bus manufacturers – meaningful orders anticipated
  - Terminal Tractors: TICO propane terminal tractor powered by PSI 8.8L displayed at ACT Expo in Long Beach, CA

STRATEGIC OBJECTIVES
IN SUPPORT OF FUTURE GROWTH

REDUCE COSTS AND EXPENSES

COMMITMENT TO R&D

PRUDENT MANAGEMENT OF BALANCE SHEET AND CAPITAL STRUCTURE

OPERATING HIGHLIGHTS

ERIC COHEN

STRATEGIC NEW HIRES

Excellence in Quality and Advanced Engine Design & Manufacturing

PATRICK CAPUSON – HEAD OF ENGINE MANUFACTURING

Patrick is a graduate of GMI Engineering and Management Institute with a Bachelor of Science in Mechanical Engineering, and Kettering University with a Master of Science in Manufacturing Operations and Lean Production Systems.

Patrick spent 30 years in various leadership positions in General Motors Powertrain engine manufacturing, the majority of his career in the areas of manufacturing engineering, maintenance, manufacturing and production assembling. He brings a wealth of experience to PSI's 4.3L and 8.8L engine lines due to his time at the GM Tonawonda, NY facility where GM produced 4.3L and 8.1L engines.

TERRY JARRELL – VICE PRESIDENT OF QUALITY

Terry is a graduate of McMaster University where he achieved his M.B.A. He also attended the University of Waterloo where he obtained his professional degree in Mechanical Engineering.

Terry has 30 years of engine engineering and manufacturing experience. He has led many successful programs and teams at General Motors, including Saint Catharine's Powertrain facility in Canada where he was recently responsible for all of the Quality Management for engines and transmissions for the last 10 years. His experience has provided him depth of understanding in every aspect of manufacturing including: processes, tools utilized, components machining challenges such as engine block, crankshaft, heads and oil pans, all the way to engine assembly.

MARK DAMICO – DIRECTOR OF ENGINE ENGINEERING APD

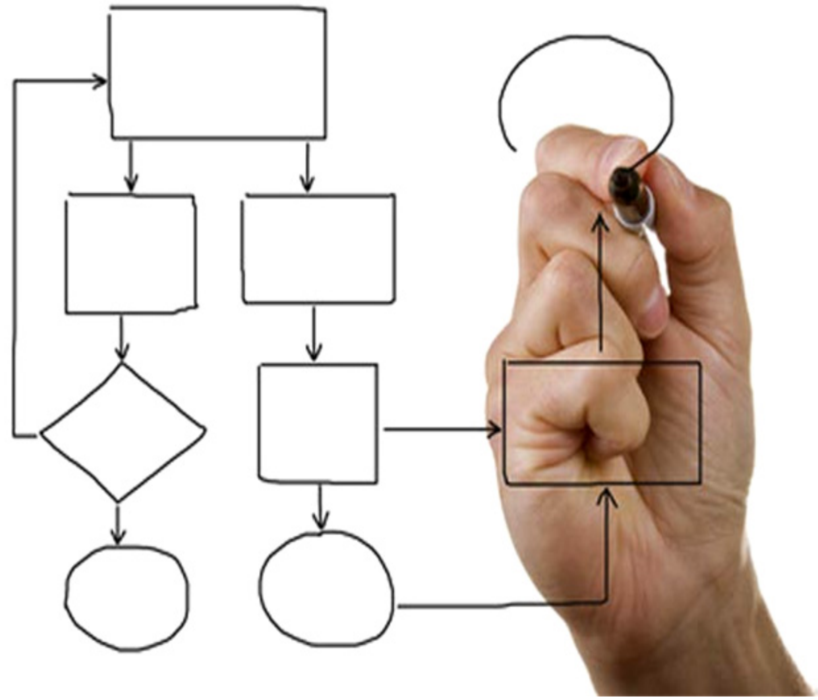
Mark is a graduate of University of Michigan where he achieved his Master's Degree in Mechanical Engineering.

Mark has 36 years of engine designing, engineering and manufacturing experience. He was responsible for several General Motors Powertrain (Michigan, USA) engine launch programs. These programs include leading GM's small block V-8 Generation 3, 4, and 5 engine family models. He brings experience on engine design and global supplier requirements and specifications.

COST REDUCTION/PROCESS IMPROVEMENT

COMPLETED

- Salaried Head Count Reductions: $0.6MM Full Year Estimate
- Salaried Wage Reductions: $1.8MM Full Year Estimate
- A 49% OT reduction of $313K from 2015 3rd quarter to 2015 4th quarter
- A 53% OT reduction of $58K from 2015 4th quarter to 2016 1st quarter



ERP System

- Frost & Sullivan presented the 2016 Manufacturing Leadership Award to PSI in the “Enterprise Technology Leadership” category.

