
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): July 20, 2020

Power Solutions International, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-35944
(Commission
File Number)

33-0963637
(I.R.S. Employer
Identification No.)

201 Mittel Drive, Wood Dale, Illinois 60191
(Address of Principal Executive Offices, and Zip Code)

(630) 350-9400
Registrant's Telephone Number, Including Area Code

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communication pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communication pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
None	-	-

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On July 24, 2020, Power Solutions International, Inc. (the “Company” or “PSI”) announced the appointment of Donald P. Klein to serve as the Company’s Interim Chief Financial Officer effective July 20, 2020 (the “Effective Date”). Mr. Klein will succeed Charles F. Avery, Jr., who has resigned from his position as Chief Financial Officer by mutual agreement with the Company on the Effective Date to pursue other interests following a transition period. Mr. Avery has transitioned to a consulting role for the Company pursuant to an agreement between Mr. Avery and the Company as discussed below.

Mr. Klein, age 46, has served as PSI’s corporate controller and principal accounting officer since May 14, 2018 with the responsibility of leading the accounting, tax, internal control and reporting functions. Prior to joining the Company, he served as assistant corporate controller at Littelfuse, Inc., a publicly traded company that sells electronic products to customers in the electronics, automotive and industrial markets. Prior to that role, from 2008 to 2017, Mr. Klein served in various positions of increasing responsibility within finance and accounting, including most recently as assistant corporate controller at Navistar International Corporation, a publicly traded company. Prior to Navistar, he worked for Hewitt Associates as manager of external reporting and at Ernst & Young LLP as a senior manager of assurance and advisory services.

The details of Mr. Klein’s compensation in connection with his appointment will be determined by the Board of Directors (the “Board”) at a later date.

There are no family relationships between Mr. Klein and any of the directors or executive officers of the Company, and there are no transactions in which Mr. Klein has an interest requiring disclosure under Item 404(a) of Regulation S-K. There is no arrangement or understanding between Mr. Klein and any other person pursuant to which Mr. Klein was appointed as an officer of the Company.

A press release announcing the matters described above is attached hereto as Exhibit 99.1 and incorporated herein by reference.

Avery Consulting Agreement

In connection with Mr. Avery’s separation from the Company, Mr. Avery and the Company entered into a Consulting Agreement and Release, effective July 20, 2020 (the “Consulting Agreement”). Pursuant to the Consulting Agreement Mr. Avery is entitled to receive (a) a cash severance payment of \$300,000 in 12 equal monthly installments of \$25,000, (b) subject to his election to receive continued group health plan coverage under COBRA, continued coverage at active-employee rates for up to 12 months after the Effective Date, (c) a cash payment of \$155,979.59 under the Company’s Key Performance Indicator (“KPI”) plan for 2019 and a prorated KPI plan bonus through the Effective Date for 2020, if one is put in place for dates prior to the Effective Date and such KPI bonus has been determined by the Board, and (d) a cash payment of \$15,000 for transition services.

The Consulting Agreement also provides that Mr. Avery will assist with transition consulting services for the Company beginning on the Effective Date and terminating 90 days thereafter unless earlier terminated pursuant to the Consulting Agreement (the “Consulting Period”). Subject to compliance with the terms of the Consulting Agreement, Mr. Avery is entitled to receive a consulting fee of \$25,000 payable every 30 days during the Consulting Period. Mr. Avery has agreed to make himself available on an “as needed” basis during the Consulting Period to assist with transitioning his duties with the Company and as reasonably directed by the Company’s Chief Executive Officer. The Consulting Agreement contains a release of the Company by Mr. Avery and mutual non-disparagement provisions. Mr. Avery also agreed that the confidentiality, non-competition and non-solicitation provisions in his current employment agreement with the Company will remain in effect. Finally, Mr. Avery agreed to cooperate with, and make himself reasonably available to, the Company for a period ending twelve months following termination of the Consulting Period in order to assist with the transition of his duties and financial matters with which he has knowledge at a rate of \$250 per hour plus expenses.

The foregoing description of the Consulting Agreement is qualified in its entirety by the full text of the Consulting Agreement, which is attached hereto as Exhibits 10.1 and incorporated by reference herein.

Item 7.01 Regulation FD Disclosure.

On July 24, 2020, the Company issued a press release announcing the Chief Financial Officer transition, which is attached as Exhibit 99.1 hereto.