PSI MATERIAL SPEND REDUCTIONS

Continuing to Concentrate Resources on Material Cost Savings in Effort to Maintain/Exceed Savings Performance in 2016 and Beyond

PSI Direct Material Spend is Historically 70%-75% of its Sales Revenue

- This spend is traditionally split equally among components/parts and engines
  - » Saved a cumulative net $13.1M in component/part reductions over the past 4 years
  - » Initiatives to achieve an additional $5.1M in annual component/part savings over the next 1-1.5 years

Improved Supply Base for PSI Manufactured Engines

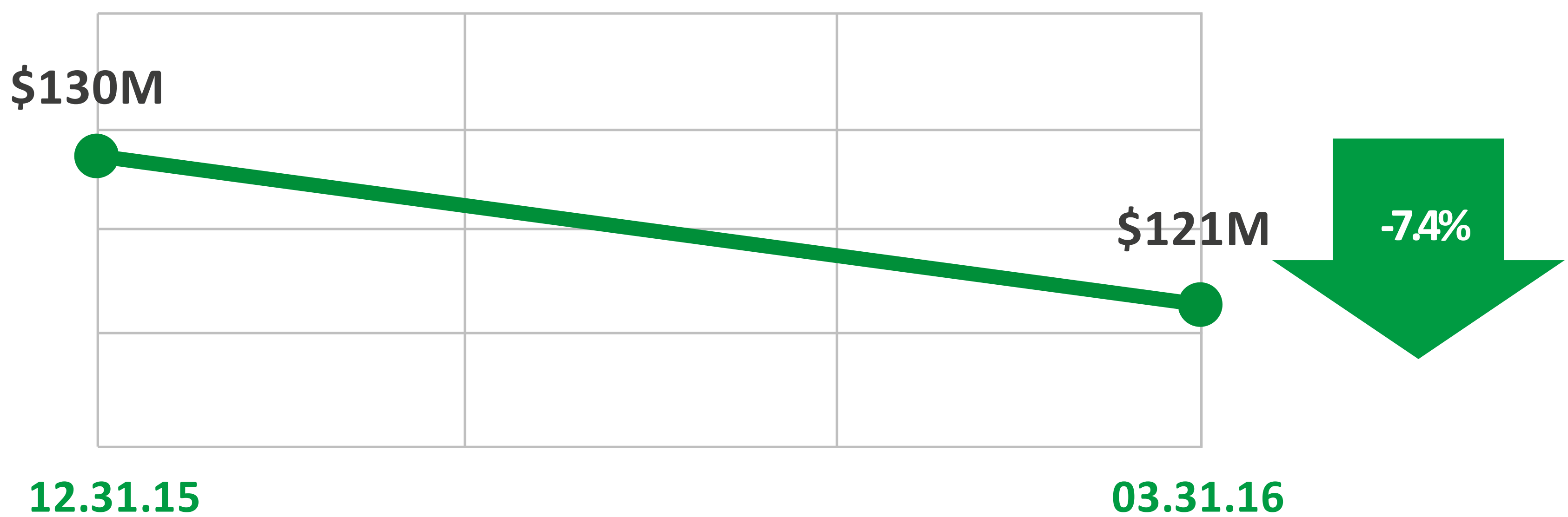
- Using global automotive suppliers in lieu of aftermarket suppliers for PSI engines
- Improved cost structure and quality vs. previous sourcing strategy

Additional Initiatives

- Increased focus on value add/value engineering (VA/VE)
- New focus on indirect material spend and optimizing cost/usage in the manufacturing plants

PSI

Q1 OPERATIONAL HIGHLIGHTS
INVENTORY REDUCTION



- 12 member team focused on reducing working capital and eliminating waste
- Engine inventory reduction included unit sales of the GM 4.3L architecture, where we had all time buys
- Component parts reduction
- Additional inventory reduction opportunities throughout 2016

3PI UPDATE

DRIVE PERFORMANCE AT 3PI

- Near-term goal: generate meaningful revenue and profit in 2016
- Highest revenue was $40 million - new partnership with Sterling & Wilson expected to support material growth
- PSI exclusive provider of Heavy Duty Engines
- Sterling & Wilson Partnership to support CoGen market
  - Supply engines and packaging services for North American cogeneration/combined heat and power (CHP) market
  - BOOM structures