The information contained in this Item 7.01 and Exhibit 99.1 hereto shall not be deemed “filed” for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933 (the “Securities Act”) or the Exchange Act, except as shall be expressly set forth by reference in such a filing.

Caution Regarding Forward-Looking Statements

This Form 8-K contains forward-looking statements regarding the current expectations of the Company about its prospects and opportunities. These forward-looking statements are entitled to the safe-harbor provisions of Section 21E of the Exchange Act. The Company has tried to identify these forward-looking statements by using words such as “anticipate,” “believe,” “budgeted,” “contemplate,” “estimate,” “expect,” “forecast,” “guidance,” “may,” “outlook,” “plan,” “projection,” “should,” “target,” “will,” “would,” or similar expressions, but these words are not the exclusive means for identifying such statements. These statements are subject to a number of risks, uncertainties, and assumptions that may cause actual results, performance or achievements to be materially different from those expressed in, or implied by, such statements. The Company cautions that the risks, uncertainties and other factors that could cause its actual results to differ materially from those expressed in, or implied by, the forward-looking statements, include, without limitation: management’s ability to successfully implement the Audit Committee’s remedial recommendations; the timing of completion of steps to address, and the inability to address and remedy, material weaknesses; the identification of additional material weaknesses or significant deficiencies; variances in non-recurring expenses; risks relating to the substantial costs and diversion of personnel’s attention and resources deployed to address the financial reporting and internal control matters; the ability of the Company to accurately forecast sales, and the extent to which sales result in recorded revenues; changes in customer demand for the Company’s products; volatility in oil and gas prices; the impact of U.S. tariffs on imports from China on the Company’s supply chain to source products; the impact of the investigations being conducted by the Securities and Exchange Commission (the “SEC”), and the criminal division of the United States Attorney’s Office for the Northern District of Illinois and any related or additional governmental investigative or enforcement proceedings; any delays and challenges in recruiting key employees consistent with the Company’s plans; the impact the coronavirus pandemic could have on the Company’s business and financial results; any negative impacts from delisting of the Company’s common stock from the NASDAQ Stock Market and any delays and challenges in obtaining a re-listing on a stock exchange; and the risks and uncertainties described in reports filed by the Company with the SEC, including without limitation its Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and the Company’s subsequent filings with the SEC. The Company’s forward-looking statements are presented as of the date hereof. Except as required by law, the Company expressly disclaims any intention or obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	<u>Consulting Agreement and Release, dated as of July 20, 2020, between the Company and Charles F. Avery, Jr.</u>
99.1	<u>Press Release, dated July 24, 2020, announcing the Chief Financial Officer transition.</u>

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

Power Solutions International, Inc.

Dated: July 24, 2020

By: /s/ John P. Miller

Name: John P. Miller

Title: Chief Executive Officer

Final Execution copy

CONSULTING AGREEMENT AND RELEASE

This Consulting Agreement and Release (the "Agreement") is entered into between Charles F. Avery, Jr. ("Avery") and Power Solutions International, Inc. (the "Company"). Avery and the Company are collectively referred to herein as the "Parties." This Agreement will be effective upon expiration of the revocation period provided in Section 11 of this Agreement (the "Effective Date").

RECITALS

WHEREAS, Avery currently serves as the Company's Chief Financial Officer and has been employed with the Company since July 31, 2017;

WHEREAS, Avery and the Company entered into an Employment Agreement (the "Employment Agreement") dated and effective on October 10, 2018;

WHEREAS, the Parties have mutually agreed that it is in the best interests of the Parties to terminate the Employment Agreement and move Avery into a consulting role with the Company (the "Consultancy") under the terms and conditions stated herein;

WHEREAS, Avery and PSI desire to enter into the following Agreement to (a) provide Avery with the benefits described below in recognition of his contribution and service to the Company, (b) provide for Avery's cooperation as needed with respect to the transition of his responsibilities and (c) avoid any disputes between them relating to or arising from Avery's employment by the Company or his resignation of employment.

NOW, THEREFORE, in consideration of the promises and mutual agreements set forth in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

AGREEMENT

1. Resignation of Employment. Avery hereby voluntarily and irrevocably resigns his employment as Chief Financial Officer, corporate officer and any other position or appointment he holds with the Company effective July 20, 2020 (the "Separation Date"). Avery's separation will be announced in a statement mutually prepared by the Company and Avery. If the Parties cannot in good faith agree on a mutually prepared statement, the Company reserves the right to make any statement the Company reasonably believes it is legally required to make. The Company and Avery will use best efforts to agree on the final content of the mutually prepared statement within seven calendar days after the signing of this Agreement. The Company will continue to employ Avery and will continue to provide Avery with all compensation and benefits set forth in Paragraph 4 of his Employment Agreement through the Separation Date. On or before the next regularly scheduled pay period following the Separation Date, Avery will receive payment for any unpaid final wages for time worked through and including the Separation Date. Except as set forth herein, all compensation and employee benefits will terminate on the Separation Date and Avery will not be entitled to any additional compensation, bonuses, equity awards, Long Term Incentive bonus, employee benefits or other consideration. Avery waives any right to apply for re-employment with the Company and any such application may be rejected without explanation. The Company agrees not to contest Avery's application to receive unemployment benefits.

2. Separation Benefits.

A. The Company will pay Avery severance pay in the total amount of \$300,000 less applicable withholdings required by applicable law in 12 equal monthly installments of \$25,000 payable on the first day of each month beginning in the month of August 1, 2020. The payment will not be considered compensation for retirement or other compensation plan purposes.

B. If Avery timely elects COBRA health insurance continuation coverage, the Company will pay a proportional share of the premiums owed by Avery as if Avery were still employed by the Company for a period of twelve months. Avery will be responsible for submitting all notices and forms required to elect COBRA.

C. The Company will pay Avery \$155,979.59 under the 2019 Key Performance Indicator (KPI) plan at the same time other KPI participants are paid but in no event later than December 31, 2020 and a prorated KPI plan bonus through the Separation Date for 2020 if one is put in place for dates prior to the Separation Date and such KPI bonus has been determined by the Board.

D. The Company will pay Avery \$15,000 dollars on or before July 31, 2020 for transition services assistance, less applicable withholdings required by applicable law.

Avery acknowledges and agrees that he is responsible for any and all tax liability, if any, arising from the Separation Benefits provided in Paragraph 2.

3. Indemnification. The Company agrees that the Indemnification Agreement between Avery and the Company dated July 31, 2017 (“Indemnification Agreement”) remains in full force and effect. A true and accurate copy of the Indemnification Agreement is attached hereto as Exhibit A and is fully incorporated by reference. In addition and without limiting the preceding sentence, the Company agrees as of the Effective Date to defend and indemnify Avery pursuant to the Indemnification Agreement’s terms for covered conduct occurring (A) before the Effective Date and (B) in the course of Avery providing the Consulting Services described in Section 5 and cooperation services described in Section 6 of this Agreement.

4. Release and Representations.

A. Release of the Company. In exchange for the consideration specified in this Agreement, except for claims specifically exempted from the terms of this Release under the Agreement, Avery, on behalf of himself and his heirs, legatees, personal representatives and assigns, releases and discharges the Company, the Company affiliates, and each of their respective officers, directors, members, managers, partners and shareholders, (collectively, the “Released Parties”) from any and all claims and causes of action, whether known or unknown, that Avery has, had or may have against them, related in any way to his employment with the Company or separation of employment, including any and all claims under the Employment Agreement. This release specifically includes, but is in no way limited to, (i) all claims arising from or relating in any way to Avery’s employment with the Company or his separation from employment with the Company; (ii) all claims under Title VII of the Civil Rights Act of 1964, as amended by the Civil Rights Act of 1991, 42 U.S.C. §§ 2000e *et seq.*; the Civil Rights Acts of 1866 and 1871 as amended, 42 U.S.C. § 1981; the Age Discrimination in Employment Act of