PSI MIDDLE EAST BUSINESS OPPORTUNITIES

STERLING & WILSON

$2.5B / 23k Employees

3Pi PROFESSIONAL POWER PRODUCTS

POWER SOLUTIONS INTERNATIONAL

FINANCIAL REVIEW

MICHAEL LEWIS

FINANCIAL HIGHLIGHTS

	2016 1Q	2015 4Q	2015 1Q
Net Sales	**$61,814**	**$96,670**	**$86,139**
Gross Profit	**4,056**	**13,695**	**16,457**
Gross Profit %	*6.6%*	*14.2%*	*19.1%*
Operating Expense	**$12,737**	**$14,433**	**$12,387**
Op. Expense %	*20.6%*	*14.9%*	*14.4%*
Operating (Loss) Income	**$(8,681)**	**$(738)**	**$4,070**

Q1 SEQUENTIAL COMPARISON

- Reduced sales due to reduction in Power Generation and On-Road end markets
- Gross profit impacted by volume, product mix and underabsorption
- Q1 2016 operating loss includes $1,429k in amortization and no transaction costs compared to Q4 2015 operating loss which includes amortization costs of $1,860k and transaction costs of $393k

Q1 YEAR-OVER-YEAR COMPARISON

- Reduced sales due to reduction in Power Generation end markets offset by sales to On-road end markets
- Gross profit impacted by volume, product mix and underabsorption
- Q1 2016 operating loss includes $1,429k in amortization and no transaction costs compared to Q1 2015 operating loss which includes amortization costs of $850k and transaction costs of $200k

FINANCIAL HIGHLIGHTS

	2016 1Q	2015 4Q	2015 1Q
Net (Loss) Income	**$(5,251)**	**$1,704**	**$(1,456)**
Warrant Reval.	**(1,256)**	**(1,259)**	**3,614**
Cont. Consideration, net of tax	**–**	**59**	**–**
Pro-rata Tax Adjust	**–**	**(900)**	**–**
Transaction Costs, net of tax	**–**	**236**	**120**
Adjusted Net (Loss) Income	**$(6,507)**	**$(160)**	**$2,278**
Adj. Net Income %	*-10.5%*	*-0.2%*	*2.6%*
Diluted EPS			
GAAP EPS	**$(0.49)**	**$0.04**	**$(0.13)**
Adjusted EPS	**(0.60)**	**(0.01)**	**0.20**
Note – Diluted EPS related to:			
Contingent Consideration	–	*0.01*	–
Pro-rata Tax Adjustment	–	*(0.08)*	–
Warrant Reval.	*(0.11)*	–	*0.32*
Transaction Costs	–	*0.02*	*0.01*

Q1 2016

- Non-cash income of $1,256k from a decrease in estimated fair value of warrant liability
- Adjusted earnings of $(0.60) per diluted share vs. $0.20 per diluted share last year

FINANCIAL HIGHLIGHTS

	2016 1Q	2015 4Q	2015 1Q
Net (Loss) Income	$(5,251)	$1,704	$(1,456)
Interest	1,421	1,341	489
Income Tax (Benefit) Provision	(3,680)	(2,591)	1384
Depreciation	1,270	1,280	833
Amortization	1,429	1,860	850
EBITDA	**$(4,811)**	**$3,594**	**$2,100**
Warrant Reval.	(1,256)	(1,259)	3,614
Cont. Consideration	–	98	–
Trans. Cost	–	393	200
Adjusted EBITDA	**$(6,067)**	**$2,826**	**$5,914**
Adjusted EBITDA %	*-9.8%*	*2.9%*	*6.9%*

Q1 SEQUENTIAL COMPARISON

- Net Loss of $5,251k in 2016 Q1 compares to Net Income of $1,704k in 2015 Q4
- Adjusted EBITDA of $(6,067)k in 2016 Q1 compares to Adjusted EBITDA of $2,826k in 2015 Q4

Q1 YEAR-OVER-YEAR COMPARISON

- Net Loss of $5,251k in 2016 Q1 compares to Net Loss of $1,456k in 2015 Q1
- Adjusted EBITDA of $(6,067)k in 2016 Q1 compares to Adjusted EBITDA of $5,914k in 2015 Q1

BALANCE SHEET

WORKING CAPITAL MANAGEMENT

	2016 1Q		2015 4Q
Accounts Receivable, net	$63,163		$104,365
Inventories, net	120,735		130,347
Total A/R Inventory, net	183,898		234,712
Accounts Payable	41,491		76,078
Working Capital*	$142,407		$158,634
Net Debt	$133,019	$9.7m reduction	$142,674

WORKING CAPITAL FOCUS (Q1 2016 versus Q4 2015)

- Accounts Receivable, net, reduced by $41,202k (considering sales reduction of $34,856k from 2015 Q4 to Q1 2016
- Inventories, net, reduced by $9,612K (working through “Last-time buys”; continuing to optimize balances by engine architecture)
- **Prudent working capital management contributes to positive operating cash flow of $9,995k, which funded R&D of $5,250K in Q1 2016**

* Working capital defined as Accounts Receivable, net, plus Inventories, net, minus Accounts Payable

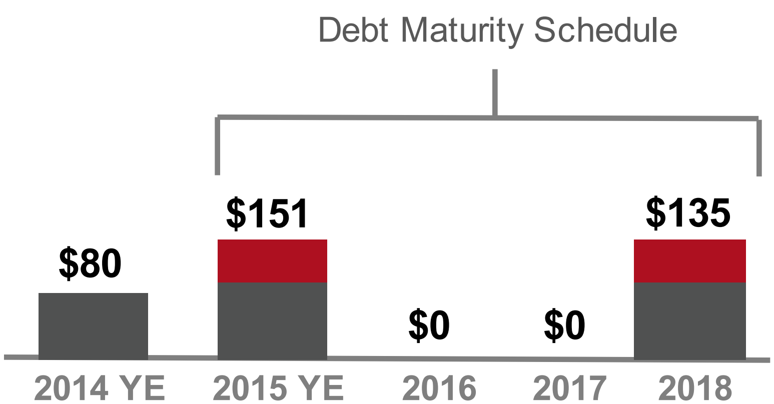
DEBT OVERVIEW

No Significant Near-Term Debt Maturities

$55 MILLION UNSECURED NOTES

- Amended on April 1, 2016
  - 6.5%* Coupon
  - Increased permitted indebtedness to $145M**
  - Eliminated special mandatory offer to purchase

DEBT SUMMARY ($M)



REVOLVING LINE OF CREDIT

- Facility increased to $125M from $100M February 2015
- Expires in June 2018
- Fixed Charge to Adjusted EBITDA coverage ratio of 1 to 1

COVENANTS

- No covenants related to $55MM Notes
- ABL In compliance

* Amended to 6.5% from 5.5% April 1, 2016; ** As defined by the agreement, with such amount reducing to $135M effective February 1, 2017

POWER SOLUTIONS INTERNATIONAL

OUTLOOK

GARY WINEMASTER

2016 OUTLOOK

FINANCIAL GUIDANCE

- Revenue range of $350 to $375 million for the year*
- Continue to anticipate profitability for the year

POWER GENERATION

- Reduced Oil & Gas demand – assumed approximately $50 million
- More diversified revenue base
- Unique emission technology
- Majority of revenue recognition is in 2H

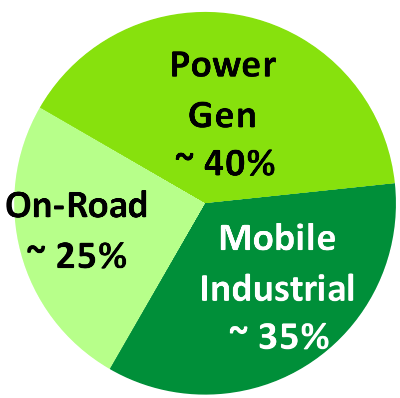
MOBILE INDUSTRIAL

- First major non-certified win in China

ON-ROAD

- Full volume capacity to be reached in 2H

END MARKET REVENUE**
(2016E)



* Includes aftermarket, eliminations and other, rounded to the nearest 5%
** Excludes aftermarket, eliminations and other, rounded to the nearest 5%

Power Solutions International

QUESTIONS & ANSWERS

MANAGEMENT TEAM

CLOSING REMARKS

GARY WINEMASTER

SUMMARY

- **Focus on Our Strategic Objectives in Support of Future Growth**
  - Cost discipline focus
  - Continue to invest in R&D
  - Prudent balance sheet management
- **Execute Shift from Purchasing to Manufacturing Engines**
- **Aggressive Development of On-Road End Market**
- **Base Fundamentals Still In-Tact**
  - The leader in alternative fuel solutions, with competitive advantages in engineering and manufacturing
  - Plethora of growth opportunities
  - Improvement in margin is key opportunity

THANK YOU

MARKET-DRIVEN EXPANSION
ONGOING PATENT APPLICATIONS
INNOVATIVE ENGINEERING
PSI
FUEL-FLEXIBLE PRODUCTS
DIRECT CUSTOMER/OEM RELATIONSHIPS
EXPERIENCED APPLICATION INTEGRATION
COMPLETE SOLUTIONS

NON-GAAP FINANCIAL MEASURES
AND RECONCILIATIONS

Reconciliation of GAAP "Net Income" to non-GAAP "Adjusted Net Income" (Dollar amounts in thousands)

As used herein, "GAAP" refers to generally accepted accounting principles in the United States. The Company uses certain numerical measures in this presentation which are or may be considered "Non-GAAP financial measures" under Regulation G. 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. The Company has provided below for your reference supplemental financial disclosure for these measures, including the most directly comparable GAAP measures and associated reconciliations.