1967 as amended, 29 U.S.C. §§ 621 *et seq.*; the Americans With Disabilities Act of 1990, 42 U.S.C. §§ 12101 *et seq.*, as amended; the Equal Pay Act, 29 U.S.C. § 29 U.S.C. § 206(d); the Family and Medical Leave Act of 1993, 29 U.S.C. §§ 2601 *et seq.*, as amended; the Employee Retirement Income Security Act of 1973 as amended, 29 U.S.C. §§ 1001 *et seq.*; the Occupational Safety and Health Act of 1970 as amended, 29 U.S.C. §§ 651 *et seq.*; the Illinois Human Rights Act, 765 ILCS 5/1-101 *et seq.*, the Illinois Whistleblower Act, 740 ILCS 174/1 *et seq.*, or any provision of Chapter 820 of the Illinois Compiled Statutes; and (iv) any other claims or causes of action that Avery has, had, or may have had under any federal, state, or local statute, regulation, ordinance, or the common law. Avery waives any right to receive any monetary or other benefit because of any charge, claim, lawsuit, or administrative proceeding based upon any claim released in this Agreement. This release does not apply to claims for workers' compensation benefits, vested employee benefits, or other claims that cannot be released under applicable law. For avoidance of doubt, this Release shall not (1) act to preclude Avery from asserting any rights or claims as a Shareholder of the Company, (2) release any claims or modify any rights available to Avery under the Indemnification Agreement or this Agreement, or (3) release or waive any coverage or claim under the applicable Company's Directors and Officers insurance policies, including Side A coverage. Nothing in this Agreement limits Avery's ability to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state, or local government agency or commission ("Government Agencies"), but Avery waives his right to recover damages from PSI should any agency or other third party pursue a claim on his behalf; provided, however, that nothing in this paragraph or Agreement limits Avery's right to receive or fully retain a monetary award from a government administered whistleblower award program for providing information directly to a government agency. Avery further understands that this Agreement does not limit his ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency. Nothing in this Agreement is intended to prevent, impede or interfere with Avery providing truthful testimony and information in the course of an investigation authorized by law and conducted by any Government Agencies.

B. **PSI's Representations.** PSI represents and warrants that it does not have any known claims against Avery and that no such claims are pending before any court, agency, or other person/entity. PSI does not release any unknown or future claims it may have against Avery related to his employment with PSI that become known or arise after the date of this Agreement.

5. Consultancy. The Consultancy shall begin on the Effective Date and shall terminate 90 days thereafter (the "Consulting Period") unless earlier terminated under the terms set forth in this Section 5:

A. **Consulting Services.** During the Consulting Period, Avery will provide services to the Company as a consultant to assist in the transition of his current responsibilities with the Company or as reasonably directed with regard to accounting and financial matters (the "Consulting Services"). Avery's duties and responsibilities as a consultant will be defined and communicated to Avery by the Company's CEO and will be consistent with Avery's duties and responsibilities in his current roles.

B. Termination of Consulting Period. The Consulting Period shall terminate immediately if Avery is unable to perform Consulting Services due to death or physical or mental incapacity, and Avery shall not be entitled to any further consulting fee except for pro rata amounts earned or accrued prior to his last day providing Consulting Services.

E. Consulting Fee and Benefits.

(1) In consideration for Avery's Consulting Services under this Agreement, the Company will pay Avery a consulting fee of \$25,000 paid every thirty (30) days during the Consulting Period. During the Consulting Period, Avery agrees to make himself reasonably available to provide the Consulting Services to the Company on a full-time basis. To the extent that Avery fails to make himself reasonably available to provide the Consulting Services on a full-time basis, Avery and the Company agree to mutually determine a reasonable pro rata monthly fee amount to account for such less-than full-time schedule.

(2) The Company will reimburse Avery for reasonable expenses incurred by him in the course of performing his duties and responsibilities during the Consulting Period, consistent with the Company's generally applicable policies in effect from time to time with respect to travel, entertainment and other business expenses, subject to the Company's reasonable requirements, including submission of an expense report on a monthly basis, with respect to reporting and documentation of such expenses.

(3) The Company will make office space available for Avery to work on-site at PSI as necessary during the Consulting Period, along with necessary administrative support services, business systems, telephone use, email and other accommodations.

6. Cooperation. For twelve (12) months following the termination of the Consulting Period, Avery agrees to continue to make himself reasonably available to assist in the transition of his duties and with pending or future financial matters with which he may have knowledge as requested by the Chief Executive Officer of the Company or his expressly authorized designees. The Company agrees to reimburse Avery for time incurred on such assistance at the rate of \$250 per hour plus reasonable expenses incurred by him (the "Consultancy Rate") in the course of performing his duties and responsibilities. If approved by the CEO, which approval shall not be unreasonably withheld, Avery shall be entitled to the Consultancy Rate for time incurred responding to subpoenas or other legal process, providing testimony, or otherwise cooperating in or related to any administrative, investigative, civil, or criminal proceeding relating to the Company or any of its current or former employees or agents. Avery agrees that he will be responsible for any and all tax liability, if any, arising from the payments received under Paragraph 5 and 6 herein. Avery agrees to cooperate with the Company on all reasonable requests. The scope and timing of such assistance shall be mutually agreed upon in advance by Avery and the Company to the extent practicable, but in each case such work shall not materially interfere with any subsequent employment or engagement of Avery. This provision is intended to modify Section 8(b) of the Employment Agreement to specify the per diem rate to be paid Avery. The remainder of Section 8(b) is incorporated herein by reference and is considered part of this Agreement. For the avoidance of doubt, this Agreement (1) shall not infringe or prevent Avery in any way from asserting his rights under the Fifth Amendment to the Constitution of the United States and (2) shall not require Avery to cooperate in a manner adverse to his own interests in any governmental investigation. To the extent that the Company seeks Avery's

cooperation relating to a matter in which Avery is represented by counsel, the Company shall work directly with Avery's counsel regarding the Company's request for Avery's assistance. The Company agrees to provide reasonable assistance and cooperation with Avery's requests for information in connection with any legal proceeding, audit, or governmental investigation relating to matters within the scope of Avery's employment by the Company. Avery understands that nothing in this Agreement prevents or is intended to prevent or discourage him from speaking to or cooperating with the government in any ongoing or future investigations.

7. Expenses. Avery shall submit documentation for any outstanding Business Expenses incurred under Section 4(e) of the Employment Agreement no later than August 1, 2020. For the avoidance of doubt, nothing in this Section 7 is intended to interfere with or affect the parties' respective rights and obligations under the Indemnification Agreement.

8. Post-Employment Covenants. Except as explicitly set forth in paragraphs 5, 6, 7, and 8, of this Agreement, Avery agrees that the provisions of Sections 6, 7, and 8 of his Employment Agreement remain enforceable and are not superseded by this Agreement.

9. Non-Disparagement. Except as provided in the next sentence, Avery and the Company each agree that they will not make any statement at any time, in the present or future, to any person or entity which is disparaging of the individual, business, reputation, competence or good character of the other party or which, if publicized, would cause the other party humiliation or embarrassment, or would cause the public to question the other party's integrity, competence or good character. For the avoidance of doubt, nothing in this Agreement in any way precludes or interferes with, or is intended to preclude or interfere with, Avery or the Company or its agents from providing truthful testimony or information as part of a legal proceeding or investigation, or making any truthful statements to any government enforcement or regulatory agency.

10. Knowing and Voluntary Waiver of Age Claims. Avery acknowledges that:

A. He has been given a period of at least 21 days after being presented with this Agreement in which to consider whether to sign it, and has an adequate opportunity to review this Agreement and obtain any legal advice necessary to fully understand its terms;

B. The consideration he will receive under this Agreement is in addition to anything of value to which he is otherwise entitled to receive from the Company under applicable law;

C. He has read and understands this Agreement;

D. He is waiving any and all claims against the Company under the Age Discrimination in Employment Act arising up to the date on which he signs this Agreement; and

E. He has been advised that he may consult with an attorney of his choice before executing this Agreement.

11. Revocation. Avery may revoke this Agreement within seven calendar days after signing it. The revocation will be effective only if written notice is received by the Company before the eighth calendar day after Avery signs this Agreement. The Company's obligations under this Agreement will not take effect until the time for Avery to revoke this Agreement has expired and Avery has not revoked the Agreement.

12. Notice. Any notice provided for in this Agreement must be in writing and sent to the recipients at the address indicated below:

If to Avery:

Charles F. Avery, Jr.
At the address on file with the Company

If to the Company:

Power Solutions International, Inc.
201 Mittel Drive
Wood Dale, IL 60191
Attn: John Miller
JMiller@psiengines.com

or such other address or to the attention of such other person as the recipient party shall have specified by prior written notice to the sending party. Any notice under this Agreement shall be deemed to have been duly given or made as follows: (a) if sent by registered or certified mail in the United States, return receipt requested, upon actual receipt; (b) if sent by reputable overnight air courier (such as DHL or Federal Express), two business days after being so sent; or (c) if by electronic mail or otherwise actually personally delivered, when so delivered.

13. Taxes and Deductions. All payments provided for in this Agreement will be subject to payroll tax withholding and deductions to the extent required by law. Each party will report, as may be required by law for income tax purposes, its respective payment and receipt of the payments provided for in this Agreement and will bear its respective tax liabilities, if any, arising from this Agreement. Avery agrees to indemnify and hold the Company harmless from any and all taxes, penalties, tax-related disputes and interest that might be asserted against him or the Company by reason of the payments provided for in this Agreement.