RECONCILIATION OF NET INCOME TO ADJUSTED NET (LOSS) INCOME
(DOLLAR AMOUNTS IN THOUSANDS)

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	Three Months Ended December 31, 2015
Net (loss) Income	$(5,251)	$(1,456)	$1,704
Non-cash (Income) Expense from Warrant Revaluation	(1,256)	3,614	(1,259)
Non-cash (Income) Expense from Contingent Consideration Revaluation, Net of Tax	–	–	59
Federal Research Tax Credit	–	–	(900)
Transaction Costs, Net of Tax	–	120	236
Adjusted Net (Loss) Income	$(6,507)	$2,278	$(160)

NON-GAAP FINANCIAL MEASURES
AND RECONCILIATIONS

RECONCILIATION OF NET INCOME TO ADJUSTED NET (LOSS) INCOME
(DOLLAR AMOUNTS IN THOUSANDS)

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	Three Months Ended December 31, 2015
Earnings per diluted common share	$(0.49)	$(0.13)	$ 0.04
Non-cash (Income) Expense from Warrant Revaluation	(0.11)	0.32	–
Non-cash (Income) Expense from Contingent Consideration Revaluation, Net of Tax	–	–	0.01
Federal Research Tax Credit	–	–	(0.08)
Transaction Costs, Net of Tax	–	0.01	0.02
Adjusted earnings per diluted common share	$(0.60)	$0.20	$ (0.01)

NON-GAAP FINANCIAL MEASURES
AND RECONCILIATIONS

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 (loss) 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 (loss) 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 (loss) income and adjusted (loss) earnings per diluted common share also include an adjustment to remove transaction costs in the three months ended March 31, 2015 and December 31, 2015, recorded in association with acquisition activity and an adjustment to remove the revaluation of contingent consideration in the three months ended December 31, 2015, recorded in association with the Company’s acquisition of Powertrain Integration which was completed on May 15, 2015. In addition, in the three months ended December 31, 2015, adjusted net (loss) income and adjusted (loss) earnings per diluted common share also include an adjustment to normalize the federal research tax credit recognized for the full year of 2015. Other than the federal research tax credit for which an adjustment is presented in a comparison of quarterly results and is principally attributable to the timing of the passage of the legislation re-enacting this credit for 2015, the Company believes that these costs are not indicative of the Company's core operating results or future performance. These costs, other than the federal research tax credit, are excluded by management in its forecast and evaluation of the Company's operational performance.

Adjusted net (loss) income, adjusted (loss) 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.

NON-GAAP FINANCIAL MEASURES
AND RECONCILIATIONS

GAAP "Net Income" to non-GAAP "Adjusted EBITDA"

Adjusted EBITDA is derived from GAAP results as net income before net interest expense, income taxes, depreciation and amortization. Adjusted EBITDA excludes 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 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 EBITDA includes an adjustment to remove the revaluation of the contingent consideration liability recorded in the three months ended December 31, 2015 in connection with the Company's acquisition of Powertrain Integration which was completed on May 15, 2015. The Company believes that this non-cash item, similar to the warrant related impact on earnings, is not indicative of the Company's core operating results or future performance. These costs are excluded by management in its forecast and evaluation of the Company's operational performance. Adjusted EBITDA also includes an adjustment to remove transaction costs incurred in association with the Company's acquisitions during the three months ended March 31, 2015 and December 31, 2015. The Company believes that these costs are not indicative of the Company's core operating results or future performance. These costs are excluded by management in its forecast and evaluation of the Company's operational performance.

NON-GAAP FINANCIAL MEASURES
AND RECONCILIATIONS

Adjusted EBITDA as defined above is used as a supplemental financial measure by our management and by external users of our financial statements such as investors, commercial banks, research analysts and others, to assess:

- the financial performance of our assets without regard to financing methods, capital structure or historical cost basis;
- the ability of our assets to generate cash sufficient to pay interest costs and support our indebtedness;
- our operating performance and return on investment as compared to those of other companies without regard to financing or capital structures; and
- the viability of acquisitions and capital expenditure projects and the overall rates of return on alternative investment opportunities.

Adjusted EBITDA 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. Adjusted EBITDA is not intended to represent cash flow and does not represent the measure of cash available for distribution. 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.