14. No Admission of Wrongdoing. Nothing in this Agreement constitutes an implication or admission of wrongdoing by Avery or the Company.

15. Section 409A.

A. The intent of the parties is that payments and benefits under this Agreement comply with Internal Revenue Code Section 409A and the regulations and guidance promulgated thereunder (collectively "Section 409A") including the exceptions thereto and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith, and any payments hereunder shall be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement in connection with a termination of employment shall only be made if such termination of employment constitutes a "separation from service" under Section 409A. The company

shall be entitled to amend this Agreement to comply and/or clarify a payment's compliance with Section 409A (or an exemption therefrom), provided, however, to the extent that any provision hereof is modified, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to the Executive and the Company of the applicable provision without violating the provisions of Section 409A. Notwithstanding anything in the Agreement to the contrary, in no event whatsoever shall the Company be liable for any tax, interest or penalty that may be imposed on Avery under Section 409A or any damages for failing to comply with Section 409A.

B. Notwithstanding anything in this Agreement to the contrary, if any payment or benefit provided to Avery in connection with his retirement and separation of employment is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and Avery is determined to be a "specified employee" as defined in Section 409A(a)(2)(b)(i), then such payment or benefit shall not be paid until the first payroll date to occur following the six-month anniversary of the Termination Date or, if earlier, on Avery's death (the "Specified Employee Payment Date"). The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date shall be paid (without interest) to Avery in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule.

C. To the extent required by Section 409A, each reimbursement or in-kind benefit provided under this Agreement shall be provided in accordance with the following: (a) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (b) any reimbursement of an eligible expense shall be paid to Avery on or before the last day of the calendar year following the calendar year in which the expense was incurred; and (c) any right to reimbursements or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit.

16. Entire Agreement. This Agreement sets forth the entire agreement of the Parties and supersedes all prior and contemporaneous agreements and understandings between the Parties, including but not limited to the Employment Agreement, except as otherwise explicitly stated herein.

17. Choice of Law/Governing Jurisdiction/Consent to Jurisdiction/Waiver of Jury Trial. This Agreement is to be construed in accordance with the laws of the State of Illinois, without regard to conflict of law principles. Any action regarding this Agreement or Avery's employment with or separation from the Company must be brought and prosecuted in the state courts of DuPage County, Illinois, or in the United States District Court for the Northern District of Illinois, Eastern Division, and the parties will not dispute that personal jurisdiction or venue is appropriate and convenient. The Company and Avery further agree that in the event that such an action is commenced, the right to a jury trial is waived.

18. Modification of this Agreement. This Agreement may not be amended or modified except in a writing signed by the Party against whom the amendment or modification is to be enforced.

19. Execution in Counterparts. This Agreement may be signed in counterparts, which together will form the original.

20. Severability. Nothing in this Agreement is to be construed as waiving rights that cannot be waived under applicable law, or as barring either Party from providing information or truthful testimony when required to do so under applicable law. Should any portion of this Agreement be ruled unenforceable by a court of competent jurisdiction, the remainder of this Agreement and the releases and covenant not to sue contained herein will remain in full force and effect as to any and all other claims; provided, however, that upon a finding by a court of competent jurisdiction that any release or agreement in Paragraph 4 above is illegal, void or unenforceable, the Parties agree to execute promptly a release and agreement that is legal and enforceable.

Accepted and Agreed To By:

CHARLES F. AVERY, JR.

/s/ Charles F. Avery, Jr.

Date: July 20, 2020

POWER SOLUTIONS INTERNATIONAL, INC.

By: /s/ John P. Miller

Title: CEO

Date: July 20, 2020

EXHIBIT A
(INDEMNIFICATION AGREEMENT)



Power Solutions International, Inc.

201 Mittel Drive
Wood Dale, Illinois 60191
www.psiengines.com

Power Solutions International Announces the Appointment of Donald P. Klein as its Interim Chief Financial Officer

WOOD DALE, Ill., July 24, 2020 — Power Solutions International, Inc. (“PSI” or “the Company”) (OTC Pink: PSIX), a leader in the design, engineering and manufacture of emission-certified engines and power systems, announced that effective July 20, 2020, it has appointed current corporate controller and principal accounting officer Donald P. Klein as its interim chief financial officer to succeed Charles F. (Chip) Avery, Jr., who will be departing the Company to pursue other interests following a transition period.

Mr. Klein, who possesses over 20 years of experience in the areas of finance and accounting, including SEC reporting, accounting policies and procedures, and internal controls, has served as PSI’s corporate controller and principal accounting officer since May 14, 2018 with the responsibilities of leading the accounting, tax, internal control, and reporting functions. Prior to joining the Company, he served as assistant corporate controller at Littelfuse, Inc., a publicly traded company that sells electronic products to customers in the electronics, automotive and industrial markets. Prior to that role, from 2008 to 2017, Mr. Klein served in various positions of increasing responsibility within finance and accounting, including most recently as assistant corporate controller at Navistar International Corporation, a publicly traded company. Prior to Navistar, he worked for Hewitt Associates as manager of external reporting and at Ernst & Young LLP as a senior manager of assurance and advisory services.

John Miller, chief executive officer and president, commented, “I would like to thank Chip for his significant contributions to the Company. During his tenure with PSI, he led the financial statement restatement, strengthened the accounting, finance and internal audit functions, and directed the design and in-process implementation of a comprehensive system of compliance controls. We are pleased that Chip is staying with the Company for a period of time in a consulting role to ensure a smooth transition and we wish him well in his future endeavors.”

About Power Solutions International, Inc.

Power Solutions International, Inc. (PSI) is a leader in the design, engineering and manufacture of a broad range of advanced, emission-certified engines and power systems. PSI provides integrated turnkey solutions to leading global original equipment manufacturers and end-user customers within the energy,

industrial and transportation end markets. The Company's unique in-house design, prototyping, engineering and testing capacities allow PSI to customize clean, high-performance engines using a fuel agnostic strategy to run on a wide variety of fuels, including natural gas, propane, gasoline, diesel and biofuels.

PSI develops and delivers complete power systems that are used worldwide in stationary and mobile power generation applications supporting standby, prime, demand response, microgrid, and co-generation power (CHP) applications; and industrial applications that include forklifts, agricultural and turf, arbor care, industrial sweepers, aerial lifts, irrigation pumps, ground support, and construction equipment. In addition, PSI develops and delivers powertrains purpose-built for medium-duty trucks and buses including school and transit buses, work trucks, terminal tractors, and various other vocational vehicles. For more information on PSI, visit www.psiengines.com.

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements regarding the current expectations of the Company about its prospects and opportunities. These forward-looking statements are entitled to the safe-harbor provisions of Section 21E of the Securities Exchange Act of 1934. The Company has tried to identify these forward-looking statements by using words such as "anticipate," "believe," "budgeted," "contemplate," "estimate," "expect," "forecast," "guidance," "may," "outlook," "plan," "projection," "should," "target," "will," "would," or similar expressions, but these words are not the exclusive means for identifying such statements. These statements are subject to a number of risks, uncertainties, and assumptions that may cause actual results, performance or achievements to be materially different from those expressed in, or implied by, such statements.

The Company cautions that the risks, uncertainties and other factors that could cause its actual results to differ materially from those expressed in, or implied by, the forward-looking statements, include, without limitation: management's ability to successfully implement the Audit Committee's remedial recommendations; the timing of completion of steps to address, and the inability to address and remedy, material weaknesses; the identification of additional material weaknesses or significant deficiencies; variances in non-recurring expenses; risks relating to the substantial costs and diversion of personnel's attention and resources deployed to address the financial reporting and internal control matters; the ability of the Company to accurately forecast sales, and the extent to which sales result in recorded revenues; changes in customer demand for the Company's products; volatility in oil and gas prices; the impact of U.S. tariffs on imports from China on the Company's supply chain to source products; the impact of the investigations being conducted by the Securities and Exchange Commission (the "SEC"), and the criminal division of the United States Attorney's Office for the Northern District of Illinois and any related or additional governmental investigative or enforcement proceedings; any delays and challenges in recruiting key employees consistent with the Company's plans; the impact the coronavirus pandemic could have on the Company's business and financial results; any negative impacts from delisting of the Company's common stock from the NASDAQ Stock Market and any delays and challenges in obtaining a re-listing on a stock exchange; and the risks and uncertainties described in reports filed by the Company with the SEC, including without limitation its Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and the Company's subsequent filings with the SEC.

The Company's forward-looking statements are presented as of the date hereof. Except as required by law, the Company expressly disclaims any intention or obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.

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